

CLARION FUTURES

England & Wales · Charity number 1135056

Details

Other names	AFFINITY SUTTON COMMUNITY FOUNDATION, AFFINITY SUTTON FOUNDATION
Status	Registered
Legal form	Charitable company
Company number	07156509
Registered	2010-03-22
Register	View on the Charity Commission register

Contact

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Website	http://www.clarionhg.com/charitable-foundation/

Activities

Objects: (A) TO DEVELOP THE CAPACITY AND SKILLS OF THE MEMBERS OF ANY SOCIALLY AND ECONOMICALLY DISADVANTAGED COMMUNITY OF IN SUCH A WAY THAT THEY ARE BETTER ABLE TO IDENTIFY, AND HELP MEET, THEIR NEEDS AND TO PARTICIPATE MORE FULLY IN SOCIETY(B) THE PREVENTION OR RELIEF OF POVERTY OR FINANCIAL HARDSHIP BY (IN PARTICULAR):(1) PROVIDING GRANTS, ITEMS AND SERVICES TO INDIVIDUALS IN NEED AND/OR CHARITIES, OR OTHER ORGANISATIONS WORKING TO PREVENT OR RELIEVE POVERTY.(2) PROVIDING INTERPRETING/TRANSLATING/ADVOCACY/ HEALTH/HOUSING ADVICE AND EDUCATION.(3) PROVIDING OR ASSISTING IN THE PROVISION OF EDUCATION, TRAINING, HEALTHCARE PROJECTS AND ALL THE NECESSARY SUPPORT DESIGNED TO ENABLE INDIVIDUALS TO GENERATE A SUSTAINABLE INCOME AND BE SELF-SUFFICIENT.(4) THE PROVISION OF GRANTS TO ENABLE PEOPLE TO PARTICIPATE IN HEALTHY RECREATIONAL ACTIVITIES THAT THEY COULD NOT OTHERWISE AFFORD(5) PROVIDING HOUSING ACCOMMODATION AND ASSISTANCE TO HELP HOUSE PEOPLE ANDASSOCIATED FACILITIES AND AMENITIES FOR POOR PEOPLE(C) TO PROMOTE SOCIAL INCLUSION FOR THE PUBLIC BENEFIT BY PREVENTING PEOPLE FROM BECOMING SOCIALLY EXCLUDED, RELIEVING THE NEEDS OF THOSE PEOPLE WHO ARE SOCIALLY EXCLUDED AND ASSISTING THEM TO INTEGRATE INTO SOCIETY.FOR THE PURPOSE OF THIS CLAUSE 'SOCIALLY EXCLUDED' MEANS BEING EXCLUDED FROM SOCIETY, OR PARTS OF SOCIETY, AS A RESULT OF ONE OF MORE OF THE FOLLOWING FACTORS: UNEMPLOYMENT; FINANCIAL HARDSHIP; YOUTH OR OLD AGE; ILL HEALTH (PHYSICAL OR MENTAL); SUBSTANCE ABUSE OR DEPENDENCY INCLUDING ALCOHOL ANDDRUGS; DISCRIMINATION ON THE GROUNDS OF SEX, RACE, DISABILITY, ETHNIC ORIGIN, RELIGION, BELIEF, CREED, SEXUAL ORIENTATION OR GENDER RE-ASSIGNMENT; POOR EDUCATIONAL OR SKILLS ATTAINMENT; RELATIONSHIP AND FAMILY BREAKDOWN; POOR HOUSING (THAT IS HOUSING THAT DOES NOT MEET BASIC HABITABLE STANDARDS;CRIME (EITHER AS A VICTIM OF CRIME OR AS AN OFFENDER REHABILITATING INTO SOCIETY); DIGITAL EXCLUSION; SOCIAL HOUSING.(D1) TO PROMOTE SUSTAINABLE DEVELOPMENT FOR THE BENEFIT OF THE PUBLIC BY:(1) THE PRESERVATION, CONSERVATION AND THE PROTECTION OF THE ENVIRONMENT AND THEPRUDENT USE OF RESOURCES;(2) THE RELIEF OF POVERTY AND THE IMPROVEMENT OF THE CONDITIONS OF LIFE IN SOCIALLY ANDECONOMICALLY DISADVANTAGED COMMUNITIES;(3) THE PROMOTION OF SUSTAINABLE MEANS OF ACHIEVING ECONOMIC GROWTH ANDREGENERATION.(D2) TO ADVANCE THE EDUCATION OF THE PUBLIC IN SUBJECTS RELATING TO SUSTAINABLE DEVELOPMENT AND THE PROTECTION, ENHANCEMENT AND REHABILITATION OF THE ENVIRONMENT AND TO PROMOTE STUDYAND RESEARCH IN SUCH SUBJECTS PROVIDED THAT THE USEFUL RESULTS OF SUCH STUDY AREDISSEMINATED TO THE PUBLIC AT LARGE.FOR THE PURPOSES OF THIS CLAUSE, "SUSTAINABLE DEVELOPMENT" MEANS DEVELOPMENT WHICH MEETS THENEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWNNEEDS(E) THE PROMOTION FOR THE BENEFIT OF THE PUBLIC OF URBAN OR RURAL REGENERATION IN AREAS OF SOCIALAND ECONOMIC DEPRIVATION BY ALL OR ANY OF THE FOLLOWING MEANS:(1) THE RELIEF OF FINANCIAL HARDSHIP:(2) THE RELIEF OF UNEMPLOYMENT:(3) THE ADVANCEMENT OF EDUCATION, TRAINING OR RETRAINING, PARTICULARLY AMONG UNEMPLOYEDPEOPLE, AND PROVIDING UNEMPLOYED PEOPLE WITH WORK EXPERIENCE:(4) THE PROVISION OF FINANCIAL ASSISTANCE, TECHNICAL ASSISTANCE OR BUSINESS ADVICE ORCONSULTANCY IN ORDER TO PROVIDE TRAINING AND EMPLOYMENT OPPORTUNITIES FORUNEMPLOYED PEOPLE IN CASES OF FINANCIAL OR OTHER CHARITABLE NEED THROUGH HELP: (I) INSETTING UP THEIR OWN BUSINESS, OR (II) TO EXISTING BUSINESSES:(5) THE CREATION OF TRAINING AND EMPLOYMENT OPPORTUNITIES BY THE PROVISION OF WORKSPACE,BUILDINGS, AND/OR LAND USE ON FAVOURABLE TERMS:(6) THE PROVISION OF HOUSING FOR THOSE WHO ARE IN CONDITIONS OF NEED AND THEIMPROVEMENT

OF HOUSING IN THE PUBLIC SECTOR OR IN CHARITABLE OWNERSHIP PROVIDED THAT SUCH POWER SHALL NOT EXTEND TO RELIEVING ANY LOCAL AUTHORITIES OR OTHER BODIES OF A STATUTORY DUTY TO PROVIDE OR IMPROVE HOUSING; (7) THE MAINTENANCE, IMPROVEMENT OR PROVISION OF PUBLIC AMENITIES; (8) THE PRESERVATION OF BUILDINGS OR SITES OF HISTORIC OR ARCHITECTURAL IMPORTANCE; (9) THE PROVISION OF RECREATIONAL FACILITIES FOR THE PUBLIC AT LARGE OR THOSE WHO BY REASON OF THEIR YOUTH, AGE, INFIRMITY OR DISABILITY, FINANCIAL HARDSHIP OR SOCIAL AND ECONOMIC CIRCUMSTANCES, HAVE NEED OF SUCH FACILITIES; (10) THE PROTECTION OR CONSERVATION OF THE ENVIRONMENT; (11) THE PROVISION OF PUBLIC HEALTH FACILITIES AND CHILD CARE; (12) THE PROMOTION OF PUBLIC SAFETY AND PREVENTION OF CRIME; (13) SUCH OTHER MEANS AS MAY FROM TIME TO TIME BE DETERMINED SUBJECT TO THE PRIOR WRITTEN CONSENT OF THE COMMISSION. (F) PROVIDING HOUSING ACCOMMODATION AND ASSISTANCE TO HELP HOUSE PEOPLE AND ASSOCIATED FACILITIES AND AMENITIES FOR THE RELIEF OF AGED DISABLED OR HANDICAPPED (WHETHER PHYSICALLY OR MENTALLY) OR CHRONICALLY SICK PEOPLE

Activities: The objects of the Charity are to develop the capacity and skills of the members of any socially and economically disadvantaged community so that they are better able to participate more fully in society; the prevention or relief of poverty or financial hardship and to promote social inclusion for the public benefit by preventing people from becoming socially excluded.

Classification

- **How:** Makes Grants To Organisations, Provides Other Finance, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Prevention Or Relief Of Poverty, Accommodation/housing, Economic/community Development/employment
- **Who:** Children/young People, Elderly/old People, People With Disabilities, People Of A Particular Ethnic Or Racial Origin, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE, NATIONAL
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£17,228,000	£16,203,000	£21,245,000	145
2024-03-31	£13,532,000	£16,517,000	£20,220,000	155
2023-03-31	£26,005,000	£15,797,000	£23,205,000	167
2022-03-31	£6,623,000	£15,993,000	£12,997,000	161
2021-03-31	£5,406,000	£13,678,000	£22,367,000	141

Trustees

Name	Role	Appointed
Graham Farrant	Chair	2025-10-01
David John Ball		2018-06-22
Lynsey Anne Sweeney		2025-06-01
Niomi Gibson		2024-09-01
Richard Towes		2024-09-01

CLARION FUTURES

England & Wales - Charity number 1135056

Accounts

Clarion Futures

**Annual Report and Financial Statements
For the year ended 31 March 2025**

**Companies House No. 07156509
Charity Commission No. 1135056**

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GENERAL CORPORATE INFORMATION

Trustee Directors

Lord Barwell	Chair
John Ball	
Karima Fahmy	
Niomi Gibson	(appointed 1 September 2024)
Lynsey Sweeney	(appointed 1 June 2025)
Richard Towes	(appointed 1 September 2024)
Patrick Hughes	(resigned 19 November 2024)
Dr. Usha Sundaram	(resigned 30 April 2024)

The directors of the charitable company are its Trustees for the purposes of charity law.

Day-to-day management of the charity is delegated to the Clarion Futures Senior Management Team and the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Company Secretary

Louise Hyde

Registered and Principal Office

5th Floor
Greater London House
Hampstead Road
London
NW1 7QX

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT)

The Trustees of Clarion Futures present their annual report and financial statements for the year ended 31 March 2025.

Formation

Clarion Futures ("the charity") is a subsidiary of Clarion Housing Group Limited, a charitable registered society and a registered provider of social housing. Clarion Housing Group ('The Group') exists to make a difference in our communities and our mission is to provide affordable homes for those who need them most. The registered provider of social housing within the Clarion Housing Group is Clarion Housing Association Limited ("the Association"), a charitable community benefit society.

Objects

The objects of the charity are set out in full in its Memorandum and Articles. They are, in summary:

- To develop the capacity and skills of the members of any socially and economically disadvantaged community;
- The prevention or relief of poverty or financial hardship;
- To promote social inclusion for the public benefit;
- To promote and advance the education of the public in sustainable development and the protection, enhancement and rehabilitation of the environment;
- The promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation; and
- Providing housing accommodation and assistance to help house people and associated facilities and amenities for the relief of the aged, disabled, handicapped or chronically sick.

The Trustees have had regard to public benefit in deciding to focus on communities where the Group has a substantial presence. The activities described below are primarily to relieve poverty and fees are not charged.

Structure and Governance

Clarion Futures is incorporated under the Companies Act 2006 as a company limited by guarantee and is registered as a charity with the Charity Commission. It is governed by its Memorandum and Articles of Association.

Clarion Housing Group Limited has the right to appoint and remove the charity's Trustees.

There are currently five Trustees, who are:

- one non-executive director of the Group;
- two non-executive directors of another organisation within the Group; and
- two independent Trustees.

In the event of a vacancy, the Group Remuneration, Nominations and People Committee will recommend the appointment of a new Trustee under the Group's governance framework.

All Trustees have received an induction to the overall Clarion Housing Group organisation. Trustees receive appropriate training and there is further opportunity to attend specific courses as required, using a dedicated training budget for board members within the Group. Trustees have also been made aware of their responsibilities, using the Charity Commission's guide 'The Essential Trustee' as a reference point.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

The Trustees take significant decisions, such as the approval of the annual budget and business plan. The Trustees meet formally throughout the year.

Day-to-day management of the charity is delegated to the Clarion Futures Senior Management Team and the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Clarion Futures utilises the Group's internal control framework, which includes a governance framework, financial regulations, policies and procedures, an internal audit function, a Group-wide Health and Safety function, a risk management function and three oversight committees: the Audit and Risk Committee, the Treasury Committee, and the Investment Committee (which scrutinises all property development).

Grant making policy

Clarion Futures is only able to provide financial assistance in accordance with its objects, as summarised on page 4.

Investment Policy

Clarion Futures aims to use its resources to provide high quality services which support vulnerable people and communities in the areas where Clarion Housing Group operates. Enabling activity is funded through external income, direct deployment of donations from other Group entities or indirectly, through returns from the charity's investments.

The Trustees note the investment grade rating assigned to Clarion Housing Group by credit rating agencies Moody's Investors Service (A3 with a stable outlook), S&P Global Ratings (A- with a stable outlook) and Fitch Ratings (A+ with a negative outlook). These strong investment grade ratings are consistent with Clarion Futures' credit risk appetite; accordingly, funds continue to be lent to the Association on a short-term basis.

As at 31 March 2025 £26.9 million is lent on an arm's length basis to the Association (2024: £25.8 million). The loan attracts interest at SONIA plus 1.5%.

The Trustees review the investment strategy as investment returns and funding requirements evolve.

Reserves Policy

Clarion Futures holds total reserves of £21.3 million as at 31 March 2025 (2024: £20.2 million), of which £0.9 million is restricted and not available for the general purposes of the charity (2024: £0.9 million). The balance of £20.3 million (2024: £19.3 million) is held as an expendable endowment.

During the year the Trustees reviewed the Reserves Policy of the charity and agreed to a minimum unrestricted reserves balance of £10.0 million, inclusive of endowment. The £10.0 million has been set based on a review of the charity's underlying risks and its forecast 12 month net charitable investment and supports its going concern assessment. The policy reflects the charity's investment policy and specific funding arrangements.

Notably, Clarion Futures is reliant on top-up funding from the Association which it holds as an expendable endowment and invests in order to generate future income to support its charitable activities. The Trustees have sought and received assurance from the Association that such top-up funding will be readily available allowing it to meet its reserves policy.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

STRATEGIC REPORT

Achievements and Performance

The charity's strategic objectives are as follows:

1. To help our customers achieve their aspirations and become more financially resilient;
2. To enhance the wellbeing of our customers and communities;
3. To create sustainable communities and places where people want to live; and
4. To work with the wider organisation and our partners to leverage additional social value for our customers and communities.

To help achieve the strategic objectives of the charity, the core operational objectives are:

1. To support the unemployed into work and training;
2. To help people on low incomes maximise their income, reduce energy bills, build their financial capability and resilience, and reduce and avoid debt;
3. To help our customers access the internet and improve their digital skills; and
4. To support younger and older vulnerable residents and strengthen and improve local communities and the ability of local people to improve their communities.

All the charity's activity in the period was focussed on delivering programmes that aim to achieve these objectives. Activities focussed on communities where the Association operates. As the rest of the Clarion Housing Group is focussed on providing housing accommodation and assistance, the charity is not currently active in this area but will keep this under review.

'Making a Difference Report' – in addition to the information outlined in this report more details on Clarion Futures and its performance and programmes including case studies can be found in the 'Making a Difference Annual Report' on the Group website <https://www.clarionhg.com/about-us/what-we-do/making-a-difference-report>. The report is published every September.

The Group and Association have kindly made available its specialist staff from the Community Investment team to set up and run these programmes and Clarion Futures has reimbursed their direct costs. The Group charged the charity £0.8 million (2024: £0.8 million) for central management costs incurred in supporting the programme, including IT, HR, Governance and Finance support; a further £1.5 million of these costs were not recharged and have been recognised as donated services (2024: £1.8 million).

During the year funding was received from several sources including a number of charitable trusts such as Fusion 21 and the Rothesay Foundation as well as the National Lottery and Local Authority funding such as 'Multiply'.

Residents continued to face a severe financial squeeze because of the cost-of-living crisis caused by rising energy costs and higher price inflation. To help mitigate the worst impacts Clarion Futures continued to deliver its 'Cost of Living' programme which provided extra support to residents and communities. Details of the additional support provided are included in the sections covering Money Guidance.

The Trustees are pleased to report on a wide ranging and active programme of projects supporting the four operational objectives:

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Helping Residents into Work and Training

The charity has continued to recognise the importance of helping people into work and training. Clarion Futures achieves this through three main services:

1. **Jobs & Training employment service:** this team supports unemployed people across the country in two key ways:
 - (i) **Pre-Employment support** - helps the unemployed get ready for work through bespoke support, advice and guidance, confidence building, vocational and sector-specific training programmes, numeracy, literacy and IT support, work placements, volunteering, job clubs, grants, and support with costs such as childcare and travel; and
 - (ii) **Employer Engagement** - working with employers and the pre-employment team to source and place unemployed people directly into job vacancies as well as providing 'in-work' support and apprenticeship opportunities.
2. **Apprenticeships:** working with employers and Clarion Housing Group, Clarion Futures continued to provide a wide-ranging apprenticeship programme, supporting 151 (2024: 135) apprenticeships during the year. This brings the overall number of apprenticeships supported by the charity to 2,031 (2024: 1,880) since the programme started 14 years ago.
3. **Self-employment:** setting up your own business is a helpful and flexible route into work for some people and the charity has supported residents with training and grant support for several years. During the year we supported 66 new business start-ups (2024: 73).

These three services enabled Clarion Futures to support a total of 1,505 people into work in the last year (2024: 1,724).

Clarion Futures also offers a wide range of training opportunities for residents:

Pre-employment skills: helping people to develop the skills needed to access employment. This includes confidence building, motivation, CV writing and interview skills;

E-learning: the charity has a comprehensive e-learning programme offering access to training in subjects such as health and safety, manual handling, and IT essentials; and

Vocational training: the charity works with employers and work placement hosts to offer residents accredited training opportunities that aim to lead to work. In the last year we have run vocational courses in subjects such as Construction Skills, Security Industry Authority awards, Personal Track Safety and Customer Service.

These programmes resulted in 5,685 (2024: 5,984) training outcomes during the year.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Money Guidance and Digital Support Service

Clarion Futures continues to promote an extensive Financial and Digital Inclusion programme through its 'Money' and 'Digital' services. The national offer covers several areas of support:

Money guidance & energy saving guidance: our telephone based one-to-one service provides extensive support to residents with budgeting, energy saving and financial capability support. In 2023/24 we became more proactive and now reach out to residents we assess at risk of facing financial hardship, in a bid to tackle issues at an earlier stage. This enables us to support households to avoid debt and wider problems building up to a point where they cannot be easily addressed.

A total of 14,033 (2024: 12,564) support interventions were delivered by the service supporting 5,423 (2024: 6,118) households during the year. The average of 2.6 interventions achieved per client is higher than 2023/24 interventions per client average of 2.1. This is because a greater proportion of customers in 2024/25 came from internal referrals rather than from pro-active outbound calls. Internal referrals are typically more complex cases which are nearer to financial crisis than those generated by outbound contact, and as such require more in-depth support across a broader range of financial issues. The Money Guidance team engaged 4,124 clients (2024: 5,058) through making proactive contact with households which had been identified by Clarion Housing as being at higher risk of financial harm, such as those transitioning onto Universal Credit.

Continuing innovative developments launched in the prior year, 141 (2024: 46) households took part in the ongoing pilot to install low level energy efficiency measures to improve the thermal efficiency of their homes, and 53 (2024: 46) were given access to external smoking cessation services to support budget deficits. Following external evaluation, both programmes have been permanently incorporated into the money Guidance service.

Cost-of-Living Support: we continue to provide support for community-based initiatives aimed at helping households struggling with the cost of day-to-day living. The Money Guidance team made 3,039 household grant/voucher awards (2024: 3,611) worth £322,000 (2024: £236,000). Help with emergency food and basic household essentials is increasingly where the most need is with 71% of vouchers awarded for food and supermarket purchases compared to 62% in the year before. Awards averaged £57 (2024: £59).

The team also issued 162 foodbank vouchers (2024: 237) for the Trussel Trust. We also funded 21 (2024: 29) community food, hygiene and household essentials projects, and enabled 267 individuals (2024: 186) to take part in face-to-face or online 'cooking on a budget' programmes.

Debt Advice: Clarion Futures provides access to free telephone-based debt advice through a partnership with Penny Smart. A total of 252 (2024: 291) of the Association's residents were referred for debt advice tailored to those with complex needs and vulnerabilities.

Access to the internet (digital inclusion): the cost-of-living crisis has seen increasing numbers of residents turn off home broadband reducing their level of digital inclusion. As a result our digital device loan scheme continued to expand with 1,068 (2024: 772) laptops, tablets and wifi devices provided on loan to residents, job seekers, schools, Digital Champions and community groups.

Alongside this, we continued to deliver our digital skills training programme delivering 4,880 (2024: 4,363) hours of training. Overall, the digital support service supported 7,831 beneficiaries this financial year (2024: 7,031) through in-house delivery grant-funded partner organisations and our network of Digital Champions.

Communities Programme

Community Assets: our Communities Team manages Clarion's 46-strong Community Assets portfolio where we have continued to support local partners by transferring Community Assets into local ownership. We have seen some great partnerships flourish this year in several neighbourhoods including Bow (Tower Hamlets), Alum Rock (Birmingham), Orchard Gardens (Lewisham), and Stevenage (Hertfordshire).

Through our strengthened partnership with The Rothesay Foundation, including further grant funding of £525,000 (2024: £318,000), we were able to develop our Warm Spaces into a broader Wellbeing Spaces initiative with activities being provided for more of the year rather than being limited to the winter months.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Age Friendly Communities: over the last 12 months, our Age Friendly team has grown its programmes by testing and learning new approaches to support our communities to age well, in partnership with external agencies.

Hundreds of young people have now attended our Hometruths House online workshop, giving them the key skills needed when moving into their first tenancy. Acting on feedback we have addressed the challenge many young tenants face accessing training events if they are working, or in education or parenting alone. Utilising £15,000 of Social Value partner funding we have created an online training course that can be accessed via the main Clarion website at any time by customers. This will increase access to Hometruths House significantly.

We have reconfirmed our commitment to improving the experience of young care leavers in our communities, including:

- roll-out of Adverse Childhood Experiences (ACE) training for staff and external partners;
- delivery of a mentoring programme for those with care experience moving into Clarion properties; and
- being active members of 'The London Care Compact' to look at a shared set of priorities across the capital, alongside continuing to support the National Care Covenant group.

Intergenerational Social Action Achievements: over the last 12 months, we have worked with partners to deliver 24 Intergenerational Social Action Community Ambassador Programmes. These programmes engaged 330 young people and 280 older adults, collectively contributing more than 6,500 hours of social action in social housing communities. 54% of young participants identified as being from Black, Asian, or minority ethnic backgrounds, while 57% of the programmes were delivered in the 30% most deprived areas, as identified by the Indices of Multiple Deprivation.

Looking ahead we are excited to be working with 24 new delivery organisations who will lead the next phase of the Intergenerational Community Ambassador Programmes during 2025/26.

Our 'Young Residents in Partnership' project, was launched in Autumn 2024 through an online event led by young residents from the project. The initiative explores how young residents can lead and influence decision-making in the housing sector. Young residents were trained as peer researchers, gathering insights through interviews, surveys, and focus groups to inform the report.

Open Spaces Improvement: the Communities Team continues to work with residents, community partners and funders to deliver enhanced play, sports and green spaces in Clarion's neighbourhoods. These include the Wilmer PlayZone in Tower Hamlets (utilising £200,000 funding from the Football Foundation and London Marathon Trust), the refurbishment of Evergreen Square in Hackney and revitalised Multi-Use Games Areas in Anerley (Bromley) and Sadlers Estate (Merton).

Overall, the Communities programme delivered 111,716 (2024: 66,584) positive engagements of young people during the year and 30,821 (2024: 26,643) for older people. This led to 18,811 (2024: 15,180) positive outcomes for young people and 7,737 (2024: 5,521) for older people, such as accredited training outcomes, volunteering placements and jobs.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Financial Review

The statement of financial activities is set out on page 18 and shows the result for the year.

The charity's income for the year was £17.2 million (2024: £13.5 million), which included £1.5 million (2024: £1.8 million) of donated services from other members of the Group, as well as a £7.1 million top-up to the endowment fund from the Association (2024: £1.8 million) and £3.3 million of Gift Aid from other Group members (2024: £4.5 million). As a result of sourcing external funding to support the charity's activity and expenditure, income recognised on external grants and contracts remained at £3.4 million (2024: £3.4 million).

Interest income from the investment of the charity's endowment reduced slightly to £1.7 million (2024: £1.8 million) because of a slight reduction in the average amount of funds available to on-lend to the Association.

A total of £16.2 million (2024: £16.5 million) was spent in line with the charity's charitable objectives. An analysis of this expenditure, by type and between Clarion Futures' four strategic objectives, is provided in note 4 to the financial statements.

As at 31 March 2025, £5.2 million (2024: £5.2 million) was borrowed from Circle Anglia Foundation at a 0% interest rate and is repayable in March 2029. This balance is included in the £26.9 million on-lent to the Association (2024: £25.8 million) which attracts interest at SONIA plus 1.5%. It is repayable in March 2031 or on demand.

Plans for Future Periods

During the year a new government was elected and have announced plans to increase employment levels and overhaul the welfare benefits system, particularly in relation to sickness benefits. If enacted these proposals are likely to have a significant impact on Clarion's residents, both positive and negative. We are providing responses and meeting with government officials to highlight how the housing sector can support the government's aims whilst also highlighting the need for better support to enable residents to move off benefits and into sustainable work.

The financial squeeze is expected to continue into 2025/26, and provision has been made to continue our additional hardship support particularly over the winter. Funding for our very successful 'Resilience' programme providing our charitable partners with non-financial business advice and core cost support has come to an end, but we remain committed to working with our partners to find a way of sustaining the programme and will look for new sources of funding during the year.

2025/26 is a significant year for Clarion Housing Group which is celebrating its 125-year anniversary and continuing to redesign its services to provide better services to its customers through the 'Connect' programme. Clarion Futures will support Clarion colleagues across all these key areas and will also seek to improve our own services through completion of two significant IT projects which should enhance our ability to reach and support our customers better.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Principal Risks and Uncertainties

The Board reviews the key risks facing the charity on a regular basis, most recently in September 2024 and March 2025. The current principal risks are:

Risk	Mitigation/Controls
Clarion Futures does not have sufficient resources to support residents and communities, particularly considering the continuing 'Cost of Living' crisis and increase in demand for its services. This risk also relates to the availability of external funding and any impact on levels of continued funding from Clarion Housing Group	Ensuring close alignment to Clarion Group strategies and business objectives, and regular updates on progress and impact to Group and HA Boards. Director membership of HA senior leadership team ensuring alignment and co-operation. Staff trained to secure external funding with ongoing proactive 'business development' activities to provide additional value and impact. Establishment of a Social Value team to work closely with supply chain contractors to increase contributions and impact. Proactive management of resources when demand increases, and upskilling of all staff across the Group to triage, signpost and refer effectively.
A loss of reputation for both Clarion Futures and the overall Clarion Housing Group because of a poor outcome from a charitable activity. This includes health and safety risks relating to managing Clarion's community facilities, safeguarding of vulnerable residents, potential fraudulent activity/poor practice by partners, and compliance with data protection regulations	Robust and ongoing training for all staff in safeguarding, health and safety and data protection. Plans for Marketing Preferences database to enable promotion of services to residents. Clarion internal audit of Community Assets in 2023/24 and Grants Programmes in 2024/25. Careful monitoring and oversight of all areas of compliance, including named Safeguarding leads. Robust due diligence undertaken on all projects and partners, new grants management database.

The Trustees have considered Clarion Futures' risks and their mitigation which includes a comprehensive risk action plan outlining risk mitigations, timescales, and responsibilities. Trustees have concluded that risks within the charity's control are well managed and in line with the current risk appetite.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Going Concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity has no significant specific commitments or material committed costs beyond its fixed costs of operation which are detailed in Note 4.

In order to meet the Charity's Reserves policy, top up funding is received from the Association. Evidence of this commitment from the Association for the going concern period has been provided to the Trustees.

The Trustees have reviewed the charity's budget and financial plan for the period 2025/26 to 2028/29, which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of lower grant levels, recent high inflation and the cost-of-living crisis on these forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the twelve-month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

Disclosure of Information to Auditor

The Trustees who held office at the date of approval of this Report of the Trustees (including Strategic Report) confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

KPMG LLP have expressed their willingness to continue in office as the Group's auditor. Accordingly, a resolution to reappoint them as auditor will be proposed at the forthcoming Trustees Meeting.

On behalf of the Trustees, including approval of the Strategic Report as company directors,

Gavin Barwell

Lord Barwell
Chair
3 July 2025

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF CLARION FUTURES IN RESPECT OF THE REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Report of the Trustees (including Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the Trustees are 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 and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the charitable company's financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES

Opinion

We have audited the financial statements of Clarion Futures ("the charitable company") for the year ended 31 March 2025, which comprise the Statement of Financial Activities, the Statement of Financial Position, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of the Executive Team who have delegated responsibility for the day-to-day management of the charitable company and internal audit as to the charitable company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board of Trustees' meeting minutes; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the limited opportunity for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and performed procedures identifying journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts involving income and expense.

Identifying and responding to risks of material misstatement related to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Executive Team who have delegated responsibility for the day-to-day management of the charitable company (as required by auditing standards).

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities and companies legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect noncompliance with all laws and regulations.

Other information

The Trustees are responsible for the other information, which comprises the Report of the Trustees (including Strategic Report). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees (including Strategic Report), which constitutes the Strategic Report and the Report of the Trustees for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 13, the trustees are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable 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 charitable 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 charitable company's and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Victoria Sewell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

15 July 2025

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025**

		2025	2025	2025	2025	2024
		Unrestricted	Restricted	Endowment	Total	Total
		funds	funds	funds	funds	funds
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations and legacies	3	1,763	-	7,100	8,863	3,879
Charitable activities						
Grants and contracts	3	7	3,405	-	3,412	3,397
Investments						
Interest receivable	3	1,687	-	-	1,687	1,765
Gift Aid from Group members	3	3,266	-	-	3,266	4,491
Total		6,723	3,405	7,100	17,228	13,532
Expenditure on						
Charitable activities	4	(12,862)	(3,341)	-	(16,203)	(16,517)
Total	4	(12,862)	(3,341)	-	(16,203)	(16,517)
Net income/(expenditure)	8	(6,139)	64	7,100	1,025	(2,985)
Transfers between funds		6,139	-	(6,139)	-	-
Net movement in funds		-	64	961	1,025	(2,985)
Reconciliation of funds						
Total funds brought forward	14	-	877	19,343	20,220	23,205
Total funds carried forward	14	-	941	20,304	21,245	20,220

All incoming resources and resources expended derive from continuing activities.

The comparative figures exclusively relate to unrestricted funds with the exception of: donations and legacies which includes a £1,800,000 top up of the Endowment Funds; grants and contracts income and expenditure on charitable activities which include £3,296,000 and £2,911,000 respectively in relation to Restricted income funds; total funds brought forward which includes £492,000 in relation to Restricted income funds and £22,713,000 in relation to Endowment funds; and total funds carried forward which includes £877,000 in relation to Restricted income funds and £19,343,000 in relation to Endowment funds.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	2025 £'000	2024 £'000
Fixed assets			
Investments	9	26,907	25,779
Current assets			
Debtors: amounts falling due within one year	10	755	738
Cash and cash equivalents		482	913
		1,237	1,651
Current liabilities			
Creditors: amounts falling due within one year	11	(1,700)	(2,011)
Net current liabilities		(463)	(360)
Creditors: amounts falling due after one year	12	(5,199)	(5,199)
Net assets		21,245	20,220
The funds of the charity			
Share capital	13	-	-
Unrestricted funds	14	-	-
Restricted income funds	14	941	877
Endowment funds	14	20,304	19,343
		21,245	20,220

The financial statements were approved by the Board and were signed on their behalf by:

Gavin Barwell

Lord Barwell
Chair
3 July 2025

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (September 2024) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice (October 2019) ("the SORP"), the Companies Act 2006 and the Charities Act 2011; recent amendments made to FRS 102, as a result of Periodic Review 2024, are not currently mandatory and have not been early-adopted.

Clarion Futures is a public benefit entity.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Clarion Futures' financial statements.

Basis of preparation

The financial statements are prepared on an accruals basis and under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess funding received over the costs of administering the charity. The charity has no significant specific commitments or material committed costs beyond its fixed costs of operation which are detailed in Note 4.

In order to meet the Charity's reserves policy, top up funding is received from the Association. Evidence of this commitment from the Association for the going concern period has been provided to the Trustees.

The Trustees have reviewed the charity's budget and financial plan for the period 2025/26 to 2028/29, which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of lower grant levels, recent high inflation and the cost-of-living crisis on these forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the twelve-month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

Basis of consolidation

Clarion Futures is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as its results are included within the consolidated financial statements of its ultimate parent undertaking.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

1. Accounting policies (continued)

Disclosure exemptions

Clarion Futures has taken advantage of the exemptions in FRS 102 in respect of the following disclosures:

- a. the requirement to present a statement of cash flows and related notes;
- b. financial instrument disclosures, including: categories of financial instruments; items of income, expense, gains or losses in respect of financial instruments; and, exposure to, and management of, financial risks; and
- c. the requirement to provide an assessment of its exposure to Pillar Two income tax rules.

Value Added Tax

The company's VAT affairs are dealt with under a Group registration in the name of Clarion Housing Group Limited. Turnover and other income are shown net of any VAT charged. As most of the Group's income comes from renting out residential property, which is exempt from VAT, the Group only recovers a small proportion of the input VAT it incurs, and Clarion Futures' expenditure is shown inclusive of irrecoverable VAT.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the reporting date and the gains or losses on translation are included in the Statement of Financial Activities.

Turnover

Incoming resources, including grant income, are accounted for when Clarion Futures has entitlement to the funds, the receipt is probable and the amount is measurable. Income is deferred where the donor specifies that resources be used in a future accounting period(s) or where conditions are required to be met by Clarion Futures before it is unconditionally entitled to the income.

Donated services

Donated services are included in incoming resources when the benefit to the charity is reasonably quantifiable and measurable, and are measured at fair value.

Resources expended

Expenditure on charitable activities is recognised once there is a legal or constructive obligation to make payment to a third party; in the case of grants payable, these are recognised when the award has been communicated to the recipient.

Costs are classified according to Clarion Futures' four strategic objectives, with staff costs allocated according to the objective they work towards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

1. Accounting policies (continued)

Impairment

Debtors are assessed for recoverability at each reporting date.

For other assets an impairment review is undertaken when there is an indication that an asset may be impaired. Impairment is recognised when it is assessed that the carrying amount of that asset (or the cash generating unit, including goodwill, it belongs to) is higher than the recoverable amount, which is the higher of fair value less costs to sell and value in use. Where this is the case the higher of these two values is taken to be the new book value, and the difference is the impairment loss.

After an impairment loss has been recognised, the recoverable amount of an asset or cash-generating unit may increase because of changes in: economic conditions; the circumstances that previously caused the impairment; or, the expected use of the asset(s). As a result, the carrying amount is adjusted to the lower of the new recoverable amount and the carrying amount that would have been determined had the original impairment not occurred.

Impairment is included in Other Expenditure.

Interest receivable

Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

Corporation tax

Clarion Futures is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 (as amended by subsequent Finance Acts) and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, Clarion Futures is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Public benefit concessionary loans

As a "public benefit entity" (as defined by FRS 102), loans which are made or received as part of Clarion Futures' charitable objectives, at below-market rates of interest, and are not repayable on demand, qualify for treatment as public benefit entity concessionary loans. They are initially recorded at the amount lent and subsequently adjusted for accrued interest receivable less any impairment loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

1. Accounting policies (continued)

Financial instruments

Clarion Futures applies the recognition and measurement provisions of IFRS 9 Financial Instruments, as allowed by FRS 102.

All investments, short-term deposits and loans held by Clarion Futures are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

On initial recognition, a financial asset is classified as measured at either amortised cost, fair value through other comprehensive income ("FVOCI") debt investment, FVOCI equity investment or fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- i. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- i. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Where loans and other financial instruments are redeemed during the year, a redemption penalty is recognised in the Income Statement of the year in which the redemption takes place, where applicable.

Other debtors and creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction and does not qualify for treatment as a concessionary loan, in which case the present value of the future receipts discounted at a market rate of interest is used.

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of Clarion Futures' cash management strategy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

1. Accounting policies (continued)

Unrestricted funds

Unrestricted funds include a general fund which may be used by Clarion Futures for any of its general purposes, and designated funds which have been earmarked by the Trustees for a particular purpose.

Restricted funds

Restricted funds must be used for the specific purpose(s) set out by the donor(s).

Endowment funds

Endowment funds arise in accordance with the wishes of the donor. Income generated from endowments is treated as unrestricted if there are no conditions as to the use of this income.

2. Significant judgements and accounting estimates

Significant judgements

With the exception of those relating to accounting estimates and uncertainty, no significant judgements have been made in applying the charity's accounting policies.

Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. The following accounting estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities - and therefore the income and expenses recognised - within the next financial year:

- 1 The recoverable amount of debtors.

Debtors are reviewed on a case-by-case basis and provided for as deemed to be necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

3. Income and endowments

	2025 £'000	2024 £'000
Donations and legacies		
<u>From other members of the Clarion Housing Group</u>		
Endowment top-up from Clarion Housing Association Limited	7,100	1,800
Donated services from Clarion Housing Association Limited	712	829
Donated services from Clarion Housing Group Limited	759	922
Other intra-Group funding from Clarion Housing Association Limited	292	328
	8,863	3,879

Donated services is an estimated value of the central costs and overheads which were incurred in relation to Clarion Futures' activities, but not recharged. Corresponding amounts have been included in support costs, where a further analysis has been provided (see note 5).

	2025 £'000	2024 £'000
Grants and contracts		
<u>Unrestricted</u>		
Love London Working - management fees charged to partners	7	101
	7	101
<u>Restricted</u>		
Love London Working - grant	-	462
Increase VS	-	23
Housing Associations' Youth Network	376	404
Fusion 21 Resilience Fund	295	504
Big Local	173	180
Rothesay Foundation	477	309
National Learning & Work Institute	234	-
Jobs & Training Programmes	181	-
Social levy	1,165	1,002
Multiply	220	207
Communities Programmes	171	100
Other grants and contracts	113	105
	3,405	3,296
	3,412	3,397

	2025 £'000	2024 £'000
Interest receivable		
Interest receivable on bank deposits	6	7
Interest on loans to Group undertakings	1,681	1,758
	1,687	1,765

	2025 £'000	2024 £'000
Gift Aid from Group members		
Clarion Housing Property Development Services Limited	2,299	3,410
Grange Management (Southern) Limited	967	1,081
	3,266	4,491

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

4. Analysis of expenditure on charitable activities

Year ended 31 March 2025

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2025 Total £'000
Grants made	-	333	318	97	748
Staff costs including travel (note 6)	3,135	1,987	2,327	89	7,538
Other costs	701	678	2,600	570	4,549
Costs directly allocated to activities	3,836	2,998	5,245	756	12,835
Support costs (note 5)	956	606	709	1,097	3,368
Total resources expended	4,792	3,604	5,954	1,853	16,203

Expenditure is supported by:

Direct grant and contract income	698	16	1,141	1,557	3,412
Other income	4,094	3,588	4,813	296	12,791
	4,792	3,604	5,954	1,853	16,203

As per note 6, Clarion Futures does not directly employ staff and is recharged staff costs, including on-costs, by a fellow Group member.

Grants made in the year ended 31 March 2025:

Money and Digital Service: grants include funding to 21 partners to deliver essential food, hygiene and cleaning products to households experiencing hardship; 3,039 grants to individuals to assist with basic costs, such as household energy, food, appliances and school uniforms; and 20 digital support grants awarded to a range of delivery partners.

Supporting Young & Old Vulnerable People & Improving Communities: A range of grant programmes was administered to target support across the breadth of needs our communities face. Launched in direct response to the rising cost of child care and the lack of provision for young people over the school holidays, the Summer Activities Grant Programme offered grants of between £1,000 and £3,000 to organisations based in Clarion communities delivering free activities for children and young people aged 11-18 through the summer holidays. Our Wellbeing Spaces programme evolved out of the achievements of the previous year's Warm Spaces Programme with the expansion of the programme looking to support spaces designed to promote social interaction to help build and sustain social connections. Continuing the partnership with the Rothesay Foundation, a total of 25 wellbeing spaces were supported up and down the country.

Strategic Support: Our Resilience Programme continued to deliver tailored capacity building support to small and medium Voluntary and Community Sector entities with 22 organisations also going on to receive a core cost grant to contribute to stabilising or developing the organisation to help build resilience.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

4. Analysis of expenditure on charitable activities (continued)

Year ended 31 March 2024

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2024 Total £'000
Grants made	40	512	145	10	707
Staff costs including travel (note 6)	3,592	1,661	2,163	-	7,416
Other costs	860	521	2,480	724	4,585
Costs directly allocated to activities	4,492	2,694	4,788	734	12,708
Support costs (note 5)	1,235	571	743	1,260	3,809
Total resources expended	5,727	3,265	5,531	1,994	16,517

Expenditure is supported by:

Direct grant and contract income	876	154	1,178	1,189	3,397
Other income	4,851	3,111	4,353	805	13,120
	5,727	3,265	5,531	1,994	16,517

Grants made in the year ended 31 March 2024:

Helping Residents into Work and Training: grants made relate to Retraining and Rework.

Money and Digital Service: grants include funding to 29 partners to deliver essential food, hygiene and cleaning products to households experiencing hardship; 3,611 grants to assist with basic costs such as food, household energy, appliances and school uniforms; and 29 digital support grants awarded to a range of delivery partners.

Supporting Young & Old Vulnerable People & Improving Communities: multiple grants were awarded to a large number of small and medium-sized voluntary and community sector organisations. Our main community grants programme focused on enabling locally-rooted agencies to deliver a series of green projects aimed at encouraging sustainability with a particular focus on environmental initiatives. Our Warm Spaces programme was delivered in partnership with The Rothesay Foundation - this second phase granted resources to over 50 community centre partners across England. We continued our investment in The Resilience Programme, helping build the capacity of over 100 community organisations working in our communities.

Strategic Support: other costs relate to the delivery of the Resilience Fund and Good Ideas Fund programmes, which began in the year and are being delivered by the Strategic Support Team.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

5. Analysis of support costs (including Strategic Support)

The charity has recognised £2,271,000 of support costs in relation to services provided by Clarion Housing Association Limited and Clarion Housing Group Limited (2024: £2,540,000), £1,471,000 of which were not recharged (2024: £1,751,000) (see note 3). A further £1,097,000 (2024: £1,260,000) of support costs were incurred directly by the charity.

Head office and general office staff costs have been allocated between charitable activities based on the direct staff cost allocation proportions.

Additionally, the charity has paid support costs to other organisations including £nil to Charis Grants Limited to administer the Ready 2 Work (Jobs & Training) grants (2024: £9,000).

Year ended 31 March 2025

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2025 Total £'000
Head office staff costs	441	279	327	844	1,891
General office costs	515	327	382	253	1,477
	956	606	709	1,097	3,368
Direct support costs	-	-	-	-	-
	956	606	709	1,097	3,368

Year ended 31 March 2024

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2024 Total £'000
Head office staff costs	607	281	366	857	2,111
General office costs	619	290	377	403	1,689
	1,226	571	743	1,260	3,800
Direct support costs	9	-	-	-	9
	1,235	571	743	1,260	3,809

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

6. Employees

Clarion Futures does not directly employ any staff, but instead makes use of the employees of Clarion Housing Association Limited.

The average monthly number of full-time equivalents ("FTEs") during the year was as follows:

	2025 Number	2024 Number
FTEs	<u>145</u>	<u>155</u>

The average monthly headcount in the year was 152 (2024: 160).

	2025 £'000	2024 £'000
The staff costs relating to Clarion Futures were as follows:		
Wages and salaries	7,001	6,929
Other benefits	95	105
Social security costs	682	703
Pension costs	<u>386</u>	<u>367</u>
	<u>8,164</u>	<u>8,104</u>

In the prior year, £743,000 of the wages and salaries above related to employees who were members of the Clarion Housing Group Pension Scheme before it was closed on 30 November 2023. Following closure of the defined benefits schemes to future accrual, deferred members were given the choice to join Clarion's defined contribution pension plan.

Employees with remuneration (excluding pension contributions, or pay in lieu thereof) exceeding £60,000 were as follows:

	2025 Number	2024 Number
£60,001-£70,000	13	9
£70,001-£80,000	5	2
£90,001-£100,000	-	2
£100,001-£110,000	<u>4</u>	<u>2</u>
	<u>22</u>	<u>15</u>

In the prior year, retirement benefits accrued under a defined benefit scheme for 6 of these employees until 30 November 2023 when the scheme closed. Following closure of the defined benefit schemes to future accrual, deferred members were given the choice to join Clarion's defined contribution pension plan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

7. Key management personnel

Key management personnel is defined as the Trustees and management team.

The Trustees received no remuneration or other benefits in respect of their services to Clarion Futures in either the current or preceding year. During the year 3 Trustees were reimbursed by Clarion Housing Group a total of £1,284 for travel expenses incurred as part of the role as Trustees (2024: 2 Trustees, a total of £523).

The total remuneration of the management team, which is recharged to the charity, was £463,897 (2024: £427,737).

Unless otherwise stated, remuneration includes wages and salaries, fees, benefits-in-kind, compensation for loss of office and pension contributions, as applicable.

8. Net income/(expenditure)

	2025 £'000	2024 £'000
<u>Auditor's remuneration (exclusive of VAT)</u>		
- for statutory audit services	11	10
- for other services	-	-
	<u>11</u>	<u>10</u>

Clarion Futures' audit fees are incurred by Clarion Housing Group Limited, and are included in the fair value of donated services received by the company.

Amounts receivable by the charity's auditor and its associates in respect of non-audit services, where procured on a Group-wide basis, are not included above. Instead the information is disclosed on a consolidated basis in the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

9. Fixed asset investments

	2025 £'000	2024 £'000
Loans to Group undertakings		
At the beginning of the year	25,779	30,561
Net lending/(repayment)	1,128	(4,782)
At the end of the year	<u>26,907</u>	<u>25,779</u>

All investments held during the year are held primarily to provide an investment return to the charity. All of the amounts above relate to loans to Clarion Housing Association Limited. Interest is charged at SONIA plus 1.5%.

10. Debtors

	2025 £'000	2024 £'000
Amounts falling due within one year		
Amounts due from Group undertakings: interest	4	19
Prepayments and accrued income	272	86
Amounts due from Group undertakings: trading	393	312
Trade debtors	86	321
	<u>755</u>	<u>738</u>

11. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Trade creditors	167	209
Accruals and deferred income	482	813
Amounts due to Group undertakings: trading	658	405
VAT creditor	-	1
Other creditors	393	583
	<u>1,700</u>	<u>2,011</u>

Other creditors include £393,000 of Love London funding (2024: £565,000).

Deferred income relates to income received from donors which is subject to restrictions which prevent its use until a later date,

	£'000
Deferred income included in 'Accruals and deferred income' at 31 March 2024	449
Income received during the year and deferred	1,716
Of which returned during the year	(20)
Of which released during the year	(1,855)
Deferred income included in 'Accruals and deferred income' at 31 March 2025	<u><u>290</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

12. Creditors: amounts falling due after one year

	2025	2024
	£'000	£'000
Amounts due to Group undertakings: loans	<u>5,199</u>	<u>5,199</u>

	2025	2024
	£'000	£'000
Loans are repayable, otherwise than by instalments as follows:		
Between two and five years	5,199	5,199
After five years	<u>-</u>	<u>-</u>
	<u>5,199</u>	<u>5,199</u>

The company has a £10,000,000 facility with Circle Anglia Foundation Limited. This loan is repayable in March 2029. This is a public benefit concessionary loan where no interest is charged.

13. Share capital

The company is limited by guarantee, having no share capital. In the event of a winding up each current Trustee, and any Trustees in the twelve months prior, shall contribute up to £10 each.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

14. Analysis of charitable funds

	At 1 April 2024 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2025 £'000
Analysis of movements in unrestricted funds					
General fund	-	6,723	(12,862)	6,139	-

	At 1 April 2024 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2025 £'000
Analysis of movements in restricted funds					
Housing Associations' Youth Network	-	376	(376)	-	-
Fusion 21 Resilience Fund	-	295	(295)	-	-
Big Local	-	173	(173)	-	-
Rothsay Foundation	-	477	(477)	-	-
National Learning & Work Institute	-	234	(234)	-	-
Jobs & Training Programmes	-	181	(181)	-	-
Social levy	877	1,165	(1,101)	-	941
Multiply	-	220	(220)	-	-
Communities Programmes	-	171	(171)	-	-
Other grants and contracts	-	113	(113)	-	-
	877	3,405	(3,341)	-	941

Endowment funds

Expendable endowment	19,343	7,100	-	(6,139)	20,304
	20,220	10,505	(3,341)	(6,139)	21,245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

14. Analysis of charitable funds (continued)

	At 1 April 2023	Incoming Resources	Resources Expended	Transfers	At 31 March 2024
Analysis of movements in unrestricted funds	£'000	£'000	£'000	£'000	£'000
General fund	-	8,436	(13,606)	5,170	-

	At 1 April 2023	Incoming Resources	Resources Expended	Transfers	At 31 March 2024
Analysis of movements in restricted funds	£'000	£'000	£'000	£'000	£'000

Income funds

Love London Working - grant	-	462	(462)	-	-
Increase VS	-	23	(23)	-	-
Housing Associations' Youth Network	-	404	(404)	-	-
Fusion 21 Resilience Fund	-	504	(504)	-	-
Big Local	-	180	(180)	-	-
Rothesay Foundation	-	309	(309)	-	-
Social levy	492	1,002	(617)	-	877
Multiply	-	207	(207)	-	-
Communities Programmes	-	100	(100)	-	-
Other grants and contracts	-	105	(105)	-	-
	492	3,296	(2,911)	-	877

Endowment funds

Expendable endowment	22,713	1,800	-	(5,170)	19,343
	23,205	5,096	(2,911)	(5,170)	20,220

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (CONTINUED)

15. Legislative provisions

Clarion Futures is incorporated under the Companies Act 2006 and is a registered charity with the Charity Commission under the Charities Act 2022.

16. Related Party Disclosures

During the period, related party transactions took place between Clarion Futures and other members of the Clarion Housing Group. As required by the Charities SORP, these are disclosed in the appropriate notes.

Debtor and creditor balances with other members of the Group are either debt subject to a market rate of interest, public benefit concessionary loans where no interest is charged or trading balances which are non-interest bearing and are due to be settled within one year of their recognition.

No related party transactions have arisen from the personal interests of the Trustees. No other related party transactions require disclosure.

17. Immediate and ultimate parent undertaking

The charity's immediate and ultimate parent undertaking is Clarion Housing Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 and which is regulated by the Regulator of Social Housing.

Clarion Housing Group Limited's registered office is 5th Floor, Greater London House, Hampstead Road, London, NW1 7QX. Group accounts have been prepared by Clarion Housing Group Limited and are available from www.clarionhg.com.

18. Subsidiary undertakings and associates

Name	Legislative Provisions	Proportion of voting rights of ordinary share capital held	Nature of business
Affinity Sutton Investments Limited	Private company limited by shares	100% (£1)	Property development

The subsidiary's registered office is 5th Floor, Greater London House, Hampstead Road, London, NW1 7QX.

Accounts

Clarion Futures

**Annual Report and Financial Statements
For the year ended 31 March 2024**

**Companies House No. 07156509
Charity Commission No. 1135056**

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GENERAL CORPORATE INFORMATION

Trustee Directors

Lord Barwell	Chair
John Ball	
Karima Fahmy	
Patrick Hughes	

Terry Stacy MBE JP	(resigned 16 June 2023)
Dr. Usha Sundaram	(resigned 30 April 2024)

The directors of the charitable company are its Trustees for the purposes of charity law.

Day-to-day management of the charity is delegated to the Clarion Futures Senior Management Team and the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Company Secretary

Louise Hyde

Registered and Principal Office

Level 6
6 More London Place
Tooley Street
London
SE1 2DA

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT)

The Trustees of Clarion Futures present their annual report and financial statements for the year ended 31 March 2024.

Formation

Clarion Futures ("the charity") is a subsidiary of Clarion Housing Group Limited, a charitable registered society and a registered provider of social housing. Clarion Housing Group ('The Group') exists to make a difference in our communities and our mission is to provide affordable homes for those who need them most. The registered provider of social housing within the Clarion Housing Group is Clarion Housing Association Limited ("the Association"), a charitable community benefit society.

Objects

The objects of the charity are set out in full in its Memorandum and Articles. They are, in summary:

- To develop the capacity and skills of the members of any socially and economically disadvantaged community;
- The prevention or relief of poverty or financial hardship;
- To promote social inclusion for the public benefit;
- To promote and advance the education of the public in sustainable development and the protection, enhancement and rehabilitation of the environment;
- The promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation; and
- Providing housing accommodation and assistance to help house people and associated facilities and amenities for the relief of the aged, disabled, handicapped or chronically sick.

The Trustees have had regard to public benefit in deciding to focus on communities where the Group has a substantial presence. The activities described below are primarily to relieve poverty and fees are not charged.

Structure and Governance

Clarion Futures is incorporated under the Companies Act 2006 as a company limited by guarantee and is registered as a charity with the Charity Commission. It is governed by its Memorandum and Articles of Association.

Clarion Housing Group Limited has the right to appoint and remove the charity's Trustees.

There are currently four Trustees, who are:

- one non-executive director of the Group;
- one non-executive director of another organisation within the Group; and
- two independent Trustees.

In the event of a vacancy, the Group Remuneration, Nominations and People Committee will recommend the appointment of a new Trustee under the Group's governance framework.

All Trustees have received an induction to the overall Clarion Housing Group organisation. Trustees receive appropriate training and there is further opportunity to attend specific courses as required, using a dedicated training budget for board members within the Group. Trustees have also been made aware of their responsibilities, using the Charity Commission's guide 'The Essential Trustee' as a reference point.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

The Trustees take significant decisions, such as the approval of the annual budget and business plan. The Trustees meet formally throughout the year.

Day-to-day management of the charity is delegated to the Clarion Futures Senior Management Team and the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Clarion Futures utilises the Group's internal control framework, which includes a governance framework, financial regulations, policies and procedures, an internal audit function, a Group-wide Health and Safety function, a risk management function and three oversight committees: the Audit and Risk Committee, the Treasury Committee, and the Investment Committee (which scrutinises all property development).

Grant making policy

Clarion Futures is only able to provide financial assistance in accordance with its objects, as summarised on page 4.

Investment Policy

Clarion Futures aims to use its resources to provide high quality services which support vulnerable people and communities in the areas where Clarion Housing Group operates. Enabling activity is funded through external income, direct deployment of donations from other Group entities or indirectly, through returns from the charity's investments.

The Trustees note the investment grade rating assigned to Clarion Housing Group by credit rating agencies Moody's (A3 with stable outlook) and Standard and Poor's (A- with stable outlook). These strong investment grade ratings are consistent with Clarion Futures' credit risk appetite; accordingly, funds continue to be lent to the Association on a short-term basis.

The Trustees review the investment strategy as investment returns and funding requirements evolve.

As at 31 March 2024 £25.8 million is lent on an arm's length basis to the Association (2023: £30.6 million).

Reserves Policy

Clarion Futures holds total reserves of £20.2 million as at 31 March 2024 (2023: £23.2 million), of which £0.9 million is restricted and not available for the general purposes of the charity. In accordance with the wishes of the Association, donations from the Association have been retained as an expendable endowment to invest and thus generate future income to support Clarion Futures' charitable activities, and as at 31 March 2024 this endowment stood at £19.3 million (2023: £22.7 million).

The budget for the year ending 31 March 2025 and future years has been approved by the Trustees on the understanding that the Association will provide further donations which will maintain the endowment at £20 million. This £20 million target has been identified by the Trustees as appropriate given their plans for the future activities of the charity.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

STRATEGIC REPORT

Achievements and Performance

The charity's strategic objectives are as follows:

1. To help our customers achieve their aspirations and become more financially resilient;
2. To enhance the wellbeing of our customers and communities;
3. To create sustainable communities and places people want to live; and
4. To work with the wider organisation and our partners to leverage additional social value for our customers and communities.

To help achieve the strategic objectives of the charity, the core operational objectives are:

1. To support the unemployed into work and training;
2. To help people on low incomes maximise their income, reduce energy bills, build their financial capability and resilience, and reduce and avoid debt;
3. To help our customers access the internet and improve their digital skills; and
4. To support younger and older vulnerable residents and strengthen and improve local communities and the ability of local people to improve their communities.

All the charity's activity in the period was focussed on delivering programmes that aim to achieve these objectives. Activities focussed on communities where the Association operates. As the rest of the Clarion Housing Group is focussed on providing housing accommodation and assistance, the charity is not currently active in this area, but will keep this under review. For more information on Clarion Futures please visit <https://www.clarionhg.com/about-us/what-we-do/clarion-futures-charitable-foundation>. For more information on our social impact we annually publish a report titled 'Making a Difference', which can also be found on the Group website.

The Group and Association have kindly made available its specialist staff from the Community Investment team to set up and run these programmes and Clarion Futures has reimbursed their direct costs. The Group charged the charity £0.8 million (2023: £0.9 million) for central management costs incurred in supporting the programme, including IT, HR, Governance and Finance support; a further £1.8 million of these costs were not recharged and have been recognised as donated services (2023: £2.1 million).

During the year funding was received from several sources including the European Social Fund for Love London Working, several charitable trusts and the National Lottery.

Residents continued to face a severe financial squeeze because of the cost-of-living crisis caused by rising energy costs following the war in Ukraine, and by general price inflation following the opening up of the economy post-pandemic. To help mitigate the worst impacts Clarion Futures continued to deliver its 'Cost of Living Emergency Fund' which provided extra support to residents and communities. Details of the additional support provided are included in the sections covering Money Guidance.

The Trustees are pleased to report on a wide ranging and active programme of projects supporting the four operational objectives:

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Helping Residents into Work and Training

The charity has continued to recognise the importance of helping people into work and training. Clarion Futures achieves this through four main services:

1. **Jobs & Training employment service:** this team supports unemployed people across the country in two key ways:
 - (i) **Pre-Employment support** - helps the unemployed get ready for work through bespoke support, advice and guidance, confidence building, vocational and sector-specific training programmes, numeracy, literacy and IT support, work placements, volunteering, job clubs, grants, and support with costs such as childcare and travel; and
 - (ii) **Employer Engagement** - working with employers and the pre-employment team to source and place unemployed people directly into job vacancies as well as providing 'in-work' support and apprenticeship opportunities.
2. **Love London Working:** in October 2015, the charity secured £6.64 million from the European Social Fund, managed by the Greater London Authority, ("GLA"), to deliver a £13.3 million project to help thousands of London's most vulnerable and excluded residents into employment and training. The project was called 'Love London Working'. Clarion Futures was the accountable body and led the project on behalf of 15 housing associations in London. Of the grant and spend amounts above, around 40% was delivered by Clarion itself over the course of the project. Following a successful application, the contract with the GLA was extended in August 2019 to December 2023. The total funding for the project increased to £35.4 million and the targets increased to 28,000 people supported, of which 8,000 would be helped into work. The project finally came to an end in December 2023 with a total of 26,423 (2023: 25,263) people supported and 8,113 (2023: 7,782) helped into work. The performance benchmark set by the GLA was to achieve 85% of the final target. We achieved 94% and >100% respectively.
3. **Apprenticeships:** working with employers and Clarion Housing Group, Clarion Futures continued to provide a wide-ranging apprenticeship programme, supporting 135 (2023: 120) apprenticeships during the year. This brings the overall number of apprenticeships supported by the charity to 1,880 (2023: 1,745) since the programme started 13 years ago.
4. **Self-employment:** setting up your own business is a helpful and flexible route into work for some people and the charity has supported residents with training and grant support for several years. During the year we expanded the business start-up service to a national basis and overall supported 73 new business start-ups during the year (2023: 74).

These four services enabled Clarion Futures to support a total of 1,724 people into work in the last year (2023: 2,114).

Clarion Futures also offers a wide range of training opportunities for residents:

Pre-employment skills: helping people to develop the skills needed to access employment. This includes confidence building, motivation, CV writing and interview skills;

E-learning: the charity has a comprehensive e-learning programme offering access to training in subjects such as health and safety, manual handling, and IT essentials; and

Vocational training: the charity works with employers and work placement hosts to offer residents accredited training opportunities that aim to lead to work. In the last year we have run vocational courses in subjects such as Construction Skills, Security Industry Authority awards, Personal Track Safety and Customer Service.

These programmes resulted in 5,984 (2023: 5,918) training outcomes during the year.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Money Guidance and Digital Support Service

Clarion Futures continues to promote an extensive Financial and Digital Inclusion programme through its 'Money' and 'Digital' services. The national offer covers several areas of support:

Money guidance & energy saving guidance: our telephone based one-to-one service provides extensive support to residents with budgeting, energy saving and financial capability support. In 2023/24 we became more proactive and now reach out to residents we assess at risk of facing financial hardship, in a bid to tackle issues at an earlier stage. This enabled us to support a larger number of households to avoid significant debt and wider problems but does inevitably lead to fewer support interventions. A total of 12,564 (2023: 17,656) support interventions were delivered by the service supporting 6,118 (2023: 4,349) households during the year. The Money Guidance team engaged 1,658 households (2023: 2,033) experiencing fuel poverty through directly contacting those more likely to be at risk, with 46 taking part in a pilot programme to install low level energy efficiency measures to improve the thermal efficiency of their home. We also started another pilot to help residents to stop smoking and save money by signposting to external support.

Cost-of-Living Emergency Fund: now in its second year, the Cost-of-Living Emergency Fund provided an additional £250,000 for community-based initiatives aimed at supporting households struggling with the cost of day-to-day living. Through the Fund the Money Guidance team made 3,611 household grant/voucher awards (2023: 3,474) worth £236,000 (2023: £235,000). Help with emergency food costs is where the most need is currently, and nearly two-thirds (62%) of vouchers issued were for supermarkets with an average value per voucher of £59. The team also issued 237 foodbank vouchers for the Trussel Trust (a 100% increase when compared to 119 issued last year). It also funded 29 community food, hygiene and household essentials projects, and enabled 186 individuals to take part in cooking on a budget programmes.

Debt Advice: Clarion Futures provides access to free telephone-based debt advice through partnerships with Step Change Debt Charity and Penny Smart. A total of 1,035 (2023: 1,020) of the Association's residents were referred for debt advice during the year.

Access to the internet (digital inclusion): digital inclusion has been a key focus for Clarion Futures, especially as the cost-of-living crisis has seen increasing numbers turn off home broadband and thereby reducing their level of digital inclusion. The digital device loan scheme continued to expand with 772 laptops, tablets and wifi devices provided on loan to residents, job seekers, schools, Digital Champions and community groups. Alongside this, we continued to deliver our digital skills training programme delivering 4,363 (2023: 3,226) hours of training. Overall, the digital support service supported 7,031 beneficiaries this financial year (2023: 4,392) through in-house delivery grant-funded partner organisations and a network of over 100 Digital Champions.

Communities Programme - Supporting Younger and Older Vulnerable People and Improving Communities

During the year, Clarion Futures continued to support a wide range of projects designed to improve communities and support the Association's younger and older residents. Our communities team works with dozens of local, regional, and national partners to help deliver programmes that directly benefit Clarion's residents – from a network of social action youth connectors to supporting our partners to run Clarion's 45-strong Community Assets portfolio. Through a partnership with Fusion 21 we also provided financial and professional resources to help over 100 local partners to enable them to grow and become sustainable in the long term.

With a further £319,000 raised through a partnership with The Rothesay Foundation and Travis Perkins we continued to support our communities with 53 Warm Spaces funded and delivered through our community partners (2023: 28).

Some of the main highlights of the programme are outlined below:

Community Grants Programme: A total of £145,000 (2023: £267,000) in grants were awarded to 149 projects (2023: 132) in Clarion communities, benefitting 14,791 (2023: 12,000) residents and delivering 62,464 (2023: 18,288) extra volunteering hours.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Age Friendly Communities: Over the last 12 months, the Age Friendly Team has grown its programmes significantly, testing and learning new approaches to support our communities to age well.

In August 2023 the team were awarded £640,000 match-funding by #iwill and The National Lottery Community Fund to launch a programme of intergenerational social action. The approach, delivered in partnership with InCommon, Action Funder, Places for People, Sovereign Network Group and Intergenerational Music Making, brings together younger and older people living in our communities to create social action projects that tackle social challenges. So far grants have been awarded to 29 partners to test the new approach with over 250 young people engaged. We have also put in a further application to #iwill to develop a programme to improve the mental health of young people and increase youth social action and we are awaiting the final outcome.

National Ambassadors: in January 2024 our 10th cohort of National Ambassadors started their year-long tenure as the national voice for Clarion's under-25-year-old residents. Through the programme, young representatives from across Clarion's communities meet with senior staff from Clarion, supporting the Group to shape policies, strategies, and programmes, ensuring young people are at the heart of decision-making. Additionally, the group work on two impact projects, trying new approaches to challenges faced by our young residents. Previous projects have included Hometruths House and the 'Guardians of the Green Spaces' podcast series.

Our Hometruths House first tenancy programme has now engaged over 400 young people, giving them support and advice in setting up in their new home. Delivered jointly by the Communities and Money Guidance teams along with a young resident, the programme has been positively received with over £23,000 in vouchers and kitchen packs distributed to new 18–30-year-old tenants as part of the scheme. Since June 2023, Hometruths House has worked in partnership with 'Cracking Good Food' to host bi-monthly online cook-along courses for young tenants to cook delicious meals on a budget.

In 2023 we supported the set-up of Intergenerational England, a national body to campaign for better information and recognition of the value of intergenerational practice, in partnership with Age UK, The NHS and other cross-sector partners. As part of the work, we have been partnering with The Housing Association Charitable Trust to develop a social value measure to demonstrate the impact of intergenerational connections in social housing communities.

We continue to improve the experience of young care leavers in our communities, including the roll-out of Adverse Childhood Experiences training for staff, the launch of a mentoring programme for those with care experience moving into Clarion properties, and joining 'The London Care Compact' to look at a shared set of priorities across the capital.

Clarion 55: this is a group of residents representing the views and ideas of Clarion's residents aged 55 and over. The group were successful in securing funding from The Royal College of the Arts and 'The Good Ideas Fund' to work with intergenerational lighting designers Speirs and Major on the *Let the Light In* project to look at how lighting in our communities can promote positive wellbeing and tackle ageism. We are now working with residents in Clarion's LiveSmart properties to explore how the work might influence Clarion's design guides, as well as working with the lighting architects to extend the learning to Clarion's community asset portfolio.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Community Assets: Clarion Futures works closely with the Association to enable their residents and local community organisations to access Clarion's Community Assets (facilities). Several transfers of assets into long term local ownership were completed during the year including facilities in Birmingham, London, and Salford. We also completed a review of stock condition which has led to a long-term investment strategy for the portfolio.

Open Spaces Improvement: We continue to work with residents and community partners on investing in better play and green spaces in our neighbourhoods. We have consulted on upgrading several Multi-Use Games Areas and have ongoing fundraising campaigns to complete the works. The Bow sunken pitch in Tower Hamlets will be the first facility to be delivered next year thanks to £200,000 funding raised through the Football Foundation and London Marathon Trust.

Overall, the Communities programme delivered 66,584 (2023: 45,929) positive engagements of young people during the year and 26,643 (2023: 17,886) for older people. This led to 15,180 (2023: 13,406) positive outcomes for young people and 5,521 (2023: 5,672) for older people, such as accredited training outcomes, volunteering placements and jobs.

Financial Review

The statement of financial activities is set out on page 18 and shows the result for the year.

The charity's income for the year was £13.6 million (2023: £26.0 million), which included £1.7 million (2023: £2.1 million) of donated services from other members of the Group, as well as a £1.8 million top-up to the endowment fund from the Association (2023: £11.4 million) and £4.5 million gift aid from other group members (2023: £8.5 million). As a result of sourcing additional external funding to support the charity's activity and expenditure, income recognised on external grants and contracts was £3.4 million (2023: £3.0 million).

Interest income from the investment of the charity's endowment was higher at £1.8 million (2023: £1.0 million) because of increased interest rates.

A total of £16.5 million (2023: £15.8 million) was spent in line with the charity's charitable objectives. An analysis of this expenditure, by type and between Clarion Futures' four strategic objectives, is provided in note 4 to the financial statements.

As at 31 March 2024, £5.2 million (2023: £5.2 million) was borrowed from Circle Anglia Foundation at a 0% interest rate. This balance is included in the £25.8 million on-lent to the Association (2023: £30.6 million) which attracts interest at SONIA plus 1.5%.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Plans for Future Periods

The financial squeeze is expected to continue into 2024/25 and provision has been made to deliver further additional support particularly over the winter. Extra resources have been made available to our Money Guidance team to support Clarion residents, particularly those most vulnerable to fuel poverty. We will also continue to support our charitable partners on the ground by providing non-financial business advice and core cost support where needed.

The coming year will see a general election and we are meeting with political stakeholders to make the case for greater investment in our work. The external funding environment has changed dramatically with the ending of all EU funding. Some of our key projects over the last few years such as 'Love London Working' were reliant on external funding which has now ended. We have a fund-raising strategy in place and will continue to engage funders and commissioners to try to secure additional funding where possible.

Clarion is undertaking a wide-ranging review of its 'Organisational Design' during the year, and we will liaise closely on any changes that may have an impact on Clarion Futures.

Principal Risks and Uncertainties

The Board reviews the key risks facing the charity on a regular basis, most recently in March 2024. The current principal risks are:

Risk	Mitigation/Controls
Clarion Futures does not have sufficient resources to support residents and communities, particularly considering the continuing 'Cost of Living' crisis and increase in demand for its services. This risk also relates to the availability of external funding from and any impact on levels of continued funding from Clarion Housing Group	Staff targeted and trained to securing external funding with ongoing proactive 'business development' activities to provide additional value and impact. Proactive controls and management of resources when demand increases, including prioritisation of resources, improving self-serve facilities where appropriate and upskilling of all staff across the Group to triage, signpost and refer effectively.
A loss of reputation for both Clarion Futures and the overall Clarion Housing Group because of a poor outcome from a charitable activity. This includes health and safety risks relating to managing Clarion's community facilities, safeguarding of vulnerable residents and compliance with data protection regulations	Robust and ongoing training for all staff in safeguarding, health and safety and data protection. Clarion internal audit of Community Assets. Careful monitoring and oversight of all areas of compliance, including named Safeguarding leads. Robust due diligence undertaken on all projects and partners.

The Trustees have considered Clarion Futures' risks and their mitigation which includes a comprehensive risk action plan outlining risk mitigations, timescales, and responsibilities. Trustees have concluded that risks within the charity's control are well managed and in line with the current risk appetite.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Going Concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

Top up funding is received from the Association, however, the business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity has no significant specific commitments or material committed costs beyond its fixed costs of operation which are detailed in note 4.

The Trustees have reviewed the charity's budget and financial plan for the period 2024/25 to 2027/28, which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of lower grant levels, recent high inflation and the cost-of-living crisis on these forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the twelve-month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

Disclosure of Information to Auditor

The Trustees who held office at the date of approval of this Report of the Trustees (including Strategic Report) confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

KPMG LLP have expressed their willingness to continue in office as the Group's auditor. Accordingly, a resolution to reappoint them as auditor will be proposed at the forthcoming Trustees Meeting.

On behalf of the Trustees, including approval of the Strategic Report as company directors,

Gavin Barwell

Lord Barwell
Chair
3 July 2024

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF CLARION FUTURES IN RESPECT OF THE REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Report of the Trustees (including Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the Trustees are 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 and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the charitable company's financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES

Opinion

We have audited the financial statements of Clarion Futures ("the charitable company") for the year ended 31 March 2024, which comprise the Statement of Financial Activities, the Statement of Financial Position, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of the Executive Team who have delegated responsibility for the day-to-day management of the charitable company and internal audit as to whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board of Trustees' meeting minutes; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards we perform procedures to address the risk of management override of controls, in particular the risk that management may be able to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the charitable company's material income streams. The charitable company is notified from external third parties of income it has been awarded or has earned and income is accounted for when receipt is probable and measurable.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted to unusual account combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Executive Team who have delegated responsibility for the day-to-day management of the charitable company (as required by auditing standards).

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities and companies' legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustees are responsible for the other information, which comprises the Report of the Trustees (including Strategic Report). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees (including Strategic Report), which constitutes the Strategic Report and the Report of the Trustees for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 13, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable 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 charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jessica Hargreaves (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

19 July 2024

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2024**

		2024	2024	2024	2024	2023
		Unrestricted	Restricted	Endowment	Total	Total
		funds	funds	funds	funds	funds
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations and legacies	3	2,079	-	1,800	3,879	13,509
Charitable activities						
Grants and contracts	3	101	3,296	-	3,397	2,967
Investments						
Interest receivable	3	1,765	-	-	1,765	1,032
Gift Aid from Group members	3	4,491	-	-	4,491	8,459
Other		-	-	-	-	38
Total		8,436	3,296	1,800	13,532	26,005
Expenditure on						
Charitable activities	4	(13,606)	(2,911)	-	(16,517)	(15,797)
Net income/(expenditure)	8	(5,170)	385	1,800	(2,985)	10,208
Transfers between funds		5,170	-	(5,170)	-	-
Net movement in funds		-	385	(3,370)	(2,985)	10,208
Reconciliation of funds						
Total funds brought forward	14	-	492	22,713	23,205	12,997
Total funds carried forward	14	-	877	19,343	20,220	23,205

All incoming resources and resources expended derive from continuing activities.

The comparative figures exclusively relate to unrestricted funds with the exception of; donations and legacies which includes a £11,350,000 top up of the Endowment Funds; grants and contracts income and expenditure on charitable activities which include £2,736,000 and £2,244,000 respectively in relation to Restricted income funds; total funds brought forward which includes £12,997,000 in relation to Endowment funds; and total funds carried forward which includes £492,000 in relation to Restricted income funds and £22,713,000 in relation to Endowment funds.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments	9	25,779	30,561
Current assets			
Debtors: amounts falling due within one year	10	738	967
Cash and cash equivalents		913	620
		<u>1,651</u>	<u>1,587</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(2,011)	(3,744)
Net current liabilities		<u>(360)</u>	<u>(2,157)</u>
Creditors: amounts falling due after one year	12	(5,199)	(5,199)
Net assets		<u>20,220</u>	<u>23,205</u>
The funds of the charity			
Share capital	13	-	-
Unrestricted funds	14	-	-
Restricted income funds	14	877	492
Endowment funds	14	19,343	22,713
		<u>20,220</u>	<u>23,205</u>

The financial statements were approved by the Board and were signed on their behalf by:

Gavin Barwell

Lord Barwell
Chair
3 July 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (January 2022) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice (October 2019) ("the SORP"), the Companies Act 2006 and the Charities Act 2022.

Clarion Futures is a public benefit entity.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Clarion Futures' financial statements.

Basis of preparation

The financial statements are prepared on an accruals basis and under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

Top up funding is received from the Association, however, the business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity has no significant specific commitments or material committed costs beyond its fixed costs of operation which are detailed in note 4.

The Trustees have reviewed the charity's budget and financial plan for the period 2024/25 to 2027/28, which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of lower grant levels, recent high inflation and the cost-of-living crisis on these forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the twelve-month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

Basis of consolidation

Clarion Futures is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as its results are included within the consolidated financial statements of its ultimate parent undertaking.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

1. Accounting policies (continued)

Disclosure exemptions

Clarion Futures has taken advantage of the exemptions in FRS 102 in respect of the following disclosures:

- a. the requirement to present a statement of cash flows and related notes;
- b. financial instrument disclosures, including: categories of financial instruments; items of income, expense, gains or losses in respect of financial instruments; and, exposure to, and management of, financial risks; and
- c. the requirement to provide an assessment of its exposure to Pillar Two income tax rules.

Value Added Tax

The company's VAT affairs are dealt with under a Group registration in the name of Clarion Housing Group Limited. Turnover and other income are shown net of any VAT charged. As most of the Group's income comes from renting out residential property, which is exempt from VAT, the Group only recovers a small proportion of the input VAT it incurs, and Clarion Futures' expenditure is shown inclusive of irrecoverable VAT.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the reporting date and the gains or losses on translation are included in the Statement of Financial Activities.

Turnover

Incoming resources, including grant income, are accounted for when Clarion Futures has entitlement to the funds, the receipt is probable and the amount is measurable. Income is deferred where the donor specifies that resources be used in a future accounting period(s) or where conditions are required to be met by Clarion Futures before it is unconditionally entitled to the income.

Donated services

Donated services are included in incoming resources when the benefit to the charity is reasonably quantifiable and measurable, and are measured at fair value.

Resources expended

Expenditure on charitable activities is recognised once there is a legal or constructive obligation to make payment to a third party; in the case of grants payable, these are recognised when the award has been communicated to the recipient.

Costs are classified according to Clarion Futures' four strategic objectives, with staff costs allocated according to the objective they work towards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

1. Accounting policies (continued)

Impairment

Debtors are assessed for recoverability at each reporting date.

For other assets an impairment review is undertaken when there is an indication that an asset may be impaired. Impairment is recognised when it is assessed that the carrying amount of that asset (or the cash generating unit, including goodwill, it belongs to) is higher than the recoverable amount, which is the higher of fair value less costs to sell and value in use. Where this is the case the higher of these two values is taken to be the new book value, and the difference is the impairment loss.

After an impairment loss has been recognised, the recoverable amount of an asset or cash-generating unit may increase because of changes in: economic conditions; the circumstances that previously caused the impairment; or, the expected use of the asset(s). As a result, the carrying amount is adjusted to the lower of the new recoverable amount and the carrying amount that would have been determined had the original impairment not occurred.

Impairment is included in Other Expenditure.

Interest receivable

Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

Corporation tax

Clarion Futures is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 (as amended by subsequent Finance Acts) and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, Clarion Futures is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Public benefit concessionary loans

As a "public benefit entity" (as defined by FRS 102), loans which are made or received as part of Clarion Futures' charitable objectives, at below-market rates of interest, and are not repayable on demand, qualify for treatment as public benefit entity concessionary loans. They are initially recorded at the amount lent and subsequently adjusted for accrued interest receivable less any impairment loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

1. Accounting policies (continued)

Financial instruments

Clarion Futures applies the recognition and measurement provisions of IFRS 9 Financial Instruments, as allowed by FRS 102.

All investments, short-term deposits and loans held by Clarion Futures are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

On initial recognition, a financial asset is classified as measured at either amortised cost, fair value through other comprehensive income ("FVOCI") debt investment, FVOCI equity investment or fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- i. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- i. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Where loans and other financial instruments are redeemed during the year, a redemption penalty is recognised in the Income Statement of the year in which the redemption takes place, where applicable.

Other debtors and creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction and does not qualify for treatment as a concessionary loan, in which case the present value of the future receipts discounted at a market rate of interest is used.

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of Clarion Futures' cash management strategy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

1. Accounting policies (continued)

Unrestricted funds

Unrestricted funds include a general fund which may be used by Clarion Futures for any of its general purposes, and designated funds which have been earmarked by the Trustees for a particular purpose.

Restricted funds

Restricted funds must be used for the specific purpose(s) set out by the donor(s).

Endowment funds

Endowment funds arise in accordance with the wishes of the donor. Income generated from endowments is treated as unrestricted if there are no conditions as to the use of this income.

2. Significant judgements and accounting estimates

Significant judgements

With the exception of those relating to accounting estimates and uncertainty, no significant judgements have been made in applying the charity's accounting policies.

Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. The following accounting estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities - and therefore the income and expenses recognised - within the next financial year:

- 1 The recoverable amount of debtors.

Debtors are reviewed on a case-by-case basis and provided for as deemed to be necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. Income and endowments

	2024	2023
Donations and legacies	Total	Total
	£'000	£'000
<u>From other members of the Clarion Housing Group</u>		
Endowment top-up from Clarion Housing Association Limited	1,800	11,350
Donated services from Clarion Housing Association Limited	829	900
Donated services from Clarion Housing Group Limited	922	1,245
Other intra-Group funding from Clarion Housing Association Limited	328	14
	3,879	13,509

Donated services is an estimated value of the central costs and overheads which were incurred in relation to Clarion Futures' activities, but not recharged. Corresponding amounts have been included in support costs, where a further analysis has been provided (see note 5).

	2024	2023
Grants and contracts	Total	Total
	£'000	£'000
<u>Unrestricted</u>		
Love London Working - management fees charged to partners	101	231
	101	231
<u>Restricted</u>		
Love London Working - grant	462	1,063
Increase VS	23	173
Housing Associations' Youth Network	404	432
Fusion 21 Resilience Fund	504	-
Big Local	180	123
Rothsay Foundation	309	-
Kickstart	-	67
Social levy	1,002	614
Multiply	207	-
Communities Programmes	100	132
Other grants and contracts	105	132
	3,296	2,736
	3,397	2,967

	2024	2023
Interest receivable	Total	Total
	£'000	£'000
Interest receivable on bank deposits	7	3
Interest on loans to Group undertakings	1,758	1,029
	1,765	1,032

	2024	2023
Gift Aid from Group members	Total	Total
	£'000	£'000
Affinity Sutton Professional Services Limited	3,410	2,754
Broomleigh Regeneration Limited	-	16
Clarion Response Limited	-	4,693
Grange Management (Southern) Limited	1,081	996
	4,491	8,459

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

4. Analysis of expenditure on charitable activities

Year ended 31 March 2024

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2024 Total £'000
Grants made	40	512	145	10	707
Staff costs including travel (note 6)	3,592	1,661	2,163	-	7,416
Other costs	860	521	2,480	724	4,585
Costs directly allocated to activities	4,492	2,694	4,788	734	12,708
Support costs (note 5)	1,235	571	743	1,260	3,809
Total resources expended	5,727	3,265	5,531	1,994	16,517

Expenditure is supported by:

Direct grant and contract income	876	154	1,178	1,189	3,397
Other income	4,851	3,111	4,353	805	13,120
	5,727	3,265	5,531	1,994	16,517

As per note 6, Clarion Futures does not directly employ staff and is recharged staff costs, including on-costs, by a fellow Group member.

Grants made in the year ended 31 March 2024:

Helping Residents into Work and Training: grants made relate to Retraining and Rework.

Money and Digital Service: grants include funding to 29 partners to deliver essential food, hygiene and cleaning products to households experiencing hardship; 3,611 grants to assist with basic costs such as food, household energy, appliances and school uniforms; and 29 digital support grants awarded to a range of delivery partners.

Supporting Young & Old Vulnerable People & Improving Communities: multiple grants were awarded to a large number of small and medium-sized voluntary and community sector organisations. Our main community grants programme focused on enabling locally-rooted agencies to deliver a series of green projects aimed at encouraging sustainability with a particular focus on environmental initiatives. Our Warm Spaces programme was delivered in partnership with The Rothesay Foundation - this second phase granted resources to over 50 community centre partners across England. We continued our investment in The Resilience Programme, helping build the capacity of over 100 community organisations working in our communities.

Strategic Support : other costs relate to the delivery of the Resilience Fund and Good Ideas Fund programmes, which began in the year and are being delivered by the Strategic Support Team.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

4. Analysis of expenditure on charitable activities (continued)

Year ended 31 March 2023

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2023 Total £'000
Grants made	40	427	267	-	734
Staff costs including travel (note 6)	4,014	1,588	2,115	-	7,717
Other costs	704	483	2,116	-	3,303
Costs directly allocated to activities	4,758	2,498	4,498	-	11,754
Support costs (note 5)	1,539	606	807	1,091	4,043
Total resources expended	6,297	3,104	5,305	1,091	15,797

Expenditure is supported by:

Direct grant and contract income	1,679	121	772	395	2,967
Other income	4,618	2,983	4,533	696	12,830
	6,297	3,104	5,305	1,091	15,797

Grants made in the year ended 31 March 2023:

Helping Residents into Work and Training: grants made relate to Retraining and Rework.

Money and Digital Service: grants were awarded to 21 projects through the Digital Support Grants Programme and awarded in grants to households. Grants were also distributed through Food Pantry Support Groups and Emergency Support Grants.

Supporting Young & Old Vulnerable People & Improving Communities: grants were made to 40 projects focussed on supporting young people and improving communities through Community Youth Grants and Core Cost & Small Capacity Building Grants distributed as part of the Grants Plus support programme. Grants were also distributed via Warm Spaces Grants to support community assets and other partners to create warm spaces in our communities to help tackle social isolation and the cost of living crisis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

5. Analysis of support costs (including Strategic Support)

The charity has recognised £2,540,000 of support costs in relation to services provided by Clarion Housing Association Limited and Clarion Housing Group Limited (2023: £2,946,000), £1,751,000 of which were not recharged (2023: £2,145,000) (see note 3).

Head office and general office staff costs have been allocated between charitable activities based on the direct staff cost allocation proportions.

Additionally, the charity has paid support costs to other organisations including £9,000 to Charis Grants Limited to administer the Ready 2 Work (Jobs & Training) grants (2023: £6,000).

Year ended 31 March 2024

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2024 Total £'000
Head office staff costs	607	281	366	857	2,111
General office costs	619	290	377	403	1,689
	1,226	571	743	1,260	3,800
Direct support costs	9	-	-	-	9
	1,235	571	743	1,260	3,809

Year ended 31 March 2023

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2023 Total £'000
Head office staff costs	663	262	349	750	2,024
General office costs	870	344	458	341	2,013
	1,533	606	807	1,091	4,037
Direct support costs	6	-	-	-	6
	1,539	606	807	1,091	4,043

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**6. Employees**

Clarion Futures does not directly employ any staff, but instead makes use of the employees of Clarion Housing Association Limited.

The average monthly number of full-time equivalents ("FTEs") during the year was as follows:

	2024	2023
	Number	Number
FTEs	155	167

The average monthly headcount in the year was 160 (2023: 170).

	2024	2023
	£'000	£'000
The staff costs relating to Clarion Futures were as follows:		
Wages and salaries	6,929	7,049
Other benefits	105	113
Social security costs	703	718
Pension costs	367	342
	8,104	8,222

£743,000 (2023: £953,000) of the wages and salaries above related to employees who were members of the Clarion Housing Group Pension Scheme before it was closed on 30 November 2023. Following closure of the defined benefits schemes to future accrual, deferred members were given the choice to join Clarion's defined contribution pension plan.

Employees with remuneration (excluding pension contributions, or pay in lieu thereof) exceeding £60,000 were as follows:

	2024	2023
	Number	Number
£60,001-£70,000	9	9
£70,001-£80,000	2	-
£80,001-£90,000	-	1
£90,001-£100,000	2	3
£100,001-£110,000	2	-
	15	13

Retirement benefits were accruing under a defined benefit scheme for 6 of these employees (2023: 6) until 30 November 2023 when the scheme closed. Following closure of the defined benefit schemes to future accrual, deferred members were given the choice to join Clarion's defined contribution pension plan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

7. Key management personnel

Key management personnel is defined as the Trustees and management team.

The Trustees received no remuneration or other benefits in respect of their services to Clarion Futures in either the current or preceding year. During the year 2 Trustees were reimbursed by Clarion Housing Group a total of £523 for travel expenses incurred as part of the role as Trustees (2023: 2 Trustees, a total of £99 for travel expenses).

The total remuneration of the management team which is recharged to the charity is £427,737 (2023: £409,161).

Unless otherwise stated, remuneration includes wages and salaries, fees, benefits-in-kind, compensation for loss of office and pension contributions, as applicable.

8. Net income/(expenditure)

	2024 £'000	2023 £'000
<u>Auditor's remuneration (exclusive of VAT)</u>		
- for statutory audit services	10	10
- for other services	-	-
	<u>10</u>	<u>10</u>

Clarion Futures' audit fees are incurred by Clarion Housing Group Limited, and are included in the fair value of donated services received by the company.

Amounts receivable by the charity's auditor and its associates in respect of non-audit services, where procured on a Group-wide basis, are not included above. Instead the information is disclosed on a consolidated basis in the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

9. Fixed asset investments

	2024 £'000	2023 £'000
Loans to Group undertakings		
At the beginning of the year	30,561	17,997
Net lending/(repayment)	(4,782)	12,564
At the end of the year	<u>25,779</u>	<u>30,561</u>

All investments held during the year are held primarily to provide an investment return to the charity. All of the amounts above relate to loans to Clarion Housing Association Limited. Interest is charged at SONIA plus 1.5%.

10. Debtors

	2024 £'000	2023 £'000
Amounts falling due within one year		
Amounts due from Group undertakings: interest	19	5
Prepayments and accrued income	86	859
Amounts due from Group undertakings: trading	312	14
Trade debtors	321	89
	<u>738</u>	<u>967</u>

11. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Trade creditors	209	286
Accruals and deferred income	813	857
Amounts due to Group undertakings: trading	405	1,738
VAT creditor	1	-
Other creditors	583	863
	<u>2,011</u>	<u>3,744</u>

Other creditors include £565,000 of Love London working payments due to other Housing Associations (2023: £862,000).

Deferred income relates to income received from donors which is subject to restrictions which prevent their use until a later date.

	£'000
Deferred income included in 'Accruals and deferred income' at 31 March 2023	546
Of which released during the year	(1,316)
Income received during the year and deferred until after 31 March 2024	1,219
Deferred income included in 'Accruals and deferred income' at 31 March 2024	<u>449</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

12. Creditors: amounts falling due after one year

	2024 £'000	2023 £'000
Amounts due to Group undertakings: loans	<u>5,199</u>	<u>5,199</u>
Loans are repayable, otherwise than by instalments as follows:	2024 £'000	2023 £'000
Between two and five years	5,199	-
After five years	-	5,199
	<u>5,199</u>	<u>5,199</u>

The company has a £10,000,000 facility with Circle Anglia Foundation Limited. This loan is repayable in March 2029. This is a public benefit concessionary loan where no interest is charged.

13. Share capital

The company is limited by guarantee, having no share capital. In the event of a winding up each current Trustee, and any Trustees in the twelve months prior, shall contribute up to £10 each.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

14. Analysis of charitable funds

Analysis of movements in unrestricted funds	At 1 April 2023 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2024 £'000
General fund	-	8,436	(13,606)	5,170	-

Analysis of movements in restricted funds	At 1 April 2023 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2024 £'000
<i>Income funds</i>					
Love London Working - grant	-	462	(462)	-	-
Increase VS	-	23	(23)	-	-
Housing Associations' Youth Network	-	404	(404)	-	-
Fusion 21 Resilience Fund	-	504	(504)	-	-
Big Local	-	180	(180)	-	-
Rothsay Foundation	-	309	(309)	-	-
Social levy	492	1,002	(617)	-	877
Multiply	-	207	(207)	-	-
Communities Programmes	-	100	(100)	-	-
Other grants and contracts	-	105	(105)	-	-
	492	3,296	(2,911)	-	877

Endowment funds

Expendable endowment	22,713	1,800	-	(5,170)	19,343
	23,205	5,096	(2,911)	(5,170)	20,220

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

14. Analysis of charitable funds (continued)

	At 1 April 2022 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2023 £'000
Analysis of movements in unrestricted funds					
General fund	-	11,919	(13,553)	1,634	-

	At 1 April 2022 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2023 £'000
Analysis of movements in restricted funds					

Income funds

Love London Working - grant	-	1,063	(1,063)	-	-
Increase VS	-	173	(173)	-	-
Housing Associations' Youth Network	-	432	(432)	-	-
Big Local	-	123	(123)	-	-
Kickstart	-	67	(67)	-	-
Social levy	-	614	(122)	-	492
Communities Programmes	-	132	(132)	-	-
Other grants and contracts	-	132	(132)	-	-
	-	2,736	(2,244)	-	492

Endowment funds

Expendable endowment	12,997	11,350	-	(1,634)	22,713
	12,997	14,086	(2,244)	(1,634)	23,205

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

15. Legislative provisions

Clarion Futures is incorporated under the Companies Act 2006 and is a registered charity with the Charity Commission under the Charities Act 2022.

16. Related Party Disclosures

During the period, related party transactions took place between Clarion Futures and other members of the Clarion Housing Group. As required by the Charities SORP, these are disclosed in the appropriate notes.

Debtor and creditor balances with other members of the Group are either debt subject to a market rate of interest, public benefit concessionary loans where no interest is charged or trading balances which are non-interest bearing and are due to be settled within one year of their recognition.

No related party transactions have arisen from the personal interests of the Trustees. No other related party transactions require disclosure.

17. Immediate and ultimate parent undertaking

The charity's immediate and ultimate parent undertaking is Clarion Housing Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 and which is regulated by the Regulator of Social Housing.

Clarion Housing Group Limited's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA. Group accounts have been prepared by Clarion Housing Group Limited and are available from www.clarionhg.com.

18. Subsidiary undertakings and associates

Name	Legislative Provisions	Proportion of voting rights of ordinary share capital held	Nature of business
Affinity Sutton Investments Limited	Private company limited by shares	100% (£1)	Property development

The subsidiary's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA.

CLARION FUTURES

England & Wales - Charity number 1135056

Accounts

Clarion Futures

**Annual Report and Financial Statements
For the year ended 31 March 2023**

**Companies House No. 07156509
Charity Commission No. 1135056**

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GENERAL CORPORATE INFORMATION

Trustee Directors

Lord Barwell	(Chair)
John Ball	
Karima Fahmy	(appointed 1 February 2023)
Patrick Hughes	
Dr. Usha Sundaram	
Terry Stacy MBE JP	(resigned 16 June 2023)

The directors of the charitable company are its trustees for the purposes of charity law.

Day-to-day management of the charity is delegated to the Director and Heads of Community Investment and the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Company Secretary

Louise Hyde

Registered and Principal Office

Level 6
6 More London Place
Tooley Street
London
SE1 2DA

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT)

The trustees of Clarion Futures present their annual report and financial statements for the year ended 31 March 2023.

Formation

Clarion Futures ("the charity") is a subsidiary of Clarion Housing Group Limited ("Clarion Housing Group", "the Group"), a charitable registered society and a registered provider of social housing. The Group's purpose is to make a difference and has a mission, as a business for social purpose, to provide homes for those who need them most. The registered provider of social housing within the Clarion Housing Group is Clarion Housing Association Limited ("the Association"), a charitable community benefit society.

Objects

The objects of the charity are set out in full in its Memorandum and Articles. They are, in summary:

- To develop the capacity and skills of the members of any socially and economically disadvantaged community;
- The prevention or relief of poverty or financial hardship;
- To promote social inclusion for the public benefit;
- To promote and advance the education of the public in sustainable development and the protection, enhancement and rehabilitation of the environment;
- The promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation; and
- Providing housing accommodation and assistance to help house people and associated facilities and amenities for the relief of the aged, disabled, handicapped or chronically sick.

The trustees have had regard to public benefit in deciding to focus on communities where the Group has a substantial presence. The activities below are primarily to relieve poverty and fees are not charged.

Structure and Governance

Clarion Futures is incorporated under the Companies Act 2006 as a company limited by guarantee and is registered as a charity with the Charity Commission. It is governed by its Memorandum and Articles of Association.

Clarion Housing Group Limited has the right to appoint and remove the charity's trustees.

There are currently five trustees, who are:

- one non-executive director of the Group;
- one non-executive director of another organisation within the Group; and
- three independent trustees.

In the event of a vacancy, the Group Remuneration, Nominations and People Committee will recommend the appointment of a new trustee under the Group's governance framework.

All trustees have received an induction to the overall Clarion Housing Group organisation. Trustees receive appropriate training and there is further opportunity to attend specific courses as required, using a dedicated training budget for board members within the Group. Trustees have also been made aware of their responsibilities, using the Charity Commission's guide 'The Essential Trustee' as a reference point.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

The trustees take significant decisions, such as the approval of the annual budget and business plan. The trustees meet formally throughout the year.

Day-to-day management of the charity is delegated to the Director and Heads of Community Investment and the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Clarion Futures utilises the Group's internal control framework, which includes a governance framework, financial regulations, policies and procedures, an internal audit function, a Group-wide Health and Safety function, a risk management function and three oversight committees: the Audit and Risk Committee, the Treasury Committee and the Investment Committee (which scrutinises all property development).

Grant making policy

Clarion Futures is only able to provide financial assistance in accordance with its objects, as summarised on page 4.

Investment Policy

Clarion Futures aims to use its resources to provide high quality services which support vulnerable people and communities in the areas where Clarion Housing Group operates. Enabling activity is funded through external income, direct deployment of an annual donation by the Group or indirectly, through returns from the charity's investments.

The Trustees note the investment grade rating assigned to Clarion Housing Group by credit rating agencies Moody's (A3 with negative outlook) and Standard and Poor's (A- with stable outlook). These strong investment grade ratings are consistent with Clarion Futures' credit risk appetite; accordingly, funds continue to be lent to the Association on a short-term basis.

The Trustees regularly review the investment strategy as investment returns and funding requirements evolve.

As at 31 March 2023 £30.6 million is lent on an arm's length basis to the Association (2022: £18.0 million).

Reserves Policy

In accordance with the wishes of the donors, donations from the Association have been retained as an expendable endowment in order to invest and generate future income to support Clarion Futures' charitable activities. The budget for the year ending 31 March 2023 and future years has been approved on the basis that the Association will provide for any expected shortfall below £20 million.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

STRATEGIC REPORT

Achievements and Performance

The board and senior management team undertook a review of the charity's strategic aims during the year and agreed four new strategic objectives as follows:

1. To help our customers achieve their aspirations and become more financially resilient;
2. To enhance the wellbeing of our customers and communities;
3. To create sustainable communities and places people want to live; and
4. To work with the wider organisation and our partners to leverage additional social value for our customers and communities.

To help achieve the strategic objectives of the charity the core operational objectives are:

1. To support the unemployed into work and training;
2. To help people on low incomes maximise their income, reduce energy bills, build their financial capability and resilience, and reduce and avoid debt;
3. To help them access the internet and improve their digital skills; and
4. To support younger and older vulnerable residents and strengthen and improve local communities and the ability of local people to improve their communities.

All of the charity's activity in the period was focussed on delivering programmes that aim to achieve these objectives. Activities focussed on communities where the Association operates. As the rest of the Clarion Housing Group is focussed on providing housing accommodation and assistance, the charity is not currently active in this area but will keep this under review.

The Group and Association have kindly made available its specialist staff from the Community Investment team to set up and run these programmes and Clarion Futures has reimbursed their direct costs. The Group charged the charity £0.9 million (2022: £0.7 million) for central management costs incurred in supporting the programme, including IT, HR, Governance and Finance support; a further £2.1 million of these costs were not recharged and have been recognised as donated services (2022: £2.1 million).

During the year funding was received from a number of sources including the European Social Fund for Love London Working, a number of charitable trusts and the National Lottery.

On 18 June 2022 Clarion Housing Group was subject to a cyber-security incident. We rapidly engaged the services of our cyber security partner and other external experts to help bring our systems back in a safe and secure way. Restoration of our systems concluded during the financial year. A forensic investigation into the incident has been completed and the Group is in the process of implementing its recommendations. The incident had a significant impact on IT systems including those run and used by Clarion Futures. This meant that support services were severely reduced for at least 1 quarter with continuing impacts felt throughout the rest of the year. As a result, levels of support delivered by Clarion Futures in 2022/23 in some areas are below what was projected at the beginning of the year. Staff worked tirelessly to put new systems in place and vulnerable residents were contacted to ensure they had the immediate support they needed.

Residents also faced a severe financial squeeze because of the so-called 'Cost of Living' crisis caused by rising energy costs following the start of the war in Ukraine, and by general price inflation following the opening up of the economy post-pandemic. To help mitigate the worst impacts Clarion Futures launched a 'Cost of Living Emergency Fund' which provided extra support to residents and communities. Details of the additional support provided are included in the sections covering Money Guidance and Communities.

The trustees are pleased to report on a wide ranging and active programme of projects supporting the four operational objectives:

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Helping Residents into Work and Training

The charity has continued to recognise the importance of helping people into work and training. Clarion Futures achieves this through four main services:

1. **Jobs & Training employment service:** this team supports unemployed people across the country in two key ways:
 - (i) Pre-Employment support - helps the unemployed get ready for work through bespoke support, advice and guidance, confidence building, vocational and sector-specific training programmes, numeracy, literacy and IT support, work placements volunteering, job clubs, grants and support with costs such as childcare and travel; and
 - (ii) Employer Engagement - working with employers and the pre-employment team to source and place unemployed people directly into job vacancies as well as providing 'in-work' support and apprenticeship opportunities.
2. **Love London Working:** in October 2015, the charity secured £6.64 million from the European Social Fund, managed by the Greater London Authority, ("GLA"), to deliver a £13.3 million project to help thousands of London's most vulnerable and excluded residents into employment and training. The project is called 'Love London Working'. Clarion Futures is the accountable body and leads the project on behalf of 15 housing associations in London. Of the grant and spend amounts above, around 40% is expected to be the charity's share over the course of the project. Following a successful application, the contract with the GLA was extended in August 2019 to March 2023. The total funding for the project has increased to £34 million and the targets increased to 28,000 people supported, of which 6,500 will be helped into work. At the end of March 2023 25,263 (2022: 22,832) had been supported with 7,782 (2022: 7,160) helped into work.
3. **Apprenticeships:** working with employers and Clarion Housing Group, Clarion Futures continued to provide a wide-ranging apprenticeship programme, supporting 120 apprenticeships during the year. This brings the overall number of apprenticeships supported by the charity to 1,745 (2022: 1,625) since the programme started 12 years ago.
4. **Self-employment:** setting up your own business is a helpful and flexible route into work for some people and the charity has supported residents with training and grant support for a number of years. The programme was boosted by an EU funded programme in the East of England called 'Increase VS', providing training and mentoring support to help residents set up in business. The Increase VS programme ended during the year and overall we supported 74 new business start-ups during the year (2022: 114).

These four services enabled Clarion Futures to support 2,114 people into work in the last year (2022: 3,717).

Clarion Futures also offers a wide range of training opportunities for residents:

Pre-employment skills: helping people to develop the skills needed to access employment. This includes confidence, motivation, CV writing and interview skills;

E-learning: the charity has a comprehensive e-learning programme offering access to training in subjects such as health and safety, manual handling and IT essentials; and

Vocational training: the charity works with employers and work placement hosts to offer residents accredited training opportunities that aim to lead to voluntary work placements and/or work. In the last year we have run vocational courses in subjects such as Construction Skills, Security Industry Authority awards, Personal Track Safety and Customer Service.

These programmes resulted in 5,918 (2022: 5,282) training outcomes during the year.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Money and Digital Service

Clarion Futures continues to promote an extensive Financial and Digital Inclusion programme through its 'Money' and 'Digital' services. These proved to be vital during the pandemic. The national offer covers a number of areas of support:

Access to banking and Credit Union services: our National Banking Offer with Leeds City Credit Union offers a full range of on-line and telephone-based banking services coupled with savings, loans and a range of other affordable financial products.

Money & Energy saving guidance: the telephone based one-to-one service continues to provide extensive support to residents with budgeting, energy saving and financial capability support. A total of 17,656 (2022: 20,248) support interventions were delivered by the service supporting 4,349 (2022: 3,945) households during the year. The Money Guidance team engaged 2,033 households experiencing fuel poverty through directly contacting households more likely to be at risk, with a quarter of these progressing into full money guidance casework.

'Cost of Living' Hardship Fund: The Money Guidance team made 3,474 household grant awards (2022: 1,771) worth £235,000 (2022: £245,000). While households might have received multiple awards, the reduction in average award size from £143 to £67 reflects the shift away from high cost items (washing machines, cookers etc.) to lower value awards such as food, energy, school uniforms and small kitchen appliances, in response to changing household needs.

In response to the cost of living crisis, underspend generated through the first 6 months of the year was used to create an Emergency Cost of Living Fund. This provided an additional £250,000 for community-based food initiatives, the creation of 'warm spaces' within community centres, pilot projects centred around cooking on a budget and a 'gas servicing' fund to help prevent residents having their energy supply suspended.

Debt Advice: Clarion Futures provides access to free telephone-based debt advice through partnerships with Step Change Debt Charity and Penny Smart. A total of 1,020 (2022: 3,022) of the Association's residents were referred for debt advice during the year.

Access to the internet (digital inclusion): the pandemic meant digital inclusion has been a key focus for Clarion Futures over the last couple of years. The Digital device loan scheme has rapidly expanded with more than 800 (2022: 800) laptops and wifi devices on loan to residents, job seekers, schools, Digital Champions and community groups. Alongside this, we continued to deliver our digital skills training programme delivering 3,226 (2022: 3,110) hours of training. Overall, the 'Digital' service delivered 27,375 (2022: 28,858) digital support interventions to 4,392 (2022: 3,254) individuals.

Communities Programme - Supporting Younger and Older Vulnerable People and Improving Communities

During the year, Clarion Futures continued to support a wide range of projects designed to improve communities and support Clarion Housing Association's (HA's) younger and older residents. Some of the main highlights of the programme are outlined below:

Community Grants Programme: A total of £598,984 (2022: £611,031) in grants were awarded to 132 projects (2022: 112) in Clarion HA communities, benefitting 12,000 (2022: 17,000) Clarion HA residents and delivering 18,288 (2022: 23,750) extra volunteer hours.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Age Friendly Communities: Over the last 12 months, the Age Friendly Team has grown its programmes significantly, testing and learning new approaches to support our communities to age well. New focus areas for the programme have included:

- a Green Consortium initiative, giving young people the tools to improve their local green spaces and the opportunity to have a say on how Clarion HA can involve children in the development of its sustainability commitments;
- a national £1.2 million Intergenerational Social Action programme in partnership with InCommon and Intergenerational Music Making exploring creative ways of connecting generations across ages; and
- the launch of a collaborative Age Friendly Communities programme, which will see Housing Associations across the country working together to embed the learnings from The National Lottery Community Fund's Ageing Well work.

Our latest cohort of National Ambassadors saw six passionate young residents join the programme and take part in a busy calendar of volunteering and social action initiatives. Among their priorities they responded to a 'Brilliant Business Problem' which was 'how can Clarion HA ensure its residents are connected across generations?' by running pop-up community events. They also sought to tackle the youth housing crisis by making an informative film about housing options for young people.

One of the other highlights was our third Youth Exchange Programme, which saw a group of 14 young people from Clarion HA communities and Malta come together to share ideas and create international social action projects. In January 2023 the cohort visited Malta where they each had a 1:1 meeting with the Maltese president. In March they attended the Commonwealth Day Service at Westminster Abbey.

Clarion 55, our ambassador group for older residents, continued to make waves. In December 2022 they were part of an exchange trip with French Housing Association, Paris Habitat. Four of our ambassadors travelled to Paris where they visited older people's housing schemes, met other residents at a social event and presented to senior staff from Paris Habitat. The group returned with new ideas on how Clarion HA can improve services. The group also launched the 'Let the Light In' lighting project, which is a joint project between Clarion HA, The Royal College of the Arts and architects Speirs and Major. The project is testing how small changes in lighting design can improve older resident's sense of safety, circadian rhythms and happiness in both internal and external environments. An additional £50,000 has now been secured to scale up the work to Clarion HA's community assets portfolio.

Our Hometruths House programme has also been growing, with all new young tenants being offered support and guidance when setting up their first tenancy through a one-off workshop, a furniture voucher for their home and ongoing advice through the Clarion Futures teams. We are developing an online learning platform for the programme and exploring an app to support young people once they move into their property.

We have also grown our 'Play Streets' Programme with 25 streets closing for a day as part of a campaign for children's 'right to play' in our communities. Our Play Strategy was launched in 2022 and we will be pushing a 'summer of play' in partnership with the 'Playing Out Campaign' in the summer of 2023.

Finally, we have been leading a Clarion-wide approach to improve our support for care leavers. The care leavers working group launched four initial commitments:

- guaranteed interviews for anyone who states that they have experience of the care system on an application form for a Clarion job;
- roll-out of Adverse Childhood Experiences training for staff;
- a £250 start-up voucher for attending our Hometruths House first tenancy workshop; and
- development of an in-house mentoring offer for young care leavers in partnership with the youth charity 'Break'.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Overall the Communities programme delivered 45,929 (2022: 47,089) positive engagements of young people during the year and 17,886 (2022: 17,369) for older people. This led to 13,406 (2022: 10,434) positive outcomes for young people and 5,672 (2022: 3,984) for older people, including accredited training outcomes, volunteering placements and jobs.

Community Assets

Clarion Futures continues to work closely with Clarion Housing Association to enable their residents and local community organisations to access Clarion's Community Assets (facilities). Several transfers of assets into local ownership were completed during the year including facilities in Bolton, Salford and Birmingham. The next tranche of assets to be progressed towards local ownership include Butley Court and Eastside in Tower Hamlets; Sheffield Community Centre; Orchard Community Hub in Lewisham; Betty Rushden Centre in Stoke; and the Community Gym in Tamworth.

Warm Spaces

This initiative, set up as part of our Cost-of-Living Crisis response, was designed to help fund partners in Clarion HA's Community Assets and other local facilities to provide a warm, welcoming and relaxing environment during the winter period. The Warm Spaces offer is built around providing a minimum additional 4 hours per week for residents to access a warm community building and enjoy the chance to socialise, join in activities and enjoy a hot meal. The initial phase saw 28 community partners awarded £122,000 in direct grant funding. We were able to distribute a further £64,000 in additional funding to extend 21 of the original portfolio of projects. We are currently pulling together a programme evaluation report, but some of the benefits, which have already been identified, include:

- a large uplift in partner referrals to local wellbeing services via charities and Local Authorities;
- significant increase in footfall at Assets and demand for extension/expansion of community activities; and
- high satisfaction, most notably older people, families with young children, and refugee groups.

Open spaces improvement

We have delivered over 27,000 m² (2022: 10,000 m²) of improvements to underutilised open space and community facilities through collaborative work with stakeholders across our neighbourhoods. Food growing, play and biodiversity continue to be key themes for our communities and the majority of projects have focused on these areas. We have also been identifying sports facilities, which need refurbishment and this will be a central focus in the coming year.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Financial Review

The statement of financial activities is set out on page 18 and shows the result for the year.

The charity's income for the year was £26.0 million (2022: £6.6 million), which included £2.1 million (2022: £2.1 million) of donated services from other members of the Clarion Housing Group ("CHG"), as well as an £11.4 million top-up to the endowment fund from Clarion Housing Association (2022: £nil) and £8.5 million gift aid from other CHG members (2022: £nil). As a result of sourcing additional external funding to support the charity's activity and expenditure, income recognised on external grants and contracts was £3.0 million (2022: £4.1 million).

Interest income from the investment of the charity's endowment was higher at £1.0 million (2022: £0.4 million) because of increased Endowment Funds and interest rates.

A total of £15.8 million (2022: £16.0 million) was spent in line with the charity's charitable objectives. An analysis of this expenditure, by type and between Clarion Futures' four strategic objectives, is provided in note 4 to the financial statements.

As at 31 March 2023 £5.2 million (2022: £5.2 million) was borrowed from Circle Anglia Foundation at a 0% interest rate. This balance is included in the £30.6 million on-lent to Clarion Housing Association (2022: £18.0 million) which attracts interest at SONIA plus 1.5%.

Plans for Future Periods

The financial squeeze outlined earlier is expected to continue into 2023/24 and provision has been made to deliver further additional support particularly over the winter. Extra resources have been made available to our Money Guidance team to support Clarion residents, particularly those most vulnerable to fuel poverty. We will also continue to support our charitable partners on the ground by providing non-financial business advice and core cost support where needed.

The external funding environment is also changing with the dawn of the new UK Shared Prosperity Fund (SPF), which replaces EU funding. Some of our key projects such as 'Love London Working' are reliant on external funding and during the coming year we will engage funders and commissioners to try to secure additional funding if possible. We have already been successful in securing SPF to deliver community based numeracy training to adults through the 'Multiply' programme.

A major programme for the first quarter of next year is the introduction of a new Futures-wide integrated case management system. This will improve customer support, data insight and cross referrals between the teams and Clarion.

Principal Risks and Uncertainties

The Board reviews the key risks facing the charity on a regular basis. Key risk areas have been impacted by the cyber-attack that affected Clarion HA's IT systems in June 2022 and each of the principal risks which are set out below have been reviewed and updated to take account of the extra challenges this caused. The 'Cost of Living' crisis has also placed extra demands on our services, which we are monitoring closely. The current principal risks are:

- Clarion Futures does not have sufficient resources to support residents and communities, particularly in light of the continuing 'Cost of Living' crisis. This risk also relates to the availability of long term funding from external organisations such as European structural funds and any impact on levels of continued funding from Clarion Housing Group
- A loss of reputation for both Clarion Futures and the overall Clarion Housing Group as a result of a poor outcome from a charitable activity. This includes health and safety risks relating in particular to managing Clarion's community facilities, safeguarding of vulnerable residents and compliance with data protection regulations.
- Attacks or disruption to IT systems

The trustees have considered Clarion Futures' risks and their mitigation which includes a comprehensive risk action plan outlining risk mitigations, timescales and responsibilities. Trustees have concluded that risks within the charity's control are well managed and in line with the current risk appetite.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Disclosure of Information to Auditor

The trustees who held office at the date of approval of this Report of the Trustees (including Strategic Report) confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

KPMG LLP have expressed their willingness to continue in office as the Group's auditor. Accordingly, a resolution to reappoint them as auditor will be proposed at the forthcoming Trustees Meeting.

On behalf of the trustees, including approval of the Strategic Report as company directors,

Gavin Barwell

Lord Barwell
Chair
5 July 2023

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF CLARION FUTURES IN RESPECT OF THE REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Report of the Trustees (including Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of income and expenditure for that period. In preparing these financial statements, the Trustees are 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;
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES

Opinion

We have audited the financial statements of Clarion Futures ("the charitable company") for the year ended 31 March 2023, which comprise the Statement of Financial Activities (including Income and Expenditure Account), Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work are that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of the Executive Team who have delegated responsibility for the day to day management of the charitable company and internal audit as to whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board of Trustees' meeting minutes; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the charitable company's material income streams. The charitable company is notified from external third parties of income it has been awarded or has earned and income is accounted for when receipt is probable and measurable.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted to unusual account combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Executive Team who have delegated responsibility for the day to day management of the charitable company (as required by auditing standards).

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including, financial reporting legislation (including related companies legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Report of the Trustees (including Strategic Report). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees (including Strategic Report), which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable 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 charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, reading 'Jessica Hargreaves'.

Jessica Hargreaves (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

27 July 2023

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 Unrestricted funds £'000	2023 Restricted funds £'000	2023 Endowment funds £'000	2023 Total funds £'000	2022 Total funds £'000
Income and endowments from						
Donations and legacies	3	2,159	-	11,350	13,509	2,157
Charitable activities						
Grants and contracts	3	231	2,736	-	2,967	4,065
Investments						
Interest receivable	3	1,032	-	-	1,032	401
Gift Aid from Group members	3	8,459	-	-	8,459	-
Other		38	-	-	38	-
Total		11,919	2,736	11,350	26,005	6,623
Expenditure on						
Charitable activities	4	(13,553)	(2,244)	-	(15,797)	(15,984)
Other		-	-	-	-	(9)
Total		(13,553)	(2,244)	-	(15,797)	(15,993)
Net income/(expenditure)	8	(1,634)	492	11,350	10,208	(9,370)
Transfers between funds		1,634	-	(1,634)	-	-
Net movement in funds		-	492	9,716	10,208	(9,370)
Reconciliation of funds						
Total funds brought forward	14	-	-	12,997	12,997	22,367
Total funds carried forward	14	-	492	22,713	23,205	12,997

All incoming resources and resources expended derive from continuing activities.

The comparative figures exclusively relate to unrestricted funds with the exception of grant and contracts income and expenditure on charitable activities which both include £3,746,000 in relation to restricted income funds, total funds brought forward which includes £22,367,000 in relation to Endowment funds, and total funds carried forward which includes £12,997,000 in relation to Endowment funds.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	9	30,561	17,997
Current assets			
Debtors: amounts falling due within one year	10	967	1,444
Cash and cash equivalents		620	1,671
		1,587	3,115
Current liabilities			
Creditors: amounts falling due within one year	11	(3,744)	(2,916)
Net current (liabilities)/assets		(2,157)	199
Creditors: amounts falling due after one year	12	(5,199)	(5,199)
Net assets		23,205	12,997
The funds of the charity			
Share capital	13	-	-
Unrestricted funds	14	-	-
Restricted income funds	14	492	-
Endowment funds	14	22,713	12,997
		23,205	12,997

The financial statements were approved by the Board and were signed on their behalf by:

Gavin Barwell

Lord Barwell
Chair
5 July 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (January 2022) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice (October 2019) ("the SORP"), the Companies Act 2006 and the Charities Act 2011.

Clarion Futures is a public benefit entity.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Clarion Futures' financial statements.

Basis of preparation

The financial statements are prepared on an accruals basis and under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity has no significant specific commitments or material committed costs beyond its fixed costs of operation which are detailed in note 4.

The Trustees have reviewed the charity's financial plan, including forecasts for a period of at least twelve months from the date of approval of these financial statements, which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the long-term implications of Covid-19, as well as current high inflation and the cost of living crisis, on these forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the twelve month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

Basis of consolidation

Clarion Futures is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as its results are included within the consolidated financial statements of its ultimate parent undertaking.

Disclosure exemptions

Clarion Futures has taken advantage of the exemptions in FRS 102 in respect of the following disclosures:

- a. the requirement to present a statement of cash flows and related notes; and
- b. financial instrument disclosures, including: categories of financial instruments; items of income, expense, gains or losses in respect of financial instruments; and, exposure to, and management of, financial risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

1. Accounting policies (continued)

Value Added Tax

The company's VAT affairs are dealt with under a Group registration in the name of Clarion Housing Group Limited. Turnover and other income are shown net of any VAT charged. As most of the Group's income comes from renting out residential property, which is exempt from VAT, the Group only recovers a small proportion of the input VAT it incurs, and Clarion Futures' expenditure is shown inclusive of irrecoverable VAT.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the reporting date and the gains or losses on translation are included in the Statement of Financial Activities.

Turnover

Incoming resources, including grant income, are accounted for when Clarion Futures has entitlement to the funds, the receipt is probable and the amount is measurable. Income is deferred where the donor specifies that resources be used in a future accounting period(s) or where conditions are required to be met by Clarion Futures before it is unconditionally entitled to the income.

Donated services

Donated services are included in incoming resources when the benefit to the charity is reasonably quantifiable and measurable, and are measured at fair value.

Resources expended

Expenditure on charitable activities is recognised once there is a legal or constructive obligation to make payment to a third party; in the case of grants payable, these are recognised when the award has been communicated to the recipient.

Costs are classified according to Clarion Futures' four strategic objectives, with staff costs allocated according to the objective they work towards.

Impairment

Debtors are assessed for recoverability at each reporting date.

For other assets an impairment review is undertaken when there is an indication that an asset may be impaired. Impairment is recognised when it is assessed that the carrying amount of that asset (or the cash generating unit, including goodwill, it belongs to) is higher than the recoverable amount, which is the higher of fair value less costs to sell and value in use. Where this is the case the higher of these two values is taken to be the new book value, and the difference is the impairment loss.

After an impairment loss has been recognised, the recoverable amount of an asset or cash-generating unit may increase because of changes in: economic conditions; the circumstances that previously caused the impairment; or, the expected use of the asset(s). As a result, the carrying amount is adjusted to the lower of the new recoverable amount and the carrying amount that would have been determined had the original impairment not occurred.

Impairment is included in Other Expenditure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

1. Accounting policies (continued)

Interest receivable

Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

Corporation tax

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

Public benefit concessionary loans

As a "public benefit entity" (as defined by FRS 102), loans which are made or received as part of Clarion Futures' charitable objectives, at below-market rates of interest, and are not repayable on demand, qualify for treatment as public benefit entity concessionary loans. They are initially recorded at the amount lent and subsequently adjusted for accrued interest receivable less any impairment loss.

Financial instruments

Clarion Futures applies the recognition and measurement provisions of IFRS 9 Financial Instruments, as allowed by FRS 102.

All investments, short-term deposits and loans held by Clarion Futures are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

On initial recognition, a financial asset is classified as measured at either amortised cost, fair value through other comprehensive income ("FVOCI") debt investment, FVOCI equity investment or fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- i. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- i. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

1. Accounting policies (continued)

Where loans and other financial instruments are redeemed during the year, a redemption penalty is recognised in the Income Statement of the year in which the redemption takes place, where applicable.

Other debtors and creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction and does not qualify for treatment as a concessionary loan, in which case the present value of the future receipts discounted at a market rate of interest is used.

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of Clarion Futures' cash management strategy.

Unrestricted funds

Unrestricted funds include a general fund which may be used by Clarion Futures for any of its general purposes, and designated funds which have been earmarked by the Trustees for a particular purpose.

Restricted funds

Restricted funds must be used for the specific purpose(s) set out by the donor(s).

Endowment funds

Endowment funds arise in accordance with the wishes of the donor. Income generated from endowments is treated as unrestricted if there are no conditions as to the use of this income.

2. Significant judgements and accounting estimates

Significant judgements

With the exception of those relating to accounting estimates and uncertainty, no significant judgements have been made in applying the charity's accounting policies.

Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. The following accounting estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities - and therefore the income and expenses recognised - within the next financial year:

- 1 The recoverable amount of debtors.

Debtors are reviewed on a case-by-case basis and provided for as deemed to be necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

3. Income and endowments

	2023 Total £'000	2022 Total £'000
Donations and legacies		
<u>From other members of the Clarion Housing Group</u>		
Endowment top-up from Clarion Housing Association Limited	11,350	-
Donated services from Clarion Housing Association Limited	900	1,109
Donated services from Clarion Housing Group Limited	1,245	976
Other intra-Group funding from Clarion Housing Association Limited	14	72
	13,509	2,157

Donated services is an estimated value of the central costs and overheads which were incurred in relation to Clarion Futures' activities, but not recharged. Corresponding amounts have been included in support costs, where a further analysis has been provided (see note 5).

	2023 Total £'000	2022 Total £'000
Grants and contracts		
<u>Unrestricted</u>		
Love London Working - management fees charged to partners	231	319
	231	319
<u>Restricted</u>		
Love London Working - grant	1,063	1,166
Increase VS	173	535
Housing Associations' Youth Network	432	474
One Digital	-	62
Big Local	123	59
Mercer's Fund	-	33
Kickstart	67	912
Social levy	614	136
Communities Programmes	132	206
Other grants and contracts	132	163
	2,736	3,746
	2,967	4,065

	2023 Total £'000	2022 Total £'000
Interest receivable		
Interest receivable on bank deposits	3	-
Interest on loans to Group undertakings	1,029	401
	1,032	401

	2023 Total £'000	2022 Total £'000
Gift Aid from Group members		
Affinity Sutton Professional Services Limited	2,754	-
Broomleigh Regeneration Limited	16	-
Clarion Response Limited	4,693	-
Grange Management (Southern) Limited	996	-
	8,459	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

4. Analysis of expenditure on charitable activities

Year ended 31 March 2023

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2023 Total £'000
Grants made	40	427	267	-	734
Staff costs including travel (note 6)	4,014	1,588	2,115	-	7,717
Other costs	704	483	2,116	-	3,303
Costs directly allocated to activities	4,758	2,498	4,498	-	11,754
Support costs (note 5)	1,539	606	807	1,091	4,043
Total resources expended	6,297	3,104	5,305	1,091	15,797

Expenditure is supported by:

Direct grant and contract income	1,679	121	772	395	2,967
Other income	4,618	2,983	4,533	696	12,830
	6,297	3,104	5,305	1,091	15,797

As per note 6, Clarion Futures does not directly employ staff and is recharged staff costs, including on-costs, by a fellow Group member.

Grants made in the year ended 31 March 2023:

Helping Residents into Work and Training: grants made relate to Retraining and Rework.

Money and Digital Service: grants were awarded to 21 projects through the Digital Support Grants Programme and awarded in grants to households. Grants were also distributed through Food Pantry Support Groups and Emergency Support Grants.

Supporting Young and Old Vulnerable People and Improving Communities: grants were made to 40 projects focussed on supporting young people and improving communities through Community Youth Grants and Core Cost & Small Capacity Building Grants distributed as part of the Grants Plus support programme. Grants were also distributed via Warm Spaces Grants to support community assets and other partners to create warm spaces in our communities to help tackle social isolation and the cost of living crisis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

4. Analysis of expenditure on charitable activities (continued)

Year ended 31 March 2022

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2022 Total £'000
Grants made	98	356	537	-	991
Staff costs including travel (note 6)	4,349	1,419	1,897	-	7,665
Other costs	896	506	1,974	-	3,376
Costs directly allocated to activities	5,343	2,281	4,408	-	12,032
Support costs (note 5)	1,638	516	689	1,109	3,952
Total resources expended	6,981	2,797	5,097	1,109	15,984

Expenditure is supported by:

Direct grant and contract income	3,044	62	927	32	4,065
Other income	3,937	2,735	4,170	1,077	11,919
	6,981	2,797	5,097	1,109	15,984

Grants made in the year ended 31 March 2022:

Helping Residents into Work and Training: grants made include 107 related to Retraining (£66,000), 170 to Rework (£14,000), 19 to Business Start-ups (£17,000) and 10 to Business Rework (£1,000).

Money and Digital Service: grants made include £94,000 awarded to 21 projects through the Digital Inclusion Grants Programme and £262,000 awarded in grants to households.

Supporting Young and Old Vulnerable People and Improving Communities: grants made include a total of £516,000 awarded to 91 projects focussed on supporting young people and improving communities across the Bounce Back Project Grants, Digital Inclusion Grants, Hackney Community Grants, West Ealing Community Grants, Recovery and the Resilience Care Costs Grants Programmes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)**5. Analysis of support costs (including Strategic Support)**

The charity has recognised £2,946,000 of support costs in relation to services provided by Clarion Housing Association Limited and Clarion Housing Group Limited (2022: £2,817,000), £2,145,000 of which were not recharged (2022: £2,085,000) (see note 3).

Head office and general office staff costs have been allocated between charitable activities based on the direct staff cost allocation proportions.

Additionally, the charity has paid support costs to other organisations including £6,000 to Charis Grants Limited to administer the Ready 2 Work (Jobs & Training) grants (2022: £26,000).

Year ended 31 March 2023

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2023 Total £'000
Head office staff costs	663	262	349	750	2,024
General office costs	870	344	458	341	2,013
	1,533	606	807	1,091	4,037
Direct support costs	6	-	-	-	6
	1,539	606	807	1,091	4,043

Year ended 31 March 2022

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young & Old Vulnerable People & Improving Communities £'000	Strategic Support £'000	2022 Total £'000
Head office staff costs	483	158	211	671	1,523
General office costs	1,129	358	478	438	2,403
	1,612	516	689	1,109	3,926
Direct support costs	26	-	-	-	26
	1,638	516	689	1,109	3,952

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)**6. Employees**

Clarion Futures does not directly employ any staff, but instead makes use of the employees of Clarion Housing Association Limited.

The average monthly number of full-time equivalents ("FTEs") during the year was as follows:

	2023 Number	2022 Number
FTEs	<u>167</u>	<u>162</u>

The average monthly headcount in the year was 170 (2022: 168).

The staff costs relating to Clarion Futures were as follows:	2023 £'000	2022 £'000
Wages and salaries	7,049	6,495
Other benefits	113	119
Compensation for loss of office	-	38
Social security costs	718	634
Pension costs	342	318
	<u>8,222</u>	<u>7,604</u>

Compensation for loss of office represent statutory redundancy payments made to employees through the Clarion Housing Association Limited payroll.

£953,000 (2022: £1,101,000) of the wages and salaries above relates to employees who are members of the Clarion Housing Group Pension Scheme, the liability for which is included in the financial statements of Clarion Housing Association Limited.

Employees with remuneration (excluding pension contributions, or pay in lieu thereof) exceeding £60,000 as follows:

	2023 Number	2022 Number
£60,001-£70,000	9	6
£80,001-£90,000	1	1
£90,001-£100,000	3	3
	<u>13</u>	<u>10</u>

Retirement benefits are accruing under a defined benefit scheme for 6 of these employees (2022: 6).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

7. Key management personnel

Key management personnel is defined as the Trustees and management team. The Trustees received no remuneration or other benefits in respect of their services to Clarion Futures in either the current or preceding year. During the year 2 Trustees were reimbursed by Clarion Housing Group a total of £99 for travel expenses incurred as part of the role as Trustees (2022: 1 Trustee, a total of £95 for travel expenses). The total remuneration of the management team which is recharged to the charity is £409,161 (2022: £388,995). Unless otherwise stated, remuneration includes wages and salaries, fees, benefits-in-kind, compensation for loss of office and pension contributions, as applicable).

8. Net income/(expenditure)

	2023	2022
	£'000	£'000
<u>Auditor's remuneration (exclusive of VAT)</u>		
- for statutory audit services	10	8
- for other services	-	-
	<u>10</u>	<u>8</u>

Clarion Futures' audit fees are incurred by Clarion Housing Group Limited, and are included in the fair value of donated services received by the company.

Amounts receivable by the charity's auditor and its associates in respect of non-audit services, where procured on a Group-wide basis, are not included above. Instead the information is disclosed on a consolidated basis in the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

9. Fixed asset investments

	2023 £'000	2022 £'000
Loans to Group undertakings		
At the beginning of the year	17,997	27,014
Net lending/(repayment)	12,564	(9,017)
At the end of the year	<u>30,561</u>	<u>17,997</u>

All investments held during the year are held primarily to provide an investment return to the charity. All of the amounts above relate to loans to Clarion Housing Association Limited. Interest is charged at SONIA plus 1.5%.

10. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts due from Group undertakings: interest	5	1
Prepayments and accrued income	859	1,331
Amounts due from Group undertakings: trading	14	22
Other debtors	89	90
	<u>967</u>	<u>1,444</u>

11. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	286	82
Accruals and deferred income	857	1,035
Amounts due to Group undertakings: trading	1,738	1,494
VAT creditor	-	8
Other creditors	863	297
	<u>3,744</u>	<u>2,916</u>

£546,000 of deferred income is included within accruals and deferred income (2022: £757,000).

Deferred income relates to income received from donors which is subject to restrictions which prevent their use until a later date. £699,000 of the income deferred at 31 March 2022 was released in the year, and £488,000 received in the year was deferred.

12. Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Amounts due to Group undertakings: loans	<u>5,199</u>	<u>5,199</u>
Loans are repayable, otherwise than by instalments as follows:		
After five years	<u>5,199</u>	<u>5,199</u>

The company has a £10,000,000 facility with Circle Anglia Foundation Limited. This loan is repayable in March 2029. This is a public benefit concessionary loan where no interest is charged.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

13. Share capital

The company is limited by guarantee, having no share capital. In the event of a winding up each current Trustee, and any Trustees in the twelve months prior, shall contribute up to £10 each.

14. Analysis of charitable funds

Analysis of movements in unrestricted funds	At 1 April 2022 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2023 £'000
General fund	-	11,919	(13,553)	1,634	-

Analysis of movements in restricted funds	At 1 April 2022 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2023 £'000
<i>Income funds</i>					
Love London Working - grant	-	1,063	(1,063)	-	-
Increase VS	-	173	(173)	-	-
Housing Associations' Youth Network	-	432	(432)	-	-
Big Local	-	123	(123)	-	-
Kickstart	-	67	(67)	-	-
Social levy	-	614	(122)	-	492
Communities Programmes	-	132	(132)	-	-
Other grants and contracts	-	132	(132)	-	-
	-	2,736	(2,244)	-	492

Endowment funds

Expendable endowment	12,997	11,350	-	(1,634)	22,713
	12,997	14,086	(2,244)	(1,634)	23,205

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)**14. Analysis of charitable funds (continued)**

Analysis of movements in unrestricted funds	At 1 April 2021 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2022 £'000
General fund	-	2,877	(12,247)	9,370	-
Analysis of movements in restricted funds	At 1 April 2021 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2022 £'000
<i>Income funds</i>					
Love London Working - grant	-	1,166	(1,166)	-	-
Increase VS	-	535	(535)	-	-
Housing Associations' Youth Network	-	474	(474)	-	-
One Digital	-	62	(62)	-	-
Big Local	-	59	(59)	-	-
Mercer's Fund	-	33	(33)	-	-
Kickstart	-	912	(912)	-	-
Social levy	-	136	(136)	-	-
Communities Programmes	-	206	(206)	-	-
Other grants and contracts	-	163	(163)	-	-
	-	3,746	(3,746)	-	-
Endowment funds					
Expendable endowment	22,367	-	-	(9,370)	12,997
	22,367	3,746	(3,746)	(9,370)	12,997

15. Legislative provisions

Clarion Futures is incorporated under the Companies Act 2006 and is a registered charity with the Charity Commission under the Charities Act 2011.

16. Related Party Disclosures

During the period, related party transactions took place between Clarion Futures and other members of the Clarion Housing Group. As required by the Charities SORP, these are disclosed in the appropriate notes.

Debtor and creditor balances with other members of the Group are either debt subject to a market rate of interest, public benefit concessionary loans where no interest is charged or trading balances which are non-interest bearing and are due to be settled within one year of their recognition.

No related party transactions have arisen from the personal interests of the Trustees. No other related party transactions require disclosure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

17. Immediate and ultimate parent undertaking

The charity's immediate and ultimate parent undertaking is Clarion Housing Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 and which is regulated by the Regulator of Social Housing.

Clarion Housing Group Limited's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA. Group accounts have been prepared by Clarion Housing Group Limited and are available from www.clarionhg.com.

18. Subsidiary undertakings and associates

Name	Legislative Provisions	Proportion of voting rights of ordinary share capital held	Nature of business
Affinity Sutton Investments Limited	Private company limited by shares	100% (£1)	Property development

The subsidiary's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA.

CLARION FUTURES

England & Wales - Charity number 1135056

Accounts

Clarion Futures

**Annual Report and Financial Statements
For the year ended 31 March 2022**

**Companies House No. 07156509
Charity Commission No. 1135056**

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TRUSTEES AND ADVISERS

Trustee Directors

Lord Barwell (Chair, appointed 26 January 2022)

John Ball

Patrick Hughes

Terry Stacy MBE

Dr. Usha Sundaram

Sue Killen (resigned 1 April 2021)

Greg Reed (Chair, appointed 2 April 2021, resigned 16 November 2021)

The directors of the charitable company are its trustees for the purposes of charity law.

Day-to-day management of the charity is delegated to the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Company Secretary

Louise Hyde

Registered and Principal Office

Level 6

6 More London Place

Tooley Street

London

SE1 2DA

Auditors

KPMG LLP

15 Canada Square

London

E14 5GL

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT)

The trustees of Clarion Futures present their annual report and financial statements for the year ended 31 March 2022.

Formation

Clarion Futures ("the charity") is a subsidiary of Clarion Housing Group Limited ("Clarion Housing Group", "the Group"), a charitable registered society and a registered provider of social housing. The Group's vision as a business for social purpose is 'Building Homes, Developing Futures', from whence the name came. The registered provider of social housing within the Clarion Housing Group is Clarion Housing Association Limited ("the Association"), a charitable community benefit society.

Objects

The objects of the charity are set out in full in its Memorandum and Articles. They are, in summary:

- To develop the capacity and skills of the members of any socially and economically disadvantaged community;
- The prevention or relief of poverty or financial hardship;
- To promote social inclusion for the public benefit;
- To promote and advance the education of the public in sustainable development and the protection, enhancement and rehabilitation of the environment;
- The promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation; and
- Providing housing accommodation and assistance to help house people and associated facilities and amenities for the relief of the aged, disabled, handicapped or chronically sick.

The trustees have had regard to public benefit in deciding to focus on communities where the Group has a substantial presence. The activities below are primarily to relieve poverty and fees are not charged.

Structure and Governance

Clarion Futures is incorporated under the Companies Act 2006 as a company limited by guarantee, and is registered as a charity with the Charity Commission. It is governed by its Memorandum and Articles of Association.

Clarion Housing Group Limited has the right to appoint and remove the charity's trustees.

There are currently five trustees, who are:

- one non-executive director of the Group;
- one non-executive director of other organisations within the Group; and
- three independent trustees.

In the event of a vacancy, the Group Remuneration and Nominations Committee will recommend the appointment of a new trustee under the Group's governance framework.

All trustees have received an induction to the overall Clarion Housing Group organisation. Trustees receive appropriate training and there is further opportunity to attend specific courses as required, using a dedicated training budget for board members within the Group. Each trustee has also been made aware of their responsibilities, using the Charity Commission's guide 'The Essential Trustee' as a reference point.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Significant decisions, such as the approval of the annual budget and business plan, are taken by the trustees. The trustees meet formally throughout the year.

Day-to-day management of the charity is delegated to the Clarion Housing Group Executive Team, and in turn to operational and administrative staff.

Clarion Futures utilises the Group's internal control framework, which includes a governance framework, financial regulations, policies and procedures, an internal audit function, a Group-wide Health and Safety function, a risk management function and three oversight committees: the Audit and Risk Committee, the Treasury Committee and the Investment Committee (which scrutinises all property development).

Grantmaking policy

Clarion Futures is only able to provide financial assistance in accordance with its objects, as summarised on page 4.

Investment Policy

Clarion Futures aims to use its resources to provide high quality services which support vulnerable people and communities in the areas where Clarion Housing Group operates. Enabling activity is funded through external income, direct deployment of the charity's expendable endowment or indirectly, through returns from the charity's investments.

The Trustees note the investment grade rating assigned to Clarion Housing Group by credit rating agencies Moody's (A3 with stable outlook) and Standard and Poor's (A- with stable outlook). These strong investment grade ratings are consistent with Clarion Futures' credit risk appetite, accordingly, funds continue to be lent to the Association on a short-term basis.

The investment strategy is considered as part of the charity's budget and business planning process. As at 31 March 2022 £18.0 million is lent on an arm's length basis to the Association (2021: £27.0 million) attracting interest at SONIA plus 1.5%

Reserves Policy

In accordance with the wishes of the donors, donations from the Association have been retained as an expendable endowment in order to invest and generate future income to support Clarion Futures' charitable activities. The budget for the year ending 31 March 2022 and future years has been approved on the basis that the Association will provide for any expected shortfall below £20 million. On 28 April 2022 £7 million was transferred in order to fund the shortfall which existed as at 31 March 2022.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

STRATEGIC REPORT

Achievements and Performance

During the year funding was received from a number of sources including the European Social fund for 'Love London Working' and a number of charitable trusts. Activities focussed on communities where the Association operates.

The strategic objectives for Clarion Futures are as follows:

1. To support the unemployed into work and training;
2. To help people on low incomes maximise their income, reduce energy bills, build their financial capability and resilience, and reduce and avoid debt;
3. To help them access the internet and improve their digital skills; and
4. To support younger and older vulnerable residents and strengthen and improve local communities and the ability of local people to improve their communities.

All of the charity's activity in the period has been focussed on delivering programmes that aim to achieve these objectives. As the rest of the Clarion Housing Group is focussed on providing housing accommodation and assistance, the charity is not currently active in this area but will keep this under review. The Group has kindly made available its specialist staff from the Community Investment team to set up and run these programmes and Clarion Futures has reimbursed their direct costs. The Group charged the charity £0.9 million (2021: £0.7 million) for central management overheads incurred in supporting the programme, including IT, HR, Governance and Finance support; a further £2.1 million of these costs were not recharged and have been recognised as donated services (2021: £2.2 million).

As a result of the continuing Covid-19 pandemic the year ending March 2022 continued to be challenging. At times face to face delivery and community-based provision had to be curtailed and many community centres closed. During lockdowns staff worked hard to re-design services and deliver them by telephone or online, which worked well in most instances. Grants programmes were re-focussed on alleviating the worst impacts of Covid-19. This quick action meant that residents continued to receive vital support during the year and support returned to pre-pandemic levels in many areas.

The trustees are pleased to report on a wide ranging and active programme of projects supporting the four strategic objectives:

Helping Residents into Work and Training

The charity has continued to recognise the importance of helping people into work and training. Clarion Futures achieves this through five main services:

1. **Jobs & Training employment service:** this team supports unemployed people across the country in two key ways:
 - (i) Pre-Employment support - helps the unemployed get ready for work through bespoke support, advice and guidance, confidence building, vocational and sector-specific training programmes, numeracy, literacy and IT support, work placements volunteering, job clubs, grants and support with costs such as childcare and travel; and
 - (ii) Employer Engagement - working with employers and the pre-employment team to source and place unemployed people directly into job vacancies as well as providing 'in-work' support and apprenticeship opportunities.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

2. **Love London Working:** in October 2015, the charity secured £6.64 million from the European Social Fund ("ESF", managed by the Greater London Authority, "GLA"), to deliver a £13.3 million project to support thousands of London's most vulnerable and excluded residents into employment and training. The project is called 'Love London Working'. Clarion Futures is the accountable body and leads the project on behalf of 15 housing associations in London. Of the grant and spend amounts above, around 40% is expected to be the charity's share over the course of the project. Following a successful application the contract with the GLA was extended in August 2019 to March 2023. The total funding for the project has increased to £34 million and the targets increased to a total of 28,000 people supported of which 7,500 will be helped into work. At the end of March 2022 a total of 22,832 had been supported with 7,160 supported into work.
3. **Apprenticeships:** working with employers and Clarion Housing Group, Clarion Futures continued to provide a wide-ranging apprenticeship programme, supporting 160 apprenticeships. This brings the overall number of apprenticeships supported by the charity to 1,625 (2021:1,465) since the programme started 11 years ago.
4. **Self-employment:** setting up your own business is a helpful and flexible route into work for some people and the charity has supported residents with training and grant support for a number of years. The programme was boosted by an EU funded programme in the East of England called 'Increase VS' providing training and mentoring support to help residents set up in business. We are pleased to report that our business start-up activities supported 114 new business start-ups during the year (2021: 188).
5. **Kickstart:** recognising the particular challenges faced by young people as a result of the pandemic we set up the 'Kickstart Housing Partnership' with 85 partners. With funding from the government the partnership delivered 542 paid six month work placements for 16-24 year olds, 130 of these were in Clarion itself. The programme will end in 2022/23 and the focus will shift to supporting as many young people on the programme to progress into permanent employment when their placement ends.

These five services enabled Clarion Futures to support a total of 3,717 people into work in the last year (2021: 2,558).

Clarion Futures also offers a wide range of training opportunities for residents:

Pre-employment skills: helping people to develop the skills needed to access employment. This includes confidence, motivation, CV writing and interview skills;

E-learning: the charity has a comprehensive e-learning programme offering access to training in subjects such as health and safety, manual handling and IT essentials; and

Vocational training: the charity works with employers and work placement hosts to offer residents accredited training opportunities that aim to lead to voluntary work placements and/or work. In the last year we have run vocational courses in subjects such as Construction Skills, Security Industry Authority awards, Personal Track Safety and Customer Service.

These programmes resulted in 5,282 (2021: 5,157) training outcomes during the year.

Money and Digital Service

Clarion Futures continues to promote an extensive Financial and Digital Inclusion programme through its 'Money' and 'Digital' services. These proved to be vital during the pandemic. The national offer covers a number of areas of support:

Access to banking and Credit Union services: our National Banking Offer with Leeds City Credit Union offers a full range of on-line and telephone-based banking services coupled with savings, loans and a range of other affordable financial products.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Money & Energy saving guidance: the telephone based one-to-one service continues to provide extensive support to residents with budgeting, energy saving and financial capability support. Over 20,000 support interventions were delivered by the service supporting 3,945 households during the year. The Money Guidance team also provided direct support to 2,529 (2021: 2,124) Universal Credit claimants, who were either new to claiming the benefit or had recently experienced a change in circumstances.

Hardship Fund: our 'Money Matters' Support Fund provides grants for financially-constrained residents to buy white goods and cookers. A total of £262,000 was provided to 869 households for household goods or a food or household energy voucher to give financial 'breathing space' while they got themselves back into a more stable financial position.

Debt Advice: Clarion Futures provides access to free telephone-based debt advice through partnerships with Step Change Debt Charity and Penny Smart. A total of 3,022 (2021: 3,584) of the Association's residents were referred for debt advice during the year. An additional £22,093 was awarded to community groups to support them to deliver money guidance activities.

Access to the internet (digital inclusion): the pandemic meant digital inclusion has been a key focus for Clarion Futures over the last couple of years. The Digital device loan scheme has rapidly expanded with more than 800 (2021: 350) laptops and wifi devices on loan to residents, job seekers, schools, Digital Champions and community groups. Alongside this we continued to deliver our digital skills training programme delivering a total of 3,110 (2021: 2,536) hours of training. Overall, the 'Digital' service delivered 28,858 (2021: 14,000) digital support interventions to 3,254 individuals.

Communities Programme - Supporting Young People and Improving Communities

During the year Clarion Futures continued to support a wide range of projects designed to improve communities and support Clarion's younger and older residents. Some of the main highlights of the programme are outlined below:

Community Grants Programme

A total of £611,031 in grants were awarded to 112 projects in Clarion communities, benefitting 17,000 Clarion residents and delivering 23,750 extra volunteer hours.

Age Friendly Communities

Over the last 12 months the Age Friendly Team has grown its programmes significantly, testing and learning new approaches to support our communities to age well.

The latest cohort of National Ambassadors saw seven inspirational young residents join the programme and take part in a busy calendar of volunteering and social action initiatives. Amongst their priorities they worked collaboratively in helping Clarion understand more fully how they could shape their services on a national and local scale. Their "brilliant business problem" was centred on how we can get more people involved in initiatives to make their neighbourhoods greener. The Ambassadors presented at key Clarion events, including the annual #Room4Young People conference involving multiple HAs and other key external stakeholders.

In addition, Clarion 55, our Ambassador group representing older residents (a central plank of our Age-friendly Strategy) has gone from strength to strength and has been instrumental in championing and co-designing several key pilot initiatives across Clarion Housing Group. These include Wellbeing 10 – a pilot designed to encourage Clarion Response contractors to spend up to 10 minutes extra per resident visit to check on their wellbeing and make referrals as appropriate (this will be rolled out across additional areas in 2022/23), and HomeShare – an exciting partnership with Homeshare UK looking at designing a model to enable older residents currently under-occupying to co-habit with younger people looking for affordable accommodation in return for help and companionship in the home.

One of the highlights was our Youth Exchange Programme which saw a group of 11 young people from our UK communities and Cyprus come together to share ideas and create

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

International social action projects. In May 2022 we travelled to Cyprus for the second part of the programme.

The launch of our Hometruths House programme has also been a great success, with all new young tenants being offered support and guidance when setting up their first tenancy through a one-off workshop, voucher for their home and ongoing advice through the Clarion Futures teams.

We have also launched our Play Programme through a series of 'Play Streets' – closing streets to campaign for children's 'right to play' in our communities. We have also worked across the Group to create a Play Strategy which will be launched in 2022/23.

Finally, we have been leading a Group-wide approach to improve our support offer for care leavers. The care leavers working group has been creating a set of Group-wide commitments to enhance our existing offer for those with care experience and develop new projects and programmes to ensure a positive experience living in our homes.

Overall the Communities programme delivered 47,000 positive engagements of young people during the year, achieving 10,434 positive progressions including accredited training outcomes, volunteering placements and jobs.

Community Assets

Clarion Futures continues to work closely with Clarion Housing Association to enable their residents and local community organisations to access Clarion's Community Assets (facilities). Several transfers of assets into local ownership were completed during the year, including assets in Salford, Bolton, Stevenage, and Birmingham.

Open spaces improvement

We have delivered over 10,000 m2 of improvements to underutilised open space and community facilities across our neighbourhoods. These included new initiatives based around biodiversity / environmental awareness; food growing initiatives on estates; and larger environmental improvement projects including new play areas, social spaces and fitness zones. Our 'Backyard Nature' partnership has brought together several like-minded HA partners to push forward the climate change agenda and make a real impact on eco-diversity on micro-sites across Clarion's housing estates.

Financial Review

The statement of financial activities is set out on page 17 and shows the result for the year.

The charity's income for the year was £6.6 million (2021: £5.4 million), which included £2.1 million (2021: £2.2 million) of donated services from Clarion Housing Group. As a result of sourcing additional external funding to support the charity's activity and expenditure, income recognised on external grants and contracts rose to £4.1 million (2021: £2.7 million).

Interest income from the investment of the charity's endowment was lower at £0.4 million (2021: £0.6 million) as a result of reduced Endowment Funds and interest rates (2022: 1.64%; 2021: 1.75%).

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

A total of £16.0 million (2021: £13.7 million) was spent in line with the charity's charitable objectives. An analysis of this expenditure, by type and between Clarion Futures' four strategic objectives, is provided in note 4 to the financial statements.

As at 31 March 2022 £5.2 million (2021: £5.2 million) was loaned from Circle Anglia Foundation at a zero interest rate. This balance is included in the amount on-lent to Clarion Housing Association (2022: £18.0 million; 2021: £27.0 million) which attracts interest at SONIA plus 1.5%.

Plans for Future Periods

The Covid-19 pandemic has had a huge impact on Clarion's residents and communities and the impact is expected to continue to be felt. The charity has reviewed the way it provides support and has established new products and ways of working to address the impact, for instance providing more online support and digital devices to residents. As the country reopens our residents are now facing an unprecedented increase in the 'cost of living' as a result of rising energy costs and inflation. Extra resources will be made available to our Money Guidance team over the coming year to support our residents, particularly those most vulnerable to fuel poverty. We will also continue to support our charitable partners on the ground by providing non-financial business advice and core cost support where needed.

The external funding environment is also changing with the launch of the UK Shared Prosperity Fund. Some of our key projects such as 'Love London Working' are reliant on external funding and during the coming year we will engage funders and commissioners to try and secure additional funding to enable us to continue this vital support.

The charity's strategy is currently under review, however, major changes are unlikely.

Principal Risks and Uncertainties

The Board reviews the key risks facing the charity on a regular basis. The current principal risks are:

- The availability of funding, particularly externally. Following the UK's withdrawal from the EU the external funding landscape is changing and there is a lot of uncertainty about the level of replacement funding available and how easy it will be to access.
- Clarion Futures does not have sufficient resources to support residents and communities, particularly in light of the recent increase in inflation and energy costs.
- A loss of reputation for both Clarion Futures and the overall Clarion Housing Group as a result of a poor outcome from a charitable activity – this includes health & safety risks relating in particular to managing Clarion's community facilities, overseeing large externally funded partnership programmes, compliance with FCA guidelines, safeguarding and data protection.

The trustees have considered Clarion Futures' risks and their mitigation such as insurance, resourcing levels, fundraising strategy and control frameworks.

Events after the End of the Reporting Period

On 18 June 2022, Clarion Housing Group was subject to a cyber attack, which is still being investigated at the time of signing these subsidiary accounts. Whilst this impacts across the Group and its subsidiaries, there is no indication from the investigations being undertaken and commissioned by management that there has been any impact on these financial statements for the year ended 31 March 2022.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Disclosure of Information to Auditor

The trustees who held office at the date of approval of this Report of the Trustees (including Strategic Report) confirm that, so far as they are each aware, there is no relevant audit information of which the charitable company's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

The Group's statutory audit contract was put out to tender during 2022, with the new auditor appointed in time to audit the annual report and financial statements for the year ended 31 March 2023. KPMG LLP, the Group's current auditors, have been successful in their tender. Accordingly, a resolution to reappoint them as auditor was passed at the July Trustees Meeting.

On behalf of the trustees, including approval of the Strategic Report as company directors,

Gavin Barwell

Lord Barwell
Chair
31 August 2022

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF CLARION FUTURES IN RESPECT OF THE REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Report of the Trustees (including Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of income and expenditure for that period. In preparing these financial statements, the Trustees are 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES

Opinion

We have audited the financial statements of Clarion Futures ("the charitable company") for the year ended 31 March 2022 which comprise the Statement of Financial Activities (including Income and Expenditure Account), Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Executive team who have delegated responsibility for the day to day management of the Charity, the audit committee and internal audit as to whether they have knowledge of any actual, suspected or alleged fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

- Reading Board of Trustee's and Audit Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the Charitable Company's material income streams. The Charitable Company is notified from external third parties of income it has been awarded or has earned and income is accounted for when receipt is probable and measurable.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations and other unusual journal characteristics;
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Executive team who have delegated responsibility for the day to day management of the Charity (as required by auditing standards). We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Other information

The trustees are responsible for the other information, which comprises the Report of the Trustees (including Strategic Report). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees (including Strategic Report), which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable 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 charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Ben Lazarus (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

5 September 2022

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 Unrestricted funds £'000	2022 Restricted funds £'000	2022 Endowment funds £'000	2022 Total funds £'000	2021 Total funds £'000
Income and endowments from						
Donations and legacies	3	2,157	-	-	2,157	2,156
Charitable activities						
Grants and contracts	3	319	3,746	-	4,065	2,694
Investments						
Interest receivable	3	401	-	-	401	556
Total		2,877	3,746	-	6,623	5,406
Expenditure on						
Charitable activities	4	(12,238)	(3,746)	-	(15,984)	(13,657)
Other		(9)	-	-	(9)	(21)
Total		(12,247)	(3,746)	-	(15,993)	(13,678)
Transfers between funds		9,370	-	(9,370)	-	-
Net movement in funds		-	-	(9,370)	(9,370)	(8,272)
Reconciliation of funds						
Total funds brought forward	14	-	-	22,367	22,367	30,639
Total funds carried forward	14	-	-	12,997	12,997	22,367

All incoming resources and resources expended derive from continuing activities.

The comparative figures exclusively relate to unrestricted funds with the exception of grant and contracts income and expenditure on charitable activities which both include £2,421,000 in relation to restricted income funds, total funds brought forward which includes £30,639,000 in relation to Endowment funds, and total funds carried forward which includes £22,367,000 in relation to Endowment funds.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments	9	17,997	27,014
Current assets			
Debtors: amounts falling due within one year	10	1,444	661
Cash and cash equivalents		1,671	2,046
		3,115	2,707
Current liabilities			
Creditors: amounts falling due within one year	11	(2,916)	(2,155)
Net current assets		199	552
Creditors: amounts falling due after one year	12	(5,199)	(5,199)
Net assets		12,997	22,367
The funds of the charity			
Share capital	13	-	-
Endowment funds	14	12,997	22,367
		12,997	22,367

The financial statements were approved by the Board and were signed on their behalf by:

Gavin Barwell

Lord Barwell
Chair
31 August 2022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (January 2022) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice (October 2019) ("the SORP"), the Companies Act 2006 and the Charities Act 2011.

Clarion Futures is a public benefit entity.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Clarion Futures' financial statements.

Basis of preparation

The financial statements are prepared on an accruals basis and under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity has no significant specific commitments or material committed costs beyond its fixed costs of operation which are detailed in note 4.

The Trustees have reviewed the charity's financial plan, including forecasts for a period of 12 months from the date of approval of these financial statements, which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of Covid-19 on these forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the 12 month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

Basis of consolidation

Clarion Futures is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as its results are included within the consolidated financial statements of its ultimate parent undertaking.

Disclosure exemptions

Clarion Futures has taken advantage of the exemptions in FRS 102 in respect of the following disclosures:

- a. the requirement to present a statement of cash flows and related notes; and
- b. financial instrument disclosures, including: categories of financial instruments; items of income, expense, gains or losses in respect of financial instruments; and, exposure to, and management of, financial risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

1. Accounting policies (continued)

Value Added Tax

The company's VAT affairs are dealt with under a Group registration in the name of Clarion Housing Group Limited. Turnover and other income are shown net of any VAT charged. As most of the Group's income comes from renting out residential property, which is exempt from VAT, the Group only recovers a small proportion of the input VAT it incurs, and Clarion Futures' expenditure is shown inclusive of irrecoverable VAT.

Turnover

Incoming resources, including grant income, are accounted for when Clarion Futures has entitlement to the funds, the receipt is probable and the amount is measurable. Income is deferred where the donor specifies that resources be used in a future accounting period(s) or where conditions are required to be met by Clarion Futures before it is unconditionally entitled to the income.

Donated services

Donated services are included in incoming resources when the benefit to the charity is reasonably quantifiable and measurable, and are measured at fair value.

Resources expended

Expenditure on charitable activities is recognised once there is a legal or constructive obligation to make payment to a third party; in the case of grants payable, these are recognised when the award has been communicated to the recipient.

Costs are classified according to Clarion Futures' four strategic objectives, with staff costs allocated according to the objective they work towards.

Impairment

Debtors are assessed for recoverability at each reporting date.

For other assets an impairment review is undertaken when there is an indication that an asset may be impaired. Impairment is recognised when it is assessed that the carrying amount of that asset (or the cash generating unit, including goodwill, it belongs to) is higher than the recoverable amount, which is the higher of fair value less costs to sell and value in use. Where this is the case the higher of these two values is taken to be the new book value, and the difference is the impairment loss.

After an impairment loss has been recognised, the recoverable amount of an asset or cash-generating unit may increase because of changes in: economic conditions; the circumstances that previously caused the impairment; or, the expected use of the asset(s). As a result, the carrying amount is adjusted to the lower of the new recoverable amount and the carrying amount that would have been determined had the original impairment not occurred, with the exception that the impairment of goodwill is not reversed.

Interest receivable

Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

1. Accounting policies (continued)

Corporation tax

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

Public benefit concessionary loans

As a "public benefit entity" (as defined by FRS 102), loans which are made or received as part of Clarion Futures's charitable objectives, at below-market rates of interest, and are not repayable on demand, qualify for treatment as public benefit entity concessionary loans. They are initially recorded at the amount lent and subsequently adjusted for accrued interest receivable less any impairment loss.

Financial instruments

Clarion Futures applies the recognition and measurement provisions of IFRS 9 Financial Instruments, as allowed by FRS 102.

All investments, short-term deposits and loans held by Clarion Futures are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

On initial recognition, a financial asset is classified as measured at either amortised cost, fair value through other comprehensive income ("FVOCI") debt investment, FVOCI equity investment or fair value through profit and loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- i. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- i. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

1. Accounting policies (continued)

Where loans and other financial instruments are redeemed during the year, a redemption penalty is recognised in the Income Statement of the year in which the redemption takes place, where applicable.

Other debtors and creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction and does not qualify for treatment as a concessionary loan, in which case the present value of the future receipts discounted at a market rate of interest is used.

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of Clarion Futures' cash management strategy.

Unrestricted funds

Unrestricted funds include a general fund which may be used by Clarion Futures for any of its general purposes, and designated funds which have been earmarked by the Trustees for a particular purpose.

Restricted funds

Restricted funds must be used for the specific purpose(s) set out by the donor(s).

Endowment funds

Endowment funds arise in accordance with the wishes of the donor. Income generated from endowments is treated as unrestricted if there are no conditions as to the use of this income.

2. Significant judgements and accounting estimates

Significant judgements

With the exception of those relating to accounting estimates and uncertainty, no significant judgements have been made in applying the charity's accounting policies.

Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. The following accounting estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities - and therefore the income and expenses recognised - within the next financial year:

- 1 The recoverable amount of debtors.

Debtors are reviewed on a case-by-case basis and provided for as deemed to be necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

3. Income and endowments

	2022	2021
	Total	Total
Donations and legacies	£'000	£'000

From other members of the Clarion Housing Group	2,157	2,156
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Included in donations and legacies from other members of the Clarion Housing Group is £2,085,000 (2021: £2,156,000) as an estimated value of the central costs and overheads which were incurred by Clarion Housing Group Limited in relation to Clarion Futures' activities, but not recharged. A corresponding amount has been included in support costs, where a further analysis has also been provided (see note 5). Other intra-group funding of £72,000 (2021: £nil) is included.

	2022	2021
	Total	Total
Grants and contracts	£'000	£'000

Unrestricted

Love London Working - management fees charged to partners	319	273
	319	273

Restricted

Love London Working - grant	1,166	994
Increase VS	535	676
Housing Associations' Youth Network	474	533
One Digital	62	46
Big Local	59	57
Mercer's Fund	33	5
Kickstart	912	-
Social levy	136	-
Communities Programmes	206	-
Other grants and contracts	163	110
	3,746	2,421
	4,065	2,694

	2022	2021
	Total	Total
Interest receivable	£'000	£'000

Interest on loans to Group undertakings	401	556
	401	556

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

4. Analysis of expenditure on charitable activities

Year ended 31 March 2022 :

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2022 Total £'000
Grants made	98	356	537	-	991
Staff costs including travel (note 7)	4,349	1,419	1,897	-	7,665
Other costs	896	506	1,974	-	3,376
Costs directly allocated to activities	5,343	2,281	4,408	-	12,032
Support costs (note 5)	1,638	516	689	1,109	3,952
Total resources expended	6,981	2,797	5,097	1,109	15,984

Expenditure is supported by:

Direct grant and contract income	3,044	62	927	32	4,065
Other income	3,937	2,735	4,170	1,077	11,919
	6,981	2,797	5,097	1,109	15,984

As per note 7, Clarion Futures does not directly employ staff and is recharged staff costs, including on-costs, by a fellow Group member.

Grants made in the year ended 31 March 2022:

Helping Residents into Work and Training: grants made in 2021-2022 include 107 related to Retraining (£66,208), 170 to Rework (£13,766), 19 to Business start ups (£16,962) and 10 to Business Rework (£1,136).

Money and Digital Service: grants made in 2021-2022 include £93,966 awarded to 21 projects through the Digital Inclusion Grants Programme and £262,104 awarded in grants to households.

Supporting Young People and Improving Communities: grants made in 2021-2022 include a total of £516,065 awarded to 91 projects focused on supporting young people and improving communities across the Bounce Back Project Grants, Digital Inclusion Grants, Hackney Community Grants, West Ealing Community Grants, Recovery and the Resilience Care Costs Grants Programmes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

4. Analysis of expenditure on charitable activities (continued)

Year ended 31 March 2021 :

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2021 Total £'000
Grants made	71	124	518	-	713
Staff costs including travel (note 7)	3,416	1,468	1,646	-	6,530
Other costs	590	487	1,722	-	2,799
Costs directly allocated to activities	4,077	2,079	3,886	-	10,042
Support costs (note 5)	1,424	597	666	928	3,615
Total resources expended	5,501	2,676	4,552	928	13,657

Expenditure is supported by:

Direct grant and contract income	1,942	48	690	14	2,694
Other income	3,559	2,628	3,862	914	10,963
	5,501	2,676	4,552	928	13,657

Grants made in the year ended 31 March 2021:

Helping Residents into Work and Training: £71,000 has been granted to Charis Grants to deliver the Jobs and Training grants programme.

Money and Digital Service: A total of £124,000 was awarded to 23 projects providing essential digital skills training.

Supporting Young People and Improving Communities: The Clarion Futures Emergency Support Fund was launched within two weeks of the first national lockdown with two new funding schemes set up to support partners' response to the impact of Covid-19. The two schemes focussed on food poverty relief and general community welfare support. Two further areas were identified for action during the extended crisis. This led to the swift design and launch of a Holiday Hunger Fund and a Summer Catch-Up Fund to support young people during the holiday period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)**5. Analysis of support costs (including governance)**

The charity has recognised £3,926,000 of support costs in relation to services provided by Clarion Housing Group Limited (2021: £3,591,000), £2,085,000 of which were not recharged (2021: £2,156,000) (see note 3).

Head office staff costs have been allocated between charitable activities and governance based on the function of their department, and further between charitable activities based on their relative staff costs. General office costs have been allocated by total staff cost.

Additionally, the charity has paid support costs to other organisations including £25,880 to Charis Grants Limited to administer the Ready 2 Work (Jobs & Training) grants (2021: £19,000).

Year ended 31 March 2022 :

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2022 Total £'000
Head office staff costs	483	158	211	671	1,523
General office costs	1,129	358	478	438	2,403
	1,612	516	689	1,109	3,926
Direct support costs	26	-	-	-	26
	1,638	516	689	1,109	3,952

Year ended 31 March 2021 :

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2021 Total £'000
Head office staff costs	600	255	283	572	1,710
General office costs	805	342	378	356	1,881
	1,405	597	661	928	3,591
Direct support costs	19	-	5	-	24
	1,424	597	666	928	3,615

6. Trustees' remuneration

The Trustees (who are considered the key management personnel for the purposes of FRS 102) received no remuneration in respect of their services to Clarion Futures, in either the current or preceding year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)**7. Employee information**

Clarion Futures does not directly employ any staff but instead makes use of the employees of Clarion Housing Association Limited, who it then reimburses at cost. The total recharge for the year, including non-payroll costs, was £9,239,000 (2021: £7,532,000).

The average monthly number of persons made use of during the period was:

	2022 Number	2021 Number
Full time equivalents	161	141

The average monthly headcount in the year was 167 (2021: 149).

Staff Costs:	2022 £'000	2021 £'000
Wages and salaries	6,495	5,835
Compensation for loss of office	38	41
Social security costs	634	570
Pension costs	318	286
	7,485	6,732

£1,101,000 (2021: £1,227,000) of the wages and salaries above relates to employees who are members of the Clarion Housing Group Pension Scheme, the liability for which is included in the financial statements of Clarion Housing Association Limited.

Included in the recharge were employees with remuneration exceeding £60,000 as follows:

	2022 Number	2021 Number
£60,001-£70,000	6	5
£80,001-£90,000	1	3
£90,001-£100,000	3	3
	10	11

Retirement benefits are accruing under a defined benefit scheme for 6 of these employees (2021: 7).

For the current year we have incorporated the value of non-cash benefits. The comparatives have been amended for consistent presentation.

8. Net outgoing resources for the year

	2022 £'000	2021 £'000
<u>Auditor's remuneration (exclusive of VAT)</u>		
- for statutory audit services	8	8
- for other services	-	-
	8	8

Clarion Futures' audit fees are incurred by Clarion Housing Group Limited, and are included in the fair value of donated services received by the company.

Amounts receivable by the charity's auditor and its associates in respect of non-audit services, where procured on a Group-wide basis, are not included above. Instead the information is disclosed on a consolidated basis in the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

9. Fixed asset investments

	2022 £'000	2021 £'000
Loans to Group undertakings		
At the beginning of the year	27,014	36,814
Net repayment	(9,017)	(9,800)
At the end of the year	<u>17,997</u>	<u>27,014</u>

All investments held during the year are held primarily to provide an investment return to the charity. At the reporting date, £17,997,000 is lent to Clarion Housing Association Limited (2021: £27,014,000). Interest is charged at SONIA plus 1.5%.

10. Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts due from Group undertakings: interest	1	73
Prepayments and accrued income	1,331	527
Amounts due from Group undertakings: trading	22	5
Other debtors	90	56
	<u>1,444</u>	<u>661</u>

11. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	82	130
Accruals and deferred income	1,035	982
Amounts due to Group undertakings: trading	1,494	332
VAT creditor	8	4
Other creditors	297	707
	<u>2,916</u>	<u>2,155</u>

£757,000 of deferred income is included within accruals and deferred income (2021: £769,000).

Deferred income relates to income received from donors which is subject to restrictions which prevent their use until a later date. £762,000 of the income deferred at 31 March 2021 was released in the year, and £750,000 received in the year was deferred.

12. Creditors: amounts falling due after one year

	2022 £'000	2021 £'000
Amounts due to Group undertakings: loans	<u>5,199</u>	<u>5,199</u>
Loans are repayable, otherwise than by instalments as follows:		
After five years	<u>5,199</u>	<u>5,199</u>

The company has a £10,000,000 facility with Circle Anglia Foundation Limited. This loan is repayable in March 2029. This is a public benefit concessionary loan where no interest is charged.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

13. Share capital

The company is limited by guarantee, having no share capital. In the event of a winding up each current Trustee, and any Trustees in the twelve months prior, shall contribute up to £10 each.

14. Analysis of charitable funds

Analysis of movements in unrestricted funds	At 1 April 2021 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2022 £'000
General fund	-	2,877	(12,247)	9,370	-
Analysis of movements in restricted funds	At 1 April 2021 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2022 £'000
<i>Income funds</i>					
Love London Working - grant	-	1,166	(1,166)	-	-
Increase VS	-	535	(535)	-	-
Housing Associations' Youth Network	-	474	(474)	-	-
One Digital	-	62	(62)	-	-
Big Local	-	59	(59)	-	-
Mercer's Fund	-	33	(33)	-	-
Kickstart	-	912	(912)	-	-
Social levy	-	136	(136)	-	-
Communities Programmes	-	206	(206)	-	-
Other grants and contracts	-	163	(163)	-	-
	-	3,746	(3,746)	-	-
<i>Endowment funds</i>					
Expendable endowment	22,367	-	-	(9,370)	12,997
	22,367	3,746	(3,746)	(9,370)	12,997

On 28 April 2022 Clarion Housing Association transferred £7 million to the charity in order to maintain the endowment fund at the agreed minimum of £20 million.

	At 1 April 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2021 £'000
Analysis of movements in unrestricted funds					
General fund	-	2,985	(11,257)	8,272	-

15. Legislative provisions

16. Related Party Disclosures

No related party transactions have arisen from the personal interests of the Trustees. No other related party transactions require disclosure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

17. Immediate and ultimate parent undertaking

The charity's immediate and ultimate parent undertaking is Clarion Housing Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 and which is regulated by the Regulator of Social Housing.

Clarion Housing Group Limited's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA. Group accounts have been prepared by Clarion Housing Group Limited and are available from www.clarionhg.com.

18. Subsidiary undertakings and associates

Name	Legislative Provisions	Proportion of voting rights of ordinary share capital held	Nature of business
Affinity Sutton Investments Limited	Private company limited by shares	100% (£1)	Property development

The subsidiary's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA.

Community Impact Partnership CIC	Private company limited by shares; Community Interest Company	25% (£1)	Social investment fund
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Clarion Futures transferred its interest in Community Impact Partnership CIC to KeyFund in March 2022 for nil consideration.

19. Events after the end of the reporting period

On 28 April 2022 Clarion Housing Association transferred £7 million to the charity in order to maintain the endowment fund at the agreed minimum of £20 million.

Accounts

Clarion Futures

**Annual Report and Financial Statements
For the year ended 31 March 2021**

**Companies House No. 07156509
Charity Commission No. 1135056**

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TRUSTEES AND ADVISERS

Trustee Directors

Greg Reed (Chair, appointed 2 April 2021)
John Ball
Patrick Hughes
Terry Stacy MBE
Dr. Usha Sundaram

Sue Killen (resigned 1 April 2021)

The directors of the charitable company are its trustees for the purposes of charity law.

Day-to-day management of the charity is delegated to the Clarion Group Executive Team, with Clare Miller as Group Chief Executive.

Company Secretary

Louise Hyde

Registered and Principal Office

Level 6
6 More London Place
Tooley Street
London
SE1 2DA

Principal Solicitors

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London
SE1 9BB

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

NatWest Bank plc
143 High Street
Bromley
Kent
BR1 1JH

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT)

The trustees of Clarion Futures present their annual report and financial statements for the year ended 31 March 2021.

Formation

Clarion Futures ("the charity") is a subsidiary of Clarion Housing Group Limited ("Clarion Housing Group", "the Group"), a charitable registered society and a registered provider of social housing. The Group's vision as a business for social purpose is 'Building Homes, Developing Futures', from whence the name came. The registered provider of social housing within the Clarion Housing Group is Clarion Housing Association Limited ("the Association"), a charitable community benefit society.

Objects

The objects of the charity are set out in full in its Memorandum and Articles. They are, in summary:

- To develop the capacity and skills of the members of any socially and economically disadvantaged community;
- The prevention or relief of poverty or financial hardship;
- To promote social inclusion for the public benefit;
- To promote and advance the education of the public in sustainable development and the protection, enhancement and rehabilitation of the environment;
- The promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation; and
- Providing housing accommodation and assistance to help house people and associated facilities and amenities for the relief of the aged, disabled, handicapped or chronically sick.

The trustees have had regard to public benefit in deciding to focus on communities where the Group has a substantial presence. The activities below are primarily to relieve poverty and fees are not charged.

Structure and Governance

Clarion Futures is incorporated under the Companies Act 2006 as a company limited by guarantee, and is registered as a charity with the Charity Commission. It is governed by its Memorandum and Articles of Association.

Clarion Housing Group Limited has the right to appoint and remove the charity's trustees.

There are currently five trustees, who are:

- one non-executive director of the Group;
- one non-executive director of other organisations within the Group; and
- three independent trustees.

In the event of a vacancy, the Group Remuneration and Nominations Committee will recommend the appointment of a new trustee to the Group, under the Group's governance framework.

All trustees have received an induction to the overall Clarion Housing Group organisation. Trustees receive appropriate training and there is further opportunity to attend specific courses as required, using a dedicated training budget for board members within the Group. Each trustee has also been made aware of their responsibilities, using the Charity Commission's guide 'The Essential Trustee' as a reference point.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Significant decisions, such as the approval of the annual budget and business plan, are taken by the trustees. The trustees meet formally throughout the year.

Day-to-day management of the charity is delegated to the Clarion Housing Group Executive Team, and in turn to operational and administrative staff.

Clarion Futures utilises the Group's internal control framework, which includes a governance framework, financial regulations, policies and procedures, an internal audit function, a Group-wide Health and Safety function, a risk management function and three oversight committees: the Audit and Risk Committee, the Treasury Committee and the Investment Committee (which scrutinises all property development).

Grantmaking policy

Clarion Futures is only able to provide financial assistance in accordance with its objects, as summarised on page 4.

Investment Policy

Clarion Futures aims to use its resources to provide high quality services which support vulnerable people and communities in the areas where Clarion Housing Group operates. Enabling activity is funded through external income, direct deployment of the charity's expendable endowment or indirectly, through returns from the charity's investments.

The Trustees note the investment grade rating assigned to Clarion Housing Group by credit rating agencies Moody's (A3 with stable outlook) and Standard and Poor's (A- with stable outlook). These strong investment grade ratings are consistent with Clarion Futures' credit risk appetite, accordingly, funds continue to be lent to the Association on a short-term basis.

The Trustees regularly review the investment strategy as investment returns and funding requirements evolve.

As at 31 March 2021 £27 million is lent on an arm's length basis to the Association (2020: £36.8 million).

Reserves Policy

In accordance with the wishes of the donors, the donations from the Association have been retained as an expendable endowment in order to invest and generate future income to support Clarion Futures' charitable activities. During 2021-22 it is expected that the spending from the expendable endowment fund will cease when it reaches £20 million. The budget for the year ending March 2022 was approved on the basis that the Association will provide for the expected shortfall during the year.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

STRATEGIC REPORT

Achievements and Performance

During the year funding was received from a number of sources including the European Social fund for 'Love London Working' and a number of charitable trusts. Activities focussed on communities where the Association operates.

The strategic objectives for Clarion Futures are as follows:

1. To support the unemployed into work and training;
2. To help people on low incomes maximise their income, reduce energy bills, build their financial capability and resilience, and reduce and avoid debt;
3. To help them access the internet and improve their digital skills; and
4. To support younger and older vulnerable residents and strengthen and improve local communities and the ability of local people to improve their communities.

All of the charity's activity in the period has been focussed on delivering programmes that aim to achieve these objectives. As the rest of the Clarion Housing Group is focussed on providing housing accommodation and assistance, the charity is not currently active in this area but will keep this under review. The Group has kindly made available its specialist staff from the Community Investment team to set up and run these programmes and Clarion Futures has reimbursed their direct costs. The Group charged the charity £0.7 million (2020: £0.6 million) for central management costs incurred in supporting the programme, including IT, HR, Governance and Finance support; a further £2.2 million of these costs were not recharged and have been recognised as donated services (2020: £3.9 million).

As a result of the Covid-19 pandemic the year ending March 2021 was a very challenging year. All face to face delivery and community-based provision had to cease and most community centres were closed for the year. Staff worked very hard to re-design services and deliver them by phone or online, which worked well in most instances. Grants programmes were re-focussed on alleviating the worst impacts of Covid-19. This quick action meant that residents continued to receive vital support during the year.

The trustees are pleased to report on a wide ranging and active programme of projects supporting the four strategic objectives:

Helping Residents into Work and Training

The charity has continued to recognise the importance of helping people into work and training. Clarion Futures achieves this through four main services:

1. **Jobs & Training employment service:** this team supports unemployed people across the country in two key ways:
 - (i) Pre-Employment support - helps the unemployed get ready for work through bespoke support, advice and guidance, confidence building, vocational and sector-specific training programmes, numeracy, literacy and IT support, work placements volunteering, job clubs, grants and support with costs such as childcare and travel; and
 - (ii) Employer Engagement - working with employers and the pre-employment team to source and place unemployed people directly into job vacancies as well as providing 'in-work' support and apprenticeship opportunities.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

2. **Love London Working:** in October 2015, the charity secured £6.64 million from the European Social Fund ("ESF", managed by the Greater London Authority, "GLA"), to deliver a £13.3 million project to support thousands of London's most vulnerable and excluded residents into employment and training. The project is called 'Love London Working'. Clarion Futures is the accountable body and leads the project on behalf of 15 housing associations in London; of the grant and spend amounts above, around one-third is expected to be the charity's share over the course of the project. We are pleased to report that following a successful application the contract with the GLA was extended in August 2019 to March 2023. The total funding for the project has increased to £34million and the targets increased to a total of 28,000 people supported of which 7,500 will be helped into work. At the end of March 2021 a total of 20,000 had already been supported and 6,237 supported into work.
3. **Apprenticeships:** working with employers and Clarion Housing Group, Clarion Futures continued to provide a wide-ranging apprenticeship programme, supporting 215 apprenticeships. This brings the overall number of apprenticeships supported by the charity to 1,465 (2020:1,250) since the programme started 10 years ago.
4. **Self-employment** – setting up your own business is a helpful and flexible route into work for some people and the charity has supported residents with training and grant support for a number of years. The programme was boosted by an EU funded programme in the East of England called 'Increase VS' providing training and mentoring support to help residents set up in business. We are pleased to report that our business start-up activities supported 188 new business start-ups during the year.

Despite the significant challenges created by the Covid-19 pandemic these four services enabled Clarion Futures to support a total of 2,558 people into work in the last year.

A range of other activities are provided to support people taking part in the main programmes including:

Work placements: voluntary work placements are a vital support for many unemployed people as a way back into paid employment. They allow individuals to build confidence, hone their workplace skills and enhance their CVs within a formal workplace setting. Despite some difficult circumstances the charity still supported a wide range of work placements during the year with a total of 163 placements provided.

Training: Clarion Futures offers a wide range of training opportunities for residents. As a result of the pandemic most training courses were re-designed and delivered online.

Pre-employment skills - helping people to develop the skills needed to access employment. This includes confidence, motivation, CV writing and interview skills;

E-learning - the charity has a comprehensive e-learning programme offering access to training in subjects such as health and safety, manual handling and IT essentials; and

Vocational training - the charity works with employers and work placement hosts to offer residents accredited training opportunities that aim to lead to voluntary work placements and/or work. In the last year we have run vocational courses in subjects such as Construction Skills, Security Industry Authority awards, Personal Track Safety and Customer Service.

These programmes resulted in 5,157 training outcomes during the year.

Money and Digital Service

Clarion Futures continues to promote an extensive Financial and Digital Inclusion programme through its 'Money' and 'Digital' services. These proved to be vital during the pandemic. The national offer covers a number of areas of support:

Access to banking and Credit Union services: our National Banking Offer with Leeds City Credit Union offers a full range of on-line and phone-based banking services coupled with savings, loans and a range of other affordable financial products.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Money & Energy saving guidance: the telephone based one-to-one service continues to provide extensive support to residents with budgeting, energy saving and financial capability support. Over 20,000 support interventions were delivered by the service during the year and the number of residents supported increased by 45%. The Money Guidance team also provided direct support to 2,124 new Universal Credit claimants, who had lost their jobs or had working hours reduced because of Covid. Significant numbers were new to the benefit system.

Hardship Fund: our 'Money Matters' Support Fund provides grants for financially-constrained residents to buy white goods and cookers. Almost 900 households were supported through a grant for household goods or a food or household energy voucher to give financial 'breathing space' while they got themselves back into a more stable financial position. Through the Emergency Support Fund over 6,000 households were helped with emergency food relief during the year.

Debt Advice: Clarion Futures provides access to free telephone-based debt advice through partnerships with Step Change Debt Charity, Penny Smart and a number of local Citizens' Advice Bureaux (CAB). A total of 3,584 of the Association's residents were referred for debt advice during the year.

Access to the internet (digital inclusion): the pandemic meant digital inclusion was a key focus for Clarion Futures during the year. The Digital device loan scheme was rapidly expanded with more than 350 laptops and wifi devices on loan to residents, job seekers, schools, Digital Champions and community groups. Alongside this we continued to promote the Digital Champions programme who delivered a total of 2,536 hours of digital skills training. Overall, the 'Digital' service delivered 14,000 digital support interventions.

Communities Programme - Supporting Young People and Improving Communities

During the year Clarion Futures continued to support a wide range of projects designed to improve communities and support Clarion's younger and older residents. Some of the main highlights of the programme are outlined below:

Community Grants Programme

Following lockdown our grants programme was re-designed as an Emergency Support Fund to provide £725,000 to 246 projects delivering grass roots Covid-19 relief in our communities, including food banks, holiday hunger and summer catch up schemes, and volunteering schemes to help vulnerable residents.

Age Friendly Communities

During the year our Age Friendly programmes continued to play an important role in keeping our communities active and connected during the pandemic. Additional multi-year funding of over £600,000 from '#iwill Big Lottery' allowed us to expand our Community Ambassador Programme as well as rolling-out a Mini Ambassador Programme for 5-11 year olds to undertake local youth social action around the themes of intergenerational connections and nature. We also launched our Social Action Youth Connectors scheme and an International Youth Exchange in partnership with The Royal Commonwealth Society. We are exploring how we can sustain the work and embed the model across our communities and the housing sector.

In February 2021 we also launched our eighth National Ambassador programme with seven 18-25 year old residents working closely with Clarion to improve services and programmes for young people. This year the group are also focusing on a 'brilliant problem' around climate change and will be presenting their ideas to senior managers.

Our Clarion55 network of residents over the age of 55 also continued to develop and deliver their priorities over the period, including the 'Wellbeing10' project which encourages staff to spend an extra 10 minutes with residents to check on their wellbeing, and an innovative 'Homeshare' intergenerational living initiative.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

Alongside our national programmes our regional Communities teams have continued to invest in local projects aimed at engaging young people in positive activities. Projects over the last year have included intergenerational initiatives, play schemes, creative arts programmes, sports clubs and recreational activities tackling mental health. Our projects have supported community resilience over the pandemic, bringing together different generations to remain engaged and active over a challenging period. For instance during the pandemic our young people delivered care parcels to older residents and wrote letters to those who have been socially isolated. Overall the Youth programme delivered 21,000 positive engagements of young people during the year, achieving 2,687 positive progressions including accredited training outcomes, volunteering placements and jobs.

Community Assets

Clarion Futures continues to work closely with Clarion Housing Association to enable their residents and local community organisations to access Clarion's Community Assets (facilities). The transfer of the Sutton Centre in Middlesbrough to Cleveland Fire Support Network completed and four others are in the pipeline to complete as Covid-19 restrictions ease.

Due to Covid-19 most community facilities have been required to close activities for much of the year and are operating with reduced capacity (financially and staffing/volunteers). Some diversified into new activities in response to emerging needs. Our capacity building programme for partners shifted online and we are supporting partners most impacted financially with extra funding and consultancy. Clarion Futures initiated a Housing Association network for community centres, to enable the sector to develop best practice.

Open spaces improvement

The Communities Team continued its programme of working with residents to improve open and disused spaces within their local neighbourhoods. This included new leisure activity areas, biodiversity zones and food growing sites across a number of communities. We also invested in our Community Asset buildings throughout the year. Examples include:

- refurbishment of a children's play park in Haringey
- expansion of our network of small green spaces as part of our "Backyard Nature" campaign aimed at encouraging children, young people and families to get engaged with their local biodiversity;
- New heating system upgrades at several Community Centres.

In total Clarion Futures helped improve 10,495 square metres of communal land and buildings during the year.

Financial Review

The statement of financial activities is set out on page 17 and shows the result for the year.

The charity's income for the year was £5.4 million (2020: £6.9 million), and this included £2.2 million (2020: £3.9 million) of donated services from Clarion Housing Group. As a result of sourcing additional external funding to support the charity's activity and expenditure, income recognised on external grants and contracts rose to £2.7 million (2020: £2.1 million).

Interest income from the investment of the charity's endowment was lower at £0.6 million (2020 £0.9 million) as a result of reduced Endowment Funds and interest rates.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

A total of £13.7 million (2020: £16.4m) was spent in line with the charity's charitable objectives. An analysis of this expenditure, by type and between Clarion Futures' four strategic objectives, is provided in note 4 to the financial statements.

As at 31 March 2021 £5.2 million was loaned from Circle Anglia Foundation at a zero interest rate, enabling Clarion Futures to on-lend this amount to Clarion Housing Association Limited and to increase the income to Clarion Futures (2020: £5.2 million).

Plans for Future Periods

The Covid-19 pandemic has had a huge impact on Clarion's residents and communities and the impact is expected to continue. The charity has reviewed the way it provides support and has established new products and ways of working to address the impact. Until restrictions are fully removed residents will continue to be supported by phone and video link and a Resilience and Recovery Fund has been established to help our partners survive the financial fallout from the loss of income. Extra resources have been made available to our Money Guidance team which has seen a big increase in calls and we are currently piloting a mental health support service for residents struggling with stress and anxiety.

Recognising the particular challenges faced by young people as a result of the pandemic we have established the 'Kickstart Housing Partnership' with 85 partners to successfully bid for £8million of government funding to provide 1,000 paid six month work placements for 16-24 year olds. Over 300 of these are in Clarion itself. The programme will be delivered in 2021/22.

Principal Risks and Uncertainties

The Board reviews the key risks facing the charity on a regular basis. All key risk areas have been impacted by the Covid pandemic and each of the principal risks which are set out below have been reviewed and updated to take account of the extra challenges provided by Covid-19.

The current principal risks are;

- Delivering large and complex externally-funded partnership programmes, such as the Love London Working and Kickstart projects – risks include potential clawback of funding if the project under performs and reputational risks relating to the management and performance of supply chain partners;
- Clarion Futures does not have sufficient resources to support residents and communities, particularly in light of the likely downturn in the economy following the Covid-19 pandemic. This risk also relates to the availability of long term funding from external organisations such as European structural funds which may be impacted by the UK's departure from the EU; and
- A loss of reputation for both Clarion Futures and the overall Clarion Housing Group as a result of a poor outcome from a charitable activity – this includes health & safety risks relating in particular to managing Clarion's community facilities, compliance with FCA guidelines, safeguarding and data protection.

The trustees have considered Clarion Futures' risks and their mitigation such as insurance, crisis management plans, and control frameworks.

Brexit

The Group has been managing potential risks arising from the British government's deal on Brexit including supply chain concerns, exposure to market sales and managing risks around its funding requirements. The Group has relatively low commercial exposure and has some protection from down-turns because of the counter-cyclical nature of rented properties. During the year the Group also raised £450 million of new capital market funding, and secured additional revolving bank facilities, in order to maintain high levels of liquidity in excess of its medium-term cash flow implied requirements.

REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) (CONTINUED)

The Audit and Risk Committee has reviewed the business's preparation for and response to Brexit, including its regular stress-tests of the business plan. Those stress tests show that the Group's strong financial position means it is well placed to withstand any potential fall-out from Brexit as it further unfolds.

Covid-19

In March 2020, major restrictions in activity were implemented by the British government in response to the Covid-19 crisis. The restrictions have continued in varying forms over the year and remain an area of on-going uncertainty.

The Group actively manages risks associated with downturns in income and many of the mitigations in place for Brexit are also being utilised for Covid-19. The Group Executive and Group Board have updated business plans for the organisation after adjustment for the impacts of Covid-19 in terms of development activity and predicted cash flows.

Operationally the Group has been able to continue functioning due to modern working practices and, after an initial period of service disruption, is now focussed on returning to normal service levels and recovering backlogs. In fact the Group ended the year outperforming its Covid-19 revised outlook. The financial position of the organisation continues to be strong and the availability of high liquidity allows the Group to be confident of absorbing further shocks associated with lower economic activity.

Disclosure of Information to Auditor

The trustees who held office at the date of approval of this Report of the Trustees (including Strategic Report) confirm that, so far as they are each aware, there is no relevant audit information of which the charitable company's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

KPMG LLP have expressed their willingness to continue in office as the Group's auditor. Accordingly, a resolution to reappoint them as auditor will be proposed at the forthcoming Trustees Meeting.

On behalf of the trustees, including approval of the Strategic Report as company directors,



Greg Reed
Chair
5 July 2021

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF CLARION FUTURES IN RESPECT OF THE REPORT OF THE TRUSTEES (INCLUDING STRATEGIC REPORT) AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Report of the Trustees (including Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of income and expenditure for that period. In preparing these financial statements, the Trustees are 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES

Opinion

We have audited the financial statements of Clarion Futures ("the charitable company") for the year ended 31 March 2021 which comprise the Statement of Financial Activities (including Income and Expenditure Account), Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Executive team who have delegated responsibility for the day to day management of the Charity, the audit committee and internal audit as to whether they have knowledge of any actual, suspected or alleged fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

- Reading Board of Trustee's and Audit Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the Charitable Company's material income streams. The Charitable Company is notified from external third parties of income it has been awarded or has earned and income is accounted for when receipt is probable and measurable.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by key management personnel, journals containing specific words or phrases, and those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Executive team who have delegated responsibility for the day to day management of the Charity (as required by auditing standards). We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

Other information

The trustees are responsible for the other information, which comprises the Report of the Trustees (including Strategic Report). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the Trustees (including Strategic Report), which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUTURES (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable 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 charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Snow Hill Queensway
Birmingham
B4 6GH

13 July 2021

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2021

		2021	2021	2021	2021	2020
		Unrestricted	Restricted	Endowment	Total	Total
		funds	funds	funds	funds	funds
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations and legacies	3	2,156	-	-	2,156	3,931
Charitable activities						
Grants and contracts	3	273	2,421	-	2,694	2,083
Investments						
Interest receivable	3	556	-	-	556	900
Total		2,985	2,421	-	5,406	6,914
Expenditure on						
Charitable activities	4	(11,236)	(2,421)	-	(13,657)	(16,401)
Other		(21)	-	-	(21)	(2)
Total		(11,257)	(2,421)	-	(13,678)	(16,403)
Transfers between funds		8,272	-	(8,272)	-	-
Net movement in funds		-	-	(8,272)	(8,272)	(9,489)
Reconciliation of funds						
Total funds brought forward	14	-	-	30,639	30,639	40,128
Total funds carried forward	14	-	-	22,367	22,367	30,639

All incoming resources and resources expended derive from continuing activities.

The comparative figures exclusively relate to Unrestricted funds with the exception of grant and contracts income and expenditure on charitable activities which both include £1,783,000 in relation to restricted income funds, total funds brought forward which includes £40,128,000 in relation to Endowment funds, and total funds carried forward which includes £30,639,000 in relation to Endowment funds.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	9	27,014	36,814
Current assets			
Debtors: amounts falling due within one year	10	661	1,149
Cash and cash equivalents		2,046	570
		2,707	1,719
Current liabilities			
Creditors: amounts falling due within one year	11	(2,155)	(2,695)
Net current assets/(liabilities)		552	(976)
Creditors: amounts falling due after more than one year	12	(5,199)	(5,199)
Net assets		22,367	30,639
The funds of the charity			
Share capital	13	-	-
Endowment funds	14	22,367	30,639
		22,367	30,639

The financial statements were approved by the Board and were signed on their behalf by:



Greg Reed
Chair
5 July 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (March 2018) ("FRS 102"), the Charities SORP (FRS 102): Accounting and Reporting by Charities Statement of Recommended Practice (October 2019) ("the SORP"), the Companies Act 2006 and the Charities Act 2011.

Clarion Futures is a public benefit entity.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Clarion Futures' financial statements.

Basis of preparation

The financial statements are prepared on an accruals basis and under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 4.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. The Trustees have also considered the implications of Covid-19 on these cash flow forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the 12 month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

Basis of consolidation

Clarion Futures is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as its results are included within the consolidated financial statements of its ultimate parent undertaking.

Disclosure exemptions

Clarion Futures has taken advantage of the exemptions in FRS 102 in respect of the following disclosures:

- a. the requirement to present a statement of cash flows and related notes; and
- b. financial instrument disclosures, including: categories of financial instruments; items of income, expense, gains or losses in respect of financial instruments; and, exposure to, and management of, financial risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

1. Accounting policies (continued)

Value Added Tax

The company's VAT affairs are dealt with under a Group registration in the name of Clarion Housing Group Limited. Turnover and other income are shown net of any VAT charged. As most of the Group's income comes from renting out residential property, which is exempt from VAT, the Group only recovers a small proportion of the input VAT it incurs, and Clarion Futures' expenditure is shown inclusive of irrecoverable VAT.

Turnover

Incoming resources, including grant income, are accounted for when Clarion Futures has entitlement to the funds, the receipt is probable and the amount is measurable. Income is deferred where the donor specifies that resources be used in a future accounting period(s) or where conditions are required to be met by Clarion Futures before it is unconditionally entitled to the income.

Donated services

Donated services are included in incoming resources when the benefit to the charity is reasonably quantifiable and measurable, and are measured at fair value.

Resources expended

Expenditure on charitable activities is recognised once there is a legal or constructive obligation to make payment to a third party; in the case of grants payable, these are recognised when the award has been communicated to the recipient.

Costs are classified according to Clarion Futures' four strategic objectives, with staff costs allocated according to the objective they work towards.

Impairment

Debtors are assessed for recoverability at each reporting date.

For other assets an impairment review is undertaken when there is an indication that an asset may be impaired. Impairment is recognised when it is assessed that the carrying amount of that asset (or the cash generating unit, including goodwill, it belongs to) is higher than the recoverable amount, which is the higher of fair value less costs to sell and value in use. Where this is the case the higher of these two values is taken to be the new book value, and the difference is the impairment loss.

After an impairment loss has been recognised, the recoverable amount of an asset or cash-generating unit may increase because of changes in: economic conditions; the circumstances that previously caused the impairment; or, the expected use of the asset(s). As a result, the carrying amount is adjusted to the lower of the new recoverable amount and the carrying amount that would have been determined had the original impairment not occurred, with the exception that the impairment of goodwill is not reversed.

Interest receivable

Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

1. Accounting policies (continued)

Corporation tax

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

Public benefit concessionary loans

As a "public benefit entity" (as defined by FRS 102), loans which are made or received as part of Clarion Futures's charitable objectives, at below-market rates of interest, and are not repayable on demand, qualify for treatment as public benefit entity concessionary loans. They are initially recorded at the amount lent and subsequently adjusted for accrued interest receivable less any impairment loss.

Financial instruments

Clarion Futures applies the recognition and measurement provisions of IFRS 9 Financial Instruments, as allowed by FRS 102.

All investments, short-term deposits and loans held by the Clarion Futures are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

Where contractual cash flows meet the recognition requirements of IFRS 9, investments, short-term deposits and loans are subsequently measured at amortised cost, unless the difference between the historical cost and amortised cost basis is deemed immaterial. Amortised cost is calculated using the effective interest method which applies a rate of interest that exactly discounts estimated future cash payments or receipts (including any associated premium, discount or transaction costs) through the expected life of the financial instruments to the net carrying amount of the financial asset or liability. The current rate of LIBOR at the reporting date is used and assumed to be constant for the life of the loan. Loans and investments that are payable or receivable in one year are not discounted.

Where contractual cash flows do not meet the recognition requirements of IFRS 9, loans, investments and short-term deposits are subsequently measured at fair value with gains or losses taken to the Income Statement.

Where loans and other financial instruments are redeemed during the year, a redemption penalty is recognised in the Income Statement of the year in which the redemption takes place, where applicable.

Other debtors and creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction and does not qualify for treatment as a concessionary loan, in which case the present value of the future receipts discounted at a market rate of interest is used.

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of Clarion Futures' cash management strategy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

1. Accounting policies (continued)

Unrestricted funds

Unrestricted funds include a general fund which may be used by Clarion Futures for any of its general purposes, and designated funds which have been earmarked by the Trustees for a particular purpose.

Endowment funds

Endowment funds arise in accordance with the wishes of the donor. Income generated from endowments is treated as unrestricted.

2. Significant judgements and accounting estimates

Significant judgements

With the exception of those relating to accounting estimates and uncertainty, no significant judgements have been made in applying the company's accounting policies.

Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. The following accounting estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities - and therefore the income and expenses recognised - within the next

- 1 The recoverable amount of debtors.

Debtors are reviewed on a case-by-case basis and provided for as deemed to be necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

3. Income and endowments

	2021 Total £'000	2020 Total £'000
Donations and legacies		
From other members of the Clarion Housing Group	2,156	3,931

Included in donations and legacies from other members of the Clarion Housing Group is £2,156,000 (2020: £3,931,000) as an estimated value of the central costs and overheads which were incurred by Clarion Housing Group Limited in relation to Clarion Futures' activities, but not recharged. A corresponding amount has been included in support costs, where a further analysis has also been provided (see note 5).

	2021 Total £'000	2020 Total £'000
Grants and contracts		
<u>Unrestricted</u>		
Love London Working - management fees charged to partners	273	200
Kier Group Social Value Contribution	-	100
	273	300
<u>Restricted</u>		
Love London Working - grant	994	724
Increase VS	676	331
Housing Associations' Youth Network	533	290
One Digital	46	256
Big Local	57	67
Mercer's Fund	5	41
Other grants and contracts	110	74
	2,421	1,783
	2,694	2,083

	2021 Total £'000	2020 Total £'000
Interest receivable		
Interest receivable on bank deposits	-	1
Interest on loans to Group undertakings	556	899
	556	900

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

4. Analysis of expenditure on charitable activities

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2021 Total £'000
Grants made	71	124	518	-	713
Staff costs including travel (note 7)	3,416	1,468	1,646	-	6,530
Other costs	590	487	1,722	-	2,799
Costs directly allocated to activities	4,077	2,079	3,886	-	10,042
Support costs (note 5)	1,424	597	666	928	3,615
Total resources expended	5,501	2,676	4,552	928	13,657

Expenditure is supported by:

Direct grant and contract income	1,942	48	690	14	2,694
Other income	3,559	2,628	3,862	914	10,963
	5,501	2,676	4,552	928	13,657

Note 7 confirms that Clarion Futures does not directly employ staff and is recharged staff costs, including on-costs, by its parent.

Grants made in the year ended 31 March 2021:

Helping Residents into Work and Training: £71,000 has been granted to Charis Grants to deliver the Jobs and Training grants programme.

Money and Digital Service: A total of £124,000 was awarded to 23 projects providing essential digital skills training.

Supporting Young People and Improving Communities: The Clarion Futures Emergency Support Fund was launched within two weeks of the first national lockdown with two new funding schemes set up to support partners' response to the impact of Covid-19. The two schemes focussed on food poverty relief and general community welfare support. Two further areas were identified for action during the extended crisis. This led to the swift design and launch of a Holiday Hunger Fund and a Summer Catch-Up Fund to support young people during the holiday period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

4. Analysis of expenditure on charitable activities (continued)

	Helping Residents into Work and Training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2020 Total £'000
Grants made	143	309	508	-	960
Staff costs, including travel	3,398	1,713	1,911	-	7,022
Other costs	1,067	573	1,440	-	3,080
Costs directly allocated to activities	4,608	2,595	3,859	-	11,062
Support costs (see note 5)	2,229	1,193	1,238	679	5,339
Total resources expended	6,837	3,788	5,097	679	16,401
Expenditure is supported by:					
Direct grant and contract income	1,389	256	438	-	2,083
Other income	5,448	3,532	4,659	679	14,318
	6,837	3,788	5,097	679	16,401

Grants made in the year ended 31 March 2020:

Helping Residents into Work and Training: £143,000 has been granted to Charis Grants Ltd to deliver the Jobs & Training grants programme.

Money and Digital Service: £79,000 has been granted to deliver the Digital Communities grants programme. £62,000 has been granted to regional Citizens Advice Bureau to provide debt advice. Additionally, £124,000 has been granted directly to financially-constrained individuals in order to buy white goods and cookers. Grants of up to £11,000, totalling £44,000 were made to other community groups.

Supporting Young People and Improving Communities: £255,000 has been granted for the Community Grants Programme. £124,000 has been paid directly by Clarion Futures and a further £131,000 to Groundwork UK, primarily for the Community Grants Programme; this in turn has been granted to third sector agencies and community groups in order to undertake projects which further one or more of the objects of the charity, such as holding community events, providing youth activities and supporting older people. Amounts have also been granted to the charity's Youth Programme partners, including £98,000 to Peabody Community Foundation, £107,000 to Sussex Clubs for Young People, £32,000 to UK Youth and £14,000 to Yellow Brick Road Projects. A further £2,000 was granted to other community groups.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)**5. Analysis of support costs (including governance)**

The charity has recognised £3,591,000 of support costs in relation to services provided by Clarion Housing Group Limited (2020: £5,269,000), £2,156,000 of which were not recharged (2020: £3,931,000) (see note 3).

Head office staff costs have been allocated between charitable activities and governance based on the function of their department, and further between charitable activities based on their relative staff costs. General office costs have been allocated by total staff cost.

Additionally, the charity has paid support costs to other organisations including £19,000 to Charis Grants Limited to administer the Ready 2 Work (Jobs & Training) grants, £nil to Leeds City Credit Union for the National Banking Offer (2020: £36,000) and £5,000 to Groundwork for managing the Community Grants programme (2020: £25,000).

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2021 Total £'000
Head office staff costs	600	255	283	572	1,710
General office costs	804	342	379	356	1,881
	1,404	597	662	928	3,591
Direct support costs	19	-	5	-	24
	1,423	597	667	928	3,615

	Helping residents into work and training £'000	Money and Digital Service £'000	Supporting Young People and Improving Communities £'000	Governance £'000	2020 Total £'000
Head office staff costs	190	99	103	16	408
General office costs	2,039	1,058	1,110	654	4,861
	2,229	1,157	1,213	670	5,269
Direct support costs	-	36	25	9	70
	2,229	1,193	1,238	679	5,339

6. Trustees' remuneration

The Trustees (who are considered the key management personnel for the purposes of FRS 102) received no remuneration in respect of their services to Clarion Futures, in either the current or preceding year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)**7. Employee information**

Clarion Futures does not directly employ any staff but instead makes use of the employees of Clarion Housing Group Limited or Clarion Housing Association Limited, who it then reimburses at cost. The total recharge for the year, including non-payroll costs, was £7,532,000 (2020: £8,146,000).

The average monthly number of persons made use of during the period was:

	2021	2020
	Number	Number
Full time equivalents	141	149

The prior year comparatives have been revised for presentation on a consistent basis. The average monthly headcount in the year was 149 (2020: 156).

Staff Costs:	2021	2020
	£'000	£'000
Wages and salaries	5,835	5,730
Compensation for loss of office	41	14
Social security costs	570	557
Pension costs	286	275
	6,732	6,576

£1,227,000 (2020: £1,300,000) of the wages and salaries above relates to employees who are members of the Clarion Housing Group Pension Scheme, the liability for which is included in the financial statements of Clarion Housing Association Limited.

Included in the recharge were employees with remuneration exceeding £60,000 as follows:

	2021	2020
	Number	Number
£90,001-£100,000	3	2
£80,001-£90,000	3	1
£70,001-£80,000	-	2
£60,001-£70,000	3	1
	9	6

The prior year comparatives have been revised in order to present remuneration on a payable rather than paid basis.

Retirement benefits are accruing under a defined benefit scheme for 6 of these employees (2020: 4).

8. Net outgoing resources for the year

	2021	2020
	£'000	£'000
<u>Auditor's remuneration (exclusive of VAT)</u>		
- for statutory audit services	8	7
- for other services	-	-
	8	7

Clarion Futures' audit fees are incurred by Clarion Housing Group Limited, and are included in the fair value of donated services received by Clarion Futures.

Amounts receivable by the charity's auditor and its associates in respect of non-audit services, where procured on a Group-wide basis, are not included above. Instead the information is disclosed on a consolidated basis in the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

9. Fixed asset investments

	2021 £'000	2020 £'000
Loans to Group undertakings		
At the beginning of the year	36,814	42,650
Net repayment	(9,800)	(5,836)
At the end of the year	<u>27,014</u>	<u>36,814</u>

All investments held during the year are held primarily to provide an investment return to the charity. At the reporting date, £27,014,000 is lent to Clarion Housing Association Limited (2020: £36,814,000). Interest is charged at LIBOR plus 1.5%.

10. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Prepayments and accrued income	527	469
Amounts due from Group undertakings: trading	78	629
Other debtors	56	51
	<u>661</u>	<u>1,149</u>

11. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	130	79
Accruals and deferred income	982	1,048
Other taxation and social security	4	4
Amounts due to Group undertakings: trading	332	399
Other creditors	707	1,165
	<u>2,155</u>	<u>2,695</u>

£769,000 of deferred income is included within accruals and deferred income (2020: £494,000).

Deferred income relates to income received from donors which is subject to restrictions which prevent their use until a later date. £275,000 of the income deferred at 31 March 2020 was released in the year, £550,000 received in the year was deferred.

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

	2021 £'000	2020 £'000
Amounts due to Group undertakings: loans	<u>5,199</u>	<u>5,199</u>
Loans are repayable, otherwise than by instalments as follows:		
After five years	<u>5,199</u>	<u>5,199</u>

The company has a £10,000,000 facility with Circle Anglia Foundation Limited. This loan is repayable in March 2029. This is a public benefit concessionary loan where no interest is charged.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

13. Share capital

The company is limited by guarantee, having no share capital. In the event of a winding up each current Trustee, and any Trustees in the twelve months prior, shall contribute up to £10 each.

14. Analysis of charitable funds

Analysis of movements in unrestricted funds	At 1 April 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2021 £'000
General fund	-	2,985	(11,257)	8,272	-
	-	2,985	(11,257)	8,272	-
Analysis of movements in restricted funds	At 1 April 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2021 £'000
<i>Income funds</i>					
Love London Working - grant	-	994	(994)	-	-
Increase VS	-	676	(676)	-	-
Housing Associations' Youth Network	-	533	(533)	-	-
One Digital	-	46	(46)	-	-
Big Local	-	57	(57)	-	-
Mercer's Fund	-	5	(5)	-	-
Other grants and contracts	-	110	(110)	-	-
	-	2,421	(2,421)	-	-
<i>Endowment funds</i>					
Expendable endowment	30,639	-	-	(8,272)	22,367
	30,639	2,421	(2,421)	(8,272)	22,367

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)**14. Analysis of charitable funds (continued)**

	At 1 April 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2020 £'000
Analysis of movements in unrestricted funds					
General fund	-	5,031	(14,520)	9,489	-
Kier Group Social Value Contribution	-	100	(100)	-	-
	-	5,131	(14,620)	9,489	-

	At 1 April 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2020 £'000
Analysis of movements in restricted funds					
<i>Income funds</i>					
Love London Working - grant	-	724	(724)	-	-
Increase VS	-	331	(331)	-	-
Housing Associations' Youth Network	-	290	(290)	-	-
One Digital	-	256	(256)	-	-
Big Local	-	67	(67)	-	-
Mercer's Fund	-	41	(41)	-	-
Other grants and contracts	-	74	(74)	-	-
	-	1,783	(1,783)	-	-

<i>Endowment funds</i>					
Expendable endowment	40,128	-	-	(9,489)	30,639
	40,128	1,783	(1,783)	(9,489)	30,639

15. Legislative provisions

Clarion Futures is incorporated under the Companies Act 2006 and is a registered charity with the Charity Commission under the Charities Act 2011.

16. Related Party Disclosures

During the period, related party transactions took place between Clarion Futures and other members of the Clarion Housing Group. As required by the Charities SORP, these are disclosed in the appropriate notes.

Debtor and creditor balances with other members of the Group are either debt subject to a market rate of interest, public benefit concessionary loans where no interest is charged or trading balances which are non-interest bearing and are due to be settled within one year of their recognition.

No related party transactions have arisen from the personal interests of the Trustees. No other related party transactions require disclosure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

17. Immediate and ultimate parent undertaking

The charity's immediate and ultimate parent undertaking is Clarion Housing Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 and which is regulated by the Regulator of Social Housing.

Clarion Housing Group Limited's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA. Group accounts have been prepared by Clarion Housing Group Limited and are available from www.clarionhg.com.

18. Subsidiary undertakings and associates

Name	Legislative Provisions	Proportion of voting rights of ordinary share capital held	Nature of business
Affinity Sutton Investments Limited	Private company limited by shares	100% (£1)	Property development

The subsidiary's registered office is Level 6, 6 More London Place, Tooley Street, London, SE1 2DA.

Community Impact Partnership CIC	Private company limited by shares; Community Interest Company	25% (£1)	Social investment fund
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