Company Registered number 08225808
Regulator of Social Housing number LH0279
Charity number 1149085

St Mungo Community Housing Association
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2021

ST MUNGO COMMUNITY HOUSING ASSOCIATION REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

CONTENTS PAGE

Trustees and Advisors	1
Chair's Statement	2
Strategic Report	3 – 19
Trustees' Report	20 – 33
Statement of Trustees' responsibilities for the annual report and the financial statements	34
Independent Auditor's report	35 – 37
Consolidated Statement of Comprehensive Income	38
Association Statement of Comprehensive Income	39
Consolidated and Association Statement of Financial Position	40
Consolidated and Association Statement of Changes in Reserves	41
Consolidated Statement of Cash flows	42
Notes to the Financial Statements	43 - 69

TRUSTEES AND ADVISORS

Board of Trustees: The Board of Trustees is the governing body of St Mungo Community Housing Association (St Mungo's). The Trustees are also the directors of the Association for the purpose of Company Law.

Registered Office
5th Floor
3 Thomas More Square
London
E1W 1YW

Auditors
RSM UK Audit LLP
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN

Principal Solicitors
Ashfords LLP
1 New Fetter Lane
London
EC4A 1AN

Bankers
HSBC
123 Chancery Lane
London
WC2A 1QH

Company No.
08225808

Charity No.
1149085

Regulator of Social Housing Registration No.
LH0279

CHAIR'S STATEMENT

St Mungo's is no stranger to innovating and adapting when facing adversity. For over 50 years we have fought to end homelessness in England and to support people who have experienced it to rebuild their lives.

This year has been one of the more challenging in our history as we responded to the coronavirus pandemic (Covid-19) and its fallout. Our clients, staff, volunteers, supporters and partners have all shown integrity, innovation and grit, in what has for many been a difficult and emotional 12 months.

On the 23 March 2020, our country entered lockdown to help prevent the spread of Covid-19. Three days later, then Homelessness Minister, Luke Hall MP issued what has become known as the 'Everyone In' decree, which called for local authorities to support those rough sleeping to isolate safely in secure accommodation.

'Everyone In', in which St Mungo's played a key role, was successful, with the Government estimating that 90% of people sleeping on our country's streets received accommodation and support. St Mungo's supported more than 4,000 people throughout the initiative. The annual Ministry for Housing, Communities and Local Government's (MHCLG) snapshot figures indicated a 37% decline in rough sleeping.

While this is promising, our work is not done. We welcome the additional Government funding announced this year as part of its Rough Sleeping Strategy; however we anticipate the long term impact of the pandemic on the economy will be significant. There will be a tough Government spending review, with pressure on budgets which will impact service provision and, more broadly, people's livelihoods.

In spite of the pressures of the pandemic the majority of our services were able to adapt and remain open. We operated 207 client facing services across London, the South East and the South West of England and expanded in some areas, including our Housing First services across London and in Brighton.

Digital inclusion has been at the forefront of our work this year and the lockdowns highlighted the impact of digital inequality on our clients. Our Recovery College, for example, was moved online during the first lockdown, an innovation which not only allowed the service to keep running but expanded its reach.

The connection between homelessness and health, which we know is strong, has also been brought into sharp focus. Covid-19 exposed, and in some cases exacerbated, existing health inequalities in the UK. Our Health and Homelessness report, published January 2021, made clear and practical recommendations to address these challenges and to take the lessons learnt forward.

We welcomed our new CEO, Steve Douglas CBE halfway through the year. Steve's experience of housing, communities and government has already added value, with the bringing together of homelessness and voluntary sector leaders, local and regional government, health and housing partners, and clients, to advise an independent Commission on Homelessness and Rough Sleeping, led by Lord Bob Kerslake.

St Mungo's embarks on its next five year strategy with an ambition to end rough sleeping in England by 2026. In order to meet our goals the Senior Leadership Team, after considered thought, implemented an organisational restructure at the start of 2021.

This is my last annual statement. I step down, after six years, in September 2021 and welcome my successor, Joanna Killian, who brings a wealth of experience not least from her time on St Mungo's Board of Trustees.

It is with pride that I say, for the last time, a huge thank you to all our staff and volunteers, who have worked tirelessly to maintain our services and to keep our clients safe. I also thank Steve Douglas and the Executive team for their exemplary leadership in a year which has demanded vision, clarity, and strategic agility.

The pandemic response demonstrates what can be achieved when there is a singular shared goal of saving lives. We must now build on what we have learned and ensure that the principles of joint working become the norm, as we face a once in a generation chance to end rough sleeping.

Robert Napier (CBE)
Chair, 27 July 2021

STRATEGIC REPORT

The Trustees present the annual report and the audited financial statements for the year ended 31 March 2021. The financial position and results for the year are set out on pages 38 - 69 of these statements.

THE CONTEXT IN WHICH WE OPERATE

St Mungo's work in 2020-21 was shaped by the coronavirus pandemic (Covid-19), the significant impact it had on our clients and services, and our role in the Government's 'Everyone In' initiative.

'Everyone In' and the Government's Rough Sleeping Strategy

We played a key role in the Government led 'Everyone In' initiative, which aimed to help people sleeping rough self-isolate in safety. By the end of the February 2021, a total of 37,000 people had been supported into secure accommodation across the country thanks to the initiative, with more than 26,000 already moved on to longer-term accommodation.

St Mungo's worked closely with local authority partners to identify appropriate accommodation and house those who were sleeping rough or at risk. As of the end of March 2021 we had run 30 hotels and supported 4,147 individuals in emergency accommodation, 2,070 of whom had moved on into longer term housing.

A number of programmes and funding were announced by the Government this year as part of its ongoing Rough Sleeping Strategy. Significant announcements included the £122 million in the penultimate year of the Rough Sleeping Initiative, used to fund bed spaces and staff. The Next Steps Accommodation Programme allocated £150 million of mostly new funds to facilitate move on for people brought into emergency accommodation during Everyone In. The Rough Sleeping Accommodation Programme funding was bought forward by one year, with £150 million for more than 3,300 new long-term homes allocated in October 2020.

A significant reduction in rough sleeping:

> *"There were 2,688 people estimated to be sleeping rough on a single night in autumn 2020 in England." – MHCLG, 2021.*

Whilst 2020 saw a significant decrease in the number of people sleeping rough in England, the picture remains complex. There are indications that the number of new rough sleepers is rising and that long standing issues, such as the barriers facing individuals with no recourse to public funds, are yet to be resolved.

The Ministry for Housing, Communities and Local Government's (MHCLG) statistics, published in February 2021, indicated a reduction of 37% in the number of people rough sleeping in local authorities across England on a single night.

The annual street count was conducted in November which coincided with the national lockdown and tier restrictions which were in place from October, which will have impacted the numbers recorded.

2020 is the third year in a row that these MHCLG statistics have indicated a decrease in rough sleeping in England. Despite this, the estimated number of people sleeping rough remains up by 52% since 2010.

According to these MHCLG statistics, and in keeping with previous years, most people sleeping rough in England in 2020 were male (85%), from the UK (72%) and over 26 years old (87%).

Whilst women are in the minority, the Government's Rough Sleeping Strategy recognises that women who are rough sleeping are more likely to have more complex support needs and trauma, and are more likely than men to die from injury or suicide.

472 people (18%) of the total recorded in the street count were EU (non-UK) nationals, and 128 people (5% of the total) were from outside the EU and the UK. In London, the proportion of non-UK nationals was higher: over half of people sleeping rough are from outside the UK and 11% of the total were from outside the UK and EU. Non UK nationals experiencing homelessness may have no recourse to public funds. This means they have no entitlement to a majority of welfare benefits, such as income support and housing benefit.
The Combined Homelessness and Information Network (CHAIN) data published on the 30 June 2021 showed

that the number of people seen sleeping rough in London between April 2020 and March 2021 increased from the previous year, despite the efforts to accommodate people during the pandemic.

The overall number of people who were recorded as sleeping rough at least once rose by 3% from the previous year, to 11,018. This is more than two and a half times the number seen in 2010-11. Of the total number, 7,531 people were recorded as sleeping rough for the first time, up 7% on the previous year.

The Covid-19 pandemic will shape our operating environment for many years to come as it continues to impact Government expenditure, public services and our society as a whole.

PRINCIPAL ACTIVITIES

St Mungo’s is a leading homelessness charity with national influence. Working in partnership with local authorities, health colleagues and communities, our mission is to end homelessness and rebuild lives. We do this through:

- Supporting people experiencing homelessness and those who are at risk of homelessness,
- Increasing public understanding and empathy, and
- Advocating for policy change.

Who we support:

St Mungo’s works predominantly with single adults, however we also support couples and some families, specifically through our Real Lettings service. We have two care homes in London for people who have care needs and who have experienced homelessness, both CQC 'Good' rated.

Many of St Mungo's clients have complex and multiple needs, including severe and long term mental and physical health issues and substance use. We are experts at supporting people through these issues, helping them access the services they need.

Expert service provision:

We provide services to people who are experiencing or who are at risk of homelessness or rough sleeping. The range, quality and reach of our services is something few other organisations can match, as we support people on every step of their journey out of homelessness and towards leading fulfilling and independent lives, where possible.

In the last year we supported more than 31,620 people who were homeless and sleeping on the streets or at risk of street sleeping, through 207 services, across London, the South East and the South West of England. We provided housing and support to more than 3,213 people each night excluding emergency hotels.

Whilst the pandemic challenged our service model delivery, we were able to adapt in order to remain open to clients. We also retained and won contracts and funding, including Criminal Justice services, Employment, Training and Learning services, our Ealing Outreach services and our Camden Mental Health South service.

St Mungo’s provided 30 'Everyone In' emergency hotel services throughout the Covid-19 pandemic response, which supported 4,147 individuals, of which 2,070 have moved on to longer term accommodation.

During 2020-21 we had 26 outreach teams in total, operating across Bournemouth, Christchurch & Poole, Brighton, Bristol, London, Oxford, Reading, and South Essex, in contact with 10,267 people.

We also operate a range of accommodation services from hostels, through to fully supported and semi-independent housing and care homes. We have 186 properties on either a leasehold, freehold or management agreement in total, providing 3,527 bed spaces.

We are a registered provider of housing and services, regulated by the Regulator of Social Housing (RSH), the Charity Commission and the Care Quality Commission.

Influencing policy and public empathy and understanding:

St Mungo's aims to work with the Government and local, regional and local levels to influence policy regarding homelessness and rough sleeping, to prevent people experiencing homelessness and rough sleeping in the first instance, and to ensure that there is support for those who do end up on the streets.

St Mungo's 'No Going Back' campaign, launched May 2020, was influential in securing additional funding to support those accommodated by emergency hotels.

Our Knocked Back report, published 2019, has influenced specialist funding for substance use service for people sleeping rough, and informed our submission to the Independent Review of Drugs Part 2. Published in July 2021, the Review reflected a number of our recommendations.

We also seek to increase public understanding of homelessness and empathy towards those who experience it. We do this by listening to our clients and enabling them to tell their stories as part of public engagement campaigns. We also involve clients in peer research which helps to shape policy, alongside the views of our expert staff. We aim to engage, influence and inform our supports and the public using our own communications channels, media events and direct marketing.

KEY MISSION AND PUBLIC BENEFIT

St Mungo's vision is that everyone should have a place to call home and be able to fulfil their hopes and ambitions.

Our strategic plan, "Ending Homelessness, Rebuilding Lives", outlined our ambition to reverse the increase in rough sleeping in England by 2021. In the areas where we work, we aimed to halve the number of people sleeping rough by 2021.

To deliver our strategy, we set five aims in 2016, which we called our five 'I's. Together they are a framework to guide and explain our activities as we seek to achieve our ambition. The following sections review our performance against these aims.

Between 2016 and 2021 we aimed to:

1. Improve our services, our housing (and the systems they rely on) so they are safer and more effective in changing the lives of our clients;
2. Interconnect resources, assets and support in the areas where we work;
3. Innovate and test new evidence-based services and tackle rough sleeping;
4. Influence national and local government to implement new rough sleeping strategies;
5. Involve our clients in all aspects of our work.

Supporting people off the streets is only part of the challenge, however. We need to empower people to rebuild their lives away from the streets, so that they can sustain tenancies, jobs and lead independent lives.

In this, the last year of that five year strategy, we have seen a decline in the numbers of those rough sleeping. While this is in no doubt connected to the emergency response to the Covid-19 pandemic, it is also the third year in a row that numbers have declined.

This year has demonstrated that St Mungo's long term strategic ambition is achievable. That when we work together, with national government and its agencies, including health and the criminal justice system, and with partners across local government and the voluntary sector, we can end rough sleeping.

St Mungo's is a registered charity. In setting out our aims and planning our activities we have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trustees ensure that the activities of the charity are consistent with its charitable objectives and aims. In our annual plans, the Trustees take into account the Charity Commission's general guidance on public benefit in relation to the prevention and relief of poverty, the advancement of education and health and the relief of those in need. The Trustees believe there is clear public benefit derived from the activities of our charity.

BUSINESS REVIEW AND PERFORMANCE

This section reviews our business performance against the five strategic aims. The fifth aim, to involve our clients in all aspects of our work, is both a standalone and cross cutting aim, and is embedded in all of the five 'I's.

Improve our services, our housing (and the systems they rely on) so they are safer and more effective in changing the lives of our clients.

St Mungo's remains committed to providing safe accommodation and effective services for those who have experienced homelessness. As well as organisational wide adaptations, as part of our Covid-19 response, there have been improvements to other key services.

St Mungo's remains one of the largest Housing First providers in England. We currently support 289 individuals in 12 locations. We successfully retained our existing Brighton Housing First contract to support up to 28 clients. We celebrated our first year of the Hackney and City Housing First Project, which houses and supports 14 individuals using its wraparound support model. We also expanded delivery of Housing First in Camden, Lambeth, Kensington and Chelsea, Hammersmith and Fulham. Camden alone supports 83 individuals. Feedback from clients was used to improve and refine our Housing First offering as it has developed.

In London, this year the General London Authority (GLA) set up Target 1000 to provide personalised move on support to individuals who were in hotels as a result of the 'Everyone In' initiative. The service is delivered by a team of navigators who build one to one trusting relationships with clients and help guide them through their housing and care challenges. The service is for one year, with the hope to extend it further once people are successfully supported.

The Navigators model has adopted learnings from our Street Impact projects, which were funded through Social Impact Bonds (SIBs). These projects supported people who had long term and complex rough sleeping histories to move off the streets. The team offered intensive and focussed support to access and sustain accommodation, as well as to address alcohol and drug use, mental and physical health issues, and positive activities to ensure a better quality of life.

The projects ran in London, Brighton and Bristol, the latter two of which closed in March 2021. At the time of closure in Bristol, of the cohort of 125, 70% of clients were in accommodation with support, specialist accommodation or had secured independent tenancies. In Brighton, of the cohort of 100 clients, 78% had entered accommodation and 28% have signed a long term tenancy agreement.

We also successfully bid for funds for accommodation, as part of the Government's Next Step Accommodation Programme (NASP) in Bristol, working closely with Bristol City Council and Homes England. With the Everyone In initiative seeing thousands of people being supported away from sleeping rough into hotel accommodation, NSAP funding supported long term housing solutions ensuring the move into emergency accommodation was not a temporary measure. This round of NASP funding will help St Mungo's to buy a total of 21 homes of self-contained accommodation in Bristol.

Interconnect to resources, assets and support in the areas where we work

One of the many lessons learned within the sector, over the last year was the continued importance of joint working to support our clients, with local and national government and through our corporate and public sector partnerships.

We effectively leveraged our wide range of corporate partnerships to respond to Covid-19, supplying vital funds, services and supplies. We provided over 210,000 food deliveries to 810 clients in 34 services in London and Oxford through our partner Bloomberg and their supplier Compass. We asked our clients what they most needed to reduce isolation during the pandemic, and they told us they needed phones. In the first six months, Tesco Mobile and Clarion Housing supplied 550 smartphones and airtime to reduce isolation during the pandemic. InterContinental Hotels Group provided hundreds of hotel beds for people who had been rough sleeping or in emergency shelters. We did not recognise a Gift in Kind for these items as our role was to facilitate these activities.

These partnerships made a huge difference to our ability to respond effectively to the pandemic, and we owe all our partners thanks for their many contributions.

Our ‘Severe Weather Emergency Protocol’ (SWEP), which is triggered when the Met Office forecasts freezing temperatures, is a protocol designed to save the lives of people sleeping rough. Usually, communal spaces such as TV rooms are used, however new processes and resources were required to allow for social distancing guidelines. We worked with local authority partners, local hotels and partners to provide beds for those sleeping rough.

In September 2020 we published research supported and funded by the Wates Family Enterprise Trust. It highlighted the risk of homelessness facing transient workers in the construction, care, and hospitality sectors. As part of our commitment to involving clients, the study gathered evidence from 172 people through peer research methods by former or current St Mungo’s clients. They were trained through a new Open College Network Peer Research programme delivered at the Recovery College. Ensuring that our clients are a key part of our policy, practice and advocacy work was key to this research, and the launch event included client presenters.

The pandemic has firmly established homelessness as a public health issue and the need for health and homelessness services to collaborate. As of March 2021, we had supported 4,147 individuals in 30 emergency hotels to follow public health guidance and to access services including mental health support and drug and alcohol services.

We worked together with health and local authority housing colleagues to identify the services and medical support that individuals needed. Doctors and nurses were available in the hotels and medication prescribed was delivered on site.

In January 2021 we published a report ‘Housing and health: Working together to respond to rough sleeping during Covid-19’, which gathered evidence from over 4,900 St Mungo’s clients, 17 of the emergency hotels we managed, and interviewed individuals from health and homelessness services and civil servants.
It made recommendations for stronger partnerships between housing and health agencies to continue during and after the pandemic. For example, close working between local health services and local authorities facilitated the assessment, triage, cohort and care approach when supporting clients in hotels.

Innovate and test new evidence-based services to tackle rough sleeping

All our services had to innovate this year in order to meet our client’s needs during the Covid-19 pandemic.

As said, we played a key role in the Government led ‘Everyone In’ initiative, which saw cross-sector collaboration to house those sleeping rough or at risk of sleeping rough, to isolate safety in emergency accommodation. St Mungo’s worked with partners including national, regional and local government, health agencies, homelessness organisations and housing associations, as well as corporate partners, as part of the response.

By 31 March 2021 St Mungo’s had run 30 'Everyone In' emergency hotels as well as providing specialist support in other Covid-19 emergency projects. Through these we provided support to a total of 4,165 individuals, 2,070 of whom have subsequently moved into longer-term accommodation. 1,158 people were still being supported in April 2021.

The journeys of clients supported by the hotels during the pandemic were not linear and some individuals will have experienced multiple outcomes. As an example some of the 537 people who initially abandoned the hotels in an unplanned way were later supported to come back in and helped to move on to longer-term housing. Positive outcomes were also varied, for example, 994 clients were helped to move to interim short-term/emergency accommodation and 150 clients were reconnected with family and friends.

Our Recovery Colleges provide an inclusive learning, training and employment experience for people in recovery from homelessness. It’s based on the principle that learning and paid work can be a transformative experience. Due to social distancing measures, we had to significantly adapt the services to comply with Government regulations. We closed our Recovery College Hubs in London, Bristol, Leicester and Reading.

We moved to a digital offering for clients that could continue to support their wellbeing and skill development during the national lockdowns.

The Digital Recovery College model allowed us to grow our reach. This year we have supported 1,136 clients through courses delivered at our 10 Recovery College services. We have also used the Digital Recovery College to disseminate offline materials for keyworkers and their clients. The pandemic has highlighted that digital skills are vital for society, and for our client's recovery, and the Digital Recovery College addresses this. This was only possible by involving clients in shaping online courses, and listening to clients as to what they needed to hear from us about our Covid-19 response. This led us for example, to create a series of regular newsletters emailed to individuals and printed out in projects during the pandemic.

Going forward we see the Recovery College model, with a strong online and digital offering, as well as face to face skills and learning, and which is funded through donations and support, continuing to be important for our work in rebuilding the lives of our clients.

Influence national and local government to implement new rough sleeping strategies

In a year defined by swift action and agile reactivity we created spaces to reflect and share learnings with Local Authority commissioners and MPs through a series of virtual events.

We launched our regular Commissioners' Forum events, designed for local authorities to come together and reflect on solutions and opportunities in their homeless provision and strategies, as well as sharing chances for joined up working.

The quarterly forums have been attended by 25 local authorities and covered topics such as the relationship between health and homelessness and embedding good practice from the Covid-19 pandemic, Housing First, and working with non UK nationals and those with no recourse to public funds.

We also hosted two virtual events with MPs seeking to share our learnings from the 'frontline' of the pandemic, and how the successes of Everyone In could be built on. Twenty parliamentarians and policy makers in health and homelessness attended each to discuss the importance of continued partnership working and of public health being a crucial part of the approach to ending rough sleeping.

In our March 2021 event, Eddie Hughes MP, Parliamentary Under Secretary of State for Housing and Rough Sleeping, Thangam Debbonaire MP, then Shadow Secretary of State for Housing and Labour MP for Bristol West, and Tim Farron MP, Liberal Democrat spokesperson on Housing, Communities and Local Government, featured on our panel.

In May last year we launched our 'No Going Back' campaign. The Government initially gave local authorities enough money to book emergency hotels for three months; we wanted to ensure that no one would be forced back on to the streets when they closed. The campaign was successful: the Government announced an extra £105 million to keep the hotels open and support the people living there into homes of their own, as well as making more money available under the Rough Sleeping Accommodation Programme (RSAP) to provide 3,300 homes in 2020, with support, for people who have been helped off the street during the pandemic.

We continue to ensure that client voices are heard in our influencing work. Two of our clients addressed MPs during the Housing, Communities and Local Government Committee in December 2020. Their lived experience testimonies were both powerful and moving, and made the issue real for the many parliamentarians who attended.

Our Knocked Back report last year successfully influenced additional funding for specialist substance use services for people sleeping rough. In December 2020, Public Health England announced the opening of a new detox unit for people experiencing homelessness to be based at St Thomas' Hospital in Lambeth, a result of the new funding. This report also fed into our submission to the Independent Review of Drugs Part 2. The Review, published July 2021, reflected many of our recommendations and core concerns.

Involve our clients in all aspects of our work

We see client involvement as an absolutely vital element in empowering our clients and improving the services we offer. We presented a report to the Board in January 2021 which outlined initiatives in place to embed client involvement across St Mungo's.

Our main focus this year has continued to be on training staff and managers in services around client involvement. This year 110 Client Involvement Lead Workers are in place across our services and we have increased the support and training we make available to them. While the pandemic created challenges in physically visiting services, the Involvement and Inclusion team still managed to meet with 78 services (2020: 81) and for the second year running the team met all Service Directors and Regional Heads at least once, to plan and support the embedding of involvement in regional plans.

One of the principal means of engaging clients is *Outside In*; our client involvement group. This year has forced us to re-think the way in which this engagement takes place and create new channels and opportunities for clients to get involved. For example, online peer support sessions have taken place every Tuesday since 14 April 2020 and this provision was expanded recently to include a new Bristol based Outside In. We were also able to maintain the delivery of our Client Festival, albeit in an online format, and this was attended by at least 150 clients. At least 9 Outside In clients have also participated in service audits and at least 11 in recruitment panels. We have also held 10 Outside In Directors meetings across all our regions, which have been attended by over 50 clients. Additionally, Outside In led on the production of our very first client podcast at Christmas, which has had hundreds of views and listens since it was launched.

Our client 'shadow board', the Client Advisory Board (CAB), has continued to grow and regularly meet with Trustees and the Executive team to review and scrutinise board papers.

Our clients have also been very actively involved in supporting the implementation of our Equality, Diversity and Inclusion strategy through coproduction of events such as the London Diversity Day, that was organised in partnership with our Mulberry Junction service in Haringey. They also co-produced a ‘Diversity Week’ event, which took place in and around Bristol in early February. Furthermore, clients participated in events alongside our diversity networks in relation to Black History Month, International Women’s Day, Gender Visibility Week and LGBTQ history month.

FINANCIAL PERFORMANCE

During the year the Group made a loss of £2.8 million (2020: £0.2 million surplus). The 2019-2020 trading performance was supported by the exceptional profit of £1.7 million on the property sale and a £0.3 million actuarial gain on the pension. During 2020-2021 the pension contributed a £1.6 million loss. Before these non-trading activities the underlying operating deficit improved by £0.6 million year on year to £1.0 million.

This has been an unusual year. Fundraising income was £3.5 million up on last year due to significant activity around the pandemic. Our response to the pandemic incurred £2.2 million of unfunded costs. Our underlying housing and services activity generated a £1.8 million surplus higher than last year before allowing for the 2.75% inflation on staff costs (£1.4 million) the deterioration in trading performance of our Real Lettings portfolio (£1.1 million) and one-off costs associated with the pension transfer (£0.3 million), industrial action (£0.1 million) and reduction in tax allowances (£0.2 million).

We supported 4,147 individuals in Emergency Hotels between 23 March 2020 and 31 March 2021 as part of our response to the Covid-19 pandemic. Services were delivered as part of the GLA Pan London response and through Local Authority initiatives in Brighton, Tower Hamlets and Oxford. When the Covid Pandemic hit the restrictions around lockdown meant our No Second Night Out Services and Somewhere Safe to Stay activities could no longer be delivered. In discussion with the GLA and Local Authorities £4.4 million of resources previously contracted to support these activities were repurposed to support the emergency response. In total £10.8 million was received towards emergency hotel accommodation (£0.5 million operating profit).

We have incurred £2.7 million of exceptional employee and service related costs in responding to the pandemic.

Staff costs of £2.2 million have been incurred. In recognition of the commitment of our staff, all staff received a thank you payment of £500; many staff could not take leave while delivering critical services in response holiday terms have been extended and provision has been made in the 2021 financial statements for this contractual commitment; 93 staff have benefited from the governments furlough scheme, largely in response to the need to shield, staff were furloughed on full pay. Offset against this St Mungo's recovered £0.5 million through the furlough scheme.

Non staff costs of £0.5 million include; £0.6 million to meet service delivery needs and to keep clients and staff safe, £0.8 million was spent in extending remote working solutions. £0.9 million of costs were supported through a recharge from central costs.

Beyond the pandemic service based activities contributed an additional £1.3 million this year before allowing for salary increases and after allowing for activities repurposed as part of the pandemic response.

Service Growth through delivery of new support service contracts contributed £5.1 million to income (£1.1 million operating profit). During the same period contracts which contributed £4.1million (£0.4 million operating profit) came to an end, as part of the organisation's effort to improve financial sustainability, we did not bid for contracts that would not meeting operational and financial targets. Renegotiation of underperforming contracts contributed £0.3 million of income and a saving on costs of a further £0.3 million (£0.6 million operating profit).

Our social housing activities generated an additional £1.6 million of income in the year (£0.5 million surplus) before allowing for salary increases.

Within our social housing portfolio rents increased by CPI +1% while service charges were uplifted by an average of 3.0% in line with the increase in underlying costs generating an additional £0.9 million of income and £0.5 million of costs. Services that were remodelled during the year increased rent and service charges to cover underlying costs. Rent collection in year increased to 97% (2020:95%), bad debts reduced to 10.46% (2020:13.66%), while voids increased to 8.92% (2020: 7.47%) as a response to Health and Safety measures and decants during the pandemic.

Our social housing property portfolio grew by 232 units contributing a further £1.4 million of income (£0.5 million operating surplus). 245 units were handed back reducing income by £1.3 million (£0.5million operating loss).

Our non-social housing property portfolio, Real Lettings, remained relatively static during the year, however a full year of income and expenditure were recognised for the 173 properties taken on during the previous year. Voids on the fund increased from 8.92% to 8.98% as rents set at Local Housing Allowance (LHA) increasingly become too expensive for the referral pathway. The ageing of the portfolio resulted in higher in year relets, the dilapidations policy was reviewed taking into consideration average voids costs experienced on the portfolio. An additional £1.4 million has been provided.

During the year our overall fundraised income in 2020/21 was £16.1 million (2020: £12.6 million). The split between total unrestricted vs. restricted income was 78:22, which was a higher unrestricted ratio than expected due to the significant emergency pandemic activity. We expect this to fluctuate back to our target ratio of 70:30 in the future, as the emergency ask for unrestricted funds diminish and we continue to grow our Philanthropy, Partnerships and Legacy portfolio.

VALUE FOR MONEY

We deliver Value for Money ("VFM") where we invest our resources responsibly to support our clients in their recovery. Where we invest we prioritise activities which support us in delivering the changes we set out in our vision, organisational objectives and commitments to our clients.

We deliver our objectives as a housing association and as a homelessness charity by operating a business model that combines the landlord function, with the delivery of commissioned service contracts and fundraising income to add value to our clients' services. Our legacy and fund raised income enable initiatives to fund new services or the delivery of additional services to our clients that would otherwise not be provided.

Overall, in 2020-21 we have achieved £0.7 million (55%) of the VFM cash savings targets set by the Board. This included £0.4 million through renegotiation of underperforming contracts and £0.3 million through renegotiation of supplier contracts and staff efficiencies. Targets were set before COVID-19 entered the international arena.

Approach to VFM

St Mungo's has a clear framework for achieving value for money, incorporating the following:

Strategic objectives including improving the economic and social return of our assets

The Board has approved the Business Plan, Growth Strategy, Strategic Asset Management Strategy, Fundraising Strategy, Financial Plan and Risk Appetite for the Group and oversees their implementation through relevant Board committees and Executive team. These strategies inform our objectives and priorities for the year and ensure we remain focused on the delivery of our overall organisational objectives. Our resources are aligned to achieve the objectives of our strategy, which also contributes to achieving our overall vision. This is the final year of our existing Organisational Plan. We have a new five year plan for 2021-26.

Decisions about how we use our resources to deliver objectives

When making decisions the Board consider impact on clients and achieving the Business Plan objectives, alternative options, the risks involved and the financial impact including VFM considerations. All Board reports for decision include a VFM and risk assessment. The Standing Orders outline the procurement processes and tenders required for significant investment decisions and the delegated authority to approve business cases.

Understanding and monitoring our business model and the risks and opportunities associated with it

We ran 207 client facing services during the year. Some, but not all, of the support services we operate are linked to our owned or leased residential projects such as hostels and supported housing. It is important that the operating surplus from the social housing and the client services are sufficient to cover the corporate overheads on an ongoing basis in order to have a viable business.

The annual budget and five year financial plan are reviewed by the Board to ensure that there is sufficient operating surplus and fundraised income contributions to manage financial risks. During the year, Covid-19 made significant changes to the way St Mungo's delivered services. The Board considered a remodelled 5 year Financial Plan in May 2020 that included the worst case impact of Covid-19 including the impact on our rent collection, ability to achieve efficiencies on service support contracts and incurring additional costs for deep cleaning, personal protective equipment, etc. This highlighted that whilst the impact on unrestricted reserves could be tolerated there could be a temporary dip in cash balances. As a response to the pandemic the Board agreed to defer capital investment, take action to escalate cash receipts from commissioning bodies and put in place a temporary overdraft facilities should our cash balances dip below £13 million. As a result of these actions the Board considered a further revision to the 5 year Financial Plan in July 2020 reflecting the successful management of cash flow and operation throughout the pandemic lockdown period and the overdraft facility has not been needed.

Consideration of potential VFM gains

Each year the Board approves an annual budget which includes targets for VFM gains. The performance against these VFM targets is monitored by the Board and the Finance and Development Committee at least quarterly. The Board approved target VFM gains for 2020-21 of £1.2million and received a final outturn confirming the achievement of 55% of this target.

Benchmarking our performance

We recognise the importance of comparing our performance with others. Our activities are benchmarked in several different ways both internally between services and externally against other providers. We would normally benchmark our housing management performance annually and our client survey response bi-annually. However, due to the pressures placed on both St Mungo's and our benchmarking partners during 2020-21 these activities were postponed. The housing management benchmarking exercise will now be finalised by August 2021.

Benchmarking: Housing management

The Regulator of Social Housing Published the Global Accounts for Registered Providers in May 2021. This report covers the 2019/20 financial year. As registered providers were preparing their annual reports in 2020 they were responding to the pandemic. The impact of service changes as providers responded to the pandemic will be reported through the 2020/21 Global Accounts.

For purposes of comparison we benchmark St Mungo's performance against a subset of Supported Housing Providers defined as those with at least 30% supported housing stock. In 2020 this subset of Supported Housing Providers reported a cost per unit (CPU) of £9.90 at a 10.4% operating margin. During 2020 St Mungo's reported a CPU of £20.58 at a 0.58% operating margin. St Mungo's performances relates to 100% supported housing stock resulting in a higher than average level of management to support our clients: this combined with the higher than average re-lets due to the temporary nature of our hostel accommodation supports our CPU being an outlier in the sector. To provide a meaningful comparison we separate out the cost associated with support. St Mungo's CPU excluding support costs is £10.07 for 2019/20.

Benchmarking: People

The staff survey took place in February 2021. This was conducted by an independent professional survey company and benchmarked against a group of 50-60 not for profit organisations and the 2017 survey previously carried out.

Our Engagement Index was 86%, an increase of 5 percentage points since 2017 and upper quartile compared to all sectors. Included in the survey were the questions, 'Working at St Mungo's makes me want to do the best work I can (86% positive response) and I care about the future of St Mungo's (93% positive response). Compared to the not for profit benchmark, St Mungo's scored higher in every section with particular satisfaction around performance management and development and pay and terms.

Looking at the scores and comments in the round, the main area of focus will be Leadership Team accessibility and approachability, communication and involvement around change management and St Mungo's long term goals; along with some work already having been completed in relation to appraisals and induction. Also whilst perceptions of race equality and bullying and harassment have both seen notable improvements, we continue to want to focus on these areas to see further improvements, an action planning is underway.

Our action plan from the 2019 Investors in people process has now been implemented, with the few remaining actions mainstreamed into ongoing work plans. Key activities which have been implemented are a local recognition/reward scheme and a formal communication model to build engagement across the organisation.

VFM targets and monitoring performance

St Mungo's performance management framework starts at Board level and is cascaded from Executive Team throughout the Group to individual staff members. This is supported by comprehensive reporting against a range of key performance indicators. Performance is reviewed quarterly and is reported to relevant Committees and the Board.

Our Value for Money performance is measured by the Board against targets set under the key elements of:

- *Economy - maximising the level of resources available to deliver our objectives*
- *Efficiency - maximising how well we use our resources*
- *Effectiveness – maximising the outcomes we achieve with our resources.*

These targets include the VFM gains approved with the annual budget. The targets also reflect the direction of our organisational strategy and business plan so that it is clear how achieving value for money contributes towards achieving our vision.

Value for Money performance in 2020-21

Economy – growing the resources available to us

We are in a period when many of our services are due to retender. The focus for 2020-21 was to stabilise contract income. However, of the contracts that were due to retender this year many have been delayed to 2021/22 due to the pandemic. No Second Night Out and Somewhere Safe to Stay services have been repurposed and clients moved to hotels in response to the Government's 'Everyone In' initiative.

We set targets to:

- optimise our income and increase our resources by £668,000, through review of underperforming contracts, to deliver more activity that helps our clients,
- offer appropriate housing to tackle rough sleeping by the acquisition/lease of more bed spaces.

The table below shows the areas we have agreed to focus on to increase the resources available to the organisation, the shaded metrics are directed by the Regulator of Social Housing.

Increasing resources available to us	**Target 2020-21**	**Actual 2020-21**	**Actual 2019-20**	**Actual 2018-19**	**Actual 2017-18**	**Actual 2016-17**
Turnover £000's	110,983	122,004	106,867	94,545	89,632	86,446
Client services						
New business growth (total contract value per annum) £000's	0	1,600	3,140	3,104	1,900	2,015
Net contribution from new business £000's	0	1,324	790	424	181	
Renegotiate underperforming contracts £000's	668	432	373	611	581	
Social investment secured for Social Impact Bonds	0	0	0	200	250	
Housing						
Supported Housing (bed spaces)	2,707	2,616	2,629	2,407	2,425	2,374
Supported Housing cost per unit £	18.56	21.03	20.58	23.04	22.75	23.25
Supported Housing cost per unit excluding support services and leased charges £	9.58	10.64	10.07	11.75	11.36	10.78
Real Lettings bed spaces	815	828	835	709	606	504
Real Letting Turnover £000's	10,434 9.4%	9,791 8.0%	8,659 8.1%	7,767 (8.2%)	6,334 (7.1%)	5,311 (6.1%)
Efficient use of Asset Management and Development resource £000's	203	225	152	71	97	
Fundraising						
Fundraising income £000's	12,529	16,080	12,552	12,855	10,548	9,010

In year turnover before fundraised income increased by £11.6 million to £105.9 million, £7.5 million ahead of budget.

£5.8 million of No Second Night Out and Somewhere Safe to Stay contracts were repurposed to respond to the pandemic, in addition a further £5.0 million was commissioned to support temporary accommodation during the pandemic.

While a new business growth target was not set for the year £1.6 million of income (£1.3 million contribution) was generated from the net growth in contract income. This consists of £1.8 million of income in connection with new services and variations to existing services (£1.0 million contribution), offset by £0.2 million of lost services which were budgeted to generate a £0.6 million loss. Of the new contract income £0.6 million was through contracts with MHCLG.

We set targets to acquire/lease more bed spaces, which we use to accommodate people who either have been or who are at risk of homelessness, so that by 2024 we will have over 5,000 bed spaces. During the year our social housing units reduced by 13. Changing services and stock taken out of use reduced our overall social housing units by 36. 3 units were developed and brought into use in Bristol, 20 units were reclassed from our non-social housing portfolio. A further 16 affordable units have been acquired but have yet to be brought into use. The reduced pipeline of tenders during the year meant we did not achieve the target growth in units.

Average tenure of licences which ended during the year was 311 days (2020: 280 days) In the first quarter we experienced high move-on as hostels were adapted to comply with Covid health and safety requirements. Restrictions around move-on pathways and evictions have led to longer tenures. At 31 March 2021 the average tenure in social housing was 281 days.

Year on year the target for the Supported Housing cost per unit excluding support services and leased charges was to go down £2.02 due to a £1.6 million saving on management and service charge costs. Management and service charge costs remained flat year on year due to the high use of agency staff. In addition higher landlord charges increased cost per unit by £0.40 year on year.

Social Housing figures do not include the 2,669 units we managed in Emergency Hotels as part of our response to the pandemic. 4,147 individuals were supported in total between 23 March 2020 and 31 March 2021. At the 31 March we continued to manage 990 emergency hotel units.

The three Real Lettings Pooled Fund (RLPF) leased properties have reported deficit positions during the year. There is significant evidence that the provision of good quality accommodation with a security of tenure has enabled tenants to rebuild their lives and provide a secure environment for their families. The three funds support 828 properties for clients who would otherwise experience problems from lack of move-on from hostels and temporary accommodation. However, the financial return required from investors, and costs of maintaining a now aged portfolio mean the Board are considering longer term options for these funds ahead of their maturity over the coming three years.

During the year our overall income from fundraising was at £16.1 million, significantly above the target we set for the year. This was an extremely challenging but exceptional year for fundraising, The strong performance was as a result of significant emergency pandemic activity across all income areas, in particular our key winter activity outperforming 2019/20 results, and a large expected legacy being received. Additional one-off income was also made available in the sector which St Mungo's was able to benefit from and significant press coverage during the COVID-19 period, led to many new donors wanting to support St Mungo's. We were also recognised as a leading player on the frontline of homelessness services and this also galvanised public support including attracting new corporate partners who were keen to support St Mungo's during the crisis. As the pandemic eases in 2021 and we come out of lockdown, we expect this additional income and opportunity to likely revert back to pre-pandemic levels.

Economy plans for 2021-22

The pandemic has resulted in tenders that were due to happen in the 2020/21 year being deferred to 2021/22. We have set targets for retaining services and improving margins. Achievement of these targets will be challenging given financial pressures placed on Commissioners. However we are already realising success. During 2021-22 a large proportion of our criminal justice contracts portfolio was remodelled and opened to a national competitive process. As a result we lost a small service in Hertfordshire but secured the £1.5milion London contract which will be delivered in partnership with Single Homeless Project. Our previous CRC contracts were held by private sector primes but moving forward, St Mungo's will have a direct commissioning relationship with the MOJ which create opportunities to shape future delivery and expand our services further.

Supported housing bed spaces will be increased to 2,650 through managed contracts and acquisition of street properties in Bristol for move-on units.

Efficiency – using our resources well

During the year we implemented the next stage of Universal Credit response recommendations made by the Welfare Reforms Standing Group. During the year we have supported our vulnerable clients in setting up Alternative Payment Arrangements (APAs) earlier in their tenancies. This has improved rent collection and tenancy sustainment for these clients.

There are several significant areas where we have been focusing to improve our efficiency, the shaded metrics are those directed by the Regulator of Social Housing. The table below shows our key results from 2020-21:

Efficient use of resource	Target 2020-21 (if set)	Actual 2020-21	Actual 2019-20	Actual 2018-19	Actual 2017-18	Actual 2016-17
Housing						
Voids loss	7.50%	8.92%	7.47%	7.40%	7.70%	6.40%
Bad debts	11.28%	10.46%	13.66%	10.30%	7.80%	8.40%
Rent Collection	95%	97%	95%	94%	97%	96%
Former tenant arrears % gross rental income		4.66%	4.70%	3.42%	2.62%	1.70%
Annual maintenance cost per void/unit	£883	£1,048	£1,157	£1,238	£985	£737
Repairs completed to timescale	95%	95%	96%	95%	93%	98%
Reinvestment %	2.14%	2.83%	4.08%	2.80%	3.10%	2.90%
Operating margin on supported housing lettings	12.69%	1.84%	0.58%	2.30%	1.10%	4.60%
Staffing						
Lost time rate due to staff sickness	4.00%	4.26%	4.59%	5.13%	5.60%	5.20%
Overall						
Procurement savings (£'000)	317	210	- 83	166	122	
Other VFM savings (£'000)	0	0	0	78	25	
Overheads as a % of turnover	14%	15%	14%	14%	14%	15%
Operating margin overall %	-4.54%	-0.79%	-1.54%	3.70%	4.50%	2.50%
Return on capital employed %	-5.23%	-1.00%	0.12%	3.50%	4.30%	2.10%
Gearing%	N/A Net cash	N/A Net cash	N/A Net cash	N/A Net cash	N/A Net cash	N/A Net cash

a) *Housing Management*

St Mungo's void levels are 8.92% for the year which is higher than our target void levels (7.50%) and prior year position. Voids performance has been badly affected by the pandemic and in particular disruption it has caused to referral pathways. Although significantly above our normal target levels, there are signs of this situation stabilising in performance post March 2021. Targeted action is being taken to reduce voids back down to normal levels.

Rent collection increased to 97% ahead of target due to increased resource at managerial level in the rents team supporting better tracking through on KPIs and implementation of improvement plans.

Maintenance costs reduced 9% year on year but remained ahead of budget. A new main contractor for reactive repairs was introduced in October which included a minimum order value. Training has been provided to the repairs team to strengthen the challenge put to suppliers in pricing. This is still a focus for improvement.

Our Strategic Asset Management Plan aims to maximise our land value and deliver the most social value from our portfolio. Meeting the needs of our clients is not wholly dependent on acquiring new properties. Accommodation can be provided via short term leases or reconfiguration of existing properties. We reinvested 2.83% in new homes during 2020-21 which was ahead of budget as we were able to acquire 5 move on units beyond our plan partially funded through the Homes England Next Steps Accommodation Programme.

Our reported operating margin on supported housing lettings was significantly below target as staff costs were £1.5 million ahead of budget due to the high use of agency staff and landlord charges were £0.9 million ahead of target due to lease charge increases following take on of new units in the south west.

b) *Staffing*

Our lost time rate due to staff sickness for the year was 4.26% (9.9 days), a reduction from 4.59% (10.6 days) in the previous year. This does not include self-isolation which accounted for additional absence of 0.67% (1.5 days). This ongoing trend towards our 4% target is positive, particularly during the pandemic. We will continue to initiate early intervention for employees who are absent and support them appropriately through management discussions and Occupational Health including self-referrals and identifying trauma pathways.

During 2020-21 there was an increase in level one meetings (early intervention) from 158 to 188, but a reduction in meetings associated with recurring absence. This, along with the reduction in long term absence indicated that the early interventions are having a positive impact on sickness rates.

c) *Overall savings*

During the year £0.2 million of procurement savings have been achieved on tendering utility contracts. VFM metrics for gearing and interest cover (EBITDA MRI) are directed by the Regulator for Social Housing. We currently have little debt and have £22.9 million cash balances.

Efficiency plans for 2021-22

The Finance and Development Committee have agreed that reliance on further growth is not prudent, given the current economic environment and directed that action is required to address the sustainability of St Mungo’s underlying operating margin. The Executive Team have agreed targets for each directorates to achieve £2.4 million savings in central functions including £0.7 million non staff costs and £1.7 million staffing costs. A transformation budget of £0.6 million has been set to cover the implementation costs.

We continue to strengthen our IT systems. Significant resources have been put into the development of our new housing management system which will go live in the coming year.

The Void reduction measures identified through the Voids Working Group have led to revised policies and procedures accompanied by changes in reporting and monitoring. The roll out of these was delayed due to the pandemic, they were introduced in May 2021.

Effectiveness – the impact we create with our resources

We exist to provide the housing and support clients need in their recovery. Our value is in ensuring that clients do not return to the street. We need to ensure we use our resources effectively in support of this goal.

During the 2020/21 our focus was on maintaining essential services whilst also delivering a rough sleeper emergency response. We introduced specific support mechanisms to support our clients during the pandemic and these continued as our focus changed from an emergency rough sleeper response to transitional arrangements.

The health and safety of our clients and staff has been our top priority. We acted quickly to implement a comprehensive suite of policies and procedures which have been continually revised to take into account changing government and Public Health England guidance.

We have delivered strategy projects aligned to our organisational priorities:

We are developing our Criminal Justice strategy. A key aspect of the strategy, will be surrounding influence over the Ministry of Justice (MOJ). We have developed strong links with the MOJ and have had a direct influence on the development of the homeless prevention task forces aimed at reducing the number of people who sleep rough on release from prison during the pandemic (these are continuing beyond the pandemic response). We have also influenced the MOJ’s development of a “3rd tier” of accommodation for those who are not eligible for Bail Accommodation and Support Services or Approved premises accommodation but who are at risk of rough sleeping.

Within our Women’s Strategy we have successfully completed the Safety by Experience project, in partnership with Standing Together and funded by Homeless Link’s Ending Women’s Homelessness Fund. The outcome of the project is a publically available guidance document which aims to provide staff with the skills and confidence to be able to best support women experiencing homelessness, violence, and abuse. The approach was piloted in three St Mungo’s services in spring 2021 and led to an improved support offer for women, new risk tools being used, and better partnership working in these services.

We are also coming to the end of the Erasmus+ Women's Homelessness Exchange Program. The project has seen St Mungo's staff complete three international exchange visits and more recently, attend three online joint-training sessions. St Mungo's hosted a joint-training session focussed on Client Involvement, which had over 40 international colleagues in attendance.

a) Client Health and Wellbeing

Through the pandemic of the last year we have sought to ensure the safety of all our clients through a range of processes, including ensuring that all our services are Covid-Secure, that clients are registered with a GP and that both clients and staff are encouraged and supported to take the Covid-19 vaccine. We have had a low number of Covid-19 outbreaks in our services as a result. Very sadly, three clients and one staff member are known to have died after testing positive for Covid-19 across our services during 2020-21.

In our hostels and supported housing services our role is to help clients access and engage with the specialist support that is relevant to their needs.

70% (2020: 74%) of our clients have a mental health support need; 73% (2020: 55%) have a physical health need; 46% (2020: 43%) misuse prescribed drugs or use illicit drugs. Access to a GP is therefore fundamental to ensuring that our clients receive the health care they need. The number of our clients living in our hostels and supported housing who are registered with a GP has remained constant at 93% (2020: 93%).

An important way of demonstrating our effectiveness, is showing the extent to which clients are engaging with support appropriate to their needs. In our supported housing services clients have structured support plans to identify appropriate goals and record progress. Based on the last support overview undertaken with each client assessed using our support needs assessment tool. 43% (50%) of clients with a mental health need are engaging with specialist support; 75% (82%) of those with a physical health need and 45% (47%) of those with a drug need.

The specialist services our clients need may be provided by external agencies or by St Mungo's. The level of engagement is indicative of a range of factors – the clients own readiness for this level of support and the availability of the required support in the right place at the right time. The support workers role is not only to help the client feel that they are ready but then to enable them to find and access this support. Ultimately our aim is that clients receive the support and then either no longer need it or are able to manage their engagement with support without the intervention of their support worker who can move their focus onto other elements of the support plan.

b) Client Satisfaction and Service Quality

St Mungo's has two sets of Excellence Standards – one for our services and one for central support teams. Services are audited against our Excellence Standards via our Quality Audit programme. Between March and June 2020, quality audits were suspended to enable services to focus on industrial action and then the pandemic response. In late July, a new audit format was adopted, enabling audits to take place remotely. To account for the pandemic-related disruption, the Board agreed to re-set monitoring expectations from Q3, October 2020. This agreed that 18 reports per quarter would be finalised, equating to auditing all existing services every two years. We received 1,118 client complaints in the year (2020: 891). Complaints increased during the lockdown period. 74% (2020: 78%) of complaints were responded to within policy timeframes.

c) *Client involvement*

Client involvement is a vital element in empowering our clients & improving the services we offer. This year 110 Client Involvement Lead Workers are in place and we have increased the support and training available.

We published a client edited magazine to support clients through the pandemic, oversaw a project to distribute 500 smartphones, donated by our partners, Tesco Mobile and Clarion and took our Client Festival online to over 150 clients. Furthermore our Recovery College went fully online providing a range of learning and wellbeing activities for our clients.

Outside In; our client involvement group, has adapted to online ways of communication and support. Online peer support sessions have taken place every Tuesday since 14th April 2020 and this provision was expanded recently to include a new Bristol based Outside In. Outside In led on the production of our very first client podcast at Christmas, which has had hundreds of views and listens since it was launched.

d) Housing supply

We exist to provide the housing and support clients in their recovery. Our value is in ensuring that clients do not return to the street.

78% (2020: 73%) of departures for St Mungo's residential services were planned moves into alternative accommodation. This includes moves to independent housing and moves to alternative housing with support.

We record the number of clients who departed from any St Mungo's accommodation in London or Bristol in the quarter commencing six months prior to the start of the reporting quarter who were subsequently seen rough sleeping. This figure fell from 13% at March 2020 to 11% at March 2021.

As part of our response to the pandemic 2,070 individuals who accessed Emergency Hotel accommodation between 23 March 2020 and 31 March 2021, were helped to move onto longer term housing.

Effectiveness plans for 2020-21

We have identified a number of work streams for the coming year to enhance our effectiveness:

Our Women's strategy will enter its third year. We are working towards achieving Domestic Abuse Housing Alliance accreditation for the organisation.

We will draw up delivery plans for the following key service strategic objectives:

- Ensure that people we help who are, or have been, rough sleeping leave homelessness behind forever, starting with those we helped off the streets during the Covid-19 pandemic.
- Develop preventative practices and models.

In addition we will roll out the new agreed structure and delivery model for Digital Recovery College, Construction Training and Employment Support, and develop a new 'Working with Clients' Skills programme and Online learning platform.

FUTURE PLANS

In April 2021 St Mungo's embarked on a new five year strategic plan. Our vision and mission remain the same, to end homelessness and rebuild lives, through supporting people experiencing homelessness and those who are at risk of homelessness, increasing public understanding and empathy, and advocating for policy change.

Our new strategy establishes St Mungo's as a leading homelessness charity with national influence, working in partnership with local authorities, health colleagues and communities, to achieve our mission and the ambition of the plan: to end rough sleeping in England by 2026.

Our most significant contribution to ending rough sleeping and homelessness will remain our work supporting people who are sleeping on the streets into secure accommodation, and providing them with the services they need to rebuild their lives once there. We will also continue to focus on the issue of people returning to the streets facilitating paths to longer term accommodation and support both directly and through partners.

Finally, we will seek to influence national, regional and local policies that affect our clients. This will mean continuing to push for policies that stop homelessness and the flow of rough sleeping, for example, pushing for the effective implementation of the Homelessness Reduction Act.

We have recently assumed the role as secretariat to the independent Kerslake Commission on Homelessness and Rough Sleeping. This Commission will examine lessons from the emergency response which supported people sleeping rough during the Covid-19 pandemic and report in autumn 2021.

Organisationally, we will continue to strengthen our inclusive culture, ensuring that both inclusion and diversity are priorities for us, so that every service and team is confident, engaged and committed to promoting our values, celebrating diversity and challenging discrimination. This will be core to our People strategy, and will include delivering on our Leadership 2025 race action plan commitments.

We have also set out our approach and targets for our environmental sustainability, specifically how we will contribute to achieving net zero carbon and have created two new Executive Director roles to support delivery of the new strategic plan:

PRINCIPAL RISKS AND UNCERTAINTIES

As a homelessness charity, St Mungo's chooses to work in a context where there are significant inherent risks. Our clients have multiple and complex needs and our funding streams are often uncertain. The Board oversees a robust risk management framework to ensure that the organisation can continue to deliver its strategy. During the year the focus has been on managing the risks and uncertainties as a result of Coronavirus. At the outbreak of the pandemic, the Board acted quickly to put mitigation plans in place for the potential impact of Coronavirus on our cash flow. Whilst the immediate risks did not materialise to the extent originally feared there is still considerable uncertainty about the future economic impact of the pandemic.

The Board has agreed that ensuring our financial sustainability in an uncertain economic climate is a key organisational commitment. The potential risk to our commissioned services and fundraised income is assessed and monitored by the Board. A new organisational structure has been agreed to support our strategic priorities and achieve recurring savings. The Board is regularly updated on progress and has considered mitigation plans and stress testing of our Financial Plan.

The pandemic put a new spotlight on the people that we support and proved that when we work together, we can end rough sleeping. We remain concerned that the social and economic impact of the pandemic will put further pressure on our client group, with real term cuts in universal credit and local housing allowances, more people becoming newly homeless, unable to sustain tenancies, unemployed or with no recourse to public funds. Given the pressure on local authority budgets, we face a hugely challenging environment of rising demand and fiscal entrenchment, and our work remains vital. As one of the largest homeless charities in Britain, and a specialist housing association, we remain confident we are in a position of relative strength to build on what has been achieved in the pandemic.

We recognise that our work with people with complex needs means that we need to manage a high level of inherent risk. Through robust compliance with legislation and policies, and a promotion of excellent standards and culture, we mitigate the potential risk of issues emerging. If issues occur, we use a range of policies, procedures and best practice to manage these to best effect in order to safeguard clients, staff and the wider organisation. As we are regulated by a number of bodies, being both a housing association and a charity, we recognise the importance of factoring risk management into daily activities, particularly in order to ensure our vulnerable clients are best served through good practice.

Financially, as said earlier in this report, while the Regulator for Social Housing acknowledged our business plan is fully funded and based on reasonable assumptions, they also noted that the nature of our work is low margin which reduces our ability to absorb adverse shocks. It is because of this that we maintain a robust focus on our reserves and liquidity, including a significant level of cash reserves. Further analysis of the strategic risks and mitigations is available in our risk section, starting on page 31.

The Directors have included information relating to the engagement with stakeholders, clients, suppliers and employees in the Chair's Statement, Strategic Report and Trustees Report and confirm their compliance with Section 172 of the Companies ACT 2006. More detail is contained in the Trustees Report in this regard.
This report was approved by the Board of Trustees on the 27 July 2021 and signed on its behalf by:

Robert Napier (CBE)
Chair
Date: 27 July 2021

TRUSTEES' REPORT

The Trustees present the annual report and audited financial statements of St Mungo's for the year ended 31 March 2021. The financial position and results for the year are set out on pages 38 - 69 of these statements.

OBJECTIVES AND ACTIVITIES

The Trustees have reported St Mungo's strategic objectives and outlined our activities within the Strategic Report on pages 3 - 19.

STRUCTURE, GOVERNANCE AND MANAGEMENT

St Mungo Community Housing Association ("the Group"), a registered housing association and charity, is made up of a lead Association and five subsidiaries. Four of the subsidiaries are directly and wholly owned; the fifth is a subsidiary of one of the wholly owned subsidiaries.

Street Impact London Limited and Street Impact Brighton Limited, both wholly owned subsidiaries (companies limited by shares) provide housing and support to rough sleepers. Broadway Homelessness and Support (a registered charity and company limited by guarantee), holds a number of leasehold interests on behalf of St Mungo's, its parent. Broadway Real Enterprises Limited (a company limited by guarantee) transferred its activities to St Mungo Community Housing Association, its ultimate parent entity, in September 2019, and is due to close in the next three months.

St Mungo's Homes Limited (a community benefit society) was established in 2019 as part of a strategy to acquire move on accommodation for former rough sleepers. This entity is currently dormant.

St Mungo's has a 33% share in Social Impact Bristol Limited (company limited by shares), a consortium of three charity partners set up to provide housing and support to rough sleepers.

These are the financial statements of the Group. Any activity relating to the Association will be specified. All references to comparable 2020 figures are to those of the Group, unless otherwise specified.

The Board of St Mungo's is responsible for ensuring that a sound system of governance exists across the Group and that it is financially viable and properly managed. The Board works alongside the Executive Team, which is responsible for the day to day management of the Group.

The Board comprises fifteen Trustees, who for purposes of company law are non-executive directors, who bring a broad range of skills, knowledge and experience to their roles from fields including finance, legal and government policy. This year, an initiative aimed at attracting new Trustees from BAME backgrounds has strengthened diversity on the Board. During the year the Board met on eleven occasions; this includes additional meetings to oversee our response to the pandemic.

The Board has a formal schedule of matters reserved for its decision, which includes overall strategy and future development, allocation of financial resources, acquisitions and disposals, annual budgets, annual results, senior executive appointments, treasury policy and risk management.

Board members are elected for a three year term at the Annual General Meeting. The Board reviews its effectiveness and appraises its members annually. It identifies the skills it requires in order to fulfil its function and recruits new members as required. The Board has established a maximum term of office for its members of nine years.

The Board is covered by Trustees' indemnity insurance policy. No claims have been made during the year.

During the year the Board has been supported by four committees:

- Audit and Risk Committee reviews the integrity of financial reporting and provides the Board with assurance about the operation of internal control and risk management within St Mungo's. It also manages the relationship with the internal and external auditors.

- Finance and Development Committee supports the Board in its responsibilities in relation to financial planning, financial management and the scrutiny of financial performance. The Committee ensures that St Mungo's makes best use of its property assets and reviews plans for the development of our housing stock.
- Services Committee has oversight of housing management and care and support services. The Committee reviews policies and plans to ensure services are responsive to client's needs and scrutinises performance in key areas such as repairs, rent collection and health and safety.
- People and Governance Committee has oversight of all aspects of the employment and remuneration of staff. It also oversees Board recruitment, review and processes to ensure that the Board and individual Trustees are accountable in the performance of their governance responsibilities.

A Fundraising Committee has met during the year, overseeing our fundraising activities to monitor performance and ensure that we are responsive to and respectful of donors and comply with legal and regulatory requirements. In May 2020 the Board agreed not to continue with a separate fundraising committee but to embed the governance of fundraising activities to other committees in the governance structure.

St Mungo's is committed to involving clients in all aspects of our work, including in its decision-making structures. The Client Advisory Board, made up of ten current or former clients of St Mungo's, reviews Board papers and provides input for discussion at Board meetings. A review of the Client Advisory Board has taken place during the year. In May 2021 the Board agreed an enhanced role for the Client Advisory Board in the governance of St Mungo's, ensuring that we continue to be accountable to our clients.

Health and Safety

We are absolutely committed to creating a safe and healthy environment - for our staff, clients and all who come into contact with our services - as a matter of priority, above all other considerations. The Board has agreed an overarching Health and Safety policy which sets out our approach to meeting our legal obligations and ensuring the safety of our clients and staff. Health and safety is a top priority for the Board and an update on health and safety matters is reviewed at every meeting.

The Services Committee and People and Governance Committee are responsible for monitoring health and safety activity related to properties and our staff, respectively. At an operational level the Health and Safety Steering Group oversees any changes to our safety management system. Our Health and Safety Committee meets quarterly to provide a forum for staff to raise health and safety issues and input into the implementation of policies and procedures.

During the year the focus has been the health and safety of our staff and clients during coronavirus. Our Staff Guidance Group has produced a comprehensive suite of guidance to keep clients and staff safe in line with Government guidance. Through a programme of regular risk assessment and monitoring we have maintained a Covid Secure environment across our sites with only a limited number of infections. A Health and Safety Committee has met regularly with Union representatives to review staff safety during the pandemic.

Compliance with the Code of Governance

St Mungo's has adopted the National Housing Federation's 2020 Code of Governance which is designed to ensure that the Association operates to the highest possible standards. An underlying principle of this is that we will comply with the Code or explain any areas where we do not comply.

The Board has reviewed and confirmed compliance with all areas of the NHF Code with the following exceptions:

Clause 2.1, relating to the requirement that Boards should give specific consideration to setting plans for carbon neutrality and environmental sustainability. St Mungo's is currently in the process of developing its Sustainability Strategy as part of its Strategic Plan 2021-26; this strategy is intended for completion by December 2021.

Clause B4 relating to the requirement that Boards should have no more than twelve members. At its meeting in May 2021 the Board agreed to appoint three new Trustees, taking the total number to fifteen. This

exception to the NHF Code is part of a proactive succession plan and Board led initiative to increase diversity at leadership levels of the organisation. With two planned vacancies arising on the Board in the next year, these appointments will bring skills and experience which are needed by the Board.
An assessment of compliance with the Charity Code of Governance has also been undertaken and compliance noted subject to the development of an environmental strategy which is underway.

Compliance with RSH Governance and Financial Viability Standard

Registered providers are required by their regulator, the Regulator of Social Housing, to certify their compliance with the Governance and Financial Viability Standard. The Board has reviewed compliance with the standard and confirms that it complies in all material respects. Where further work is needed to ensure continued compliance then appropriate action plans are in place.

Compliance with Section 172 of the Companies Act 2006

Throughout the year the Board of Trustees has made due consideration during its discussions and decision-making of the matters set out in section 172 of the Companies Act 2006. Set out in the Chair's Statement, Strategic Report and Trustees' Report is a description of how the Trustees have had regards to the matters set out in section 172 (1) when performing their duties under section 172.

STAKEHOLDERS

The Board has overriding duty to promote the success of the charity to achieve its charitable purpose. In agreeing its strategic plans and in its decision making regard has been given to other factors and stakeholders. We recognise that our success in supporting the recovery of our clients against the backdrop of the challenges we face depends fundamentally on the skill, commitment and engagement of our supporters, staff and volunteers.

Fundraising report

St Mungo's is registered with the Fundraising Regulator and works in a way that is compliant with the Code of Fundraising Practice. Members of our Fundraising team are also members of the Institute of Fundraising. This report covers the requirements charities must follow as set out in the Charities Act 2016.

Fundraised income supports both new and existing projects to help people who are at risk of, or are experiencing homelessness. Our fundraising efforts involve encouraging donations from corporate partners, community groups, and individuals. In addition, we also raise funds through legacy giving, special events, challenge events, and Face to Face fundraising.

Our donors and clients are at the heart of everything we do, and our practices aim to be more than just about compliance, we want to ensure that our supporters are treated with the care and attention they deserve.

As the regulatory environment has continued to change we have adapted and challenged the way we work to ensure we operate to a high standard. The General Data Protection Regulation (GDPR) came into effect in May 2018. To comply with GDPR, we reviewed all fundraising materials, consent options, and updated our consent and privacy statements. The fundraising database was also updated to utilise the ability to record consent consistently and compliantly. We continue to have four Professional Fundraising Organisations (PFOs) working on our behalf, which are:

- The Payroll Giving Team
- Payroll Giving in Action
- STC Payroll Giving
- Hands on Payroll Giving.

We have safeguards in place to ensure that organisations who fundraise on our behalf operate to the correct standard including requiring them to comply with the Code of Fundraising Practice.

We follow up on all feedback we receive from members of the public to ensure compliance with the Fundraising Regulations and ensure there is no unreasonable intrusion on a person's privacy.

In addition, we continue to run our own in-house street fundraising team. For this, we have a regular programme of training and refresher training covering all aspects of the regulations that apply to this form of fundraising as well as our own policies and procedures. Our training gives specific guidance on the protection of vulnerable people, based on the Institute of Fundraising's "Treating Donors Fairly Guidance". As such, we guide fundraisers to be upfront and tell the member of the public why we are communicating with them and check they are happy to continue; to ask if the person would prefer to be contacted in a different way (email, letter) or at a different time; and to check the person's understanding at relevant parts of the interaction and ask if there is anything that needs further explanation.

Our face to face programme was on hold for the majority of 2020 due to the Covid-19 pandemic. However since returning in April 2021, with the support from the Health & Safety team we have developed new robust training and support for our fundraisers to ensure we follow strict health and safety guidelines and social distancing rules.

We monitor the quality and practices of our team through our programme of mystery shopping, conducted on our behalf by an independent organisation. Since returning to the street in April, we've not had any complaints or negative feedback from the public, but we continue to address individual issues with specific fundraisers and run refresher training.

Across the year and across all our fundraising activity, which in total resulted in over 404,153 donations, we received 9 complaints about our fundraising. We regularly record, report and share positive unprompted feedback about our work and our fundraising from the public along with many messages of support we receive directly from our donors.

We have a formal process for resolving individual complaints. We report annually on complaints to our Audit and Risk Committee, This, along with the training and mystery shopping enables us to monitor and review our fundraising practices relating to the protection of vulnerable people and ensure that there is no unreasonable intrusion on a person's privacy.

Every donation we receive is greatly appreciated and the support we have seen during this past difficult year has been truly exceptional. Supporters old and new have galvanised around St Mungo's in response to the pandemic. We wish to say a thank you to all our supporters who made donations of their time and energy or gave financial support to St Mungo's during 2020-21, including those who left us a special gift in their Will. We are unable to list all of our amazing supporters but outlined below are those that gave a significant gift during this period.

29th May 1961 Charitable Trust
3Ts Charitable Trust
Adint Charitable Trust
Albert Hunt Trust
Amanda and Martyn Hole
Andrew and Jane Haslewood
Andrew Foyle
Annachiara, Federico and Aurora Ciardi
Anne Byrne
Arthur Kay
B & CE Charitable Trust
Banham Foundation Limited
Barclays' 100x100 UK Covid-19 Community Relief Programme
Barratt Developments plc
Beatrice Laing Charitable Trust
Ben Hockley
Bernard and Georgina David Charitable Fund

Jane Jewell
Jo and Robert Saville
Jo Malone London
John James Bristol Foundation
John Lewis and Partners
JP Morgan Chase in partnership with GlobalGiving
Julius Baer
LGT Vestra LLP
Liberty Specialty Markets
Linklaters LLP
London Councils
LSE SU Rag
Mace
Miller Insurance
Milton Damarel Trust
Mirella Gilpin
Mrs Smith and Mount Trust

Bloomberg L.P
Brian Hornsby
Cecil and Hilda Lewis Charitable Trust
Chestertons
Chris and Liz Sweetland
City of Westminster Charitable Trust
Clarion Housing
Cleopatra Trust
Countryside Properties plc
Cyril and Eve Jumbo Charitable Trust
Dan Houser
David and Sandra Brierwood
David Lyon
Deliveroo
Dr Peter Cole
Euroclear
Fieldfisher LLP
Ford Motor Company Fund
Foyle Foundation
Freddie Popplewell
Freshfield Foundation
Garfield Weston Foundation
GIC Singapore's Sovereign Wealth Fund
Google
Government of Ireland – Emigrant Support Programme
Greater London Authority (GLA)
Greville Mitchell OBE
Gwyneth Forrester Trust
Haber Charitable Trust
Hazel Taylor
Helen and Robert Pratten
Homeless Link
Hyde Park Place Estate Charity
James Cochrane

National Lottery Community Fund – Coronavirus Community Support Fund
National Lottery Community Fund – Reaching Communities
National Lottery Community Fund – Wildlife Trusts – Our Bright Future
Nationwide Building Society
Nationwide Community Grants
Ofenheim Charitable Trust
Peter Stebbings Memorial Charity
Phoenix Group
Richard Keers
Rob Collinge
Sarah and Charles Martin
Stewarts Law LLP
Tay Charitable Trust
Taylor Wimpey plc
Telereal Trillium
Tesco Mobile
The Belpech Trust
The Delfont Foundation
The Elizabeth Frankland Moore and Star Foundation
The Julia and Hans Rausing Trust
The Lennox Hannay Charitable Trust
The Mackie Foundation
The Raindance Charitable Trust
The Rayne Foundation
The Swire Charitable Trust
The Zochonis Charitable Trust
Tides Foundation
Tokio Marine HCC
Tony & Audrey Watson Charitable Trust
Vanguard Asset Management
Wates Family Enterprise Trust
Welsh Church of Central London
Westminster Foundation

Employee engagement

Our People Strategy, agreed by the Board during the year, sets out our commitment to recruiting the very best people from diverse backgrounds and investing in their learning, development and engagement. The success of our approach was recognised in our Investors in People assessment last year, in which we achieved 'Gold' status. This was further recognised in our staff survey in February 2021, in which we scored the same or higher in all areas compared to our 2017 staff survey. A key measure is staff engagement, which was very high at 86% and an increase on the 81% achieved in 2017.

We have a range of channels and opportunities for staff to input and feedback. Our Staff Advisory Group meets quarterly to obtain staff perspective on key strategic and planning issues. Staff from across the organisation participate in the group for a year and give ideas on specific opportunities or problems and discuss high level proposals on matters such as our organisational excellence and growth strategies, major service reviews and restructurings and changes to staff benefits.

We have continued our practice of senior leaders regularly attending team meetings throughout the year. During the pandemic these meetings have taken place remotely and the focus has been to check on staff wellbeing and the opportunity to talk about the challenges of the pandemic. This has enabled us to dynamically assess what is 'on top' for staff and respond to ideas and concerns promptly.

We consulted staff on the results of our Investors in People assessment and a plan for further improvements in the areas of leadership, communication, involvement and staff recognition, much of which has been implemented. A key improvement has been the introduction of 'The Loop', a new briefing and engagement meeting structure which will help ensure that staff receive timely, reliable and consistent information, and have the opportunity to comment, make suggestions and have their voices heard.

360 feedback from colleagues, line reports, clients and other stakeholders is central to our performance management and development scheme. Our system of annual appraisals, compliance with which is monitored quarterly by the Board, affords staff an opportunity to feedback on the management and support they have received during the year.

St Mungo's recognises two unions; Unite and Unison, and meets regularly with union representatives to discuss key issues affecting staff. During the year the focus has been on working with union representatives to ensure the health and safety of our staff during coronavirus and responding to issues raised by staff, and consultation on proposals for changes to our pension arrangements which will benefit our staff. In recent months we have been liaising with Unite in relation to allegations that there have been failures to address bullying and properly investigate grievances within our Property Services Department and the victimisation of trade union representatives. We wholeheartedly refute these claims and are committed to working with colleagues to secure a resolution including commissioning an independent review of the grievance process underway. Industrial action, involving around eight members of staff has been ongoing since April 2021.

The Board took early action to support staff during the pandemic by making a number of temporary changes to terms and conditions and policies. We agreed that 64 staff (4% of our total workforce) who were unable to work during the pandemic could be furloughed on the government's Coronavirus Job Retention Scheme. The Board agreed to 'top up' furlough pay from 80% to 100% until the end of April 2021. Changes were also agreed to our sickness policy and pay arrangements to support those who needed to self-isolate as well as introducing greater flexibility in our working hours and leave arrangements.

We have taken several measures to embed a culture of wellbeing. These include revision of all our manager and staff training modules to include a wellbeing focus; the introduction of new stress risk assessment tools and Wellbeing Action Plans for staff; and the development of toolkits for managers to support the mental health and for staff to understand and access the broad range of internal and external resources that we have put in place to support both mental and physical wellbeing. Supporting the wellbeing of staff remotely during the Coronavirus pandemic has also been a major area of focus and 92% of staff responding to an internal survey confirmed that they were aware of the resource in place to support their wellbeing at this time.

Volunteers, apprentices and students

Volunteering at St Mungo's is an integral and valued part of our work. Volunteers play a vital role in supporting our clients and make a huge difference to the range of services we can offer homeless people.

Over the last year our focus has been providing a pandemic response and supporting the organisation to ensure that we keep our clients safe during Covid. This has primarily been a frontline response working across Outreach, Streetlink, First Response, food hubs and our Emergency hotels. We have also reduced the potential isolation or our clients through involvement of volunteers and delivery of courses in the digital recovery College. Volunteering in more traditional services-based roles had to be paused during the lockdown; however some volunteers were able to return where their roles could be safety conducted in Covid-secure environments.

475 volunteers contributed over 25,000 hours over the year in the emergency hotels supporting staff teams to move many individuals into longer term accommodation and over 70 other volunteers contributed 5,000 hours in other services.

We have engaged our volunteers through online training, webinars and invited them to attend volunteer advisory groups to give feedback on our approach and policies and procedures. We have put on wellbeing events and developed a wellbeing resource pack to ensure that our volunteers can take time for themselves during what has been a difficult year.

We are proud of our award winning apprenticeship scheme for people with lived experience of homelessness. Whilst the pandemic has impacted the overall number of apprenticeships we were able to offer this year we were able to continue with some placements where it was safe to do so. We have continued to provide practical and pastoral support, providing regular one to ones in addition to their management supervisions and two weekly peer support sessions.

We also provide placements of social work, nursing and Occupational Therapy students in order to influence future professionals and help shape their practice. The team has continued to work with universities to deliver placements and assessments in different ways during the pandemic and has managed to increase Social Work placements compared to the same point the previous year. The students receive monthly sessions to develop and enhance their learning.

Business relationships

We have robust policies and practices in place to ensure that our procurement decisions are transparent, fair and non-discriminatory. Compliance with procurement requirements and any decisions taken outside of our policies are reviewed regularly by our Audit and Risk Committee.

Performance with the prompt payment of suppliers is monitored by our Finance and Development Committee. During the year we have reported on our business payment practices in line with government requirements.

We recognise that the commissioning bodies for whom we deliver services are key stakeholders who enable us to achieve our strategic objectives. In 2019/20 we undertook research to hear from our commissioners, first-hand about the sector and their needs. This led to us establishing a regular forum with approximately 20 commissioners across our areas of operation. During the year the focus of these meetings has been on the links to health and the approach and lessons learnt through the pandemic.

Energy and carbon reporting

Greenhouse Gas (GHG) Emissions

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard (Revised Edition), St Mungo's has been engaged in a process aimed at reducing our greenhouse gas emissions. In the year to 31 March 2021 emissions increased by 3.63%. Despite ongoing efforts to reduce emissions, activities were impacted by the pandemic as detailed in this report.

St Mungo's incurs scope 1 and 2 emissions (electricity and gas) at our offices, hostels, and domestic properties. Further, in line with government guidance, we have included grey fleet (cars owned by staff but used for business purposes) and vehicle hire transport emissions as part of our reporting.

Our calculated carbon footprint for the current financial year is 4,867.7 tCO2e, whilst energy consumption was 25,657,282.73 kWh (25,657 MWh).

Accordingly, we can report figures below based on the GHG Protocol Corporate Standard calculated using 2020 conversion factor guidance published by the UK government. Reporting corresponds with our financial year and reflects emissions from the leased and controlled assets for which St Mungo is responsible.

Emissions

	Tonnes (CO2 Equivalent)	
Scope	**2020-21**	**2019-20**
1 – Gas	4,075.29	3,652.24
2 – Electricity	696.65	989.95
3 – Transport	95.76	55.17
Total	4,867.7 tCO2e	4,697.36 tCO2e

Intensity metric scope 1,2 and 3	**Tonnes (kg CO2e Equivalent) per £ turnover**	
Scope	**2020-21**	**2019-20**
1,2 and 3	0.0440	0.0399

Intensity per property scope 1 and 2	**Tonnes (CO2 Equivalent) per property**	
Scope	**2020-21**	**2019-20**
1 – Gas	12.62	11.45
2 – Electricity	1.55	2.54

This represents a 3.63% overall increase in emissions and a 1.3% increase per property on scope 1 and 2 emissions. Emissions have increased due to an uplift in units and an increase in transport usage driven by activities necessitated by the pandemic.

Efficiency Measures taken 2020-21

It is a requirement of the Streamlined Energy and Carbon Reporting legislation that we outline energy efficiency actions taken within the financial year. These are as follows:

Transport

St Mungo's maintain a cycling policy, and encourage staff to cycle to work where possible. We also encourage employees to purchase energy efficient vehicles. Further, where possible, staff are encouraged to work from home. In 2020/21, increased numbers of staff were required to use individual/personal transport during the pandemic, as such emissions from transport increased in year. In part, this increase has been offset by the majority of Head Office staff homeworking for the full year and therefore not using any form of transport, although this data is largely not captured in the emissions data above.

Information Technology

St Mungo's encourages staff to request minimal equipment without impacting output. Remote working employees are provided with a laptop only, rather than a laptop and desktop computer. Energy efficient monitors are installed as part of a three year replacement cycle. Dual screens are kept to a minimum but may be provided where there is business need. Hibernation tools are used on all laptops and desktop computers and photocopiers have software that only allows activity when staff sign in.

Building Efficiencies

Energy efficiency is part of any new property re-fit including boilers, lighting, solar energy where possible, caps on hot water and pressure, as well as increasing areas of natural light. There was some delay to the lighting replacement programme in 2020/21 due to reduced stock improvement activity in year as a result of national lockdown restrictions. St. Mungo's has carried out a stock condition survey in year which has provided additional data on energy efficiency across our property portfolio. Waste management data for the Moretown estate where St. Mungo's Head Office is located indicates that waste produced across the estate reduced by 56.12% from 2019 to 2020 as a result of reduced office based working. Percentage of waste recycled increased from 44.5% to 47.6%. EPC ratings for potential new property acquisitions must be considered prior to approval and purchase.

Objectives for 2021-22

Our new strategic plan includes the objective that we will set out our approach and targets for environmental sustainability, specifically how we will contribute to achieving net zero carbon. Our approach will include our buildings, offices and supply chain as well as how we will engage and involve our staff and clients. We have set up a steering group to help develop our strategy, bringing together colleagues from across the organisation and involvement from clients.

The Sustainability Strategy Working Group (SSWG) has identified six key workstreams out of which the sustainability strategy will be developed:

- Buildings – offices and residential
- Client involvement
- Staff involvement and engagement, including a communications strategy
- Procurement and supply chain
- Influencing others and wider involvement
- Baselines, targets and benchmarking

The SSWG also plans to join up with other strategies and initiatives across the organisation which have or will have a key role to play in the successful development and implementation of the strategy. These include:

- Health and Safety, particularly fire safety
- Establishment of Housing Services Department and St Mungos' Homes
- Financial planning
- Supplier procurement, particularly in relation to planned maintenance
- Acquisition of new buildings process
- Plans to improve our client training offer and further embed our Recovery Approach.

The SSWG aims to reach a point where all organisational initiatives are required to consider how they will be implemented in a way that contributes to our sustainability objectives.

The working group will be looking at a range of data to set benchmarks and goals in addition to the emissions data within this report. We aim to bring the draft strategy to the Board by December 2021.

St Mungo's will continue to report on progress in future financial accounts.

DIVERSITY AND INCLUSION

Inclusion is one of our core values and valuing the backgrounds, experiences and strengths of our staff and clients is integral to our work. The Board has agreed an Equality, Diversity and Inclusion Strategy which sets out a vision where staff, clients and volunteers from all backgrounds can be their best selves, bringing together experiences, commitment and expertise to deliver a personalised recovery approach. We have also developed a specific Race Equality Action Plan to ensure that we are actively combatting the potential for racism to be experienced by our clients and staff.

Central to the delivery of our strategy, are seven Diversity Networks which meet regularly and work together to help shape the strategic direction of our inclusion practices. We also have 150 Allies across the organisation who champion diversity and inclusion within their teams, help to plan awareness raising events, challenge any non-inclusive practices and come together quarterly to network, share best practice and learn.

The Board is committed to increasing the diversity of its membership and has agreed an aspirational target of at least one in three appointments being from an under represented group with an anticipated representation of 33% by 2026. Representation from Black, Asian and Minority Ethnic ("BAME") backgrounds on the Board was at 17% last year and the Board has continued to build on this through further recruitment this year. From September 2021 our Board will be 50% female and just under 30% BAME.

Our data on workforce demographics, which is reviewed annually by the Board, shows an under-representation of BAME managers. This is a challenge that is not unique to St Mungo's but we are committed to taking action to understand and positively address the issue. Our BAME positive action strategy working group brings together senior managers from across the organisation to focus on recruitment, progression, retention and communications.

Our People Strategy, agreed in March 2021 sets representation targets across all levels of management at St Mungo's by 2026. A key step to achieving this has been the introduction of a requirement for all recruitment panels to include at least one BAME member of staff. Our Steps into Management programme will also help us to develop the leadership pipeline of junior and middle-management from BAME backgrounds.

At St Mungo's we have measures in place to ensure that decisions are not taken on a discriminatory basis including training on unconscious bias. This year we also introduced our 'In my shoes' diversity mentoring programme for Leadership Team members. We have continued to focus on the proportion of BAME staff represented in disciplinary proceedings compared to representation in the workforce as a whole. An independent review of our disciplinary cases and processes found that our policies and procedures are fair and robust and that our formal processes are well managed. Following the review we have agreed an action plan to continue to increase awareness of and address unconscious bias.

We are a Disability Confident Employer (registered with the Disability Confident scheme) & are fully committed to supporting people with disabilities to work with us. This includes providing equal employment, training, and promotion of staff with disabilities. We have also signed the Mindful Employer charter to demonstrate that we are positive about mental health and are accredited under the Healthy Workplace Charter.

We again gained a place in the Stonewall Index of the Top 100 Lesbian, Gay, Bisexual and Trans-friendly employers.

MODERN SLAVERY ACT

Information about St Mungo's compliance with the Modern Slavery Act, which seeks to curb slavery and human trafficking, is available on our website www.mungos.org. This was last updated in November 2020 and is reviewed annually to ensure we continually improve our practice in this area.

REMUNERATION POLICY

St Mungo's has an annual income of over £100 million and employs around 1,500 people. The aim of our remuneration policy is to offer pay rates and a broader package of terms and conditions that will attract, retain and motivate high calibre staff. We aim to pay salary rates at all levels that effectively support recruitment and retention.

Staff in our client-facing roles are paid at the upper quartile in comparison with organisations providing homelessness and similar services.

Most other roles, including our Chief Executive, are paid at the market median compared to charities and housing associations of comparable size and turnover. Only in exceptional circumstances where it has been demonstrated that St Mungo's is unable to fill a post at the market median level would an upper quartile salary be considered.

Market testing of Chief Executive, Executive Team and other relevant roles is carried out every three years by an external benchmarking company in order to keep salaries aligned with the comparator market.

The Board approves the salary increase of the Chief Executive and the People and Governance Committee approves the salary increase of the other members of the Executive Team, in line with the median figures returned by the benchmarking company, and subject to affordability.

In the years which fall between market tests the Chief Executive and Executive Team members receive the same cost of living increase as all other members of staff, which is determined by reference to the National Joint Council for Local Authorities annual settlements.

All staff at St Mungo's including the Chief Executive and the Executive Team receive the same standard package of terms and conditions of employment. There are no enhancements to these, and no bonuses or discretionary additional awards in terms of salary to any individual.

As a responsible employer our aim is to secure the best benefits for St Mungo's employees past, present and future. During the year we have reviewed our pension arrangements. The St Mungo's Defined Benefit Scheme with TPT Retirement Solutions has been established as a standalone pension scheme. Employee Benefits accrued in the SHPS Defined Benefit scheme were bulk transferred to the standalone scheme on the 2nd November. This change will ensure St Mungo's, can better manage the risks to which the DB pension exposes us. Within a standalone scheme all future contributions which St Mungo's pays go directly to funding the benefits payable to current and former St Mungo's employees. It also allows future funding and investment strategies to be aligned with St Mungo's circumstances and objectives. The DB pension scheme is closed to new employees. Staff are auto-enrolled into our Defined Contribution (DC) pension scheme. Following consultation, which received positive employee engagement (929 reviews of online advice and 126 employees either attended a pension webinar or watched a recorded video), and discussions within Union representatives the Board agreed the Bulk transfer of our DC scheme to Aviva. Aviva is a well-established provider with a strong performance record, a good choice of investment options, and good member engagement and support. Benefits for staff did not change as a result of the transfer on the 9th November.

RESERVES POLICY

Reserves are that part of the Group's funds that are freely available to spend on any of the Group's purposes. This definition excludes restricted reserves which arise from specific restrictions being imposed on the reserves by the donor. As a Group which has no complex financial arrangements, the Group and Association's reserves are made up of the liquid working capital offset by provisions for long-term liabilities associated with property and pension commitments.

In May 2021 the Board approved the 2021-22 Financial Plan. The Board considered the worst case impact of an economic recession leading to a reduction in fundraising receipts, increase in pension actuarial loss, loss of contracts and rent service charge income, and an exit from our non-social housing portfolio. The Reserves and Liquidity policy has been updated to set thresholds to manage should adverse risks materialise. St Mungo's will manage against minimum cash balances of £14 million - £18 million and minimum unrestricted reserves of £10 million - £13 million to ensure that St Mungo's is viable longer term.

Total reserves as at 31 March 2021 were £13.7 million (2020: £16.5 million). We held restricted reserves of £2.4 million (2020: £2.6 million) and unrestricted or free reserves of £11.3 million (2020: £13.9 million).

As at 31 March 2020 free reserves included a £3.1 million designated reserve to support future growth and fund transformation projects. This reserve has now been released.

The year-end cash balance was £22.9 million (2020: £20.9 million).

The Trustees have reviewed the reserves of the Association and Group taking into consideration future activity, uncertainties and risks and have concluded the level of reserves shown at 31 March 2021 is appropriate to maintaining the continuation of the Association and Group as a going concern.

The Trustees are aware of the risks associated with delivering our financial plan. Management actions are in place to prevent a breach of cash or reserves thresholds, new capital investments will only be made after an assessment of free reserves and cash over an 18 month period, debtors and accrued income will continue to be closely monitored to ensure there is no material impact on cash and the achievement of VFM savings will be closely monitored. A temporary overdraft facility will be put in place should our cash dip below £18m.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its ultimate responsibility for ensuring that St Mungo's has in place a system of internal control that is appropriate to the environment in which it operates and for the review of the effectiveness of that system during the year. These internal controls are designed to identify and manage rather than eliminate risk which may prevent St Mungo's from achieving its objectives.

The system of internal control is designed to give reasonable rather than absolute assurance that key objectives and expected outcomes will be achieved. It also exists to give reasonable assurance on the preparation and reliability of financial and operational information and the safeguarding of assets and interests.

Risk management approach

The Board has overall responsibility for the oversight of risk management at St Mungo's and has agreed an Organisational Risk Management Policy which sets out how risks are identified, assessed and managed across the organisation.

The strategic and key operational risks faced by St Mungo's and the mitigation plans in place to manage these risks are regularly reviewed by the Board.

During the year the Board has reviewed its risk appetite and agreed risk tolerance levels which are used to guide our day to day activities.

Risk Appetite Statement

As a homelessness charity, we choose to reach out to people who are often the most excluded by society and by other services because of their multiple and complex needs. We have a high risk appetite for who we provide our services for and for solutions that prevent and tackle rough sleeping.

Our clients have complex and changing needs and this brings inherent risk in relation to our reputation, we mitigate this by having a low risk appetite in terms of compliance with legal and regulatory requirements and our internal policies and processes.

We will seek opportunities to work in partnership with others for the benefit of our clients. Our work to increase public understanding and advocate for change for our clients involves an element of risk and we will balance this with the need to protect our reputation.

We work in a rapidly changing environment where funding streams can be uncertain and changes in policy and public opinion can have a profound impact on our work. We mitigate this by having a low risk appetite in terms of our financial sustainability.

We expect to take risks, within the context of our risk appetite and our financial sustainability, in order to grow our services and deliver our mission to reduce homelessness and rebuild lives.

Principal risks and uncertainties

Our key risks and uncertainties are shown in the table below along with our mitigation measures:

Risk	Mitigation measures
Strengthening our financial resilience.	The Board has agreed a restructure of central costs and organisation structures to realign them to support strategic priorities and achieve recurring savings. We have prudent reserves to enable us to manage potential delays in income. There is regular stress testing of our financial plan.
Safely managing the transition out of pandemic restrictions.	We were able to maintain essential services during lockdown whilst also delivering a rough sleeper emergency response through a mix of repurposed and new services. Risk assessments have been carried at all levels to ensure that we transition safely out of lockdown.
Safeguarding clients from harm	Our policies and procedures for the safety of clients are regularly reviewed, including an external review during the year. Robust pre-employment and referencing checks are in place and a programme of service reviews and inspections.
Compliance with health and safety legislation.	A comprehensive suite of health and safety policies is in place along with mandatory training for staff. A steering group provides oversight of the management of safety across our services and buildings. Robust systems are in place to monitor and report on compliance.
Managing significant IT and change projects.	The Board has agreed an IT Strategy and plans are in place to ensure delivery. A key element is a new asset management system due for implementation in 2021.
Recruiting and retaining a talented workforce	Our new People Strategy confirms our commitment to the Leadership 2025 Principles. We have reviewed our workforce planning and talent management during the year and have programmes in place to cultivate talent and develop staff.
Embedding a culture of compliance and good performance.	The results of our 2021 staff survey are exceptionally positive, indicating that staff engagement levels are good. Our ‘Solid Foundations’ programme continues to ensure compliance with core non-negotiables.
Providing good quality accommodation and meeting our obligations as a landlord.	We are in the final year of our current major works programme. A full stock condition survey has been undertaken and will inform our long term investment plan for delivery from 2022/23. Robust systems are in place to ensure compliance with statutory health and safety obligations. Work is underway to ensure that St Mungo’s can meet the forthcoming changes in fire and building safety legislation.
Securing a long term solution for our Real Lettings portfolio.	St Mungo’s has short term leasehold interests in a number of properties leased via three property funds. The Board is considering the long term options for this portfolio and the risks associated with the portfolio.
Managing potential consequences for our reputation	We have internal processes in place to ensure a co-ordinated response to incidents and to communicate organisational decisions. We proactively monitor complaints, comments on social media and press activity, this includes our industrial relations.

Internal assurance

A regular programme of Health and Safety inspections across our projects provides internal assurance on compliance with statutory obligations.

Our Quality Audit Programme for client facing services identifies areas of good practice and highlights any needed improvements. The Services Committee reviews the outcome of these reviews on a quarterly basis.

A framework of key performance indicators and regular reporting to Board exists to ensure that performance issues are identified and corrective action is taken.

Internal audit

St Mungo's internal audit function, delivered by Beever & Struthers, is used to provide objective assurance on our control framework and management of risks. A programme of internal audits has been overseen by the Audit and Risk Committee.

The audit reports demonstrate that the Board can take adequate assurance from the control framework in place across St Mungo's in 2020-21. Where weaknesses were identified during the year, these have either been addressed or an action plan has been put in place to improve controls going forwards.

External audit

The work of our external auditors provides further independent assurance on the control environment. Any weaknesses in internal control identified by our external auditors are considered by the Audit and Risk Committee and the Board along with an action plan to address any issues.

External assurance

In November 2020, the Regulator of Social Housing re-confirmed our rating as G1 / V2 as part of their Annual Stability Check process. This means that St Mungo's meets the Regulator's governance and viability requirements but material risks need to be managed in order to ensure continued compliance. St Mungo's has two care homes, both of which have been recently inspected by the Care Quality Commission and achieved an overall grading of 'good'.

Fraud and Whistleblowing

A Fraud Register has been maintained during the year and reviewed regularly by the Audit & Risk Committee. During the period there have been some minor losses due to fraud & several unsuccessful attempts of phishing of financial information. St Mungo's has a Whistleblowing Policy that encourages employees & others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. Whistleblowing concerns raised during the year have been reported to the Audit and Risk Committee.

Conclusion

The Board has considered the effectiveness of the risk management and internal control system in place across the organisation for the year ended 31 March 2021 & has concluded that St Mungo's has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides assurance regarding the effective and efficient achievement of the organisation's objectives.

Auditor

Pursuant to section 487 of the Companies Act 2006, RSM UK Audit LLP have indicated their willingness to be reappointed for another term. A resolution to re-appoint them will be proposed by the Board.

Disclosure of Information to the Auditor

The Board who held office at the date of the approval of this Trustees' Report confirm that in so far as the Board is aware:

- there is no relevant audit information of which the Association's auditor is unaware
- the Board has taken all the steps it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

Certain information as required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations has been included within the Strategic Report. As permitted by section 414C (11) details of future developments, analysis of the development and performance of the business, commentary of key performance indicators and financial review are included in the Strategic Report.

This report was approved by the Board in their capacity as company directors.

Robert Napier (CBE)
Chair
27 July 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Board is responsible for preparing the Strategic Report, the Trustees' Report and the financial statements, in accordance with applicable law and regulations.

Board members (who are also directors of the Association for the purpose of company law) are required by Company law and registered social housing legislation to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the Group's income and expenditure for that period. In preparing each of the Group and Association financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Association will continue their activities.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that its financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction of Private Registered Providers of Social Housing 2019. The Board has general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and to prevent and detect 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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board of Trustees on the 27 July 2021 and signed on its behalf by:

By order of the Board

Robert Napier (CBE)
Chair
Date: 27 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MUNGO'S COMMUNTY HOUSING ASSOCIATION

Opinion

We have audited the financial statements of St Mungo's Housing Association (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise consolidated and association statement of comprehensive income, consolidated and association statement of financial position, consolidated and association statement of changes in reserves, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Board's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Board's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records & returns or
- certain disclosures of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 34 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: https://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

ANDREW MONTEITH (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford CM1 1LN
Date: 23rd September 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Note	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
TURNOVER	3	118,604	3,400	122,004	106,867
Operating expenditure	3	(119,404)	(3,562)	(122,966)	(108,508)
OPERATING (DEFICIT)	8	(800)	(162)	(962)	(1,641)
Gain on disposal of property	9	-	-	-	1,707
Interest receivable	6	41	-	41	118
Interest payable and similar charges	7	(215)	-	(215)	(285)
(Loss) / Gain from associate	13	(44)	-	(44)	52
(DEFICIT) BEFORE TAX		(1,018)	(162)	(1,180)	(49)
Taxation	11	-	-	-	-
(DEFICIT) FOR THE YEAR		(1,018)	(162)	(1,180)	(49)
Other comprehensive income:					
Actuarial losses in respect of pension schemes	24	(1,605)	-	(1,605)	283
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(2,623)	(162)	(2,785)	234

The consolidated results relate wholly to continuing activities.

The accompanying notes on pages 43 - 69 form part of these financial statements.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Note	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
TURNOVER	3	118,186	3,400	121,586	106,724
Operating expenditure	3	(119,448)	(3,562)	(123,010)	(108,456)
OPERATING (DEFICIT)	8	(1,262)	(162)	(1,424)	(1,732)
Gain on disposal of property	9	-	-	-	1,707
Interest receivable	6	41	-	41	118
Interest payable and similar charges	7	(203)	-	(203)	(259)
(DEFICIT) BEFORE TAX		(1,424)	(162)	(1,586)	(166)
Taxation	11	-	-	-	-
(DEFICIT) FOR THE YEAR		(1,424)	(162)	(1,586)	(166)
Other comprehensive income:					
Actuarial losses in respect of pension schemes	24	(1,605)	-	(1,605)	283
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(3,029)	(162)	(3,191)	117

The Association's results relate wholly to continuing activities.

The accompanying notes on pages 43 - 69 form part of these financial statements.

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2021

		Group		Association	
		2021	2020	2021	2020
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	12a	950	568	1,001	670
Housing properties	12b	82,709	82,881	82,709	82,881
Other fixed assets	12c	565	619	565	619
Investment in subsidiaries	13	-	-	115	115
Investment in associate	13	-	-	16	16
Share of associate	13	25	68	-	-
		84,249	84,136	84,406	84,301
CURRENT ASSETS					
Trade and other debtors	14	18,903	16,825	18,596	16,688
Cash and cash equivalents	21	22,914	20,896	22,779	20,737
		41,817	37,721	41,375	37,425
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	15	(24,959)	(19,948)	(24,969)	(19,746)
NET CURRENT ASSETS		16,858	17,773	16,406	17,679
TOTAL ASSETS LESS CURRENT LIABILITIES		101,107	101,909	100,812	101,980
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	16	(73,291)	(73,220)	(73,291)	(73,180)
Retirement benefit obligations	24	(10,575)	(10,116)	(10,575)	(10,116)
Provisions for liabilities					
Pension - deficit funding liability	19	-	(20)	-	(20)
Other provisions	19	(3,517)	(2,044)	(3,517)	(2,044)
		(87,383)	(85,400)	(87,383)	(85,360)
TOTAL NET ASSETS		13,724	16,509	13,429	16,620
RESERVES					
Restricted reserve	20	2,412	2,574	2,412	2,574
Designated reserves	20	-	3,096	-	3,096
Income and expenditure reserve		11,312	10,839	11,017	10,950
TOTAL RESERVES		13,724	16,509	13,429	16,620

The accompanying notes on pages 43 - 69 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue 27 July 2021 and are signed on its behalf by:

Robert Napier (CBE)
Chair

Tim Gadd
Trustee

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2021

	Unrestricted reserve £'000	Designated reserves £'000	Restricted reserve £'000	Total reserves £'000
Balance at 31 March 2019	11,244	2,884	2,147	16,275
(Deficit)/Surplus for the year	(405)	212	427	234
Balance at 31 March 2020	10,839	3,096	2,574	16,509
(Loss)/Surplus for the year	(2,623)	-	(162)	(2,785)
Transferred to Unrestricted Reserve	3,096	(3,096)	-	-
Balance at 31 March 2021	11,312	-	2,412	13,724

Designated reserves form part of the unrestricted and free reserves.

ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2021

	Unrestricted reserve £'000	Designated reserves £'000	Restricted reserve £'000	Total reserves £'000
Balance at 31 March 2019	11,472	2,884	2,147	16,503
(Deficit)/Surplus for the year	(522)	212	427	117
Balance at 31 March 2020	10,950	3,096	2,574	16,620
(Loss)/Surplus for the year	(3,029)	-	(162)	(3,191)
Transferred to Unrestricted Reserve	3,096	(3,096)	-	-
Balance at 31 March 2021	11,017	-	2,412	13,429

Designated reserves form part of the unrestricted and free reserves.

**CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2021**

	Note	2021 £'000	2020 £'000
OPERATING ACTIVITIES			
Net cash generated from operations	21	4,448	(1,362)
Interest received		41	118
NET CASH GENERATED FROM OPERATING ACTIVITIES		4,489	(1,244)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(3,803)	(5,178)
Proceeds on disposal of fixed assets	9	-	2,507
Grants received		1,594	113
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		(2,209)	(2,558)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(12)	(26)
Loan finance	(I)	(250)	(135)
NET CASH USED IN FINANCING ACTIVITIES		(262)	(161)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,018	(3,963)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(I)	20,896	24,859
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	22,914	20,896

(I) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £'000	Cash Flows £'000	Other non- cash changes £'000	At 31 March 2021 £'000
CASH AND CASH EQUIVALENTS				
Cash	20,896	2,018	-	22,914
BORROWING				
Debt due within one year	(230)	230	(20)	(20)
Debt due after one year	(40)	20	20	-
	(270)	250	-	(20)
Total	20,626	2,268	-	22,894

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1. LEGAL STATUS

St Mungo Community Housing Association ("the Association") is a company limited by guarantee and registered charity, a public benefit entity and is an English registered social housing provider.

The address of the Association's registered office and principal place of business is St Mungo's, 5th Floor, 3 Thomas More Square, London E1W 1YW.

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements have been prepared under the historical cost convention and on a going concern basis.

The Association is both a registered charity and a registered provider of social housing, and sees both of these areas represented significantly in its activities. In particular, it receives a large amount of charitable income and incurs related expenditure to do this. The Board considers that the financial statements should be prepared to reflect the Association's aims and to satisfy the different needs of users. Therefore the Statement of Comprehensive Income differentiates between restricted and unrestricted funds.

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

GOING CONCERN

After making enquiries the Trustees believe that the Group has adequate resources to continue in operational existence for at least 12 months from the approval date of these financial statements.

During the year, the Board considers the worst case impact of different business scenarios (stress testing) on the financial plan. During the year, the Board considered the worst case impact of an economic recession leading to a reduction in fundraising receipts, increase in pension actuarial loss, loss of contracts and rent service charge income and an exit from our non social housing portfolio. The Board also considered the impact of a "perfect storm" which included a number of scenarios occurring at the same time taking into account mitigating actions including cost cutting measures and supporting the conclusions that sufficient cash reserves remains available for at least the next 12 months.

Based on the reviewing these forecasts and the available free cash reserves the Trustees have concluded the Group is a going concern and accordingly have prepared the financial statements on this basis.

BASIS OF CONSOLIDATION

Under the Companies Act 2006 the Group has prepared consolidated financial statements. The consolidated financial statements incorporate those of the Association and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 March 2021.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

Where the Group does not control the financial and operating policies of an entity but is able to exert significant influence over them then that entity is accounted for as an Associate. The Group includes its share of the entities result and financial position in its consolidated financial statements.

REDUCED DISCLOSURES

In accordance with FRS 102, the Association has taken advantage of the exemption from the following disclosure requirement in the individual financial statements of the Association under Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures.

TURNOVER AND REVENUE RECOGNITION

Turnover comprises rental and service charge income receivable in the period net of rent and service charge loss from voids. Turnover also includes fees and revenue grants receivable from Local Authorities, the Regulator of Social Housing, other Government departments and charitable bodies, amortisation of deferred capital grants, donations and income from fundraising activities and other services provided in the year (excluding VAT).

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Donations and income from fundraising activities are recognised when the Group has entitlement to these and receipt is probable.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

OTHER INCOME

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

INTANGIBLE ASSETS

Software – Internal and external costs incurred during the preliminary stage of developing computer software for internal use are expensed as incurred. Internal and external costs incurred to develop computer software for internal use during the application development stage are capitalised if the company expects economic benefits from the development. Capitalisation in the application development stage begins once the company can reliably measure the expenditure attributable to the software development and has demonstrated its intention to complete and use the software. Software is amortised on a straight-line basis over its estimated useful life of 4 years.

Customer contracts- the cost of business combination is the fair value of the consideration given, liabilities incurred and the costs directly attributable to the business combination. The fair value of the separable identifiable customer contracts on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of the contract relating to the entity sold. Customer contracts are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated by applying the straight- line method to its estimated useful life of 2.5 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected use of the cash generating units to which the contracts are attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Customer contracts are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Housing properties are properties for the provision of social housing and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

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

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

DONATED LAND AND OTHER ASSETS

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

GOVERNMENT GRANTS

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

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

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

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

OTHER GRANTS

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

The Group separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the shorter of the length of the lease or the following years:

Structure	60 years
Land	Nil
Kitchens	10 years
Bathrooms	15 years
Pitch roof	60 years
Flat roof	20 years
Windows	25 years
Electrical works	15 years
Boilers	10 years

LAND AND PROPERTIES HELD FOR SALE

Land and properties surplus to requirements are classified as held for sale and stated at the lower of carrying amount and net realisable value.

IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether indications exist that an Asset or Cash Generating Unit (CGU) may be impaired, or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset.

Service potential of an asset and cash flow generation are considered in our assessment. Where there is an indication that an asset or CGU may be impaired, the recoverable amount of any affected asset or CGU is estimated and compared with its carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use for social housing (VIU-SH). The fair value less cost to sell is estimated using the market value of the property less cost to sell where a market exists, or the existing use value calculation for social housing (EUV-SH). Impairment losses are recognised through expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised through expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Motor vehicles	over 4 years
Office equipment, fixtures and fittings	over 4 years
Computer equipment	over 4 years
Leasehold improvements	up to the break clause in the lease

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

TAXATION

St Mungo Community Housing Association has charitable status and is registered with the Charity Commission and is therefore exempt from paying Corporation Tax on charitable activities.

Irrecoverable VAT is not separately analysed and is charged to expenditure when incurred. It is allocated as part of the expenditure to which it relates.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable surpluses.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited as income or expenditure, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

LEASES

Operating Leases
The Group enters into operating leases, the annual rentals are charged to expenditure on a straight line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense. Employees are entitled to carry forward up to five to ten days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

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

RETIREMENT BENEFITS

Defined contribution plans
For defined contribution schemes the amount charged is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments.

Defined benefit plans
The group participated in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and Pension Trust's Growth Plan (GP). Both schemes are closed to new employees.

For the GP, contributions were recognised in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the Group will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end. In the year ended 31 March 2021 the Group settled this liability for £64,000.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

RETIREMENT BENEFITS (CONTINUED)

The Association participated in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

On 9 November 2020 the Association exited from this scheme and transferred the scheme assets to a new scheme – the St Mungo's Defined Benefit Pension Scheme.

This is a separate trustee administered fund set up on 2 November 2020 following the transfer of assets and obligations from the Social Housing Pension Scheme (SHPS). The scheme holds the pension scheme assets to meet long term pension liabilities.

Scheme liabilities have been based on data provided for the SHPS actuarial valuation as at 30 September 2019 updated to 31 March 2021 by a qualified actuary, independent of the scheme's sponsoring employer. Changes to the position go through the Other Comprehensive Income statement and not through the normal income and expenditure account, as there is not sufficient information to restate the comparative. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The scheme is administered by trustees and is independent of the Group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service. The cost of providing benefits is determined using the projected unit credit method.

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

Surpluses or deficits recognised in the Statement of Comprehensive Income:

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

Surpluses or deficits recognised in other comprehensive income

- Actuarial surpluses and deficits
- The difference between the interest income on the plan assets and the actual return on the plan assets.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets

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

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

Financial liabilities

Creditors
Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

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

De-recognition of financial assets and liabilities

A financial asset is de-recognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

PROVISIONS

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

RESERVES

The Group establishes restricted funds for specific purposes where their use is subject to restrictions imposed by third parties. Designated reserves are established as appropriate and are part of unrestricted free reserves.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the accounting period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting policies where judgements or estimation are necessarily applied are summarised below.

Impairment

The Group determines whether non-current assets are impaired on annual basis. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Defined benefit pension plan

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Continuing activities – Group

	2021		
	Turnover £'000	Operating expenditure £'000	Operating surplus/(deficit) £'000
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38,419	37,712	707
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20,893	21,316	(423)
NON SOCIAL HOUSING ACTIVITIES			
Criminal Justice Group	2,165	2,275	(110)
Support Services	21,818	23,653	(1,835)
Skills and Employment	467	2,266	(1,799)
Fundraising	16,080	3,726	12,354
Central Activities	513	1,128	(615)
Central Services	560	5,645	(5,085)
Pandemic response	11,298	12,938	(1,640)
Real Lettings*	9,791	12,307	(2,516)
	122,004	122,966	(962)

	2020 (Restated**)		
	Turnover £'000	Operating expenditure £'000	Operating surplus/(deficit) £'000
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	36,849	36,637	212
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	21,439	21,497	(58)
NON SOCIAL HOUSING ACTIVITIES			
Criminal Justice Group	1,965	2,006	(41)
Support Services	23,911	26,661	(2,750)
Skills and Employment	614	2,939	(2,325)
Fundraising	12,552	3,313	9,239
Central Activities	719	1,337	(618)
Central Services	159	3,986	(3,827)
Real Lettings*	8,659	10,132	(1,473)
	106,867	108,508	(1,641)

*In the year ended March 2020 Real Lettings Operating Expenditure included two exceptional additional costs; £386,000 arising from a change to the bad debts policy and £595,000 arising from a correction to the historic treatment of lease charges. In the year ended March 2021 a further change was made to the bad debts policy with respect to Real Lettings leading to a further additional cost of £186,000.

** We have restated our 2020 analysis of Turnover and Operating Expenditure.

The key change is to better categorise our Income and Operating Expenditure from the provision of short term accommodation where there are no rental agreements with individual tenants and the accommodation is paid for by Local Authorities. The effect of this is to Increase Income and Operating Expenditure from Support Services and decrease Income and Operating Expenditure from Social Housing Lettings by £4.1m and £4.8m respectively.

Other changes are to:

a) Correctly categorise 23 schemes managed by our Real Lettings Team. This change increases Income and Operating Expenditure from Social Housing Lettings by £0.3m and £0.3m respectively.
b) Reclassify the £0.5m cost of our Support services Development Team as Central Services.
c) Better split repairs and maintenance spend between Routine and Planned Maintenance. The effect of this is to increase Routine Maintenance by £0.4m and decrease Planned Maintenance by £0.4m.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS CONTINUED

Continuing activities – Association

	2021		
	Turnover	Operating expenditure	Operating surplus/(deficit)
	£'000	£'000	£'000
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38,419	37,712	707
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20,893	21,316	(423)
NON SOCIAL HOUSING ACTIVITIES			
Criminal Justice Group	2,165	2,275	(110)
Support Services	21,400	23,647	(2,247)
Skills and Employment	467	2,266	(1,799)
Fundraising	16,080	3,726	12,354
Central Activities	513	1,178	(665)
Central Services	560	5,645	(5,085)
Pandemic response	11,298	12,938	(1,640)
Real Lettings*	9,791	12,307	(2,516)
	121,586	123,010	(1,424)

	2020 (Restated**)		
	Turnover	Operating expenditure	Operating surplus/(deficit)
	£'000	£'000	£'000
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	36,849	36,637	212
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	21,439	21,497	(58)
NON SOCIAL HOUSING ACTIVITIES			
Criminal Justice Group	1,965	2,006	(41)
Support Services	23,644	26,592	(2,948)
Skills and Employment	614	2,939	(2,325)
Fundraising	12,552	3,313	9,239
Central Activities	719	1,363	(644)
Central Services	283	3,977	(3,694)
Real Lettings	8,659	10,132	(1,473)
	106,724	108,456	(1,732)

*In the year ended March 2020 Real Lettings Operating Expenditure included two exceptional additional costs; £0.4m arising from a change to the bad debts policy and £0.6m arising from a correction to the historic treatment of lease charges. In the year ended March 2021 a further change was made to the bad debts policy with respect to Real Lettings leading to a further additional cost of £0.2m, in addition the provision for dilapidations required against these properties was reviewed resulting in a £1.4m increase.

** We have restated our 2020 analysis of Turnover and Operating Expenditure.

The key change is to better categorise our Income and Operating Expenditure from the provision of short term accommodation where there are no rental agreements with individual tenants and the accommodation is paid for by Local Authorities. The effect of this is to Increase Income and Operating Expenditure from Support Services and decrease Income and Operating Expenditure from Social Housing Lettings by £4.1m and £4.8m respectively.

Other changes are to:

a) Correctly categorise 23 schemes managed by our Real Lettings Team. This change increases Income and Operating Expenditure from Social Housing Lettings by £0.3m and £0.3m respectively.
b) Reclassify the £0.5m cost of our Support services Development Team as Central Services.
c) Better split repairs and maintenance spend between Routine and Planned Maintenance. The effect of this is to increase Routine Maintenance by £0.4m and decrease Planned Maintenance by £0.4m.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group and Association	2021				2020 (Restated*)			
	Supported Housing	Care homes	Short stay housing	Total	Supported Housing	Care homes	Short stay housing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
TURNOVER FROM SOCIAL HOUSING LETTINGS								
Rent receivable net of voids	10,601	1,459	734	12,794	10,368	1,367	719	12,454
Service charges net of voids	18,870	28	376	19,274	17,766	28	361	18,155
NET RENTAL INCOME	29,471	1,487	1,110	32,068	28,134	1,395	1,080	30,609
Other revenue grants	4,198	534	7	4,739	4,195	385	133	4,713
Amortisation of deferred capital grants	1,421	58	133	1,612	1,337	57	133	1,527
TURNOVER FROM SOCIAL HOUSING LETTINGS	35,090	2,079	1,250	38,419	33,666	1,837	1,346	36,849
EXPENDITURE ON SOCIAL HOUSING LETTINGS								
Management	9,836	1,664	227	11,727	10,527	1,386	355	12,268
Service charge costs	10,599	458	540	11,597	10,027	491	455	10,973
Routine maintenance	2,182	70	101	2,353	2,593	49	120	2,762
Planned maintenance	347	4	37	388	280	-	2	282
Bad debts	1,304	11	24	1,339	1,600	78	23	1,701
Depreciation charged	3,224	61	228	3,513	2,915	55	232	3,202
Landlord charges	6,159	-	-	6,159	5,125	-	-	5,125
Pandemic response	258	34	12	304	-	-	-	-
Other costs	320	8	4	332	299	16	9	324
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	34,229	2,310	1,173	37,712	33,366	2,075	1,196	36,637
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	861	(231)	77	707	300	(238)	150	212
Rent loss due to voids	*2,989*	*141*	*12*	*3,142*	*2,144*	*78*	*193*	*2,415*

* We have restated our 2020 analysis of Turnover and Operating Expenditure. The reasons for and the effects of the changes are detailed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

Group and Association	2021 Units	2020 Units
Supported Housing		
- Supported housing	2,345	2,358
- Care homes	55	55
- Short stay housing	69	69
Total number of Supported Housing managed units	2,469	2,482
Other Units		
- Real Lettings	828	835
- Owned but managed by another organisation	147	147
	3,444	3,464

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest on bank deposits	41	118	41	118

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest arising on;				
Loans	12	26	-	-
Unwinding of discount factor on pension deficit provision	203	259	203	259
	215	285	203	259

8. OPERATING SURPLUS

	Note	Group		Association	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Operating surplus is stated after charging/(crediting):					
Amortisation of intangible fixed assets	12a	20	5	71	30
Depreciation of housing properties	12b	3,554	3,318	3,554	3,318
Depreciation of other tangible fixed assets	12c	73	106	73	106
Operating lease rentals	23	11,915	11,022	11,915	11,022

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Audit services - statutory audit of the group (includes any irrecoverable VAT)	67	75	62	68
Other Services	6	-	6	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

9. GAIN ON DISPOSAL OF PROPERTY

Group and Association	2021 £'000	2020 £'000
Disposal proceeds	-	2,507
Carrying value of Fixed assets	-	(800)
Gain on disposal	-	1,707

10. EMPLOYEES

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

	Group and Association 2021 No.	Group and Association 2020 No.
Full time	1,345	1,234
Part time (full time equivalent 131) (2020:143)	178	191
Locums (full time equivalent 119) (2020:120)	197	207
	1,720	1,632

Staff costs for the above persons:	Group and Association 2021 £'000	Group and Association 2020 £'000
Wages and salaries	65,452	56,894
Social security costs	5,152	4,499
Other pension costs and current service cost (note 24)	2,247	2,050
	72,851	63,443

The full time equivalent number of staff who received remuneration (excluding trustees, including executive directors):	2021 £'000	2020 £'000
£60,001 - £70,000	9	7
£70,001 – £80,000	9	7
£80,001 – £90,000	6	4
£90,001 – £100,000	3	-
£100,001 – £110,000	-	2
£110,001 – £120,000	2	1
£130,001 – £140,000	3	1
£150,001 - £160,000	-	1
£180,000 - £190,000	1	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

10. EMPLOYEES (continued)

EXECUTIVE DIRECTORS

The key management of the charity, as at 31 March 2021, comprises the Chief Executive and the five directors of the organisation (Development Director, Finance Director, Services Director, People and Governance Director and Strategy Director). The total remuneration and benefits, including salary and employer's pension contributions, of the key management personnel of the charity are outlined below:

	2021	2020
	£	£
Remuneration and fees	777,765	672,206
Association contributions to money purchase pension schemes	45,123	37,048
Compensation for loss of office	80,000	-
	902,888	709,254

Pension contributions were paid on behalf of all key management personnel.

The amount paid to the highest paid director (excluding pension contributions) was £180,273 (2020: £159,619).

Following the change in Chief Executive part way through the year the emoluments of the new Chief Executive were £137,540. He is an ordinary member of the Association's Aviva defined contribution pension scheme and no enhancement or special terms apply. The Association does not make any further contributions to an individual pension arrangement for the Chief Executive. Our previous Chief Executive was a member of the Association's Scottish Widows defined contribution pension scheme. During the year his contributions included £4,599 for loss of office, in 2020 no enhancement or special terms applied.

None of the Trustees received any emoluments in the year. Trustees claimed £120 in expenses during the year (2020: £1,170). Remuneration paid to key management personnel includes amounts paid to Executive Directors (inclusive of National Insurance) and Trustees, during the period this amounted to £1,002,507 (2020: £794,641).

11. TAXATION

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
(Deficit) on ordinary activities before tax	(1,180)	(49)	(1,586)	(166)
(Deficit) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(224)	(9)	(301)	(32)
Effects of:				
Exempt charitable activities	260	27	301	32
Relief of losses carried forward	(36)	(18)	-	-
Tax expense	-	-	-	-

Any profits are donated by gift aid by the subsidiaries. No UK corporation tax has arisen in the period to 31 March 2021 (31 March 2020: £nil). As any profits are donated by gift aid no deferred tax asset is recognised in respect of any tax losses carried forward.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

12A. INTANGIBLE FIXED ASSETS

Internal and external costs associated with developing computer software for own use

Group

	£'000
Cost	
At 1 April 2019	203
Additions	393
Disposals	(21)
At 31 March 2020	575
Additions	402
At 31 March 2021	977
Depreciation and impairment	
At 1 April 2019	2
Depreciation charged in year	5
At 31 March 2020	7
Depreciation charged in year	20
At 31 March 2021	27
Carrying amount	
31 March 2021	950
31 March 2020	568

Association

	IT software £'000	Customer Contracts £'000	Total £'000
Cost			
At 1 April 2019	203	-	203
Additions	393	127	520
Disposals	(21)	-	(21)
At 31 March 2020	575	127	702
Additions	402	-	402
At 31 March 2021	977	127	1,104
Depreciation and impairments			
At 1 April 2019	2	-	2
Depreciation charged in year	5	25	30
At 31 March 2020	7	25	32
Depreciation charged in year	20	51	71
At 31 March 2021	27	76	103
Net Book Value			
At 31 March 2021	950	51	1,001
At 31 March 2020	568	102	670

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

12B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Association	**Social housing properties held for letting**		
	Completed properties	Properties under construction	Total
	£'000	£'000	£'000
Cost			
At 1 April 2019	110,354	1,968	112,322
Properties acquired	313	-	313
Works to existing properties	866	3,566	4,432
Schemes completed	5,300	(5,300)	-
Disposals	(759)	-	(759)
At 31 March 2020	116,074	234	116,308
Properties acquired	2,312	-	2,312
Works to existing properties	835	235	1,070
Schemes completed	130	(130)	-
Disposals	(231)	-	(231)
At 31 March 2021	119,120	339	119,459
Depreciation and impairments			
At 1 April 2019	30,714	-	30,714
Depreciation charged in year	3,318	-	3,318
Released on disposal	(605)	-	(605)
At 31 March 2020	33,427	-	33,427
Depreciation charged in year	3,554	-	3,554
Released on disposal	(231)	-	(231)
At 31 March 2021	36,750	-	36,750
Net Book Value			
At 31 March 2021	82,370	339	82,709
At 31 March 2020	82,647	234	82,881

At each reporting date an assessment must be made of whether any indicators of impairment exist. A review has been undertaken and no impairment indicators have been identified as a result of the assessment. Cumulative impairments on housing properties amounted to £nil at 31 March 2021 (2020: £nil). Development and works to existing properties include capitalised administration costs of £229,934 (2020: £122,742).

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

Group and Association	2021	2020
	£'000	£'000
Total capitalised costs in respect of existing properties and replacement components	1,070	4,432
Amounts charged to income and expenditure	-	-
	1,070	4,432

HOUSING PROPERTIES BY TENURE

Group and Association	2021	2020
	£'000	£'000
Freehold land and buildings	72,672	72,659
Long leasehold land and buildings	7,248	7,288
Short leasehold land and buildings	2,789	2,934
	82,709	82,881

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

12C. TANGIBLE FIXED ASSETS – OTHER

Group and Association	Computers Equipment	Furniture and Equipment	Leasehold improvements	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
31 March 2019	63	320	831	37	1,251
Additions	-	39	-	-	39
Disposals	-	(76)	-	-	(76)
31 March 2020	63	283	831	37	1,214
Additions	-	-	19	-	19
31 March 2021	63	283	850	37	1,233
Depreciation and impairment					
31 March 2019	54	204	194	37	489
Depreciation charged in year	9	41	56	-	106
31 March 2020	63	245	250	37	595
Depreciation charged in year	-	16	57	-	73
31 March 2021	63	261	307	37	668
Carrying amount					
31 March 2021	-	22	543	-	565
31 March 2020	-	38	581	-	619

13. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Association	2021	2020
Investment in subsidiaries	£'000	£'000
Cost		
At start of period	115	115
Carrying amount 31 March 2021	115	115

Association	2021	2020
Investment in associate	£'000	£'000
Cost		
At start of period	16	16
At end of period	16	16

Group	2021	2020
Share of associate – Social Impact Bristol Limited	£'000	£'000
Share of (loss)/profit in associate	(44)	52
Share of:		
Current Assets	94	160
Creditors: amounts falling due within one year	(19)	(64)
Creditors: amounts falling due after more than one year	(50)	(28)
	25	68

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

13. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES (continued)

The St Mungo Community Housing Association subsidiary undertakings are:

Name of undertaking	*Class of shareholding*	*Country of incorporation*	*Proportion of nominal value held directly*	*Nature of Business*
Broadway Homelessness and Support	Ordinary	England	100%	Dormant
Broadway Real Enterprises Limited	Ordinary	England	100%	Dormant (Applied for strike off from Register of Companies 13 June 2021)
Street Impact London Limited	Ordinary	England	100%	Housing and supporting rough sleepers.
Street Impact Brighton Limited	Ordinary	England	100%	Housing and supporting rough sleepers
St Mungo's Homes Limited	Ordinary	England	33%	Dormant.

Additionally St Mungo Community Housing Association owns 33% of Social Impact Bristol Limited.

14. DEBTORS

	Group		Association	
	2021	2020	2021	2020
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Rent and services receivable	5,711	5,363	5,711	5,363
Less: provision for bad and doubtful debts	(3,820)	(3,027)	(3,820)	(3,027)
	1,891	2,336	1,891	2,336
Trade debtors	10,116	8,024	10,032	7,924
Amounts owed from subsidiary undertakings	-	-	-	88
Other debtors	82	94	82	94
Prepayments and accrued income	5,908	5,602	5,685	5,477
Capital grant receivable	906	769	906	769
	18,903	16,825	18,596	16,688

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Rent and service charges received in advance	4,175	3,331	4,175	3,331
Deferred capital grants (note 17)	1,534	1,534	1,533	1,533
Trade creditors	3,054	1,284	3,054	1,284
Amounts owed to subsidiary undertakings	-	-	99	99
Other taxation and social security costs	2,226	1,710	2,170	1,653
Other creditors	364	330	364	330
Accruals and deferred income	13,586	11,529	13,574	11,516
Loans repayable within a year	20	230	-	-
	24,959	19,948	24,969	19,746

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		**Association**	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Long-term loan	-	40	-	-
Recycled capital grant	547	547	547	547
Deferred capital grants (note 17)	72,744	72,633	72,744	72,633
	73,291	73,220	73,291	73,180

The loans are repayable by 30 June 2021. The interest rate for both loans is 6.5% per annum.

17. DEFERRED CAPITAL GRANT

Association and Group	2021	2020
	£'000	£'000
As at 1 April	74,166	75,318
Grant received in the year	1,731	882
Capital grant released	(1,619)	(1,487)
Recycled capital grant	-	(547)
As at 31 March	74,278	74,166

In full the Association has received Social Housing Grants of £102,765,000 from Government Bodies (2020: £101,034,000). The Association intends to use the recycled grant to fund new property development activities furthering the Associations aims and objectives.

Recycled Capital Grant

	2021	2020
	£'000	£'000
As at 1 April	547	-
Movement in recycled capital grant	-	547
As at 31 March	547	547

18. FINANCIAL INSTRUMENTS

	Group		**Association**	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Financial assets:				
Debt instruments measured at amortised cost	15,300	13,218	15,218	13,204
Financial liabilities:				
Measured at amortised cost	14,004	10,840	14,090	10,926

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

19. PROVISIONS FOR LIABILITIES

Group and Association	GP Pension	Dilapidations	Total
	£'000	£'000	£'000
1 April 2019	25	1,584	1,609
Additional provision in year	-	460	460
Deficit contribution paid	(4)	-	(4)
Re-measurement - impact of any change in assumptions	(1)	-	(1)
31 March 2020	20	2,044	2,064
Utilised in the year	(16)	-	(16)
Additional provision in year	-	1,473	1,473
Deficit contribution paid	(4)	-	(4)
31 March 2021	-	3,517	3,517

*Pensi*on: GP provision represented the net present value of the commitment to the multi-employer pension scheme in respect of past deficits. In the year the Association settled the liability for £64,000.

Dilapidations: This represents the anticipated cost of making good properties at the end of their lease terms.

20. MEMBERS AND RESERVES

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.

	2021	2020
	No.	No.
Number of members		
1 April	13	11
Joined during the year	-	2
Left during year	(1)	-
31 March	12	13

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. MEMBERS AND RESERVES (continued)

RESTRICTED RESERVES	Balance at 1 April 2020	Income	Expenditure	Balance at 31 March 2021
Recovery College	1,020	386	(521)	885
Oxford Mental Health	470	50	-	520
HomelessWise	161	354	(318)	197
Street Legal	150	103	(241)	12
SELHP Keeping in Touch Project	139	80	(77)	142
Social Enterprise-Bricks & Mortar	136	110	(144)	102
Barratt Developments	128	-	-	128
Putting Down Roots	82	145	(192)	35
Camden Housing First	39	49	(8)	80
Reading Outreach	39	5	(44)	-
Putting Down Roots - Jo Malone Bristol	36	100	(74)	62
Research	25	20	(45)	-
West Oxford Young People	18	-	(18)	-
Housing First Reading	17	-	(17)	-
Work & Learning Services	15	-	(15)	-
Social Enterprise – Painting and Decorating	14	50	(64)	-
Revive	14	63	(77)	-
Palliative Care Service	12	52	(64)	-
Chichester Road	10	-	(10)	-
Community Rehabilitation Company (Sodexo)	7	-	-	7
Southwark Spot	7	-	(7)	-
Couples Innovation Project 18-19	6	4	(10)	-
Oxford Outreach	2	6	(8)	-
Bristol Shelter	-	50	(50)	-
Complex Needs South and West	-	130	(130)	-
Coronavirus	-	316	(316)	-
Digital inclusion	-	39	(39)	-
EU Settlement Scheme	-	44	(44)	-
First Response	-	84	(62)	22
Housing Advice, Resettlement and Prevention Connect (HARP) project	-	251	(246)	5
Lifeworks	-	259	(154)	105
No Second Night Out	-	75	(75)	-
Putting Down Roots- Young People	-	117	(117)	-
Real Lettings- Head Office Costs	-	121	(25)	96
Shelter	-	30	(30)	-
Tenancy Support Team North	-	25	(25)	-
The Lodge	-	21	(21)	-
Westminster Contract & Assessment	-	165	(165)	-
Other	27	96	(109)	14
Total	2,574	3,400	(3,562)	2,412

Restricted reserves

The reserves represent the value of donations and grants which are expendable in furtherance of some particular aspect of the objects of the Association. Further detail around funds receivable through the National Lottery Community Fund are included in note 26.

Designated reserves

The reserves represent the value of unused exceptional fundraised income and legacies that have been set aside to support growth in services and fund transformation projects. This activity will be captured through underlying reserves from April 2021.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

21. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

Group	2021 £'000	2020 £'000
(Deficit) / for the year	**(1,180)**	**(49)**
Reconciliations to operating (deficit)/surplus		
Gain on disposal of tangible fixed assets	-	(1,707)
Loss / (Gain) from Associate	44	(52)
Interest receivable	(41)	(118)
Interest payable	215	285
Operating (Deficit)	**(962)**	**(1,641)**
Defined Benefit Pension Scheme payment toward deficit	(1,407)	(1,273)
Adjustments for non-cash items:		
Amortisation of capital grant	(1,619)	(1,647)
Amortisation of intangible assets	20	5
Depreciation of tangible fixed assets	3,627	3,425
Increase in provisions	1,473	460
Defined Benefit Pension Scheme actuarial (loss)	(16)	(1)
Defined Benefit Pension costs recognised in Statement of Comprehensive Income	58	41
Operating cash flows before movements in working capital	**1,174**	**(631)**
(Increase) in trade and other debtors	(1,940)	(1,306)
Increase in trade and other creditors	5,214	575
Cash generated from operations	**4,448**	**(1,362)**

CASH AND CASH EQUIVALENTS

Group	2021 £'000	2020 £'000
Cash and cash equivalents represent:-		
Cash at bank	(386)	1,690
Short-term deposits	23,300	19,206
	22,914	20,896

22. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

Group and Association	2021 £'000	2020 £'000
Capital expenditure contracted for but not provided in the financial statements	1,062	461
Expenditure authorised by the Board, but not contracted	6,081	3,991
	7,143	4,452

These liabilities will be met by the use of free cash reserves.

23. COMMITMENTS UNDER OPERATING LEASES

Group and Association	2021 £'000	2020 £'000
The total future minimum lease payments are payable:		
Within one year	11,112	10,323
Between one and five years	13,918	19,217
After five years	3,326	3,326
	28,356	32,866

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. RETIREMENT BENEFITS

Social Housing Pension Scheme (SHPS) - defined benefit scheme

The Association participated in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. In November 2020 the Association exited from this scheme and transferred the scheme assets to a new scheme – the St Mungo's Defined Benefit Pension Scheme. St Mungo's changed its employee pension scheme from the Pensions Trust to Aviva in November.

Defined contribution pension schemes

The Group participates in a number of defined contribution pension schemes for all qualifying employees.. The assets of the schemes are held separately from those of the Group in independently administered funds. On the 9th of November Aviva became our company defined contribution pension scheme. Employees who previously held assets in the Pension Trust were subject to a bulk transfer to the new scheme, with the exception of those staff who had linked benefits to their Pensions Trust administered Defined Benefit Scheme. Employees in Scottish Widows and Nest have all future contributions being paid to Aviva and the choice to consolidate their pension within Aviva should they wish. The contributions payable by the Group are charged to expenditure, and contributions payable to the fund at the year-end are included in creditors as follows:

Administrator	Contributions payable charged to Statement of Comprehensive Income		Contributions payable to the fund included in creditors	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Scottish Widows	72	118	-	(15)
Pensions Trust	1,282	1,902	(28)	(310)
Aviva	879	-	(321)	-
NEST	14	29	-	(5)
AEGON	-	1	-	-
	2,247	2,050	(349)	(330)

SOCIAL HOUSING PENSION SCHEME

The Association participated in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. On 9 November 2020 the Association exited from this scheme and transferred the scheme assets to a new scheme – the St Mungo's Defined Benefit Pension Scheme.

This is a separate trustee administered fund set up on 9 November 2020 following the transfer of assets and obligations from the Social Housing Pension Scheme (SHPS). The scheme holds the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on data provided for the SHPS actuarial valuation as at 30 September 2019 updated to 31 March 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Following the bulk transfer from SHPS as at 9 November 2020, in accordance with the interim Schedule of Contributions, the employer agreed to pay deficit contributions of £1,500,000 per annum increasing at 2% on each 1 April. In addition, the employer will pay contributions in respect of scheme expenses equal to £81,000 per annum. Contribution payments will be reviewed once the scheme undertakes its first actuarial valuation as at 30 September 2021.

DEFINED BENEFIT PENSION LIABILITY

	2021	**2020**
	£'000	£'000
1 April	10,116	-
Transferred from provisions	-	11,368
Defined benefit costs recognised in Statement of Comprehensive Income	261	300
Defined benefit costs recognised in Other Comprehensive Income	1,605	(282)
Deficit contribution paid	(1,407)	(1,270)
31 March	10,575	10,116

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. RETIREMENT BENEFIT CONTINUED

PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT LIABILITY

	2021	2020
	£'000	£'000
Fair value of plan assets	40,831	37,393
Present value of defined benefit obligation	(51,406)	(47,509)
Deficit in plan	(10,575)	(10,116)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(10,575)	(10,116)
Deferred Tax	-	-
Net defined benefit liability to be recognised	(10,575)	(10,116)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2021	2020
	£'000	£'000
Defined benefit obligation at start of period	47,509	47,588
Expenses	-	41
Interest expense	979	1,136
Actuarial gains due to scheme experience	(1,283)	(296)
Actuarial losses due to changes in demographic assumptions	(793)	295
Actuarial losses due to changes in financial assumptions	5,718	(497)
Benefits paid and expenses	(725)	(758)
Losses /(gains) due to benefit changes	1	-
Defined benefit obligation at end of period	51,406	47,509

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	2021	2020
	£'000	£'000
Fair value of plan assets at start of period	37,393	36,220
Interest income	776	877
Experience on plan assets (excluding amounts added as interest income) gain	2,037	(216)
Contributions by the employer	1,407	1,270
Benefits paid and expenses	(782)	(758)
Fair value of plan assets at end of period	40,831	37,393

The actual return on plan assets (including any changes in share of assets) over the year ended 31 March 2021 was £2,813,000 (year ended 31 March 2020 - £661,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	2021	2020
	£'000	£'000
Expenses	57	41
Benefit changes	1	-
Net interest expense	203	259
Defined benefit costs recognised in statement of comprehensive income (SoCI)	261	300

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. RETIREMENT BENEFIT CONTINUED

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2021	**2020**
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain	2,037	(216)
Experience gains and losses arising on the plan liabilities – gain	1,283	296
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain /(loss)	793	(295)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – loss	(5,718)	497
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – loss	(1,605)	282
Total amount recognised in other comprehensive income – loss	(1,605)	282

ASSETS

	2021	**2020**
	£'000	£'000
Bonds	21,953	17,093
Global Equity	2,473	5,469
Cash	962	175
Property	2,611	1,471
Other	12,832	13,185
Total assets	40,831	37,393

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS

	2021	**2020**
	% per annum	% per annum
Discount Rate	2.20	2.40
Inflation (RPI)	3.15	2.90
Inflation (CPI)	2.80	1.90
Salary Growth	2.80	2.90
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted imply the following life expectancies on retirement age 65:	**2021** (Years)	**2020** (Years)
Male retiring in 2020	21.7	22.0
Female retiring in 2020	23.5	23.8
Male retiring in 2040	23.0	23.4
Female retiring in 2040	24.7	25.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. RETIREMENT BENEFIT CONTINUED

PENSION TRUST – GROWTH PLAN

The Group participated in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The Group settled this liability for £64,000.

	2021 £'000	2020 £'000	2019 £'000
Present value of provision	-	20	25

RECONCILIATION OF OPENING AND CLOSING PROVISIONS	2021 £'000	2020 £'000	2019 £'000
Provision at start of period	20	25	27
Unwinding of the discount factor (interest expense)	-	-	-
Deficit contribution paid	(4)	(4)	(3)
Re-measurements - impact of any change in assumptions	-	(1)	1
Utilised on termination	(16)		-
Provision at end of period	-	20	25

25. LOCAL GOVERNMENT HOUSING ACT 1998

The total grant available from the Association of London Government and London Councils for the year ended 31 March 2021 for the Housing Advice, Resettlement and Prevention Connect (HARP) project was £251,378 (2020: £251,378). The analysis below summarises what the grants were awarded for and how they have been used:

London Councils – Assertive Offender Resettlement

	Grant £'000	Spend £'000
Salaries	190	214
Beneficiary costs	14	18
Running costs	47	14
	251	246

As at the 31 March 2021 the amount of grant unspent and therefore not received was £4,619 (2020: £710).

26. NATIONAL LOTTERY COMMUNITY FUND

In 2020-21 three of our projects were funded by the National Lottery through the National Lottery Community Fund:

- National Lottery Community Fund Our Bright Future grant investment towards Putting Down Roots for Young People was £133,040 (2020: £192,627) during the year. The project has now ended.
- National Lottery Community Fund Reaching Communities grant investment towards the Recovery College Project was £70,171 during the year (2020: £115,485).
- National Lottery Community Fund Covid 19 Emergency Fund grant investment towards our pandemic response was £210,445 (2020: £nil).

27. LEGISLATIVE PROVISIONS

The Association is incorporated under the Companies Act 2006 and registered with the Regulator of Social Housing and Charity Commission.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

28. RELATED PARTY TRANSACTIONS

The following transactions are with 100% owned entities which are not regulated by the Regulator of Social Housing:

- The Association recharged salaries of £Nil to Broadway Real Enterprises Limited in respect of staff secondments during the year as Broadway Real Enterprises Limited ceased trading on 1 September 2019 (2020: £34,222).
- Management costs of £Nil have been recharged from the Association to Broadway Real Enterprises Ltd as Broadway Real Enterprises Limited ceased trading on 1 September 2019 (2020: 14% of income, £4,876).
- Street Impact London Limited has been charged £261,288 (2020: £379,830) of delivery charges per the sub contract with the Association. £130,664 of these were owed as at 31 March 2021 (2020: £46,392).
- Street Impact Brighton has been charged £133,271 (2019:£218,723) of delivery charges per the sub contract to the Association. £nil of these were owed as at 31 March 2021 (2020: £41,322).
- Street Impact Brighton donated £31,275 (2020: £Nil) to the Association during the year.
- £99,000 was owed by the Association to Broadway Homelessness and Support (2020: £99,000).

The following transactions are with a 33% owned entity which is not regulated by the Regulator of Social Housing:

- Social Impact Bristol has been charged £150,878 and has accrued £25,495 (2020: £131,511 and £Nil) of delivery charges per the sub contract to the Association.
- Social Impact Bristol Limited owed £Nil to the Association (2020: £51,595).
- Social Impact Bristol Limited gifted £49,780 (2020:£Nil) to the Association during the year.