

ST MUNGO COMMUNITY HOUSING ASSOCIATION

England & Wales · Charity number 1149085

Details

Other names	ST MUNGOS
Status	Registered
Legal form	Charitable company
Company number	08225808
Registered	2012-09-24
Register	View on the Charity Commission register

Contact

Address	St Mungo's 5th Floor 3 Thomas More Square London E1W 1YW
Phone	02038566168
Email	Info@mungos.org
Website	www.mungos.org

Activities

Objects: THE OBJECTS OF THE ASSOCIATION (THE "OBJECTS") ARE FOR THE PUBLIC BENEFIT:-THE PROVISION OF TEMPORARY AND PERMANENT HOUSING, AND OF SUPPORT AND CARE, FOR THE RELIEF OF POOR, AGED, DISABLED, HANDICAPPED OR CHRONICALLY SICK PEOPLE; AND OF SERVICES WHICH PREVENT PEOPLE FROM BECOMING HOMELESS, WHICH ALLEVIATE HOMELESSNESS AND WHICH ASSIST PEOPLE TO RECOVER FROM HOMELESSNESS.ANY OTHER EXCLUSIVELY CHARITABLE PURPOSE ACCORDING TO THE LAW OF ENGLAND & WALES AS THE TRUSTEES IN THEIR ABSOLUTE DISCRETION FROM TIME TO TIME DETERMINE PROVIDED SUCH PURPOSE CAN BE CARRIED OUT BY A CHARITY REGISTERED AS A PROVIDER OF SOCIAL HOUSING WITH THE REGULATOR.

Activities: St Mungo's began helping people sleeping rough off the streets of London in 1969. Over the years we have extended our work beyond emergency help, to prevention of homelessness and promotion of recovery. We now help thousands of people across the South of England rebuild their lives day by day

through housing, health and skills initiatives.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Accommodation/housing
- **Who:** The General Public/mankind

Geography

- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£124,000,694	£124,486,370	£16,362,809	1682
2024-03-31	£123,671,980	£126,739,700	£7,132,421	1699
2023-03-31	£122,985,000	£126,239,000	£12,411,369	1629
2022-03-31	£118,703,000	£118,798,000	£14,768,000	1550
2021-03-31	£122,045,000	£123,181,000	£13,724,000	1595

Trustees

Name	Role	Appointed
Michael John Adamson	Chair	2024-09-02
Darren Michael Johnson		2021-05-25
Edwin Charinge Ndlovu		2025-01-22
Elizabeth Darran		2026-05-28
Jane Heather Cunliffe		2025-01-22
Lorraine Ann Rose Mealings		2023-07-26
Michael Gregory Reed		2026-01-07
Philip Wynford Moore		2023-07-26
Robert James Bradshaw		2023-02-08
Sean Daly		2026-03-11
Shingirai Thaddeus Nyahasha		2021-05-25

ST MUNGO COMMUNITY HOUSING ASSOCIATION

England & Wales - Charity number 1149085

Accounts

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

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2025

**ST MUNGO COMMUNITY HOUSING ASSOCIATION REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2025**

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TRUSTEES AND ADVISORS

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

Trustees

Joanna Killian (Chair) (resigned 8 May 2024)
Mike Adamson (Chair) (appointed 2 September 2024)
Alexandra Beidas (Vice Chair, Interim Chair 9 May 2024 to 1 September 2024)
Daniel Corry
Darren Johnson
Helen Walters (resigned 25 September 2024)
John Watts
Lorraine Mealings
Philip Moore
Rob Bradshaw
Stephen Smith (resigned 31 July 2024)
Teddy Nyahasha
Jane Cunliffe (appointed 22 January 2025)
Edwin Ndlovu (appointed 22 January 2025)

Executive Officers

Emma Haddad, Chief Executive
David Fisher, Executive Director of Client Services
Jonathan Manuel, Executive Director of Finance (retired 31 July 2024)
Helen Rourke, Chief Finance Officer (appointed 5 August 2024)
Sean Palmer, Executive Director of Strategy & Transformation
Kerry McCafferty, Director of People, Culture and Inclusion

Company Secretary

Jonathan Manuel (retired 31 July 2024)
Claire Tuffin (appointed 1 August 2024, resigned 18 March 2025)
Helen Rourke (appointed 19 March 2025)

Registered Office

5th Floor 3 Thomas More Square London E1W 1YW

Auditors

Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

Principal Solicitors

Ashfords LLP 1 New Fetter Lane London EC4A 1AN

Bankers

HSBC 123 Chancery Lane London WC2A 1QH

Company No. 08225808

Charity No. 1149085

Regulator of Social Housing Registration No. LH0279

CHAIR'S STATEMENT

I was delighted to be appointed as Chair of St Mungo's last September and to have the opportunity to build on the excellent work that Alex, as interim Chair, and Jo as Chair before her, had undertaken.

St Mungo's is a special organisation – we're working on one of the most important and most complex issues facing us as a society. Homelessness ought to have no place in 21st century Britain, but sadly its prevalence is growing, and it continues to have a devastating impact on people's lives. It is shocking that rough sleeping is still getting worse year on year and has increased by 58% in the last decade.

We are an organisation that rolls up its sleeves and works on the frontline, directly with people at risk of, and experiencing, homelessness.

Over the last few months, it has been humbling and inspiring to spend time with clients and colleagues to see the range and depth of support we provide. Whether on an outreach shift late at night or early in the morning, speaking with people sleeping on the streets, building their trust and finding the best way to support them; seeing the support provided to clients living in our hostels; talking to clients engaging with our courses on construction skills, gardening and digital inclusion; observing the work we do within prisons to help those being released secure somewhere to live to help them move away from a life of crime; or any number of other interventions, it is clear to me that our message in our recent campaigns is absolutely true: We were there.

Not only were we there, but we also provided the life-changing, life-saving support that our clients needed. St Mungo's supported nearly 25,000 people last year and provided accommodation and support to more than 2,000 clients each and every night.

Working closely with dedicated colleagues and volunteers has been incredibly rewarding, and I have learned so much from their expertise and been inspired by the impact of their efforts. The resilience and growth of our clients have particularly moved me, reinforcing my commitment to our mission of ending homelessness and rebuilding lives.

Being there and providing support is vital; the first priority in our organisational strategy is to ensure clients remain at the heart of what we do. But we can't end homelessness quickly enough just working with one person at a time: we need to change the system.

Over the last year St Mungo's has continued to influence those in power to step up their focus on ending homelessness, to encourage interventions that prevent homelessness occurring in the first place and to better support people to minimise the harmful effects of homelessness when it does occur.

In the run up to the General Election, our successful campaign to ensure an extension of funding for supporting rough sleepers gained the support of more than 50,000 signatories, showing how much this issue matters to people.

We are part of the Government Expert Group developing the much anticipated, and much needed, Homelessness Strategy and we have worked with organisations across the sector to campaign on issues to press for system change. We need to continue this work and bring together like-minded organisations to offer constructive challenge that will ensure the level of change required.

Our ambition is for a world where St Mungo's does not need to be there, but we know that now, more than ever, we are needed. That means we have to ensure St Mungo's is a fit and healthy organisation, resilient to the challenges that we face. Many charities are facing a very tough time in the difficult operating and financial environment - St Mungo's is no different.

However, I am pleased that, this annual report and accounts shows an improvement in our financial position. This is thanks to the hard work of colleagues throughout St Mungo's, the support of those who have donated funds to us and close working with our commissioners. We have continued to support and develop our people, invest in modernising our IT systems and improving our buildings, focussing on the fundamentals to ensure we are operating effectively.

As I reflect on my first year as Chair, there is clearly more to do, but I am proud of the progress we have made and confident that St Mungo's is well-positioned to tackle the challenges ahead, thanks to our strong foundations and dedicated team.

I would, as always, like to say a huge thank you to all our colleagues and volunteers who have worked so hard, both those who run our services, support our clients and make ending homelessness a possibility and those who work behind the scenes to enable it. It is a whole team effort.

I look forward to St Mungo's having an even greater impact in the year ahead and am forever grateful I have been able to play even a small part in moving us forwards towards ending homelessness.



Mike Adamson CBE
Chair of the Board of Trustees

STRATEGIC REPORT

The Board of Trustees presents its Strategic Report and the audited Financial Statements for the year ended 31 March 2025.

ST MUNGO'S GROUP STRUCTURE

The entities within the Group on 31 March 2025 are as follows:



Active Entity

St Mungo Community Housing Association (St Mungo's) continues to be a charity and company, and is the Group parent. St Mungo's owns all the social and non-social housing assets of the Group.

Inactive Entities

St Mungo's Homes Community Benefit Society was formed in 2019 as part of a strategy to acquire move-on accommodation for former rough sleepers. This strategy was not pursued and the entity remains inactive.

Broadway Homelessness & Support until recently held some legacy leasehold interests on behalf of the Group. These have now been transferred and the company will be dissolved during 2025/26.

All entities have a financial reporting date of 31 March.

PRINCIPAL ACTIVITIES

Since being founded by a group of volunteers 55 years ago, St Mungo's has grown into one of the country's leading homelessness charities, supporting tens of thousands of people yearly. Our services cover almost every borough in London, as well as Bournemouth, Brighton, Bristol, Oxford and Reading.

We support people experiencing or at risk of homelessness. Our clients often have multiple disadvantages and frequently face a range of interrelated challenges, including poor health, substance use issues, social isolation, unstable family relationships and experiences of trauma. We see these challenges increasing year-on-year, with many clients having multiple and complex support needs. In 2024/25 75.7% of clients had a mental health support need; 59.2% had physical health needs; and 44.4% had substance or alcohol-related support needs respectively.

We believe that a roof is not enough, so our services provide tailored support to ensure our clients can lead fulfilling lives in their communities and don't experience homelessness again.

Our provision is broad, encompassing outreach services; emergency, supported, and independent accommodation; and recovery, skills and welfare services. We also provide specialist services for groups who are more vulnerable to homelessness, like migrants and prison leavers, and run women only and gender informed services. In 2024/25 we operated 138 services across 30 Greater London Boroughs and 19 Local Authority areas outside Greater London.

In 2024/25 we ran 14 outreach services across Greater London and also in other areas such as Bristol, Bournemouth, Oxford and Reading. Our outreach teams supported 10,242 people off the streets last year, of whom 4,667 were people new to the streets in areas where we work. Of the clients supported off the streets, 78.2% were not seen returning to rough sleeping. We were also able to support 427 clients off the streets temporarily through our involvement in the Local Authority SWEP (Severe Weather Emergency Protocol), providing life-saving beds for those sleeping on the streets during dangerous weather conditions.

Our accommodation services provided a safe place to stay for an average of 2,183 people each night. Of the people who left our accommodation services last year, 72.4% were supported to move into accommodation that better suited their evolving needs, supporting the clients recovery and moving towards independent living.

We also provide holistic support for people experiencing or recovering from homelessness, such as ensuring vital access to healthcare, peer support groups, practical skills courses and employment support.

We recognise the importance of our role as a social landlord, and invested £1.6m in ensuring our properties are fit for purpose and welcoming and safe spaces. This included £0.8m on heating and ventilation improvements and £0.5m for new kitchens, bathrooms and lift replacements. We undertook a full refresh of our stock condition data, covering 100% of the properties we own and manage, and have developed a comprehensive future investment programme to ensure we continue to maintain our properties in accordance with the Decent Homes Standard. Furthermore, during 2024/25 we were successful in our bid to the Wave 3 Warm Homes Programme, securing £3.5m of match-funding from April 2025 to bring properties to EPC C by 2030.

Homelessness is not just a housing problem; it is a consequence of problems across a whole range of social policies and systems. These complexities mean we can't end homelessness alone. We work in close partnership with local authorities, the government and other charities to influence policy and achieve our aims.

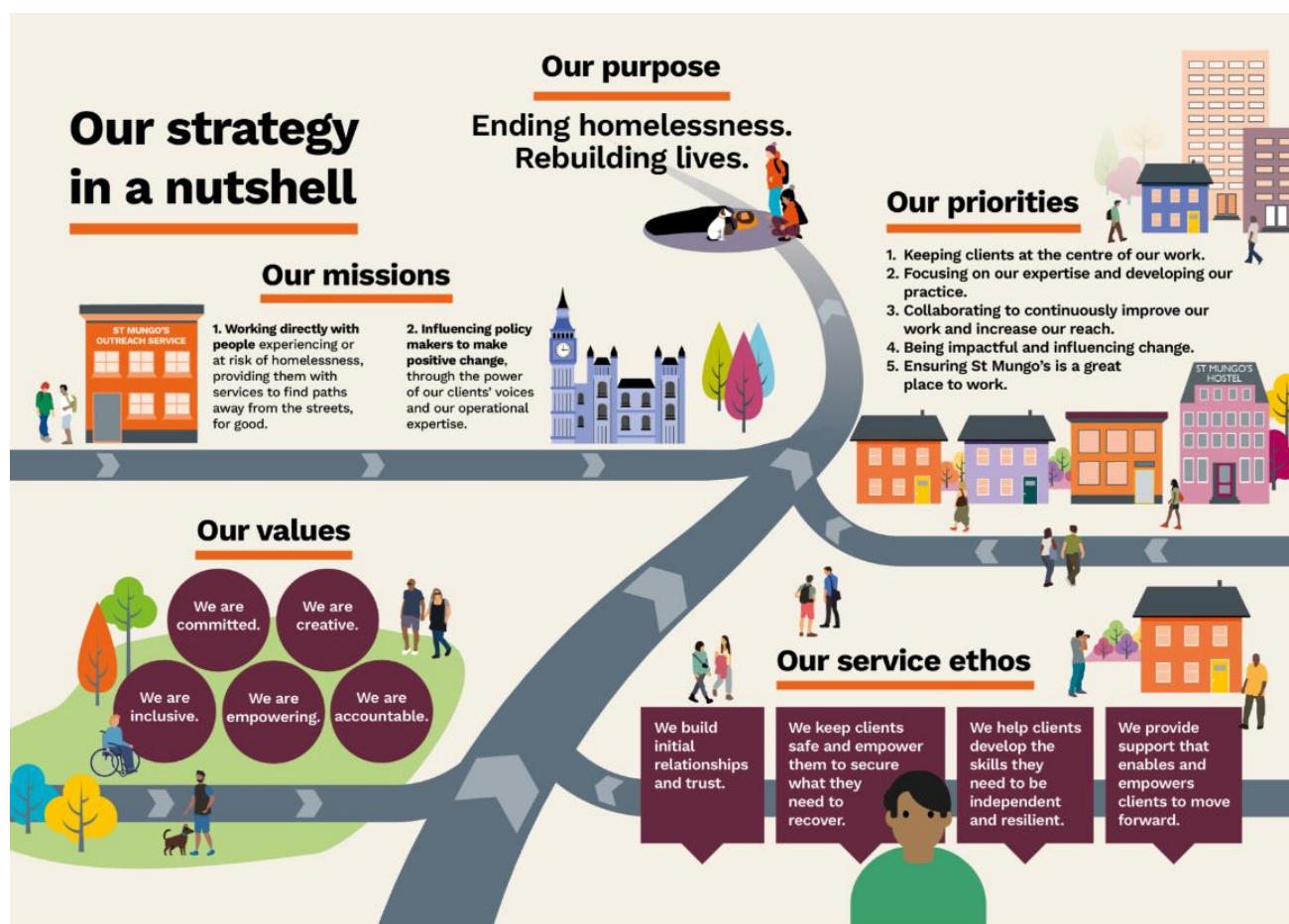
KEY MISSION AND PUBLIC BENEFIT

St Mungo's is a registered charity and in setting out our aims and planning our activities we have carefully considered the Charity Commission's general guidance on public benefit.

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

Our Strategy

St Mungo's Strategy in a Nutshell, published via our website, alongside our organisational strategy, provides a simple infographic that illustrates our purpose, mission, vision and strategic objectives for the period 2024-2030:



Our Purpose and Missions

St Mungo's purpose is to end homelessness and rebuild lives, and that drives everything that we do. We deliver this through two missions:

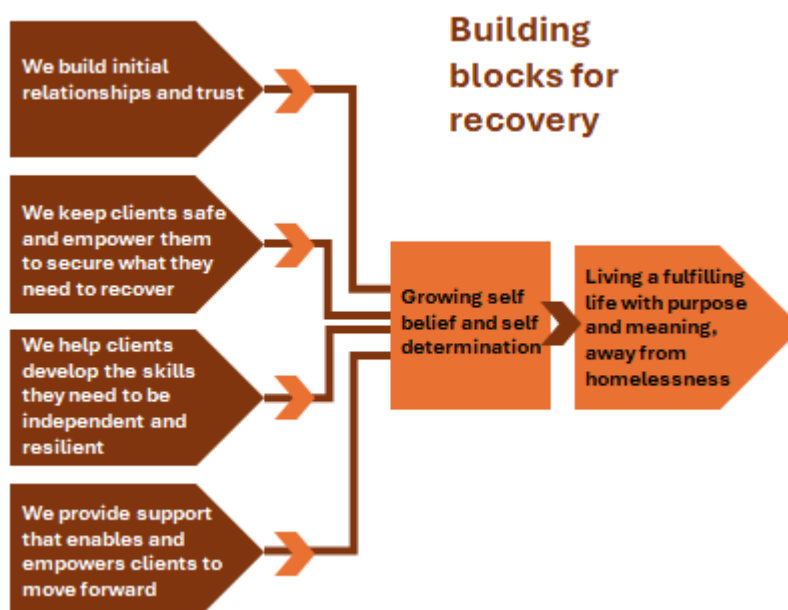
Working directly with people experiencing or at risk of homelessness, providing them with services to find paths away from the streets, for good

Influencing policy makers to make positive change, through the power of our clients' voices and our operational expertise

Between April 2024 and March 2025, St Mungo's ran 138 services, supporting almost 25,000 people experiencing or at risk of homelessness across London, the South East and the South West of England. Many of our services are made up of multiple projects, sometimes across different sites, to provide distinct, tailored and holistic support to our clients.

Our service ethos:

At the heart of all our services is our Service Ethos, a commitment to doing everything we can to keep our clients safe, empowering them in their individual recovery journeys and preventing homelessness in the future. We make the following commitment to every client:



Our Values

Our values define who we are and how we work, and are at the core of everything we do. They ensure every colleague of St Mungo's is committed to putting clients at the centre of everything they do, and are driven by the organisation's purpose and mission. Our values are embedded across the organisation and are the essence of how our people work together to ensure we are delivering the best services and outcomes for clients.



FUTURE PLANS

At the time of writing, we continue to face a homelessness crisis in this country. The combination of the ongoing cost of living crisis, lack of affordable and appropriate housing, and a reduction in public services is pushing more and more people onto the streets and making it harder for people to move on from rough sleeping and homelessness. We fear that there will be a growing need for homelessness services and continued insufficient funding from government and local government to address these needs.

In April 2024 we published our new strategy which continues to guide us to 2030, driving us to transform the way we operate, to continue supporting some of the most vulnerable people in our communities, and keeping us focussed on our purpose of ending homelessness and rebuilding lives.

It also recognises St Mungo's as operating within local and national ecosystems dedicated to ending homelessness, and our commitment for this strategy is to be a valuable and valued sector partner and to focus on where we can have the most impact.

Our Priorities

St Mungo's strategy sets out five strategic priorities:

1. Keeping clients at the centre of our work

Our clients drive what we do and how we do it. We will empower our clients to shape their own support, services and communities. Throughout the first year of the strategy we have continued to keep clients at the centre of our work and our first Client Involvement Week ensured teams anchored their work in client experience through a set of commitments. The refreshed Client Advisory Board has also developed its ways of working to ensure client voice is active and involved across all levels of the organisation including how we hold the government to account.

2. Focusing on our expertise and developing our practice

We have worked directly with people with complex needs for over 50 years. We remain committed to them. We will focus on our core areas of expertise and continuously improve them based on the evidence we gather on what works best. We have started our work on being more intentional on the services we deliver, by focusing on our expertise and developing our practice. The beginning of this work has started to bring more consistency to our services in view of providing higher quality services that deliver outcomes our clients need and aligns to our expertise. We will continue to own properties where it is sustainable and strategic. We will strengthen our partnerships with other landlords and property management experts to help us improve what we offer and to ensure our clients' homes are safe and comfortable. We will continue to build on the good practices identified through our recent Regulatory inspection, and

3. Collaborating to continuously improve our work and increase our reach

We know that homelessness is not just a housing problem; it is a consequence of problems across a whole range of social policies and systems - ultimately our clients continue to be isolated in their communities and in society. Therefore, we know that we can't resolve all these issues on our own and close collaboration with other organisations, across sectors, across disciplines and across the UK and beyond is needed to ensure we can get our clients the services and change they need. This collaboration works across both our missions – operationally and in our influencing work. By its nature commissioning is a partnership activity and we are proud of the work we do with local and regional government organisations and the Ministry of Justice to deliver services. This year, we were pleased to start a new partnership with Network Rail to provide outreach support in London terminus stations as well as training for Network Rail staff.

4. Being impactful and influencing change

The scale of our delivery and years of experience in providing services to a wide range of clients gives us powerful insight into what work and how services can be best configured to meet people's needs. We use this insight to shape how we provide services so that we can maximise the positive impacts of our work and help end homelessness. We also use this insight to influence change at a system level. The run up to the 2024 General Election gave us an opportunity to set out to party leaders what the most important steps they needed to take to turn the tide on rising homelessness were. 50,000 people agreed with us and signed an open letter to extend and uplift Rough Sleeping Initiative funding to ensure vital services could continue. Following the election, we are pleased to have been part of the expert group providing insight to the Deputy Prime Minister to shape the much anticipated Homelessness Strategy.

5. Ensuring St Mungo's is a great place to work

We know the dedication of our colleagues and volunteers who drive our work to end homelessness play a huge role in ensuring St Mungo's is a great place to work. Our new People Strategy will ensure we attract, retain, support and develop all our people. Through our commitment to Equity, Diversity and Inclusion we will continue to embed an inclusive culture where we better represent the diversity of the communities in which we work, at all levels of the organisation. And we will continue to modernise and improve the tools our colleagues need to do their jobs well.

Moving into 2025-2026

The first year of our 2024-2030 strategy has been a period of foundational work, significant progress and valuable learning.

Moving into 2025-26, we have devised a new business plan that sets out how we will deliver against our strategic priorities over the next financial year. The outcomes included in this plan are new or an improvement on current processes or practice. We have organised the outcomes into a set of building blocks to help us achieve them.

Our 2025-26 building blocks



1. Understand how well we are doing against our aims

We will increase impact and record evidence, so we know how well St Mungo's is doing against our aims. This includes newly designed impact measures across the organisation, a commercial improvement programme, improvements to operations, using model services to drive standardisation and innovation and more.

2. Improve how we do things to make the biggest difference

We will improve our ways of working through innovation, testing and learning. This will accelerate our outcomes by focusing on the activities that add the most value. This includes areas that impact how we deliver our work, such as culture, influencing work, and regulations and compliance.

3. Do things right

We will ensure we comply with regulations, maintain quality and monitor our performance. This includes management of our properties, continuous improvement of our regulation compliance, and information management.

4. Deliver financial sustainability

We will focus on our long-term resilience, so we are here when people experiencing homelessness need us the most. This includes growing our fundraising income to allow us to deliver more services to more people, ensuring our income from contracts is stable and covers the cost of the services that we provide under them, controlling our overheads to ensure we remain efficient, and managing our property portfolio so it is optimised and affordable. Our business plan is intrinsically linked to our budget.

FINANCIAL PERFORMANCE

OVERVIEW – THREE YEAR SUMMARY

Statement of Comprehensive Income (£m)	24/25	23/24	22/23
Turnover	123.6	123.7	122.9
Operating costs	(124.2)	(126.7)	(126.0)
Operating Surplus / (Deficit)	(0.6)	(3.0)	(3.1)
Operating Margin	(0.5%)	(2.4%)	(2.5%)
Net interest receipts / (charges)	0.1	0.0	(0.1)
Surplus on disposal of assets	8.4	0.4	0.4
Pension actuarial valuation movement	1.3	(2.7)	0.5
Net Surplus / (Deficit) for the Year	9.2	(5.3)	(2.3)

Statement of Financial Position (£m)	24/25	23/24	22/23
Housing properties NBV	75.8	80.1	82.7
Intangible and other fixed assets NBV	3.4	2.8	1.7
	79.2	82.9	84.4
Cash and cash equivalents	25.5	14.4	16.1
Other net current assets / (liabilities)	(9.8)	(8.3)	(5.2)
	94.9	89.0	95.3
Creditors due >1 year – grants	(70.5)	(71.0)	(72.3)
Other long-term liabilities and provisions	(8.0)	(10.9)	(10.6)
Total reserves	16.4	7.1	12.4

Overview

2024/25 has been another challenging year due to the difficult macro-economic environmental context. We have continued to experience challenges around our operating costs, particularly as a result of wage inflation and inflation on property-related costs, notably repairs, investment costs and increased costs associated with new health and safety legislative requirements.

We have continued with our strategy to exit from a substantial part of our non-social housing portfolio, Real Lettings, where we did not own the properties. This programme is now substantially complete, and the deficits resulting from this portfolio have reduced substantially to £1.0m (23/24: £2.2m).

In order to address the operating deficits reported for the last two financial years, in 2024/25 we embarked on a programme of cost-reduction, the most significant element of which was a full restructure of back-office services (to move to a Target Operating Model (TOM)) to increase efficiency and reduce costs. The aim of the TOM was to move the organisation back to a position of financial sustainability and better align resources to the activities required to deliver the organisational strategy, with a break-even outturn targeted for 2024/25. It is pleasing to note that this work, together with a sustained focus on budget management and control, has resulted in an improvement to £0.5m deficit (excluding property sales) for the year (23/24: £3.0m deficit).

We anticipate 2025/26 will be another challenging year financially. The macro-economic context continues to be challenging, with global trade negotiations creating an uncertain environment which may impact St Mungo's supply chains and utility costs. Local authorities, our key commissioning partners, continue to experience pressure on budgets and are driven to reduce costs, which in turn creates pressure for us to reduce service costs whilst maintaining our required contribution margin and delivering high-quality client services. The fundraising environment also continues to be challenging, with the ongoing cost of living pressures and significant changes impacting on international aid charities making it increasingly difficult to attract regular donors and increasing the demand on philanthropic donors. Despite these challenges, we remain cautiously optimistic that we will remain on a sustainable financial trajectory and are starting the new financial year on a stronger footing than in recent years.

Income & Expenditure Review

The operating cost savings in year and increase in fundraising income have resulted in an improvement in performance and a reduced operational deficit compared to F24. Planned property sales have increased cash and reserves balances, and together with the improved pension position the net surplus has improved significantly.

£m	Unrestricted	Restricted	2025	2024	Variance
Rent and Service Charges	47.0		47.0	47.0	-
Support	62.4		62.4	63.2	(0.8)
Fundraising	11.3	2.9	14.2	13.5	0.7
Total Income	120.7	2.9	123.6	123.7	(0.1)
Operating expenditure	(121.3)	(2.9)	(124.2)	(126.7)	2.5
Operating Surplus / (Deficit)	(0.6)	-	(0.6)	(3.0)	2.4
Non-Operating items	9.8		9.8	(2.3)	12.1
Total Surplus / (Deficit) for the Year	9.2	-	9.2	(5.3)	14.5

Rent and service charge income is 1.3% above 2024 with the annual CPI+1% increase on the social housing element of our portfolio offset by a reduction of our non-social housing stock as we continue the gradual transfer of our Real Lettings stock to other providers, along with the disposal of property in the year.

Support income has seen a slight reduction in the year, 2.2% due to the renegotiation of some contracts largely relating to emergency accommodation, along with contracts linked to the disposal of properties partially offset with uplifts relating to other renegotiations.

Fundraising has increased by 5.2% year on year, partly due to additional investment to drive public engagement and individual giving, including in the Christmas campaign.

As well as being a core income stream, fundraising enables St Mungo's to support a number of activities that would otherwise not have funding, such as our learning, training and employment services, including our gardening skills programme, Putting Down Roots.

Operating deficit of £0.6m is a significant improvement in performance compared with F24 where we generated a £3.0m deficit. Whilst there has been a variation in revenue mix, total revenue has remained largely in line year on year. We have seen a significant reduction in our costs, largely relating to the exit of the Real Lettings portfolio along with a continued focus on cost control.

Statement of Financial Position Review

Unrestricted reserves have increased to £14.3m reflecting the proactive decision to dispose of properties in-year and a favourable non-cash pension movement. As a result, unrestricted reserves are now above the trustee target range of £10m to £13m.

Net assets are 130% higher than 2024 due gains from property disposals and the reduction in the pension liability. Fixed assets show a 4% decline with depreciation and four property disposals have more than offset incremental investment in IT and our stock improvement programme. Debtors have slightly reduced in the year reflecting an on-going project to improve our working capital position through better debt collection.

Cash and Treasury Review

The Group incurred a net cash inflow of £11.1m during the year. This was driven by the requirement to increase cash in-year to remain within the Trustees set range of £14m - £18m. Cash at £25.5m is higher than the 2023/24 year-end position of £14.4m, and is also higher than the upper threshold of the Trustees' range. This is predominantly a timing issue, and cash is expected to fall within the Trustees' range in the coming year, with grant repayments of c.£2.9m deferred into 2025/26, and the timing of creditor payments at year-end.

Normal operating activities generated a net cash inflow of £1.5m. However, the largest increase in cash relates to £12.5m inflow relating to the strategic decision to sell a small number of properties during 2024/25.

During the year we have continued to invest in properties and systems, and continue to make deficit repayments relating to our historic defined benefit pension scheme.

Day-to-day treasury activities focus primarily on the effective management of cash balances. We aim to maintain available cash balances at an appropriate level, balancing the need for liquidity with the efficient use of longer-term deposit accounts. All cash holdings are held in sterling to eliminate any exposure to foreign currency risk.

St Mungo's has a single Revolving Credit Facility (RCF) of £5m, provided by Barclays. This RCF is intended to provide a short-term liquidity 'safety net', and it is the intention of the Trustees that this should not be drawn unless absolutely necessary. Since its arrangement in October 2023 the facility has remained undrawn, and the latest Financial Plan does not indicate any future drawdown requirements.

Looking Forward

We have updated our Financial Plan 2025-30 based on the 2024/25 outturn and updated assumptions and projections. This includes the known increases in staff costs from April 2025 as a result of the changes to Employer National Insurance contributions, which has necessitated the redesign of some services to ensure they remain financially viable.

The Financial Plan includes significant provision for investment in our properties. We have undertaken a full refresh of our property condition data and have carried out a Stock Condition Survey on all properties where we are responsible for maintenance and investment to ensure we understand the future levels of investment required. We have also incorporated provision for one-off fire safety remediation spend to a number of our larger properties following recent changes in legislation.

We have undertaken extensive and robust stress and scenario modelling on the latest approved Plan, which as expected highlights sensitivities around staff costs, general cost inflation, and rent collection. Despite these potential risks, modelling indicates that we can continue to operate and comply with Trustee set requirements for cash and reserves for the life of the Financial Plan. As is to be expected due to our organisational operating model, capacity for future investment and growth is constrained by availability of funds and tight operating margins on our service and property contracts.

ACHIEVING TARGETS AND VALUE FOR MONEY

St Mungo's is a charity and also a registered provider of social housing, and as such reports annually in line with the requirements of the Regulator of Social Housing (RSH) Value for Money Standard.

Value for Money at St Mungo's means delivering against the strategic objectives in the most cost-effective way. This enables the organisation to maximise the support it provides to people whilst ensuring it remains viable in the long-term.

Our strategy delivers homes that meet a wide range of requirements, from initial move off the street to longer term recovery, supporting clients with complex needs. St Mungo's regularly reviews the allocation of resource and assets to ensure the most effective support to our strategic objectives. As part of the budgeting process we also review specific opportunities for improvement, such as procurement savings, support contract margin and central overhead spend. However, as a charity we also choose to use fundraising income to invest in projects that generate no financial return, as they contribute to the core strategic goals of ending rough sleeping and helping people recover from homelessness.

Throughout the year performance is regularly reported and monitored through our management accounts and a suite of KPIs and operational PIs. The Board KPI metrics are categorised under six headings:

- Our Impact
- Our People
- Services Satisfaction, Compliance & Safety
- Health & Safety Landlord Compliance
- Housing Assets Performance
- Our Finances

On an annual basis, we also report against the RSH Value for Money Metrics and the Tenant Satisfaction Measures (TSMs – a regulatory requirement since April 2023). Not all TSMs are reported here, although all measured and published on the St Mungo's website.

We compare KPI performance to target and previous years' performance, and use sector knowledge to assess and benchmark results. We have compared our performance on the Value for Money Metrics to the sector average, however due to the charitable and supported nature and complexity of St Mungo's activities, and the fact that a significant proportion of activity is not deemed to be direct social housing lettings activity, there are significant variations. Furthermore, St Mungo's has adopted a strategy whereby it does not leverage external funding from banks or financial institutions, and does not develop new homes; as such, the Value for Money Metrics relating to reinvestment, new supply and return on capital are less relevant than in mainstream social housing providers.

In March 2025 the Board approved a new Value for Money (VFM) Strategy covering the period 2025-2030. The VFM Strategy directly interplays with the wider organisational strategy and objectives, and defines four VFM objectives for the coming years:

Maximising Value and Delivering Impact for Our Clients

Ensuring that the optimisation of our services delivers impact for our stakeholders, making services more efficient and effective to create the best outcomes for clients whilst ensuring St Mungo's is a great place to work so that we attract and retain brilliant colleagues who are committed to serving our purpose.

Transforming our Processes

Embedding efficiencies in our processes to improve productivity and increase the capacity of client facing colleagues to help clients to recover from homelessness and increase job satisfaction of our colleagues.

Proactive Asset Management

Continually reviewing what works well to focus our stock and geographic footprint, rationalising it where necessary to allow us to re-invest in our remaining assets and services.

Robust Procurement Processes

Implementing improved tools that maximise the value of our supply chain to procure the right goods and services at the right prices.

A dashboard of KPIs to support delivery of each of the VFM objectives has been developed and will be reported from April 2025.

The following sections show performance against the organisation's KPIs for 2024/25, including the RSH Value for Money Metrics.

a) Our Impact

Measure	2023/24 Sector Average (VFM Only)	2024/25 Actual	2024/25 Target	2023/24 Actual	Direction
St Mungo's KPIs					
Number of people supported		24,728	N/A	23,827	↑
Number of rough sleepers – England*		4,667	N/A	3,898	↑
Number of rough sleepers where we work*		1,399	N/A	1,189	↑
People in sustained housing		93.4%	N/A	92.6%	↑
People supported by Outreach Teams, not seen returned to rough sleeping		78.2%	N/A	79.3%	↓
People departing our accommodation services, not seen rough sleeping		79.7%	N/A	81.3%	↓
VFM Metrics					
Reinvestment %	7.7%	2.1%	N/A	1.9%	
Return on Capital Employed (ROCE) %	2.8%	8.3%	N/A	(3.0%)	

*annual account – actual figures likely to be higher

St Mungo's does not set targets for its KPIs in the Our Impact section. Whilst the aim would always be an improvement in performance year-on-year, these metrics are designed to provide insight into the context within which the organisation operates, whether the wider issues and challenges around homelessness are improving or deteriorating, and the level at which clients leaving our services remain off the streets. Sadly, in recent years the number of rough sleepers, and therefore the need for St Mungo's services, has increased exponentially. The organisation continues to report strong results in terms of clients not returning to rough sleeping after involvement with our services.

St Mungo's Reinvestment % will always be significantly below the sector average as we are not developing new housing. As a charity, our resources are invested into the delivery against our strategic objectives which includes, but is not limited to, investment in our properties to provide safe spaces for our clients.

The majority of St Mungo's income is derived from support services commissioned by Local Authorities (or similar), and associated property income. These contracts operate at low margins and, as a charity, St Mungo's does not exist to generate significant surpluses. As such it is to be expected that the organisation's ROCE will always be below the sector average, but should be 0% or above to remain financially sustainable. Whilst the organisation is reporting a deficit operating position in 2024/25, the ROCE calculation includes surplus on fixed asset disposals and is therefore positive at 8.3%. Underlying operating performance is improving and the organisation expects to break-even in the forthcoming year, with no further property sales planned in 2025/26.

b) Our People

Measure	2023/24 Sector Average (VFM Only)	2024/25 Actual	2024/25 Target	2023/24 Actual	Direction
St Mungo's KPIs					
Workforce turnover – global		20.5%	23%	27.1%	↓
Workforce turnover – voluntary		15.4%	20%	19.5%	↓
Employee engagement		83%	N/A	73%	↑
Global Majority representation in leadership		19%	33%	11%	↑
Global Majority representation in management		29%	30%	28%	↑

Staff turnover has seen a positive reduction and both global and voluntary staff turnover is below target, indicating an improvement in colleague retention. This is also reflected in the improvement in employee engagement, which is measured through the annual colleague survey in late 2024, and showed a 10% improvement on the previous year.

Whilst our Global Majority representation in senior roles remains below target, 2024/25 has seen a positive improvement in representation across leadership with leadership representation currently at the highest level ever recorded at St Mungo's.

There are no people-related VFM Metrics.

c) Service Satisfaction, Compliance and Safety

Measure	2023/24 Sector Average (VFM Only)	2024/25 Actual	2024/25 Target	2023/24 Actual	Direction
St Mungo's KPIs					
Total incidents reported (including safeguarding)		11,558	N/A	11,997	↓
Total incidents classed as high seriousness		1,942	N/A	1,799	↑
Total safeguarding incidents reported		2,212	N/A	2,477	↓
Complaints responded to within timescales		81%	95%	70%	↑
Number of maladministration and complaint handling failure orders received		5	0	6	↓
Client satisfaction with overall services*		79%	N/A	84%	↓
Commissioner satisfaction		67%	N/A	73%	↓

* only includes tenants of St Mungo's accommodation services, in line with RSH TSM measurement requirements

The complexity of our services means there are a number of incidents reported each month; it is pleasing that the number of overall incidents has reduced in 2024/25, however the number and proportion of incidents

deemed serious has increased. Keeping clients safe is at the forefront of our work, and a positive reduction in safeguarding incidents has been seen in-year. Unfortunately safeguarding incidents are inevitable given the nature of our work and the vulnerability of our client base.

There has been significant work in-year to improve our complaints handling processes, and we have seen a marked positive improvement in the timeliness of our responses to complaints, and a reduction in Ombudsman reports in-year (although our target here would always be zero). There is more improvement needed, and the Improvement Plan will continue to be implemented during the coming year.

Client satisfaction overall % has declined, although remains just under 80%. During the year there was a significant focus on increasing client engagement with the satisfaction survey, which resulted in a 65% increase in response rate. As such, the prior year % is not directly comparable, and we are pleased to note that the 2024/25 result benchmarks favourably against the sector average. St Mungo's publishes the results of its Client Survey on its website each year, which provides further analysis of client satisfaction measured against a range of Tenant Satisfaction Measures. We will continue to work with clients to further improve our services.

Commissioner satisfaction has declined, with the main areas cited for improvement being the involvement of clients in shaping services, delivery of repairs and rents, and more engagement in multi-agency meetings. In the coming year we will be involving clients in the development of service bids to further engage clients in shaping our services. We will continue to deliver against the repairs improvement plan and consider how to reduce the time taken to provide rent and service charge information to Local Authorities. As an organisation, we are active in numerous multi-agency partnerships and meetings, but will consider opportunities for engagement in areas where we are less represented.

There are no service-related VFM Metrics.

d) Health & Safety Landlord Compliance

Measure	2023/24 Sector Average (VFM Only)	2024/25 Actual	2024/25 Target	2023/24 Actual	Direction
St Mungo's KPIs					
Asbestos safety (management plans)		100%	100%	96%	↑
Electrical safety (EICRs)		100%	100%	99%	↑
Fire safety (FRAs)		99%	100%	95%	↑
Gas safety (certificates)		100%	100%	94%	↑
Lift safety (servicing)		100%	100%	92%	↑
Water safety (WHRAs)		96%	100%	94%	↑
Damp, Mould & Condensation (DMC) repairs completed within timescales		75%	100%	100%	↓

As a landlord of supported accommodation-based services, care homes and other social and non-social rental properties, it is imperative we comply with legislation and guidance to ensure we provide safe spaces for all clients in our accommodation. The properties we manage include a range of owned, leased and managed properties, with St Mungo's responsible for different aspects of building management in non-owned properties depending on the terms of each agreement. The KPI results above include all properties where St Mungo's has responsibility for the element being measured, regardless of ownership, client tenure or property type; the Board and its Committees receive reporting against property-related KPIs for properties where St Mungo's has responsibility for building management, and for properties where we deliver services to tenants but other landlords are responsible for building management.

During 2024/25 there has been improvement across all but one aspect of landlord health and safety, with 100% compliance achieved in relation to asbestos, electrical, gas and lift safety and close to full compliance in fire and water safety. Full compliance has been achieved in all aspects at various points during the year.

There has been a decline in damp, mould and condensation repairs completion timescales, however it should be noted that the actual number of repairs measured remains very low. This is because the majority of our properties are multi-occupation services where staff have a sustained onsite presence and enter clients' rooms to undertake welfare checks and other reviews regularly, and therefore any issues that could lead to DMC issues can be resolved pre-emptively.

There are no landlord health & safety-related VFM Metrics.

e) Housing Assets Performance

Measure	2023/24 Sector Average (VFM Only)	2024/25 Actual	2024/25 Target	2023/24 Actual	Direction
St Mungo's KPIs					
Reactive repairs completed within timescales		82%	95%	86%	↓
Occupancy rate		90.86%	92.5%	89.98%	↑
Planned & Cyclical maintenance budget spend (capital)		81.5%	100%	New for 24/25	
Planned & Cyclical maintenance budget spend (revenue)		70.9%	100%	New for 24/25	
Current client rent arrears (net)		8.6%	10%	9.0%	↓
VFM Metrics					
New supply (social)	1.7%	0.5%	0.5%	0%	↑
New supply (non-social)	0.2%	0%	0%	0%	↑

During 2024/25 we have seen a reduction in reactive repairs completions within timescales, and this remains below our target of 95%. There is proactive work ongoing to improve the Repairs Service, and an action plan is in place. Action to date has included a re-procurement exercise to appoint repairs contractors and significant work to cleanse our repairs data and reporting.

We recognise the importance of investment in our properties and so during 2024/25 introduced a metric to assess the level of planned works undertaken. Both capital and revenue budgets were underspent at year-end, mainly due to delays with the ongoing fire safety remediation programme. These works have been rolled forward into the 2025/26 budget and programme.

Our occupancy rate has improved during 2024/25 but remains below target. Increased focus has been given to this performance in the latter half of the year, with working groups set up to both target difficult-to-let bedspaces, and also identify the drivers of voids and how these can be more effectively managed. These interventions are having a positive impact and we are seeing gradual but steady improvement. The target for 2025/26 will remain unchanged.

Client arrears have further improved and remain favourable compared with target.

St Mungo's does not actively develop new homes and as such the new supply metrics are as intended. There were 8 new units added in-year relating to a single service in Brighton.

f) Our Finances

Measure	2023/24 Sector Average (VFM Only)	2024/25 Actual	2024/25 Target	2023/24 Actual	Direction
St Mungo's KPIs					
Operating margin %		(0.4%)	0%	(2.5%)	↑
Net margin %		6.7%	6.1%	(4.4%)	↑
Cash £m		£25.5m	£17.6m	£14.4m	↑
Unrestricted reserves £m		£14.3m	£12.3m	£5.1m	↑

VFM Metrics					
Gearing %	46%	0%	0%	0%	↔
EBITDA-MRI interest cover	122%	0%	0%	0%	↔
Social housing cost per unit (£k)	£5.8k	£28.8k	N/A	£27.4k	↑
Operating margin (social housing lettings)	20.4%	2.1%	N/A	(5.1%)	↑
Operating margin (overall)	18.5%	(0.4%)	0%	(2.5%)	↑

St Mungo's has seen a marked improvement in financial performance in 2024/25, as reported above. The operating margin performance has improved, and whilst the organisation has reported a small deficit for 2024/25 this is significantly reduced and demonstrates the organisation is on a positive trajectory and is financially sustainable.

In addition to operating performance, the net margin is also improved as a result of planned property sales in-year, which have provided a one-off increase in both cash and reserves. Reserves are now comfortably within the Board's target range of £10m-£14m; cash currently exceeds the upper threshold of the £14m-£18m target range, however this is largely due to the timing of committed payments, such as grant repayment associated with property sales, and is expected to realign in early 2025/26.

As stated previously, St Mungo's does not actively develop new homes, and as such has adopted a treasury strategy that is not reliant on external borrowing. The organisation has a single £5m RCF which is held as a working capital liquidity risk mitigation measure, however as intended this has remained undrawn for the entirety of the financial year. The 2025-2030 Financial Plan does not indicate any requirement to draw down funds in future years. The Gearing and EBITDA-MRI VFM Metrics are therefore 0% as intended.

The Social Housing Cost Per Unit VFM Metric is significantly higher than the sector average for a number of reasons:

- The nature of St Mungo's services means the operating costs in our property-based services are significantly higher than would be the case in General Needs housing. St Mungo's high-support services would typically operate on a staff:client ratio below 10:1.
- The short-term nature of many of our tenancies and license agreements mean there are higher renewal rates and void and bad debt losses.
- A significant proportion of St Mungo's support services are non-accommodation based, such as outreach (teams who go out, identify rough sleepers, and work with them to secure accommodation and support) and learning, employment and skills services. Support service costs of £23.5m (2023/24: £22.8m) are included within the calculation methodology, which are then divided by total units.



Mike Adamson
Chair of the Board of Trustees
30 July 2025

TRUSTEES' REPORT

The Trustees present the annual report and audited financial statements of St Mungo's for the year ended 31 March 2025. The financial position and results for the year are set out on pages 41 - 66 of these statements.

OBJECTIVES AND ACTIVITIES

The Trustees have reported St Mungo's strategic objectives and outlined our activities within the Strategic Report on pages 6 - 20.

GOVERNANCE AND MANAGEMENT

The Board of St Mungo's is responsible for ensuring that a sound system of governance exists across the Group and that it is financially viable and properly managed. The Board works alongside the Executive team, which is responsible for the day-to-day management of the Group. St Mungo's is committed to achieving the highest standards of corporate governance across all activities.

The Board comprised eleven Trustees as at 31 March 2025, who for purposes of company law are non-executive directors. They bring a broad range of skills, knowledge and experience to their roles from fields including finance, legal and government policy. During the year the Board met on six occasions, including a Strategy Day.

The Board has a formal schedule of matters reserved for its decisions, which includes formulation of the Group's strategies, overseeing performance and the delivery of strategic objectives, future strategic development, allocation of financial resources, acquisitions and disposals, annual budgets, senior executive appointments, treasury policy and risk management.

As shown on page 58, St Mungo's operates a group structure with all subsidiaries currently dormant. The St Mungo's Board acts as Group Board. Each subsidiary company has a separate Board comprising St Mungo's Trustees and Executives which meets when required, including approval of dormant financial statements.

The Board has identified the skills it requires to fulfil its functions and recruits new members as required. During the year, the Board recruited new trustees to strengthen the range of skills on the Board specifically in large-scale charity management, risk and change management, health and social care, and education and skills.

Trustees are elected for a three-year term at the Annual General Meeting. Trustees who have served a three-year term are eligible to stand for re-election for a further three years. A Trustee who has served six years may serve further terms of one year up to a maximum of nine years in total, where the Board agrees that it is in the interests of St Mungo's for them to do so.

The Board is supported by a Committee structure comprising:

- **Audit & Risk Committee:** ensures a sound system of internal control and risk management exists within St Mungo's; reviews the integrity of the annual accounts and accounting policies; oversight of internal and external audit activities and relationships.
- **Finance & Transformation Committee:** scrutiny of financial planning, management and performance; oversight of the development and delivery of St Mungo's transformation programme.
- **Client Services Committee:** ensuring clients have a voice in the services they receive; obtaining feedback and insight from clients on service delivery; oversight of service delivery performance and quality including housing management services to owned and managed accommodation.
- **People Committee:** oversight of matters relevant to people and leadership; supporting the delivery of the People Strategy; oversight of employment and remuneration matters (including Executive remuneration); Board succession planning and development.

Co-optees are periodically recruited to the Board and Committees to provide additional skills and expertise. Co-opted membership limits, voting rights and overall quoracy requirements are determined within the Terms of Reference for each Board or Committee.

The Membership of the Board and Committees during the year was as follows:

Trustee	Board	A&R Committee	F&T Committee	CS Committee	People Committee	Board Attendance*
Joanna Killian	Chair (to May)		●			100%
Mike Adamson	Chair (from Sep)		●			100%
Alexandra Beidas	Vice-Chair	●	● ₁		Chair	100%
Daniel Corry	●				●	100%
Darren Johnson	●				●	80%
Helen Walters	●			●		100%
John Watts	●			●		80%
Lorraine Mealings	●			●		80%
Philip Moore	●			Chair		60%
Rob Bradshaw	●		●		●	80%
Stephen Smith	●	Chair (to Jul)				100%
Teddy Nyahasha	●	●	Chair			60%
Jane Cunliffe	●	Chair (from Jan)	●			100%
Edwin Ndlovu	●					100%
Co-Optees						
Abdul Mohib		Chair (Jul-Jan)				
Anonymous**				● (from Oct)		

**Based on possible attendance per Trustee*

***Co-optee with lived experience who has requested to remain anonymous*

Where Trustees have been appointed or resigned partway throughout the year, unless otherwise stated their membership of Board and Committees was aligned to their membership dates

₁Temporary membership aligned to period as Interim Chair

St Mungo's is committed to involving clients in all aspects of our work, including in its decision-making structures. The Client Advisory Board, made up of eleven current or former clients of St Mungo's, reviews Board and Committee papers and provides input for discussion at Board meetings, and ensures client experiences and feedback help shape the direction of the organisation.

Qualifying third-party indemnity provisions

St Mungo's has in place Directors and Officers Liability Insurance. The Board is covered by Trustees' indemnity insurance policy. No claims have been made during the year.

Political and charitable donations

During the year St Mungo's made no political contributions, and no charitable contributions were made within our normal activities.

Directors' pensions and other benefits

Trustees are not remunerated and do not participate in the St Mungo's pension scheme or receive any other benefits. Trustees can reclaim reasonable expenses incurred in undertaking their role as Trustee.

Permanent Executive Directors participate in the St Mungo's pension schemes on the same terms as all employees, and the organisation contributes to the schemes on behalf of all employees (other than those who have opted out).

Compliance with the Code of Governance

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

The standard tenure for Board Members under the NHF 2020 Code of Governance is six years. The Code states *"where a member has served six years, and the board agrees that it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years"*. A decision was taken by the Board to extend the terms of three Trustees to ensure continuation of organisational knowledge and expertise.

The organisation undertakes an annual self-assessment to meet the Code's standards.

Compliance with Regulator of Social Housing Governance and Financial Viability Standard

Registered providers are required by their regulator, the Regulator of Social Housing, to certify their compliance with the Governance and Financial Viability Standard. Compliance with the standard has been reviewed and compliance confirmed in all material respects including compliance to the Rent Standard.

During the year the Regulator of Social Housing undertook a full inspection of St Mungo's. In April 2025 the Regulator confirmed St Mungo's governance rating as G2, meaning that St Mungo's meets its governance requirements but needs to improve some aspects of its governance arrangements to support continued compliance. An improvement strategy has been put in place to address the issues identified by the Regulator.

The Regulator of Social Housing has reassessed St Mungo's financial viability as V2, meaning that St Mungo's complies with the financial viability elements of the Governance and Financial Viability Standard and can deal with a reasonable range of adverse scenarios. However, there remain material risks which St Mungo's needs to manage. The Board has agreed a transformation plan to improve operating margins and strengthen financial sustainability.

Compliance with Regulator of Social Housing Consumer Standards

The 2024/25 inspection was the first time the Regulator of Social Housing has assessed St Mungo's against the Consumer Standards, following the introduction of a new inspection regime and "C Grade" from April 2024. The Regulator assessed St Mungo's as C2, a compliant grade that means there are some improvements needed to deliver the outcomes of the consumer standards. An improvement strategy has been put in place to address the issues identified by the Regulator.

Compliance with Section 172 of the Companies Act 2006

The Board of Trustees is aware of its duty under Section 172 of the Companies Act 2006. This duty includes acting in the interests of stakeholders when promoting the success of the charity.

The Trustees act in accordance with this requirement and in doing so have regard to:

- the likely consequences of any decision in the long-term;
- the interests of St Mungo's employees;
- the need to foster St Mungo's business relationships with suppliers, customers and others;
- the impact of St Mungo's operations on the community and the environment;
- the desirability of St Mungo's maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the association.

Set out in the Chair's Statement, Strategic Report and Trustees' Report is a description of how the Trustees have had regards to the matters set out in section 172 (1) when performing their duties under section 172.

STAKEHOLDERS

The Board has an overriding duty to promote the success of the charity to achieve its charitable purpose. In agreeing its strategic plans and in its decision-making regard has been given to St Mungo's stakeholders. The commissioners and partner agencies we work with are fundamental to delivering our mission. Furthermore, we recognise that our success in supporting the recovery of our clients against the backdrop of the challenges we face depends on the skill, commitment and engagement of our supporters, colleagues and volunteers.

Fundraising report

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

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

Our donors and clients are at the heart of everything we do, and our practices aim to be more than just about compliance. We want to ensure that our supporters are treated with the care and attention they deserve. As the regulatory environment has continued to change, we have adapted and challenged the way we work to ensure we operate to a high standard. We regularly review all fundraising materials and consent options and update our consent and privacy statements to ensure compliance with data protection law. We also regularly update our fundraising database to ensure we record consent consistently and compliantly.

We continue to have three Professional Fundraising Organisations working on our behalf, which are:

- Payroll Giving in Action
- STC Payroll Giving
- Hands on Payroll Giving

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

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

Across the year and across all our fundraising activity, we received 30 complaints about our fundraising, which accounts for less than 0.01% of our interactions with donors. All complaints were investigated and appropriate action taken; none were referred to the Fundraising Regulator. We regularly record, report and share positive unprompted feedback about our work and our fundraising from the public along with many messages of support we receive directly from our donors.

Every donation we receive is greatly appreciated. We wish to say thank you to all our supporters who made donations of their time and energy or gave financial support to St Mungo's during 2024-25, including those who left us a special gift in their Will.

Colleague engagement

Our colleagues are our most valued asset and at the heart of everything we do and are crucial for St Mungo's long-term success and in achieving our missions.

Our goal is to create an engaging, inclusive and empowering workplace, which supports the organisational strategy and in particular priority five, "*Ensuring St Mungo's is a great place to work*", where all colleagues feel motivated and supported to thrive.

As we end 2024/25 we agreed a new People and Culture Strategy with the Board which outlines how, by fostering an inclusive, engaging and supportive workplace, we will attract quality candidates, improve retention

of our existing talented colleagues, enhance employee engagement, create a safe and supportive culture, and create clear pathways for growth and development.

It seeks to embed our values and has six priority areas:

- Recruitment, Onboarding and Retention
- Culture
- Reward and Recognition
- Learning and Development
- Leadership and Management effectiveness
- Wellbeing

Colleagues are based in over 140 services, geographically dispersed, often working remotely from senior leadership. The workforce is diverse in characteristics, including age, and they have different wants and needs, intergenerational and intersectional, which we need to understand and respond to.

We are pleased with our 2024 colleague survey results, which overall showed an improved engagement score from 73% in 2023, to 83% in late 2024. Colleague retention has improved, with full year voluntary turnover down to 15.4% against a 20% target and down from 19.5% last year (2023/24).

We will keep colleagues aware of progress against the Survey organisational action plan and will continue to run the Colleague Survey annually as a key measure of engagement. The colleague forum remains active as a way of consulting, engaging, listening and informing decisions.

Results from an internal communications survey in summer 2024 are informing a new Internal Communications Strategy, and with Senior leadership visibility remaining a priority, a new SLT Q&A event has started quarterly where any colleagues can ask questions directly of senior leaders. The Chief Executive remains visible, with regular service visits and online updates for colleagues.

We have improved recognition, with face to face events celebrating our STAR awards, and the CEO presenting certificates thanking those with long service.

St Mungo's recognises two unions, Unite and Unison, and meets regularly with union representatives to discuss key issues affecting colleagues. We are committed to have a positive and transparent constructive relationship, and continue with regular JNC (Joint Negotiating Committee) and JCC (Joint Consultative Committee) meetings, including sharing our financial position, with a board member joining JCC.

Connecting our strong purpose, our values and our people makes a strong foundation for an impactful and high performing organisation.

Volunteers, apprentices and students

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

Volunteer numbers at St Mungo's saw a reduction post-Covid, mirroring a national trend, but following a review of roles and structure we are now seeing an increase in numbers. The introduction of more flexible micro-volunteering roles in areas such as translation, photography, and hair and beauty has added significant capacity to our volunteer work.

Corporate volunteering, delivered by the Corporate Partnerships team, has been a successful way of supporting our services and engaging partners through volunteering and pro-bono work.

We are proud of our award-winning apprenticeship scheme for people with lived experience of homelessness. Our apprentices undertake a Level 3 qualification in Peer Support, supporting our frontline services.

We also provide placements for Social Work, Nursing, Occupational Therapy and pharmacy students to influence future professionals and help shape their practice.

Client Involvement

Clients are at the heart of everything we do and are arguably our most important stakeholder. At St Mungo's we ensure that the client voice is heard in all areas and at all levels of the organisation.

Through residents' meetings and organisational surveys, clients feedback on their experiences and make suggestions and request improvements. Our Client Advisory Board, part of the organisation's formal governance structure, provides a link between the Board of Trustees and the organisation, and has oversight and scrutiny over organisational decisions.

Clients were actively involved in the development of St Mungo's Organisational Strategy, and support the shaping and development of policies and delivery plans.

Our Client-Facing Involvement and Engagement Strategy sets out our commitment to clients and there is an associated delivery plan that addresses gaps and sets clear objectives for improvement.

Business relationships

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

During the year we have reported on our business payment practices in line with Government requirements.

Our contracted services, commissioned by local authorities, the Greater London Authority and central Government continue to be a driving force behind our organisation's purpose to end homelessness and rebuild lives. In 2024-25 we worked with over 30 commissioning bodies and over 100 individual commissioners across 130 contracts, generating income of £60.8m.

We continue to run our annual commissioner satisfaction survey which is used to develop action plans. Following the F25 survey we have improved our visibility of our client involvement initiatives and developed our client involvement strategy in service modelling and tendering.

Energy and carbon reporting

Greenhouse Gas (GHG) Emissions

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard, St Mungo Community Housing Association continues to be engaged in a process aimed at reducing energy and greenhouse gas emissions.

St Mungo Community Housing Association maintains scopes 1, 2 and 3 emissions, which include electricity and natural gas. St Mungo Community Housing Association also maintain transport emissions inclusive of company owned/operated vehicles and employee owned/operated vehicles (whereby mileage is claimed against the company).

St Mungo Community Housing Association have a longstanding commitment to tackling climate change. Calculated carbon footprint for the current financial year is 2,941.90 tCO₂e, whilst energy consumption was 20,332,948 kWh (20,333 MWh).

Methodology

St Mungo Community Housing Association have reported all of emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. Reporting of calculated emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2024.

The reporting period is the financial year 2024 / 2025, the same as that covered by the Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control

approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

SECR Figures

Scope	Energy Source	2024/25 kWh	2024/25 (tCO2e)	2023/24 (tCO2e)	Year-on-Year %
Scope 1	Gas, company vehicles	15,244,849	2,789.12	3,183.23	-12.38%
Scope 2	Electricity, electric vehicles	4,823,049	1.34	0.00	100%
Scope 3	T&D, personal vehicles	265,050	151.45	178.09	-14.96%
Total		20,332,948	2,941.91	3,361.32	-12.48%

Intensity metric	2024/25	2023/24	Year-on-Year %
tCO2e/employee no.	1.75	1.98	-11.62%

The intensity metric is based on a total employee number of 1,682. Emissions have decreased by 12.48% since the previous reporting period. Scope 2 increase is due to the allocation of electricity powered vehicles.

Efficiency Measures Taken

1. Building maintenance across sites (new boilers, roof replacements, windows)
2. EPCs (energy performance certificates) carried out to determine energy conservation and opportunities
3. Purchase of 100% renewable electricity across all sites

Objectives for 2025 / 2026

1. Continual review of existing office equipment and company policies
2. Continual purchase of renewable electricity supply contracts
3. Continue with EPC surveys across the portfolio/estate also identifying opportunities
4. Seeking to roll out AMR (smart meters) and Gas loggers across the whole estate for better control and identifying energy savings at site level, including online monitoring platform for all sites.
5. St Mungo Community Housing Association will report on progress within the next set of financial accounts.

EQUITY, DIVERSITY AND INCLUSION

Our continued commitment to Equity, Diversity and Inclusion (ED&I) is central to our values and vital to our work with our diverse range of clients, colleagues and volunteers. In 2024/25 we continued to work on delivering our ED&I Strategy which supports us in continuing to embed an inclusive culture and sets out a vision where colleagues, clients and volunteers from all backgrounds can be their best selves, bringing their experience, commitment and expertise to deliver a personalised recovery approach.

The central ED&I team work closely with the seven Colleague Diversity Networks which meet regularly and work together to help shape the strategic direction of our inclusion practices. Each Diversity Network is run by coordinators and has a senior sponsor. We also have over 150 ED&I Allies across the organisation who champion diversity and inclusion within their teams, help to plan awareness-raising events, challenge any non-inclusive practices and come together to share best practices and learn. In May, many colleagues came together to celebrate the annual St Mungo's Diversity Day with several well-attended events across the organisation including in London, Bristol and Reading.

We have in place our Inclusion Passport, which has been designed for colleagues to capture what helps them to work best, feel included and get the support they need, and which they can take from job to job. We also refreshed and relaunched our Workplace Supporter Scheme, a confidential, peer listening service that is available to all colleagues.

Early in 2024, we refreshed our Race Action Plan to ensure that we are actively combating the potential for racism to be experienced by our clients and colleagues and working towards being an anti-racist organisation. Our Ethnically Diverse Interview Panels approach sets an ambition that every interview panel should have a colleague from the Global Majority on it, and in 2024/25 we achieved this for 89% of interviews over the year. During the year, we also commissioned an external Race Equity Review to support us in becoming an anti-racist organisation and improving outcomes for Global Majority colleagues.

In support of our LGBTQIA+ colleagues and clients, our Trans and Non-Binary Working Group has been developing and updating our Trans Inclusion for Services and Trans Inclusion for Colleagues Policies. This group is chaired by the senior sponsor of the LGBTQIA+ Network and is one of several steering groups across the organisation in support of ED&I, such as our Neurodiversity Working Group.

Our People and Culture Strategy sets representation targets across all levels of management and leadership. Our overall workforce demographics are largely representative; during the year leadership representation for colleagues from the Global Majority has improved, however this continues to be lower than our stated ambition. As part of our Race Action Plan, we have implemented positive action strategies within recruitment to increase Global Majority representation.

During 2024/25 we launched the Aspire Programme, a programme that targets leadership development for Global Majority colleagues and that is led and chaired by the Chief Executive. During the programme, which ran throughout the year, participants heard from a range of internal and external speakers and were involved in a number of training sessions and workshops all aimed at improving leadership opportunities for Global Majority colleagues. The programme was a success, with 13 'graduates' in-year, with the 2025/26 Aspire cohort about to commence the programme.

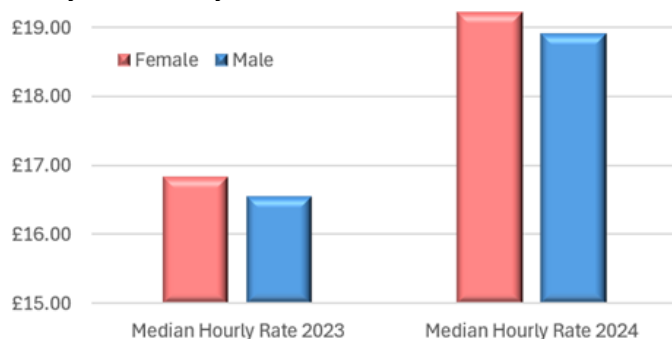
Performance against ED&I targets and key performance indicators are monitored through the People Committee and have formed a key part of the development of the new People and Culture Strategy.

Pay Gap Reporting

As part of our ongoing commitment to equity and diversity, we have again published our Gender Pay Gap and Ethnicity Pay Gap Reports during 2024/25. In line with Government guidance, our reporting includes our permanent employed staff and locum workforce.

Gender Pay Gap

Hourly Rate of Pay



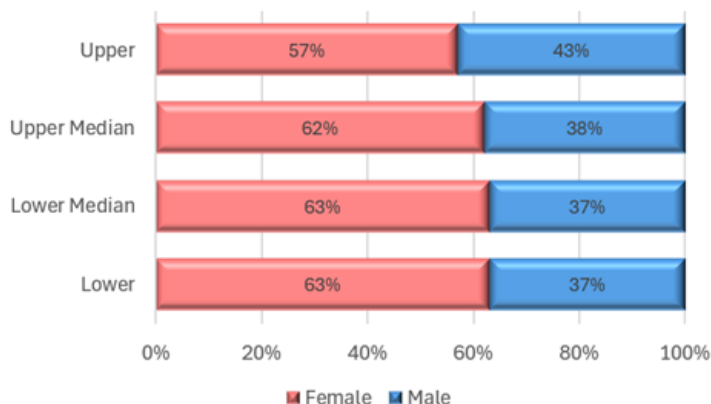
When comparing mean hourly pay, our mean pay gap has moved slightly in favour of men, from -0.64% in 2023/24 to 0.49% in 2024/25.

Our median pay gap (opposite) shows that on this basis the average pay for both male and female employees has increased in 2024/25. In 2024/25, females are paid £0.31 more than males (2023/24: £0.28).

No employees were paid bonuses in either financial year.

Pay Quartiles

In 2024/25 women occupy 57% of the highest-paid and 63% of the lowest-paid roles. These proportions are broadly similar to the previous year.



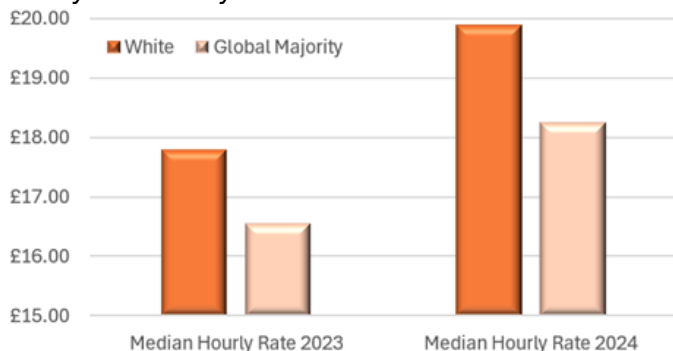
At the start of 2024/25 59.2% of the whole workforce and 61.4% of our managers were female. This was a slight reduction on the previous year, when females made up 61% of colleagues and 65% of managers.

Females continue to hold more than 50% of our upper and upper-median pay quartile roles, and are well represented across leadership, including at the highest CEO level.

Ethnicity Pay Reporting

Unlike gender pay gap reporting, ethnicity pay gap reporting is not currently a legal requirement. As part of the organisation's commitment to equity, diversity and inclusion, and as outlined in our Race Action Plan, we believe it is important to be open and transparent, and as such publish these figures annually alongside our Gender Pay Gap Report. The organisation follows Government guidance in relation to which ethnicities to include in the Global Majority category.

Hourly Rate of Pay



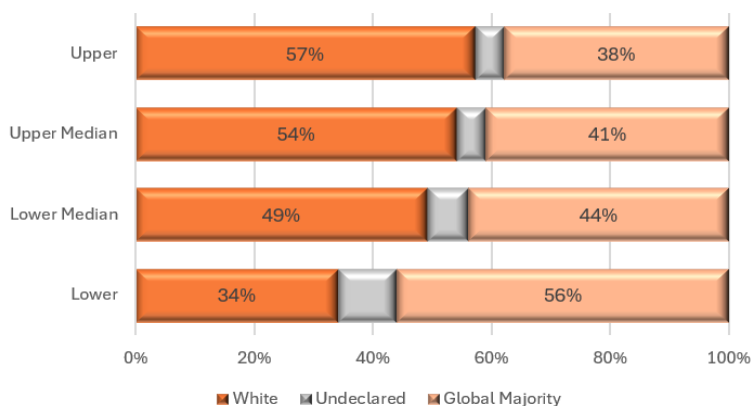
We are committed to reducing any ethnicity pay gap and strive to be an organisation where there is no gap. Our 2024/25 results show some modest progress, with the mean pay gap decreasing from 10.3% to 8.7%.

Our median pay gap (opposite) shows that average pay has increased for all colleagues, and the gap has reduced from 7% to 5.74%

Pay Quartiles

The ethnicity pay gap stems from our demographic make up, and particularly the lack of ethnic diversity in higher paid roles. We are seeking to address this through providing opportunities in recruitment and development to shift the demographic balance.

We have seen an increase in Global Majority representation in the upper quartile from 29% to 38%, however we have also seen an increase in the lower quartile from 50% to 56%, meaning the effect on closing the pay gap has not been as significant as we would have wished to see.



NB: 100 colleagues have unknown ethnic origin, shown as 'undeclared'

We are committed to ultimately eliminating the ethnicity pay gap and have a number of actions in place to assist this aim, underpinned by our Equity, Diversity and Inclusion Strategy and Race Action Plan. Actions and initiatives include fair selection processes and ethnically diverse interview panels for all recruitment; the Aspire leadership development programme supporting progression of Global Majority colleagues into leadership roles; implementing an updated Race Action Plan with a dedicated steering group to oversee this; support for the staff diversity networks including the anti-racist network; and mandatory training for all managers that includes a focus on anti-racism.

MODERN SLAVERY ACT

Information about St Mungo's compliance with the Modern Slavery Act, which seeks to curb slavery and human trafficking, is available on our website www.mungos.org. This was last updated in September 2024 and is reviewed annually to ensure we continually improve our practice in this area.

REMUNERATION POLICY

The aim of our remuneration policy is to offer pay rates and a broader package of terms and conditions that will attract, retain and motivate high calibre and talented colleagues. We aim to pay salary rates at all levels that effectively support attraction and retention.

Most roles in St Mungo's are paid at salary grades linked to the National Joint Council (NJC) for Local Government Services. The appropriate grade is determined by evaluation of the role within the terms of St Mungo's Job Evaluation scheme. We apply the NJC annual pay award if affordable, and in addition in 2023 we agreed a St Mungo's specific allowance for many grades as part of the resolution to the pay dispute and industrial action.

The base pay for certain posts is determined outside of NJC salary grades. In these cases, spot salary rates are determined by external market testing and other factors. These posts include the Chief Executive, Executive Directors, Directors and some specialist roles.

In the years which fall between market tests, those on spot rates usually receive the same cost of living increase as all other members of staff, which is determined by reference to the NJC annual settlements. In 2023, as part of the industrial action settlement, the Executive Directors and Chief Executive did not take an annual cost of living pay rise; in 2024 they received the same annual settlement as other members of staff.

All colleagues at St Mungo's receive the same standard package of terms and conditions of employment, apart from access to Flexi/Toil, which is not available to recent and newly appointed Executive Directors and the Chief Executive. There are no enhancements to the standard terms and conditions, and no bonuses or discretionary additional awards in terms of salary to any individual.

As a responsible employer our aim is to secure the best benefits for St Mungo's employees past, present and future. Employees are auto enrolled into our defined contribution pension scheme with Aviva, and we have a bi-annual governance board to review scheme performance. Our standalone defined benefit scheme with TPT Retirement Solutions is closed to new employees and membership reduces each year. In addition we implemented a salary sacrifice scheme in May 2025.

RESERVES POLICY

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

In May 2025 the Board approved the 2026-30 Five Year Financial Plan. The Board considered the impact of a wide range of stress tests and scenarios in order to understand the organisation's financial resilience and risk,

measured the impact on cash liquidity and reserves levels and reviewed the strategy for mitigation should financial risk materialise. The Reserves and Liquidity policy sets thresholds to manage adverse risks should they materialise; as part of this process, the Board reaffirmed its 'Golden Rules' to manage to cash balances of £14m - £18m and unrestricted reserves of £10m - £13m to ensure that St Mungo's is viable longer term, and strikes the appropriate balance between protecting viability and utilising resources to achieve the organisation's strategic objectives.

Total reserves as at 31 March 2025 were £16.4m (2024: £7.1m). We held restricted reserves of £2.1m (2024: £2.0m) and unrestricted or free reserves of £14.3m (2024: £5.1m). Unrestricted reserves were within the approved thresholds at 31 March 2025.

The year-end cash balance was £25.5m (2024: £14.4m). Cash holdings exceeded the upper approved threshold at 31 March 2025 due to timing of payments – there will be significant grant repayments due in early 2025, as well as increased creditor payments and significant planned property investment linked to fire safety. Cash is expected to return to within the approved thresholds in the first half of 2025.

Going Concern

The Trustees have reviewed the reserves and cash of the Association and Group taking into consideration future activity, uncertainties and risks and have concluded that the level of cash and forward plan of activity means that it is appropriate to maintain the continuation of the Association and Group as a going concern.

For this reason, St Mungo's continues to adopt the going concern basis in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

In our ever-changing operating environment the breadth of potential risks the organisation faces is far-reaching. The impact of recent and ongoing macroeconomic shocks and global political volatility, coupled with ongoing social housing sector reform, increasing legislation particularly in relation to property safety, ever-increasing numbers of people experiencing homelessness, and constraints in commissioners' funding capacity all combine to create several internal challenges. Responding to these risks has continued to be a major focus of the Board through the year.

Understanding and managing risks is critical to ensuring the future sustainability of the organisation. We have in place robust mechanisms for the identification, management and monitoring of risk. Responsibility for the identification and management of risk sits at every level of the organisation; it is regularly discussed at team meetings, meetings of the Senior Leadership and Executive Teams, and is reported to every meeting of the Audit & Risk Committee. We have also recently introduced a new reporting template that every report taken to Board or Committees includes a consideration of the relevant risks.

Our Strategic Risk Register sets out the principal risks and uncertainties which could impact on St Mungo's achieving its strategic objectives. Risks are captured with reference to the Board's strategic priorities and the Regulator's sector risk profile. The internal and external environment is scanned on an ongoing basis to identify any new and emerging risks to the organisation. Risks are assigned a score using an Impact / Probability Matrix, taking account of the mitigating controls in place to understand the level of residual risk, and to ascertain whether the level of remaining risk is acceptable and in line with the Board's Risk Appetite Statement. Risks with a high residual score are considered at every Audit & Risk Committee meeting, with lower scoring risks monitored and considered by exception. The Audit & Risk Committee also undertakes periodic 'deep-dives' to gain a more in-depth understanding of a specific risk, its drivers, and the controls in place to manage.

Our 5-Year Financial Plan is fully funded and based on reasonable assumptions. However, much of our contract income is short-term and low-margin and it is because of this that we maintain a robust focus on our reserves and liquidity. The Plan, approved by the Board in May 2025, has been stress-tested to understand the sensitivity of key assumptions, and a number of scenarios modelled and a Mitigations Register developed to provide assurance that the organisation can withstand a range of adverse events should they occur.

The Board has continued to ensure that the risks arising from our day-to-day work are effectively managed prioritising safety and essential services. Further information about our principal risks (scoring high or medium / high) and the key controls in place is set out below.

FINANCIAL RESILIENCE – HIGH <i>Cashflow and operating margin under-performance weakens financial resilience</i> • Cash and reserves targets informed by annual stress-testing of annual budget and five year plan • Close monitoring of cash, reserves and financial operating performance • Transformation programme implemented to deliver cash and reserves improvement • Investment decisions subject to consideration of cash flow forecasts	DATA SECURITY – HIGH <i>Ensuring robust arrangements to adequately ensure the security of our data</i> • IT security function delivered by expert third party including identifying security vulnerabilities • Comprehensive data security action plan in place and being delivered to ensure best practice • Technical measures to ensure data security including multi-factor authentication • Measures in place to implement data protection principles including training and guidance • Security monitoring and alerting solution
HEALTH & SAFETY – HIGH <i>Legislative compliance failures leading to death or serious injury</i> • Comprehensive suite of health and safety policies in place and updated • Compulsory training for all managers • Programme of health and safety inspections across services • Investigations into incidents and near misses and lessons learnt disseminated • Comprehensive incident reporting and escalation systems and processes • Third party expert support and advice in place	QUALITY ACCOMMODATION – MEDIUM / HIGH <i>Providing good quality accommodation to meet our obligations as a landlord</i> • New Asset Management Strategy developed to cover regulatory and legal compliance and operational improvements • Full stock condition survey completed and long-term stock investment planning underway • Integrated Fire and Building Safety Action Plan in place to respond to changes in building safety and consumer regulation • Data improvement programme underway and new Asset Management system being planned

There are a further seven risks identified on the Strategic Risk Register with a residual risk rating of medium; these are:

- **Safeguarding Clients:** Safeguarding clients from serious harm caused by staff or corporate negligence
- **Service Delivery Failure:** Delivering services that meet the expectations of commissioners and clients
- **Data Integrity:** lack of data integrity leading to sub-optimal control and decision making
- **Significant Change Projects:** Management of significant IT and change projects across the organisation
- **Industrial Relationships:** Breakdown in relations leading to adverse financial and reputational consequences
- **Staff Vacancies:** Level of staff vacancies impacts on essential service provision
- **Commissioner Income:** Securing new or continued commissioner funding, particularly RSI funding

Financial resilience has a high risk rating due to operating deficits reported in recent years, and the risk of failure to achieve the cash flow and operating margins needed to strengthen our financial resilience. The transformation programme implemented during 2024/25, along with the largely completed exit from leased Real Lettings properties, has strengthened both cash and reserves position and provides significant mitigation. The 2024/25 operating position has markedly improved and the 5-Year Financial Plan demonstrates long-term resilience. It is expected that this risk score will be revisited in early 2025/26.

Failure to ensure that our data is protected from the risk of cyber-attacks is rated high due to incidents in the housing and charity sectors in recent years, with a noticeable increase of attacks on not-for-profit organisations. Current political instability also heightens risk in this area, and there have been a number of high-profile cyber attacks in the retail sector in recent months. We continue to implement mitigation but vulnerability attacks are increasing globally and therefore this remains a high priority.

Failure to comply with health & safety legislation is rated high due to the seriousness of potential consequences, ie death or serious injury. There are strong mitigations in place in this area, including a

comprehensive suite of policies and processes for which a programme of review and updating has been undertaken throughout 2024/25. Our performance in respect of property health & safety compliance has improved this year, as shown in the results above.

Quality of accommodation has seen an increase in risk score during 2024/25 due to the age of our stock condition data and the recent changes in property safety legislation, particularly relating to fire safety. In the final quarter of 2024/25 a full stock condition survey was undertaken of all properties owned and managed by St Mungo's where we hold responsibility for property investment, and an updated long-term asset investment programme is now being formulated. A detailed Fire and Building Safety Action Plan is in place and being delivered, and the full cost of the fire safety remediation works required has been included in our financial forecasts.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its ultimate responsibility for ensuring that St Mungo's has a system of internal control and risk management in place to safeguard people, assets, compliance and the reputation of the organisation. The system of internal control is designed to give reasonable rather than absolute assurance that key objectives and expected outcomes will be achieved.

The Audit and Risk Committee has delegated responsibility and is responsible to the Board for providing oversight on behalf of the Board regarding the system of internal control and risk management and regularly reviewing its effectiveness.

Risk review

The Board confirms there is an ongoing process for identifying, evaluating and managing the significant risks faced by the organisation that has been in place for the period under review and up to the date of approval of the annual report and accounts. A programme is in place to ensure that risks are regularly reviewed, and this process underpins the governance of St Mungo's. St Mungo's has identified 11 Strategic Risks, as set out above.

The Executive team reviews the Strategic Risk Register regularly to ensure that risks are identified, assessed and mitigated appropriately. The Audit and Risk Committee reviews the Strategic Risk Register on a quarterly basis and provides assurance to the Board.

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.

The Board has reviewed its risk appetite and agreed risk tolerance levels, and these are used to guide our day-to-day activities. The Executive team is responsible for ensuring that the organisation is managed in line with the agreed risk appetite.

Internal control and assurance

We have a framework of policies and procedures in place which set out our expectations of employees. Processes are in place to monitor compliance and ensure controls are operating effectively.

Our Quality Audit Programme for client-facing services identifies areas of good practice and highlights any improvements that are needed. A regular programme of Health and Safety inspections across our projects provides further assurance on compliance with statutory and regulatory obligations.

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

Concerns about weaknesses in controls can be raised via line management or confidentially via our Whistleblowing Policy. Our Services of Concern Procedure ensures a comprehensive action plan is put in place where concerns relate to client-facing services.

Executive Directors are responsible for effective risk management and providing assurance, both within their areas of responsibility and collectively as part of their leadership roles.

Sources of assurance are identified using the three lines of assurance model and recorded in our risk register. The Audit and Risk Committee reviews the sources of assurance to identify gaps in assurances, overlaps and assurance effectiveness.

Internal assurance is provided through the Chief Executive's annual assurance report, which is reviewed by the Audit and Risk Committee and used to inform the Board's review of the system of internal control.

Internal and external audit

St Mungo's internal audit function, delivered by BDO, is used to provide objective assurance on our control framework and management of risks. The internal auditors concluded that, based on the work undertaken and subject to the weaknesses identified and reported in the internal audit reports, the Board can take adequate assurance that there is an effective framework of governance, risk management and controls at St Mungo's.

The internal audit programme independently reviews the control processes implemented by management and reports to the Audit & Risk Committee every quarter. The Audit & Risk Committee approves the programme of audits to be undertaken each financial year and review the assurance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit & Risk Committee report the highlights from each meeting to the subsequent meeting of the Board.

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

Fraud and whistleblowing

A Fraud Register has been maintained during the year and reviewed by the Audit and Risk Committee. During the period there have been some minor losses due to isolated fraud.

St Mungo's has a Whistleblowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. No whistleblowing concerns were raised during the year.

Conclusion

The Board has considered the effectiveness of the risk management and internal control system in place across the organisation for the year ended 31 March 2025 and has concluded that it has an adequate level of assurance that there is an effective framework of governance, risk management and control at St Mungo's. No other weaknesses or relevant information have been identified which would result in material misstatement or loss and which require disclosure in the financial statements.

Statement of Compliance

The Group's Accounting Policies have been prepared with reference to UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS 102), the Statement of Recommended Practice for Registered Social Housing Providers 2018 and the Regulator of Social Housing Accounting Direction 2022 for Registered Providers. The principal Accounting Policies of the Group are set out on pages 46 to 51 of the financial statements.

Auditor

Crowe UK LLP was appointed as external auditors at the Annual General Meeting on 21 September 2023. Pursuant to section 487 of the Companies Act 2006, Crowe UK LLP have indicated their willingness to be reappointed for another term. A resolution to re-appoint them will be proposed by the Board.

Disclosure of Information to the Auditor

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

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

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

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



Mike Adamson
Chair of the Board of Trustees
30 July 2025

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Association will continue their activities.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that its financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction of Private Registered Providers of Social Housing 2022. The Board has general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board of Trustees on the 30th of July 2025 and signed on its behalf by:

By order of the Board



Mike Adamson
Chair of the Board of Trustees
30 July 2025

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

Opinion

We have audited the financial statements of St Mungo Community Housing Association (the "Association") and its subsidiaries (the "group") for the year ended 31 March 2025 which comprise Consolidated statement of comprehensive income, the Association Statement of comprehensive Income, the Consolidated and Association statement of financial position, the Consolidated and Association statement of changes in reserves, the Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 March 2025 and of the group's and Association's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and

our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent company 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 18, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 together with the Housing Statement of Recommended Practice (Housing SORP). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Association's ability to operate or avoid a material penalty or have another material effect on the financial statements. We also considered the opportunities and incentives that may exist within group for fraud. The laws and regulations we considered in this context were the requirements imposed by the Regulator of Social Housing, health and safety legislation, taxation legislation, employment legislation and General Data Protection Regulations (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income, the assumptions applied in the consideration of impairment of property assets and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, analytical review and substantive testing of income, reviewing accounting estimates for biases, reviewing regulatory correspondence with relevant regulators and reading minutes of meetings of those charged with governance.

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 (irregularities) 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 irregularities as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, forgery, collusion or the provision of intentional misrepresentations. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association'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 Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
22nd August 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2025

		Unrestricted	Restricted	Total 2025	Total 2024
	Note	£million	£million	£million	£million
TURNOVER	3	120.7	2.9	123.6	123.7
Operating expenditure	3	(121.3)	(2.9)	(124.2)	(126.7)
OPERATING SURPLUS / (DEFICIT)		(0.6)	-	(0.6)	(3.0)
Gain/(loss) on disposal of freehold property	7	8.4	-	8.4	0.4
Interest receivable		0.4	-	0.4	0.3
Interest payable and similar charges	6	(0.3)	-	(0.3)	(0.3)
(DEFICIT) / SURPLUS BEFORE TAX		7.9	-	7.9	(2.6)
Taxation	10	-	-	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		7.9	-	7.9	(2.6)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	22	1.3	-	1.3	(2.7)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		9.2	-	9.2	(5.3)

The consolidated results relate wholly to continuing activities.

The accompanying notes on pages 46 - 66 form part of these financial statements.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2025

		Unrestricted	Restricted	Total 2025	Total 2024
	Note	£million	£million	£million	£million
TURNOVER	3	120.7	2.9	123.6	123.7
Operating expenditure	3	(121.3)	(2.9)	(124.2)	(126.7)
OPERATING SURPLUS / (DEFICIT)		(0.6)	-	(0.6)	(3.0)
Gain/(loss) on disposal of freehold property	7	8.4	-	8.4	0.4
Interest receivable on bank deposits		0.4	-	0.4	0.3
Interest payable and similar charges	6	(0.3)	-	(0.3)	(0.3)
(DEFICIT) / SURPLUS BEFORE TAX		7.9	-	7.9	(2.6)
Taxation	10	-	-	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		7.9	-	7.9	(2.6)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	22	1.3	-	1.3	(2.7)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		9.2	-	9.2	(5.3)

The association's results relate wholly to continuing activities.

The accompanying notes on pages 46 - 66 form part of these financial statements.

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2025

		Group		Association	
	Note	2025 £million	2024 £million	2025 £million	2024 £million
FIXED ASSETS					
Intangible assets	11a	2.5	1.8	2.5	1.8
Housing properties	11b	75.8	80.1	75.8	80.1
Other fixed assets	11c	0.9	1.0	0.9	1.0
Investment in subsidiaries	12	-	-	-	0.1
		<u>79.2</u>	<u>82.9</u>	<u>79.2</u>	<u>83.0</u>
CURRENT ASSETS					
Trade and other debtors	13	11.4	11.6	11.4	11.5
Cash and cash equivalents	19	25.5	14.4	25.5	14.4
		<u>36.9</u>	<u>26.0</u>	<u>36.9</u>	<u>25.9</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	(21.2)	(19.9)	(21.3)	(20.0)
NET CURRENT ASSETS		<u>15.7</u>	<u>6.1</u>	<u>15.6</u>	<u>5.9</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>94.9</u>	<u>89.0</u>	<u>94.8</u>	<u>88.9</u>
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	15	(70.5)	(71.0)	(70.5)	(71.0)
Retirement benefit obligations	22	(5.2)	(7.7)	(5.2)	(7.7)
Provisions for liabilities	17	(2.8)	(3.2)	(2.8)	(3.2)
		<u>(78.5)</u>	<u>(81.9)</u>	<u>(78.5)</u>	<u>(81.9)</u>
TOTAL NET ASSETS		<u>16.4</u>	<u>7.1</u>	<u>16.3</u>	<u>7.0</u>
RESERVES					
Restricted reserve	18	2.1	2.0	2.1	2.0
Income and expenditure reserve		14.3	5.1	14.2	5.0
TOTAL RESERVES		<u>16.4</u>	<u>7.1</u>	<u>16.3</u>	<u>7.0</u>

The accompanying notes on pages 46 - 66 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 30th July 2025 and are signed on its behalf by:



Mike Adamson
Chair



Alexandra Beidas
Vice Chair

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2025

	Unrestricted reserves £million	Restricted reserves £million	Total reserves £million
Balance at 31 March 2023	10.2	2.2	12.4
Surplus/(Deficit) for the year	(5.1)	(0.2)	(5.3)
Balance at 31 March 2024	5.1	2.0	7.1
Surplus/(Deficit)	9.2	0.1	9.3
Balance at 31 March 2025	14.3	2.1	16.4

ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2025

	Unrestricted reserves £million	Restricted reserves £million	Total reserves £million
Balance at 31 March 2023	10.1	2.2	12.3
Surplus/(Deficit) for the year	(5.1)	(0.2)	(5.3)
Balance at 31 March 2024	5.0	2.0	7.0
Surplus / (Deficit) for the year	9.2	0.1	9.3
Balance at 31 March 2025	14.2	2.1	16.3

The Capital Reserve Adjustment represents the spend to date of a donation restricted to capital property acquisition.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2025

	Note	2025 £million	2024 £million
Net cash generated from operations	19	1.5	(0.1)
Interest received		0.4	0.4
NET CASH GENERATED FROM OPERATING ACTIVITIES		1.9	0.3
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(3.3)	(3.0)
Proceeds on disposal of tangible fixed assets		12.5	0.7
Grants received		-	0.3
NET CASH (USED IN) INVESTING ACTIVITIES		9.2	(2.0)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan finance		-	-
NET CASH (USED IN) FINANCING ACTIVITIES		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		11.1	(1.7)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		14.4	16.1
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	25.5	14.4

(I) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2024 £million	Cash Flow £million	At 31 March 2025 £million
CASH AND CASH EQUIVALENTS			
Cash	14.4	11.1	25.5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

1. LEGAL STATUS

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

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

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements have been prepared under the historical cost convention and on a going concern basis.

GOING CONCERN

During the year, the Board considers the worst case impact of different business scenarios (stress testing) on the financial plan. The Board considered the worst case impact of a broad range of scenarios, including an economic recession leading to a reduction in fundraising receipts, loss of contracts and rent service charge income, cost and wage inflation, and an increase in voids and bad debts. The Board also considered the impact of a "perfect storm" which included several scenarios occurring at the same time considering mitigating actions including cost cutting measures and supporting the conclusions that sufficient cash reserves remain available for at least the next 12 months.

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

BASIS OF CONSOLIDATION

Under the Companies Act 2006 the Group has prepared consolidated financial statements. The consolidated financial statements incorporate those of the Association and all its subsidiaries (i.e., entities that the Group controls through its power to govern the financial and operating policies to obtain economic benefits). All financial statements are made up to 31 March 2025.

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

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

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

All subsidiaries are dormant and listed in note 12.

REDUCED DISCLOSURES

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

TURNOVER AND REVENUE RECOGNITION

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

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

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

Donations and income from fundraising activities are recognised when the Group has entitlement to these and receipt is probable, being at the point of cash receipt.

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

OTHER INCOME

Interest income

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

INTANGIBLE ASSETS

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

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

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

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

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

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

DONATED LAND AND OTHER ASSETS

Land or other assets which have been donated by a government source is added to the cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

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

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

IMPAIRMENTS OF FIXED ASSETS

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

Impairment losses are recognised through expenditure.

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

OTHER TANGIBLE FIXED ASSETS

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

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

GOVERNMENT GRANTS

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

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

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

OTHER GRANTS

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

TAXATION

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 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.

Irrecoverable VAT is separately analysed and is charged to expenditure when incurred.

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

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

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

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

LEASES

Operating Leases

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

EMPLOYEE BENEFITS

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

RETIREMENT BENEFITS

Defined contribution plans

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

Defined benefit plans

The Employer operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. The disclosure in these accounts complies with FRS102, with the Scheme's liability updated to 31 March 2025 by a qualified actuary, independent of the Scheme's sponsoring employer.

The Consolidated Statement of Comprehensive Income includes pension expense and net interest expense together with the actuarial gain for the year.

FINANCIAL INSTRUMENTS

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

Financial assets

Debtors

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

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

Financial liabilities

Creditors

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

De-recognition of financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

PROVISIONS

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

RESERVES

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment

The Group determines whether non-current assets are impaired on annual basis. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. We are required to review annually the value of our housing stock for potential impairment. Given the property values in our area of operation have seen significant growth, we feel using this as the basis for review is a prudent methodology.

Defined benefit pension plan

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

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

2025: Group and Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	50.2	49.1	1.1
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	23.1	23.5	(0.4)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	33.7	43.0	(9.3)
Fundraising	14.2	5.2	9.0
Real Lettings	2.4	3.4	(1.0)
	<u>123.6</u>	<u>124.2</u>	<u>(0.6)</u>

2024: Group and Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	48.7	51.1	(2.4)
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	22.8	22.8	-
NON SOCIAL HOUSING ACTIVITIES			
Support Services	33.1	40.1	(7.0)
Fundraising	13.5	4.9	8.6
Real Lettings	5.6	7.8	(2.2)
	<u>123.7</u>	<u>126.7</u>	<u>(3.0)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group and Association

	2025				2024			
	Supported Housing	Care homes	Short stay housing	Total	Supported Housing	Care homes	Short stay housing	Total
	£million	£million	£million	£million	£million	£million	£million	£million
TURNOVER FROM SOCIAL HOUSING LETTINGS								
Rent receivable net of voids	10.8	2.6	0.2	13.6	11.0	2.4	0.2	13.6
Service charges net of voids	31.0	-	-	31.0	26.7	-	0.5	27.2
NET RENTAL INCOME	41.8	2.6	0.2	44.6	37.7	2.4	0.7	40.8
Other revenue grants	4.0	-	-	4.0	6.1	-	-	6.1
Amortisation of deferred capital grants	1.4	0.1	0.1	1.6	1.6	0.1	0.1	1.8
TURNOVER FROM SOCIAL HOUSING LETTINGS	47.2	2.7	0.3	50.2	45.4	2.5	0.8	48.7
EXPENDITURE ON SOCIAL HOUSING LETTINGS								
Management	11.5	-	-	11.5	12.3	1.0	0.2	13.5
Service charge costs	18.3	2.1	0.6	21.0	17.0	1.9	0.7	19.6
Routine maintenance	3.3	0.1	0.1	3.5	2.8	0.1	0.1	3.0
Planned maintenance	0.5	-	-	0.5	1.4	-	-	1.4
Bad debts	2.4	0.2	0.1	2.7	1.9	-	0.1	2.0
Depreciation charged	2.2	0.1	0.2	2.5	3.4	0.1	0.2	3.7
Lease Charges	6.0	-	-	6.0	6.4	-	-	6.4
Landlord charges	0.4	-	-	0.4	0.3	-	-	0.3
Other costs	0.9	0.1	-	1.0	1.2	-	-	1.2
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	45.5	2.6	1.0	49.1	46.7	3.1	1.3	51.1
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	1.7	0.1	(0.7)	1.1	(1.3)	(0.6)	(0.5)	(2.4)
<i>Rent losses due to voids</i>	<i>4.6</i>	<i>0.3</i>	<i>0.1</i>	<i>5.0</i>	<i>3.5</i>	<i>0.2</i>	<i>0.1</i>	<i>3.8</i>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

Group and Association	2025 Units	2024 Units
Supported Housing		
- Supported housing	2,204	2,280
- Care homes	56	56
- Short stay housing	-	-
Total number of Supported Housing managed units	2,260	2,336
Other Units		
- Non-Social	154	225
- Owned but managed by another organisation	21	21
	<u>2,435</u>	<u>2,582</u>

Supported Housing managed units and units owned but managed by another organisation are measured by bedspace. Non-Social units are measured as self-contained properties.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2025 £million	2024 £million	2025 £million	2024 £million
Interest arising on;				
Unwinding of discount factor on pension deficit provision	0.3	0.3	0.3	0.3

7. GAIN ON DISPOSAL OF PROPERTY

Association and Group	2025	2024
	£million	£million
Disposal proceeds	12.5	0.7
Carrying value of fixed assets	(2.9)	(0.3)
Write back amortised grant	(1.2)	-
Gain on Disposal	<u>8.4</u>	<u>0.4</u>

8. OPERATING SURPLUS

	Note	Group		Association	
		2025 £million	2024 £million	2025 £million	2024 £million
Operating surplus is stated after charging/(crediting):					
Amortisation of intangible fixed assets	11a	0.8	0.3	0.8	0.3
Depreciation of housing properties	11b	3.0	3.6	3.0	3.6
Depreciation of other tangible fixed assets	11c	0.3	0.1	0.3	0.1
Operating lease rentals		3.9	7.9	3.9	7.9
Fees payable to external auditors		0.1	0.1	0.1	0.1
Non audit services		-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

9. EMPLOYEES

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

	Group and Association 2025 No.	Group and Association 2024 No.
Full time	1,266	1,274
Part time (full time equivalent 115) (2024:116)	138	167
Locums (full time equivalent 137) (2024:145)	278	258
	<u>1,682</u>	<u>1,699</u>

Staff costs:	Group and Association 2025 £million	Group and Association 2024 £million
Wages and salaries	60.4	56.3
Social security costs	6.3	5.8
Other pension costs and current service cost (note 22)	2.5	2.4
Agency staff	7.3	9.6
	<u>76.5</u>	<u>74.1</u>

Total compensation for loss of office was £377,646 in F25 (F24: £364,995)

The number of staff who received remuneration (excluding trustees, including executive directors):	2025	2024
£60,001 - £70,000	33	31
£70,001 - £80,000	9	11
£80,001 - £90,000	7	9
£90,001 - £100,000	5	1
£100,001 - £110,000	2	4
£110,001 - £120,000	1	-
£120,000 - £130,000	-	-
£130,001 - £140,000	2	2
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£180,001 - £190,000	-	-
£190,001 - £200,000	1	1

EXECUTIVE DIRECTORS

The key management of the charity, as at 31 March 2025, comprised the Chief Executive and the three directors of the organisation (Chief Finance Officer, Executive Director of Client Services, Executive Director of Strategy & Transformation). The total remuneration and benefits, including salary and employer's pension contributions, of the key management personnel of the charity are outlined below:

	2025 £	2024 £
Remuneration and fees	599,199	693,981
Association contributions to money purchase pension schemes	31,179	30,823
Compensation for loss of office	-	-
	<u>630,378</u>	<u>724,804</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

Pension contributions were paid on behalf of key management personnel. The amount paid to the highest paid director (the Chief Executive), including pension contributions, was £194,287 (2024: £192,010). She was an ordinary member of the Association's Aviva defined contribution pension scheme and no enhancement or special terms applied. The Association does not make any further contributions to an individual pension arrangement for the Chief Executive. None of the Trustees received any emoluments in the year. Trustees claimed £417.83 in expenses during the year (2024: £16)

10. TAXATION

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (25%). The differences are explained below:

	Group		Association	
	2025	2024	2025	2024
	£million	£million	£million	£million
(Deficit) on ordinary activities before tax	7.9	(2.6)	7.9	(2.6)
(Deficit) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25%	2.0	(0.7)	2.0	(0.7)
Effects of:				
Exempt charitable activities	(2.0)	0.7	(2.0)	0.7
Tax expense	-	-	-	-

Any profits are donated by gift aid by the subsidiaries. No UK corporation tax has arisen in the period to 31 March 2025 (31 March 2024: £nil). As any profits are donated by gift aid no deferred tax asset is recognised in respect of any tax

11A. INTANGIBLE FIXED ASSETS

Group and Association

	£million
Cost	
At 1 April 2023	1.9
Additions	1.0
Disposals	-
At 31 March 2024	2.9
Additions	1.4
Disposals	-
At 31 March 2025	4.3
Depreciation and impairment	
At 1 April 2023	0.8
Depreciation charged in year	0.3
At 31 March 2024	1.1
Depreciation charged in year	0.8
At 31 March 2025	1.9
Carrying amount	
31 March 2025	2.5
31 March 2024	1.8

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

11B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Association

Social housing properties held for letting

	Completed properties £million	Properties under construction £million	Total £million
Cost			
At 1 April 2023	124.9	1.2	126.1
Properties acquired	-	-	-
Works to existing properties	1.5	-	1.5
Schemes completed	1.2	(1.2)	-
Disposals	(0.5)	-	(0.5)
At 31 March 2024	127.1	-	127.1
Properties acquired	-	-	-
Works to existing properties	1.6	-	1.6
Schemes completed	-	-	-
Disposals	(4.1)	-	(4.1)
At 31 March 2025	124.6	-	124.6
Depreciation and impairments			
At 1 April 2023	43.5	-	43.5
Depreciation charged in year	3.6	-	3.6
Released on disposal	(0.1)	-	(0.1)
At 31 March 2024	47.0	-	47.0
Depreciation charged in year	3.0	-	3.0
Released on disposal	(1.2)	-	(1.2)
At 31 March 2025	48.8	-	48.8
Net Book Value			
At 31 March 2025	75.8	-	75.8
At 31 March 2024	80.1	-	80.1

At each reporting date an assessment must be made of whether any indicators of impairment exist. A review has been undertaken and no impairment indicators have been identified. Cumulative impairments on housing properties amounted to £nil at 31 March 2025 (2024: £nil). Development and works to existing properties include capitalised administration costs of £nil (2024: £0.1m).

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

Group and Association

	2025 £million	2024 £million
Total capitalised costs in respect of existing properties and replacement components	1.6	1.5
Total maintenance costs of existing properties	4.0	4.4
	5.6	5.9

HOUSING PROPERTIES BY TENURE

Group and Association

	2025 £million	2024 £million
Freehold land and buildings	67.0	70.9
Long leasehold land and buildings	6.4	6.7
Short leasehold land and buildings	2.4	2.5
	75.8	80.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

11C. TANGIBLE FIXED ASSETS – OTHER

Group and Association	Computers Equipment	Furniture and Equipment	Leasehold improvements	Total
	£million	£million	£million	£million
Cost at March 2023	0.4	0.3	0.8	1.5
Additions	0.5	-	-	0.5
Cost at March 2024	0.9	0.3	0.8	2.0
Additions	0.3	-	-	0.3
As at 31 March 2025	1.2	0.3	0.8	2.3
Depreciation and impairment				
31 March 2023	0.2	0.3	0.4	0.9
Depreciation charged in year	0.1	-	-	0.1
31 March 2024	0.3	0.3	0.4	1.0
Depreciation charged in year	0.3	-	0.1	0.4
31 March 2025	0.6	0.3	0.5	1.4
Carrying amount				
31 March 2025	0.6	-	0.3	0.9
31 March 2024	0.6	-	0.4	1.0

12. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Association	2025	2024
Investment in subsidiaries	£million	£million
Cost		
At start of period	0.1	0.1
At end of period	0.1	0.1

The St Mungo Community Housing Association subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Country of incorporation</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of Business</i>
Broadway Homelessness and Support	Ordinary	England	100%	Dormant
St Mungo's Homes Limited	Ordinary	England	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

13. DEBTORS

	Group		Association	
	2025	2024	2025	2024
	£million	£million	£million	£million
Amounts falling due within one year:				
Rent and services receivable	9.2	9.3	9.2	9.3
Less: provision for bad and doubtful debts	(6.1)	(6.5)	(6.1)	(6.5)
	<u>3.1</u>	<u>2.8</u>	<u>3.1</u>	<u>2.8</u>
Trade debtors	5.5	5.5	5.5	5.4
Other debtors	0.1	0.1	0.1	0.1
Prepayments and accrued income	2.7	3.2	2.7	3.2
	<u>11.4</u>	<u>11.6</u>	<u>11.4</u>	<u>11.5</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2025	2024	2025	2024
	£million	£million	£million	£million
Rent and service charges received in advance	5.7	5.9	5.7	5.9
Deferred capital grants	1.7	1.7	1.7	1.7
Trade creditors	2.1	0.2	2.1	0.2
Amounts owed to subsidiary undertakings	-	-	0.1	0.1
Other taxation and social security costs	1.4	1.5	1.4	1.5
Other creditors	0.5	0.4	0.5	0.4
Accruals and deferred income	9.8	10.2	9.8	10.2
	<u>21.2</u>	<u>19.9</u>	<u>21.3</u>	<u>20.0</u>

DEFERRED INCOME
Group and Association

31 March 2024	3.4
Utilised in the year	<u>(0.8)</u>
31 March 2025	<u>2.6</u>

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

	Group		Association	
	2025	2024	2025	2024
	£million	£million	£million	£million
Recycled capital grant	3.5	0.6	3.5	0.6
Deferred capital grants (note 16)	67.0	70.4	67.0	70.4
	<u>70.5</u>	<u>71.0</u>	<u>70.5</u>	<u>71.0</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

16. DEFERRED CAPITAL GRANT

Association and Group	2025 £million	2024 £million
As at 1 April	72.0	73.4
Grant received in the year	0.1	0.3
Capital grant amortised	(1.7)	(1.7)
Grant moved to creditors	(1.7)	-
As at 31 March	68.7	72.0

In full the Association has received Social Housing Grants of £101,555,989 from Government Bodies (2024: £104,654,708). The Association intends to use the recycled grant to fund property improvement and development.

Recycled Capital Grant

	2025 £million	2024 £million
As at 1 April	0.5	0.5
As at 31 March	3.4	0.6

The intention for the application of recycled funds is to contribute towards continued investment in our current property portfolio.

17. PROVISIONS FOR LIABILITIES

Group and Association

	Dilapidations £million	Total £million
1 April 2023	4.3	4.3
Utilised in the year	(1.6)	(1.6)
Additional provision in year	0.5	0.5
31 March 2024	3.2	3.2
Utilised in the year	(0.4)	(0.4)
Additional provision in year	-	-
31 March 2025	2.8	2.8

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

18. MEMBERS AND RESERVES

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

	2025 No.	2024 No.
Number of members		
1 April	11	10
Joined during the year	3	2
Left during year	(3)	(1)
31 March	<u>11</u>	<u>11</u>

	At 1 April 2024 £million	Income £million	Expenditure £million	At 31 March 2025 £million
RESTRICTED RESERVES				
Other	0.8	0.8	(0.9)	0.7
HARP	0.1	0.3	(0.4)	-
Westminster SOS	-	0.2	-	0.2
Putting Down Roots	-	0.2	(0.2)	-
Recovery College	-	0.2	(0.2)	-
Social Enterprise Bricks & Mortar	-	0.2	(0.2)	-
Leicester Construction Skills	0.2	-	-	0.2
Street Legal Jones Day	0.1	0.1	(0.1)	0.1
Street Legal	0.2	-	(0.1)	0.1
Homelesswise	0.1	0.3	(0.4)	-
Oxford Mental Health	0.5	-	-	0.5
Community Link Worker	-	0.7	(0.4)	0.3
Total	<u>2.0</u>	<u>3.0</u>	<u>(2.9)</u>	<u>2.1</u>

Restricted reserves

Restricted donations are applied to part or fully fund projects that meet the donor restriction and that further the charitable activities of St Mungo's.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

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

Group	2025 £million	2024 £million
(Deficit) / for the year	7.9	(2.6)
(Gain) on disposal of tangible fixed assets	(8.4)	(0.4)
Interest receivable	(0.4)	(0.3)
Interest payable	0.3	0.3
Operating Surplus / (Deficit)	(0.6)	(3.0)
Defined Benefit Pension Scheme payment toward deficit	(1.7)	(1.7)
<i>Adjustments for non-cash items:</i>		
Amortisation of capital grant	(1.7)	(1.7)
Amortisation of intangible assets	0.8	0.3
Depreciation of tangible fixed assets	3.4	3.7
Fixed Asset non-cash movement	-	0.2
Increase / (Decrease) in provisions	(0.4)	(1.1)
Defined Benefit Pension costs recognised in Statement of Comprehensive Income	0.2	0.1
Operating cash flows before movements in working capital	-	(3.2)
Decrease / (Increase) in trade and other debtors	0.3	7.6
Increase / (Decrease) in trade and other creditors	1.2	(4.5)
Cash generated from operations	1.5	(0.1)
	2025 £million	2024 £million
Cash and cash equivalents represent:-		
Cash at bank	0.9	0.8
Short-term deposits	24.6	13.6
	<u>25.5</u>	<u>14.4</u>

20. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

Group and Association	2025 £million	2024 £million
Capital expenditure contracted for but not provided in the financial statements	0.8	-
Expenditure authorised by the Board, but not contracted	6.7	4.6
	<u>7.5</u>	<u>4.6</u>

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

21. COMMITMENTS UNDER OPERATING LEASES

Group and Association	2025 £million	2024 £million
The total future minimum lease payments are payable:		
Within one year	2.3	2.4
Between one and five years	4.9	4.3
After five years	0.5	1.1
	<u>7.7</u>	<u>7.8</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

22. RETIREMENT BENEFITS

The Group participates in two defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The contributions payable by the Group are charged to expenditure, and contributions payable to the fund at the year-end are included in creditors as follows:

Administrator	Contributions payable charged to Statement of Comprehensive Income		Contributions payable to the fund included in creditors	
	2025 £million	2024 £million	2025 £million	2024 £million
Pensions Trust	0.2	0.1	-	-
Aviva	3.2	2.3	(0.4)	(0.4)
	<u>3.4</u>	<u>2.4</u>	<u>(0.4)</u>	<u>(0.4)</u>

ST MUNGO'S DEFINED BENEFIT SCHEME

The Employer operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on liability information as at 30 September 2024 updated to 31 March 2025 by a qualified actuary, independent of the Scheme's sponsoring employer.

The triennial actuarial valuation at 30 September 2024 showed a deficit of £14,072,000 and a funding level of 76%. The Employer has agreed with the Trustee that it will aim to eliminate the deficit by 30 May 2029. To achieve this, prior to 1 April 2023, deficit contributions of £1,560,600 p.a. plus £81,000 p.a. in respect of scheme expenses were payable. From 1 April 2023, deficit contributions of £1,592,000 p.a. (payable monthly) and £94,764 p.a. in respect of scheme expenses are payable, both increasing by 2% p.a. on 1 April 2024 and each 1 April thereafter.

DEFINED BENEFIT PENSION LIABILITY

	2025 £million	2024 £million
1 April 2024	7.7	6.3
Defined benefit costs recognised in Statement of Comprehensive Income	0.5	0.4
Defined benefit (gains) / costs recognised in Other Comprehensive Income	(1.3)	2.7
Deficit contribution paid	<u>(1.7)</u>	<u>(1.7)</u>
31 March 2025	<u>5.2</u>	<u>7.7</u>

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

	2025 £million	2024 £million
Fair value of plan assets	26.3	28.2
Present value of defined benefit obligation	<u>(31.5)</u>	<u>(35.9)</u>
Net defined benefit liability to be recognised	<u>(5.2)</u>	<u>(7.7)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2025	2024
	£million	£million
Defined benefit obligation at start of period	35.9	35.7
Interest expense	1.7	1.7
Actuarial losses / (gains) due to scheme experience	0.2	0.6
Actuarial losses / (gains) due to changes in demographic assumptions	0.2	(0.4)
Actuarial (gains) / losses due to changes in financial assumptions	(5.3)	(0.4)
Benefits paid and expenses	(1.2)	(1.3)
Defined benefit obligation at end of period	<u>31.5</u>	<u>35.9</u>

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

	2025	2024
	£million	£million
Fair value of plan assets at start of period	28.2	29.4
Interest income	1.4	1.4
Experience on plan assets (excluding amounts added as interest income) loss	(3.7)	(2.9)
Contributions by the employer	1.7	1.7
Benefits paid and expenses	(1.2)	(1.4)
Fair value of plan assets at end of period	<u>26.4</u>	<u>28.2</u>

The actual return on plan assets (including any changes in share of assets) over the year ended 31 March 20225 was £2,205,000

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

	2025	2024
	£million	£million
Expenses	0.2	0.1
Net interest expense	0.3	0.3
Defined benefit costs recognised in statement of comprehensive income (SoCl)	<u>0.5</u>	<u>0.4</u>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2025	2024
	£million	£million
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(3.6)	(2.9)
Experience gains and losses arising on the plan liabilities – (loss) / gain	(0.2)	(0.6)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(0.2)	0.4
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	5.3	0.4
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain / (loss)	<u>1.3</u>	<u>(2.7)</u>
Total amount recognised in other comprehensive income – gain / (loss)	<u>1.3</u>	<u>(2.7)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

ASSETS

	2025 £million	2024 £million
Equity	1.8	1.9
Bonds	5.7	1.5
Property	1.5	1.5
Cash	0.7	2.6
Other	3.6	2.3
LDI	8.3	13.7
Liquid Alternatives	3.0	2.6
Private Credit	1.8	2.1
Total assets	26.4	28.2

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

KEY ASSUMPTIONS

	2025 % per annum	2024 % per annum
Discount Rate	5.90	4.90
Inflation (RPI)	3.05	3.10
Inflation (CPI)	2.80	2.90
Salary Growth	2.50	2.50

	75% of maximum allowance	75% of maximum allowance
Allowance for commutation of pension for cash at retirement		

The mortality assumptions adopted imply the following life expectancies on retirement age 65:

	2025 (Years)	2024 (Years)
Male retiring in 2025	21.1	21.0
Female retiring in 2025	23.4	23.6
Male retiring in 2045	22.7	22.6
Female retiring in 2045	24.9	25.0

23. LOCAL GOVERNMENT HOUSING ACT 1998

The total grant available from the Association of London Government and London Councils for the year ended 31 March 2025 includes the following:

The Assertive Offender Resettlement Project was £339,589. The analysis below summarises what the grant was awarded for and how it has been used:

London Councils – Assertive Offender Resettlement

	Grant £	Spend £
Salaries	251,177	259,681
Beneficiary costs	31,780	23,303
Running costs	56,632	56,605
	339,589	339,589

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025

The StreetLink London Advice Line was £103,493. The analysis below summarises what the grant was awarded for and how it has been used:

London Councils – StreetLink London Advice Line

	Grant £	Spend £
Salaries	84,342	84,342
Beneficiary costs	1,679	1,679
Running costs	17,472	17,472
	<u>103,493</u>	<u>103,493</u>

24. RELATED PARTY TRANSACTIONS

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

- £99,000 was owed by the Association to Broadway Homelessness and Support (2024: £99,000).

ST MUNGO COMMUNITY HOUSING ASSOCIATION

England & Wales - Charity number 1149085

Accounts

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

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2024

**ST MUNGO COMMUNITY HOUSING ASSOCIATION REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2024**

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TRUSTEES AND ADVISORS

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

Trustees

Joanna Killian (Chair)(Resigned 8 May 2024)
Alexandra Beidas (Vice Chair)
Daniel Corry
Darren Johnson
Helen Walters
Jane Tabor (appointed 26 July 23, resigned 21 August 2023)
John Watts
Lorraine Mealings (appointed 26 July 23)
Philip Moore (appointed 26 July 23)
Rob Bradshaw
Rolande Anderson (resigned 31 Dec 23)
Stephen Smith (Resigned 31 July 2024)
Teddy Nyahasha

Executive Officers

Emma Haddad, Chief Executive
David Fisher, Executive Director of Client Services
Jonathan Manuel, Executive Director of Finance (Retired 31 July 2024)
Helen Rourke, Chief Financial Officer (Appointed 5 August 2024)
Sean Palmer, Executive Director of Transformation
Kerry McCafferty, Director of People, Inclusion and Culture

Company Secretary

Jonathan Manuel (Retired 31 July 2024)
Claire Tuffin (Appointed 1 August 2024)

Registered Office

5th Floor 3 Thomas More Square London E1W 1YW

Auditors

Crowe UK 55 Ludgate Hill London EC4M 7JW

Principal Solicitors

Ashfords LLP 1 New Fetter Lane London EC4A 1AN

Bankers

HSBC 123 Chancery Lane London WC2A 1QH

Company No. 08225808

Charity No. 1149085

Regulator of Social Housing Registration No. LH0279

CHAIR'S STATEMENT

This was my sixth year on the Board at St Mungo's and my third and final year as Chair. The work our organisation does always makes me feel extraordinarily proud. We supported around 24,000 people facing homelessness in the last financial year. This illustrates the ongoing, significant and increasing demand there is to support people to find a safe, secure and affordable place to live.

This was a tough year for St Mungo's due to the industrial action taken by one of our recognised unions, Unite, over the summer of 2023. We continued to maintain an open dialogue with Unite representatives and in August 2023, our pay offer was accepted. This resolved the dispute and we have worked hard to continue to build even stronger relationships with our colleagues and our partners to support people recovering from or at risk of homelessness.

In order to support the amazing work our colleagues do every day within a changed and challenging external environment, we set out to develop a new organisational strategy. To make sure all voices at St Mungo's were heard, we spoke to colleagues, volunteers, clients and external partners and listened to what was most important to them. We now have a strategy that enables us to focus on our two key missions:

- Working directly with people experiencing or at risk of homelessness, providing them with services to find paths away from the streets, for good. Our services will deliver the outcomes our clients need, using our expertise and our evidence on what works.
- Influencing policy makers to make positive change through the power of our clients' voices and our operational expertise. Our clients have a unique understanding of the real-life impact of the government's decisions, so we will give power to our clients' experiences and work with partners to strengthen our collective policy asks.

This strategy has allowed us to recommit to our service ethos and to focus on doing what we do best, working directly with clients. At the heart of our services is our commitment to doing everything we can to keep our clients safe, empowering them in their individual recovery journeys and preventing homelessness in the future.

Our aim is to support each client to live a fulfilling life with purpose and meaning, and helping them to connect with their friends, families and communities.

With this in mind, one of the things I am always impressed by is the range of St Mungo's provision, from outreach services to supported accommodation, we were able to help people off the streets and into their own homes. We've continued to run recovery services as well, like our Putting Down Roots gardening programme and construction skills training, to help people rebuild after homelessness and, where possible, get back into work.

While service delivery is at the heart of what we do, working with government is also critical to ending homelessness in this country. We know that in England 27% more people found themselves rough sleeping in Autumn 2023, the second year on year rise. In London alone, rough sleeping has increased by 44% since 2022.

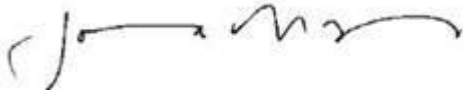
We worked closely with our partners in government and across the sector this year, continuing to call for an increased supply of supported housing, accessible and trauma informed care for people with multiple disadvantages, and for support for non-UK nationals. Following the General Election, a new government has just been formed and is developing their programme for the period ahead. We need to make sure that ending the homelessness crisis is high on their list of priorities. As a first step, the government need to make sure that charities and support services are saved from a financial cliff-edge and the vital funding that is set to end in early 2025 is extended and expanded.

For St Mungo's to be relevant and sustainable, we must also be financially and operationally resilient. Improving outcomes for our clients means change. Transformation for us means building a strong foundation, so that we continue to be well placed to deliver high quality services for our clients, for the long term.

As I step down as Chair this year, I am proud of the work that has been undertaken in the last year to ensure St Mungo's is fit for the future and can continue to make a difference for thousands of people every year. I am

sure that the external environment that St Mungo's operates in will continue to present challenges, and I am confident that the organisation is in a place to tackle them head on.

I would, as always, like to say a huge thank you to all the colleagues and volunteers who have worked so hard to run our services, support our clients and make ending homelessness a possibility. I look forward to hearing of even greater success and am forever grateful I have been able to play even a small part in moving us forwards towards ending homelessness.



Joanna Killian
Chair of the Board of Trustees until 8 May 2024



Alexandra Beidas
Vice Chair of the Board of Trustees
31 July 2024

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

Since being founded by a group of volunteers 55 years ago, St Mungo's has grown into one of the country's leading homelessness charities, supporting tens of thousands of people yearly. Our services cover almost every borough in London, as well as Bath, Bournemouth, Brighton, Bristol, Leicester, Oxford and Reading.

We support people experiencing or at risk of homelessness. Our clients often have complex needs and frequently face a range of interrelated challenges, including poor health, substance use issues, social isolation, unstable family relationships and experiences of trauma. We believe that a roof is not enough, so our services provide tailored support to ensure our clients can lead fulfilling lives in their communities and don't experience homelessness again.

Our provision is broad, encompassing outreach services; emergency, supported, and independent accommodation; and recovery, skills and welfare services. We also provide specialist services for groups who are more vulnerable to homelessness, like migrants and prison leavers, and run women only and gender informed services.

Our outreach teams supported 9,040 people off the streets last year. With the help of these teams, of the 4,170 people who were new to the streets in areas where we worked last year, 2,698 (63%) were not seen on the streets again.

Our accommodation services provided a safe place to stay for an average of 2,313 people each night. Of the people who left our accommodation services last year, 69% were supported to move into accommodation that better suited their evolving needs.

We also provide holistic support for people experiencing or recovering from homelessness, such as vital access to healthcare, peer support groups, practical skills courses and employment support. Last year we supported 1,018 people through our Recovery College.

Homelessness is not just a housing problem; it is a consequence of problems across a whole range of social policies and systems. These complexities mean we can't end homelessness alone. We work in close partnership with local authorities, the government and other charities to influence policy and achieve our aims.

KEY MISSION AND PUBLIC BENEFIT

St Mungo's purpose is to end homelessness and rebuild lives, and that drives everything that we do. We deliver this through two missions:

1. Working directly with people experiencing or at risk of homelessness, providing them with services to find paths away from the streets, for good.
2. Influencing policy makers to make positive change, through the power of our clients' voices and our operational expertise.

Between April 2023 and March 2024, St Mungo's ran 147 services, supporting 23,827 people experiencing or at risk of homelessness. Many of our services are made up of multiple projects, sometimes across different sites, to provide distinct, tailored and holistic support to our clients.

At the heart of all our services is our Service Ethos, a commitment to doing everything we can to keep our clients safe, empowering them in their individual recovery journeys and preventing homelessness in the future. We make the following commitment to every client:

1. Work with you to secure a safe place to live.
2. Listen to, understand and value your individual experience.
3. Focus on your strengths and support you to take practical steps towards achieving your goals.
4. Support you to build and enjoy positive, supportive relationships.
5. Create opportunities that empower you to learn, thrive and contribute to your community.

St Mungo's is a registered charity and in setting out our aims and planning our activities we have carefully considered the Charity Commission's general guidance on public benefit.

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

FUTURE PLANS

At the time of writing, we are facing a homelessness crisis in this country. The combination of the ongoing Cost of Living Crisis, lack of affordable and appropriate housing, and a reduction in public services is pushing more and more people onto the streets and making it harder for people to move on from rough sleeping and homelessness. We fear that there will be a growing need for homelessness services and continued insufficient funding from government and local government to address these needs.

Within this context, we published a new strategy in April 2024 to guide us to 2030. In the coming years, our purpose of ending homelessness and rebuilding lives will drive us to transform the way we operate, to continue supporting some of the most vulnerable people in our communities.

It also recognises St Mungo's as operating within local and national ecosystems dedicated to ending homelessness, and our commitment for this strategy is to be a valuable and valued sector partner and to focus on where we can have the most impact.

St Mungo's strategy lays out five strategic priorities:

1. Keeping clients at the centre of our work

Our clients drive what we do and how we do it. This will never change. We will empower our clients to shape their own support, services and communities. Embedding our Service Ethos, strengthening our Client Advisory Board and launching a new Client Involvement Strategy means our clients will inform what St Mungo's looks like next, from the services they rely on, to how we hold the government to account.

2. Focussing on our expertise and developing our practice

We have worked directly with people with complex needs for over 50 years. We remain committed to them. We will focus on our core areas of expertise and continuously improve them based on the evidence we gather on what works best. In doing so, we will increase consistency across our services. We will continue to own properties where it is sustainable and strategic. We will strengthen our partnerships with other landlords and property management experts to help us improve what we offer and to ensure our clients' homes are safe and comfortable.

3. Collaborating to continuously improve our work and increase our reach

Our clients continue to be isolated in their communities and in society. Together, we can change this. This strategy focuses on increasing connections and harnessing the power of convening. We will bring together people from across the sector to solidify our collective understanding of key issues and get to the bottom of where change is needed. We will build partnerships within and outside the sector to develop best practice, to explore joint opportunities and to deliver our missions.

4. Being impactful and influencing change

We have powerful and unique insights into ending homelessness for good. We will use this to influence change. We will gather and use evidence to inform our own practice and to advocate for change on behalf of our clients. We will use data and our clients' experiences to identify solutions to the complex issues that both lead to homelessness and prevent its eradication. We will seek to increase our visibility and our collaborative work with partner organisations to strengthen our influence.

5. Ensuring St Mungo's is a great place to work

Our purpose and values motivate people to work with us. It's not enough. Our new People Strategy will ensure we attract, retain, support and develop all our people. Through our commitment to Equity, Diversity and Inclusion we will continue to embed an inclusive culture where we better represent the diversity of the communities we work in, at all levels of the organisation. And we will continue to modernise and improve the tools our colleagues need to do their jobs well.

FINANCIAL PERFORMANCE

Overview

2024 has been another very challenging year due to the ongoing macro-economic environment, operating costs, and the one-off costs associated with the exit from a substantial part of our non-social housing portfolio, Real Lettings. The increased costs together with a fall in fundraising income have resulted in an overall operational deficit for St Mungo's.

Income and Expenditure Review

£m	Unrestricted	Restricted	2024	2023	Variance
Rent and Service Charges	47.0		47.0	44.5	5.6%
Support	63.2		63.2	61.8	2.3%
Fundraising	10.2	3.3	13.5	16.5	(18.2)%
Total Income	120.4	3.3	123.7	122.8	0.7%
Operating expenditure	(123.2)	(3.5)	(126.7)	(126.0)	(0.6)%
Operating Deficit	(2.8)	(0.2)	(3.0)	(3.2)	
Non-Operating items	(2.3)		(2.3)	0.8	
Total Loss for the Year	(5.1)	(0.2)	(5.3)	(2.4)	

Rent and Service charge income is 5.6% above 2023 with the annual CPI+1% increase on the social housing element of our portfolio partially offset by a reduction of our non-social housing stock as we continue the gradual transfer of our Real Lettings stock to other providers.

Support income is ahead of 2023 as we maintained the majority of our contracts from 2023 into 2024. Services exits in Bristol, mainly driven by the rationalisation of our portfolio, and a few reductions have been compensated by new services such as an assessment centre in Hackney and expansions of existing contracts such as Housing First in Reading and Lambeth. In parallel, we increased our services in Westminster and extended our last temporary Pandemic hotel provision in London.

In 2023 fundraising income benefitted from a one-off restricted donation of £2.3m and this explains the majority of the year on year shortfall in 2024.

As well as being a core income stream, fundraising also enables St Mungo's to support a number of activities that would otherwise not have funding such as the Recovery College and our gardening skills programme, Putting Down Roots.

Total expenditure at £126.7m is marginally above 2023. There are a number of offsetting movements with the key elements being:

- A substantial increase in repairs and maintenance spend as we invested in our property portfolio to meet our regulatory requirements and supporting our real lettings exits.
- Increased staff costs as a result of the annual NJC pay award and additional strike settlement.

- The end of our long-term fixed pre-crisis energy contracts part way through the financial year and the subsequent increase in rates.
- Reduced lease costs as we reduce our non-social Real Lettings portfolio.

The reduction in fundraising income, together with incremental spend on repairs, staff and energy, results in an unrestricted operating deficit of £2.8m. However, a substantial non-cash pension charge, driven by the divergence of gilt and corporate bond yields and the impact this has had on the valuation of pension assets and liabilities, means a total unrestricted deficit of £5.1m.

Balance sheet Review

Unrestricted reserves have fallen to £5.1m reflecting the challenging cost environment and a substantial non-cash pension charge. As a result, unrestricted reserves sit well below the trustee target range of £10m to £13m. However, as noted below, we expect the reserves position to be back within the trustee target range in the current financial year.

Net assets are 43% below 2023 due to the unrestricted deficit on the income and expenditure account together with the very high pension charge. The pension deficit on an accounting basis at £7.7m is now higher than the latest actuarial valuation at March 2024 that showed a funded deficit of £6.7m, a very unusual position driven by the market changes noted above.

Fixed assets show a 2% decline with depreciation and one property disposal more than offsetting incremental investment in IT and our stock improvement programme. Debtors have reduced by 40% reflecting an on-going project to improve our working capital position through better debtor collection while current creditors have fallen by 19% due to a reduction in deferred income and due to the impact on trade creditors of a change in payment methodology for utilities.

Cash Review

Cash at £14.4m is below 2023, reflecting the impact of the deficit for the year, our capital investment in both property and IT, and our continued contribution to the defined benefit pension scheme, substantially offset by a significant improvement in working capital. The Trustee set range is £14m–£18m for cash and the current cash position is within the range.

Looking Forward

After two very challenging years, we remain focused on delivering long term financial stability that will enable delivery of our mission and strategy. Cross-functional working has delivered a material improvement in working capital and helped secure a compliant cash position. Meanwhile, the recently implemented transformation programme is anticipated to deliver annualised savings of c£3m which, together with the non-repeat of specific one-off costs such as those related to our exit from a number of Real Lettings Properties and a small number of property disposals will support the recovery of our reserves position. The property disposals reflect those that do not support our requirements or require significant investment, and the proceeds will support our investment in systems and our investment in improvements to the rest of our property portfolio.

VALUE FOR MONEY

St Mungo's is a charity but also a registered provider of social housing and is obliged by the Regulator of Social Housing to provide an overview of its approach to Value for Money. This is set out below together with a set of indicators also required by the regulator. For St Mungo's, value for money means delivering our strategic objectives in the most cost effective way, that enables us to maximise our support to people who are homeless and remain financially sustainable for the long term. The Board regularly monitors performance through the budget and 5 year plan process, together with review of our management accounts and latest forecast. Our strategy delivers homes that meet a wide range of requirements, from initial move off the street to longer term recovery, supporting clients with complex needs. St Mungo's regularly reviews the allocation of resource and assets to ensure the most effective support to our strategic objectives. As part of the budgeting process we also review specific opportunities for improvement, such as procurement savings, support contract margin and central overhead spend. However, as a charity we also choose to use fundraising income to

invest in projects that generate no financial return, as they contribute to the core strategic goals of ending rough sleeping and helping people recover from homelessness.

The VFM measures as required by the Regulator of Social Housing are set out below. It should be noted that, given the complexity of needs of our tenant base, and given that St Mungo's is a charity with charitable goals and invests the maximum possible to support those goals, there will be significant variations in the measures for St Mungo's as set against the Housing Association sector average.

	2023 Sector Average	2024 Target	2024	2023	2022	2021	2020	2019
Reinvestment	6.90%	1.20%	2.12%	3.92%	1.89%	2.83%	4.08%	2.80%
New Supply (social)	1.70%	-	-	1.51%	0.73%	1.09%	3.56%	0.09%
New Supply (Non social)	0.27%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gearing	47.40%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EBITDA MRI Interest cover	104.00%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social Housing Cost per Unit £'000	5.30	30.51	29.57	24.77	21.98	21.03	20.58	23.04
Operating margin (Social)	21.30%	2.30%	(4.93%)	(4.40%)	0.52%	1.84%	0.58%	2.30%
Operating Margin (Overall)	16.60%	0.80%	(2.43%)	(2.61%)	0.08%	(0.79%)	(1.54%)	3.70%
Return on capital employed (ROCE)	2.60%	4.25%	(2.92%)	(2.94%)	0.10%	(1.00%)	0.12%	3.50%

Reinvestment

The recent financial environment means minimal planned and actual re-investment.

New Supply (social)

St Mungo's has not been able to invest in new supply due to the current financial environment.

New Supply (Non-social)

St Mungo's does not own non-social units.

Gearing/EBITDA MRI Interest Cover

St Mungo's is debt free and therefore these measures do not apply.

Social Housing Cost per Unit

The housing cost per unit is ahead of target due a higher than anticipated number of bed-spaces during the year, therefore a lower cost incurred per bed space. The costs incurred by St Mungo's are significantly higher than the sector average due to a number of factors including the short term nature of our tenancies and hence much higher renewal rates, and the level of staffing required to safely run support services.

Operating margin (social)

The in-year performance is well below target due to significant operating cost increases.

Operating margin (overall)

St Mungo's budgeted for a small surplus but the deficit for the year results in a negative margin due to lower fundraising income, increased operating costs, and the incremental costs associated with property exits in our Real Lettings non-social portfolio.

Return on Capital Employed

The deficit for the year means that the ROCE is negative rather than positive as anticipated, due to the impact of higher costs on our operating margin.



Alexandra Beidas
Vice Chair of the Board of Trustees

TRUSTEES' REPORT

The Trustees present the annual report and audited financial statements of St Mungo's for the year ended 31 March 2024. The financial position and results for the year are set out on pages 27 - 52 of these statements.

OBJECTIVES AND ACTIVITIES

The Trustees have reported St Mungo's strategic objectives and outlined our activities within the Strategic Report on pages **6 – 10**.

STRUCTURE, GOVERNANCE AND MANAGEMENT

St Mungo Community Housing Association ("the Group"), a registered housing association and charity, is made up of a lead association and two directly and wholly owned subsidiaries.

Broadway Homelessness and Support (a registered charity and company limited by guarantee) holds several leasehold interests on behalf of St Mungo's, its parent.

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

These are the financial statements of the Group. Any activity relating to the Association will be specified. All references to comparable 2023 figures are to those of the Group, unless otherwise specified.

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

The Board comprised of eleven Trustees as at 31 March 2024, who for purposes of company law are non-executive directors. They bring a broad range of skills, knowledge and experience to their roles from fields including finance, legal and government policy. During the year the Board met on seven occasions, including a Strategy Day.

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

The Board has identified the skills it requires to fulfil its functions and recruits new members as required. During the year, the Board recruited new trustees to strengthen the range of skills on the Board specifically in finance, housing and transformation and strategic change.

Trustees are elected for a three-year term at the Annual General Meeting. Trustees who have served a three-year term are eligible to stand for re-election for a further three years. A Trustee who has served six years may serve further terms of one year up to a maximum of nine years in total, where the Board agrees that it is in the interests of St Mungo's for them to do so.

The Board is supported by a Committee structure comprising:

- The Audit, Risk and Assurance Committee that exists to ensure that a sound system of internal control and risk management exists within St Mungo's, to review the integrity of the annual accounts and to maintain an appropriate relationship with the internal and external auditors.
- The Finance and Transformation Committee that was established to support the Board in its responsibilities in relation to financial planning and management and the development and delivery of its transformation programme.
- The Client Services Committee which assists the Board with ensuring clients have a voice in the services they receive, obtaining feedback and insight from clients on service delivery and monitoring service delivery performance and quality including housing management services to our owned and managed accommodation.

- The People Committee has oversight of matters relevant to people and leadership. This includes supporting the delivery of the People Strategy, overseeing the employment and remuneration of the workforce and Board succession planning and development.

St Mungo's is committed to involving clients in all aspects of our work, including in its decision-making structures. The Client Advisory Board, made up of ten current or former clients of St Mungo's, reviews Board and Committee papers and provides input for discussion at Board meetings. A recent review of the Client Advisory Board was undertaken to ensure meaningful client engagement and to ensure client experiences and feedback help shape the direction of the organisation.

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

Compliance with the Code of Governance

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

Compliance with Regulator of Social Housing Governance and Financial Viability Standard

Registered providers are required by their regulator, the Regulator of Social Housing, to certify their compliance with the Governance and Financial Viability Standard. Compliance with the standard has been reviewed and compliance confirmed in all material respects including compliance to the Rent Standard.

Following an in-depth assessment in 2021, the Regulator confirmed St Mungo's governance rating as G2, meaning that St Mungo's meets its governance requirements but needs to improve some aspects of its governance arrangements to support continued compliance. An action plan was put in place to address the issues identified by the regulator with all actions now complete.

The Regulator has assessed St Mungo's financial viability as V2, meaning that St Mungo's complies with the financial viability elements of the Governance and Financial Viability Standard and can deal with a reasonable range of adverse scenarios. However, there remain material risks which St Mungo's needs to manage. The Board has agreed a transformation plan to improve operating margins and strengthen financial sustainability. In December 2023, the Regulator refreshed its assessment of St Mungo's compliance with the Governance and Viability Standard and confirmed our governance and viability rating as G2 / V2.

Compliance with Section 172 of the Companies Act 2006

The Board of Trustees is aware of its duty under Section 172 of the Companies Act 2006. This duty includes acting in the interests of stakeholders when promoting the success of the charity.

The trustees act in accordance with this requirement and in doing so have to regard:

- The likely consequences of any decision in the long-term.
- The interests of St Mungo's employees
- The need to foster St Mungo's business relationships with suppliers, customers and others.
- The impact of St Mungo's operations on the community and the environment.
- The desirability of St Mungo's maintaining a reputation for high standards of business conduct.
- The need to act fairly between members of the association.

Set out in the Chair's Statement, Strategic Report and Trustees' Report is a description of how the Trustees have had regards to the matters set out in section 172 (1) when performing their duties under section 172.

STAKEHOLDERS

The Board has an overriding duty to promote the success of the charity to achieve its charitable purpose. In agreeing its strategic plans and in its decision-making regard has been given to St Mungo's stakeholders. The commissioners and partner agencies we work with are fundamental to delivering our mission. Furthermore, we

recognise that our success in supporting the recovery of our clients against the backdrop of the challenges we face depends on the skill, commitment and engagement of our supporters, colleagues and volunteers.

Fundraising report

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

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

Our donors and clients are at the heart of everything we do, and our practices aim to be more than just about compliance. We want to ensure that our supporters are treated with the care and attention they deserve. As the regulatory environment has continued to change, we have adapted and challenged the way we work to ensure we operate to a high standard. We regularly review all fundraising materials and consent options and update our consent and privacy statements to ensure compliance with data protection law. We also regularly update our fundraising database to ensure we record consent consistently and compliantly.

We continue to have three Professional Fundraising Organisations working on our behalf, which are:

- Payroll Giving in Action
- STC Payroll Giving
- Hands on Payroll Giving

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

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

Across the year and across all our fundraising activity, which in total resulted in 461,889 donations, we received 11 complaints about our fundraising. All complaints were investigated and appropriate action taken. We regularly record, report and share positive unprompted feedback about our work and our fundraising from the public along with many messages of support we receive directly from our donors.

Every donation we receive is greatly appreciated. We wish to say thank you to all our supporters who made donations of their time and energy or gave financial support to St Mungo's during 2023-24, including those who left us a special gift in their Will.

Employee engagement

Our existing People Strategy 2021-26 sets out our commitment to recruiting and retaining the very best people from diverse backgrounds and investing in their learning, development and engagement. This will be reviewed in early 2024/25 but the core commitments will remain.

In October 2023 we completed our Colleague survey, the previous one having last been undertaken in 2021. A 58% response rate gave us a good range of views from across the organisation. Our core engagement score came out at 73% which was a drop from 86% in 2021 but was against the backdrop of significant industrial action.

Alongside local action plans, we agreed an organisational level action plan with six key areas of focus:

- Leadership
- Strategy
- Wellbeing
- Retention
- Recognition
- Communications

We have committed to keep colleagues aware of progress against the organisational action plan and to run the Colleague Survey annually, and this is just one of many opportunities for us to understand and engage with our workforce.

The Colleague Forum has been reinvigorated and meets quarterly to discuss key organisational issues and allows colleagues to give their views. Senior leaders regularly visit services, and the Chief Executive continues to give regular updates across the organisation. Face to face inductions have been re-introduced, and a senior leader face to face event took place in June 2024. Trustees have been sharing blogs with colleagues, and these have been well received.

Supporting the wellbeing of colleagues continues to be a major area of focus, and in May we sent every colleague a reminder of all the support available. We also introduced a new Wellbeing Fund which launched in April 2024.

St Mungo's recognises two unions, Unite and Unison, and meets regularly with union representatives to discuss key issues affecting colleagues. After the pay dispute and lengthy industrial action in the summer of 2023, we have focused hard on improving union relationships. We have introduced a new Joint Consultative Committee (JCC) with the CEO, Trustees and Union leads that meets quarterly, in addition to the regular negotiating meetings, and are ensuring transparency by providing regular updates on our financial position and other matters with colleagues and unions.

Volunteers, apprentices and students

Volunteering at St Mungo's is an integral and valued part of our work. Volunteers play a vital role in supporting our clients and make a huge difference to the range of services we can offer homeless people. Volunteer numbers at St Mungo's have seen a reduction post Covid, mirroring a national trend. We are continually reviewing our recruitment and engagement tools to ensure we can increase and develop our volunteer pool. We have introduced micro volunteering roles which has helped increase numbers but, in some areas, recruitment remains a significant challenge.

Corporate volunteering, through the corporate partnerships team, has been a successful way of supporting our services and engaging partners in our work.

We are proud of our award-winning apprenticeship scheme for people with lived experience of homelessness. Following a drop in numbers during Covid, we are pleased to see increasing numbers of apprentices, in either contracted services or fundraised services.

We also provide placements for Social Work, Nursing, Occupational Therapy and pharmacy students to influence future professionals and help shape their practice. Student social workers have returned to pre pandemic numbers, and we are starting to see an increase in nursing students again.

Business relationships

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

During the year we have reported on our business payment practices in line with government requirements.

Our contracted services, commissioned by local authorities, the Greater London Authority and central government continue to be a driving force behind our organisation's purpose to end homelessness and rebuild lives. In 2023-24 we worked with over 30 commissioning bodies and over 100 individual commissioners across 130 contracts, generating income of £63.2 million, a £1.4 million increase compared to 2023.

Building on the findings of our 2022-23 satisfaction survey, whose aim is to help us further embed a culture of customer focus across the organisation, we involved our commissioners in the development of our new 2024-2030 organisational strategy. The information gathered via surveys and one to one conversations was shared with our Board of our Trustees in January and helped shape our strategic priorities for the coming years.

Energy and carbon reporting

Greenhouse Gas (GHG) Emissions

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard, St Mungo's continues to be engaged in aiming to reducing energy and greenhouse gas emissions.

St Mungo's maintains scopes one (1) and three (3) emissions, which include electricity transmission and distribution (T&D) and natural gas. St Mungo's also maintain transport emissions inclusive of company owned and operated vehicles and employee owned and operated vehicles (whereby mileage is claimed as a company expense).

We aim to reduce our overall carbon footprint significantly including by:

- Purchasing energy efficient equipment where appropriate in offices,
- Replacing heating, ventilation and air conditioning (HVAC) systems with energy-efficient equipment where possible,
- Adopting behavioural change measures where possible.

We have a longstanding commitment to helping tackle climate change. Calculated carbon footprint for the current financial year is 3,361.32 tCO₂e, whilst energy consumption was 24,995,067.24 kWh (24,995.07 MWh).

We procure all electricity from 100% renewable courses, which is a contributing factor to our improvement in emissions.

Methodology

St Mungo's has reported all emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. Reporting of calculated emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023.

The reporting period is the financial year 2023-24, the same as that covered by the Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

2023 / 2024 Emissions

Scope 1 (natural gas and company vehicles)	Tonnes CO ₂ equivalent (tCO ₂ e) 3,183.23
Scope 2 (electricity)	Tonnes CO ₂ equivalent (tCO ₂ e) 0.00
Scope 3 (electricity T&D and personal vehicles)	Tonnes CO ₂ equivalent (tCO ₂ e) 178.09
Total	3,361.32 tCO ₂ e
Scope 1 and scope 3 carbon intensity	1.98 (tCO ₂ e/staff number)

The calculated intensity metric is based on total staff numbers of 1,699 employees.

Emissions have decreased by 7.09% since our previous reporting period.

Efficiency Measures Taken

- Roll out of replacement roof space insulation
- Upgrading of natural gas boilers with improved efficiencies
- Improvement of electrical storage heaters
- Upgraded some sites with PVC-U double-glazed windows
- Developing our net zero strategy
- Roll out of SMETS II electricity meters, which will provide us with more accurate consumption data
- Adoption of IMServ's DataVision software, which allows us real-time access to energy consumption

Objectives for 2024-25

- Lighting: Continue to evolve and install low energy lighting across our building portfolio
- Continual review of existing office equipment and company policies
- Reviewing supply contracts to determine feasibility of renewable energy

We will report on progress in the next set of financial accounts.

EQUITY, DIVERSITY AND INCLUSION

Our continued commitment to Equity, Diversity and Inclusion (ED&I) is central to our values and vital to our work with our diverse range of clients, colleagues and volunteers. In 2023 we published our new ED&I Strategy which supports us in continuing to embed an inclusive culture and sets out a vision where colleagues, clients and volunteers from all backgrounds can be their best selves, bringing their experience, commitment and expertise to deliver a personalised recovery approach.

The central ED&I team work closely with the seven Colleague Diversity Networks which meet regularly and work together to help shape the strategic direction of our inclusion practices. Each Diversity Network is run by coordinators and has a senior sponsor. We also have over 150 ED&I Allies across the organisation who champion diversity and inclusion within their teams, help to plan awareness-raising events, challenge any non-inclusive practices and come together to share best practices and learn. In May, many colleagues came together to celebrate St Mungo's Diversity Day with several well-attended events across the organisation including in London, Bristol and Reading.

We launched our Inclusion Passport, which has been designed for colleagues to capture what helps them to work best, feel included and get the support they need, and which they can take from job to job.

Early in 2024, we refreshed our Race Action Plan to ensure that we are actively combating the potential for racism to be experienced by our clients and colleagues and working towards being an Anti-Racist organisation. This also includes refreshing and renaming our Ethnically Diverse Interview Panels with an ambition that every interview panel should have a colleague from the Global Majority on it.

In support of our LGBTQIA+ colleagues and clients, we recently had our first meeting of the Trans and Non-Binary Working Group which is chaired by the senior sponsor of the LGBTQIA+ Network. This group is one of several steering groups across the organisation in support of ED&I.

Our current People Strategy sets representation targets across all levels of management and leadership, and whilst our overall workforce demographics are largely representative, we continue to have low representation at the leadership level for colleagues from the Global Majority. Therefore, as part of our Race Action Plan, we have implemented positive action strategies within recruitment to increase Global Majority representation. Performance against ED&I targets and key performance indicators are monitored through the People Committee and will be reviewed as part of the development of the new People Strategy.

MODERN SLAVERY ACT

Information about St Mungo's compliance with the Modern Slavery Act, which seeks to curb slavery and human trafficking, is available on our website www.mungos.org. This was last updated in October 2023 and is reviewed annually to ensure we continually improve our practice in this area.

REMUNERATION POLICY

The aim of our remuneration policy is to offer pay rates and a broader package of terms and conditions that will attract, retain and motivate high calibre and talented colleagues. We aim to pay salary rates at all levels that effectively support attraction and retention. Changes to broader benefits in 2023-24 included increased annual leave and improved family friendly benefits.

Most roles in St Mungo's are paid at salary grades linked to the National Joint Council (NJC) for Local Government Services. The appropriate grade is determined by evaluation of the role within the terms of St Mungo's Job Evaluation scheme. We apply the NJC annual pay award if affordable, and in addition in 2023 we agreed a St Mungo's specific allowance for many grades as part of the resolution to the pay dispute and industrial action.

The base pay for certain posts is determined outside of NJC salary grades. In these cases, spot salary rates are determined by external market testing and other factors. These posts include the Chief Executive, Executive Directors, Directors and some specialist roles.

In the years which fall between market tests, those on spot rates usually receive the same cost of living increase as all other members of staff, which is determined by reference to the NJC annual settlements. In 2023, as part of the industrial action settlement, the Executive Directors and Chief Executive did not take an annual cost of living pay rise.

All colleagues at St Mungo's receive the same standard package of terms and conditions of employment, apart from access to Flexi/Toil, which is not available to recent and newly appointed Executive Directors and the Chief Executive. There are no enhancements to the standard terms and conditions, and no bonuses or discretionary additional awards in terms of salary to any individual.

As a responsible employer our aim is to secure the best benefits for St Mungo's employees past, present and future. Employees are auto enrolled into our defined contribution pension scheme with Aviva, and we have a bi-annual governance board to review scheme performance. Our standalone defined benefit scheme with TPT Retirement Solutions is closed to new employees and membership reduces each year.

RESERVES POLICY

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

In June 2024 the Board approved the 2025-29 Five Year Plan. The Board considered the worst-case impact of an economic recession leading to an adverse impact on our three income streams, fundraising, support contracts and rents, together with an increase in core costs. The Reserves and Liquidity policy sets thresholds to manage adverse risks should they materialise. St Mungo's will manage to cash balances of £14 million - £18 million and unrestricted reserves of £10 million - £13 million to ensure that St Mungo's is viable longer term.

Total reserves as at 31 March 2024 were £7.1 million (2023: £12.4 million). We held restricted reserves of £2.0 million (2023: £2.2 million) and unrestricted or free reserves of £5.1 million (2023: £10.2 million). The year-end cash balance was £14.4 million (2023: £16.1 million).

The Trustees have reviewed the reserves and cash of the Association and Group taking into consideration future activity, uncertainties and risks and have concluded that, while the level of reserves is temporarily below the minimum level required by the Board at 31 March 2024, the level of cash and forward plan of activity to rectify the reserves position means that it is appropriate to maintain the continuation of the Association and Group as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

Our Strategic Risk Register sets out the principal risks and uncertainties which could impact on St Mungo's achieving its strategic objectives. Risks are captured with reference to the Board's strategic priorities and the Regulator's sector risk profile. The internal and external environment is scanned on an ongoing basis to identify any new and emerging risks to the organisation.

The impact of recent and ongoing macroeconomic shocks, coupled with reform of the social housing sector, presents a challenging external context, which has in turn brought several internal challenges into sharp focus. Responding to these risks has been a major focus of the Board during the year.

Our business plan is fully funded and based on reasonable assumptions. However, much of our contract income is short-term and low-margin and it is because of this that we maintain a robust focus on our reserves and liquidity. To further strengthen financial resilience, the Board has implemented a transformation programme, which aims to achieve long term financial stability. The five-year financial plan, agreed by the Board in June 2024, has been stress-tested against a range of plausible scenarios and provides assurance. The Board has continued to ensure that the risks arising from our day-to-day work are effectively managed prioritising safety and essential services. Further information about our principal risks and the key controls in place is set out below.

Risk	Key controls
Failure to achieve the cash flow and operating margins needed to strengthen our financial resilience. Rating: High*	- Cash and reserves targets informed by annual stress-testing of annual budget and five year plan. Close monitoring of cash and reserves. - Transformation programme implemented to deliver cash and reserves improvement. - Investment decisions subject to consideration of cash flow forecasts with short term interventions in place.
Providing good quality accommodation and meeting our obligations as a landlord. Rating: Medium (Concerned)*	- Housing Services Action Plan being updated to cover regulatory assurance and operational improvements. - Asset Management Strategy being updated to meet new regulatory and legal obligations. Phase 1 of the stock condition survey completed and stock investment plan underway. - Integrated Fire and Building Safety Action Plan in place to respond to forthcoming changes in building safety and consumer regulation.
Industrial relations do not improve following the dispute, resulting in financial and reputational consequences. Rating: Medium (Cautious)	- Regular Joint Negotiating Council with both unions in attendance, as well as a new Joint Consultation Committee with CEO and Trustees, where the financial position is shared. - Return to work agreement specifying commitments from all parties to work collaboratively and positively. - Wide and regular communications directly with the workforce. 2023 Colleague survey enables focus on priority areas.
Level of staff vacancies impacts on essential service provision. Rating: Medium (Cautious)	- Proactive recruitment campaigns via a range of media. Increased focus on transferable skills and priority roles. - Competitive rates of pay which are regularly reviewed. - Temporary cover is available through our locum and agency arrangements. - Streamlined recruitment processes have been implemented following an end-to-end review.
Failure to ensure that our data is protected from the risk of cyber-attacks. Rating: High*	- IT security function delivered by expert third party including identifying security vulnerabilities. - Technical measures to ensure data security including multi-factor authentication. - Organisational measures to implement the data protection principles including training and guidance. - Security Monitoring and alerting solution implemented.

Managing significant Change across the organisation. Rating: Low	• Programme management office and processes established including gating, milestones and clear success criteria. • Transformation Portfolio Board in place to oversee delivery. • Strategy and annual priorities set, providing contextual framework for change. • Resourcing being brought in to increase change capacity and capability. • Learning from previous projects applied to future projects.
Lack of data integrity results in sub-optimal control and decision making. Rating: Medium (Concerned)*	• Policies and procedures to ensure the quality of data in key areas of regulatory exposure. • Mandatory data protection training and guidance to embed the right information management behaviours. • Interim data integrity improvement plan pending a longer-term review of our system architecture. • Building an Enterprise Data Model.
Failure to safeguard clients from serious harm caused by staff or corporate negligence. Current risk rating: Low	• Referencing, DBS checks and mandatory training. • Management support through case call-overs and supervision. • Central support available including helpdesk and surgeries. • Best practice reviews to identify lessons learnt and prevent future occurrences. • Comprehensive incident reporting and escalation systems.
Failure to comply with health and safety legislation resulting in death or serious injury. Current risk rating: Low	• Comprehensive suite of health and safety policies in place. • Compulsory health and safety training for all managers. • Programme of health and safety inspections across services. • Investigations into incidents and near misses and lessons learnt disseminated. • Comprehensive incident reporting and escalation systems.
Failure to deliver high quality services which meet the expectations of our commissioners and clients. Current risk rating: Low	• Service specifications are developed through the tender process and regularly reviewed. • Influencing work to ensure the needs of our clients are addressed through national policy and local commissioning. • Transformation programme will improve internal systems and processes and help us respond to feedback.

* The current rating for these risks falls outside the Board's risk appetite and each has a timeframe agreed by the Board to revert to within the Board's risk appetite.

Failure to achieve the cash flow and operating margins needed to strengthen our financial resilience has a high risk rating due to the current reserves position. The recently implemented transformation programme provides significant mitigation alongside our compliant cash position supported by selected property disposals, and the non-repeat of specific one-off costs such as those related to our exit from a number of Real Lettings Properties.

Failure to ensure that our data is protected from the risk of cyber-attacks is rated high due to recent incidents in the Housing Sector and Charity sector, with a noticeable increase of attacks on not for profit organisations. We continue to implement mitigation but vulnerability attacks are increasing globally.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its ultimate responsibility for ensuring that St Mungo's has a system of internal control and risk management in place to safeguard people, assets, compliance and the reputation of the organisation. The system of internal control is designed to give reasonable rather than absolute assurance that key objectives and expected outcomes will be achieved.

The Audit and Risk Committee provides oversight on behalf of the Board regarding the system of internal control and risk management and regularly reviews its effectiveness.

Risk review

A programme is in place to ensure that risks are regularly reviewed. St Mungo's has ten Strategic Risks, as set out above.

The Executive team reviews the Strategic Risk Register regularly to ensure that risks are identified, assessed and mitigated appropriately. The Audit and Risk Committee reviews the Strategic Risk Register on a quarterly basis and provides assurance to the Board.

The Board has reviewed its risk appetite and agreed risk tolerance levels, and these are used to guide our day-to-day activities. The Executive team is responsible for ensuring that the organisation is managed in line with the agreed risk appetite.

Internal control and assurance

We have a framework of policies and procedures in place which set out our expectations of employees. Processes are in place to monitor compliance and ensure controls are operating effectively.

Our Quality Audit Programme for client-facing services identifies areas of good practice and highlights any improvements that are needed. A regular programme of Health and Safety inspections across our projects provides further assurance on compliance with statutory and regulatory obligations.

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

Concerns about weaknesses in controls can be raised via line management or confidentially via our Whistleblowing Policy. Our Services of Concern Procedure ensures a comprehensive action plan is put in place where concerns relate to client-facing services.

Executive Directors are responsible for effective risk management and providing assurance, both within their areas of responsibility and collectively as part of their leadership roles.

Sources of assurance are identified using the three lines of assurance model and recorded in our risk register. The Audit and Risk Committee reviews the sources of assurance to identify gaps in assurances, overlaps and assurance effectiveness.

Internal assurance is provided through the Chief Executive's annual assurance report, which is reviewed by the Audit and Risk Committee and used to inform the Board's review of the system of internal control.

Internal and external audit

St Mungo's internal audit function, delivered by Beever and Struthers, is used to provide objective assurance on our control framework and management of risks. A programme of internal audits has been overseen by the Audit and Risk Committee. The internal auditors concluded that, based on the work undertaken and subject to the weaknesses identified and reported in the internal audit reports, the Board can take adequate assurance that there is an effective framework of governance, risk management and controls at St Mungo's.

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

Fraud and whistleblowing

A Fraud Register has been maintained during the year and reviewed by the Audit and Risk Committee. During the period there have been some minor losses due to isolated fraud.

St Mungo's has a Whistleblowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. No whistleblowing concerns were raised during the year.

Conclusion

The Board has considered the effectiveness of the risk management and internal control system in place across the organisation for the year ended 31 March 2024 and has concluded that it has an adequate level of assurance that there is an effective framework of governance, risk management and control at St Mungo's. No other weaknesses or relevant information have been identified which would result in material misstatement or loss and which require disclosure in the financial statements.

Auditor

Crowe UK LLP was appointed as external auditors at the Annual General Meeting on 21 September 2022. Pursuant to section 487 of the Companies Act 2006, Crowe UK LLP have indicated their willingness to be reappointed for another term. A resolution to re-appoint them will be proposed by the Board.

Disclosure of Information to the Auditor

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

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

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



Alexandra Beidas
Vice Chair of the Board of Trustees
31 July 2024

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

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

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

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

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

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board of Trustees on the 31st of July 2024 and signed on its behalf by:

By order of the Board



Alexandra Beidas
Vice Chair of the Board of Trustees
31 July 2024

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

Opinion

We have audited the financial statements of St Mungo Community Housing Association (the "Association") and its subsidiaries (the "group") for the year ended 31 March 2024 which comprise Consolidated statement of comprehensive income, the Association Statement of comprehensive Income, the Consolidated and Association statement of financial position, the Consolidated and Association statement of changes in reserves, the Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 March 2024 and of the group's and Association's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent company 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 18, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 together with the Housing Statement of Recommended Practice (Housing SORP). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Association's ability to operate or avoid a material penalty or have another material effect on the financial statements. We also considered the opportunities and incentives that may exist within group for fraud. The laws and regulations we considered in this context were the requirements imposed by the Regulator of Social Housing, health and safety legislation, taxation legislation, employment legislation and General Data Protection Regulations (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income, the assumptions applied in the consideration of impairment of property assets and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, analytical review and substantive testing of income, reviewing accounting estimates for biases, reviewing regulatory correspondence with relevant regulators and reading minutes of meetings of those charged with governance.

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 (irregularities) 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 irregularities as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, forgery, collusion or the provision of intentional misrepresentations. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the Association'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 Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
27 September 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2024

		Unrestricted	Restricted	Total 2024	Total 2023
	Note	£million	£million	£million	£million
TURNOVER	3	120.4	3.3	123.7	122.8
Operating expenditure	3	(123.2)	(3.5)	(126.7)	(126.0)
OPERATING SURPLUS / (DEFICIT)		(2.8)	(0.2)	(3.0)	(3.2)
Gain/(loss) on disposal of freehold property	7	0.4	-	0.4	0.4
Interest receivable		0.3	-	0.3	0.1
Interest payable and similar charges	6	(0.3)	-	(0.3)	(0.2)
(DEFICIT) / SURPLUS BEFORE TAX		(2.4)	(0.2)	(2.6)	(2.9)
Taxation	10	-	-	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		(2.4)	(0.2)	(2.6)	(2.9)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	22	(2.7)	-	(2.7)	0.5
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(5.1)	(0.2)	(5.3)	(2.4)

The consolidated results relate wholly to continuing activities.

The accompanying notes on pages 32 - 52 form part of these financial statements.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2024

	Note	Unrestricted £million	Restricted £million	Total 2024 £million	Total 2023 £million
TURNOVER	3	120.4	3.3	123.7	122.9
Operating expenditure	3	(123.2)	(3.5)	(126.7)	(126.0)
OPERATING SURPLUS / (DEFICIT)		(2.8)	(0.2)	(3.0)	(3.1)
Gain/(loss) on disposal of freehold property	7	0.4	-	0.4	0.4
Interest receivable on bank deposits		0.3	-	0.3	0.1
Interest payable and similar charges	6	(0.3)	-	(0.3)	(0.2)
(DEFICIT) / SURPLUS BEFORE TAX		(2.4)	(0.2)	(2.6)	(2.8)
Taxation	10	-	-	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		(2.4)	(0.2)	(2.6)	(2.8)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	22	(2.7)	-	(2.7)	0.5
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(5.1)	(0.2)	(5.3)	(2.3)

The association's results relate wholly to continuing activities.

The accompanying notes on pages 32 - 52 form part of these financial statements.

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2024

		Group		Association	
	Note	2024	2023	2024	2023
		£million	£million	£million	£million
FIXED ASSETS					
Intangible assets	11a	1.8	1.1	1.8	1.1
Housing properties	11b	80.1	82.7	80.1	82.7
Other fixed assets	11c	1.0	0.6	1.0	0.6
Investment in subsidiaries	12	-	-	0.1	0.1
		82.9	84.4	83.0	84.5
CURRENT ASSETS					
Trade and other debtors	13	11.6	19.2	11.5	19.1
Cash and cash equivalents	19	14.4	16.1	14.4	16.1
		26.0	35.3	25.9	35.2
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	(19.9)	(24.4)	(20.0)	(24.5)
NET CURRENT ASSETS		6.1	10.9	5.9	10.7
TOTAL ASSETS LESS CURRENT LIABILITIES		89.0	95.3	88.9	95.2
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	15	(71.0)	(72.3)	(71.0)	(72.3)
Retirement benefit obligations	22	(7.7)	(6.3)	(7.7)	(6.3)
Provisions for liabilities	17	(3.2)	(4.3)	(3.2)	(4.3)
		(81.9)	(82.9)	(81.9)	(82.9)
TOTAL NET ASSETS		7.1	12.4	7.0	12.3
RESERVES					
Restricted reserve	18	2.0	2.2	2.0	2.2
Income and expenditure reserve		5.1	10.2	5.0	10.1
TOTAL RESERVES		7.1	12.4	7.0	12.3

The accompanying notes on pages 32 - 52 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 31 July 2024 and are signed on its behalf by:



Alexandra Beidas
Vice Chair



Philip Moore
Trustee

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2024

	Unrestricted reserves £million	Restricted reserves £million	Total reserves £million
Balance at 31 March 2022	13.0	1.8	14.8
Surplus/(Deficit) for the year	(4.1)	1.8	(2.4)
Capital Reserves Adjustment	1.3	(1.3)	-
Balance at 31 March 2023	10.2	2.2	12.4
Surplus / (Deficit) for the year	(5.1)	(0.2)	(5.3)
Capital Reserves Adjustment	-	-	-
Balance at 31 March 2024	5.1	2.0	7.1

ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2024

	Unrestricted reserve £million	Restricted reserve £million	Total reserves £million
Balance at 31 March 2022	12.8	1.8	14.6
Surplus/(Deficit) for the year	(4.0)	1.8	(2.3)
Capital Reserves Adjustment	1.3	(1.3)	-
Balance at 31 March 2023	10.1	2.2	12.3
Surplus / (Deficit) for the year	(5.1)	(0.2)	(5.3)
Capital Reserves Adjustment	-	-	-
Balance at 31 March 2024	5.0	2.0	7.0

The Capital Reserve Adjustment represents the spend to date of a donation restricted to capital property acquisition.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2024

	Note	2024 £million	2023 £million
Net cash generated from operations	19	(0.1)	(3.9)
Interest received		0.4	0.1
NET CASH GENERATED FROM OPERATING ACTIVITIES		0.3	(3.8)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(3.0)	(6.4)
Proceeds on disposal of tangible fixed assets		0.7	0.9
Grants received		0.3	2.9
NET CASH (USED IN) INVESTING ACTIVITIES		(2.0)	(2.6)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan finance		-	-
NET CASH (USED IN) FINANCING ACTIVITIES		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1.7)	(6.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16.1	22.5
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	14.4	16.1

(I) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2023 £million	Cash Flow: £million	At 31 March 2024 £million
CASH AND CASH EQUIVALENTS			
Cash	16.1	(1.7)	14.4

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

1. LEGAL STATUS

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

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

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements have been prepared under the historical cost convention and on a going concern basis.

GOING CONCERN

During the year, the Board considers the worst case impact of different business scenarios (stress testing) on the financial plan. The Board considered the worst case impact of an economic recession leading to a reduction in fundraising receipts, loss of contracts and rent service charge income, cost and wage inflation, strike impact and an increase in voids and bad debts. The Board also considered the impact of a "perfect storm" which included several scenarios occurring at the same time considering mitigating actions including cost cutting measures and supporting the conclusions that sufficient cash reserves remain available for at least the next 12 months.

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

BASIS OF CONSOLIDATION

Under the Companies Act 2006 the Group has prepared consolidated financial statements. The consolidated financial statements incorporate those of the Association and all its subsidiaries (i.e., entities that the Group controls through its power to govern the financial and operating policies to obtain economic benefits). All financial statements are made up to 31 March 2024.

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

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

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

All subsidiaries are dormant and listed in note 12

REDUCED DISCLOSURES

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

TURNOVER AND REVENUE RECOGNITION

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

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

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

Donations and income from fundraising activities are recognised when the Group has entitlement to these and receipt is probable, being at the point of cash receipt.

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

OTHER INCOME

Interest income

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

INTANGIBLE ASSETS

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

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

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

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

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

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

DONATED LAND AND OTHER ASSETS

Land or other assets which have been donated by a government source is added to the cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

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

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

IMPAIRMENTS OF FIXED ASSETS

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

Impairment losses are recognised through expenditure.

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

OTHER TANGIBLE FIXED ASSETS

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

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

GOVERNMENT GRANTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

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

OTHER GRANTS

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

TAXATION

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 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.

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

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

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

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

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

LEASES

Operating Leases

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

EMPLOYEE BENEFITS

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

RETIREMENT BENEFITS

Defined contribution plans

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

Defined benefit plans

The Employer operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. The disclosure in these accounts complies with FRS102, with the Scheme's liability updated to 31 March 24 by a qualified actuary, independent of the Scheme's sponsoring employer.

The Consolidated Statement of Comprehensive Income includes pension expense and net interest expense together with the actuarial loss for the year.

FINANCIAL INSTRUMENTS

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

Financial assets

Debtors

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

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

Financial liabilities

Creditors

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

Borrowings

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

De-recognition of financial assets and liabilities

A financial asset is de-recognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

PROVISIONS

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

RESERVES

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment

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

Defined benefit pension plan

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

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

2024: Group and Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	48.7	51.1	(2.4)
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	22.8	22.8	-
NON SOCIAL HOUSING ACTIVITIES			
Support Services	33.1	40.1	(7.0)
Fundraising	13.5	4.9	8.6
Real Lettings	5.6	7.8	(2.2)
	<u>123.7</u>	<u>126.7</u>	<u>(3.0)</u>

2023: Group and Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	40.9	42.7	(1.8)
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	22.0	24.4	(2.4)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	33.6	43.1	(9.5)
Fundraising	16.5	4.9	11.6
Real Lettings	9.8	10.9	(1.1)
	<u>122.8</u>	<u>126.0</u>	<u>(3.2)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group and Association

	2024				2023			
	Supported Housing	Care homes	Short stay housing	Total	Supported Housing	Care homes	Short stay housing	Total
	£million	£million	£million	£million	£million	£million	£million	£million
TURNOVER FROM SOCIAL HOUSING LETTINGS								
Rent receivable net of voids	11.0	2.4	0.2	13.6	9.9	2.1	0.4	12.4
Service charges net of voids	26.7	-	0.5	27.2	22.2	-	0.1	22.3
NET RENTAL INCOME	37.7	2.4	0.7	40.8	32.1	2.1	0.5	34.7
Other revenue grants	6.1	-	-	6.1	4.2	0.1	0.2	4.5
Amortisation of deferred capital grants	1.6	0.1	0.1	1.8	1.5	0.1	0.1	1.7
TURNOVER FROM SOCIAL HOUSING LETTINGS	45.4	2.5	0.8	48.7	37.8	2.3	0.8	40.9
EXPENDITURE ON SOCIAL HOUSING LETTINGS								
Management	12.3	1.0	0.2	13.5	8.8	0.6	0.4	9.8
Service charge costs	17.0	1.9	0.7	19.6	14.0	1.6	0.5	16.1
Routine maintenance	2.8	0.1	0.1	3.0	3.2	0.1	0.1	3.4
Planned maintenance	1.4	-	-	1.4	1.0	-	-	1.0
Bad debts	1.9	-	0.1	2.0	2.0	(0.2)	-	1.8
Depreciation charged	3.4	0.1	0.2	3.7	3.4	0.2	0.2	3.8
Lease Charges	6.4	-	-	6.4	6.1	-	-	6.1
Landlord charges	0.3	-	-	0.3	0.2	-	-	0.2
Other costs	1.2	-	-	1.2	0.5	-	-	0.5
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	46.7	3.1	1.3	51.1	39.2	2.3	1.2	42.7
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	(1.3)	(0.6)	(0.5)	(2.4)	(1.4)	-	(0.4)	(1.8)
<i>Rent losses due to voids</i>	3.5	0.2	0.1	3.8	3.4	0.1	-	3.5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

Group and Association	2024 Units	2023 Units
Supported Housing		
- Supported housing	2,280	2,405
- Care homes	56	55
- Short stay housing	-	-
Total number of Supported Housing managed units	2,336	2,460
Other Units		
- Non-Social	225	650
- Owned but managed by another organisation	21	75
	2,582	3,185

Supported Housing managed units and units owned but managed by another organisation are measured by bedspace. Non-Social units are measured as self-contained properties.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2024 £million	2023 £million	Association 2024 £million	2023 £million
Interest arising on;				
Unwinding of discount factor on pension deficit provision	0.3	0.2	0.3	0.2

7. GAIN ON DISPOSAL OF PROPERTY

Association and Group	2024 £million	2023 £million
Disposal proceeds	0.7	0.9
Carrying value of fixed assets	(0.3)	(0.3)
Write back amortised grant	-	(0.2)
Gain on Disposal	0.4	0.4

8. OPERATING SURPLUS

	Note	Group 2024 £million	2023 £million	Association 2024 £million	2023 £million
Operating surplus is stated after charging/(crediting):					
Amortisation of intangible fixed assets	11a	0.3	0.7	0.3	0.7
Depreciation of housing properties	11b	3.6	3.7	3.6	3.7
Depreciation of other tangible fixed assets	11c	0.1	0.1	0.1	0.1
Operating lease rentals		7.9	11.0	7.9	11.0
Fees payable to external auditors		0.1	0.1	0.1	0.1
Non audit services		-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

9. EMPLOYEES

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

	Group and Association 2024 No.	Group and Association 2023 No.
Full time	1,274	1,256
Part time (full time equivalent 116) (2023:88)	167	163
Locums (full time equivalent 145) (2023:117)	258	210
	<u>1,699</u>	<u>1,629</u>

Staff costs:	Group and Association 2024 £million	Group and Association 2023 £million
Wages and salaries	56.3	53.6
Social security costs	5.8	5.6
Other pension costs and current service cost (note 21)	2.4	2.3
Agency staff	9.6	12.1
	<u>74.1</u>	<u>73.6</u>

Total compensation for loss of office was £364,995 in F24 (F23: £109,391)

The full time equivalent number of staff who received remuneration (excluding trustees, including executive directors):	2024	2023
£60,001 - £70,000	31	17
£70,001 - £80,000	11	9
£80,001 - £90,000	9	9
£90,001 - £100,000	1	1
£100,001 - £110,000	4	-
£110,001 - £120,000	-	-
£120,000 - £130,000	-	1
£130,001 - £140,000	2	2
£140,001 - £150,000	-	1
£150,001 - £160,000	-	-
£180,001 - £190,000	-	-
£190,001 - £200,000	1	-

EXECUTIVE DIRECTORS

The key management of the charity, as at 31 March 2024, comprised the Chief Executive and the four directors of the organisation (Finance Director, Client Services Director, Director of Housing Services and Director of Transformation). The total remuneration and benefits, including salary and employer's pension contributions, of the key management personnel of the charity are outlined below:

	2024 £	2023 £
Remuneration and fees	693,981	694,790
Association contributions to money purchase pension schemes	30,823	25,307
Compensation for loss of office	-	10,000
	<u>724,804</u>	<u>730,097</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

Pension contributions were paid on behalf of key management personnel. The amount paid to the highest paid director (the Chief Executive), including pension contributions, was £192,010 (2023 part year: £73,285). She was an ordinary member of the Association's Aviva defined contribution pension scheme and no enhancement or special terms applied. The Association does not make any further contributions to an individual pension arrangement for the Chief Executive. None of the Trustees received any emoluments in the year. Trustees claimed £16 in expenses during the year (2023: £86)

10. TAXATION

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (25%). The differences are explained below:

	Group		Association	
	2024	2023	2024	2023
	£million	£million	£million	£million
(Deficit) on ordinary activities before tax	(2.6)	(2.9)	(2.6)	(2.8)
(Deficit) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25%	(0.7)	(0.5)	(0.7)	(0.5)
Effects of:				
Exempt charitable activities	0.7	0.5	0.7	0.5
Tax expense	-	-	-	-

Any profits are donated by gift aid by the subsidiaries. No UK corporation tax has arisen in the period to 31 March 2024 (31 March 2023: £nil). As any profits are donated by gift aid no deferred tax asset is recognised in respect of any tax

11A. INTANGIBLE FIXED ASSETS

Group and Association

	£million
Cost	
At 1 April 2022	1.5
Additions	0.7
Disposals	(0.3)
At 31 March 2023	1.9
Additions	1.0
Disposals	-
At 31 March 2024	2.9
Depreciation and impairment	
At 1 April 2022	0.1
Depreciation charged in year	0.7
At 31 March 2023	0.8
Depreciation charged in year	0.3
At 31 March 2024	1.1
Carrying amount	
31 March 2024	1.8
31 March 2023	1.1

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

11B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Association

	Social housing properties held for letting		
	Completed properties £million	Properties under construction £million	Total £million
Cost			
At 1 April 2022	121.3	0.7	122.0
Properties acquired	1.9	-	1.9
Works to existing properties	2.3	1.1	3.4
Schemes completed	0.6	(0.6)	-
Disposals	(1.2)	-	(1.2)
At 31 March 2023	124.9	1.2	126.1
Properties acquired	-	-	-
Works to existing properties	1.5	-	1.5
Schemes completed	1.2	(1.2)	-
Disposals	(0.5)	-	(0.5)
At 31 March 2024	127.1	-	127.1
Depreciation and impairments			
At 1 April 2022	40.2	-	40.2
Depreciation charged in year	3.7	-	3.7
Released on disposal	(0.4)	-	(0.4)
At 31 March 2023	43.5	-	43.5
Depreciation charged in year	3.6	-	3.6
Released on disposal	(0.1)	-	(0.1)
At 31 March 2024	47.0	-	47.0
Net Book Value			
At 31 March 2024	80.1	-	80.1
At 31 March 2023	81.5	1.2	82.7

At each reporting date an assessment must be made of whether any indicators of impairment exist. A review has been undertaken and no impairment indicators have been identified. Cumulative impairments on housing properties amounted to £nil at 31 March 2024 (2023: £nil). Development and works to existing properties include capitalised administration costs of £0.1m (2023: £0.1m).

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

Group and Association

	2024 £million	2023 £million
Total capitalised costs in respect of existing properties and replacement components	1.5	3.4
	1.5	3.4

HOUSING PROPERTIES BY TENURE

Group and Association

	2024 £million	2023 £million
Freehold land and buildings	70.9	73.6
Long leasehold land and buildings	6.7	6.6
Short leasehold land and buildings	2.5	2.5
	80.1	82.7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

11C. TANGIBLE FIXED ASSETS – OTHER

Group and Association	Computers Equipment	Furniture and Equipment	Leasehold improvements	Total
	£million	£million	£million	£million
Cost at March 2022	0.1	0.3	0.8	1.2
Additions	0.3	-	-	0.3
Cost at March 2023	0.4	0.3	0.8	1.5
Additions	0.5	-	-	0.5
As at 31 March 2024	0.9	0.3	0.8	2.0
Depreciation and impairment				
31 March 2022	0.1	0.3	0.3	0.7
Depreciation charged in year	0.1	-	0.1	0.2
31 March 2023	0.2	0.3	0.4	0.9
Depreciation charged in year	0.1	-	-	0.1
31 March 2024	0.3	0.3	0.4	1.0
Carrying amount				
31 March 2024	0.6	-	0.4	1.0
31 March 2023	0.2	-	0.4	0.6

12. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Association	2024	2023
Investment in subsidiaries	£million	£million
Cost		
At start of period	0.1	0.1
At end of period	0.1	0.1

The St Mungo Community Housing Association subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Country of incorporation</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of Business</i>
Broadway Homelessness and Support St Mungo's Homes Limited	Ordinary Ordinary	England England	100% 100%	Dormant Dormant.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

13. DEBTORS

	Group		Association	
	2024	2023	2024	2023
	£million	£million	£million	£million
Amounts falling due within one year:				
Rent and services receivable	9.3	8.7	9.3	8.7
Less: provision for bad and doubtful debts	(6.5)	(6.3)	(6.5)	(6.3)
	<u>2.8</u>	<u>2.4</u>	<u>2.8</u>	<u>2.4</u>
Trade debtors	5.5	11.5	5.4	11.5
Other debtors	0.1	-	0.1	-
Prepayments and accrued income	3.2	5.3	3.2	5.3
Capital grant receivable	-	-	-	-
	<u>11.6</u>	<u>19.2</u>	<u>11.5</u>	<u>19.1</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2024	2023	2024	2023
	£million	£million	£million	£million
Rent and service charges received in advance	5.9	7.0	5.9	7.0
Deferred capital grants	1.7	1.6	1.7	1.6
Trade creditors	0.2	1.1	0.2	1.1
Amounts owed to subsidiary undertakings	-	-	0.1	0.1
Other taxation and social security costs	1.5	1.6	1.5	1.6
Other creditors	0.4	0.5	0.4	0.5
Accruals and deferred income	10.2	12.6	10.2	12.6
	<u>19.9</u>	<u>24.4</u>	<u>20.0</u>	<u>24.5</u>

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

	Group		Association	
	2024	2023	2024	2023
	£million	£million	£million	£million
Recycled capital grant	0.6	0.5	0.6	0.5
Deferred capital grants (note 16)	70.4	71.8	70.4	71.8
	<u>71.0</u>	<u>72.3</u>	<u>71.0</u>	<u>72.3</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

16. DEFERRED CAPITAL GRANT

Association and Group	2024 £million	2023 £million
As at 1 April	73.4	73.2
Grant received in the year	0.3	2.1
Capital grant amortised	(1.7)	(1.7)
Grant moved to creditors	-	(0.2)
As at 31 March	<u>72.0</u>	<u>73.4</u>

In full the Association has received Social Housing Grants of £104,654,708 from Government Bodies (2023: £104,314,168). The Association intends to use the recycled grant to fund new property development activities furthering the Associations aims and objectives.

Recycled Capital Grant

	2024 £million	2023 £million
As at 1 April	0.5	0.5
As at 31 March	0.6	0.5

17. PROVISIONS FOR LIABILITIES

Group and Association

	Dilapidations £million	Total £million
1 April 2022	4.0	4.0
Utilised in the year	(0.2)	(0.2)
Additional provision in year	0.5	0.5
31 March 2023	<u>4.3</u>	<u>4.3</u>
Utilised in the year	(1.6)	(1.6)
Additional provision in year	0.5	0.5
31 March 2024	<u>3.2</u>	<u>3.2</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

18. MEMBERS AND RESERVES

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

	2024 No.	2023 No.
Number of members		
1 April	10	12
Joined during the year	2	1
Left during year	(1)	(3)
31 March	<u>11</u>	<u>10</u>

RESTRICTED RESERVES	At 1 April 2023 £million	Income £million	Expenditure £million	At 31 March 2024 £million
Recovery College	0.3	0.6	(0.9)	-
Street Legal	0.3	-	(0.1)	0.2
HARP	-	0.4	(0.3)	0.1
HomelessWise	-	0.5	(0.4)	0.1
Lifeworks	-	-	-	-
Putting Down Roots	-	0.2	(0.2)	-
Social Enterprise P+D	-	-	-	-
Social Enterprise Bricks & Mortar	-	0.1	(0.1)	-
SELHP	0.1	-	(0.1)	-
Oxford Mental Health	0.5	-	-	0.5
Barratt Developments	-	-	-	-
Leicester Constriction Skills	0.2	0.1	(0.1)	0.2
Tower Hamlets SORT	-	0.1	-	0.1
Westminster SOS	-	0.2	(0.2)	-
Camden HF	-	0.1	(0.1)	-
First Response	0.1	-	(0.1)	-
Other	0.7	1.0	(0.9)	0.8
Total	<u>2.2</u>	<u>3.3</u>	<u>(3.5)</u>	<u>2.0</u>

Restricted reserves

Restricted donations are applied to part or fully fund projects that meet the donor restriction and that further the charitable activities of St Mungo's.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

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

Group	2024 £million	2023 £million
(Deficit) / for the year	(2.6)	(2.9)
(Gain) on disposal of tangible fixed assets	(0.4)	(0.4)
Interest receivable	(0.3)	(0.1)
Interest payable	0.3	0.2
Operating Surplus / (Deficit)	(3.0)	(3.2)
Defined Benefit Pension Scheme payment toward deficit	(1.7)	(1.6)
<i>Adjustments for non-cash items:</i>		
Amortisation of capital grant	(1.7)	(1.7)
Amortisation of intangible assets	0.3	0.7
Depreciation of tangible fixed assets	3.7	3.8
Fixed Asset non-cash movement	0.2	0.2
Increase / (Decrease) in provisions	(1.1)	0.3
Defined Benefit Pension costs recognised in Statement of Comprehensive Income	0.1	0.1
Operating cash flows before movements in working capital	(3.2)	(1.4)
Decrease / (Increase) in trade and other debtors	7.6	(0.4)
Increase / (Decrease) in trade and other creditors	(4.5)	(2.1)
Cash generated from operations	(0.1)	(3.9)
	2024 £million	2023 £million
Cash and cash equivalents represent:-		
Cash at bank	0.8	0.8
Short-term deposits	13.6	15.3
	<u>14.4</u>	<u>16.1</u>

20. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS
Group and Association

	2024 £million	2023 £million
Capital expenditure contracted for but not provided in the financial statements	-	0.4
Expenditure authorised by the Board, but not contracted	4.6	3.2
	<u>4.6</u>	<u>3.6</u>

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

21. COMMITMENTS UNDER OPERATING LEASES
Group and Association

	2024 £million	2023 £million
The total future minimum lease payments are payable:		
Within one year	2.4	5.8
Between one and five years	4.3	3.9
After five years	1.1	1.9
	<u>7.8</u>	<u>11.6</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

22. RETIREMENT BENEFITS

The Group participates in two defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The contributions payable by the Group are charged to expenditure, and contributions payable to the fund at the year-end are included in creditors as follows:

Administrator	Contributions payable charged to Statement of Comprehensive Income		Contributions payable to the fund included in creditors	
	2024 £million	2023 £million	2024 £million	2023 £million
Pensions Trust	0.1	0.2	-	-
Aviva	2.3	2.1	(0.4)	(0.4)
	<u>2.4</u>	<u>2.3</u>	<u>(0.4)</u>	<u>(0.4)</u>

ST MUNGO'S DEFINED BENEFIT SCHEME

The Employer operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on liability information as at 30 September 2021 updated to 31 March 2024 by a qualified actuary, independent of the Scheme's sponsoring employer.

The triennial actuarial valuation at 30 September 2021 showed a deficit of £14,072,000 and a funding level of 76%. The Employer has agreed with the Trustee that it will aim to eliminate the deficit by 30 May 2029. To achieve this, prior to 1 April 2023, deficit contributions of £1,560,600 p.a. plus £81,000 p.a. in respect of scheme expenses were payable. From 1 April 2023, deficit contributions of £1,592,000 p.a. (payable monthly) and £94,764 p.a. in respect of scheme expenses are payable, both increasing by 2% p.a. on 1 April 2024 and each 1 April thereafter. As at 31 March 2024, the ongoing funding deficit in the Scheme was £6.7m and the funding level was 80.9%.

DEFINED BENEFIT PENSION LIABILITY

	2024 £million	2023 £million
1 April 2023	6.3	8.1
Defined benefit costs recognised in Statement of Comprehensive Income	0.4	0.3
Defined benefit (gains) / costs recognised in Other Comprehensive Income	2.7	(0.5)
Deficit contribution paid	<u>(1.7)</u>	<u>(1.6)</u>
31 March 2024	<u>7.7</u>	<u>6.3</u>

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

	2024 £million	2023 £million
Fair value of plan assets	28.2	29.4
Present value of defined benefit obligation	<u>(35.9)</u>	<u>(35.7)</u>
Net defined benefit liability to be recognised	<u>(7.7)</u>	<u>(6.3)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2024	2023
	£million	£million
Defined benefit obligation at start of period	35.7	51.7
Interest expense	1.7	1.5
Actuarial losses / (gains) due to scheme experience	0.6	2.8
Actuarial losses / (gains) due to changes in demographic assumptions	(0.4)	(1.2)
Actuarial (gains) / losses due to changes in financial assumptions	(0.4)	(18.1)
Benefits paid and expenses	(1.3)	(1.0)
Defined benefit obligation at end of period	<u>35.9</u>	<u>35.7</u>

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

	2024	2023
	£million	£million
Fair value of plan assets at start of period	29.4	43.6
Interest income	1.4	1.2
Experience on plan assets (excluding amounts added as interest income) loss	(2.9)	(16.0)
Contributions by the employer	1.7	1.6
Benefits paid and expenses	(1.4)	(1.0)
Fair value of plan assets at end of period	<u>28.2</u>	<u>29.4</u>

The actual return on plan assets (including any changes in share of assets) over the year ended 31 March 2022 was £2,123,000 (year ended 31 March 2021 - £2,813,000).

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

	2024	2023
	£million	£million
Expenses	0.1	0.1
Net interest expense	0.3	0.2
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>0.4</u>	<u>0.3</u>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2024	2023
	£million	£million
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(2.9)	(16.0)
Experience gains and losses arising on the plan liabilities – (loss) / gain	(0.6)	(2.8)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss) / gain	0.4	1.2
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	0.4	18.1
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain / (loss)	<u>(2.7)</u>	<u>0.5</u>
Total amount recognised in other comprehensive income – gain / (loss)	<u>(2.7)</u>	<u>0.5</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

ASSETS

	2024 £million	2023 £million
Equity	1.9	0.1
Bonds	1.5	1.6
Property	1.5	2.7
Cash	2.6	1.2
Other	2.3	4.2
LDI	13.7	15.2
Liquid Alternatives	2.6	1.8
Private Credit	2.1	2.6
Total assets	28.2	29.4

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

KEY ASSUMPTIONS

	2024 % per annum	2023 % per annum
Discount Rate	4.90	4.85
Inflation (RPI)	3.10	3.15
Inflation (CPI)	2.90	2.90
Salary Growth	2.50	2.50

	75% of maximum allowance	75% of maximum allowance
Allowance for commutation of pension for cash at retirement		

The mortality assumptions adopted imply the following life expectancies on retirement age 65:

	2024 (Years)	2023 (Years)
Male retiring in 2024	21.0	21.3
Female retiring in 2024	23.6	24.9
Male retiring in 2044	22.6	23.0
Female retiring in 2044	25.0	25.3

23. LOCAL GOVERNMENT HOUSING ACT 1998

The total grant available from the Association of London Government and London Councils for the year ended 31 March 2024 includes the following:

The HARP Connect Project was £330,042. The analysis below summarises what the grant was awarded for and how it has been used:

London Councils – HARP Connect

	Grant £	Spend £
Salaries	243,206	245,258
Beneficiary costs	31,780	26,779
Running costs	55,056	54,312
	330,042	326,349

As at the 31 March 2024 the amount of grant unspent was £3,693.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

In F23 a total grant of £298,930 was received and £295,345 was spent generating an underspend of £2,885 which, will be returned to London Councils via reduced future payments in F25.

In F22 a total grant of £204,862.52 was received and £202,869 was spent generating an underspend of £1,993.79 which was returned to London Councils in F23.

The StreetLink London Advice Line was £101,703. The analysis below summarises what the grant was awarded for and how it has been used:

London Councils – StreetLink London Advice Line

	Grant £	Spend £
Salaries	82,924	96,825
Beneficiary costs	1,635	1,635
Running costs	17,144	17,144
	<u>101,703</u>	<u>115,604</u>

In F23 the total grant received was £102,665. The amount spent was £88,764. London Councils agreed that the underspend of £13,901 could be carried forward to use on locum cover, on which it was fully spent by the end of March 2024.

24. RELATED PARTY TRANSACTIONS

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

- Street Impact London donated Nil (2023: £78,760) to the Association during the year
- £99,000 was owed by the Association to Broadway Homelessness and Support (2023: £99,000).

25. POST BALANCE SHEET EVENT

On 21st June 2024 St Mungo Community Housing Association exchanged contracts to sell 217- 221 Harrow Road, London W2 (subject to vacant possession being secured) for a value higher than net book value.

Accounts

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

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2023

**ST MUNGO COMMUNITY HOUSING ASSOCIATION REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2023**

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TRUSTEES AND ADVISORS

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

Trustees

Joanna Killian (Chair)
Tracy Allison (resigned 16 November 2022)
Rolande Anderson
Alexandra Beidas
Robert Bradshaw (appointed 8 February 2023)
Daniel Corry
Timothy Gadd (resigned 29 March 2023)
Darren Johnson
Lorraine Mealings (appointed 26 July 2023)
Philip Moore (appointed 26 July 2023)
Teddy Nyahasha
Mark Pears (resigned 27 May 2022)
Susmita Sen (resigned 6 May 2022)
Bontle Senne (resigned 9 January 2023)
Jane Tabor (appointed 26 July 2023, resigned 21 August 2023)
Stephen Smith
Helen Walters
John Watts

Executive Officers

Emma Haddad, Chief Executive
David Fisher, Executive Director of Client Services
Jonathan Manuel, Executive Director of Finance
Kellie Murphy, Interim Executive Director of Housing Services
Sean Palmer, Executive Director of Transformation

Company Secretary

Louise Wykes

Registered Office

5th Floor 3 Thomas More Square London E1W 1YW

Auditors

Crowe UK 55 Ludgate Hill London EC4M 7JW

Principal Solicitors

Ashfords LLP 1 New Fetter Lane London EC4A 1AN

Bankers

HSBC 123 Chancery Lane London WC2A 1QH

Company No. 08225808

Charity No. 1149085

Regulator of Social Housing Registration No. LH0279

CHAIR'S STATEMENT

This is my fifth year on the Board at St Mungo's and my second as Chair. The work our organisation does never fails to make me feel extraordinarily proud. We supported more than 28,000 people facing homelessness last financial year. This is about 12% more than 21/22 and illustrates the ongoing and significant demand there is to support people to find a safe, secure, and affordable place to live. I would, as always, like to say a huge thank you to all the staff and volunteers who have worked so hard to run our services, support our clients and make ending homelessness a possibility.

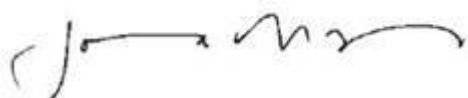
The other challenge we have faced is a pay dispute with one of our recognised unions, Unite, regarding the nationally agreed pay rise for 2021-22. We made a number of offers but unfortunately these did not resolve the dispute and Unite members began strike action on 30 May 2023. We continued to maintain an open dialogue with Unite representatives and on 25 August 2023, our latest offer was accepted. This resolved the dispute and ended a period of unprecedented strike action. We are relieved with the outcome as we know this has been a difficult time for everyone involved. We look forward to working together with our colleagues and our partners as we continue to support people recovering from, or at risk of, homelessness.

One of the things I am always impressed by is the range of St Mungo's provision, and last year we ran 164 services. From our 13 outreach services to supported accommodation like Housing First, we were able to help people off the streets and into their own homes. We've continued to run recovery services as well, like our Putting Down Roots gardening programme and construction skills training, to help people rebuild after homelessness and get back into work.

While service delivery is at the heart of what we do, working with Government is also critical to ending homelessness in this country. We know that in England, 26% more people found themselves rough sleeping in Autumn 2022, the first-time rough sleeping has risen in four years.

We worked closely with our partners in Government and across the sector this year, calling for an increased supply of supported housing, accessible and trauma informed care for people with multiple disadvantages, and for support for non-UK nationals. St Mungo's is proud to be the Secretariat for the Kerslake Commission on Homelessness and Rough sleeping, and we were greatly saddened to hear that the Commission's Chair, Lord Bob Kerslake, passed away in July 2023. It was an honour to work alongside him, and his legacy will be continued through our work, which includes looking ahead to the next general election, and ensuring homelessness is high on the agenda. This year we welcomed Emma Haddad as our new Chief Executive. She has offered inspirational leadership to the organisation and beyond.

Finally, for St Mungo's to be relevant and sustainable, we must also be financially and operationally resilient. Improving outcomes for our clients means change. We must equip our staff with modern tools and technology, and focus investment on our housing stock, so our clients have the best possible experience as they recover from homelessness. It also means strategically allocating the finite funds we do have as a charity, to ensure longevity. Transformation for us means building a strong foundation, so that we continue to be well placed to deliver excellent services for our clients, for the long term.



Joanna Killian
Chair of the Board of Trustees
9 September 2023

PRINCIPAL ACTIVITIES

St Mungo's vision is that everyone has a place to call home and can fulfil their hopes and ambitions. Our services cover almost every borough in London, as well as Bath, Bournemouth, Christchurch and Poole, Brighton, Bristol, Leicester, Oxford, and Reading.

The causes and consequences of homelessness are complex, and St Mungo's runs a variety of services to support people at every stage of their journey out of homelessness. Our provision includes outreach teams that helped 7,274 people off the streets last year. With the help of these teams, of the 3,324 people that were new to the streets in areas we worked last year, 2,093 (63%) did not have a second night out on the streets.

Our accommodation services provided a safe place to stay for an average of 2,735 people each night. We our clients are in the best possible living environment, be that supported accommodation, independent living or somewhere with very high support. Of the people who left our accommodation services last year, 73% were supported to move into a living environment that better suited their evolving needs.

We also provide holistic support for people experiencing or recovering from homelessness, such as vital access to healthcare, peer support groups, practical skills courses, and employment support.

Ending homelessness cannot be achieved alone, and we work in close partnership with local authorities, Government, and other charities to influence policy and achieve our aims. We influence policy through building strategic relationships with decision makers, releasing our own reports and research, and responding to Government consultations.

KEY MISSION AND PUBLIC BENEFIT

St Mungo's is a leading homelessness charity which has been working at the forefront of homelessness and rough sleeping for over 50 years. Our mission is to end homelessness and rebuild lives.

Between April 2022 and March 2023, St Mungo's ran 164 services, supporting more than 28,000 people who were experiencing or at risk of homelessness. Many of our services are made up of multiple projects, sometimes across different sites, to provide distinct, tailored, and holistic support to our clients. Last year we ran 1,262 projects across our services.

St Mungo's is a registered charity and in setting out our aims and planning our activities we have carefully considered the Charity Commission's general guidance on public benefit. The Trustees ensure that the activities of the charity are consistent with its charitable objectives and aims. In our annual plans, the Trustees consider the Charity Commission's general guidance on public benefit in relation to the prevention and relief of poverty, the advancement of education and health and the relief of those in need. The Trustees believe there is clear public benefit derived from the activities of our charity.

FUTURE PLANS

St Mungo's key public benefit will remain running services that support people off the streets and helping them to find, and keep, a home. The range of services we deliver will continue to span multiple needs and stages of someone's experience of homelessness, from street outreach, to supported and move on accommodation, to recovery support. In the next year we will focus on the services that most closely align with our mission and those which have the greatest impact on the people we support.

Our influencing work will also continue, as we advocate for policy change to tackle the causes of homelessness and to better support people experiencing it. We will remain in the role of Secretariat for the Kerslake Commission on Homelessness and Rough Sleeping, bringing the voices of our partners together to champion solutions to homelessness in the context of the cost-of-living crisis. We also look towards the next general election, and the opportunities it presents, ensuring that homelessness is at the top of the Government's agenda.

St Mungo's will also be developing the ways its people and systems work. We are delivering a transformation programme to strengthen and modernise our infrastructure, to support sustainable, long term financial stability. Our five-year strategy is also under review, as we realign our priorities to ensure we are a resilient organisation, which can tackle the challenges ahead.

FINANCIAL PERFORMANCE

Overview

2023 has been a very challenging year due to an exceptionally difficult macro-economic environment and in particular inflation that has had a significant impact on our cost base. As a result, while income is ahead of 2022, a significant increase in costs has resulted in an overall deficit for St Mungo's.

Income and Expenditure Review

£m	2023	2022	Variance
Rent and Service Charges	44.5	44.2	0.7%
Support	61.8	61.6	0.3%
Fundraising	16.5	12.9	27.9%
Total Income	122.8	118.7	3.5%
Operating Expenditure	(126.0)	(118.6)	(6.2)%
Operating Surplus/(Deficit)	(3.2)	0.1	

Rent and Service charge income has increased reflecting the annual CPI+1% increase on the social housing element of our portfolio, partially offset by a reduction of housing stock as we continue the gradual transfer of our Real Lettings stock to other providers.

Support income is marginally ahead of 2022 as we maintained the majority of our contracts from 2022 into 2023. Additions include a new contract with Hammersmith and Fulham together with incremental No Second Night Out (NSNO) activity while our pandemic work continues to decrease as we transition away from hotel support.

Fundraising income benefitted from a one-off restricted donation of £2.5m, enabling £1.3m of capital investment during the year, together with other support activity and was the key driver of an overall 27.9% increase, alongside continuing strong support from both individual and corporate donors.

As well as being a core income stream, fundraising also enables St Mungo's to support a number of activities that would otherwise not have funding such as the Recovery College and our gardening skills programme, Putting Down Roots.

Operating expenditure increased by 6.2% to £126m. The increase reflects incremental staff costs, as we supported our staff in the year with the National Joint Council (NJC) pay settlement of £1,925 per person together with a one-off payment of £700 per person to support staff earning below £40k with the cost of living crisis. The energy crisis has impacted St Mungo's with incremental spend of £0.9m, although the financial effect would have been a lot worse were it not for fixed energy contracts on a substantial part of our properties. We also increased spend on repairs and maintenance across our estate of owned, managed and leased properties.

The incremental spend on staff, energy and repairs drives an operating deficit of £3.2m, with the overall deficit reduced to £2.4m due to a property sale gain and due to a pension credit arising from actuarial gains in respect of our defined benefit pension scheme.

Balance sheet Review

Unrestricted reserves have fallen by £2.8m to £10.2m reflecting the challenging cost environment and sit at the bottom of the trustee target range of £10m to £13m.

Net assets are 16% below 2022 due to the unrestricted deficit on the income and expenditure account. Fixed assets show a 1% increase with new investment in HMO and move on accommodation together with IT. Debtors have remained flat year on year while current creditors declined due to drawdown on deferred income and lower accruals.

Cash Review

Cash at £16.1m is below 2022, reflecting the impact of the deficit for the year, our capital investment in both property and IT, and the impact of reduced creditors on working capital. The Trustee set range is £14m–£18m for cash and the current cash position is therefore, in the middle of that range.

VALUE FOR MONEY

St Mungo's is a charity but also a registered provider of social housing and is obliged by the Regulator of Social Housing to provide an overview of its approach to Value for Money. This is set out below together with a set of indicators also required by the regulator. For St Mungo's, value for money means delivering our strategic objectives in the most cost-effective way, that enables us to maximise our support to people who are homeless and remain financially sustainable for the long term. The Board regularly monitors performance through the budget and 5-year plan process, together with review of our management accounts and latest forecast. Our strategy delivers homes that meet a wide range of requirements, from initial move off the street to longer term recovery, supporting clients with complex needs. St Mungo's regularly reviews the allocation of resource and assets to ensure the most effective support to our strategic objectives. As part of the budgeting process, we also review specific opportunities for improvement, such as procurement savings, support contract margin and central overhead spend. However, as a charity we also choose to use fundraising income to invest in projects that generate no financial return, as they contribute to the core strategic goals of ending rough sleeping and helping people recover from homelessness.

The VFM measures as required by the Regulator of Social Housing are set out below. It should be noted that, given the complexity of needs of our tenant base, and given that St Mungo's is a charity with charitable goals and invests the maximum possible to support those goals, there will be significant variations in the measures for St Mungo's as set against the Housing Association sector average.

	2022 Sector Average	2023 Target	2023	2022	2021	2020	2019
Reinvestment	6.30%	5.00%	3.92%	1.89%	2.83%	4.08%	2.80%
New Supply (social)	1.60%	4.30%	1.51%	0.73%	1.09%	3.56%	0.09%
New Supply (Non social)	0.18%	n/a	n/a	n/a	n/a	n/a	n/a
Gearing	47.00%	n/a	n/a	n/a	n/a	n/a	n/a
EBITDA MRI Interest cover	128.00%	n/a	n/a	n/a	n/a	n/a	n/a
Social Housing Cost per Unit £'000	4.60	21.52	24.77	21.98	21.03	20.58	23.04
Operating margin (social)	25.40%	8.63%	-4.40%	0.52%	1.84%	0.58%	2.30%
Operating Margin (Overall)	19.60%	0.26%	-2.61%	0.08%	-0.79%	-1.54%	3.70%
Return on capital employed (ROCE)	2.90%	0.30%	-2.94%	0.10%	-1.00%	0.12%	3.50%

In calculating the above ratios, social housing units are measured by bedspace.

Reinvestment

St Mungo's continues to invest to improve our housing stock and to provide incremental bedspaces. However, the re-investment rate is lower than target due to scaled back property acquisitions as a result of the macro-economic environment.

New Supply (social)

St Mungo's continues to invest its own funds to provide additional bed spaces, but the supply rate is lower than target due to a scaled back property acquisition programme.

New Supply (Non-social)

St Mungo's has not acquired non-social units.

Gearing/EBITDA MRI Interest Cover

St Mungo's is debt free and therefore these measures do not apply.

Social Housing Cost per Unit

The housing cost per unit is significantly higher than target due to the impact of increases in staff, energy and repair costs. The costs incurred by St Mungo's are higher than the sector average due to a number of factors including the short-term nature of our tenancies and hence much higher renewal rates and the level of staffing required to safely run support services.

Operating margin (social)

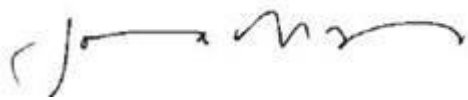
The in-year performance is well below target due to higher staff, repair and energy costs.

Operating margin (overall)

St Mungo's budgeted for a small surplus but the deficit for the year results in a negative margin.

Return on Capital Employed

The deficit for the year means that the ROCE is negative rather than positive as anticipated, due to the impact of higher costs on our operating margin.



Joanna Killian
Chair

TRUSTEES' REPORT

The Trustees present the annual report and audited financial statements of St Mungo's for the year ended 31 March 2023. The financial position and results for the year are set out on pages 22 - 48 of these statements.

OBJECTIVES AND ACTIVITIES

The Trustees have reported St Mungo's strategic objectives and outlined our activities within the Strategic Report on pages 5 – 8.

STRUCTURE, GOVERNANCE AND MANAGEMENT

St Mungo Community Housing Association ("the Group"), a registered housing association and charity, is made up of a lead association and four directly and wholly owned subsidiaries.

Street Impact London Limited and Street Impact Brighton Limited, both wholly owned subsidiaries (companies limited by shares), provide housing and support to rough sleepers. These projects have now ended, and the companies are in liquidation. Broadway Homelessness and Support (a registered charity and company limited by guarantee) holds several leasehold interests on behalf of St Mungo's, its parent.

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

St Mungo's has a 33% share in Social Impact Bristol Limited (a company limited by shares), a consortium of three charity partners set up to provide housing and support to people sleeping rough. This project has now ended, and the company is in liquidation.

These are the financial statements of the Group. Any activity relating to the Association will be specified. All references to comparable 2022 figures are to those of the Group, unless otherwise specified.

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

The Board comprises ten Trustees, who for purposes of company law are non-executive directors. They bring a broad range of skills, knowledge and experience to their roles from fields including finance, legal and government policy. During the year the Board met on seven occasions, including a Strategy Day.

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

The Board has identified the skills it requires to fulfil its functions and recruits new members as required. The Board has recently recruited new trustees to strengthen skills on the Board specifically in finance, housing and transformation and strategic change.

Trustees are elected for a three-year term at the Annual General Meeting. Trustees who have served a three-year term are eligible to stand for re-election for a further three years. A Trustee who has served six years may serve further terms of one year up to a maximum of nine years in total, where the Board agrees that it is in the interests of St Mungo's for them to do so.

During the year the Board commissioned an external review of St Mungo's Board and Committee structure. An action plan is underway to implement the recommendations of the review and further strengthen St Mungo's governance arrangements. Following the review, the Board introduced a new streamlined committee structure:

- The Audit and Risk Committee exists to ensure that a sound system of internal control and risk management exists within St Mungo's, to review the integrity of the annual accounts and to maintain an appropriate relationship with the internal and external auditors.
- The Client Services Committee has been established to assist the Board with ensuring clients have a voice in the services they receive, obtaining feedback and insight from clients on service delivery and monitoring service delivery performance and quality including housing management services to our owned and managed accommodation.

- The People Committee has oversight of matters relevant to people and leadership. This includes supporting the delivery of the People Strategy, overseeing the employment and remuneration of the workforce and Board succession planning and development.

St Mungo's is committed to involving clients in all aspects of our work, including in its decision-making structures. The Client Advisory Board, made up of ten current or former clients of St Mungo's, reviews Board and Committee papers and provides input for discussion at Board meetings.

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

Compliance with the Code of Governance

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

The Board has also agreed to carry out an annual assessment against the Charity Code of Governance 2020. This has been undertaken and compliance noted.

Compliance with RSH Governance and Financial Viability Standard

Registered providers are required by their regulator, the Regulator of Social Housing, to certify their compliance with the Governance and Financial Viability Standard. Compliance with the standard has been reviewed and compliance confirmed in all material respects.

Following an in-depth assessment in 2021, the Regulator confirmed St Mungo's governance rating as G2, meaning that St Mungo's meets its governance requirements but needs to improve some aspects of its governance arrangements to support continued compliance. An action plan to address the issues identified by the Regulator is on track for completion by September 2023.

The Regulator has assessed St Mungo's financial viability as V2, meaning that St Mungo's complies with the financial viability elements of the Governance and Financial Viability Standard and can deal with a reasonable range of adverse scenarios. However, there remain material risks which St Mungo's needs to manage. The Board has agreed a transformation plan to improve operating margins and strengthen financial sustainability.

In November 2022, the Regulator refreshed its assessment of St Mungo's compliance with the Governance and Viability Standard and confirmed our governance and viability rating as G2 / V2.

Compliance with Section 172 of the Companies Act 2006

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

STAKEHOLDERS

The Board has an overriding duty to promote the success of the charity to achieve its charitable purpose. In agreeing its strategic plans and in its decision-making regard has been given to St Mungo's stakeholders. The commissioners and partner agencies we work with are fundamental to delivering our mission. Furthermore, we recognise that our success in supporting the recovery of our clients against the backdrop of the challenges we face depends on the skill, commitment and engagement of our supporters, staff and volunteers.

Fundraising report

St Mungo's is registered with the Fundraising Regulator and works in a way that is compliant with the Code of Fundraising Practice. St Mungo's is also a member of the Chartered Institute of Fundraising. This report covers the requirements charities must follow as set out in the Charities Act 2011.

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

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

As the regulatory environment has continued to change, we have adapted and challenged the way we work to ensure we operate to a high standard. We regularly review all fundraising materials and consent options and update our consent and privacy statements to ensure compliance with General Data Protection Regulation (GDPR). We also regularly update our fundraising database to ensure we record consent consistently and compliantly.

We continue to have three Professional Fundraising Organisations working on our behalf, which are:

- Payroll Giving in Action
- STC Payroll Giving
- Hands on Payroll Giving

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

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

Across the year and across all our fundraising activity, which in total resulted in 395,495 donations, we received 33 complaints about our fundraising. All complaints were investigated, and appropriate action taken. We regularly record, report and share positive unprompted feedback about our work and our fundraising from the public along with many messages of support we receive directly from our donors.

Every donation we receive is greatly appreciated. We wish to say thank you to all our supporters who made donations of their time and energy or gave financial support to St Mungo's during 2022-23, including those who left us a special gift in their Will.

Employee engagement

Our People Strategy 2021-26 sets out our commitment to recruiting and retaining the very best people from diverse backgrounds and investing in their learning, development and engagement.

We have a range of channels and opportunities for staff to feed in their ideas and give feedback. Our Colleague Forum meets quarterly to discuss key organisational issues and allows colleagues to give their views. We hold regular online Q&A sessions with our Chief Executive and have continued our practice of senior leaders regularly attending team meetings. This has enabled us to dynamically assess what is 'on top' for staff and respond to ideas and concerns promptly.

Supporting the wellbeing of colleagues has been a major area of focus. All our manager and staff training modules include a wellbeing focus. Additionally, we have stress risk assessment tools and Wellbeing Action Plans for staff and toolkits for managers to support both mental and physical wellbeing.

St Mungo's recognises two unions, Unite and Unison, and meets regularly with union representatives to discuss key issues affecting staff. We worked hard to resolve a dispute with Unite the union, in relation to our nationally agreed pay award for 2021/22. On 25 August 2023, Unite members accepted our offer, bringing unprecedented strike action, which had been ongoing since 30 May 2023, to an end.

Volunteers, apprentices and students

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

Volunteer numbers at St Mungo's have seen a reduction post Covid, mirroring a national trend. We are reviewing our recruitment and engagement tools to ensure we can increase and develop our volunteer pool.

We provide a comprehensive induction and ongoing training to support volunteers to carry out their roles. We recognise and reward our volunteers through our annual award scheme, which is supported by the Marsh Trust, and gave out £7,500 of volunteers' awards in 2022-23.

We are proud of our award-winning apprenticeship scheme for people with lived experience of homelessness. Following a drop in numbers during Covid, we are pleased to have recruited 10 apprentices this year who are currently working in our services.

We also provide placements for Social Work, Nursing and Occupational Therapy students to influence future professionals and help shape their practice. Student Social workers have returned to pre pandemic numbers and include students from overseas joining us through the Turing Scheme, while nursing student placements remain lower than expected.

Business relationships

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

During the year we have reported on our business payment practices in line with government requirements.

We recognise that the commissioning bodies for whom we deliver services are key stakeholders who enable us to achieve our strategic objectives. In 2022-23 we launched our first commissioners' satisfaction survey. The purpose of this work was to benchmark commissioners' satisfaction with St Mungo's to help us further embed a culture of customer focus across the organisation.

A blend of quantitative and qualitative research was carried out by an independent research agency. 95% of commissioners surveyed were satisfied with St Mungo's as a provider (5% neutral). Areas for improvement fed into an action plan and this will become a recurring exercise that helps us continually improve.

During the year, the focus of our regular communications with our commissioners has been on health, including the hidden care needs of our clients, and on the progress made by the sector post Pandemic through the Kerslake Commission.

Energy and carbon reporting

Greenhouse Gas (GHG) Emissions

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard (Revised Edition), St Mungo Housing Association (St Mungo) continues to be engaged in a process aimed at reducing our greenhouse gas emissions. Public awareness of carbon emissions, and climate change is higher than ever before, and therefore we are keen to continue driving down our emissions where possible.

St Mungo incurs scope one (1) and two (2) emissions (natural gas and electricity) at our offices, hostels, and domestic properties throughout the UK. Further, in line with government guidance, we have included grey fleet (employee-owned vehicles used for business purposes) and vehicle hire car transport emissions as part of our overall reporting.

St Mungo has a longstanding commitment to tackling climate change and reducing carbon emissions. Our calculated carbon footprint for the current financial year is 3,617.95 tCO₂e, whilst energy consumption was 26,357,692.28 kWh (26,357.6 MWh).

Accordingly, St Mungo can report figures below based on the GHG Protocol Corporate Standard calculated using 2022 conversion factor guidance published by the UK government. Reporting corresponds with our fiscal year and reflects emissions from the leased and controlled assets for which St Mungo is responsible.

Emissions

Scope 1 (natural gas, transport)	Tonnes CO ₂ equivalent	3,327.88
Scope 2 (electricity)	Tonnes CO ₂ equivalent	93.19
Scope 3 (transport, electricity T&D)	Tonnes CO ₂ equivalent	196.88
Total		3,617.95 tCO ₂ e
Scope 1, 2 and 3 intensity metric	2.42 tCO ₂ e per person employed during the financial year (1,492)	

This represents a 20.8% reduction on our reported emissions from our previous financial period.

Efficiency Measures Taken 2022 / 2023

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

- Ongoing property maintenance activity to keep our buildings in good repair and improve efficiency.
- Replaced aging office and lighting equipment with energy-efficient products,
- Expanded video conferencing and online meetings (as opposed to "face to face" meetings).

Transport

St Mungo's continues to maintain its cycling policy, and encourages staff to cycle to work. During the last year, employees collectively cycled 5,736.50 miles.

Renewable Energy

St Mungo's half-hourly electricity supplies (which comprises 20 meters) switched from 89.1% renewable to 100% completely renewable effective December 2022.

DIVERSITY AND INCLUSION

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

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

The Board is committed to increasing the diversity of its membership and has agreed an aspirational target of at least one in three appointments being from an underrepresented group, with an anticipated representation of 33% by 2026. Our Board is currently 40% women and 30% representation from people from ethnic minority backgrounds. Our Executive team is 57% women and 29% representation from people from ethnic minority backgrounds.

Our data on workforce demographics shows an under-representation of managers from ethnic minority backgrounds. We are committed to taking action to understand and positively address the issue. Our positive action strategy working group brings together senior managers from across the organisation to focus on recruitment, progression, retention and communications.

Our People Strategy sets representation ambitions across all levels of management at St Mungo's for 2026. A key step to achieving this has been the aim of including at least one member from an ethnic minority background in recruitment panels. Our Steps into Management programme, which includes a positive action element, will also help us to develop the leadership pipeline of junior and middle managers from ethnic minority backgrounds.

We again gained a place in the Stonewall Index of the Top 100 Lesbian, Gay, Bisexual and Trans-friendly employers, ranking 24th and receiving their Gold Standard Award.

MODERN SLAVERY ACT

Information about St Mungo's compliance with the Modern Slavery Act, which seeks to curb slavery and human trafficking, is available on our website www.mungos.org. This was last updated in November 2022 and is reviewed annually to ensure we continually improve our practice in this area.

REMUNERATION POLICY

The aim of our remuneration policy is to offer pay rates and a broader package of terms and conditions that will attract, retain and motivate high calibre employees. We aim to pay salary rates at all levels that effectively support recruitment and retention.

Most roles in St Mungo's are paid at salary grades linked to the National Joint Council (NJC) for Local Government Services. The appropriate grade is determined by evaluation of the role within the terms of St Mungo's Job Evaluation scheme. The remuneration for certain posts is determined outside of NJC salary grades. In these cases, spot salary rates are determined by market testing and other factors. These posts include the Chief Executive, Executive Directors and Directors.

Market testing of Chief Executive, Executive Directors and other relevant roles is periodically reviewed by an external benchmarking company to keep salaries aligned with the comparator market. In the years which fall between market-tests, the Chief Executive and Executive Directors receive the same cost of living increase as all other members of staff, which is determined by reference to the NJC annual settlements.

All colleagues at St Mungo's receive the same standard package of terms and conditions of employment, apart from access to Flexi/Toil, which is not available to recent and newly appointed Executive Directors and the Chief Executive. There are no enhancements to the standard terms and conditions, and no bonuses or discretionary additional awards in terms of salary to any individual.

As a responsible employer our aim is to secure the best benefits for St Mungo's employees past, present and future. Employees are auto enrolled into our defined contribution pension scheme with Aviva. Our standalone defined benefit scheme with TPT Retirement Solutions is closed to new employees.

RESERVES POLICY

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

In May 2023 the Board approved the 2024-28 Five Year Plan. The Board considered the worst-case impact of an economic recession leading to an adverse impact on our three income streams, fundraising, support contracts and rents, together with an increase in core costs. The Reserves and Liquidity policy sets thresholds to manage adverse risks should they materialise. St Mungo's will manage to cash balances of £14 million - £18 million and unrestricted reserves of £10 million - £13 million to ensure that St Mungo's is viable longer term.

Total reserves as at 31 March 2023 were £12.4 million (2022: £14.8 million). We held restricted reserves of £2.2 million (2022: £1.8 million) and unrestricted or free reserves of £10.2 million (2022: £13.0 million).

The year-end cash balance was £16.1 million (2022: £22.5 million).

The Trustees have reviewed the reserves of the Association and Group taking into consideration future activity, uncertainties and risks and have concluded the level of reserves shown at 31 March 2023 is appropriate to maintaining the continuation of the Association and Group as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

Our Strategic Risk Register sets out the principal risks and uncertainties which could impact on St Mungo's achieving its strategic objectives. Risks are captured with reference to the Board's strategic priorities and the Regulator's sector risk profile. The internal and external environment is scanned on an ongoing basis to identify any new and emerging risks to the organisation.

The impact of recent and ongoing macroeconomic shocks, coupled with reform of the social housing sector, presents a challenging external context, which has in turn brought several internal challenges into sharp focus. Responding to these risks has been a major focus of the Board during the year.

Our business plan is fully funded and based on reasonable assumptions. However, much of our contract income is short-term and low-margin and it is because of this that we maintain a robust focus on our reserves and liquidity, including a significant level of cash reserves. To further strengthen financial resilience, the Board has agreed a transformation programme, which aims to achieve long term financial stability. The five-year financial plan, agreed by the Board in May 2023, has been stress-tested against a range of plausible scenarios and provides assurance.

The Board has continued to ensure that the risks arising from our day-to-day work are effectively managed and safety and essential services are prioritised. Further information about our principal risks and the key controls in place is set out below.

Risk	Key controls
Failure to achieve the cash flow and operating margins needed to strengthen our financial resilience. Current risk rating: Medium	• Cash and reserves targets informed by annual stress-testing of financial plan. Close monitoring of cash and reserves. • Transformation programme agreed to target cash improvement. • Investment decisions subject to consideration of cash flow forecasts with short term interventions in place.

Providing good quality accommodation and meeting our obligations as a landlord. Current risk rating: Medium	- Housing Services Action Plan agreed covering regulatory assurance and operational improvements. - Asset Management Strategy agreed. Stock condition survey completed and stock investment plan underway. - Integrated Fire and Building Safety Action Plan to respond to forthcoming changes in building safety and consumer regulation.
Industrial relations do not improve following the dispute, resulting in financial and reputational consequences. Current risk rating: Medium	- Regular Joint Negotiating Council with both unions in attendance. - Return to work agreement specifying commitments from all parties to work collaboratively and positively. - Wide and regular communications directly with the workforce. - Planned Colleague Survey to understand views of whole workforce.
Level of staff vacancies impacts on essential service provision. Current risk rating: Medium	- Proactive recruitment campaigns via a range of media. Increased focus on transferable skills and priority roles. - Competitive rates of pay which are regularly reviewed. - Temporary cover is available through our locum and agency arrangements. - Streamlined recruitment processes have been implemented following an end-to-end review.
Failure to ensure that our data is protected from the risk of cyber-attacks. Current risk rating: Medium	- IT security function delivered by expert third party including identifying security vulnerabilities. - Technical measures to ensure data security including multi-factor authentication. - Organisational measures to implement the data protection principles including training and guidance.
Managing significant IT and change projects. Current risk rating: Medium	- Executive to oversee change projects related to people, processes and systems. - Programme management office and processes established including gating, milestones and clear success criteria. - Learning from phase one is being used to inform future IT and transformation projects.
Lack of data integrity results in sub-optimal control and decision making. Current risk rating: Medium	- Policies and procedures to ensure the quality of data in key areas of regulatory exposure. - Mandatory data protection training and guidance to embed the right information management behaviours. - Interim data integrity improvement plan pending a longer-term review of our system architecture.
Failure to safeguard clients from serious harm caused by staff or corporate negligence. Current risk rating: Low	- Referencing, DBS checks and mandatory training. - Management support through case call-overs and supervision. - Central support available including helpdesk and surgeries. - Best practice reviews to identify lessons learnt and prevent future occurrences.
Failure to comply with health and safety legislation resulting in death or serious injury. Current risk rating: Low	- Comprehensive suite of health and safety policies in place. - Compulsory health and safety training for all managers. - Programme of health and safety inspections across services. - Investigations into incidents and near misses and lessons learnt disseminated.
Failure to deliver high quality services which meet the expectations of our commissioners and clients. Current risk rating: Low	- Service specifications are developed through the tender process and regularly reviewed. - Influencing work to ensure the needs of our clients are addressed through national policy and local commissioning. - Strategic Marketing promote our position as a leading provider. - Futures programme will improve internal systems and processes and help us respond to feedback.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its ultimate responsibility for ensuring that St Mungo's has a system of internal control and risk management in place to safeguard people, assets, compliance and the reputation of the organisation. The system of internal control is designed to give reasonable rather than absolute assurance that key objectives and expected outcomes will be achieved.

The Audit and Risk Committee provides oversight on behalf of the Board regarding the system of internal control and risk management and regularly reviews its effectiveness.

Risk review

A programme is in place to ensure that risks are regularly reviewed. St Mungo's has ten Strategic Risks, as set out above.

The Executive team reviews the Strategic Risk Register regularly to ensure that risks are identified, assessed and mitigated appropriately. The Audit and Risk Committee reviews the Strategic Risk Register on a quarterly basis and provides assurance to the Board.

The Board has reviewed its risk appetite and agreed risk tolerance levels, and these are used to guide our day-to-day activities. The Executive team is responsible for ensuring that the organisation is managed in line with the agreed risk appetite.

Following a review of our governance arrangements in November 2022, we have further strengthened our risk management framework by clarifying roles and responsibilities for risk management across our governance structure and revising our risk management reporting.

Internal control and assurance

We have a framework of policies and procedures in place which set out our expectations of employees. Processes are in place to monitor compliance and ensure controls are operating effectively.

Our Quality Audit Programme for client-facing services identifies areas of good practice and highlights any improvements that are needed. A regular programme of Health and Safety inspections across our projects provides further assurance on compliance with statutory and regulatory obligations.

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

Concerns about weaknesses in controls can be raised via line management or confidentially via our Whistleblowing Policy. Our Services of Concern Procedure ensures a comprehensive action plan is put in place where concerns relate to client-facing services.

Executive Directors are responsible for effective risk management and providing assurance, both within their areas of responsibility and collectively as part of their leadership roles.

Sources of assurance are identified using the three lines of assurance model and recorded in our risk register. The Audit and Risk Committee reviews the sources of assurance to identify gaps in assurances, overlaps and assurance effectiveness.

Internal assurance is provided through the Chief Executive's annual assurance report, which is reviewed by the Audit and Risk Committee and used to inform the Board's review of the system of internal control.

Internal and external audit

St Mungo's internal audit function, delivered by Beever and Struthers, is used to provide objective assurance on our control framework and management of risks. A programme of internal audits has been overseen by the Audit and Risk Committee. Based on the work undertaken and subject to the weaknesses identified and reported in the internal audit reports, the Board can take adequate assurance that there is an effective framework of governance, risk management and controls at St Mungo's.

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

Fraud and whistleblowing

A Fraud Register has been maintained during the year and reviewed by the Audit and Risk Committee. During the period there have been some minor losses due to isolated fraud.

St Mungo's has a Whistleblowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. No whistleblowing concerns were raised during the year.

Conclusion

The Board has considered the effectiveness of the risk management and internal control system in place across the organisation for the year ended 31 March 2023 and has concluded that it has an adequate level of assurance that there is an effective framework of governance, risk management and control at St Mungo's. The delivery of the assurance programme has identified stock condition data as an area where improvement is needed and an action plan to strengthen controls is due to complete in 2023/24. No other weaknesses or relevant information have been identified which would result in material misstatement or loss and which require disclosure in the financial statements.

Auditor

Crowe UK LLP was appointed as external auditors at the Annual General Meeting on 21 September 2022. Pursuant to section 487 of the Companies Act 2006, Crowe UK LLP have indicated their willingness to be reappointed for another term. A resolution to re-appoint them will be proposed by the Board.

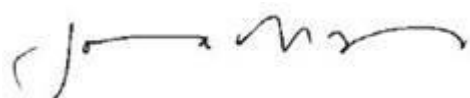
Disclosure of Information to the Auditor

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

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

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

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



Joanna Killian
Chair

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

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

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

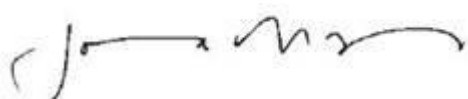
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare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

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

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board of Trustees on the XX and signed on its behalf by:

By order of the Board



Joanna Killian
Chair
9 September 2023

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

Opinion

We have audited the financial statements of St Mungo Community Housing Association (the "Association") and its subsidiaries (the "group") for the year ended 31 March 2023 which comprise Consolidated statement of comprehensive income, the Association Statement of comprehensive Income, the Consolidated and Association statement of financial position, the Consolidated and Association statement of changes in reserves, the Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 March 2023 and of the group's and Association's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and,

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent company 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 18, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 together with the Housing Statement of Recommended Practice (Housing SORP). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Association's ability to operate or avoid a material penalty or have another material effect on the financial statements. We also considered the opportunities and incentives that may exist within group for fraud. The laws and regulations we considered in this context were the requirements imposed by the Regulator of Social Housing, health and safety legislation, taxation legislation, employment legislation and General Data Protection Regulations (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income, the assumptions applied in the consideration of impairment of property assets and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, analytical review and substantive testing of income, reviewing accounting estimates for biases, reviewing regulatory correspondence with relevant regulators and reading minutes of meetings of those charged with governance.

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 (irregularities) 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 irregularities as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, forgery, collusion or the provision of intentional misrepresentations. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the Association'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 Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
29th September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	Note	Unrestricted £million	Restricted £million	Total 2023 £million	Total 2022 £million
TURNOVER	3	118.5	4.3	122.8	118.7
Operating expenditure	3	(122.1)	(3.9)	(126.0)	(118.6)
OPERATING SURPLUS / (DEFICIT)		(3.6)	0.4	(3.2)	0.1
Gain/(loss) on disposal of freehold property	7	0.4	-	0.4	-
Interest receivable		0.1	-	0.1	-
Interest payable and similar charges	6	(0.2)	-	(0.2)	(0.2)
(DEFICIT) / SURPLUS BEFORE TAX		(3.3)	0.4	(2.9)	(0.1)
Taxation	10	-	-	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		(3.3)	0.4	(2.9)	(0.1)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	22	0.5	-	0.5	1.1
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(2.8)	0.4	(2.4)	1.0

The consolidated results relate wholly to continuing activities.

The accompanying notes on pages 28 - 48 form part of these financial statements.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	Note	Unrestricted £million	Restricted £million	Total 2023 £million	Total 2022 £million
TURNOVER	3	118.6	4.3	122.9	118.8
Operating expenditure	3	(122.1)	(3.9)	(126.0)	(118.6)
OPERATING SURPLUS / (DEFICIT)		(3.5)	0.4	(3.1)	0.2
Gain/(loss) on disposal of freehold property	7	0.4	-	0.4	-
Interest receivable on bank deposits		0.1	-	0.1	-
Interest payable and similar charges	6	(0.2)	-	(0.2)	(0.2)
(DEFICIT) / SURPLUS BEFORE TAX		(3.2)	0.4	(2.8)	(0.0)
Taxation	10	-	-	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		(3.2)	0.4	(2.8)	(0.0)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	22	0.5	-	0.5	1.1
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(2.7)	0.4	(2.3)	1.1

The association's results relate wholly to continuing activities.

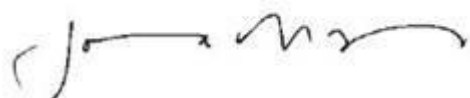
The accompanying notes on pages 28 - 47 form part of these financial statements.

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2023

		Group		Association	
	Note	2023 £million	2022 £million	2023 £million	2022 £million
FIXED ASSETS					
Intangible assets	11a	1.1	1.4	1.1	1.4
Housing properties	11b	82.7	81.8	82.7	81.8
Other fixed assets	11c	0.6	0.5	0.6	0.5
Investment in subsidiaries	12	-	-	0.1	0.1
		<u>84.4</u>	<u>83.7</u>	<u>84.5</u>	<u>83.8</u>
CURRENT ASSETS					
Trade and other debtors	13	19.2	19.7	19.1	19.7
Cash and cash equivalents	19	16.1	22.5	16.1	22.3
		<u>35.3</u>	<u>42.2</u>	<u>35.2</u>	<u>42.0</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	14	(24.4)	(26.9)	(24.5)	(27.0)
NET CURRENT ASSETS		<u>10.9</u>	<u>15.3</u>	<u>10.7</u>	<u>15.0</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>95.3</u>	<u>99.0</u>	<u>95.2</u>	<u>98.8</u>
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	15	(72.3)	(72.1)	(72.3)	(72.1)
Retirement benefit obligations	22	(6.3)	(8.1)	(6.3)	(8.1)
Provisions for liabilities	17	(4.3)	(4.0)	(4.3)	(4.0)
		<u>(82.9)</u>	<u>(84.2)</u>	<u>(82.9)</u>	<u>(84.2)</u>
TOTAL NET ASSETS		<u>12.4</u>	<u>14.8</u>	<u>12.3</u>	<u>14.6</u>
RESERVES					
Restricted reserve	18	2.2	1.8	2.2	1.8
Income and expenditure reserve		10.2	13.0	10.1	12.8
TOTAL RESERVES		<u>12.4</u>	<u>14.8</u>	<u>12.3</u>	<u>14.6</u>

The accompanying notes on pages 28 - 47 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 9 September 2023 and are signed on its behalf by:



Joanna Killian
Chair



Stephen Smith
Trustee

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2023

	Unrestricted reserves £million	Restricted reserves £million	Total reserves £million
Balance at 31 March 2021	11.3	2.4	13.7
Surplus/(Deficit) for the year	1.7	(0.6)	1.1
Balance at 31 March 2022	13.0	1.8	14.8
Surplus / (Deficit) for the year	(4.1)	1.8	(2.4)
Capital Reserves Adjustment	1.3	(1.3)	-
Balance at 31 March 2023	10.2	2.2	12.4

ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2023

	Unrestricted reserve £million	Restricted reserve £million	Total reserves £million
Balance at 31 March 2021	11.0	2.4	13.4
Surplus/(Deficit) for the year	1.8	(0.6)	1.2
Balance at 31 March 2022	12.8	1.8	14.6
Surplus / (Deficit) for the year	(4.0)	1.8	(2.3)
Capital Reserves Adjustment	1.3	(1.3)	-
Balance at 31 March 2023	10.1	2.2	12.3

The Capital Reserve Adjustment represents the spend to date of a donation restricted to capital property acquisition.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2023

	Note	2023 £million	2022 £million
Net cash generated from operations	19	(3.9)	2.1
Interest received		0.1	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		(3.8)	2.1
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(6.4)	(3.1)
Proceeds on disposal of tangible fixed assets		0.9	-
Grants received		2.9	0.6
NET CASH (USED IN) INVESTING ACTIVITIES		(2.6)	(2.5)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan finance		-	-
NET CASH (USED IN) FINANCING ACTIVITIES		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(6.4)	(0.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		22.5	22.9
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	16.1	22.5

(I) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2022 £million	Cash Flows £million	At 31 March 2023 £million
CASH AND CASH EQUIVALENTS			
Cash	22.5	(6.4)	16.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

1. LEGAL STATUS

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

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

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements have been prepared under the historical cost convention and on a going concern basis.

GOING CONCERN

During the year, the Board considers the worst case impact of different business scenarios (stress testing) on the financial plan. The Board considered the worst case impact of an economic recession leading to a reduction in fundraising receipts, loss of contracts and rent service charge income, cost and wage inflation, strike impact and an increase in voids and bad debts. The Board also considered the impact of a "perfect storm" which included several scenarios occurring at the same time considering mitigating actions including cost cutting measures and supporting the conclusions that sufficient cash reserves remain available for at least the next 12 months.

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

BASIS OF CONSOLIDATION

Under the Companies Act 2006 the Group has prepared consolidated financial statements. The consolidated financial statements incorporate those of the Association and all its subsidiaries (i.e., entities that the Group controls through its power to govern the financial and operating policies to obtain economic benefits). All financial statements are made up to 31 March 2023.

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

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

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

All subsidiaries are dormant and listed in note 12

REDUCED DISCLOSURES

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

TURNOVER AND REVENUE RECOGNITION

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

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

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

Donations and income from fundraising activities are recognised when the Group has entitlement to these and receipt is probable, being at the point of cash receipt.

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

OTHER INCOME

Interest income

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

INTANGIBLE ASSETS

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

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

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

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

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

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

DONATED LAND AND OTHER ASSETS

Land or other assets which have been donated by a government source is added to the cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related

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conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

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

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

IMPAIRMENTS OF FIXED ASSETS

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

Impairment losses are recognised through expenditure.

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

OTHER TANGIBLE FIXED ASSETS

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

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

GOVERNMENT GRANTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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

OTHER GRANTS

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

TAXATION

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 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.

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

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

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

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

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

LEASES

Operating Leases

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

EMPLOYEE BENEFITS

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

RETIREMENT BENEFITS

Defined contribution plans

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

Defined benefit plans

The Employer operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on liability information as at 30 September 2021 updated to 31 March 2023 by a qualified actuary, independent of the Scheme's sponsoring employer.

FINANCIAL INSTRUMENTS

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

Financial assets

Debtors

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

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

Financial liabilities

Creditors

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

Borrowings

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

De-recognition of financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

PROVISIONS

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

RESERVES

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment

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

Defined benefit pension plan

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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

2023: Group and Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	40.9	42.7	(1.8)
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	22.0	24.4	(2.4)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	33.6	43.1	(9.5)
Fundraising	16.5	4.9	11.6
Real Lettings	9.8	10.9	(1.1)
	<u>122.8</u>	<u>126.0</u>	<u>(3.2)</u>

2022: Group and Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.8	38.8	0
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.4	22.3	(1.9)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	27.2	34.0	(6.8)
Fundraising	12.9	3.9	9.0
Pandemic	8.7	7.4	1.3
Real Lettings	10.7	12.2	(1.5)
	<u>118.7</u>	<u>118.6</u>	<u>0.1</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group and Association

	2023				2022			
	Supported Housing	Care homes	Short stay housing	Total	Supported Housing	Care homes	Short stay housing	Total
	£million	£million	£million	£million	£million	£million	£million	£million
TURNOVER FROM SOCIAL HOUSING LETTINGS								
Rent receivable net of voids	9.9	2.1	0.4	12.4	10.0	2.1	0.3	12.4
Service charges net of voids	22.2	-	0.1	22.3	20.9	-	0.2	21.1
NET RENTAL INCOME	32.1	2.1	0.5	34.7	30.9	2.1	0.5	33.5
Other revenue grants	4.2	0.1	0.2	4.5	3.3	-	0.4	3.7
Amortisation of deferred capital grants	1.5	0.1	0.1	1.7	1.4	0.1	0.1	1.6
TURNOVER FROM SOCIAL HOUSING LETTINGS	37.8	2.3	0.8	40.9	35.6	2.2	1.0	38.8
EXPENDITURE ON SOCIAL HOUSING LETTINGS								
Management	8.8	0.6	0.4	9.8	8.8	1.5	0.3	10.6
Service charge costs	14.0	1.6	0.5	16.1	12.6	0.5	0.7	13.8
Routine maintenance	3.2	0.1	0.1	3.4	2.4	0.1	0.1	2.6
Planned maintenance	1.0	-	-	1.0	0.3	-	-	0.3
Bad debts	2.0	(0.2)	-	1.8	1.0	0.2	-	1.2
Depreciation charged	3.4	0.2	0.2	3.8	3.2	0.1	0.2	3.5
Lease Charges	6.1	-	-	6.1	6.4	-	-	6.4
Landlord charges	0.2	-	-	0.2	0.1	-	-	0.1
Other costs	0.5	-	-	0.5	0.3	-	-	0.3
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	39.2	2.3	1.2	42.7	35.1	2.4	1.3	38.8
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	(1.4)	-	(0.4)	(1.8)	0.5	(0.2)	(0.3)	-
<i>Rent losses due to voids</i>	<i>3.4</i>	<i>0.1</i>	<i>-</i>	<i>3.5</i>	<i>3.8</i>	<i>0.1</i>	<i>-</i>	<i>3.9</i>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

Group and Association	2023 Units	2022 Units
Supported Housing		
- Supported housing	2,405	2,327
- Care homes	55	55
- Short stay housing	-	37
Total number of Supported Housing managed units	2,460	2,419
Other Units		
- Non-Social	650	748
- Owned but managed by another organisation	75	147
	3,185	3,314

Supported Housing managed units and units owned but managed by another organisation are measured by bedspace. Non-Social units are measured as self-contained properties.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2023	2022	2023	2022
	£million	£million	£million	£million
Interest arising on;				
Unwinding of discount factor on pension deficit provision	0.2	0.2	0.2	0.2

7. GAIN ON DISPOSAL OF PROPERTY

Association and Group	2023	2022
	£million	£million
Disposal proceeds	0.9	-
Carrying value of fixed assets	(0.3)	-
Write back amortised grant	(0.2)	-
Gain on Disposal	0.4	-

8. OPERATING SURPLUS

	Note	Group		Association	
		2023	2022	2023	2022
		£million	£million	£million	£million
Operating surplus is stated after charging/(crediting):					
Amortisation of intangible fixed assets	11a	0.7	0.1	0.7	0.1
Depreciation of housing properties	11b	3.7	3.5	3.7	3.5
Depreciation of other tangible fixed assets	10c	0.1	0.1	0.1	0.1
Operating lease rentals		11.0	12.4	11.0	12.4
Fees payable to external auditors		0.1	0.1	0.1	0.1
Non audit services		-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

9. EMPLOYEES

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

	Group and Association 2023 No.	Group and Association 2022 No.
Full time	1,256	1,321
Part time (full time equivalent 88) (2022:124)	163	163
Locums (full time equivalent 117) (2022:105)	210	176
	<u>1,629</u>	<u>1,660</u>

Staff costs:	Group and Association 2023 £million	Group and Association 2022 £million
Wages and salaries	53.6	50.4
Social security costs	5.6	5.1
Other pension costs and current service cost (note 21)	2.3	2.2
Agency staff	12.1	10.9
	<u>73.6</u>	<u>68.6</u>

The full time equivalent number of staff who received remuneration (excluding trustees, including executive directors):	2023	2022
£60,001 - £70,000	17	9
£70,001 - £80,000	9	11
£80,001 - £90,000	9	6
£90,001 - £100,000	1	2
£110,001 - £120,000	-	1
£120,000 - £130,000	1	-
£130,001 - £140,000	2	1
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£180,000 - £190,000	-	1

EXECUTIVE DIRECTORS

The key management of the charity, as at 31 March 2023, comprised the Chief Executive and the four directors of the organisation (Finance Director, Client Services Director, Director of Housing Services and Director of Transformation). The total remuneration and benefits, including salary and employer's pension contributions, of the key management personnel of the charity are outlined below:

	2023 £	2022 £
Remuneration and fees	694,790	735,612
Association contributions to money purchase pension schemes	25,307	28,154
Compensation for loss of office	10,000	155,497
	<u>730,097</u>	<u>919,263</u>

Pension contributions were paid on behalf of key management personnel. The amount paid to the highest paid director (the Chief Executive), including pension contributions, was £73,285 (2022: £189,418). She was an ordinary member of the Association's Aviva defined contribution pension scheme and no enhancement or special terms applied. The Association does not make any further contributions to an individual pension arrangement for the Chief Executive. None of the Trustees received any emoluments in the year. Trustees claimed £86 in expenses during the year (2022: £290)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

10. TAXATION

Factors affecting the tax charge for the year.

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

	Group 2023 £million	2022 £million	Association 2023 £million	2022 £million
(Deficit) on ordinary activities before tax	(2.9)	0.1	(2.8)	-
(Deficit) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(0.5)	-	(0.5)	-
Effects of:				
Exempt charitable activities	0.5	-	0.5	-
Tax expense	-	-	-	-

Any profits are donated by gift aid by the subsidiaries. No UK corporation tax has arisen in the period to 31 March 2023 (31 March 2022: £nil). As any profits are donated by gift aid no deferred tax asset is recognised in respect of any tax

11A. INTANGIBLE FIXED ASSETS

Group and Association

	£million
Cost	
At 1 April 2021	1.0
Additions	0.5
At 31 March 2022	1.5
Additions	0.7
Disposals	(0.3)
At 31 March 2023	1.9
Depreciation and impairment	
At 1 April 2021	-
Depreciation charged in year	0.1
At 31 March 2022	0.1
Depreciation charged in year	0.7
At 31 March 2023	0.8
Carrying amount	
31 March 2023	1.1
31 March 2022	1.4

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

11B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Association

Social housing properties held for letting

	Completed properties £million	Properties under construction £million	Total £million
Cost			
At 1 April 2021	119.1	0.3	119.4
Properties acquired	1.1	-	1.1
Works to existing properties	1.0	0.7	1.7
Schemes completed	0.3	(0.3)	-
Disposals	(0.2)	-	(0.2)
At 31 March 2022	121.3	0.7	122.0
Properties acquired	1.9	-	1.9
Works to existing properties	2.3	1.1	3.4
Schemes completed	0.6	(0.6)	-
Disposals	(1.2)	-	(1.2)
At 31 March 2023	124.9	1.2	126.1
Depreciation and impairments			
At 1 April 2021	36.8	-	36.8
Depreciation charged in year	3.5	-	3.5
Released on disposal	(0.1)	-	(0.1)
At 31 March 2022	40.2	-	40.2
Depreciation charged in year	3.7	-	3.7
Released on disposal	(0.4)	-	(0.4)
At 31 March 2023	43.5	-	43.5
Net Book Value			
At 31 March 2023	81.5	1.2	82.7
At 31 March 2022	81.2	0.7	81.8

At each reporting date an assessment must be made of whether any indicators of impairment exist. A review has been undertaken and no impairment indicators have been identified. Cumulative impairments on housing properties amounted to £nil at 31 March 2023 (2022: £nil). Development and works to existing properties include capitalised administration costs of £0.1m (2022: £0.3m).

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

Group and Association

	2023 £million	2022 £million
Total capitalised costs in respect of existing properties and replacement components	3.4	1.6
Amounts charged to income and expenditure	-	-
	3.4	1.6

HOUSING PROPERTIES BY TENURE

Group and Association

	2023 £million	2022 £million
Freehold land and buildings	73.6	72.2
Long leasehold land and buildings	6.6	7.0
Short leasehold land and buildings	2.5	2.6
	82.7	81.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

11C. TANGIBLE FIXED ASSETS – OTHER

Group and Association	Computers Equipment	Furniture and Equipment	Leasehold improvements	Total
	£million	£million	£million	£million
Cost at March 2021 and 2022	0.1	0.3	0.8	1.2
Additions	0.3	-	-	0.3
As at 31 March 2023	0.4	0.3	0.8	1.5
Depreciation and impairment				
31 March 2021	0.1	0.3	0.3	0.7
Depreciation charged in year	-	-	-	-
31 March 2022	0.1	0.3	0.3	0.7
Depreciation charged in year	0.1	-	0.1	0.2
31 March 2023	0.2	0.3	0.4	0.9
Carrying amount				
31 March 2023	0.2	-	0.4	0.6
31 March 2022	-	-	0.5	0.5

12. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Association	2023 £million	2022 £million
Investment in subsidiaries		
Cost		
At start of period	0.1	0.1
At end of period	0.1	0.1

The St Mungo Community Housing Association subsidiary undertakings are:

Name of undertaking	Class of shareholding	Country of incorporation	Proportion of nominal value held directly	Nature of Business
Broadway Homelessness and Support	Ordinary	England	100%	Dormant
Street Impact London Limited	Ordinary	England	100%	Dormant.
Street Impact Brighton Limited	Ordinary	England	100%	Dormant.
St Mungo's Homes Limited	Ordinary	England	100%	Dormant.

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

13. DEBTORS

	Group		Association	
	2023	2022	2023	2022
	£million	£million	£million	£million
Amounts falling due within one year:				
Rent and services receivable	8.7	8.2	8.7	8.2
Less: provision for bad and doubtful debts	(6.3)	(5.1)	(6.3)	(5.1)
	2.4	3.1	2.4	3.1
Trade debtors	11.5	11.1	11.4	11.1
Other debtors	-	-	-	-
Prepayments and accrued income	5.3	4.7	5.3	4.7
Capital grant receivable	-	0.8	-	0.8
	19.2	19.7	19.1	19.7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2023	2022	2023	2022
	£million	£million	£million	£million
Rent and service charges received in advance	7.0	5.7	7.0	5.7
Deferred capital grants	1.6	1.6	1.6	1.6
Trade creditors	1.1	2.1	1.1	2.1
Amounts owed to subsidiary undertakings	-	-	0.1	0.1
Other taxation and social security costs	1.6	1.7	1.6	1.7
Other creditors	0.5	0.7	0.5	0.7
Accruals and deferred income	12.6	15.1	12.6	15.1
	<u>24.4</u>	<u>26.9</u>	<u>24.5</u>	<u>27.0</u>

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

	Group		Association	
	2023	2022	2023	2022
	£million	£million	£million	£million
Recycled capital grant	0.5	0.5	0.5	0.5
Deferred capital grants (note 16)	71.8	71.6	71.8	71.6
	<u>72.3</u>	<u>72.1</u>	<u>72.3</u>	<u>72.1</u>

16. DEFERRED CAPITAL GRANT

Association and Group	2023	2022
	£million	£million
As at 1 April	73.2	74.3
Grant received in the year	2.1	0.6
Capital grant released	(1.7)	(1.7)
Grant moved to creditors	(0.2)	-
As at 31 March	<u>73.4</u>	<u>73.2</u>

In full the Association has received Social Housing Grants of £105,448,052 from Government Bodies (2022: £103,322,000). The Association intends to use the recycled grant to fund new property development activities furthering the Associations aims and objectives.

Recycled Capital Grant

	2023	2022
	£million	£million
As at 1 April	0.5	0.5
As at 31 March	<u>-</u>	<u>0.5</u>

17. PROVISIONS FOR LIABILITIES

Group and Association

	Dilapidations	Total
	£million	£million
1 April 2021	3.5	3.5
Additional provision in year	0.5	0.5
31 March 2022	<u>4.0</u>	<u>4.0</u>
Utilised in the year	(0.2)	(0.3)
Additional provision in year	0.5	0.5
31 March 2023	<u>4.3</u>	<u>4.3</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

18. MEMBERS AND RESERVES

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

	2023 No.	2022 No.
Number of members		
1 April	12	12
Joined during the year	1	3
Left during year	(3)	(3)
31 March	<u>10</u>	<u>12</u>

RESTRICTED RESERVES	At 1 April 2022 £million	Income £million	Expenditure £million	At 31 March 2023 £million
Recovery College	0.7	0.8	(1.2)	0.3
Street Legal	-	0.6	(0.3)	0.3
HARP	-	0.2	(0.2)	-
HomelessWise	-	0.2	(0.2)	-
Westminster Contract & Assessment	-	0.4	(0.4)	-
Lifeworks	-	0.1	(0.1)	-
Putting Down Roots	-	0.3	(0.3)	-
SELHP Project	0.2	-	(0.1)	0.1
Oxford Mental Health	0.5	-	(0.1)	0.4
Barratt Developments	0.1	-	(0.1)	-
Leicester Constriction Skills	0.1	0.1	-	0.2
Tower Hamlets SORT	-	0.1	(0.1)	-
Complex Needs	-	0.1	(0.1)	-
First Response	-	0.1	-	0.1
Other	0.2	1.3	(0.7)	0.8
Total	<u>1.8</u>	<u>4.3</u>	<u>(3.9)</u>	<u>2.2</u>

Restricted reserves

Restricted donations are applied to part or fully fund projects that meet the donor restriction and that further the charitable activities of St Mungo's.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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

Group	2023 £million	2022 £million
(Deficit) / for the year	(2.9)	(0.1)
(Gain) on disposal of tangible fixed assets	(0.4)	-
Interest receivable	(0.1)	
Interest payable	0.2	0.2
Operating Surplus / (Deficit)	(3.2)	0.1
Defined Benefit Pension Scheme payment toward deficit	(1.6)	(1.6)
<i>Adjustments for non-cash items:</i>		
Amortisation of capital grant	(1.7)	(1.6)
Amortisation of intangible assets	0.7	0.1
Depreciation of tangible fixed assets	3.8	3.7
Fixed Asset non-cash movement	0.2	-
Increase in provisions	0.3	0.5
Defined Benefit Pension costs recognised in Statement of Comprehensive Income	0.1	0.1
Operating cash flows before movements in working capital	(1.4)	1.3
Decrease / (Increase) in trade and other debtors	(0.4)	(0.9)
Increase / (Decrease) in trade and other creditors	(2.1)	1.8
Cash generated from operations	(3.9)	2.2
	2023 £million	2022 £million
Cash and cash equivalents represent:-		
Cash at bank	0.8	0.1
Short-term deposits	15.3	22.4
	<u>16.1</u>	<u>22.5</u>

20. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

Group and Association	2023 £million	2022 £million
Capital expenditure contracted for but not provided in the financial statements	0.4	1.4
Expenditure authorised by the Board, but not contracted	3.2	9.9
	<u>3.6</u>	<u>11.3</u>

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

21. COMMITMENTS UNDER OPERATING LEASES

Group and Association	2023 £million	2022 £million
The total future minimum lease payments are payable:		
Within one year	5.8	6.9
Between one and five years	3.9	9.4
After five years	1.9	2.5
	<u>11.6</u>	<u>18.8</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

22. RETIREMENT BENEFITS

The Group participates in two defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The contributions payable by the Group are charged to expenditure, and contributions payable to the fund at the year-end are included in creditors as follows:

Administrator	Contributions payable charged to Statement of Comprehensive Income		Contributions payable to the fund included in creditors	
	2023 £million	2022 £million	2023 £million	2022 £million
Pensions Trust	0.2	0.1	-	-
Aviva	2.1	2.1	(0.4)	(0.4)
	<u>2.3</u>	<u>2.2</u>	<u>(0.4)</u>	<u>(0.4)</u>

ST MUNGO'S DEFINED BENEFIT SCHEME

The Employer operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on liability information as at 30 September 2021 updated to 31 March 2023 by a qualified actuary, independent of the Scheme's sponsoring employer.

The actuarial valuation as at 30 September 2021 showed a deficit of £14,072,000. The Employer has agreed with the Trustee that it will aim to eliminate the deficit by 30 May 2029. To achieve this, prior to 1 April 2023, deficit contributions of £1,560,600 p.a. plus £81,000 p.a. in respect of scheme expenses were payable. From 1 April 2023, deficit contributions of £1,592,000 p.a. (payable monthly) and £94,764 p.a. in respect of scheme expenses are payable, both increasing by 2% p.a. on 1 April 2024 and each 1 April thereafter.

DEFINED BENEFIT PENSION LIABILITY

	2023 £million	2022 £million
1 April	8.1	10.6
Defined benefit costs recognised in Statement of Comprehensive Income	0.3	0.3
Defined benefit (gains) / costs recognised in Other Comprehensive Income	(0.5)	(1.2)
Deficit contribution paid	<u>(1.6)</u>	<u>(1.6)</u>
31 March	<u>6.3</u>	<u>8.1</u>

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

	2023 £million	2022 £million
Fair value of plan assets	29.4	43.6
Present value of defined benefit obligation	<u>(35.7)</u>	<u>(51.7)</u>
Net defined benefit liability to be recognised	<u>(6.3)</u>	<u>(8.1)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2023	2022
	£million	£million
Defined benefit obligation at start of period	51.7	51.4
Interest expense	1.5	1.1
Actuarial losses / (gains) due to scheme experience	2.8	0.9
Actuarial losses / (gains) due to changes in demographic assumptions	(1.2)	2.1
Actuarial (gains) / losses due to changes in financial assumptions	(18.1)	(2.9)
Benefits paid and expenses	(1.0)	(0.9)
Defined benefit obligation at end of period	<u>35.7</u>	<u>51.7</u>

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

	2023	2022
	£million	£million
Fair value of plan assets at start of period	43.6	40.8
Interest income	1.2	0.9
Experience on plan assets (excluding amounts added as interest income) gain	(16.0)	1.2
Contributions by the employer	1.6	1.6
Benefits paid and expenses	(1.0)	(0.9)
Fair value of plan assets at end of period	<u>29.4</u>	<u>43.6</u>

The actual return on plan assets (including any changes in share of assets) over the year ended 31 March 2022 was £2,123,000 (year ended 31 March 2021 - £2,813,000).

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

	2023	2022
	£million	£million
Expenses	0.1	0.1
Net interest expense	0.2	0.2
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>0.3</u>	<u>0.3</u>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2023	2022
	£million	£million
Experience on plan assets (excluding amounts included in net interest cost) – gain	(16.0)	1.2
Experience gains and losses arising on the plan liabilities – (loss) / gain	(2.8)	(0.8)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss) / gain	1.2	(2.1)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	18.1	2.9
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain / (loss)	<u>0.5</u>	<u>1.2</u>
Total amount recognised in other comprehensive income – gain / (loss)	<u>0.5</u>	<u>1.2</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

ASSETS

	2023 £million	2022 £million
Equity	0.1	4.5
Bonds	1.6	8.6
Property	2.7	3.4
Cash	1.2	0.5
Other	4.2	12.6
LDI	15.2	14.0
Liquid Alternatives	1.8	
Private Credit	2.6	
Total assets	29.4	43.6

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

KEY ASSUMPTIONS

	2023 % per annum	2022 % per annum
Discount Rate	4.85	2.80
Inflation (RPI)	3.15	3.50
Inflation (CPI)	2.90	3.20
Salary Growth	2.50	2.80

	75% of maximum allowance	75% of maximum allowance
Allowance for commutation of pension for cash at retirement		

The mortality assumptions adopted imply the following life expectancies on retirement age 65:

	2023 (Years)	2022 (Years)
Male retiring in 2023	21.3	21.6
Female retiring in 2023	24.9	24.0
Male retiring in 2043	23.0	23.2
Female retiring in 2043	25.3	25.5

23. LOCAL GOVERNMENT HOUSING ACT 1998

The total grant available from the Association of London Government and London Councils for the year ended 31 March 2023 includes the following:

The Assertive Offender Resettlement Project was £298,930. The analysis below summarises what the grants were awarded for and how they have been used:

London Councils – Assertive Offender Resettlement

	Grant £000	Spend £000
Salaries	207	222
Beneficiary costs	32	18
Running costs	60	56
	299	296

As at the 31 March 2023 the amount of grant unspent and therefore not received was £3,000.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

The Street Link London Advice Line was £102,663. The analysis below summarises what the grants were awarded for and how they have been used:

London Councils – Street Link London Advice Line

	Grant £000	Spend £000
Salaries	82	71
Beneficiary costs	2	2
Running costs	19	16
	<u>103</u>	<u>89</u>

As at the 31 March 2023 the amount of grant unspent and therefore not received was £14,000.

The Link Worker Immigration Advice Service was £540,877. The analysis below summarises what the grants were awarded for and how they have been used:

London Councils – Street Link London Advice Line

	Grant £000	Spend £000
Salaries	149	123
Beneficiary costs	329	267
Running costs	63	38
	<u>541</u>	<u>428</u>

As at the 31 March 2023 the amount of grant unspent and therefore not received was £113,000

24. RELATED PARTY TRANSACTIONS

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

- Street Impact London Limited has been charged £nil (2022: £82,754) of delivery charges per the sub contract with the Association. £nil of these were owed as at 31 March 2023
- Street Impact Brighton has been charged £nil (2022: £nil) of delivery charges per the sub contract to the Association. £nil of these were owed as at 31 March 2023
- Street Impact Brighton donated £nil (2022: £133,542) to the Association during the year.
- Street Impact London donated £78,760 (2022: £105,134) to the Association during the year
- £99,000 was owed by the Association to Broadway Homelessness and Support (2022: £99,000).

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

- Social Impact Bristol has been charged £nil and has accrued £nil (2022: £nil and £nil) of delivery charges per the sub contract to the Association.
- Social Impact Bristol Limited gifted £1,464 (2022: £6,251) to the Association during the year.

Accounts

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

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2022

**ST MUNGO COMMUNITY HOUSING ASSOCIATION REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2022**

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TRUSTEES AND ADVISORS

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

Trustees

Joanna Killian (Chair from 30 September 2021)
Tracy Allison
Rolande Anderson
Alexandra Beidas
Daniel Corry
Timothy Gadd
Darren Johnson (appointed 25 May 2021)
Robert Napier (CBE) (resigned 29 September 2021)
Teddy Nyahasha (appointed 25 May 2021)
Mark Pears (resigned 27 May 2022)
Susmita Sen (resigned 6 May 2022)
Bontle Senne
Stephen Smith (appointed 25 May 2021)
Helen Walters
John Watts

Company Secretary

Louise Wykes

Executive Officers

Steve Douglas - Chief Executive (deceased 8 May 2022)
Rebecca Sycamore - Executive Director of Development (appointed Interim Chief Executive May 2022)
Ranjeet Bhupla – Executive Director of IT and Transformation (appointed August 2021, resigned June 2022)
David Fisher - Executive Director of Services
Alison Muir – Executive Director of Housing (appointed August 2021)
Helen Giles - Executive Director of People and Governance (resigned 30 June 2021)
Jonathan Manuel – Executive Director of Finance (appointed July 2021)
Reta Robinson – Interim Executive Director of Development and Strategy (appointed May 2022)
Sonia Smith - Executive Director of Finance (retired 28 May 2021)

Registered Office

5th Floor
3 Thomas More Square
London
E1W 1YW

Auditors

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

Principal Solicitors

Ashfords LLP
1 New Fetter Lane
London
EC4A 1AN

Bankers

HSBC
123 Chancery Lane
London
WC2A 1QH

Company No.

08225808

Charity No.

1149085

Regulator of Social Housing Registration No.

LH0279

CHAIR'S STATEMENT

This is my first Chair's statement, having stepped into the role of Chair of Trustees in September 2021. Having been on the Board for several years prior to this, the hard work and dedication of everyone across the organisation did not come as a surprise to me. I would like to say a huge thank you to all of the staff and volunteers who have gone above and beyond to continue our services, keep our clients safe and drive our organisational strategy forward.

St Mungo's has never been an organisation to shy away from a challenge and this year has been no different. April 2021 saw us embark on the first year of our new five-year strategic plan, with our key ambition to end rough sleeping in England by 2026.

Our vision is being delivered through three strands of overarching work: delivering services, creating public empathy and understanding, and influencing policy. Our services help thousands of people every year, working with those already experiencing homelessness, those at risk of homelessness and those who are on their journey of recovery from homelessness. But we must ensure people know who we are and the positive impact we can have in empowering people to transform their lives, which is why our work to raise our profile and to ensure our expertise continues to be heard in Government so we can help to shape housing policy is equally as important.

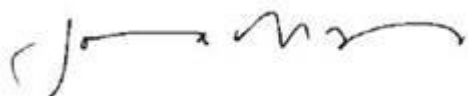
Despite 2021 being another challenging year as we moved through the phases of the coronavirus pandemic (Covid-19), we have made great progress in each of these areas, in particular through our work on the Kerslake Commission on Homelessness and Rough Sleeping. The Kerslake Commission was aimed at looking at the lessons that could be learned from the pandemic, particularly through different agencies working together. St Mungo's, acting as the secretariat to the commission, published two reports which achieved broad reach and awareness, engaging Local Authorities, health, housing and the homelessness sector, and achieving high levels of input from ministers and civil servants. The Kerslake Commission has been an opportunity to showcase St Mungo's as a thought leader as well as raising the organisation's profile. Since the report was launched in 2021, out of the 24 recommendations directed at the Government, to date 8 have been achieved and 3 partly met. This is a huge testament to the work of the commission, but in particular to the late Steve Douglas, who at the time was our CEO and a driving force behind this work. Sadly he passed away unexpectedly in May and never got to see the full fruition of his hard work. The achievements of this last year are dedicated to him.

Although we have made progress, we are facing challenges in the year ahead. We are in the middle of an escalating cost of living crisis, which we know will hit the most vulnerable people in our communities the hardest and there will no doubt be other emerging issues for us to respond to.

Looking ahead, we will be piloting approaches to prevention that build on the learning from existing service models such as Somewhere Safe to Stay and No First Night Out, and implementing our new Criminal Justice strategy. We will also be focusing on how we can best support people leaving our accommodation, and will be implementing our strategic delivery plan for Move On, including rolling out a Move On toolkit and developing our Move On training.

Our efforts will continue to focus on increasing public recognition of our work – one such opportunity is through showcasing our Putting Down Roots (PDR) garden at the RHS Chelsea Flower Show in May. We will also drive forward further action on the key recommendations made in the Kerslake Commission, with a first year report due in the autumn, which will rate progress against each recommendation.

Guided by our strategy, St Mungo's will continue to make itself an agile, resilient organisation so we can cope with whatever is thrown at us. Whatever we face, St Mungo's will continue to do what we can, 365 days a year, to support those who are homeless or at risk of homelessness.



Joanna Killian
Chair, 22 September 2022

STRATEGIC REPORT

The Trustees present the annual report and the audited financial statements for the year ended 31 March 2022. The financial position and results for the year are set out on pages 22 - 49 of these statements.

PRINCIPAL ACTIVITIES

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

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

St Mungo's work in 2021-22 was shaped by the five year strategic plan for 2021-26 and our ambition is to end rough sleeping in England by 2026. We aim to deliver this ambition through each strand of our mission: delivering services, creating public empathy and understanding, and influencing policy.

Delivering services

In order to end rough sleeping we need to prevent it where possible, to reduce the number of people coming onto the streets, to provide effective support to those who are on the streets and to make sure the people we help are able to maintain accommodation and do not return to sleeping on the streets.

- In 2021-22, the number of people seen rough sleeping in the areas St Mungo's work has decreased by 2.9%.
- 80% of the people our outreach teams supported into accommodation from July to December 2021 had not been seen sleeping rough again by the end of March 2022.
- 87% of the people who left our accommodation in the last six months of 2021 had not been seen rough sleeping again by the end of March 2022.

Creating public empathy and understanding

Almost half of the public are 'very confident' that rough sleeping can be ended. To educate them about helping people experiencing rough sleeping, we engaged with audiences through awareness campaigns through 2021-22. Our HomelessWise campaign informed the public about how they can help people on the streets. The work of our Social Impact Bonds services highlighted our support towards people with long histories of rough sleeping. Countless stories of our work were equally promoted across social and traditional media. More than 78,400 people followed our social media channels, a 6.8% year on year increase, and we achieved 141,000 press mentions.

- 49% of the public believe that rough sleeping can be ended in England.
- 1% of the public have heard of St Mungo's unprompted, this is an area we want to improve on over the next four years as we increase our public profile.

Influencing policy

We continue to provide expert advice to numerous consultations about homelessness and related issues. We responded to nine consultations this year and have seen take up of our key policy recommendations in a number of areas.

In September 2021, the Kerslake Commission (for which St Mungo's acts as secretariat) published a report which made 48 recommendations for central Government, local authorities, homelessness organisations, housing providers and health organisations.

Of 48 recommendations made by the Kerslake commission:

- 12 have been achieved so far.
- 2 out of 5 recommendations made by the Kerslake commission for Health bodies have resulted in endorsement and action.

St Mungo's also advised on the NICE guidelines on 'Integrated health and social care for people experiencing homelessness' which were published in March. St Mungo's submitted a response to the draft guidelines and we were pleased to see that the final guidelines adopted more than half of the recommended changes we set out, including important additions on palliative care and frailty. These guidelines set the standards health providers are held to in providing care for our clients.

KEY MISSION AND PUBLIC BENEFIT

St Mungo's vision is that everyone has a place to call home and can fulfil their hopes and ambitions.

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

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

FUTURE PLANS

St Mungo's work over the next four years will be shaped by our 2021-2026 five-year strategic plan.

Delivering services: In 2022-23, we'll be piloting approaches to prevention of homelessness that build on the learning from our existing service models such as Somewhere Safe to Stay and No First Night Out, and will also be implementing our new Criminal Justice strategy. We will also be focussing on how we can best support people leaving our accommodation, and will be implementing our strategic delivery plan for Move On (including rolling out a Move On toolkit and developing our Move On training).

Creating public empathy and understanding: In 2022-23 we will focus on our efforts to increase public recognition of our work. We are planning a campaign to increase public awareness and response, which is due to launch in November. We will also be making the best of opportunities to raise awareness about our work, for example through showcasing our Putting Down Roots (PDR) garden at the RHS Chelsea Flower Show in May and through publication of the Kerslake Commission's year one progress report in September.

Influencing policy: In the next year our focus will be on getting further action on the key recommendations including through the Government's refreshed rough sleeping strategy. In September 2022 the Kerslake Commission will publish a year one progress report on its 2021 report, which will rate progress against each recommendation.

FINANCIAL PERFORMANCE

Income and Expenditure Review

After a very strong year in 2021, driven by pandemic related activity, income has reduced by 2.7% to £118.7m.

	2022 £m	2021 £m	Variance
Rent and Service Charges	44.2	41.6	6.3%
Support	61.6	64.3	-4.2%
Fundraising	12.9	16.1	-19.9%
Total Income	118.7	122.0	-2.7%

Rent and Service charge income has increased reflecting the annual CPI+1% increase together with adjustments to service charge levels that reflect the complexity of our service provision.

Support income shows a 4.2% decline vs. the previous year as the organisation started to return to business as usual after the emergency response during the pandemic. During the year, St Mungo's secured £6m incremental income through new services and improved contract variations. However, this was more than

offset by service closures, primarily driven by reduced emergency funding including completion of our work in 3 emergency hotels.

After an exceptional performance in the previous year due to pandemic related donations, as expected, fundraising income has reduced and is marginally ahead of our FY19/20 (i.e pre-pandemic) level with continuing strong support from both individual and corporate donors.

As well as being a core income stream, fundraising also enables St Mungo's to support a number of activities that would otherwise not have funding such as the Recovery Colleges and Putting Down Roots.

Our total expenditure has fallen by 3.6% to £118.6m. The reduction reflects in part the reduction in income, together with a rationalisation of central office activities, resulting in a reduction of 30 posts. In addition, a further reduction in staff costs is due to increased vacancies reflecting current challenges in the labour market.

The unrestricted surplus is £1.7m partly as a consequence of actuarial gains in respect of pension schemes of £1.2m but also consequent of unrestricted fundraising income coming in stronger and more than offsetting the impact of the reduced allocation of spend to the restricted I&E.

Balance sheet Review

Unrestricted reserves have improved to £13m reflecting the fundraising performance together with a pension credit and sit at the top of the trustee target range of £10m to £13m.

Net assets are 8% above FY21 driven by the pension credit. Fixed assets show a marginal decrease with new investment and depreciation largely offsetting and include a £0.4m increase in intangible assets representing further investment in a new rent and repairs management system. Debtors increased by 4% to £19.6m with the implementation of the new rents system causing an interim increase in the net rent debtor position. Current creditors increased by 8% to £26.9m with largely due to an increase in rents paid in advance.

The pension credit is based on FRS102 accounting and arises due to the gains on the assets of the defined benefit scheme. However, the Pension Trustees are coming to the end of triannual review of the scheme with the final report due by the end of the year. Based on preliminary discussions, the Directors anticipate that the review will require an increase in the scheme deficit to reflect required changes in the treatment of inflation.

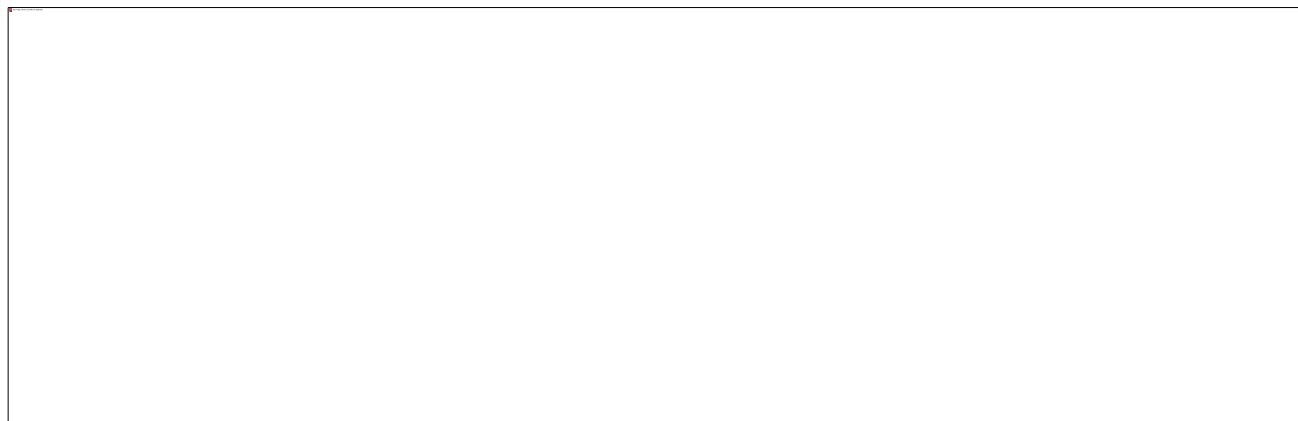
Cash Review

As a charity cash is our primary financial indicator, at £22.5m it is above the Trustee set range of £14m -£18m and marginally below 2021. Capital investment reflects a mix of Move-On accommodation and investment in the rents and repairs management system. Operating cash is positive as a result of higher creditors.

VALUE FOR MONEY

St Mungo's is a charity but also a registered provider of social housing and is obliged by the Regulator of Social Housing to provide an overview of its approach to Value for Money. This is set out below together with a set of indicators also required by the regulator. For St Mungo's, value for money means delivering our strategic objectives in the most cost effective way, that enables us to maximise our support to people who are homeless and remain financially sustainable for the long term. The Board regularly monitors performance through the budget and 5 year plan process, together with review of management accounts and latest forecast. Our strategy delivers homes that meet a wide range of requirements, from initial move off the street to longer term recovery, supporting clients through complex needs. St Mungo's regularly reviews the allocation of resource and assets to ensure the most effective support to our strategic objectives. As part of the budgeting process we also review specific opportunities for improvement, such as procurement savings, support contract margin and central overhead spend. However, as a charity we also choose to use fundraising income to invest in projects that generate no financial return, as they contribute to the core strategic goal to end rough sleeping.

The VFM measures as required by the Regulator of Social Housing are set out below. It should be noted that, given the complexity of needs of our tenant base, and given that St Mungo's is a charity with charitable goals and invests the maximum possible to support those goals, there will be significant variations in the measures for St Mungo's as set against the Housing Association sector average.



Reinvestment

St Mungo's continues to invest to improve our housing stock and to provide incremental bed-spaces. However, the re-investment rate is lower than target due to delayed acquisition of Move On accommodation in Bristol, which will now fall into 2022/2023.

New Supply (social)

St Mungo's continues to invest its own funds to provide additional bed spaces, but the supply rate is lower than target due to delayed acquisition of Move On accommodation in Bristol that will now fall into 2022/2023.

New Supply (Non-social)

St Mungo's does not own non-social units.

Gearing/EBITDA MRI Interest Cover

St Mungo's is debt free and therefore these measures do not apply.

Social Housing Cost per Unit

The cost per unit is ahead of target due to a higher than anticipated level of social housing as a result of contract gains, enabling more efficient use of resources and facilities. The costs incurred by St Mungo's are higher than the sector average due to a number of factors including the short term nature of our tenancies and hence much higher renewal rates and the level of staffing required to safely run support services.

Operating margin (social)

The in-year performance is below target due to higher than anticipated property service costs and landlord lease charges.

Operating margin (overall)

St Mungo's budgeted for a small deficit but has achieved a small operating surplus position due to lower than anticipated staff costs.

Return on Capital Employed

The achievement of a small operating surplus similarly means that the ROCE is not negative as anticipated.

This report was approved by the Board of Trustees on the 20th July 2022 and signed on its behalf by:

Joanna Killian
Chair: 22 September 2022

TRUSTEES' REPORT

The Trustees present the annual report and audited financial statements of St Mungo's for the year ended 31 March 2022. The financial position and results for the year are set out on pages 22 - 49 of these statements.

OBJECTIVES AND ACTIVITIES

The Trustees have reported St Mungo's strategic objectives and outlined our activities within the Strategic Report on pages 3 - 6.

STRUCTURE, GOVERNANCE AND MANAGEMENT

St Mungo Community Housing Association ("the Group"), a registered housing association and charity, is made up of a lead association and four directly and wholly owned subsidiaries.

Street Impact London Limited and Street Impact Brighton Limited, both wholly owned subsidiaries (companies limited by shares) provide housing and support to rough sleepers, these projects have now ended. Broadway Homelessness and Support (a registered charity and company limited by guarantee), holds a number of leasehold interests on behalf of St Mungo's, its parent. Broadway Real Enterprises Limited (a company limited by guarantee) was dissolved in September 2021 having transferred its activities to St Mungo Community Housing Association.

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

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

These are the financial statements of the Group. Any activity relating to the Association will be specified. All references to comparable 2021 figures are to those of the Group, unless otherwise specified.

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

The Board comprises twelve Trustees, who for purposes of company law are non-executive directors, who bring a broad range of skills, knowledge and experience to their roles from fields including finance, legal and government policy. During the year the Board met on six occasions including a Strategy Day.

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

Board members are elected for a three year term at the Annual General Meeting. The Board reviews its effectiveness and appraises its members annually. It identifies the skills it requires in order to fulfil its function and recruits new members as required. Maximum tenure will normally be up to six consecutive years. Further terms may be agreed up to twelve consecutive years but only where the Board agrees that this is in the best interests of St Mungo's.

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

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

- Assurance and Risk Committee reviews the integrity of financial reporting and provides the Board with assurance about the operation of internal control and risk management within St Mungo's. It also manages the relationship with the internal and external auditors.
- Finance and Development Committee supports the Board in its responsibilities in relation to financial planning, financial management and the scrutiny of financial performance. The Committee also reviews plans for the development of our housing stock.

- Client Services Committee has oversight of our care and support services including safeguarding. The Committee reviews policies and plans to ensure that our services are safe and responsive to clients' needs.
- Housing Services Committee has been established to oversee the management of St Mungo's leasehold, owned and managed property portfolio. The Committee scrutinises performance in key areas such as repairs, rent collection and landlord health and safety.
- People, Culture and Transformation Committee has oversight of the employment and remuneration of staff and succession planning for the Board. The Committee assists the Board with setting a positive culture and oversees significant change programmes.

St Mungo's is committed to involving clients in all aspects of our work, including in its decision-making structures. The Client Advisory Board, made up of ten current or former clients of St Mungo's, reviews Board papers and provides input for discussion at Board meetings.

Compliance with the Code of Governance

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

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

Section 3.7(3) states that maximum tenure will normally be up to six years which may be extended to nine years where the Board has agreed it is in the organisation's best interests. One Board member, who is also the Vice Chair, has served ten years and is due to retire during the coming year. This extended term has been agreed by the Board to ensure continuity following changes on the Board and the Executive team.

An assessment of compliance with the Charity Code of Governance has also been undertaken and compliance noted.

Compliance with RSH Governance and Financial Viability Standard

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

Compliance with Section 172 of the Companies Act 2006

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

STAKEHOLDERS

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

Fundraising report

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

Fundraised income supports both new and existing projects to help people who are at risk of, or are

experiencing homelessness. Our fundraising efforts involve encouraging donations from corporate partners, community groups, and individuals. In addition, we also raise funds through legacy giving, special events, challenge events, and Face to Face fundraising.

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

As the regulatory environment has continued to change we have adapted and challenged the way we work to ensure we operate to a high standard. We have reviewed all fundraising materials, consent options, and updated our consent and privacy statements, in order to ensure compliance with the General Data Protection Regulation (GDPR). We have also updated our fundraising database to utilise the ability to record consent consistently and compliantly.

We continue to have four Professional Fundraising Organisations (PFOs) working on our behalf, which are:

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

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

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

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

We monitor the quality and practices of our team through our programme of mystery shopping, conducted on our behalf by an independent organisation.

Across the year and across all our fundraising activity, which in total resulted in over 460,694 donations, we received 18 complaints about our fundraising. We regularly record, report and share positive unprompted feedback about our work and our fundraising from the public along with many messages of support we receive directly from our donors.

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

Every donation we receive is greatly appreciated and the support we have seen during this past year has been truly exceptional. Supporters old and new have continued to support our work following the pandemic.

We wish to say a thank you to all our supporters who made donations of their time and energy or gave financial support to St Mungo's during 2021-22, including those who left us a special gift in their Will.

Employee engagement

Our People Strategy 2021-26 sets out our commitment to recruiting the very best people from diverse backgrounds and investing in their learning, development and engagement. The success of our approach was recognised in our Investors in People assessment last year, in which we achieved 'Gold' status. This was further recognised in our staff survey in February 2021, in which we scored the same or higher in all areas compared to our 2017 staff survey. A key measure is staff engagement, which was very high at 86% and an increase on the 81% achieved in 2017.

We have a range of channels and opportunities for staff to input and feedback. Our Staff Advisory Group meets quarterly to obtain staff perspective on key strategic and planning issues. We have continued our practice of senior leaders regularly attending team meetings throughout the year. This has enabled us to dynamically assess what is 'on top' for staff and respond to ideas and concerns promptly. Our briefing and engagement meeting structure, 'The Loop', helps us to ensure that staff receive timely, reliable and consistent information, and have the opportunity to comment, make suggestions and have their voices heard.

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

St Mungo's recognises two unions; Unite and Unison, and meets regularly with union representatives to discuss key issues affecting staff. Industrial action, which began in April 2021 and involved members of staff in our Property Services Department, ended in July 2021. In response to the allegations, we commissioned an independent review which found that our policies and procedures are fair and robust and that our formal processes are well managed. A leverage campaign by Unite ended in October 2021 and we have been working to develop a constructive working relationship and avoid disputes in the future.

Schemes set up to support staff during the pandemic came to an end during the year. Staff who were furloughed on the government's Coronavirus Job Retention Scheme (64 staff, about 4% of the workforce), had all returned to work by August 2021. Changes to our sickness policy and pay arrangements to support those who needed to self-isolate also came to an end in November 2021.

Supporting the wellbeing of staff has been a major area of focus. All of our manager and staff training modules include a wellbeing focus; we have stress risk assessment tools and Wellbeing Action Plans for staff; and toolkits for managers to support the mental health and for staff to understand and access the broad range of internal and external resources that we have put in place to support both mental and physical wellbeing.

Volunteers, apprentices and students

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

As life slowly returned to some sense of normality following Covid, our services started to open up and we were able to reintroduce volunteers to engage our clients in meaningful activities. Support continued for those clients accommodated in hotels and for our outreach teams through the provision of Outreach volunteers and our First Response programme. Remotely volunteers continued to support our digital recovery college and our Lifeworks psychotherapy programme.

We have engaged our volunteers through online training, webinars and invited them to attend volunteer advisory groups to give feedback on our approach and policies and procedures. Our online volunteer awards event saw 30 volunteers recognised for their commitment and dedication during a difficult year. Partnering with the Marsh Trust allowed us to award £7,500 of prizes to our volunteers.

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

We also provide placements of Social Work, Nursing and Occupational Therapy students in order to influence

future professionals and help shape their practice. The team has continued to work with universities to deliver placements and assessments in different ways during the pandemic and as lock down eased. We have managed to increase social work placements compared to the same point the previous year. Student nurses decreased during COVID19 but are now returning to pre pandemic levels. The students receive a robust induction and monthly sessions to develop and enhance their learning.

Business relationships

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

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

We recognise that the commissioning bodies for whom we deliver services are key stakeholders who enable us to achieve our strategic objectives. In 2021-22 we continued to run regular forums with approximately 20 commissioners across our areas of operation. During the year the focus of these meetings has included health and homelessness, supporting those with no recourse to public funds and interventions for vulnerable people who may have experienced multiple relationship breakdowns. Alongside this we launched our Commissioners' Hub where we share resources discussed at Commissioners' Forum.

Energy and carbon reporting

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard (Revised Edition), St Mungo Housing Association (St Mungo) continues to be engaged in a process aimed at reducing our greenhouse gas emissions.

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

St Mungo has a longstanding commitment to tackling climate change and reducing carbon emissions. Our calculated carbon footprint for the current financial year is 4,568.38 tCO₂e, whilst energy consumption was 25,612,562.7 kWh (25,612.5 MWh).

Accordingly, St Mungo can report figures below based on the GHG Protocol Corporate Standard calculated using 2021 conversion factor guidance published by the UK government. Reporting corresponds with our financial year and reflects emissions from the leased and controlled assets for which St Mungo is responsible.

Emissions

Scope 1 (natural gas)	Tonnes CO ₂ equivalent
	4,065.09

Scope 2 (electricity)	Tonnes CO ₂ equivalent
	359.39

Scope 3 (transport, electricity T&D)	Tonnes CO ₂ equivalent
	143.9

Total	4,568.38 tCO₂e

Scope 1, 2 and 3 intensity metric	3.04 tCO ₂ e per person employed during the financial year (1,550)

This represents a 6.55% reduction on our emissions from our previous financial year.

Efficiency Measures Taken 2021 / 2022

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

- 1) Replaced aging office and lighting equipment with energy-efficient products,
- 2) Expanded video conferencing and online meetings (as opposed to “face to face” meetings).
- 3) Ongoing property maintenance activity to keep our buildings in good repair and improve efficiency.
- 4) Increased use of renewable energy sources.

Objectives for 2022-23

Our Sustainability Strategy sets out our approach and targets for environmental sustainability and specifically how we will contribute to achieving net zero carbon. The strategy was reviewed by the Board during the year and further work agreed.

Our approach includes our buildings, offices and supply chain as well as how we will engage and involve our staff and clients. A key area of focus in the coming year is delivery of our stock investment programme following our stock condition survey in 2020-21. In particular the replacement of single glazed windows.

DIVERSITY AND INCLUSION

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

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

The Board is committed to increasing the diversity of its membership and has agreed an aspirational target of at least one in three appointments being from an under represented group with an anticipated representation of 33% by 2026. Our Board is currently 50% women and representation from people from ethnic minority backgrounds.

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

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

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

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

MODERN SLAVERY ACT

Information about St Mungo's compliance with the Modern Slavery Act, which seeks to curb slavery and human trafficking, is available on our website www.mungos.org. This was last updated in September 2021 and is reviewed annually to ensure we continually improve our practice in this area.

REMUNERATION POLICY

The aim of our remuneration policy is to offer pay rates and a broader package of terms and conditions that will attract, retain and motivate high calibre staff. We aim to pay salary rates at all levels that effectively support recruitment and retention.

Most roles in St Mungo's are paid at salary grades linked to the NJC (National Joint Council for Local Government Services). The appropriate grade is determined by evaluation of the role within the terms of St Mungo's Job Evaluation scheme. The remuneration for certain posts is determined outside of NJC salary grades. In these cases, spot salary rates are determined by market testing and other factors. These posts include the Chief Executive, Executive Directors and Directors.

Market testing of Chief Executive, Executive Team and other relevant roles is carried out at least every three years by an external benchmarking company in order to keep salaries aligned with the comparator market. In the years which fall between market tests the Chief Executive and Executive Team members receive the same cost of living increase as all other members of staff, which is determined by reference to the NJC annual settlements.

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

As a responsible employer our aim is to secure the best benefits for St Mungo's employees past, present and future. Staff are auto-enrolled into our defined contribution pension scheme with Aviva. Our standalone defined benefit scheme with TPT Retirement Solutions is closed to new employees.

RESERVES POLICY

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

In May 2022 the Board approved the 2023-27 Five Year Plan. The Board considered the worst case impact of an economic recession leading to an adverse impact on our three income streams: fundraising, support contracts and rents, together with an increase in core costs. The Reserves and Liquidity policy has been updated to set thresholds to manage should these adverse risks materialise. St Mungo's will manage against minimum cash balances of £14 million - £18 million and minimum unrestricted reserves of £10 million - £13 million to ensure that St Mungo's is viable longer term.

Total reserves as at 31 March 2022 were £14.8 million (2021: £13.7 million). We held restricted reserves of £1.8 million (2021: £2.4 million) and unrestricted or free reserves of £13.0 million (2021: £11.3 million).

The year-end cash balance was £22.5 million (2021: £22.9 million).

The Trustees have reviewed the reserves of the Association and Group taking into consideration future activity, uncertainties and risks and have concluded the level of reserves shown at 31 March 2022 is appropriate to maintaining the continuation of the Association and Group as a going concern.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

Risk management approach

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

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

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

Risk Appetite Statement

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

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

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

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

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

Principal risks and uncertainties

During the year, the Board has focused on successfully transitioning out of pandemic restrictions and ensuring our clients in emergency accommodation have access to longer term housing. Whilst life has returned to normality for many in the UK population, we remain concerned about the social and economic impact of the pandemic on our client group, coupled with the rising cost of living. Given the pressure on local authority budgets, we face a hugely challenging environment of rising demand and fiscal entrenchment, and our work remains vital.

Financially, while the Regulator for Social Housing has acknowledged our business plan is fully funded and based on reasonable assumptions, they also noted that the nature of our work is low margin which reduces our ability to absorb adverse shocks. It is because of this that we maintain a robust focus on our reserves and liquidity, including a significant level of cash reserves. The Board has agreed a 5 year plan which aims to strengthen our financial resilience and this has been stress tested against a range of plausible scenarios.

We have robust policies and processes in place to manage the risks that arise from our day to day work. Health and safety is the top priority for the Board and through a culture of compliance and good performance, we mitigate the potential risk of issues emerging. We have systems in place to ensure that if issues do occur, these will be managed in a way that safeguards clients, staff and the wider organisation.

Our reputation is vital to our work. We have processes in place to ensure a co-ordinated response to incidents and to communicate organisational decisions. We proactively monitor complaints, comments on social media and press activity. During the year, a key focus for the Board has been on managing the risk arising from industrial action and moving to a more constructive relationship with Unite the Union.

In addition to our key operational risks outlined above, the Board has also focused on the following strategic risks during the year. The risk of staff vacancies impacting on essential service provision has been added as a new risk reflecting the challenging labour market. The risk around safely managing our services during the pandemic is no longer a principal risk for the organisation.

Risk	Mitigation measures
Providing good quality accommodation and meeting our obligations as a landlord. Risk rating: Amber	- The Board has agreed an Asset Management Strategy and a stock reinvestment plan is underway. - An action plan has been agreed to address the issues identified in the Regulator's In-Depth Assessment. - We continue to prepare for the forthcoming changes in building safety and consumer regulation.
Managing significant IT and change projects. Risk rating: Red	- The Board has agreed an IT Strategy and plans are in place to ensure delivery. - Phase one to deliver a new housing management system went live in November 2021. Post go live issues have been resolved. - Learning from phase one is being used to inform future ICT and transformation projects.
The impact of staff vacancies on essential service provision. Risk rating: Red	- We have responded to the challenging external market through proactive recruitment campaigns via a range of media, and offer competitive terms and conditions. - Our temporary resourcing arrangements, including via our locum bank, ensure that we are able to maintain essential service provision.
Securing a long term solution for our Real Lettings portfolio. Risk rating: Red	- St Mungo's has short term leasehold interests in a number of properties leased via three property funds. - The Board has agreed an exit strategy which minimises reputational impact and avoids evictions. - The first transfer of units in Bristol took place in December 2021. We are working through a plan to transfer further units before the first fund ends in 2023.

Internal assurance

We have internal assurance processes in place to ensure that internal controls are operating effectively. Our Quality Audit Programme for client facing services identifies areas of good practice and highlights any improvements that are needed. A regular programme of Health and Safety inspections across our projects provides further internal assurance on compliance with statutory and regulatory obligations. A framework of key performance indicators and regular reporting to Board exists to ensure that performance issues are identified and corrective action is taken.

Internal audit

St Mungo's internal audit function, delivered by Beever and Struthers, is used to provide objective assurance on our control framework and management of risks. A programme of internal audits has been overseen by the Assurance and Risk Committee. The audit reports demonstrate that the Board can take adequate assurance from the control framework in place across St Mungo's in 2021-22. Where weaknesses were identified during

the year, these have either been addressed or an action plan has been put in place to improve controls going forwards.

External audit

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

External Assurance

On 15 December 2021, following an in-depth assessment, the Regulator of Social Housing confirmed our rating as G2 / V2. This means that St Mungo's meets the Regulator's governance and viability requirements but needs to improve some aspects of its governance arrangements on landlord obligations to support continued compliance. An improvement plan has been agreed.

Our V2 grading means that we have the financial capacity to deal with a reasonable range of adverse scenarios but need to manage material risks to ensure continued compliance.

St Mungo's has two care homes, both of which have been inspected by the Care Quality Commission and achieved an overall grading of 'good'.

During the year the Board has received assurance from external independent reviews in relation to rent setting and service charges, also our property assets and liabilities records.

Fraud and Whistleblowing

A Fraud Register has been maintained during the year and reviewed by the Assurance and Risk Committee. During the period there have been some minor losses due to isolated fraud.

St Mungo's has a Whistleblowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. Whistleblowing concerns raised during the year have been reported to the Assurance and Risk Committee and have not highlighted any systemic issues.

Conclusion

The Board has considered the effectiveness of the risk management and internal control system in place across the organisation for the year ended 31 March 2022 and has concluded that it has a reasonable level of assurance that there is an effective framework of governance, risk management and control at St Mungo's, noting that issues with rent control and compliance identified during the year have been addressed. No other weaknesses or relevant information have been identified which would result in material misstatement or loss and which require disclosure in the financial statements.'

Auditor

RSM UK Audit LLP will finish their term at the Annual General Meeting on 21 September 2022. Following a procurement exercise it has been agreed to recommend Crowe UK for appointment and a resolution to appoint them will be proposed by the Board.

Disclosure of Information to the Auditor

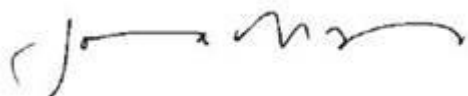
The Board who held office at the date of the approval of this Trustees' Report confirm that in so far as the Board is aware:

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

Certain information as required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations has been included within the Strategic Report. As permitted by section

414C (11) details of future developments, analysis of the development and performance of the business, commentary of key performance indicators and financial review are included in the Strategic Report.

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

A handwritten signature in black ink, appearing to read 'Joanna Killian', with a stylized flourish at the end.

Joanna Killian
Chair
22 September 2022

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

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

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

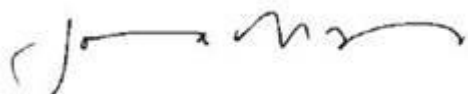
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare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

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

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board of Trustees on the 20th July 2022 and signed on its behalf by:

By order of the Board



Joanna Killian
Chair
Date: 22 September 2022

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

Opinion

We have audited the financial statements of St Mungo's Housing Association (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise consolidated and association statement of comprehensive income, consolidated and association statement of financial position, consolidated and association statement of changes in reserves, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed

risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

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

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

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

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Note	Unrestricted £million	Restricted £million	Total 2022 £million	Total 2021 £million
TURNOVER	3	116.0	2.7	118.7	122.0
Operating expenditure	3	(115.3)	(3.3)	(118.6)	(123.0)
OPERATING SURPLUS / (DEFICIT)	7	0.7	(0.6)	0.1	(1.0)
Interest payable and similar charges	6	(0.2)	-	(0.2)	(0.2)
(DEFICIT) / SURPLUS BEFORE TAX		0.5	(0.6)	(0.1)	(1.2)
Taxation	9	-	-	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		0.5	(0.6)	(0.1)	(1.2)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	21	1.2	-	1.2	(1.6)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1.7	(0.6)	1.1	(2.8)

The consolidated results relate wholly to continuing activities.

The accompanying notes on pages 27 - 49 form part of these financial statements.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Note	Unrestricted £million	Restricted £million	Total 2022 £million	Total 2021 £million
TURNOVER	3	116.1	2.7	118.8	121.6
Operating expenditure	3	(115.3)	(3.3)	(118.6)	(123.0)
OPERATING SURPLUS / (DEFICIT)	7	0.8	(0.6)	0.2	(1.4)
Interest payable and similar charges	6	(0.2)	-	(0.2)	(0.2)
SURPLUS / (DEFICIT) BEFORE TAX		0.6	(0.6)	-	(1.6)
Taxation	9	-	-	-	-
SURPLUS / (DEFICIT) FOR THE YEAR		0.6	(0.6)	-	(1.6)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	21	1.2	-	1.2	(1.6)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		1.8	(0.6)	1.2	(3.2)

The Association's results relate wholly to continuing activities.

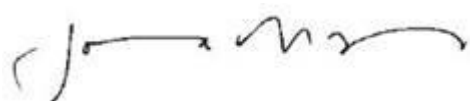
The accompanying notes on pages 27 - 49 form part of these financial statements.

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2022

		Group		Association	
	Note	2022 £million	2021 £million	2022 £million	2021 £million
FIXED ASSETS					
Intangible assets	10a	1.4	1.0	1.4	1.0
Housing properties	10b	81.8	82.7	81.8	82.7
Other fixed assets	10c	0.5	0.6	0.5	0.6
Investment in subsidiaries	11	-	-	0.1	0.1
		<u>83.7</u>	<u>84.3</u>	<u>83.8</u>	<u>84.4</u>
CURRENT ASSETS					
Trade and other debtors	12	19.6	18.9	19.6	18.6
Cash and cash equivalents	18	22.5	22.9	22.3	22.8
		<u>42.1</u>	<u>41.8</u>	<u>41.9</u>	<u>41.4</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	13	(26.9)	(25.0)	(27.0)	(25.0)
NET CURRENT ASSETS		<u>15.2</u>	<u>16.8</u>	<u>14.9</u>	<u>16.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>98.9</u>	<u>101.1</u>	<u>98.7</u>	<u>100.8</u>
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	14	(72.0)	(73.3)	(72.0)	(73.3)
Retirement benefit obligations	21	(8.1)	(10.6)	(8.1)	(10.6)
Provisions for liabilities	16	(4.0)	(3.5)	(4.0)	(3.5)
		<u>(84.1)</u>	<u>(87.4)</u>	<u>(84.1)</u>	<u>(87.4)</u>
TOTAL NET ASSETS		<u>14.8</u>	<u>13.7</u>	<u>14.6</u>	<u>13.4</u>
RESERVES					
Restricted reserve	17	1.8	2.4	1.8	2.4
Income and expenditure reserve		13.0	11.3	12.8	11.0
TOTAL RESERVES		<u>14.8</u>	<u>13.7</u>	<u>14.6</u>	<u>13.4</u>

The accompanying notes on pages 27 - 49 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue 20th July 2022 and are signed on its behalf by:



Joanna Killian
Chair



Tim Gadd
Trustee

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2022

	Unrestricted reserve £million	Designated reserves £million	Restricted reserve £million	Total reserves £million
Balance at 31 March 2020	10.8	3.1	2.6	16.5
Transferred to Unrestricted Reserve	3.1	(3.1)	-	-
(Deficit) for the year	(2.6)	-	(0.2)	(2.8)
Balance at 31 March 2021	11.3	-	2.4	13.7
Surplus / (Deficit) for the year	1.7	-	(0.6)	1.1
Balance at 31 March 2022	13.0	-	1.8	14.8

Designated reserves formed part of the unrestricted and free reserves.

ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2022

	Unrestricted reserve £million	Designated reserves £million	Restricted reserve £million	Total reserves £million
Balance at 31 March 2020	10.9	3.1	2.6	16.6
Transferred to Unrestricted Reserve	3.1	(3.1)	-	-
(Deficit) for the year	(3.0)	-	(0.2)	(3.2)
Balance at 31 March 2021	11.0	-	2.4	13.4
Surplus / (Deficit) for the year	1.8	-	(0.6)	1.2
Balance at 31 March 2022	12.8	-	1.8	14.6

Designated reserves formed part of the unrestricted and free reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

	Note	2022 £million	2021 £million
NET CASH GENERATED FROM OPERATING ACTIVITIES	18	2.1	4.5
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(3.1)	(3.8)
Grants received		0.6	1.6
NET CASH (USED IN) INVESTING ACTIVITIES		(2.5)	(2.2)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan finance		-	(0.3)
NET CASH (USED IN) FINANCING ACTIVITIES		-	(0.3)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(0.4)	2.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		22.9	20.9
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	22.5	22.9

(I) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2021 £million	Cash Flow: £million	At 31 March 2022 £million
CASH AND CASH EQUIVALENTS			
Cash	22.9	(0.4)	22.5

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

1. LEGAL STATUS

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

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

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

Monetary amounts in these financial statements are rounded to the nearest £100,000, except where otherwise indicated.

GOING CONCERN

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

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

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

BASIS OF CONSOLIDATION

Under the Companies Act 2006 the Group has prepared consolidated financial statements. The consolidated financial statements incorporate those of the Association and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 March 2022.

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

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

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

REDUCED DISCLOSURES

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

TURNOVER AND REVENUE RECOGNITION

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

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

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

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

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

OTHER INCOME

Interest income

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

INTANGIBLE ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

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

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

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

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

DONATED LAND AND OTHER ASSETS

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

GOVERNMENT GRANTS

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

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

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

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

OTHER GRANTS

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

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

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

LAND AND PROPERTIES HELD FOR SALE

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

IMPAIRMENTS OF FIXED ASSETS

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

Service potential of an asset and cash flow generation are considered in our assessment. Where there is an indication that an asset or CGU may be impaired, the recoverable amount of any affected asset or CGU is estimated and compared with its carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less cost to sell is estimated using the market value of the property less cost to sell where a market exists, or the existing use value calculation.

Recognising that the asset may not be held primarily to generate cash but is also to provide a social benefit If the recoverable amount is less than the carrying amount then the carrying amount is compared to the Replacement Cost and if the Replacement Cost is higher no impairment is recognised.

Impairment losses are recognised through expenditure.

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

OTHER TANGIBLE FIXED ASSETS

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

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

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

TAXATION

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

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

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

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

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

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

LEASES

Operating Leases

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

EMPLOYEE BENEFITS

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

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

RETIREMENT BENEFITS

Defined contribution plans

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

Defined benefit plans

The group participated in one (2021: two) funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and Pension Trust's Growth Plan (GP). Both schemes are closed to new joiners.

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

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

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

This is a separate trustee administered fund set up on 2 November 2020. The scheme holds the pension scheme assets to meet long term pension liabilities.

Scheme liabilities have been based on data provided for the SHPS actuarial valuation as at 30 September 2019 updated to 31 March 2022 by a qualified actuary, independent of the scheme's sponsoring employer. Changes to the position go through the Other Comprehensive Income statement and not through the normal income and expenditure account, as there is not sufficient information to restate the comparative. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

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

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

Surpluses or deficits recognised in the Statement of Comprehensive Income:

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

Surpluses or deficits recognised in other comprehensive income

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

FINANCIAL INSTRUMENTS

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

Financial assets

Debtors

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

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

Financial liabilities

Creditors

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

Borrowings

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

De-recognition of financial assets and liabilities

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

PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

RESERVES

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment

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

Defined benefit pension plan

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

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

2022: GROUP

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.8	38.8	-
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.4	22.3	(1.9)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	27.2	34.0	(6.8)
Fundraising	12.9	3.9	9.0
Pandemic response	8.7	7.4	1.3
Real Lettings	10.7	12.2	(1.5)
	118.7	118.6	0.1

2021: GROUP

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.4	37.7	0.7
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.9	21.3	(0.4)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	25.5	35.1	(9.6)
Fundraising	16.1	3.7	12.4
Pandemic	11.3	12.9	(1.6)
Real Lettings	9.8	12.3	(2.5)
	122.0	123.0	(1.0)

2022: Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.8	38.8	-
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.4	22.3	(1.9)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	27.3	34.0	(6.7)
Fundraising	12.9	3.9	9.0
Pandemic response	8.7	7.4	1.3
Real Lettings	10.7	12.2	(1.5)
	118.8	118.6	0.2

2021: Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.4	37.7	0.7
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.9	21.3	(0.4)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	25.1	35.1	(10.0)
Fundraising	16.1	3.7	12.4
Pandemic Response	11.3	12.9	(1.6)
Real Lettings	9.8	12.3	(2.5)
	121.6	123.0	(1.4)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group and Association

	2022				2021			
	Supported Housing	Care homes	Short stay housing	Total	Supported Housing	Care homes	Short stay housing	Total
	£million	£million	£million	£million	£million	£million	£million	£million
TURNOVER FROM SOCIAL HOUSING LETTINGS								
Rent receivable net of voids	10.0	2.1	0.3	12.4	10.6	1.5	0.7	12.8
Service charges net of voids	20.9	-	0.2	21.1	18.9	-	0.4	19.3
NET RENTAL INCOME	30.9	2.1	0.5	33.5	29.5	1.5	1.1	32.1
Other revenue grants	3.3	-	0.4	3.7	4.2	0.5	-	4.7
Amortisation of deferred capital grants	1.4	0.1	0.1	1.6	1.4	0.1	0.1	1.7
TURNOVER FROM SOCIAL HOUSING LETTINGS	35.6	2.2	1.0	38.8	35.1	2.1	1.2	38.4
EXPENDITURE ON SOCIAL HOUSING LETTINGS								
Management	8.8	1.5	0.3	10.6	9.8	1.7	0.2	11.7
Service charge costs	12.6	0.5	0.7	13.8	10.6	0.4	0.6	11.6
Routine maintenance	2.4	0.1	0.1	2.6	2.2	0.1	0.1	2.4
Planned maintenance	0.3	-	-	0.3	0.4	-	-	0.4
Bad debts	1.0	0.2	-	1.2	1.3	-	-	1.3
Depreciation charged	3.2	0.1	0.2	3.5	3.2	0.1	0.2	3.5
Landlord charges	6.5	-	-	6.5	6.2	-	-	6.2
Pandemic response	-	-	-	-	0.3	-	-	0.3
Other costs	0.3	-	-	0.3	0.3	-	-	0.3
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	35.1	2.4	1.3	38.8	34.3	2.3	1.1	37.7
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	0.5	(0.2)	(0.3)	-	0.8	(0.2)	0.1	0.7
<i>Rent losses due to voids</i>	3.8	0.1	-	3.9	2.1	0.1	0.2	2.4

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

Group and Association	2022 Units	2021 Units
Supported Housing		
- Supported housing	2,327	2,345
- Care homes	55	55
- Short stay housing	37	69
Total number of Supported Housing managed units	2,419	2,469
Other Units		
- Real Lettings	748	828
- Owned but managed by another organisation	147	147
	3,314	3,444

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2022 £million	2021 £million	Association 2022 £million	2021 £million
Interest arising on;				
Unwinding of discount factor on pension deficit provision	0.2	0.2	0.2	0.2

7. OPERATING SURPLUS

	Note	Group 2022 £million	2021 £million	Association 2022 £million	2021 £million
Operating surplus is stated after charging/(crediting):					
Amortisation of intangible fixed assets	10a	0.1	-	0.1	0.1
Depreciation of housing properties	10b	3.5	3.5	3.5	3.5
Depreciation of other tangible fixed assets	10c	0.1	0.1	0.1	0.1
Operating lease rentals	20	12.4	11.9	12.4	11.9

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

	Group 2022 £'000	2021 £'000	Association 2022 £'000	2021 £'000
Audit services - statutory audit of the group (includes any irrecoverable VAT)	68	67	68	62
Other Services	-	6	-	6

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

8. EMPLOYEES

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

	Group and Association 2022 No.	Group and Association 2021 No.
Full time	1,321	1,345
Part time (full time equivalent 124) (2021:131)	163	178
Locums (full time equivalent 105) (2021:119)	176	197
	<u>1,660</u>	<u>1,720</u>

Staff costs:

	Group and Association 2022 £million	Group and Association 2021 £million
Wages and salaries	61.3	65.4
Social security costs	5.1	5.2
Other pension costs and current service cost (note 21)	2.2	2.2
	<u>68.6</u>	<u>72.8</u>

Included in Wages and salaries is £7.6m paid to agencies for temporary staff (2021: £9.9m).

The full time equivalent number of staff who received remuneration (excluding trustees, including executive directors):

	2022	2021
£60,001 - £70,000	9	9
£70,001 – £80,000	11	9
£80,001 – £90,000	6	6
£90,001 – £100,000	2	3
£110,001 – £120,000	1	2
£130,001 – £140,000	1	3
£150,001 - £160,000	1	-
£180,000 - £190,000	1	1

EXECUTIVE DIRECTORS

The key management of the charity, as at 31 March 2022, comprised the Chief Executive and the five directors of the organisation (Director of People, Culture and Transformation, Finance Director, Client Services Director, Director of Housing Services and Director of Strategy and Development). The total remuneration and benefits, including salary and employer's pension contributions, of the key management personnel of the charity are outlined below:

	2022 £	2021 £
Remuneration and fees	735,612	777,765
Association contributions to money purchase pension schemes	28,154	45,123
Compensation for loss of office	155,497	80,000
	<u>919,263</u>	<u>902,888</u>

Pension contributions were paid on behalf of key management personnel. The amount paid to the highest paid director (the Chief Executive), including pension contributions, was £189,418 (2021: £180,373). He was an ordinary member of the Association's Aviva defined contribution pension scheme and no enhancement or special terms applied. The Association does not make any further contributions to an individual pension arrangement for the Chief Executive. None of the Trustees received any emoluments in the year. Trustees claimed £290 in expenses during the year (2021: £120). Remuneration paid to key management personnel includes amounts paid to Executive Directors (inclusive of National Insurance) and Trustees, during the period this amounted to £1,027,244 (2021: £1,002,507).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

9. TAXATION

Factors affecting the tax charge for the year.

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

	Group		Association	
	2022	2021	2022	2021
	£million	£million	£million	£million
(Deficit) on ordinary activities before tax	-	(1.2)	0.1	(1.6)
(Deficit) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	-	(0.2)	-	(0.3)
Effects of:				
Exempt charitable activities	-	0.2	-	0.3
Tax expense	-	-	-	-

Any profits are donated by gift aid by the subsidiaries. No UK corporation tax has arisen in the period to 31 March 2022 (31 March 2021: £nil). As any profits are donated by gift aid no deferred tax asset is recognised in respect of any tax losses carried forward.

10A. INTANGIBLE FIXED ASSETS

Group

£'000

Cost

At 1 April 2020	0.6
Additions	0.4
At 31 March 2021	1.0
Additions	0.5
At 31 March 2022	1.5

Depreciation and impairment

At 1 April 2020	-
Depreciation charged in year	-
At 31 March 2021	-
Depreciation charged in year	0.1
At 31 March 2022	0.1

Carrying amount

31 March 2022	1.4
31 March 2021	1.0

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

10A. INTANGIBLE FIXED ASSETS (continued)

Association	IT software £million	Customer Contracts £million	Total £million
Cost			
At 1 April 2020	0.6	0.1	0.7
Additions	0.4	-	0.4
At 31 March 2021	1.0	0.1	1.1
Additions	0.5	-	0.5
At 31 March 2022	1.5	0.1	1.6
Depreciation and impairments			
At 1 April 2020	-	-	-
Depreciation charged in year	-	0.1	0.1
At 31 March 2021	-	0.1	0.1
Depreciation charged in year	0.1	-	0.1
At 31 March 2022	0.1	0.1	0.2
Net Book Value			
At 31 March 2022	1.4	-	1.4
At 31 March 2021	1.0	-	1.0

10B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Association

Social housing properties held for letting

	Completed properties £million	Properties under construction £million	Total £million
Cost			
At 1 April 2020	116.1	0.2	116.3
Properties acquired	2.3	-	2.3
Works to existing properties	0.8	0.2	1.0
Schemes completed	0.1	(0.1)	-
Disposals	(0.2)	-	(0.2)
At 31 March 2021	119.1	0.3	119.4
Properties acquired	1.0	-	1.0
Works to existing properties	1.0	0.6	1.6
Schemes completed	0.3	(0.3)	-
Disposals	(0.1)	-	(0.1)
At 31 March 2022	121.3	0.6	121.9
Depreciation and impairments			
At 1 April 2020	33.4	-	33.4
Depreciation charged in year	3.5	-	3.5
Released on disposal	(0.2)	-	(0.2)
At 31 March 2021	36.7	-	36.7
Depreciation charged in year	3.5	-	3.5
Released on disposal	(0.1)	-	(0.1)
At 31 March 2022	40.1	-	40.1
Net Book Value			
At 31 March 2022	81.2	0.6	81.8
At 31 March 2021	82.4	0.3	82.7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

10B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)

At each reporting date an assessment must be made of whether any indicators of impairment exist. A review has been undertaken and no impairment indicators have been identified as a result of the assessment. Cumulative impairments on housing properties amounted to £nil at 31 March 2022 (2021: £nil). Development and works to existing properties include capitalised administration costs of £0.3m (2021: £0.2m).

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

Group and Association

	2022 £million	2021 £million
Total capitalised costs in respect of existing properties and replacement components	1.6	1.0
Amounts charged to income and expenditure	-	-
	<u>1.6</u>	<u>1.0</u>

HOUSING PROPERTIES BY TENURE

Group and Association

	2022 £million	2021 £million
Freehold land and buildings	72.2	72.7
Long leasehold land and buildings	7.0	7.2
Short leasehold land and buildings	2.6	2.8
	<u>81.8</u>	<u>82.7</u>

10C. TANGIBLE FIXED ASSETS – OTHER

Group and Association

	Computers Equipment £million	Furniture and Equipment £million	Leasehold improvements £million	Total £million
Cost				
As at 31 March 2020, 2021 and 2022	<u>0.1</u>	<u>0.3</u>	<u>0.8</u>	<u>1.2</u>
Depreciation and impairment				
31 March 2020	0.1	0.3	0.1	0.5
Depreciation charged in year	-	-	0.1	0.1
31 March 2021	<u>0.1</u>	<u>0.3</u>	<u>0.2</u>	<u>0.6</u>
Depreciation charged in year	-	-	0.1	0.1
31 March 2022	<u>0.1</u>	<u>0.3</u>	<u>0.3</u>	<u>0.7</u>
Carrying amount				
31 March 2022	-	-	0.5	0.5
31 March 2021	-	-	0.6	0.6

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

11. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Association	2022	2021
Investment in subsidiaries	£million	£million
Cost		
At start of period	0.1	0.1
At end of period	0.1	0.1

Group	2022	2021
Share of associate – Social Impact Bristol Limited	£million	£million
Share of (loss)/profit in associate	-	-
Share of:		
Current Assets	-	0.1
Creditors	-	(0.1)

The St Mungo Community Housing Association subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Country of incorporation</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of Business</i>
Broadway Homelessness and Support	Ordinary	England	100%	Dormant
Street Impact London Limited	Ordinary	England	100%	Dormant.
Street Impact Brighton Limited	Ordinary	England	100%	Dormant.
St Mungo's Homes Limited	Ordinary	England	100%	Dormant.

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

12. DEBTORS

	Group		Association	
	2022	2021	2022	2021
	£million	£million	£million	£million
Amounts falling due within one year:				
Rent and services receivable	8.2	5.7	8.2	5.7
Less: provision for bad and doubtful debts	(5.1)	(3.8)	(5.1)	(3.8)
	3.1	1.9	3.1	1.9
Trade debtors	11.1	10.1	11.1	10.0
Other debtors	-	0.1	-	0.1
Prepayments and accrued income	4.6	5.9	4.6	5.7
Capital grant receivable	0.8	0.9	0.8	0.9
	19.6	18.9	19.6	18.6

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2022	2021	2022	2021
	£million	£million	£million	£million
Rent and service charges received in advance	5.7	4.2	5.7	4.2
Deferred capital grants (note 15)	1.6	1.5	1.6	1.5
Trade creditors	2.1	3.0	2.1	3.0
Amounts owed to subsidiary undertakings	-	-	0.1	0.1
Other taxation and social security costs	1.7	2.3	1.7	2.2
Other creditors	0.7	0.4	0.7	0.4
Accruals and deferred income	15.1	13.6	15.1	13.6
	26.9	25.0	27.0	25.0

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

	Group		Association	
	2022	2021	2022	2021
	£million	£million	£million	£million
Recycled capital grant	0.5	0.5	0.5	0.5
Deferred capital grants (note 15)	71.5	72.8	71.5	72.8
	72.0	73.3	72.0	73.3

15. DEFERRED CAPITAL GRANT

Association and Group	2022	2021
	£million	£million
As at 1 April	74.3	74.2
Grant received in the year	0.5	1.7
Capital grant released	(1.7)	(1.6)
As at 31 March	73.1	74.3

In full the Association has received Social Housing Grants of £103,322,000 from Government Bodies (2021: £102,765,000). The Association intends to use the recycled grant to fund new property development activities furthering the Associations aims and objectives.

Recycled Capital Grant

	2022	2021
	£million	£million
As at 1 April	0.5	0.5
As at 31 March	0.5	0.5

16. PROVISIONS FOR LIABILITIES

Group and Association

	Dilapidations	Total
	£million	£million
1 April 2020	2.0	2.0
Additional provision in year	1.5	1.5
31 March 2021	3.5	3.5
Utilised in the year	(0.3)	(0.3)
Additional provision in year	0.8	0.8
31 March 2022	4.0	4.0

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

17. MEMBERS AND RESERVES

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

	2022 No.	2021 No.
Number of members		
1 April	12	13
Joined during the year	3	-
Left during year	(3)	(1)
31 March	<u>12</u>	<u>12</u>

	At 1 April 2021 £million	Income £million	Expenditure £million	At 31 March 2022 £million
RESTRICTED RESERVES				
Recovery College	0.9	0.8	(0.9)	0.8
Oxford Mental Health	0.5	-	-	0.5
HomelessWise	0.2	0.2	(0.4)	-
Putting Down Roots	0.1	0.2	(0.3)	-
Other	0.7	1.5	(1.7)	0.5
Total	<u>2.4</u>	<u>2.7</u>	<u>(3.3)</u>	<u>1.8</u>

Restricted reserves

The reserves represent the value of donations and grants which are expendable in furtherance of some particular aspect of the objects of the Association.

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

Group	2022 £million	2021 £million
(Deficit) / for the year	(0.1)	(1.2)
Interest payable	0.2	0.2
Operating Surplus / (Deficit)	0.1	(1.0)
Defined Benefit Pension Scheme payment toward deficit	(1.6)	(1.4)
<i>Adjustments for non-cash items:</i>		
Amortisation of capital grant	(1.7)	(1.6)
Amortisation of intangible assets	0.1	-
Depreciation of tangible fixed assets	3.6	3.6
Increase in provisions	0.5	1.5
Defined Benefit Pension costs recognised in Statement of Comprehensive Income	0.1	0.1
Operating cash flows before movements in working capital	1.1	1.2
(Increase) in trade and other debtors	(0.8)	(1.9)
Increase in trade and other creditors	1.8	5.2
Cash generated from operations	2.1	4.5

	2022 £million	2021 £million
Cash and cash equivalents represent:-		
Cash at bank	0.1	(0.4)
Short-term deposits	22.4	23.3
	<u>22.5</u>	<u>22.9</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

19. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS
Group and Association

	2022 £million	2021 £million
Capital expenditure contracted for but not provided in the financial statements	1.4	1.0
Expenditure authorised by the Board, but not contracted	9.9	6.1
	<u>11.3</u>	<u>7.2</u>

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

20. COMMITMENTS UNDER OPERATING LEASES
Group and Association

	2022 £million	2021 £million
The total future minimum lease payments are payable:		
Within one year	6.9	11.1
Between one and five years	9.4	13.9
After five years	2.5	3.3
	<u>18.8</u>	<u>28.3</u>

21. RETIREMENT BENEFITS

Social Housing Pension Scheme (SHPS) - defined benefit scheme

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

Defined contribution pension schemes

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

Administrator	Contributions payable charged to Statement of Comprehensive Income		Contributions payable to the fund included in creditors	
	2022 £million	2021 £million	2022 £million	2021 £million
Scottish Widows		0.1	-	-
Pensions Trust	0.1	1.3	-	-
Aviva	2.1	0.8	(0.4)	(0.3)
	<u>2.2</u>	<u>2.2</u>	<u>(0.4)</u>	<u>(0.3)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

21. RETIREMENT BENEFIT CONTINUED

SOCIAL HOUSING PENSION SCHEME

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

This is a separate trustee administered fund set up on 9 November 2020 following the transfer of assets and obligations from the Social Housing Pension Scheme (SHPS). The scheme holds the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on data provided for the SHPS actuarial valuation as at 30 September 2019 updated to 31 March 2022 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

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

DEFINED BENEFIT PENSION LIABILITY

	2022	2021
	£million	£million
1 April	10.6	10.1
Defined benefit costs recognised in Statement of Comprehensive Income	0.3	0.3
Defined benefit (gains) / costs recognised in Other Comprehensive Income	(1.2)	1.6
Deficit contribution paid	(1.6)	(1.4)
31 March	<u>8.1</u>	<u>10.6</u>

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

	2022	2021
	£million	£million
Fair value of plan assets	43.6	40.8
Present value of defined benefit obligation	(51.7)	(51.4)
Deficit in plan	(8.1)	(10.6)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(8.1)	(10.6)
Deferred Tax	-	-
Net defined benefit liability to be recognised	<u>(8.1)</u>	<u>(10.6)</u>

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2022	2021
	£million	£million
Defined benefit obligation at start of period	51.4	47.5
Interest expense	1.1	1.0
Actuarial losses / (gains) due to scheme experience	0.9	(1.3)
Actuarial losses / (gains) due to changes in demographic assumptions	2.1	(0.8)
Actuarial (gains) / losses due to changes in financial assumptions	(2.9)	5.7
Benefits paid and expenses	(0.9)	(0.7)
Defined benefit obligation at end of period	<u>51.7</u>	<u>51.4</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

21. RETIREMENT BENEFIT CONTINUED

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

	2022	2021
	£million	£million
Fair value of plan assets at start of period	40.8	37.4
Interest income	0.9	0.8
Experience on plan assets (excluding amounts added as interest income) gain	1.2	2.0
Contributions by the employer	1.6	1.4
Benefits paid and expenses	(0.9)	(0.8)
Fair value of plan assets at end of period	<u>43.6</u>	<u>40.8</u>

The actual return on plan assets (including any changes in share of assets) over the year ended 31 March 2022 was £2,123,000 (year ended 31 March 2021 - £2,813,000).

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

	2022	2021
	£million	£million
Expenses	0.1	0.1
Net interest expense	0.2	0.2
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>0.3</u>	<u>0.3</u>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2022	2021
	£million	£million
Experience on plan assets (excluding amounts included in net interest cost) – gain	1.2	2.0
Experience gains and losses arising on the plan liabilities – (loss) / gain	(0.8)	1.3
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(2.1)	0.8
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	2.9	(5.7)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain / (loss)	<u>1.2</u>	<u>(1.6)</u>
Total amount recognised in other comprehensive income – gain / (loss)	<u>1.2</u>	<u>(1.6)</u>

ASSETS

	2022	2021
	£million	£million
Equity	4.5	2.5
Bonds	8.6	8.7
Property	3.4	2.6
Cash	0.5	1.0
Other	12.6	12.8
LDI	14.0	13.2
Total assets	<u>43.6</u>	<u>40.8</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

21. RETIREMENT BENEFIT CONTINUED

KEY ASSUMPTIONS

	2022	2021
	% per annum	% per annum
Discount Rate	2.80	2.20
Inflation (RPI)	3.50	3.15
Inflation (CPI)	3.20	2.80
Salary Growth	2.80	2.80
	75% of maximum allowance	75% of maximum allowance
Allowance for commutation of pension for cash at retirement		

	2022	2021
	(Years)	(Years)
The mortality assumptions adopted imply the following life expectancies on retirement age 65:		
Male retiring in 2022	21.6	21.7
Female retiring in 2022	24.0	23.5
Male retiring in 2042	23.2	23.0
Female retiring in 2042	25.5	24.7

PENSION TRUST – GROWTH PLAN

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

The Group settled this liability in 2020/2021 for £64,000.

22. LOCAL GOVERNMENT HOUSING ACT 1998

The total grant available from the Association of London Government and London Councils for the year ended 31 March 2022 for the Assertive Offender Resettlement Project was £251,378 (2021: £251,378). The analysis below summarises what the grants were awarded for and how they have been used:

London Councils – Assertive Offender Resettlement

	Grant	Spend
	£000	£000
Salaries	190	161
Beneficiary costs	14	6
Running costs	47	36
	<u>251</u>	<u>203</u>

As at the 31 March 2022 the amount of grant unspent and therefore not received was £48,509 (2021:£4,619).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

23. NATIONAL LOTTERY COMMUNITY FUND

We received no funding from the National Lottery in 2021-22. In 2020-21 three of our projects were funded by the National Lottery through the National Lottery Community Fund:

- National Lottery Community Fund Our Bright Future grant investment towards Putting Down Roots for Young People was £nil (2021: £133,040) during the year. The project has now ended.
- National Lottery Community Fund Reaching Communities grant investment towards the Recovery College Project was £nil during the year (2021: £70,171).
- National Lottery Community Fund Covid 19 Emergency Fund grant investment towards our pandemic response was £nil (2021: £210,445).

24. LEGISLATIVE PROVISIONS

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

25. RELATED PARTY TRANSACTIONS

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

- Street Impact London Limited has been charged £82,754 (2021: £261,288) of delivery charges per the sub contract with the Association. £nil of these were owed as at 31 March 2022 (2021: £130,664).
- Street Impact Brighton has been charged £nil (2021: £133,271) of delivery charges per the sub contract to the Association. £nil of these were owed as at 31 March 2022 (2021: £nil).
- Street Impact Brighton donated £133,542 (2021: £31,275) to the Association during the year.
- Street Impact London donated £105,134 (2021: £nil) to the Association during the year
- £99,000 was owed by the Association to Broadway Homelessness and Support (2021: £99,000).

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

- Social Impact Bristol has been charged £nil and has accrued £nil (2021: £150,878 and £25,495) of delivery charges per the sub contract to the Association.
- Social Impact Bristol Limited gifted £6,251 (2021: £49,780) to the Association during the year.

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

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2022

**ST MUNGO COMMUNITY HOUSING ASSOCIATION REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2022**

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TRUSTEES AND ADVISORS

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

Trustees

Joanna Killian (Chair from 30 September 2021)
Tracy Allison
Rolande Anderson
Alexandra Beidas
Daniel Corry
Timothy Gadd
Darren Johnson (appointed 25 May 2021)
Robert Napier (CBE) (resigned 29 September 2021)
Teddy Nyahasha (appointed 25 May 2021)
Mark Pears (resigned 27 May 2022)
Susmita Sen (resigned 6 May 2022)
Bontle Senne
Stephen Smith (appointed 25 May 2021)
Helen Walters
John Watts

Company Secretary

Louise Wykes

Executive Officers

Steve Douglas - Chief Executive (deceased 8 May 2022)
Rebecca Sycamore - Executive Director of Development (appointed Interim Chief Executive May 2022)
Ranjeet Bhupla – Executive Director of IT and Transformation (appointed August 2021, resigned June 2022)
David Fisher - Executive Director of Services
Alison Muir – Executive Director of Housing (appointed August 2021)
Helen Giles - Executive Director of People and Governance (resigned 30 June 2021)
Jonathan Manuel – Executive Director of Finance (appointed July 2021)
Reta Robinson – Interim Executive Director of Development and Strategy (appointed May 2022)
Sonia Smith - Executive Director of Finance (retired 28 May 2021)

Registered Office

5th Floor
3 Thomas More Square
London
E1W 1YW

Auditors

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

Principal Solicitors

Ashfords LLP
1 New Fetter Lane
London
EC4A 1AN

Bankers

HSBC
123 Chancery Lane
London
WC2A 1QH

Company No.

08225808

Charity No.

1149085

Regulator of Social Housing Registration No.

LH0279

CHAIR'S STATEMENT

This is my first Chair's statement, having stepped into the role of Chair of Trustees in September 2021. Having been on the Board for several years prior to this, the hard work and dedication of everyone across the organisation did not come as a surprise to me. I would like to say a huge thank you to all of the staff and volunteers who have gone above and beyond to continue our services, keep our clients safe and drive our organisational strategy forward.

St Mungo's has never been an organisation to shy away from a challenge and this year has been no different. April 2021 saw us embark on the first year of our new five-year strategic plan, with our key ambition to end rough sleeping in England by 2026.

Our vision is being delivered through three strands of overarching work: delivering services, creating public empathy and understanding, and influencing policy. Our services help thousands of people every year, working with those already experiencing homelessness, those at risk of homelessness and those who are on their journey of recovery from homelessness. But we must ensure people know who we are and the positive impact we can have in empowering people to transform their lives, which is why our work to raise our profile and to ensure our expertise continues to be heard in Government so we can help to shape housing policy is equally as important.

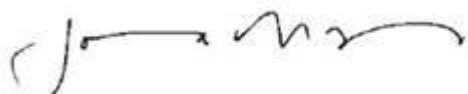
Despite 2021 being another challenging year as we moved through the phases of the coronavirus pandemic (Covid-19), we have made great progress in each of these areas, in particular through our work on the Kerslake Commission on Homelessness and Rough Sleeping. The Kerslake Commission was aimed at looking at the lessons that could be learned from the pandemic, particularly through different agencies working together. St Mungo's, acting as the secretariat to the commission, published two reports which achieved broad reach and awareness, engaging Local Authorities, health, housing and the homelessness sector, and achieving high levels of input from ministers and civil servants. The Kerslake Commission has been an opportunity to showcase St Mungo's as a thought leader as well as raising the organisation's profile. Since the report was launched in 2021, out of the 24 recommendations directed at the Government, to date 8 have been achieved and 3 partly met. This is a huge testament to the work of the commission, but in particular to the late Steve Douglas, who at the time was our CEO and a driving force behind this work. Sadly he passed away unexpectedly in May and never got to see the full fruition of his hard work. The achievements of this last year are dedicated to him.

Although we have made progress, we are facing challenges in the year ahead. We are in the middle of an escalating cost of living crisis, which we know will hit the most vulnerable people in our communities the hardest and there will no doubt be other emerging issues for us to respond to.

Looking ahead, we will be piloting approaches to prevention that build on the learning from existing service models such as Somewhere Safe to Stay and No First Night Out, and implementing our new Criminal Justice strategy. We will also be focusing on how we can best support people leaving our accommodation, and will be implementing our strategic delivery plan for Move On, including rolling out a Move On toolkit and developing our Move On training.

Our efforts will continue to focus on increasing public recognition of our work – one such opportunity is through showcasing our Putting Down Roots (PDR) garden at the RHS Chelsea Flower Show in May. We will also drive forward further action on the key recommendations made in the Kerslake Commission, with a first year report due in the autumn, which will rate progress against each recommendation.

Guided by our strategy, St Mungo's will continue to make itself an agile, resilient organisation so we can cope with whatever is thrown at us. Whatever we face, St Mungo's will continue to do what we can, 365 days a year, to support those who are homeless or at risk of homelessness.



Joanna Killian
Chair, 22 September 2022

STRATEGIC REPORT

The Trustees present the annual report and the audited financial statements for the year ended 31 March 2022. The financial position and results for the year are set out on pages 22 - 49 of these statements.

PRINCIPAL ACTIVITIES

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

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

St Mungo's work in 2021-22 was shaped by the five year strategic plan for 2021-26 and our ambition is to end rough sleeping in England by 2026. We aim to deliver this ambition through each strand of our mission: delivering services, creating public empathy and understanding, and influencing policy.

Delivering services

In order to end rough sleeping we need to prevent it where possible, to reduce the number of people coming onto the streets, to provide effective support to those who are on the streets and to make sure the people we help are able to maintain accommodation and do not return to sleeping on the streets.

- In 2021-22, the number of people seen rough sleeping in the areas St Mungo's work has decreased by 2.9%.
- 80% of the people our outreach teams supported into accommodation from July to December 2021 had not been seen sleeping rough again by the end of March 2022.
- 87% of the people who left our accommodation in the last six months of 2021 had not been seen rough sleeping again by the end of March 2022.

Creating public empathy and understanding

Almost half of the public are 'very confident' that rough sleeping can be ended. To educate them about helping people experiencing rough sleeping, we engaged with audiences through awareness campaigns through 2021-22. Our HomelessWise campaign informed the public about how they can help people on the streets. The work of our Social Impact Bonds services highlighted our support towards people with long histories of rough sleeping. Countless stories of our work were equally promoted across social and traditional media. More than 78,400 people followed our social media channels, a 6.8% year on year increase, and we achieved 141,000 press mentions.

- 49% of the public believe that rough sleeping can be ended in England.
- 1% of the public have heard of St Mungo's unprompted, this is an area we want to improve on over the next four years as we increase our public profile.

Influencing policy

We continue to provide expert advice to numerous consultations about homelessness and related issues. We responded to nine consultations this year and have seen take up of our key policy recommendations in a number of areas.

In September 2021, the Kerslake Commission (for which St Mungo's acts as secretariat) published a report which made 48 recommendations for central Government, local authorities, homelessness organisations, housing providers and health organisations.

Of 48 recommendations made by the Kerslake commission:

- 12 have been achieved so far.
- 2 out of 5 recommendations made by the Kerslake commission for Health bodies have resulted in endorsement and action.

St Mungo's also advised on the NICE guidelines on 'Integrated health and social care for people experiencing homelessness' which were published in March. St Mungo's submitted a response to the draft guidelines and we were pleased to see that the final guidelines adopted more than half of the recommended changes we set out, including important additions on palliative care and frailty. These guidelines set the standards health providers are held to in providing care for our clients.

KEY MISSION AND PUBLIC BENEFIT

St Mungo's vision is that everyone has a place to call home and can fulfil their hopes and ambitions.

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

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

FUTURE PLANS

St Mungo's work over the next four years will be shaped by our 2021-2026 five-year strategic plan.

Delivering services: In 2022-23, we'll be piloting approaches to prevention of homelessness that build on the learning from our existing service models such as Somewhere Safe to Stay and No First Night Out, and will also be implementing our new Criminal Justice strategy. We will also be focussing on how we can best support people leaving our accommodation, and will be implementing our strategic delivery plan for Move On (including rolling out a Move On toolkit and developing our Move On training).

Creating public empathy and understanding: In 2022-23 we will focus on our efforts to increase public recognition of our work. We are planning a campaign to increase public awareness and response, which is due to launch in November. We will also be making the best of opportunities to raise awareness about our work, for example through showcasing our Putting Down Roots (PDR) garden at the RHS Chelsea Flower Show in May and through publication of the Kerslake Commission's year one progress report in September.

Influencing policy: In the next year our focus will be on getting further action on the key recommendations including through the Government's refreshed rough sleeping strategy. In September 2022 the Kerslake Commission will publish a year one progress report on its 2021 report, which will rate progress against each recommendation.

FINANCIAL PERFORMANCE

Income and Expenditure Review

After a very strong year in 2021, driven by pandemic related activity, income has reduced by 2.7% to £118.7m.

	2022 £m	2021 £m	Variance
Rent and Service Charges	44.2	41.6	6.3%
Support	61.6	64.3	-4.2%
Fundraising	12.9	16.1	-19.9%
Total Income	118.7	122.0	-2.7%

Rent and Service charge income has increased reflecting the annual CPI+1% increase together with adjustments to service charge levels that reflect the complexity of our service provision.

Support income shows a 4.2% decline vs. the previous year as the organisation started to return to business as usual after the emergency response during the pandemic. During the year, St Mungo's secured £6m incremental income through new services and improved contract variations. However, this was more than

offset by service closures, primarily driven by reduced emergency funding including completion of our work in 3 emergency hotels.

After an exceptional performance in the previous year due to pandemic related donations, as expected, fundraising income has reduced and is marginally ahead of our FY19/20 (i.e pre-pandemic) level with continuing strong support from both individual and corporate donors.

As well as being a core income stream, fundraising also enables St Mungo's to support a number of activities that would otherwise not have funding such as the Recovery Colleges and Putting Down Roots.

Our total expenditure has fallen by 3.6% to £118.6m. The reduction reflects in part the reduction in income, together with a rationalisation of central office activities, resulting in a reduction of 30 posts. In addition, a further reduction in staff costs is due to increased vacancies reflecting current challenges in the labour market.

The unrestricted surplus is £1.7m partly as a consequence of actuarial gains in respect of pension schemes of £1.2m but also consequent of unrestricted fundraising income coming in stronger and more than offsetting the impact of the reduced allocation of spend to the restricted I&E.

Balance sheet Review

Unrestricted reserves have improved to £13m reflecting the fundraising performance together with a pension credit and sit at the top of the trustee target range of £10m to £13m.

Net assets are 8% above FY21 driven by the pension credit. Fixed assets show a marginal decrease with new investment and depreciation largely offsetting and include a £0.4m increase in intangible assets representing further investment in a new rent and repairs management system. Debtors increased by 4% to £19.6m with the implementation of the new rents system causing an interim increase in the net rent debtor position. Current creditors increased by 8% to £26.9m with largely due to an increase in rents paid in advance.

The pension credit is based on FRS102 accounting and arises due to the gains on the assets of the defined benefit scheme. However, the Pension Trustees are coming to the end of triannual review of the scheme with the final report due by the end of the year. Based on preliminary discussions, the Directors anticipate that the review will require an increase in the scheme deficit to reflect required changes in the treatment of inflation.

Cash Review

As a charity cash is our primary financial indicator, at £22.5m it is above the Trustee set range of £14m -£18m and marginally below 2021. Capital investment reflects a mix of Move-On accommodation and investment in the rents and repairs management system. Operating cash is positive as a result of higher creditors.

VALUE FOR MONEY

St Mungo's is a charity but also a registered provider of social housing and is obliged by the Regulator of Social Housing to provide an overview of its approach to Value for Money. This is set out below together with a set of indicators also required by the regulator. For St Mungo's, value for money means delivering our strategic objectives in the most cost effective way, that enables us to maximise our support to people who are homeless and remain financially sustainable for the long term. The Board regularly monitors performance through the budget and 5 year plan process, together with review of management accounts and latest forecast. Our strategy delivers homes that meet a wide range of requirements, from initial move off the street to longer term recovery, supporting clients through complex needs. St Mungo's regularly reviews the allocation of resource and assets to ensure the most effective support to our strategic objectives. As part of the budgeting process we also review specific opportunities for improvement, such as procurement savings, support contract margin and central overhead spend. However, as a charity we also choose to use fundraising income to invest in projects that generate no financial return, as they contribute to the core strategic goal to end rough sleeping.

The VFM measures as required by the Regulator of Social Housing are set out below. It should be noted that, given the complexity of needs of our tenant base, and given that St Mungo's is a charity with charitable goals and invests the maximum possible to support those goals, there will be significant variations in the measures for St Mungo's as set against the Housing Association sector average.

Reinvestment

St Mungo's continues to invest to improve our housing stock and to provide incremental bed-spaces. However, the re-investment rate is lower than target due to delayed acquisition of Move On accommodation in Bristol, which will now fall into 2022/2023.

New Supply (social)

St Mungo's continues to invest its own funds to provide additional bed spaces, but the supply rate is lower than target due to delayed acquisition of Move On accommodation in Bristol that will now fall into 2022/2023.

New Supply (Non-social)

St Mungo's does not own non-social units.

Gearing/EBITDA MRI Interest Cover

St Mungo's is debt free and therefore these measures do not apply.

Social Housing Cost per Unit

The cost per unit is ahead of target due to a higher than anticipated level of social housing as a result of contract gains, enabling more efficient use of resources and facilities. The costs incurred by St Mungo's are higher than the sector average due to a number of factors including the short term nature of our tenancies and hence much higher renewal rates and the level of staffing required to safely run support services.

Operating margin (social)

The in-year performance is below target due to higher than anticipated property service costs and landlord lease charges.

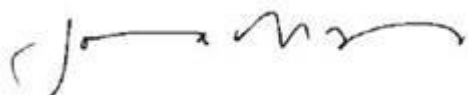
Operating margin (overall)

St Mungo's budgeted for a small deficit but has achieved a small operating surplus position due to lower than anticipated staff costs.

Return on Capital Employed

The achievement of a small operating surplus similarly means that the ROCE is not negative as anticipated.

This report was approved by the Board of Trustees on the 20th July 2022 and signed on its behalf by:



Joanna Killian
Chair: 22 September 2022

TRUSTEES' REPORT

The Trustees present the annual report and audited financial statements of St Mungo's for the year ended 31 March 2022. The financial position and results for the year are set out on pages 22 - 49 of these statements.

OBJECTIVES AND ACTIVITIES

The Trustees have reported St Mungo's strategic objectives and outlined our activities within the Strategic Report on pages 3 - 6.

STRUCTURE, GOVERNANCE AND MANAGEMENT

St Mungo Community Housing Association ("the Group"), a registered housing association and charity, is made up of a lead association and four directly and wholly owned subsidiaries.

Street Impact London Limited and Street Impact Brighton Limited, both wholly owned subsidiaries (companies limited by shares) provide housing and support to rough sleepers, these projects have now ended. Broadway Homelessness and Support (a registered charity and company limited by guarantee), holds a number of leasehold interests on behalf of St Mungo's, its parent. Broadway Real Enterprises Limited (a company limited by guarantee) was dissolved in September 2021 having transferred its activities to St Mungo Community Housing Association.

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

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

These are the financial statements of the Group. Any activity relating to the Association will be specified. All references to comparable 2021 figures are to those of the Group, unless otherwise specified.

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

The Board comprises twelve Trustees, who for purposes of company law are non-executive directors, who bring a broad range of skills, knowledge and experience to their roles from fields including finance, legal and government policy. During the year the Board met on six occasions including a Strategy Day.

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

Board members are elected for a three year term at the Annual General Meeting. The Board reviews its effectiveness and appraises its members annually. It identifies the skills it requires in order to fulfil its function and recruits new members as required. Maximum tenure will normally be up to six consecutive years. Further terms may be agreed up to twelve consecutive years but only where the Board agrees that this is in the best interests of St Mungo's.

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

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

- Assurance and Risk Committee reviews the integrity of financial reporting and provides the Board with assurance about the operation of internal control and risk management within St Mungo's. It also manages the relationship with the internal and external auditors.
- Finance and Development Committee supports the Board in its responsibilities in relation to financial planning, financial management and the scrutiny of financial performance. The Committee also reviews plans for the development of our housing stock.

- Client Services Committee has oversight of our care and support services including safeguarding. The Committee reviews policies and plans to ensure that our services are safe and responsive to clients' needs.
- Housing Services Committee has been established to oversee the management of St Mungo's leasehold, owned and managed property portfolio. The Committee scrutinises performance in key areas such as repairs, rent collection and landlord health and safety.
- People, Culture and Transformation Committee has oversight of the employment and remuneration of staff and succession planning for the Board. The Committee assists the Board with setting a positive culture and oversees significant change programmes.

St Mungo's is committed to involving clients in all aspects of our work, including in its decision-making structures. The Client Advisory Board, made up of ten current or former clients of St Mungo's, reviews Board papers and provides input for discussion at Board meetings.

Compliance with the Code of Governance

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

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

Section 3.7(3) states that maximum tenure will normally be up to six years which may be extended to nine years where the Board has agreed it is in the organisation's best interests. One Board member, who is also the Vice Chair, has served ten years and is due to retire during the coming year. This extended term has been agreed by the Board to ensure continuity following changes on the Board and the Executive team.

An assessment of compliance with the Charity Code of Governance has also been undertaken and compliance noted.

Compliance with RSH Governance and Financial Viability Standard

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

Compliance with Section 172 of the Companies Act 2006

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

STAKEHOLDERS

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

Fundraising report

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

Fundraised income supports both new and existing projects to help people who are at risk of, or are

experiencing homelessness. Our fundraising efforts involve encouraging donations from corporate partners, community groups, and individuals. In addition, we also raise funds through legacy giving, special events, challenge events, and Face to Face fundraising.

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

As the regulatory environment has continued to change we have adapted and challenged the way we work to ensure we operate to a high standard. We have reviewed all fundraising materials, consent options, and updated our consent and privacy statements, in order to ensure compliance with the General Data Protection Regulation (GDPR). We have also updated our fundraising database to utilise the ability to record consent consistently and compliantly.

We continue to have four Professional Fundraising Organisations (PFOs) working on our behalf, which are:

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

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

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

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

We monitor the quality and practices of our team through our programme of mystery shopping, conducted on our behalf by an independent organisation.

Across the year and across all our fundraising activity, which in total resulted in over 460,694 donations, we received 18 complaints about our fundraising. We regularly record, report and share positive unprompted feedback about our work and our fundraising from the public along with many messages of support we receive directly from our donors.

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

Every donation we receive is greatly appreciated and the support we have seen during this past year has been truly exceptional. Supporters old and new have continued to support our work following the pandemic.

We wish to say a thank you to all our supporters who made donations of their time and energy or gave financial support to St Mungo's during 2021-22, including those who left us a special gift in their Will.

Employee engagement

Our People Strategy 2021-26 sets out our commitment to recruiting the very best people from diverse backgrounds and investing in their learning, development and engagement. The success of our approach was recognised in our Investors in People assessment last year, in which we achieved 'Gold' status. This was further recognised in our staff survey in February 2021, in which we scored the same or higher in all areas compared to our 2017 staff survey. A key measure is staff engagement, which was very high at 86% and an increase on the 81% achieved in 2017.

We have a range of channels and opportunities for staff to input and feedback. Our Staff Advisory Group meets quarterly to obtain staff perspective on key strategic and planning issues. We have continued our practice of senior leaders regularly attending team meetings throughout the year. This has enabled us to dynamically assess what is 'on top' for staff and respond to ideas and concerns promptly. Our briefing and engagement meeting structure, 'The Loop', helps us to ensure that staff receive timely, reliable and consistent information, and have the opportunity to comment, make suggestions and have their voices heard.

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

St Mungo's recognises two unions; Unite and Unison, and meets regularly with union representatives to discuss key issues affecting staff. Industrial action, which began in April 2021 and involved members of staff in our Property Services Department, ended in July 2021. In response to the allegations, we commissioned an independent review which found that our policies and procedures are fair and robust and that our formal processes are well managed. A leverage campaign by Unite ended in October 2021 and we have been working to develop a constructive working relationship and avoid disputes in the future.

Schemes set up to support staff during the pandemic came to an end during the year. Staff who were furloughed on the government's Coronavirus Job Retention Scheme (64 staff, about 4% of the workforce), had all returned to work by August 2021. Changes to our sickness policy and pay arrangements to support those who needed to self-isolate also came to an end in November 2021.

Supporting the wellbeing of staff has been a major area of focus. All of our manager and staff training modules include a wellbeing focus; we have stress risk assessment tools and Wellbeing Action Plans for staff; and toolkits for managers to support the mental health and for staff to understand and access the broad range of internal and external resources that we have put in place to support both mental and physical wellbeing.

Volunteers, apprentices and students

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

As life slowly returned to some sense of normality following Covid, our services started to open up and we were able to reintroduce volunteers to engage our clients in meaningful activities. Support continued for those clients accommodated in hotels and for our outreach teams through the provision of Outreach volunteers and our First Response programme. Remotely volunteers continued to support our digital recovery college and our Lifeworks psychotherapy programme.

We have engaged our volunteers through online training, webinars and invited them to attend volunteer advisory groups to give feedback on our approach and policies and procedures. Our online volunteer awards event saw 30 volunteers recognised for their commitment and dedication during a difficult year. Partnering with the Marsh Trust allowed us to award £7,500 of prizes to our volunteers.

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

We also provide placements of Social Work, Nursing and Occupational Therapy students in order to influence

future professionals and help shape their practice. The team has continued to work with universities to deliver placements and assessments in different ways during the pandemic and as lock down eased. We have managed to increase social work placements compared to the same point the previous year. Student nurses decreased during COVID19 but are now returning to pre pandemic levels. The students receive a robust induction and monthly sessions to develop and enhance their learning.

Business relationships

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

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

We recognise that the commissioning bodies for whom we deliver services are key stakeholders who enable us to achieve our strategic objectives. In 2021-22 we continued to run regular forums with approximately 20 commissioners across our areas of operation. During the year the focus of these meetings has included health and homelessness, supporting those with no recourse to public funds and interventions for vulnerable people who may have experienced multiple relationship breakdowns. Alongside this we launched our Commissioners' Hub where we share resources discussed at Commissioners' Forum.

Energy and carbon reporting

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard (Revised Edition), St Mungo Housing Association (St Mungo) continues to be engaged in a process aimed at reducing our greenhouse gas emissions.

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

St Mungo has a longstanding commitment to tackling climate change and reducing carbon emissions. Our calculated carbon footprint for the current financial year is 4,568.38 tCO₂e, whilst energy consumption was 25,612,562.7 kWh (25,612.5 MWh).

Accordingly, St Mungo can report figures below based on the GHG Protocol Corporate Standard calculated using 2021 conversion factor guidance published by the UK government. Reporting corresponds with our financial year and reflects emissions from the leased and controlled assets for which St Mungo is responsible.

Emissions

Scope 1 (natural gas)	Tonnes CO ₂ equivalent
	4,065.09

Scope 2 (electricity)	Tonnes CO ₂ equivalent
	359.39

Scope 3 (transport, electricity T&D)	Tonnes CO ₂ equivalent
	143.9

Total	4,568.38 tCO₂e

Scope 1, 2 and 3 intensity metric	3.04 tCO ₂ e per person employed during the financial year (1,550)

This represents a 6.55% reduction on our emissions from our previous financial year.

Efficiency Measures Taken 2021 / 2022

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

- 1) Replaced aging office and lighting equipment with energy-efficient products,
- 2) Expanded video conferencing and online meetings (as opposed to “face to face” meetings).
- 3) Ongoing property maintenance activity to keep our buildings in good repair and improve efficiency.
- 4) Increased use of renewable energy sources.

Objectives for 2022-23

Our Sustainability Strategy sets out our approach and targets for environmental sustainability and specifically how we will contribute to achieving net zero carbon. The strategy was reviewed by the Board during the year and further work agreed.

Our approach includes our buildings, offices and supply chain as well as how we will engage and involve our staff and clients. A key area of focus in the coming year is delivery of our stock investment programme following our stock condition survey in 2020-21. In particular the replacement of single glazed windows.

DIVERSITY AND INCLUSION

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

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

The Board is committed to increasing the diversity of its membership and has agreed an aspirational target of at least one in three appointments being from an under represented group with an anticipated representation of 33% by 2026. Our Board is currently 50% women and representation from people from ethnic minority backgrounds.

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

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

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

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

MODERN SLAVERY ACT

Information about St Mungo's compliance with the Modern Slavery Act, which seeks to curb slavery and human trafficking, is available on our website www.mungos.org. This was last updated in September 2021 and is reviewed annually to ensure we continually improve our practice in this area.

REMUNERATION POLICY

The aim of our remuneration policy is to offer pay rates and a broader package of terms and conditions that will attract, retain and motivate high calibre staff. We aim to pay salary rates at all levels that effectively support recruitment and retention.

Most roles in St Mungo's are paid at salary grades linked to the NJC (National Joint Council for Local Government Services). The appropriate grade is determined by evaluation of the role within the terms of St Mungo's Job Evaluation scheme. The remuneration for certain posts is determined outside of NJC salary grades. In these cases, spot salary rates are determined by market testing and other factors. These posts include the Chief Executive, Executive Directors and Directors.

Market testing of Chief Executive, Executive Team and other relevant roles is carried out at least every three years by an external benchmarking company in order to keep salaries aligned with the comparator market. In the years which fall between market tests the Chief Executive and Executive Team members receive the same cost of living increase as all other members of staff, which is determined by reference to the NJC annual settlements.

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

As a responsible employer our aim is to secure the best benefits for St Mungo's employees past, present and future. Staff are auto-enrolled into our defined contribution pension scheme with Aviva. Our standalone defined benefit scheme with TPT Retirement Solutions is closed to new employees.

RESERVES POLICY

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

In May 2022 the Board approved the 2023-27 Five Year Plan. The Board considered the worst case impact of an economic recession leading to an adverse impact on our three income streams: fundraising, support contracts and rents, together with an increase in core costs. The Reserves and Liquidity policy has been updated to set thresholds to manage should these adverse risks materialise. St Mungo's will manage against minimum cash balances of £14 million - £18 million and minimum unrestricted reserves of £10 million - £13 million to ensure that St Mungo's is viable longer term.

Total reserves as at 31 March 2022 were £14.8 million (2021: £13.7 million). We held restricted reserves of £1.8 million (2021: £2.4 million) and unrestricted or free reserves of £13.0 million (2021: £11.3 million).

The year-end cash balance was £22.5 million (2021: £22.9 million).

The Trustees have reviewed the reserves of the Association and Group taking into consideration future activity, uncertainties and risks and have concluded the level of reserves shown at 31 March 2022 is appropriate to maintaining the continuation of the Association and Group as a going concern.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

Risk management approach

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

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

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

Risk Appetite Statement

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

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

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

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

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

Principal risks and uncertainties

During the year, the Board has focused on successfully transitioning out of pandemic restrictions and ensuring our clients in emergency accommodation have access to longer term housing. Whilst life has returned to normality for many in the UK population, we remain concerned about the social and economic impact of the pandemic on our client group, coupled with the rising cost of living. Given the pressure on local authority budgets, we face a hugely challenging environment of rising demand and fiscal entrenchment, and our work remains vital.

Financially, while the Regulator for Social Housing has acknowledged our business plan is fully funded and based on reasonable assumptions, they also noted that the nature of our work is low margin which reduces our ability to absorb adverse shocks. It is because of this that we maintain a robust focus on our reserves and liquidity, including a significant level of cash reserves. The Board has agreed a 5 year plan which aims to strengthen our financial resilience and this has been stress tested against a range of plausible scenarios.

We have robust policies and processes in place to manage the risks that arise from our day to day work. Health and safety is the top priority for the Board and through a culture of compliance and good performance, we mitigate the potential risk of issues emerging. We have systems in place to ensure that if issues do occur, these will be managed in a way that safeguards clients, staff and the wider organisation.

Our reputation is vital to our work. We have processes in place to ensure a co-ordinated response to incidents and to communicate organisational decisions. We proactively monitor complaints, comments on social media and press activity. During the year, a key focus for the Board has been on managing the risk arising from industrial action and moving to a more constructive relationship with Unite the Union.

In addition to our key operational risks outlined above, the Board has also focused on the following strategic risks during the year. The risk of staff vacancies impacting on essential service provision has been added as a new risk reflecting the challenging labour market. The risk around safely managing our services during the pandemic is no longer a principal risk for the organisation.

Risk	Mitigation measures
Providing good quality accommodation and meeting our obligations as a landlord. Risk rating: Amber	- The Board has agreed an Asset Management Strategy and a stock reinvestment plan is underway. - An action plan has been agreed to address the issues identified in the Regulator's In-Depth Assessment. - We continue to prepare for the forthcoming changes in building safety and consumer regulation.
Managing significant IT and change projects. Risk rating: Red	- The Board has agreed an IT Strategy and plans are in place to ensure delivery. - Phase one to deliver a new housing management system went live in November 2021. Post go live issues have been resolved. - Learning from phase one is being used to inform future ICT and transformation projects.
The impact of staff vacancies on essential service provision. Risk rating: Red	- We have responded to the challenging external market through proactive recruitment campaigns via a range of media, and offer competitive terms and conditions. - Our temporary resourcing arrangements, including via our locum bank, ensure that we are able to maintain essential service provision.
Securing a long term solution for our Real Lettings portfolio. Risk rating: Red	- St Mungo's has short term leasehold interests in a number of properties leased via three property funds. - The Board has agreed an exit strategy which minimises reputational impact and avoids evictions. - The first transfer of units in Bristol took place in December 2021. We are working through a plan to transfer further units before the first fund ends in 2023.

Internal assurance

We have internal assurance processes in place to ensure that internal controls are operating effectively. Our Quality Audit Programme for client facing services identifies areas of good practice and highlights any improvements that are needed. A regular programme of Health and Safety inspections across our projects provides further internal assurance on compliance with statutory and regulatory obligations. A framework of key performance indicators and regular reporting to Board exists to ensure that performance issues are identified and corrective action is taken.

Internal audit

St Mungo's internal audit function, delivered by Beever and Struthers, is used to provide objective assurance on our control framework and management of risks. A programme of internal audits has been overseen by the Assurance and Risk Committee. The audit reports demonstrate that the Board can take adequate assurance from the control framework in place across St Mungo's in 2021-22. Where weaknesses were identified during

the year, these have either been addressed or an action plan has been put in place to improve controls going forwards.

External audit

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

External Assurance

On 15 December 2021, following an in-depth assessment, the Regulator of Social Housing confirmed our rating as G2 / V2. This means that St Mungo's meets the Regulator's governance and viability requirements but needs to improve some aspects of its governance arrangements on landlord obligations to support continued compliance. An improvement plan has been agreed.

Our V2 grading means that we have the financial capacity to deal with a reasonable range of adverse scenarios but need to manage material risks to ensure continued compliance.

St Mungo's has two care homes, both of which have been inspected by the Care Quality Commission and achieved an overall grading of 'good'.

During the year the Board has received assurance from external independent reviews in relation to rent setting and service charges, also our property assets and liabilities records.

Fraud and Whistleblowing

A Fraud Register has been maintained during the year and reviewed by the Assurance and Risk Committee. During the period there have been some minor losses due to isolated fraud.

St Mungo's has a Whistleblowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. Whistleblowing concerns raised during the year have been reported to the Assurance and Risk Committee and have not highlighted any systemic issues.

Conclusion

The Board has considered the effectiveness of the risk management and internal control system in place across the organisation for the year ended 31 March 2022 and has concluded that it has a reasonable level of assurance that there is an effective framework of governance, risk management and control at St Mungo's, noting that issues with rent control and compliance identified during the year have been addressed. No other weaknesses or relevant information have been identified which would result in material misstatement or loss and which require disclosure in the financial statements.'

Auditor

RSM UK Audit LLP will finish their term at the Annual General Meeting on 21 September 2022. Following a procurement exercise it has been agreed to recommend Crowe UK for appointment and a resolution to appoint them will be proposed by the Board.

Disclosure of Information to the Auditor

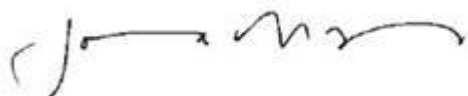
The Board who held office at the date of the approval of this Trustees' Report confirm that in so far as the Board is aware:

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

Certain information as required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations has been included within the Strategic Report. As permitted by section

414C (11) details of future developments, analysis of the development and performance of the business, commentary of key performance indicators and financial review are included in the Strategic Report.

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



Joanna Killian
Chair
22 September 2022

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

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

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

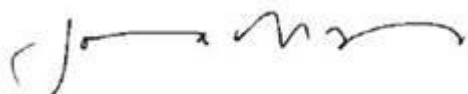
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare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

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

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board of Trustees on the 20th July 2022 and signed on its behalf by:

By order of the Board



Joanna Killian
Chair

Date: 22 September 2022

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

Opinion

We have audited the financial statements of St Mungo's Housing Association (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise consolidated and association statement of comprehensive income, consolidated and association statement of financial position, consolidated and association statement of changes in reserves, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed

risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

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

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

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

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Note	Unrestricted £million	Restricted £million	Total 2022 £million	Total 2021 £million
TURNOVER	3	116.0	2.7	118.7	122.0
Operating expenditure	3	(115.3)	(3.3)	(118.6)	(123.0)
OPERATING SURPLUS / (DEFICIT)	7	0.7	(0.6)	0.1	(1.0)
Interest payable and similar charges	6	(0.2)	-	(0.2)	(0.2)
(DEFICIT) / SURPLUS BEFORE TAX		0.5	(0.6)	(0.1)	(1.2)
Taxation	9	-	-	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		0.5	(0.6)	(0.1)	(1.2)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	21	1.2	-	1.2	(1.6)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1.7	(0.6)	1.1	(2.8)

The consolidated results relate wholly to continuing activities.

The accompanying notes on pages 27 - 49 form part of these financial statements.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Note	Unrestricted £million	Restricted £million	Total 2022 £million	Total 2021 £million
TURNOVER	3	116.1	2.7	118.8	121.6
Operating expenditure	3	(115.3)	(3.3)	(118.6)	(123.0)
OPERATING SURPLUS / (DEFICIT)	7	0.8	(0.6)	0.2	(1.4)
Interest payable and similar charges	6	(0.2)	-	(0.2)	(0.2)
SURPLUS / (DEFICIT) BEFORE TAX		0.6	(0.6)	-	(1.6)
Taxation	9	-	-	-	-
SURPLUS / (DEFICIT) FOR THE YEAR		0.6	(0.6)	-	(1.6)
Other comprehensive income:					
Actuarial gains / (losses) in respect of pension schemes	21	1.2	-	1.2	(1.6)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		1.8	(0.6)	1.2	(3.2)

The Association's results relate wholly to continuing activities.

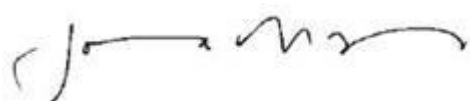
The accompanying notes on pages 27 - 49 form part of these financial statements.

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2022

		Group		Association	
	Note	2022 £million	2021 £million	2022 £million	2021 £million
FIXED ASSETS					
Intangible assets	10a	1.4	1.0	1.4	1.0
Housing properties	10b	81.8	82.7	81.8	82.7
Other fixed assets	10c	0.5	0.6	0.5	0.6
Investment in subsidiaries	11	-	-	0.1	0.1
		<u>83.7</u>	<u>84.3</u>	<u>83.8</u>	<u>84.4</u>
CURRENT ASSETS					
Trade and other debtors	12	19.6	18.9	19.6	18.6
Cash and cash equivalents	18	22.5	22.9	22.3	22.8
		<u>42.1</u>	<u>41.8</u>	<u>41.9</u>	<u>41.4</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	13	(26.9)	(25.0)	(27.0)	(25.0)
NET CURRENT ASSETS		<u>15.2</u>	<u>16.8</u>	<u>14.9</u>	<u>16.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>98.9</u>	<u>101.1</u>	<u>98.7</u>	<u>100.8</u>
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	14	(72.0)	(73.3)	(72.0)	(73.3)
Retirement benefit obligations	21	(8.1)	(10.6)	(8.1)	(10.6)
Provisions for liabilities	16	(4.0)	(3.5)	(4.0)	(3.5)
		<u>(84.1)</u>	<u>(87.4)</u>	<u>(84.1)</u>	<u>(87.4)</u>
TOTAL NET ASSETS		<u>14.8</u>	<u>13.7</u>	<u>14.6</u>	<u>13.4</u>
RESERVES					
Restricted reserve	17	1.8	2.4	1.8	2.4
Income and expenditure reserve		13.0	11.3	12.8	11.0
TOTAL RESERVES		<u>14.8</u>	<u>13.7</u>	<u>14.6</u>	<u>13.4</u>

The accompanying notes on pages 27 - 49 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue 20th July 2022 and are signed on its behalf by:



Joanna Killian
Chair



Tim Gadd
Trustee

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2022

	Unrestricted reserve £million	Designated reserves £million	Restricted reserve £million	Total reserves £million
Balance at 31 March 2020	10.8	3.1	2.6	16.5
Transferred to Unrestricted Reserve	3.1	(3.1)	-	-
(Deficit) for the year	(2.6)	-	(0.2)	(2.8)
Balance at 31 March 2021	11.3	-	2.4	13.7
Surplus / (Deficit) for the year	1.7	-	(0.6)	1.1
Balance at 31 March 2022	13.0	-	1.8	14.8

Designated reserves formed part of the unrestricted and free reserves.

ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2022

	Unrestricted reserve £million	Designated reserves £million	Restricted reserve £million	Total reserves £million
Balance at 31 March 2020	10.9	3.1	2.6	16.6
Transferred to Unrestricted Reserve	3.1	(3.1)	-	-
(Deficit) for the year	(3.0)	-	(0.2)	(3.2)
Balance at 31 March 2021	11.0	-	2.4	13.4
Surplus / (Deficit) for the year	1.8	-	(0.6)	1.2
Balance at 31 March 2022	12.8	-	1.8	14.6

Designated reserves formed part of the unrestricted and free reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

	Note	2022 £million	2021 £million
NET CASH GENERATED FROM OPERATING ACTIVITIES	18	2.1	4.5
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(3.1)	(3.8)
Grants received		0.6	1.6
NET CASH (USED IN) INVESTING ACTIVITIES		(2.5)	(2.2)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan finance		-	(0.3)
NET CASH (USED IN) FINANCING ACTIVITIES		-	(0.3)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(0.4)	2.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		22.9	20.9
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	22.5	22.9

(I) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2021 £million	Cash Flow: £million	At 31 March 2022 £million
CASH AND CASH EQUIVALENTS			
Cash	22.9	(0.4)	22.5

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

1. LEGAL STATUS

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

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

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

Monetary amounts in these financial statements are rounded to the nearest £100,000, except where otherwise indicated.

GOING CONCERN

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

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

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

BASIS OF CONSOLIDATION

Under the Companies Act 2006 the Group has prepared consolidated financial statements. The consolidated financial statements incorporate those of the Association and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 March 2022.

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

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

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

REDUCED DISCLOSURES

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

TURNOVER AND REVENUE RECOGNITION

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

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

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

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

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

OTHER INCOME

Interest income

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

INTANGIBLE ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

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

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

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

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

DONATED LAND AND OTHER ASSETS

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

GOVERNMENT GRANTS

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

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

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

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

OTHER GRANTS

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

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

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

LAND AND PROPERTIES HELD FOR SALE

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

IMPAIRMENTS OF FIXED ASSETS

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

Service potential of an asset and cash flow generation are considered in our assessment. Where there is an indication that an asset or CGU may be impaired, the recoverable amount of any affected asset or CGU is estimated and compared with its carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less cost to sell is estimated using the market value of the property less cost to sell where a market exists, or the existing use value calculation.

Recognising that the asset may not be held primarily to generate cash but is also to provide a social benefit If the recoverable amount is less than the carrying amount then the carrying amount is compared to the Replacement Cost and if the Replacement Cost is higher no impairment is recognised.

Impairment losses are recognised through expenditure.

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

OTHER TANGIBLE FIXED ASSETS

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

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

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

TAXATION

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

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

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

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

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

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

LEASES

Operating Leases

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

EMPLOYEE BENEFITS

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

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

RETIREMENT BENEFITS

Defined contribution plans

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

Defined benefit plans

The group participated in one (2021: two) funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and Pension Trust's Growth Plan (GP). Both schemes are closed to new joiners.

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

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

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

This is a separate trustee administered fund set up on 2 November 2020. The scheme holds the pension scheme assets to meet long term pension liabilities.

Scheme liabilities have been based on data provided for the SHPS actuarial valuation as at 30 September 2019 updated to 31 March 2022 by a qualified actuary, independent of the scheme's sponsoring employer. Changes to the position go through the Other Comprehensive Income statement and not through the normal income and expenditure account, as there is not sufficient information to restate the comparative. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

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

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

Surpluses or deficits recognised in the Statement of Comprehensive Income:

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

Surpluses or deficits recognised in other comprehensive income

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

FINANCIAL INSTRUMENTS

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

Financial assets

Debtors

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

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

Financial liabilities

Creditors

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

Borrowings

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

De-recognition of financial assets and liabilities

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

PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

RESERVES

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment

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

Defined benefit pension plan

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

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

2022: GROUP

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.8	38.8	-
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.4	22.3	(1.9)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	27.2	34.0	(6.8)
Fundraising	12.9	3.9	9.0
Pandemic response	8.7	7.4	1.3
Real Lettings	10.7	12.2	(1.5)
	118.7	118.6	0.1

2021: GROUP

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.4	37.7	0.7
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.9	21.3	(0.4)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	25.5	35.1	(9.6)
Fundraising	16.1	3.7	12.4
Pandemic	11.3	12.9	(1.6)
Real Lettings	9.8	12.3	(2.5)
	122.0	123.0	(1.0)

2022: Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.8	38.8	-
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.4	22.3	(1.9)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	27.3	34.0	(6.7)
Fundraising	12.9	3.9	9.0
Pandemic response	8.7	7.4	1.3
Real Lettings	10.7	12.2	(1.5)
	118.8	118.6	0.2

2021: Association

	Turnover £million	Operating expenditure £million	Operating surplus/(deficit) £million
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38.4	37.7	0.7
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20.9	21.3	(0.4)
NON SOCIAL HOUSING ACTIVITIES			
Support Services	25.1	35.1	(10.0)
Fundraising	16.1	3.7	12.4
Pandemic Response	11.3	12.9	(1.6)
Real Lettings	9.8	12.3	(2.5)
	121.6	123.0	(1.4)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group and Association

	2022				2021			
	Supported Housing	Care homes	Short stay housing	Total	Supported Housing	Care homes	Short stay housing	Total
	£million	£million	£million	£million	£million	£million	£million	£million
TURNOVER FROM SOCIAL HOUSING LETTINGS								
Rent receivable net of voids	10.0	2.1	0.3	12.4	10.6	1.5	0.7	12.8
Service charges net of voids	20.9	-	0.2	21.1	18.9	-	0.4	19.3
NET RENTAL INCOME	30.9	2.1	0.5	33.5	29.5	1.5	1.1	32.1
Other revenue grants	3.3	-	0.4	3.7	4.2	0.5	-	4.7
Amortisation of deferred capital grants	1.4	0.1	0.1	1.6	1.4	0.1	0.1	1.7
TURNOVER FROM SOCIAL HOUSING LETTINGS	35.6	2.2	1.0	38.8	35.1	2.1	1.2	38.4
EXPENDITURE ON SOCIAL HOUSING LETTINGS								
Management	8.8	1.5	0.3	10.6	9.8	1.7	0.2	11.7
Service charge costs	12.6	0.5	0.7	13.8	10.6	0.4	0.6	11.6
Routine maintenance	2.4	0.1	0.1	2.6	2.2	0.1	0.1	2.4
Planned maintenance	0.3	-	-	0.3	0.4	-	-	0.4
Bad debts	1.0	0.2	-	1.2	1.3	-	-	1.3
Depreciation charged	3.2	0.1	0.2	3.5	3.2	0.1	0.2	3.5
Landlord charges	6.5	-	-	6.5	6.2	-	-	6.2
Pandemic response	-	-	-	-	0.3	-	-	0.3
Other costs	0.3	-	-	0.3	0.3	-	-	0.3
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	35.1	2.4	1.3	38.8	34.3	2.3	1.1	37.7
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	0.5	(0.2)	(0.3)	-	0.8	(0.2)	0.1	0.7
<i>Rent losses due to voids</i>	3.8	0.1	-	3.9	2.1	0.1	0.2	2.4

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

Group and Association	2022 Units	2021 Units
Supported Housing		
- Supported housing	2,327	2,345
- Care homes	55	55
- Short stay housing	37	69
Total number of Supported Housing managed units	2,419	2,469
Other Units		
- Real Lettings	748	828
- Owned but managed by another organisation	147	147
	3,314	3,444

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2022 £million	2021 £million	Association 2022 £million	2021 £million
Interest arising on;				
Unwinding of discount factor on pension deficit provision	0.2	0.2	0.2	0.2

7. OPERATING SURPLUS

	Note	Group 2022 £million	2021 £million	Association 2022 £million	2021 £million
Operating surplus is stated after charging/(crediting):					
Amortisation of intangible fixed assets	10a	0.1	-	0.1	0.1
Depreciation of housing properties	10b	3.5	3.5	3.5	3.5
Depreciation of other tangible fixed assets	10c	0.1	0.1	0.1	0.1
Operating lease rentals	20	12.4	11.9	12.4	11.9

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

	Group 2022 £'000	2021 £'000	Association 2022 £'000	2021 £'000
Audit services - statutory audit of the group (includes any irrecoverable VAT)	68	67	68	62
Other Services	-	6	-	6

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

8. EMPLOYEES

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

	Group and Association 2022 No.	Group and Association 2021 No.
Full time	1,321	1,345
Part time (full time equivalent 124) (2021:131)	163	178
Locums (full time equivalent 105) (2021:119)	176	197
	<u>1,660</u>	<u>1,720</u>

Staff costs:

	Group and Association 2022 £million	Group and Association 2021 £million
Wages and salaries	61.3	65.4
Social security costs	5.1	5.2
Other pension costs and current service cost (note 21)	2.2	2.2
	<u>68.6</u>	<u>72.8</u>

Included in Wages and salaries is £7.6m paid to agencies for temporary staff (2021: £9.9m).

The full time equivalent number of staff who received remuneration (excluding trustees, including executive directors):

	2022	2021
£60,001 - £70,000	9	9
£70,001 – £80,000	11	9
£80,001 – £90,000	6	6
£90,001 – £100,000	2	3
£110,001 – £120,000	1	2
£130,001 – £140,000	1	3
£150,001 - £160,000	1	-
£180,000 - £190,000	1	1

EXECUTIVE DIRECTORS

The key management of the charity, as at 31 March 2022, comprised the Chief Executive and the five directors of the organisation (Director of People, Culture and Transformation, Finance Director, Client Services Director, Director of Housing Services and Director of Strategy and Development). The total remuneration and benefits, including salary and employer's pension contributions, of the key management personnel of the charity are outlined below:

	2022 £	2021 £
Remuneration and fees	735,612	777,765
Association contributions to money purchase pension schemes	28,154	45,123
Compensation for loss of office	155,497	80,000
	<u>919,263</u>	<u>902,888</u>

Pension contributions were paid on behalf of key management personnel. The amount paid to the highest paid director (the Chief Executive), including pension contributions, was £189,418 (2021: £180,373). He was an ordinary member of the Association's Aviva defined contribution pension scheme and no enhancement or special terms applied. The Association does not make any further contributions to an individual pension arrangement for the Chief Executive. None of the Trustees received any emoluments in the year. Trustees claimed £290 in expenses during the year (2021: £120). Remuneration paid to key management personnel includes amounts paid to Executive Directors (inclusive of National Insurance) and Trustees, during the period this amounted to £1,027,244 (2021: £1,002,507).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

9. TAXATION

Factors affecting the tax charge for the year.

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

	Group		Association	
	2022	2021	2022	2021
	£million	£million	£million	£million
(Deficit) on ordinary activities before tax	-	(1.2)	0.1	(1.6)
(Deficit) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	-	(0.2)	-	(0.3)
Effects of:				
Exempt charitable activities	-	0.2	-	0.3
Tax expense	-	-	-	-

Any profits are donated by gift aid by the subsidiaries. No UK corporation tax has arisen in the period to 31 March 2022 (31 March 2021: £nil). As any profits are donated by gift aid no deferred tax asset is recognised in respect of any tax losses carried forward.

10A. INTANGIBLE FIXED ASSETS

Group

£'000

Cost

At 1 April 2020	0.6
Additions	0.4
At 31 March 2021	1.0
Additions	0.5
At 31 March 2022	1.5

Depreciation and impairment

At 1 April 2020	-
Depreciation charged in year	-
At 31 March 2021	-
Depreciation charged in year	0.1
At 31 March 2022	0.1

Carrying amount

31 March 2022	1.4
31 March 2021	1.0

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

10A. INTANGIBLE FIXED ASSETS (continued)

Association	IT software £million	Customer Contracts £million	Total £million
Cost			
At 1 April 2020	0.6	0.1	0.7
Additions	0.4	-	0.4
At 31 March 2021	1.0	0.1	1.1
Additions	0.5	-	0.5
At 31 March 2022	1.5	0.1	1.6
Depreciation and impairments			
At 1 April 2020	-	-	-
Depreciation charged in year	-	0.1	0.1
At 31 March 2021	-	0.1	0.1
Depreciation charged in year	0.1	-	0.1
At 31 March 2022	0.1	0.1	0.2
Net Book Value			
At 31 March 2022	1.4	-	1.4
At 31 March 2021	1.0	-	1.0

10B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Association

Social housing properties held for letting

	Completed properties £million	Properties under construction £million	Total £million
Cost			
At 1 April 2020	116.1	0.2	116.3
Properties acquired	2.3	-	2.3
Works to existing properties	0.8	0.2	1.0
Schemes completed	0.1	(0.1)	-
Disposals	(0.2)	-	(0.2)
At 31 March 2021	119.1	0.3	119.4
Properties acquired	1.0	-	1.0
Works to existing properties	1.0	0.6	1.6
Schemes completed	0.3	(0.3)	-
Disposals	(0.1)	-	(0.1)
At 31 March 2022	121.3	0.6	121.9
Depreciation and impairments			
At 1 April 2020	33.4	-	33.4
Depreciation charged in year	3.5	-	3.5
Released on disposal	(0.2)	-	(0.2)
At 31 March 2021	36.7	-	36.7
Depreciation charged in year	3.5	-	3.5
Released on disposal	(0.1)	-	(0.1)
At 31 March 2022	40.1	-	40.1
Net Book Value			
At 31 March 2022	81.2	0.6	81.8
At 31 March 2021	82.4	0.3	82.7

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

10B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (continued)

At each reporting date an assessment must be made of whether any indicators of impairment exist. A review has been undertaken and no impairment indicators have been identified as a result of the assessment. Cumulative impairments on housing properties amounted to £nil at 31 March 2022 (2021: £nil). Development and works to existing properties include capitalised administration costs of £0.3m (2021: £0.2m).

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

Group and Association

	2022 £million	2021 £million
Total capitalised costs in respect of existing properties and replacement components	1.6	1.0
Amounts charged to income and expenditure	-	-
	<u>1.6</u>	<u>1.0</u>

HOUSING PROPERTIES BY TENURE

Group and Association

	2022 £million	2021 £million
Freehold land and buildings	72.2	72.7
Long leasehold land and buildings	7.0	7.2
Short leasehold land and buildings	2.6	2.8
	<u>81.8</u>	<u>82.7</u>

10C. TANGIBLE FIXED ASSETS – OTHER

Group and Association

	Computers Equipment £million	Furniture and Equipment £million	Leasehold improvements £million	Total £million
Cost				
As at 31 March 2020, 2021 and 2022	<u>0.1</u>	<u>0.3</u>	<u>0.8</u>	<u>1.2</u>
Depreciation and impairment				
31 March 2020	0.1	0.3	0.1	0.5
Depreciation charged in year	-	-	0.1	0.1
31 March 2021	<u>0.1</u>	<u>0.3</u>	<u>0.2</u>	<u>0.6</u>
Depreciation charged in year	-	-	0.1	0.1
31 March 2022	<u>0.1</u>	<u>0.3</u>	<u>0.3</u>	<u>0.7</u>
Carrying amount				
31 March 2022	<u>-</u>	<u>-</u>	<u>0.5</u>	<u>0.5</u>
31 March 2021	<u>-</u>	<u>-</u>	<u>0.6</u>	<u>0.6</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

11. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Association	2022	2021
Investment in subsidiaries	£million	£million
Cost		
At start of period	0.1	0.1
At end of period	0.1	0.1
Group	2022	2021
Share of associate – Social Impact Bristol Limited	£million	£million
Share of (loss)/profit in associate	-	-
Share of:		
Current Assets	-	0.1
Creditors	-	(0.1)
	-	-

The St Mungo Community Housing Association subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Country of incorporation</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of Business</i>
Broadway Homelessness and Support	Ordinary	England	100%	Dormant
Street Impact London Limited	Ordinary	England	100%	Dormant.
Street Impact Brighton Limited	Ordinary	England	100%	Dormant.
St Mungo's Homes Limited	Ordinary	England	100%	Dormant.

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

12. DEBTORS

	Group		Association	
	2022	2021	2022	2021
	£million	£million	£million	£million
Amounts falling due within one year:				
Rent and services receivable	8.2	5.7	8.2	5.7
Less: provision for bad and doubtful debts	(5.1)	(3.8)	(5.1)	(3.8)
	3.1	1.9	3.1	1.9
Trade debtors	11.1	10.1	11.1	10.0
Other debtors	-	0.1	-	0.1
Prepayments and accrued income	4.6	5.9	4.6	5.7
Capital grant receivable	0.8	0.9	0.8	0.9
	19.6	18.9	19.6	18.6

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2022	2021	2022	2021
	£million	£million	£million	£million
Rent and service charges received in advance	5.7	4.2	5.7	4.2
Deferred capital grants (note 15)	1.6	1.5	1.6	1.5
Trade creditors	2.1	3.0	2.1	3.0
Amounts owed to subsidiary undertakings	-	-	0.1	0.1
Other taxation and social security costs	1.7	2.3	1.7	2.2
Other creditors	0.7	0.4	0.7	0.4
Accruals and deferred income	15.1	13.6	15.1	13.6
	26.9	25.0	27.0	25.0

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

	Group		Association	
	2022	2021	2022	2021
	£million	£million	£million	£million
Recycled capital grant	0.5	0.5	0.5	0.5
Deferred capital grants (note 15)	71.5	72.8	71.5	72.8
	72.0	73.3	72.0	73.3

15. DEFERRED CAPITAL GRANT

Association and Group	2022	2021
	£million	£million
As at 1 April	74.3	74.2
Grant received in the year	0.5	1.7
Capital grant released	(1.7)	(1.6)
As at 31 March	73.1	74.3

In full the Association has received Social Housing Grants of £103,322,000 from Government Bodies (2021: £102,765,000). The Association intends to use the recycled grant to fund new property development activities furthering the Associations aims and objectives.

Recycled Capital Grant

	2022	2021
	£million	£million
As at 1 April	0.5	0.5
As at 31 March	0.5	0.5

16. PROVISIONS FOR LIABILITIES

Group and Association

	Dilapidations	Total
	£million	£million
1 April 2020	2.0	2.0
Additional provision in year	1.5	1.5
31 March 2021	3.5	3.5
Utilised in the year	(0.3)	(0.3)
Additional provision in year	0.8	0.8
31 March 2022	4.0	4.0

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

17. MEMBERS AND RESERVES

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

	2022 No.	2021 No.
Number of members		
1 April	12	13
Joined during the year	3	-
Left during year	(3)	(1)
31 March	<u>12</u>	<u>12</u>

	At 1 April 2021 £million	Income £million	Expenditure £million	At 31 March 2022 £million
RESTRICTED RESERVES				
Recovery College	0.9	0.8	(0.9)	0.8
Oxford Mental Health	0.5	-	-	0.5
HomelessWise	0.2	0.2	(0.4)	-
Putting Down Roots	0.1	0.2	(0.3)	-
Other	0.7	1.5	(1.7)	0.5
Total	<u>2.4</u>	<u>2.7</u>	<u>(3.3)</u>	<u>1.8</u>

Restricted reserves

The reserves represent the value of donations and grants which are expendable in furtherance of some particular aspect of the objects of the Association.

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

Group	2022 £million	2021 £million
(Deficit) / for the year	(0.1)	(1.2)
Interest payable	0.2	0.2
Operating Surplus / (Deficit)	0.1	(1.0)
Defined Benefit Pension Scheme payment toward deficit	(1.6)	(1.4)
<i>Adjustments for non-cash items:</i>		
Amortisation of capital grant	(1.7)	(1.6)
Amortisation of intangible assets	0.1	-
Depreciation of tangible fixed assets	3.6	3.6
Increase in provisions	0.5	1.5
Defined Benefit Pension costs recognised in Statement of Comprehensive Income	0.1	0.1
Operating cash flows before movements in working capital	1.1	1.2
(Increase) in trade and other debtors	(0.8)	(1.9)
Increase in trade and other creditors	1.8	5.2
Cash generated from operations	2.1	4.5

	2022 £million	2021 £million
Cash and cash equivalents represent:-		
Cash at bank	0.1	(0.4)
Short-term deposits	22.4	23.3
	<u>22.5</u>	<u>22.9</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

19. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS
Group and Association

	2022 £million	2021 £million
Capital expenditure contracted for but not provided in the financial statements	1.4	1.0
Expenditure authorised by the Board, but not contracted	9.9	6.1
	<u>11.3</u>	<u>7.2</u>

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

20. COMMITMENTS UNDER OPERATING LEASES
Group and Association

	2022 £million	2021 £million
The total future minimum lease payments are payable:		
Within one year	6.9	11.1
Between one and five years	9.4	13.9
After five years	2.5	3.3
	<u>18.8</u>	<u>28.3</u>

21. RETIREMENT BENEFITS

Social Housing Pension Scheme (SHPS) - defined benefit scheme

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

Defined contribution pension schemes

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

Administrator	Contributions payable charged to Statement of Comprehensive Income		Contributions payable to the fund included in creditors	
	2022 £million	2021 £million	2022 £million	2021 £million
Scottish Widows		0.1	-	-
Pensions Trust	0.1	1.3	-	-
Aviva	2.1	0.8	(0.4)	(0.3)
	<u>2.2</u>	<u>2.2</u>	<u>(0.4)</u>	<u>(0.3)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

21. RETIREMENT BENEFIT CONTINUED

SOCIAL HOUSING PENSION SCHEME

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

This is a separate trustee administered fund set up on 9 November 2020 following the transfer of assets and obligations from the Social Housing Pension Scheme (SHPS). The scheme holds the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on data provided for the SHPS actuarial valuation as at 30 September 2019 updated to 31 March 2022 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

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

DEFINED BENEFIT PENSION LIABILITY

	2022	2021
	£million	£million
1 April	10.6	10.1
Defined benefit costs recognised in Statement of Comprehensive Income	0.3	0.3
Defined benefit (gains) / costs recognised in Other Comprehensive Income	(1.2)	1.6
Deficit contribution paid	(1.6)	(1.4)
31 March	<u>8.1</u>	<u>10.6</u>

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

	2022	2021
	£million	£million
Fair value of plan assets	43.6	40.8
Present value of defined benefit obligation	(51.7)	(51.4)
Deficit in plan	(8.1)	(10.6)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(8.1)	(10.6)
Deferred Tax	-	-
Net defined benefit liability to be recognised	<u>(8.1)</u>	<u>(10.6)</u>

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2022	2021
	£million	£million
Defined benefit obligation at start of period	51.4	47.5
Interest expense	1.1	1.0
Actuarial losses / (gains) due to scheme experience	0.9	(1.3)
Actuarial losses / (gains) due to changes in demographic assumptions	2.1	(0.8)
Actuarial (gains) / losses due to changes in financial assumptions	(2.9)	5.7
Benefits paid and expenses	(0.9)	(0.7)
Defined benefit obligation at end of period	<u>51.7</u>	<u>51.4</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

21. RETIREMENT BENEFIT CONTINUED

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

	2022	2021
	£million	£million
Fair value of plan assets at start of period	40.8	37.4
Interest income	0.9	0.8
Experience on plan assets (excluding amounts added as interest income) gain	1.2	2.0
Contributions by the employer	1.6	1.4
Benefits paid and expenses	(0.9)	(0.8)
Fair value of plan assets at end of period	<u>43.6</u>	<u>40.8</u>

The actual return on plan assets (including any changes in share of assets) over the year ended 31 March 2022 was £2,123,000 (year ended 31 March 2021 - £2,813,000).

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

	2022	2021
	£million	£million
Expenses	0.1	0.1
Net interest expense	0.2	0.2
Defined benefit costs recognised in statement of comprehensive income (SoCI)	<u>0.3</u>	<u>0.3</u>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2022	2021
	£million	£million
Experience on plan assets (excluding amounts included in net interest cost) – gain	1.2	2.0
Experience gains and losses arising on the plan liabilities – (loss) / gain	(0.8)	1.3
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(2.1)	0.8
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	2.9	(5.7)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain / (loss)	<u>1.2</u>	<u>(1.6)</u>
Total amount recognised in other comprehensive income – gain / (loss)	<u>1.2</u>	<u>(1.6)</u>

ASSETS

	2022	2021
	£million	£million
Equity	4.5	2.5
Bonds	8.6	8.7
Property	3.4	2.6
Cash	0.5	1.0
Other	12.6	12.8
LDI	14.0	13.2
Total assets	<u>43.6</u>	<u>40.8</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

21. RETIREMENT BENEFIT CONTINUED

KEY ASSUMPTIONS

	2022	2021
	% per annum	% per annum
Discount Rate	2.80	2.20
Inflation (RPI)	3.50	3.15
Inflation (CPI)	3.20	2.80
Salary Growth	2.80	2.80
	75% of maximum allowance	75% of maximum allowance
Allowance for commutation of pension for cash at retirement		

	2022	2021
	(Years)	(Years)
The mortality assumptions adopted imply the following life expectancies on retirement age 65:		
Male retiring in 2022	21.6	21.7
Female retiring in 2022	24.0	23.5
Male retiring in 2042	23.2	23.0
Female retiring in 2042	25.5	24.7

PENSION TRUST – GROWTH PLAN

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

The Group settled this liability in 2020/2021 for £64,000.

22. LOCAL GOVERNMENT HOUSING ACT 1998

The total grant available from the Association of London Government and London Councils for the year ended 31 March 2022 for the Assertive Offender Resettlement Project was £251,378 (2021: £251,378). The analysis below summarises what the grants were awarded for and how they have been used:

London Councils – Assertive Offender Resettlement

	Grant	Spend
	£000	£000
Salaries	190	161
Beneficiary costs	14	6
Running costs	47	36
	<u>251</u>	<u>203</u>

As at the 31 March 2022 the amount of grant unspent and therefore not received was £48,509 (2021:£4,619).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

23. NATIONAL LOTTERY COMMUNITY FUND

We received no funding from the National Lottery in 2021-22. In 2020-21 three of our projects were funded by the National Lottery through the National Lottery Community Fund:

- National Lottery Community Fund Our Bright Future grant investment towards Putting Down Roots for Young People was £nil (2021: £133,040) during the year. The project has now ended.
- National Lottery Community Fund Reaching Communities grant investment towards the Recovery College Project was £nil during the year (2021: £70,171).
- National Lottery Community Fund Covid 19 Emergency Fund grant investment towards our pandemic response was £nil (2021: £210,445).

24. LEGISLATIVE PROVISIONS

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

25. RELATED PARTY TRANSACTIONS

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

- Street Impact London Limited has been charged £82,754 (2021: £261,288) of delivery charges per the sub contract with the Association. £nil of these were owed as at 31 March 2022 (2021: £130,664).
- Street Impact Brighton has been charged £nil (2021: £133,271) of delivery charges per the sub contract to the Association. £nil of these were owed as at 31 March 2022 (2021: £nil).
- Street Impact Brighton donated £133,542 (2021: £31,275) to the Association during the year.
- Street Impact London donated £105,134 (2021: £nil) to the Association during the year
- £99,000 was owed by the Association to Broadway Homelessness and Support (2021: £99,000).

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

- Social Impact Bristol has been charged £nil and has accrued £nil (2021: £150,878 and £25,495) of delivery charges per the sub contract to the Association.
- Social Impact Bristol Limited gifted £6,251 (2021: £49,780) to the Association during the year.

St Mungo Community Housing Association

Audit findings report
year ended 31 March 2022



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Executive summary

This report summarises our key findings in connection with the audit of the financial statements of St Mungo Community Housing Association and its subsidiaries in respect of the year ended 31 March 2022.

The scope of our work was communicated to you via our Audit Plan document. We believe that the audit approach adopted will provide the Assurance and Risk Committee with the required confidence that a thorough and robust audit has been carried out.

Our audit work is now complete and we have issued an unmodified audit opinion on the group's financial statements in line with the agreed timetable.



Risks and approach

We have carried out testing as planned on the risks identified during planning and our conclusions are set out in the body of this document.

Additional matters

There are no material additional matters to bring to the attention of those charged with governance.

Final materiality

Group Materiality was determined based on 5% of net assets (adding back capital grants) for the Statement of Financial Position and 2% of total revenue for the Income and Expenditure account. This was quantified, at the planning stage, as £3.2m and £2m respectively. There have been no material changes to the materiality levels during the course of the audit.

Risks identified at the planning stage

Risk	Description	Response	Findings
Revenue recognition	The group has a number of income streams including; - Rental Income - Contract Income - Donations International Standards on Auditing 240 requires auditors to assume that revenue recognition is a fraud risk or to rebut this presumption. Accordingly, this area will be one of audit focus.	We will: - Review accounting policies adopted to ensure they are appropriate, and they have been consistently applied - Ensure that income is recognised appropriately in accordance with adopted accounting policies and that any income received in advance is properly deferred in accordance with accounting requirements - For contract income, ensure revenue is recognised in line with contract terms and any contract variations that have been agreed - Ensure that management has fully considered the impact of the risk of any claw-back of income - Discuss with management and review of minutes to identify any unexpected one-off sources of income. - Review the donations income and determine if there are any restrictions on its use imposed by donors - Assess the recoverability of the increased amount of accrued income anticipated at the year end and verify the reasons for the increase to ensure income is not overstated	We have undertaken the planned procedures as listed at the planning stage, no exceptions were noted with the samples tested supporting the conclusion that income is being recognised in accordance with the accounting policies. A sample of contract income has been reviewed in line with underlying agreements and corresponding invoices. There have been no material variances noted from underlying documentation. A sample of donations have been reviewed in line with underlying support available. There were no instances noted of inappropriate accounting treatment. Where restrictions were attached to donations by the donor these were appropriately treated as restricted funds in the financial statements. No material issues identified with the recoverability of accrued income as reported at the year end. Refer to comments made later in this document in respect of rental debtors / deferred income balances.
Impairment of properties	The Housing SORP and FRS102 require management to assess at each reporting date whether there are any indications of impairment.	St Mungo's conducted a detailed impairment review in this area in 2018/19. We will review management's updated assessment for 2021/22 considering the reasonableness of the underlying assumptions and calculations and reviewing whether any impairment provision, or reversal thereof, has been calculated and accounted for appropriately.	RSM received and reviewed the valuation which had been prepared by an external valuer Savills in support of managements impairment review. No Impairment triggers have been noted by management in the year, with social housing properties having been appraised against MV, EUV-SH or reinstatement value. Calculations of these values and the comparisons have been reviewed by RSM in which there have been no concerns noted.

Management override of controls	In any organisation there will be an extent to which management can bypass internal controls. By definition, there can be no controls over this risk and this is specifically stated in International Standards on Auditing ("ISA"): 240. Such over-ride, if exercised, could give rise to material fraud or misstatement in the financial statements.	We will: • Review the accounting systems, procedures and wider control environment of the Group. Discuss and consider segregation of duties within the established control environment. • Review internal audit reports and follow up on their findings, where these could give rise to a material impact on the statutory financial statements. • Review controls over journal entries and test a sample of journals to ensure that they are valid and appropriately supported. • Obtain an understanding of the business rationale of significant transactions that we become aware of during the audit process that appear to be outside the normal course of business for the Group or that appear to be unusual, given our understanding of the Group's operating environment. • Consider estimates and judgements made by management in the preparation of the statutory accounts and conclude on their appropriateness. Board representations will be sought in this area, where needed.	No significant issues were identified from our review of the accounting systems, processes or the control environment. Our review of internal audit reports did not identify any matters which impacted materially on our risk assessments or the scope of work. We employed data analytics to review all journal entries and identify a sample for further corroboration. Our work has been concluded satisfactorily. We identified no significant transactions outside the normal course of business throughout the audit engagement. We were provided with supporting documentation for other significant transactions within the normal course of the business identified for testing. Key estimates and judgements were reviewed as planned, with no significant issues identified and no evidence of management bias noted.

Development activities and maintenance expenditure	We understand that development is continuing on a number of schemes, with the development at Spring Gardens being completed during the year. Planned and reactive maintenance expenditure continues to be a significant cost of the Association.	We will: • Substantively test additions and transfers / disposals to confirm that they have been accurately accounted for and analysed appropriately • Review the treatment of any development costs carried forward in the balance sheet • Review expenditure to ensure that the Association's capitalisation and depreciation policies are appropriate and have been applied consistently; particularly consider whether depreciation on components, including accelerated depreciation on components that have been replaced, is accounted for appropriately • Review adequacy of oversight of development activities by the Board. • Review maintenance expenditure to ensure that the categorisation of such spend is appropriate and assess the completeness of the expenditure.	A sample of additions and disposals have been tested as part of planned work, and no exceptions have been noted with regards to accounting treatment or disclosure. We reviewed schemes completed and transferred and concluded the classification of those properties is appropriate as at 31 March 2022. No significant variances were noted from our review of depreciation and component accounting treatment. Our review of repairs and maintenance has not identified any significant capital items being expensed and the nature of the expenditure written off appears appropriate. Our work in reconciling the fixed asset registers to the financial statements was complicated by differences in the names of properties between the valuation report, assets management team and finance team. This therefore involved some additional effort by the finance team and the audit team but has been concluded satisfactorily.

Covid-19 and going concern	The Covid-19 pandemic has caused significant disruption to the global economy and continued during the year to impact the United Kingdom. In addition, the implementation of ISA 570 (UK) Revised Going Concern has resulted in enhanced risk assessment and greater challenge and work effort to be performed by us, when evaluating management's assessment in relation to going concern. It is essential that we have sufficient time to build such efforts into the performance of our audit engagement.	As part of our audit we will consider: • The forward-looking assumptions used by management in their assessments relating to going concern. • Management's sensitivity analysis to reasonably possible changes in their assumptions, including downsides. • Management's scenario analysis, stress testing, and contingency plans. • Supporting evidence provided by management for their assumptions, and related disclosures, and challenge where necessary. • Appropriateness of related disclosures in the financial statements, depending on the degree of sensitivity to changes in assumptions and whether there is a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. • Consistency, adequacy, and specificity of disclosures in the Strategic Report in respect of principal risks and uncertainties and future plans. • Implications, if any, for our audit report. • We will seek written representations from management about their plans for the future and the feasibility of their plans.	We reviewed management's assessment of going concern and are satisfied it covers a period of at least 12 months from the expected date of signature of the financial statements. The conclusions drawn by management are based on forecasts including a group cash flow, income and expenditure statement and balance sheet. Our work included review of management assumptions, stress testing analysis, considerations of cost of living, Covid 19, inflation and other possible economic impacts and we are satisfied these factors are appropriately taken into account by the Directors in making their assessment.

Payroll costs	Payroll expenditure continues to be a significant cost to the Association, and we understand that there continues to be high turnover and high agency staff costs.	We will: • Review the control environment around payroll and agency costs • Review a sample of employees' contracts and confirm pay rises/adjustments to HR records • Undertake controls testing on a sample of transactions during the year • Review variances from budget in payroll and agency costs and obtain corroborative evidence to support explanations. • Review use of Coronavirus Job Retention Scheme and disclosures made	Walkthroughs undertaken as part of planned audit work around the payroll systems and related control environment have not identified any control recommendations. A sample of employees' have been selected and their payroll costs reviewed in line with underlying contracts and HR records. No exceptions have been noted. We reviewed actual costs against budgeted costs. Variances were corroborated and it is noted that actual payroll and agency costs were marginally lower than initially budgeted. This is in line with our understanding of the organisation and explanations appears appropriate and have been corroborated. We noted no other issues. Furlough claims in the year have been sampled and reviewed in line with underlying documentation and amounts claimed. No exceptions or material matters were noted from testing performed.
Laws and regulations	This remains an important area for all Registered Providers.	We will review and consider the following: • Committee and Board Minutes • Correspondence with relevant regulators • Internal Audit Reports • Value-for-Money disclosures. • The reports issued, findings and responses to the recent IDA	We have discussed the regulatory environment with management and reviewed minutes and correspondence with Regulators and no material matters have been identified. Internal audit reports for the year under review, have been reviewed and have not indicated any instances of non-compliance in relation to 2022 audit of the financial statements. Value-for-Money disclosures and underlying calculations have been reviewed and our work concluded satisfactorily. The in depth assessment undertaken by the Regulator for Social Housing concluded that St Mungo continues to meet the requirements on governance set out in the Governance and Financial Viability Standard. However, the concluded that St Mungo needs to improve some aspects of its governance arrangements to support continued compliance. St Mungo was downgraded from G1 to G2.

Change of IT systems	It is understood that a new system, CX, was implemented during the year, and we understand there have been some challenges with aspects of the implementation,	We will review and consider the following: • Transfer of data from the old system to the new system • Changes in the control environment or the way in which transactions are initiated, processed and reconciled. • The responses and actions from the business to address the challenges encountered with the implementation of the CX system.	Walkthroughs undertaken as part of planned audit work around the change of IT system and related control environment have not identified any control recommendations. No issues were identified in the transfer of data from the old system to the new system. There remain some issues as regards the operation of the new system but our work has not identified any material concerns in relation to the rental income reported. However, there are on-going issues with regards the allocation of receipts against rental debtors giving rise to a potential misstatement on the balance sheet. This is not felt to be material and comments have been noted in relation to this in the next section of this report.

Recommendations on controls

We have set out below recommendations on internal controls which came to our attention during the course of our audit work. This does not constitute a comprehensive statement of all internal control matters or of all improvements which may be made and has addressed only those matters which have come to our attention as a result of the audit procedures performed. An audit is not designed to identify all matters that may be relevant to you and accordingly the audit does not ordinarily identify all such matters.

Assessment	Issue and risk
	Allocation of funds received in CX system It was noted during the audit that there is some mis-allocation of certain entries in the rent in advance balance where this some of these entries are believed to relate to funds received. As a result, we noted an immaterial difference of approximately £0.5m (being unallocated / misallocated receipts against rental debtors). This has arisen due to the implementation of the new CX system. There is a risk that as time progresses these variances increase in value and lead to a material over-statement of rental debtors and rents in advance. Recommendations - We recommend that the rent in advance account is fully reviewed on a monthly basis so that variances can be understood, resolved, and kept to a minimum. Management Response - We have a designated staff member solely responsible for reconciling both former clients' accounts with rent advance and multiple accounts. This is to ensure Housing Benefit payments are allocated according to room changes or refunded to the local authority as appropriate. We aim to complete outstanding reviews by end of December 2022 and adopt a monthly review approach from January 2023.

Assessment

- Significant control recommendation
- Other control recommendations

Other matters to be reported

Management judgements and accounting estimates

The following areas are considered to be the principal accounting estimates. The graphic below visually represents the impact (lower or higher) on the financial statements of a change in management's estimate. In overview, a reasonably possible change in estimate that has a low impact means that such a change will have limited impact on the financial statements. Conversely a reasonably possible change that has a higher impact, means that such a change can have a significant impact.

Estimates	Low impact		High impact
Provision for arrears rental arrears and bad debts	●		
Housing properties impairment			●
Pension assumptions			●
Capitalisation of development expenditure		●	
Useful economic lives of component fixed assets		●	

- We confirm that the dilapidation provision of £3.9m is our best estimate and all relevant information in relation to this has been provided to you.
- We confirm that all accrued income balances as at 31 March 2022 are recoverable.
- We confirm that remuneration paid to Directors is accurate.

Disclosure observations

A number of disclosure observations were noted on review of the financial statements and all material matters have been addressed in the updated financial statements. The SECR reporting makes reference to changes to the prior period measures but does not specifically include the comparative figures but this is not felt to be a material omission.

Representations requested

In addition to those representation which we request on all audit assignments (<http://www.rsmuk.com/standard-representations>) we will be seeking specific representations from the Board on the following matters:

Update on matters communicated at the planning stage

Matter communicated	Update
Fees	We confirm that the fees charged during the year in respect of services performed are consistent with those contained within our Audit Plan submitted to you
Independence	In accordance with International Standard on Auditing (UK) 260 “Communication with those charged with governance”, there are no changes to the details of relationships between RSM UK Audit LLP including its related entities and persons in a position to influence the conduct or outcome of the audit and St Mungo Community Housing Association and its connected parties that may reasonably be thought to bear on our independence, integrity and objectivity and the related safeguards from those disclosed in the Audit Plan.

This report has been prepared for the sole use of St Mungo Community Housing Association and must not be disclosed to any third party, or quoted or referred to, without our written consent. No responsibility is assumed to any other person in respect of this report.



Unadjusted accounting misstatements

There have been no unadjusted errors identified during the course of our work above those items that we consider to be "clearly trivial" in the context of our audit. We advised management of all these misstatements during the fieldwork.

Communication of audit matters to those charged with governance

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing, materiality and expected general content of communications including significant risks and key audit matters	●	
Confirmation of independence and objectivity	●	●
Significant matters in relation to going concern (if any)		●
Views about significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures (if any)		●
Significant findings from the audit		●
Significant matters and issues arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit (if any)		●
Unadjusted accounting misstatements and material financial statement disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter (if any)		●

ISA (UK) 260, as well as other ISAs (UK), prescribes matters which we are required to communicate with those charged with governance, and which we set out in the table here.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while the Audit Findings presents key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Financial reporting updates

Important updates

The following financial reporting updates have been issued since we presented our audit plan which will be relevant to you.

A full list of financial reporting updates can be found by clicking the link below:



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Register here



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Our Report is prepared solely for the confidential use of St Mungo Community Housing Association and solely for the purpose of explaining the scope of the audit, our proposed audit approach, and to highlight the key risks that we will be focusing our audit work upon, forming part of the ongoing communications we are required to make under International Standard on Auditing (UK and Ireland) 260 – Communication of audit matters with those charged with governance. Therefore, the report may not, without our express written permission, be relied upon by St Mungo Community Housing Association for any other purpose whatsoever, be referred to in whole or in part in any other external document or made available (in whole or in part) or communicated to any other party. RSM UK Audit LLP neither owes nor accepts any duty to any other party who may receive our Report and specifically disclaims any liability for any loss, damage or expense of whatsoever nature, which is caused by their reliance on our Report.

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RSM UK Corporate Finance LLP, RSM UK Restructuring Advisory LLP, RSM UK Risk Assurance Services LLP, RSM UK Tax and Advisory Services LLP, RSM UK Audit LLP, RSM UK Consulting LLP, RSM Northern Ireland (UK) Limited and RSM UK Tax and Accounting Limited are not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services because we are licensed by the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. RSM UK Legal LLP is authorised and regulated by the Solicitors Regulation Authority, reference number 626317, to undertake reserved and non-reserved legal activities. It is not authorised under the Financial Services and Markets Act 2000 but is able in certain circumstances to offer a limited range of investment services because it is authorised and regulated by the Solicitors Regulation Authority and may provide investment services if they are an incidental part of the professional services that it has been engaged to provide. Before accepting an engagement, contact with the existing accountant will be made to request information on any matters of which, in the existing accountant's opinion, the firm needs to be aware before deciding whether to accept the engagement.

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ST MUNGO COMMUNITY HOUSING ASSOCIATION

England & Wales - Charity number 1149085

Accounts

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

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

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

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

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TRUSTEES AND ADVISORS

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

Trustees

Robert Napier (CBE) (Chair until 29 September 2021)
Joanna Killian (Chair Elect)
Tracy Allison
Rolande Anderson
Alexandra Beidas
Daniel Corry
Timothy Gadd
Darren Johnson (appointed 25 May 2021)
Teddy Nyahasha (appointed 25 May 2021)
John Maxted (resigned 29 September 2020)
Mark Pears
Susmita Sen
Bontle Senne
Stephen Smith (appointed 25 May 2021)
Helen Walters
John Watts

Company Secretary

Louise Wykes

Executive Officers

Steve Douglas - Chief Executive (appointed 01 July 2020)
Howard Sinclair- Chief Executive (stepped down 30 June 2020)
Ranjeet Bhupla – Executive Director of IT and Transformation (appointed August 2021)
David Fisher - Executive Director of Services
Alison Muir – Executive Director of Housing (appointed August 2021)
Helen Giles - Executive Director of People and Governance (resigned 30 June 2021)
Sonia Smith - Executive Director of Finance (retired 28 May 2021)
Jonathan Manuel – Executive Director of Finance (appointed 19 July 2021)
Rebecca Sycamore - Executive Director of Development
Dominic Williamson - Executive Director, Strategy and Policy (resigned 30 March 2021)

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Company No.

08225808

Charity No.

1149085

Regulator of Social Housing Registration No.

LH0279

CHAIR'S STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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



Robert Napier (CBE)
Chair, 27 July 2021

STRATEGIC REPORT

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

THE CONTEXT IN WHICH WE OPERATE

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

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

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

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

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

A significant reduction in rough sleeping:

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

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

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

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

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

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

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

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

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

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

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

PRINCIPAL ACTIVITIES

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

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

Who we support:

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

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

Expert service provision:

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

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

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

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

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

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

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

Influencing policy and public empathy and understanding:

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

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

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

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

KEY MISSION AND PUBLIC BENEFIT

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

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

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

Between 2016 and 2021 we aimed to:

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

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

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

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

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

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

BUSINESS REVIEW AND PERFORMANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Influence national and local government to implement new rough sleeping strategies

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

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

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

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

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

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

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

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

Involve our clients in all aspects of our work

We see client involvement as an absolutely vital element in empowering our clients and improving the

services we offer. We presented a report to the Board in January 2021 which outlined initiatives in place to embed client involvement across St Mungo's.

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

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

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

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

FINANCIAL PERFORMANCE

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

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

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

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

Staff costs of £2.2 million have been incurred. In recognition of the commitment of our staff, all staff received a thank you payment of £500; many staff could not take leave while delivering critical services in response holiday terms have been extended and provision has been made in the 2021 financial statements for this contractual commitment; 93 staff have benefited from the governments furlough scheme, largely in response

to the need to shield, staff were furloughed on full pay. Offset against this St Mungo's recovered £0.5 million through the furlough scheme.

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

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

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

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

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

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

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

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

VALUE FOR MONEY

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

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

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

Approach to VFM

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

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

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

Decisions about how we use our resources to deliver objectives

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

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

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

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

Consideration of potential VFM gains

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

Benchmarking our performance

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

Benchmarking: Housing management

The Regulator of Social Housing Published the Global Accounts for Registered Providers in May 2021. This report covers the 2019/20 financial year. As registered providers were preparing their annual reports in 2020

they were responding to the pandemic. The impact of service changes as providers responded to the pandemic will be reported through the 2020/21 Global Accounts.

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

Benchmarking: People

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

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

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

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

VFM targets and monitoring performance

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

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

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

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

Value for Money performance in 2020-21

Economy – growing the resources available to us

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

We set targets to:

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

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

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

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

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

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

We set targets to acquire/lease more bed spaces, which we use to accommodate people who either have been or who are at risk of homelessness, so that by 2024 we will have over 5,000 bed spaces. During the year our social housing units reduced by 13. Changing services and stock taken out of use reduced our overall social housing units by 36. 3 units were developed and brought into use in Bristol, 20 units were reclassified from our non-social housing portfolio. A further 16 affordable units have been acquired but have yet

to be brought into use. The reduced pipeline of tenders during the year meant we did not achieve the target growth in units.

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

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

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

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

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

Economy plans for 2021-22

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

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

Efficiency – using our resources well

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

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

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

a) Housing Management

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

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

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

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

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

b) Staffing

Our lost time rate due to staff sickness for the year was 4.26% (9.9 days), a reduction from 4.59% (10.6 days)

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

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

c) Overall savings

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

Efficiency plans for 2021-22

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

We continue to strengthen our IT systems. Significant resources have been put into the development of our new housing management system which will go live in the coming year.

The Void reduction measures identified through the Voids Working Group have led to revised policies and procedures accompanied by changes in reporting and monitoring. The roll out of these was delayed due to the pandemic, they were introduced in May 2021.

Effectiveness – the impact we create with our resources

We exist to provide the housing and support clients need in their recovery. Our value is in ensuring that clients do not return to the street. We need to ensure we use our resources effectively in support of this goal.

During the 2020/21 our focus was on maintaining essential services whilst also delivering a rough sleeper emergency response. We introduced specific support mechanisms to support our clients during the pandemic and these continued as our focus changed from an emergency rough sleeper response to transitional arrangements.

The health and safety of our clients and staff has been our top priority. We acted quickly to implement a comprehensive suite of policies and procedures which have been continually revised to take into account changing government and Public Health England guidance.

We have delivered strategy projects aligned to our organisational priorities:

We are developing our Criminal Justice strategy. A key aspect of the strategy, will be surrounding influence over the Ministry of Justice (MOJ). We have developed strong links with the MOJ and have had a direct influence on the development of the homeless prevention task forces aimed at reducing the number of people who sleep rough on release from prison during the pandemic (these are continuing beyond the pandemic response). We have also influenced the MOJ's development of a "3rd tier" of accommodation for those who are not eligible for Bail Accommodation and Support Services or Approved premises accommodation but who are at risk of rough sleeping.

Within our Women's Strategy we have successfully completed the Safety by Experience project, in partnership with Standing Together and funded by Homeless Link's Ending Women's Homelessness Fund. The outcome of the project is a publically available guidance document which aims to provide staff with the skills and confidence to be able to best support women experiencing homelessness, violence, and abuse. The approach was piloted in three St Mungo's services in spring 2021 and led to an improved support offer for women, new risk tools being used, and better partnership working in these services.

We are also coming to the end of the Erasmus+ Women's Homelessness Exchange Program. The project has seen St Mungo's staff complete three international exchange visits and more recently, attend three online joint-training sessions. St Mungo's hosted a joint-training session focussed on Client Involvement, which had over 40 international colleagues in attendance.

a) Client Health and Wellbeing

Through the pandemic of the last year we have sought to ensure the safety of all our clients through a range of processes, including ensuring that all our services are Covid-Secure, that clients are registered with a GP and that both clients and staff are encouraged and supported to take the Covid-19 vaccine. We have had a low number of Covid-19 outbreaks in our services as a result. Very sadly, three clients and one staff member are known to have died after testing positive for Covid-19 across our services during 2020-21.

In our hostels and supported housing services our role is to help clients access and engage with the specialist support that is relevant to their needs.

70% (2020: 74%) of our clients have a mental health support need; 73% (2020: 55%) have a physical health need; 46% (2020: 43%) misuse prescribed drugs or use illicit drugs. Access to a GP is therefore fundamental to ensuring that our clients receive the health care they need. The number of our clients living in our hostels and supported housing who are registered with a GP has remained constant at 93% (2020: 93%).

An important way of demonstrating our effectiveness, is showing the extent to which clients are engaging with support appropriate to their needs. In our supported housing services clients have structured support plans to identify appropriate goals and record progress. Based on the last support overview undertaken with each client assessed using our support needs assessment tool. 43% (50%) of clients with a mental health need are engaging with specialist support; 75% (82%) of those with a physical health need and 45% (47%) of those with a drug need.

The specialist services our clients need may be provided by external agencies or by St Mungo's. The level of engagement is indicative of a range of factors – the clients own readiness for this level of support and the availability of the required support in the right place at the right time. The support workers role is not only to help the client feel that they are ready but then to enable them to find and access this support. Ultimately our aim is that clients receive the support and then either no longer need it or are able to manage their engagement with support without the intervention of their support worker who can move their focus onto other elements of the support plan.

b) Client Satisfaction and Service Quality

St Mungo's has two sets of Excellence Standards – one for our services and one for central support teams. Services are audited against our Excellence Standards via our Quality Audit programme. Between March and June 2020, quality audits were suspended to enable services to focus on industrial action and then the pandemic response. In late July, a new audit format was adopted, enabling audits to take place remotely. To account for the pandemic-related disruption, the Board agreed to re-set monitoring expectations from Q3, October 2020. This agreed that 18 reports per quarter would be finalised, equating to auditing all existing services every two years. We received 1,118 client complaints in the year (2020: 891). Complaints increased during the lockdown period. 74% (2020: 78%) of complaints were responded to within policy timeframes.

c) Client involvement

Client involvement is a vital element in empowering our clients & improving the services we offer. This year 110 Client Involvement Lead Workers are in place and we have increased the support and training available.

We published a client edited magazine to support clients through the pandemic, oversaw a project to distribute 500 smartphones, donated by our partners, Tesco Mobile and Clarion and took our Client Festival online to over 150 clients. Furthermore our Recovery College went fully online providing a range of learning and wellbeing activities for our clients.

Outside In; our client involvement group, has adapted to online ways of communication and support. Online peer support sessions have taken place every Tuesday since 14th April 2020 and this provision was expanded recently to include a new Bristol based Outside In. Outside In led on the production of our very first

client podcast at Christmas, which has had hundreds of views and listens since it was launched.

d) Housing supply

We exist to provide the housing and support clients in their recovery. Our value is in ensuring that clients do not return to the street.

78% (2020: 73%) of departures for St Mungo's residential services were planned moves into alternative accommodation. This includes moves to independent housing and moves to alternative housing with support.

We record the number of clients who departed from any St Mungo's accommodation in London or Bristol in the quarter commencing six months prior to the start of the reporting quarter who were subsequently seen rough sleeping. This figure fell from 13% at March 2020 to 11% at March 2021.

As part of our response to the pandemic 2,070 individuals who accessed Emergency Hotel accommodation between 23 March 2020 and 31 March 2021, were helped to move onto longer term housing.

Effectiveness plans for 2020-21

We have identified a number of work streams for the coming year to enhance our effectiveness:

Our Women's strategy will enter its third year. We are working towards achieving Domestic Abuse Housing Alliance accreditation for the organisation.

We will draw up delivery plans for the following key service strategic objectives:

- Ensure that people we help who are, or have been, rough sleeping leave homelessness behind forever, starting with those we helped off the streets during the Covid-19 pandemic.
- Develop preventative practices and models.

In addition we will roll out the new agreed structure and delivery model for Digital Recovery College, Construction Training and Employment Support, and develop a new 'Working with Clients' Skills programme and Online learning platform.

FUTURE PLANS

In April 2021 St Mungo's embarked on a new five year strategic plan. Our vision and mission remain the same, to end homelessness and rebuild lives, through supporting people experiencing homelessness and those who are at risk of homelessness, increasing public understanding and empathy, and advocating for policy change.

Our new strategy establishes St Mungo's as a leading homelessness charity with national influence, working in partnership with local authorities, health colleagues and communities, to achieve our mission and the ambition of the plan: to end rough sleeping in England by 2026.

Our most significant contribution to ending rough sleeping and homelessness will remain our work supporting people who are sleeping on the streets into secure accommodation, and providing them with the services they need to rebuild their lives once there. We will also continue to focus on the issue of people returning to the streets facilitating paths to longer term accommodation and support both directly and through partners.

Finally, we will seek to influence national, regional and local policies that affect our clients. This will mean continuing to push for policies that stop homelessness and the flow of rough sleeping, for example, pushing for the effective implementation of the Homelessness Reduction Act.

We have recently assumed the role as secretariat to the independent Kerslake Commission on Homelessness and Rough Sleeping. This Commission will examine lessons from the emergency response which supported people sleeping rough during the Covid-19 pandemic and report in autumn 2021.

Organisationally, we will continue to strengthen our inclusive culture, ensuring that both inclusion and diversity are priorities for us, so that every service and team is confident, engaged and committed to promoting our values, celebrating diversity and challenging discrimination. This will be core to our People strategy, and will include delivering on our Leadership 2025 race action plan commitments.

We have also set out our approach and targets for our environmental sustainability, specifically how we will contribute to achieving net zero carbon and have created two new Executive Director roles to support delivery of the new strategic plan:

PRINCIPAL RISKS AND UNCERTAINTIES

As a homelessness charity, St Mungo's chooses to work in a context where there are significant inherent risks. Our clients have multiple and complex needs and our funding streams are often uncertain. The Board oversees a robust risk management framework to ensure that the organisation can continue to deliver its strategy. During the year the focus has been on managing the risks and uncertainties as a result of Coronavirus. At the outbreak of the pandemic, the Board acted quickly to put mitigation plans in place for the potential impact of Coronavirus on our cash flow. Whilst the immediate risks did not materialise to the extent originally feared there is still considerable uncertainty about the future economic impact of the pandemic.

The Board has agreed that ensuring our financial sustainability in an uncertain economic climate is a key organisational commitment. The potential risk to our commissioned services and fundraised income is assessed and monitored by the Board. A new organisational structure has been agreed to support our strategic priorities and achieve recurring savings. The Board is regularly updated on progress and has considered mitigation plans and stress testing of our Financial Plan.

The pandemic put a new spotlight on the people that we support and proved that when we work together, we can end rough sleeping. We remain concerned that the social and economic impact of the pandemic will put further pressure on our client group, with real term cuts in universal credit and local housing allowances, more people becoming newly homeless, unable to sustain tenancies, unemployed or with no recourse to public funds. Given the pressure on local authority budgets, we face a hugely challenging environment of rising demand and fiscal entrenchment, and our work remains vital. As one of the largest homeless charities in Britain, and a specialist housing association, we remain confident we are in a position of relative strength to build on what has been achieved in the pandemic.

We recognise that our work with people with complex needs means that we need to manage a high level of inherent risk. Through robust compliance with legislation and policies, and a promotion of excellent standards and culture, we mitigate the potential risk of issues emerging. If issues occur, we use a range of policies, procedures and best practice to manage these to best effect in order to safeguard clients, staff and the wider organisation. As we are regulated by a number of bodies, being both a housing association and a charity, we recognise the importance of factoring risk management into daily activities, particularly in order to ensure our vulnerable clients are best served through good practice.

Financially, as said earlier in this report, while the Regulator for Social Housing acknowledged our business plan is fully funded and based on reasonable assumptions, they also noted that the nature of our work is low margin which reduces our ability to absorb adverse shocks. It is because of this that we maintain a robust focus on our reserves and liquidity, including a significant level of cash reserves. Further analysis of the strategic risks and mitigations is available in our risk section, starting on page 31.

The Directors have included information relating to the engagement with stakeholders, clients, suppliers and employees in the Chair's Statement, Strategic Report and Trustees Report and confirm their compliance with Section 172 of the Companies ACT 2006. More detail is contained in the Trustees Report in this regard. This report was approved by the Board of Trustees on the 27 July 2021 and signed on its behalf by:



Robert Napier (CBE)
Chair
Date: 27 July 2021

TRUSTEES' REPORT

The Trustees present the annual report and audited financial statements of St Mungo's for the year ended 31 March 2021. The financial position and results for the year are set out on pages 38 - 69 of these statements.

OBJECTIVES AND ACTIVITIES

The Trustees have reported St Mungo's strategic objectives and outlined our activities within the Strategic Report on pages 3 - 19.

STRUCTURE, GOVERNANCE AND MANAGEMENT

St Mungo Community Housing Association ("the Group"), a registered housing association and charity, is made up of a lead Association and five subsidiaries. Four of the subsidiaries are directly and wholly owned; the fifth is a subsidiary of one of the wholly owned subsidiaries.

Street Impact London Limited and Street Impact Brighton Limited, both wholly owned subsidiaries (companies limited by shares) provide housing and support to rough sleepers. Broadway Homelessness and Support (a registered charity and company limited by guarantee), holds a number of leasehold interests on behalf of St Mungo's, its parent. Broadway Real Enterprises Limited (a company limited by guarantee) transferred its activities to St Mungo Community Housing Association, its ultimate parent entity, in September 2019, and is due to close in the next three months.

St Mungo's Homes Limited (a community benefit society) was established in 2019 as part of a strategy to acquire move on accommodation for former rough sleepers. This entity is currently dormant.

St Mungo's has a 33% share in Social Impact Bristol Limited (company limited by shares), a consortium of three charity partners set up to provide housing and support to rough sleepers.

These are the financial statements of the Group. Any activity relating to the Association will be specified. All references to comparable 2020 figures are to those of the Group, unless otherwise specified.

The Board of St Mungo's is responsible for ensuring that a sound system of governance exists across the Group and that it is financially viable and properly managed. The Board works alongside the Executive Team, which is responsible for the day to day management of the Group.

The Board comprises fifteen Trustees, who for purposes of company law are non-executive directors, who bring a broad range of skills, knowledge and experience to their roles from fields including finance, legal and government policy. This year, an initiative aimed at attracting new Trustees from BAME backgrounds has strengthened diversity on the Board. During the year the Board met on eleven occasions; this includes additional meetings to oversee our response to the pandemic.

The Board has a formal schedule of matters reserved for its decision, which includes overall strategy and future development, allocation of financial resources, acquisitions and disposals, annual budgets, annual results, senior executive appointments, treasury policy and risk management.

Board members are elected for a three year term at the Annual General Meeting. The Board reviews its effectiveness and appraises its members annually. It identifies the skills it requires in order to fulfil its function and recruits new members as required. The Board has established a maximum term of office for its members of nine years.

The Board is covered by Trustees' indemnity insurance policy. No claims have been made during the year.

During the year the Board has been supported by four committees:

- Audit and Risk Committee reviews the integrity of financial reporting and provides the Board with assurance about the operation of internal control and risk management within St Mungo's. It also manages the relationship with the internal and external auditors.

- Finance and Development Committee supports the Board in its responsibilities in relation to financial planning, financial management and the scrutiny of financial performance. The Committee ensures that St Mungo's makes best use of its property assets and reviews plans for the development of our housing stock.
- Services Committee has oversight of housing management and care and support services. The Committee reviews policies and plans to ensure services are responsive to client's needs and scrutinises performance in key areas such as repairs, rent collection and health and safety.
- People and Governance Committee has oversight of all aspects of the employment and remuneration of staff. It also oversees Board recruitment, review and processes to ensure that the Board and individual Trustees are accountable in the performance of their governance responsibilities.

A Fundraising Committee has met during the year, overseeing our fundraising activities to monitor performance and ensure that we are responsive to and respectful of donors and comply with legal and regulatory requirements. In May 2020 the Board agreed not to continue with a separate fundraising committee but to embed the governance of fundraising activities to other committees in the governance structure.

St Mungo's is committed to involving clients in all aspects of our work, including in its decision-making structures. The Client Advisory Board, made up of ten current or former clients of St Mungo's, reviews Board papers and provides input for discussion at Board meetings. A review of the Client Advisory Board has taken place during the year. In May 2021 the Board agreed an enhanced role for the Client Advisory Board in the governance of St Mungo's, ensuring that we continue to be accountable to our clients.

Health and Safety

We are absolutely committed to creating a safe and healthy environment - for our staff, clients and all who come into contact with our services - as a matter of priority, above all other considerations. The Board has agreed an overarching Health and Safety policy which sets out our approach to meeting our legal obligations and ensuring the safety of our clients and staff. Health and safety is a top priority for the Board and an update on health and safety matters is reviewed at every meeting.

The Services Committee and People and Governance Committee are responsible for monitoring health and safety activity related to properties and our staff, respectively. At an operational level the Health and Safety Steering Group oversees any changes to our safety management system. Our Health and Safety Committee meets quarterly to provide a forum for staff to raise health and safety issues and input into the implementation of policies and procedures.

During the year the focus has been the health and safety of our staff and clients during coronavirus. Our Staff Guidance Group has produced a comprehensive suite of guidance to keep clients and staff safe in line with Government guidance. Through a programme of regular risk assessment and monitoring we have maintained a Covid Secure environment across our sites with only a limited number of infections. A Health and Safety Committee has met regularly with Union representatives to review staff safety during the pandemic.

Compliance with the Code of Governance

St Mungo's has adopted the National Housing Federation's 2020 Code of Governance which is designed to ensure that the Association operates to the highest possible standards. An underlying principle of this is that we will comply with the Code or explain any areas where we do not comply.

The Board has reviewed and confirmed compliance with all areas of the NHF Code with the following exceptions:

Clause 2.1, relating to the requirement that Boards should give specific consideration to setting plans for carbon neutrality and environmental sustainability. St Mungo's is currently in the process of developing its Sustainability Strategy as part of its Strategic Plan 2021-26; this strategy is intended for completion by December 2021.

Clause B4 relating to the requirement that Boards should have no more than twelve members. At its meeting in May 2021 the Board agreed to appoint three new Trustees, taking the total number to fifteen. This

exception to the NHF Code is part of a proactive succession plan and Board led initiative to increase diversity at leadership levels of the organisation. With two planned vacancies arising on the Board in the next year, these appointments will bring skills and experience which are needed by the Board.

An assessment of compliance with the Charity Code of Governance has also been undertaken and compliance noted subject to the development of an environmental strategy which is underway.

Compliance with RSH Governance and Financial Viability Standard

Registered providers are required by their regulator, the Regulator of Social Housing, to certify their compliance with the Governance and Financial Viability Standard. The Board has reviewed compliance with the standard and confirms that it complies in all material respects. Where further work is needed to ensure continued compliance then appropriate action plans are in place.

Compliance with Section 172 of the Companies Act 2006

Throughout the year the Board of Trustees has made due consideration during its discussions and decision-making of the matters set out in section 172 of the Companies Act 2006. Set out in the Chair's Statement, Strategic Report and Trustees' Report is a description of how the Trustees have had regards to the matters set out in section 172 (1) when performing their duties under section 172.

STAKEHOLDERS

The Board has overriding duty to promote the success of the charity to achieve its charitable purpose. In agreeing its strategic plans and in its decision making regard has been given to other factors and stakeholders. We recognise that our success in supporting the recovery of our clients against the backdrop of the challenges we face depends fundamentally on the skill, commitment and engagement of our supporters, staff and volunteers.

Fundraising report

St Mungo's is registered with the Fundraising Regulator and works in a way that is compliant with the Code of Fundraising Practice. Members of our Fundraising team are also members of the Institute of Fundraising. This report covers the requirements charities must follow as set out in the Charities Act 2016.

Fundraised income supports both new and existing projects to help people who are at risk of, or are experiencing homelessness. Our fundraising efforts involve encouraging donations from corporate partners, community groups, and individuals. In addition, we also raise funds through legacy giving, special events, challenge events, and Face to Face fundraising.

Our donors and clients are at the heart of everything we do, and our practices aim to be more than just about compliance, we want to ensure that our supporters are treated with the care and attention they deserve.

As the regulatory environment has continued to change we have adapted and challenged the way we work to ensure we operate to a high standard. The General Data Protection Regulation (GDPR) came into effect in May 2018. To comply with GDPR, we reviewed all fundraising materials, consent options, and updated our consent and privacy statements. The fundraising database was also updated to utilise the ability to record consent consistently and compliantly. We continue to have four Professional Fundraising Organisations (PFOs) working on our behalf, which are:

- The Payroll Giving Team
- Payroll Giving in Action
- STC Payroll Giving
- Hands on Payroll Giving.

We have safeguards in place to ensure that organisations who fundraise on our behalf operate to the correct standard including requiring them to comply with the Code of Fundraising Practice.

We follow up on all feedback we receive from members of the public to ensure compliance with the Fundraising Regulations and ensure there is no unreasonable intrusion on a person's privacy.

In addition, we continue to run our own in-house street fundraising team. For this, we have a regular programme of training and refresher training covering all aspects of the regulations that apply to this form of fundraising as well as our own policies and procedures. Our training gives specific guidance on the protection of vulnerable people, based on the Institute of Fundraising's "Treating Donors Fairly Guidance". As such, we guide fundraisers to be upfront and tell the member of the public why we are communicating with them and check they are happy to continue; to ask if the person would prefer to be contacted in a different way (email, letter) or at a different time; and to check the person's understanding at relevant parts of the interaction and ask if there is anything that needs further explanation.

Our face to face programme was on hold for the majority of 2020 due to the Covid-19 pandemic. However since returning in April 2021, with the support from the Health & Safety team we have developed new robust training and support for our fundraisers to ensure we follow strict health and safety guidelines and social distancing rules.

We monitor the quality and practices of our team through our programme of mystery shopping, conducted on our behalf by an independent organisation. Since returning to the street in April, we've not had any complaints or negative feedback from the public, but we continue to address individual issues with specific fundraisers and run refresher training.

Across the year and across all our fundraising activity, which in total resulted in over 404,153 donations, we received 9 complaints about our fundraising. We regularly record, report and share positive unprompted feedback about our work and our fundraising from the public along with many messages of support we receive directly from our donors.

We have a formal process for resolving individual complaints. We report annually on complaints to our Audit and Risk Committee. This, along with the training and mystery shopping enables us to monitor and review our fundraising practices relating to the protection of vulnerable people and ensure that there is no unreasonable intrusion on a person's privacy.

Every donation we receive is greatly appreciated and the support we have seen during this past difficult year has been truly exceptional. Supporters old and new have galvanised around St Mungo's in response to the pandemic. We wish to say a thank you to all our supporters who made donations of their time and energy or gave financial support to St Mungo's during 2020-21, including those who left us a special gift in their Will. We are unable to list all of our amazing supporters but outlined below are those that gave a significant gift during this period.

29th May 1961 Charitable Trust	Jane Jewell
3Ts Charitable Trust	Jo and Robert Saville
Adint Charitable Trust	Jo Malone London
Albert Hunt Trust	John James Bristol Foundation
Amanda and Martyn Hole	John Lewis and Partners
Andrew and Jane Haslewood	JP Morgan Chase in partnership with GlobalGiving
Andrew Foyle	Julius Baer
Annachiara, Federico and Aurora Ciardi	LGT Vestra LLP
Anne Byrne	Liberty Specialty Markets
Arthur Kay	Linklaters LLP
B & CE Charitable Trust	London Councils
Banham Foundation Limited	LSE SU Rag
Barclays' 100x100 UK Covid-19 Community Relief Programme	Mace
Barratt Developments plc	Miller Insurance
Beatrice Laing Charitable Trust	Milton Damarel Trust
Ben Hockley	Mirella Gilpin
Bernard and Georgina David Charitable Fund	Mrs Smith and Mount Trust

Bloomberg L.P
 Brian Hornsby
 Cecil and Hilda Lewis Charitable Trust
 Chestertons
 Chris and Liz Sweetland
 City of Westminster Charitable Trust
 Clarion Housing
 Cleopatra Trust
 Countryside Properties plc
 Cyril and Eve Jumbo Charitable Trust
 Dan Houser
 David and Sandra Brierwood
 David Lyon
 Deliveroo
 Dr Peter Cole
 Euroclear
 Fieldfisher LLP
 Ford Motor Company Fund
 Foyle Foundation
 Freddie Popplewell
 Freshfield Foundation
 Garfield Weston Foundation
 GIC Singapore's Sovereign Wealth Fund
 Google
 Government of Ireland – Emigrant Support Programme
 Greater London Authority (GLA)
 Greville Mitchell OBE
 Gwyneth Forrester Trust
 Haber Charitable Trust
 Hazel Taylor
 Helen and Robert Pratten
 Homeless Link
 Hyde Park Place Estate Charity
 James Cochrane

National Lottery Community Fund – Coronavirus Community Support Fund
 National Lottery Community Fund – Reaching Communities
 National Lottery Community Fund – Wildlife Trusts – Our Bright Future
 Nationwide Building Society
 Nationwide Community Grants
 Ofenheim Charitable Trust
 Peter Stebbings Memorial Charity
 Phoenix Group
 Richard Keers
 Rob Collinge
 Sarah and Charles Martin
 Stewarts Law LLP
 Tay Charitable Trust
 Taylor Wimpey plc
 Telereal Trillium
 Tesco Mobile
 The Belpech Trust
 The Delfont Foundation
 The Elizabeth Frankland Moore and Star Foundation
 The Julia and Hans Rausing Trust
 The Lennox Hannay Charitable Trust
 The Mackie Foundation
 The Raindance Charitable Trust
 The Rayne Foundation
 The Swire Charitable Trust
 The Zochonis Charitable Trust
 Tides Foundation
 Tokio Marine HCC
 Tony & Audrey Watson Charitable Trust
 Vanguard Asset Management
 Wates Family Enterprise Trust
 Welsh Church of Central London
 Westminster Foundation

Employee engagement

Our People Strategy, agreed by the Board during the year, sets out our commitment to recruiting the very best people from diverse backgrounds and investing in their learning, development and engagement. The success of our approach was recognised in our Investors in People assessment last year, in which we achieved 'Gold' status. This was further recognised in our staff survey in February 2021, in which we scored the same or higher in all areas compared to our 2017 staff survey. A key measure is staff engagement, which was very high at 86% and an increase on the 81% achieved in 2017.

We have a range of channels and opportunities for staff to input and feedback. Our Staff Advisory Group meets quarterly to obtain staff perspective on key strategic and planning issues. Staff from across the organisation participate in the group for a year and give ideas on specific opportunities or problems and discuss high level proposals on matters such as our organisational excellence and growth strategies, major service reviews and restructurings and changes to staff benefits.

We have continued our practice of senior leaders regularly attending team meetings throughout the year. During the pandemic these meetings have taken place remotely and the focus has been to check on staff wellbeing and the opportunity to talk about the challenges of the pandemic. This has enabled us to dynamically assess what is 'on top' for staff and respond to ideas and concerns promptly.

We consulted staff on the results of our Investors in People assessment and a plan for further improvements in the areas of leadership, communication, involvement and staff recognition, much of which has been implemented. A key improvement has been the introduction of 'The Loop', a new briefing and engagement meeting structure which will help ensure that staff receive timely, reliable and consistent information, and have the opportunity to comment, make suggestions and have their voices heard.

360 feedback from colleagues, line reports, clients and other stakeholders is central to our performance management and development scheme. Our system of annual appraisals, compliance with which is monitored quarterly by the Board, affords staff an opportunity to feedback on the management and support they have received during the year.

St Mungo's recognises two unions; Unite and Unison, and meets regularly with union representatives to discuss key issues affecting staff. During the year the focus has been on working with union representatives to ensure the health and safety of our staff during coronavirus and responding to issues raised by staff, and consultation on proposals for changes to our pension arrangements which will benefit our staff. In recent months we have been liaising with Unite in relation to allegations that there have been failures to address bullying and properly investigate grievances within our Property Services Department and the victimisation of trade union representatives. We wholeheartedly refute these claims and are committed to working with colleagues to secure a resolution including commissioning an independent review of the grievance process underway. Industrial action, involving around eight members of staff has been ongoing since April 2021.

The Board took early action to support staff during the pandemic by making a number of temporary changes to terms and conditions and policies. We agreed that 64 staff (4% of our total workforce) who were unable to work during the pandemic could be furloughed on the government's Coronavirus Job Retention Scheme. The Board agreed to 'top up' furlough pay from 80% to 100% until the end of April 2021. Changes were also agreed to our sickness policy and pay arrangements to support those who needed to self-isolate as well as introducing greater flexibility in our working hours and leave arrangements.

We have taken several measures to embed a culture of wellbeing. These include revision of all our manager and staff training modules to include a wellbeing focus; the introduction of new stress risk assessment tools and Wellbeing Action Plans for staff; and the development of toolkits for managers to support the mental health and for staff to understand and access the broad range of internal and external resources that we have put in place to support both mental and physical wellbeing. Supporting the wellbeing of staff remotely during the Coronavirus pandemic has also been a major area of focus and 92% of staff responding to an internal survey confirmed that they were aware of the resource in place to support their wellbeing at this time.

Volunteers, apprentices and students

Volunteering at St Mungo's is an integral and valued part of our work. Volunteers play a vital role in supporting our clients and make a huge difference to the range of services we can offer homeless people.

Over the last year our focus has been providing a pandemic response and supporting the organisation to ensure that we keep our clients safe during Covid. This has primarily been a frontline response working across Outreach, Streetlink, First Response, food hubs and our Emergency hotels. We have also reduced the potential isolation of our clients through involvement of volunteers and delivery of courses in the digital recovery College. Volunteering in more traditional services-based roles had to be paused during the lockdown; however some volunteers were able to return where their roles could be safely conducted in Covid-secure environments.

475 volunteers contributed over 25,000 hours over the year in the emergency hotels supporting staff teams to move many individuals into longer term accommodation and over 70 other volunteers contributed 5,000 hours in other services.

We have engaged our volunteers through online training, webinars and invited them to attend volunteer advisory groups to give feedback on our approach and policies and procedures. We have put on wellbeing events and developed a wellbeing resource pack to ensure that our volunteers can take time for themselves during what has been a difficult year.

We are proud of our award winning apprenticeship scheme for people with lived experience of homelessness. Whilst the pandemic has impacted the overall number of apprenticeships we were able to offer this year we were able to continue with some placements where it was safe to do so. We have continued to provide practical and pastoral support, providing regular one to ones in addition to their management supervisions and two weekly peer support sessions.

We also provide placements of social work, nursing and Occupational Therapy students in order to influence future professionals and help shape their practice. The team has continued to work with universities to deliver placements and assessments in different ways during the pandemic and has managed to increase Social Work placements compared to the same point the previous year. The students receive monthly sessions to develop and enhance their learning.

Business relationships

We have robust policies and practices in place to ensure that our procurement decisions are transparent, fair and non-discriminatory. Compliance with procurement requirements and any decisions taken outside of our policies are reviewed regularly by our Audit and Risk Committee.

Performance with the prompt payment of suppliers is monitored by our Finance and Development Committee. During the year we have reported on our business payment practices in line with government requirements.

We recognise that the commissioning bodies for whom we deliver services are key stakeholders who enable us to achieve our strategic objectives. In 2019/20 we undertook research to hear from our commissioners, first-hand about the sector and their needs. This led to us establishing a regular forum with approximately 20 commissioners across our areas of operation. During the year the focus of these meetings has been on the links to health and the approach and lessons learnt through the pandemic.

Energy and carbon reporting

Greenhouse Gas (GHG) Emissions

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard (Revised Edition), St Mungo's has been engaged in a process aimed at reducing our greenhouse gas emissions. In the year to 31 March 2021 emissions increased by 3.63%. Despite ongoing efforts to reduce emissions, activities were impacted by the pandemic as detailed in this report.

St Mungo's incurs scope 1 and 2 emissions (electricity and gas) at our offices, hostels, and domestic

properties. Further, in line with government guidance, we have included grey fleet (cars owned by staff but used for business purposes) and vehicle hire transport emissions as part of our reporting.

Our calculated carbon footprint for the current financial year is 4,867.7 tCO₂e, whilst energy consumption was 25,657,282.73 kWh (25,657 MWh).

Accordingly, we can report figures below based on the GHG Protocol Corporate Standard calculated using 2020 conversion factor guidance published by the UK government. Reporting corresponds with our financial year and reflects emissions from the leased and controlled assets for which St Mungo is responsible.

Emissions

Scope	Tonnes (CO₂ Equivalent)	
	2020-21	2019-20
1 – Gas	4,075.29	3,652.24
2 – Electricity	696.65	989.95
3 – Transport	95.76	55.17
<i>Total</i>	4,867.7 tCO ₂ e	4,697.36 tCO ₂ e

Intensity metric scope 1,2 and 3		Tonnes (kg CO₂e Equivalent) per £ turnover	
Scope		2020-21	2019-20
1,2 and 3		0.0440	0.0399

Intensity per property scope 1 and 2		Tonnes (CO₂ Equivalent) per property	
Scope		2020-21	2019-20
1 – Gas		12.62	11.45
2 – Electricity		1.55	2.54

This represents a 3.63% overall increase in emissions and a 1.3% increase per property on scope 1 and 2 emissions. Emissions have increased due to an uplift in units and an increase in transport usage driven by activities necessitated by the pandemic.

Efficiency Measures taken 2020-21

It is a requirement of the Streamlined Energy and Carbon Reporting legislation that we outline energy efficiency actions taken within the financial year. These are as follows:

Transport

St Mungo's maintain a cycling policy, and encourage staff to cycle to work where possible. We also encourage employees to purchase energy efficient vehicles. Further, where possible, staff are encouraged to work from home. In 2020/21, increased numbers of staff were required to use individual/personal transport during the pandemic, as such emissions from transport increased in year. In part, this increase has been offset by the majority of Head Office staff homeworking for the full year and therefore not using any form of transport, although this data is largely not captured in the emissions data above.

Information Technology

St Mungo's encourages staff to request minimal equipment without impacting output. Remote working employees are provided with a laptop only, rather than a laptop and desktop computer. Energy efficient monitors are installed as part of a three year replacement cycle. Dual screens are kept to a minimum but may be provided where there is business need. Hibernation tools are used on all laptops and desktop computers and photocopiers have software that only allows activity when staff sign in.

Building Efficiencies

Energy efficiency is part of any new property re-fit including boilers, lighting, solar energy where possible, caps on hot water and pressure, as well as increasing areas of natural light. There was some delay to the lighting replacement programme in 2020/21 due to reduced stock improvement activity in year as a result of national lockdown restrictions. St. Mungo's has carried out a stock condition survey in year which has provided additional data on energy efficiency across our property portfolio. Waste management data for the Moretown estate where St. Mungo's Head Office is located indicates that waste produced across the estate reduced by 56.12% from 2019 to 2020 as a result of reduced office based working. Percentage of waste recycled increased from 44.5% to 47.6%. EPC ratings for potential new property acquisitions must be considered prior to approval and purchase.

Objectives for 2021-22

Our new strategic plan includes the objective that we will set out our approach and targets for environmental sustainability, specifically how we will contribute to achieving net zero carbon. Our approach will include our buildings, offices and supply chain as well as how we will engage and involve our staff and clients. We have set up a steering group to help develop our strategy, bringing together colleagues from across the organisation and involvement from clients.

The Sustainability Strategy Working Group (SSWG) has identified six key workstreams out of which the sustainability strategy will be developed:

- Buildings – offices and residential
- Client involvement
- Staff involvement and engagement, including a communications strategy
- Procurement and supply chain
- Influencing others and wider involvement
- Baselines, targets and benchmarking

The SSWG also plans to join up with other strategies and initiatives across the organisation which have or will have a key role to play in the successful development and implementation of the strategy. These include:

- Health and Safety, particularly fire safety
- Establishment of Housing Services Department and St Mungos' Homes
- Financial planning
- Supplier procurement, particularly in relation to planned maintenance
- Acquisition of new buildings process
- Plans to improve our client training offer and further embed our Recovery Approach.

The SSWG aims to reach a point where all organisational initiatives are required to consider how they will be implemented in a way that contributes to our sustainability objectives.

The working group will be looking at a range of data to set benchmarks and goals in addition to the emissions data within this report. We aim to bring the draft strategy to the Board by December 2021.

St Mungo's will continue to report on progress in future financial accounts.

DIVERSITY AND INCLUSION

Inclusion is one of our core values and valuing the backgrounds, experiences and strengths of our staff and clients is integral to our work. The Board has agreed an Equality, Diversity and Inclusion Strategy which sets out a vision where staff, clients and volunteers from all backgrounds can be their best selves, bringing together experiences, commitment and expertise to deliver a personalised recovery approach. We have also developed a specific Race Equality Action Plan to ensure that we are actively combatting the potential for racism to be experienced by our clients and staff.

Central to the delivery of our strategy, are seven Diversity Networks which meet regularly and work together to help shape the strategic direction of our inclusion practices. We also have 150 Allies across the organisation

who champion diversity and inclusion within their teams, help to plan awareness raising events, challenge any non-inclusive practices and come together quarterly to network, share best practice and learn.

The Board is committed to increasing the diversity of its membership and has agreed an aspirational target of at least one in three appointments being from an under represented group with an anticipated representation of 33% by 2026. Representation from Black, Asian and Minority Ethnic ("BAME") backgrounds on the Board was at 17% last year and the Board has continued to build on this through further recruitment this year. From September 2021 our Board will be 50% female and just under 30% BAME.

Our data on workforce demographics, which is reviewed annually by the Board, shows an under-representation of BAME managers. This is a challenge that is not unique to St Mungo's but we are committed to taking action to understand and positively address the issue. Our BAME positive action strategy working group brings together senior managers from across the organisation to focus on recruitment, progression, retention and communications.

Our People Strategy, agreed in March 2021 sets representation targets across all levels of management at St Mungo's by 2026. A key step to achieving this has been the introduction of a requirement for all recruitment panels to include at least one BAME member of staff. Our Steps into Management programme will also help us to develop the leadership pipeline of junior and middle-management from BAME backgrounds.

At St Mungo's we have measures in place to ensure that decisions are not taken on a discriminatory basis including training on unconscious bias. This year we also introduced our 'In my shoes' diversity mentoring programme for Leadership Team members. We have continued to focus on the proportion of BAME staff represented in disciplinary proceedings compared to representation in the workforce as a whole. An independent review of our disciplinary cases and processes found that our policies and procedures are fair and robust and that our formal processes are well managed. Following the review we have agreed an action plan to continue to increase awareness of and address unconscious bias.

We are a Disability Confident Employer (registered with the Disability Confident scheme) & are fully committed to supporting people with disabilities to work with us. This includes providing equal employment, training, and promotion of staff with disabilities. We have also signed the Mindful Employer charter to demonstrate that we are positive about mental health and are accredited under the Healthy Workplace Charter.

We again gained a place in the Stonewall Index of the Top 100 Lesbian, Gay, Bisexual and Trans-friendly employers.

MODERN SLAVERY ACT

Information about St Mungo's compliance with the Modern Slavery Act, which seeks to curb slavery and human trafficking, is available on our website www.mungos.org. This was last updated in November 2020 and is reviewed annually to ensure we continually improve our practice in this area.

REMUNERATION POLICY

St Mungo's has an annual income of over £100 million and employs around 1,500 people. The aim of our remuneration policy is to offer pay rates and a broader package of terms and conditions that will attract, retain and motivate high calibre staff. We aim to pay salary rates at all levels that effectively support recruitment and retention.

Staff in our client-facing roles are paid at the upper quartile in comparison with organisations providing homelessness and similar services.

Most other roles, including our Chief Executive, are paid at the market median compared to charities and housing associations of comparable size and turnover. Only in exceptional circumstances where it has been demonstrated that St Mungo's is unable to fill a post at the market median level would an upper quartile salary be considered.

Market testing of Chief Executive, Executive Team and other relevant roles is carried out every three years by an external benchmarking company in order to keep salaries aligned with the comparator market.

The Board approves the salary increase of the Chief Executive and the People and Governance Committee approves the salary increase of the other members of the Executive Team, in line with the median figures returned by the benchmarking company, and subject to affordability.

In the years which fall between market tests the Chief Executive and Executive Team members receive the same cost of living increase as all other members of staff, which is determined by reference to the National Joint Council for Local Authorities annual settlements.

All staff at St Mungo's including the Chief Executive and the Executive Team receive the same standard package of terms and conditions of employment. There are no enhancements to these, and no bonuses or discretionary additional awards in terms of salary to any individual.

As a responsible employer our aim is to secure the best benefits for St Mungo's employees past, present and future. During the year we have reviewed our pension arrangements. The St Mungo's Defined Benefit Scheme with TPT Retirement Solutions has been established as a standalone pension scheme. Employee Benefits accrued in the SHPS Defined Benefit scheme were bulk transferred to the standalone scheme on the 2nd November. This change will ensure St Mungo's can better manage the risks to which the DB pension exposes us. Within a standalone scheme all future contributions which St Mungo's pays go directly to funding the benefits payable to current and former St Mungo's employees. It also allows future funding and investment strategies to be aligned with St Mungo's circumstances and objectives. The DB pension scheme is closed to new employees. Staff are auto-enrolled into our Defined Contribution (DC) pension scheme. Following consultation, which received positive employee engagement (929 reviews of online advice and 126 employees either attended a pension webinar or watched a recorded video), and discussions within Union representatives the Board agreed the Bulk transfer of our DC scheme to Aviva. Aviva is a well-established provider with a strong performance record, a good choice of investment options, and good member engagement and support. Benefits for staff did not change as a result of the transfer on the 9th November.

RESERVES POLICY

Reserves are that part of the Group's funds that are freely available to spend on any of the Group's purposes. This definition excludes restricted reserves which arise from specific restrictions being imposed on the reserves by the donor. As a Group which has no complex financial arrangements, the Group and Association's reserves are made up of the liquid working capital offset by provisions for long-term liabilities associated with property and pension commitments.

In May 2021 the Board approved the 2021-22 Financial Plan. The Board considered the worst case impact of an economic recession leading to a reduction in fundraising receipts, increase in pension actuarial loss, loss of contracts and rent service charge income, and an exit from our non-social housing portfolio. The Reserves and Liquidity policy has been updated to set thresholds to manage should adverse risks materialise. St Mungo's will manage against minimum cash balances of £14 million - £18 million and minimum unrestricted reserves of £10 million - £13 million to ensure that St Mungo's is viable longer term.

Total reserves as at 31 March 2021 were £13.7 million (2020: £16.5 million). We held restricted reserves of £2.4 million (2020: £2.6 million) and unrestricted or free reserves of £11.3 million (2020: £13.9 million).

As at 31 March 2020 free reserves included a £3.1 million designated reserve to support future growth and fund transformation projects. This reserve has now been released.

The year-end cash balance was £22.9 million (2020: £20.9 million).

The Trustees have reviewed the reserves of the Association and Group taking into consideration future activity, uncertainties and risks and have concluded the level of reserves shown at 31 March 2021 is appropriate to maintaining the continuation of the Association and Group as a going concern.

The Trustees are aware of the risks associated with delivering our financial plan. Management actions are in place to prevent a breach of cash or reserves thresholds, new capital investments will only be made after an assessment of free reserves and cash over an 18 month period, debtors and accrued income will continue to be closely monitored to ensure there is no material impact on cash and the achievement of VFM savings will be closely monitored. A temporary overdraft facility will be put in place should our cash dip below £18m.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its ultimate responsibility for ensuring that St Mungo's has in place a system of internal control that is appropriate to the environment in which it operates and for the review of the effectiveness of that system during the year. These internal controls are designed to identify and manage rather than eliminate risk which may prevent St Mungo's from achieving its objectives.

The system of internal control is designed to give reasonable rather than absolute assurance that key objectives and expected outcomes will be achieved. It also exists to give reasonable assurance on the preparation and reliability of financial and operational information and the safeguarding of assets and interests.

Risk management approach

The Board has overall responsibility for the oversight of risk management at St Mungo's and has agreed an Organisational Risk Management Policy which sets out how risks are identified, assessed and managed across the organisation.

The strategic and key operational risks faced by St Mungo's and the mitigation plans in place to manage these risks are regularly reviewed by the Board.

During the year the Board has reviewed its risk appetite and agreed risk tolerance levels which are used to guide our day to day activities.

Risk Appetite Statement

As a homelessness charity, we choose to reach out to people who are often the most excluded by society and by other services because of their multiple and complex needs. We have a high risk appetite for who we provide our services for and for solutions that prevent and tackle rough sleeping.

Our clients have complex and changing needs and this brings inherent risk in relation to our reputation, we mitigate this by having a low risk appetite in terms of compliance with legal and regulatory requirements and our internal policies and processes.

We will seek opportunities to work in partnership with others for the benefit of our clients. Our work to increase public understanding and advocate for change for our clients involves an element of risk and we will balance this with the need to protect our reputation.

We work in a rapidly changing environment where funding streams can be uncertain and changes in policy and public opinion can have a profound impact on our work. We mitigate this by having a low risk appetite in terms of our financial sustainability.

We expect to take risks, within the context of our risk appetite and our financial sustainability, in order to grow our services and deliver our mission to reduce homelessness and rebuild lives.

Principal risks and uncertainties

Our key risks and uncertainties are shown in the table below along with our mitigation measures:

Risk	Mitigation measures
Strengthening our financial resilience.	The Board has agreed a restructure of central costs and organisation structures to realign them to support strategic priorities and achieve recurring savings. We have prudent reserves to enable us to manage potential delays in income. There is regular stress testing of our financial plan.
Safely managing the transition out of pandemic restrictions.	We were able to maintain essential services during lockdown whilst also delivering a rough sleeper emergency response through a mix of repurposed and new services. Risk assessments have been carried at all levels to ensure that we transition safely out of lockdown.
Safeguarding clients from harm	Our policies and procedures for the safety of clients are regularly reviewed, including an external review during the year. Robust pre-employment and referencing checks are in place and a programme of service reviews and inspections.
Compliance with health and safety legislation.	A comprehensive suite of health and safety policies is in place along with mandatory training for staff. A steering group provides oversight of the management of safety across our services and buildings. Robust systems are in place to monitor and report on compliance.
Managing significant IT and change projects.	The Board has agreed an IT Strategy and plans are in place to ensure delivery. A key element is a new asset management system due for implementation in 2021.
Recruiting and retaining a talented workforce	Our new People Strategy confirms our commitment to the Leadership 2025 Principles. We have reviewed our workforce planning and talent management during the year and have programmes in place to cultivate talent and develop staff.
Embedding a culture of compliance and good performance.	The results of our 2021 staff survey are exceptionally positive, indicating that staff engagement levels are good. Our 'Solid Foundations' programme continues to ensure compliance with core non-negotiables.
Providing good quality accommodation and meeting our obligations as a landlord.	We are in the final year of our current major works programme. A full stock condition survey has been undertaken and will inform our long term investment plan for delivery from 2022/23. Robust systems are in place to ensure compliance with statutory health and safety obligations. Work is underway to ensure that St Mungo's can meet the forthcoming changes in fire and building safety legislation.
Securing a long term solution for our Real Lettings portfolio.	St Mungo's has short term leasehold interests in a number of properties leased via three property funds. The Board is considering the long term options for this portfolio and the risks associated with the portfolio.
Managing potential consequences for our reputation	We have internal processes in place to ensure a co-ordinated response to incidents and to communicate organisational decisions. We proactively monitor complaints, comments on social media and press activity, this includes our industrial relations.

Internal assurance

A regular programme of Health and Safety inspections across our projects provides internal assurance on compliance with statutory obligations.

Our Quality Audit Programme for client facing services identifies areas of good practice and highlights any needed improvements. The Services Committee reviews the outcome of these reviews on a quarterly basis.

A framework of key performance indicators and regular reporting to Board exists to ensure that performance issues are identified and corrective action is taken.

Internal audit

St Mungo's internal audit function, delivered by Beever & Struthers, is used to provide objective assurance on our control framework and management of risks. A programme of internal audits has been overseen by the Audit and Risk Committee.

The audit reports demonstrate that the Board can take adequate assurance from the control framework in place across St Mungo's in 2020-21. Where weaknesses were identified during the year, these have either been addressed or an action plan has been put in place to improve controls going forwards.

External audit

The work of our external auditors provides further independent assurance on the control environment. Any weaknesses in internal control identified by our external auditors are considered by the Audit and Risk Committee and the Board along with an action plan to address any issues.

External assurance

In November 2020, the Regulator of Social Housing re-confirmed our rating as G1 / V2 as part of their Annual Stability Check process. This means that St Mungo's meets the Regulator's governance and viability requirements but material risks need to be managed in order to ensure continued compliance. St Mungo's has two care homes, both of which have been recently inspected by the Care Quality Commission and achieved an overall grading of 'good'.

Fraud and Whistleblowing

A Fraud Register has been maintained during the year and reviewed regularly by the Audit & Risk Committee. During the period there have been some minor losses due to fraud & several unsuccessful attempts of phishing of financial information. St Mungo's has a Whistleblowing Policy that encourages employees & others to express any serious concerns regarding suspected misconduct or malpractice within the organisation. Whistleblowing concerns raised during the year have been reported to the Audit and Risk Committee.

Conclusion

The Board has considered the effectiveness of the risk management and internal control system in place across the organisation for the year ended 31 March 2021 & has concluded that St Mungo's has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides assurance regarding the effective and efficient achievement of the organisation's objectives.

Auditor

Pursuant to section 487 of the Companies Act 2006, RSM UK Audit LLP have indicated their willingness to be reappointed for another term. A resolution to re-appoint them will be proposed by the Board.

Disclosure of Information to the Auditor

The Board who held office at the date of the approval of this Trustees' Report confirm that in so far as the Board is aware:

- there is no relevant audit information of which the Association's auditor is unaware
- the Board has taken all the steps it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

Certain information as required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations has been included within the Strategic Report. As permitted by section 414C (11) details of future developments, analysis of the development and performance of the business, commentary of key performance indicators and financial review are included in the Strategic Report.

This report was approved by the Board in their capacity as company directors.



Robert Napier (CBE)
Chair
27 July 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Board is responsible for preparing the Strategic Report, the Trustees' Report and the financial statements, in accordance with applicable law and regulations.

Board members (who are also directors of the Association for the purpose of company law) are required by Company law and registered social housing legislation to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the Group's income and expenditure for that period. In preparing each of the Group and Association financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Association will continue their activities.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that its financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction of Private Registered Providers of Social Housing 2019. The Board has general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board of Trustees on the 27 July 2021 and signed on its behalf by:

By order of the Board



Robert Napier (CBE)
Chair
Date: 27 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MUNGO'S COMMUNITY HOUSING ASSOCIATION

Opinion

We have audited the financial statements of St Mungo's Housing Association (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise consolidated and association statement of comprehensive income, consolidated and association statement of financial position, consolidated and association statement of changes in reserves, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Board's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Board's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records & returns or
- certain disclosures of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 34 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed

risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



ANDREW MONTEITH (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford CM1 1LN
Date: 23rd September 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Note	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
TURNOVER	3	118,604	3,400	122,004	106,867
Operating expenditure	3	(119,404)	(3,562)	(122,966)	(108,508)
OPERATING (DEFICIT)	8	(800)	(162)	(962)	(1,641)
Gain on disposal of property	9	-	-	-	1,707
Interest receivable	6	41	-	41	118
Interest payable and similar charges	7	(215)	-	(215)	(285)
(Loss) / Gain from associate	13	(44)	-	(44)	52
(DEFICIT) BEFORE TAX		(1,018)	(162)	(1,180)	(49)
Taxation	11	-	-	-	-
(DEFICIT) FOR THE YEAR		(1,018)	(162)	(1,180)	(49)
Other comprehensive income:					
Actuarial losses in respect of pension schemes	24	(1,605)	-	(1,605)	283
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(2,623)	(162)	(2,785)	234

The consolidated results relate wholly to continuing activities.

The accompanying notes on pages 43 - 69 form part of these financial statements.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Note	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
TURNOVER	3	118,186	3,400	121,586	106,724
Operating expenditure	3	(119,448)	(3,562)	(123,010)	(108,456)
OPERATING (DEFICIT)	8	(1,262)	(162)	(1,424)	(1,732)
Gain on disposal of property	9	-	-	-	1,707
Interest receivable	6	41	-	41	118
Interest payable and similar charges	7	(203)	-	(203)	(259)
(DEFICIT) BEFORE TAX		(1,424)	(162)	(1,586)	(166)
Taxation	11	-	-	-	-
(DEFICIT) FOR THE YEAR		(1,424)	(162)	(1,586)	(166)
Other comprehensive income:					
Actuarial losses in respect of pension schemes	24	(1,605)	-	(1,605)	283
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(3,029)	(162)	(3,191)	117

The Association's results relate wholly to continuing activities.

The accompanying notes on pages 43 - 69 form part of these financial statements.

CONSOLIDATED AND ASSOCIATION STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2021

		Group		Association	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
FIXED ASSETS					
Intangible assets	12a	950	568	1,001	670
Housing properties	12b	82,709	82,881	82,709	82,881
Other fixed assets	12c	565	619	565	619
Investment in subsidiaries	13	-	-	115	115
Investment in associate	13	-	-	16	16
Share of associate	13	25	68	-	-
		<u>84,249</u>	<u>84,136</u>	<u>84,406</u>	<u>84,301</u>
CURRENT ASSETS					
Trade and other debtors	14	18,903	16,825	18,596	16,688
Cash and cash equivalents	21	22,914	20,896	22,779	20,737
		<u>41,817</u>	<u>37,721</u>	<u>41,375</u>	<u>37,425</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	15	(24,959)	(19,948)	(24,969)	(19,746)
NET CURRENT ASSETS		<u>16,858</u>	<u>17,773</u>	<u>16,406</u>	<u>17,679</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>101,107</u>	<u>101,909</u>	<u>100,812</u>	<u>101,980</u>
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	16	(73,291)	(73,220)	(73,291)	(73,180)
Retirement benefit obligations	24	(10,575)	(10,116)	(10,575)	(10,116)
Provisions for liabilities					
Pension - deficit funding liability	19	-	(20)	-	(20)
Other provisions	19	(3,517)	(2,044)	(3,517)	(2,044)
		<u>(87,383)</u>	<u>(85,400)</u>	<u>(87,383)</u>	<u>(85,360)</u>
TOTAL NET ASSETS		<u>13,724</u>	<u>16,509</u>	<u>13,429</u>	<u>16,620</u>
RESERVES					
Restricted reserve	20	2,412	2,574	2,412	2,574
Designated reserves	20	-	3,096	-	3,096
Income and expenditure reserve		11,312	10,839	11,017	10,950
TOTAL RESERVES		<u>13,724</u>	<u>16,509</u>	<u>13,429</u>	<u>16,620</u>

The accompanying notes on pages 43 - 69 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue 27 July 2021 and are signed on its behalf by:

Robert Napier (CBE)
Chair

Tim Gadd
Trustee

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2021

	Unrestricted reserve £'000	Designated reserves £'000	Restricted reserve £'000	Total reserves £'000
Balance at 31 March 2019	11,244	2,884	2,147	16,275
(Deficit)/Surplus for the year	(405)	212	427	234
Balance at 31 March 2020	10,839	3,096	2,574	16,509
(Loss)/Surplus for the year	(2,623)	-	(162)	(2,785)
Transferred to Unrestricted Reserve	3,096	(3,096)	-	-
Balance at 31 March 2021	<u>11,312</u>	<u>-</u>	<u>2,412</u>	<u>13,724</u>

Designated reserves form part of the unrestricted and free reserves.

ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2021

	Unrestricted reserve £'000	Designated reserves £'000	Restricted reserve £'000	Total reserves £'000
Balance at 31 March 2019	11,472	2,884	2,147	16,503
(Deficit)/Surplus for the year	(522)	212	427	117
Balance at 31 March 2020	10,950	3,096	2,574	16,620
(Loss)/Surplus for the year	(3,029)	-	(162)	(3,191)
Transferred to Unrestricted Reserve	3,096	(3,096)	-	-
Balance at 31 March 2021	<u>11,017</u>	<u>-</u>	<u>2,412</u>	<u>13,429</u>

Designated reserves form part of the unrestricted and free reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
OPERATING ACTIVITIES			
Net cash generated from operations	21	4,448	(1,362)
Interest received		41	118
NET CASH GENERATED FROM OPERATING ACTIVITIES		4,489	(1,244)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(3,803)	(5,178)
Proceeds on disposal of fixed assets	9	-	2,507
Grants received		1,594	113
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		(2,209)	(2,558)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(12)	(26)
Loan finance	(I)	(250)	(135)
NET CASH USED IN FINANCING ACTIVITIES		(262)	(161)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,018	(3,963)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(I)	20,896	24,859
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	22,914	20,896

(I) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2020 £'000	Cash Flows £'000	Other non- cash changes £'000	At 31 March 2021 £'000
CASH AND CASH EQUIVALENTS				
Cash	20,896	2,018	-	22,914
BORROWING				
Debt due within one year	(230)	230	(20)	(20)
Debt due after one year	(40)	20	20	-
	(270)	250	-	(20)
Total	20,626	2,268	-	22,894

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

1. LEGAL STATUS

St Mungo Community Housing Association ("the Association") is a company limited by guarantee and registered charity, a public benefit entity and is an English registered social housing provider.

The address of the Association's registered office and principal place of business is St Mungo's, 5th Floor, 3 Thomas More Square, London E1W 1YW.

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements have been prepared under the historical cost convention and on a going concern basis.

The Association is both a registered charity and a registered provider of social housing, and sees both of these areas represented significantly in its activities. In particular, it receives a large amount of charitable income and incurs related expenditure to do this. The Board considers that the financial statements should be prepared to reflect the Association's aims and to satisfy the different needs of users. Therefore the Statement of Comprehensive Income differentiates between restricted and unrestricted funds.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

GOING CONCERN

After making enquiries the Trustees believe that the Group has adequate resources to continue in operational existence for at least 12 months from the approval date of these financial statements.

During the year, the Board considers the worst case impact of different business scenarios (stress testing) on the financial plan. During the year, the Board considered the worst case impact of an economic recession leading to a reduction in fundraising receipts, increase in pension actuarial loss, loss of contracts and rent service charge income and an exit from our non social housing portfolio. The Board also considered the impact of a "perfect storm" which included a number of scenarios occurring at the same time taking into account mitigating actions including cost cutting measures and supporting the conclusions that sufficient cash reserves remains available for at least the next 12 months.

Based on the reviewing these forecasts and the available free cash reserves the Trustees have concluded the Group is a going concern and accordingly have prepared the financial statements on this basis.

BASIS OF CONSOLIDATION

Under the Companies Act 2006 the Group has prepared consolidated financial statements. The consolidated financial statements incorporate those of the Association and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 March 2021.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

Where the Group does not control the financial and operating policies of an entity but is able to exert significant influence over them then that entity is accounted for as an Associate. The Group includes its share of the entities result and financial position in its consolidated financial statements.

REDUCED DISCLOSURES

In accordance with FRS 102, the Association has taken advantage of the exemption from the following disclosure requirement in the individual financial statements of the Association under Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures.

TURNOVER AND REVENUE RECOGNITION

Turnover comprises rental and service charge income receivable in the period net of rent and service charge loss from voids. Turnover also includes fees and revenue grants receivable from Local Authorities, the Regulator of Social Housing, other Government departments and charitable bodies, amortisation of deferred capital grants, donations and income from fundraising activities and other services provided in the year (excluding VAT).

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Donations and income from fundraising activities are recognised when the Group has entitlement to these and receipt is probable.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

OTHER INCOME

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

INTANGIBLE ASSETS

Software – Internal and external costs incurred during the preliminary stage of developing computer software for internal use are expensed as incurred. Internal and external costs incurred to develop computer software for internal use during the application development stage are capitalised if the company expects economic benefits from the development. Capitalisation in the application development stage begins once the company can reliably measure the expenditure attributable to the software development and has demonstrated its intention to complete and use the software. Software is amortised on a straight-line basis over its estimated useful life of 4 years.

Customer contracts- the cost of business combination is the fair value of the consideration given, liabilities incurred and the costs directly attributable to the business combination. The fair value of the separable identifiable customer contracts on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of the contract relating to the entity sold. Customer contracts are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated by applying the straight- line method to its estimated useful life of 2.5 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected use of the cash generating units to which the contracts are attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Customer contracts are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Housing properties are properties for the provision of social housing and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property;

DONATED LAND AND OTHER ASSETS

Land or other assets which have been donated by a government source is added to the cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

GOVERNMENT GRANTS

Government grants include grants receivable from Homes England, local authorities and other government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised as income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

Government grants relating to revenue are recognised as income over the periods when the related costs are incurred once reasonable assurance has been gained that the Association will comply with the conditions and the funds will be received.

OTHER GRANTS

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

The Group separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the shorter of the length of the lease or the following years:

Structure	60 years
Land	Nil
Kitchens	10 years
Bathrooms	15 years
Pitch roof	60 years
Flat roof	20 years
Windows	25 years
Electrical works	15 years
Boilers	10 years

LAND AND PROPERTIES HELD FOR SALE

Land and properties surplus to requirements are classified as held for sale and stated at the lower of carrying amount and net realisable value.

IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether indications exist that an Asset or Cash Generating Unit (CGU) may be impaired, or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset.

Service potential of an asset and cash flow generation are considered in our assessment. Where there is an indication that an asset or CGU may be impaired, the recoverable amount of any affected asset or CGU is estimated and compared with its carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use for social housing (VIU-SH). The fair value less cost to sell is estimated using the market value of the property less cost to sell where a market exists, or the existing use value calculation for social housing (EUV-SH). Impairment losses are recognised through expenditure.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised through expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Motor vehicles	over 4 years
Office equipment, fixtures and fittings	over 4 years
Computer equipment	over 4 years
Leasehold improvements	up to the break clause in the lease

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

TAXATION

St Mungo Community Housing Association has charitable status and is registered with the Charity Commission and is therefore exempt from paying Corporation Tax on charitable activities.

Irrecoverable VAT is not separately analysed and is charged to expenditure when incurred. It is allocated as part of the expenditure to which it relates.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable surpluses.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited as income or expenditure, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

LEASES

Operating Leases

The Group enters into operating leases, the annual rentals are charged to expenditure on a straight line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense. Employees are entitled to carry forward up to five to ten days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

RETIREMENT BENEFITS

Defined contribution plans

For defined contribution schemes the amount charged is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments.

Defined benefit plans

The group participated in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and Pension Trust's Growth Plan (GP). Both schemes are closed to new employees.

For the GP, contributions were recognised in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the Group will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end. In the year ended 31 March 2021 the Group settled this liability for £64,000.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

RETIREMENT BENEFITS (CONTINUED)

The Association participated in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

On 9 November 2020 the Association exited from this scheme and transferred the scheme assets to a new scheme – the St Mungo's Defined Benefit Pension Scheme.

This is a separate trustee administered fund set up on 2 November 2020 following the transfer of assets and obligations from the Social Housing Pension Scheme (SHPS). The scheme holds the pension scheme assets to meet long term pension liabilities.

Scheme liabilities have been based on data provided for the SHPS actuarial valuation as at 30 September 2019 updated to 31 March 2021 by a qualified actuary, independent of the scheme's sponsoring employer. Changes to the position go through the Other Comprehensive Income statement and not through the normal income and expenditure account, as there is not sufficient information to restate the comparative. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The scheme is administered by trustees and is independent of the Group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service. The cost of providing benefits is determined using the projected unit credit method.

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

Surpluses or deficits recognised in the Statement of Comprehensive Income:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate to discount the benefit obligations.

Surpluses or deficits recognised in other comprehensive income

- Actuarial surpluses and deficits
- The difference between the interest income on the plan assets and the actual return on the plan assets.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income.

Financial liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

De-recognition of financial assets and liabilities

A financial asset is de-recognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

PROVISIONS

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

RESERVES

The Group establishes restricted funds for specific purposes where their use is subject to restrictions imposed by third parties. Designated reserves are established as appropriate and are part of unrestricted free reserves.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)

experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the accounting period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting policies where judgements or estimation are necessarily applied are summarised below.

Impairment

The Group determines whether non-current assets are impaired on annual basis. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Defined benefit pension plan

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Continuing activities – Group

	2021		
	Turnover	Operating	Operating
	£'000	expenditure	surplus/(deficit)
		£'000	£'000
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38,419	37,712	707
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20,893	21,316	(423)
NON SOCIAL HOUSING ACTIVITIES			
Criminal Justice Group	2,165	2,275	(110)
Support Services	21,818	23,653	(1,835)
Skills and Employment	467	2,266	(1,799)
Fundraising	16,080	3,726	12,354
Central Activities	513	1,128	(615)
Central Services	560	5,645	(5,085)
Pandemic response	11,298	12,938	(1,640)
Real Lettings*	9,791	12,307	(2,516)
	122,004	122,966	(962)

	2020 (Restated**)		
	Turnover	Operating	Operating
	£'000	expenditure	surplus/(deficit)
		£'000	£'000
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	36,849	36,637	212
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	21,439	21,497	(58)
NON SOCIAL HOUSING ACTIVITIES			
Criminal Justice Group	1,965	2,006	(41)
Support Services	23,911	26,661	(2,750)
Skills and Employment	614	2,939	(2,325)
Fundraising	12,552	3,313	9,239
Central Activities	719	1,337	(618)
Central Services	159	3,986	(3,827)
Real Lettings*	8,659	10,132	(1,473)
	106,867	108,508	(1,641)

*In the year ended March 2020 Real Lettings Operating Expenditure included two exceptional additional costs; £386,000 arising from a change to the bad debts policy and £595,000 arising from a correction to the historic treatment of lease charges. In the year ended March 2021 a further change was made to the bad debts policy with respect to Real Lettings leading to a further additional cost of £186,000.

** We have restated our 2020 analysis of Turnover and Operating Expenditure.

The key change is to better categorise our Income and Operating Expenditure from the provision of short term accommodation where there are no rental agreements with individual tenants and the accommodation is paid for by Local Authorities. The effect of this is to Increase Income and Operating Expenditure from Support Services and decrease Income and Operating Expenditure from Social Housing Lettings by £4.1m and £4.8m respectively.

Other changes are to:

- Correctly categorise 23 schemes managed by our Real Lettings Team. This change increases Income and Operating Expenditure from Social Housing Lettings by £0.3m and £0.3m respectively.
- Reclassify the £0.5m cost of our Support services Development Team as Central Services.
- Better split repairs and maintenance spend between Routine and Planned Maintenance. The effect of this is to increase Routine Maintenance by £0.4m and decrease Planned Maintenance by £0.4m.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS CONTINUED

Continuing activities – Association

	2021 Turnover £'000	Operating expenditure £'000	Operating surplus/(deficit) £'000
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	38,419	37,712	707
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	20,893	21,316	(423)
NON SOCIAL HOUSING ACTIVITIES			
Criminal Justice Group	2,165	2,275	(110)
Support Services	21,400	23,647	(2,247)
Skills and Employment	467	2,266	(1,799)
Fundraising	16,080	3,726	12,354
Central Activities	513	1,178	(665)
Central Services	560	5,645	(5,085)
Pandemic response	11,298	12,938	(1,640)
Real Lettings*	9,791	12,307	(2,516)
	121,586	123,010	(1,424)

	2020 (Restated**) Turnover £'000	Operating expenditure £'000	Operating surplus/(deficit) £'000
SOCIAL HOUSING ACTIVITIES			
Income and expenditure from social housing lettings (note 4)	36,849	36,637	212
OTHER SOCIAL HOUSING ACTIVITIES			
Supporting people contract income	21,439	21,497	(58)
NON SOCIAL HOUSING ACTIVITIES			
Criminal Justice Group	1,965	2,006	(41)
Support Services	23,644	26,592	(2,948)
Skills and Employment	614	2,939	(2,325)
Fundraising	12,552	3,313	9,239
Central Activities	719	1,363	(644)
Central Services	283	3,977	(3,694)
Real Lettings	8,659	10,132	(1,473)
	106,724	108,456	(1,732)

*In the year ended March 2020 Real Lettings Operating Expenditure included two exceptional additional costs; £0.4m arising from a change to the bad debts policy and £0.6m arising from a correction to the historic treatment of lease charges. In the year ended March 2021 a further change was made to the bad debts policy with respect to Real Lettings leading to a further additional cost of £0.2m, in addition the provision for dilapidations required against these properties was reviewed resulting in a £1.4m increase.

** We have restated our 2020 analysis of Turnover and Operating Expenditure.

The key change is to better categorise our Income and Operating Expenditure from the provision of short term accommodation where there are no rental agreements with individual tenants and the accommodation is paid for by Local Authorities. The effect of this is to Increase Income and Operating Expenditure from Support Services and decrease Income and Operating Expenditure from Social Housing Lettings by £4.1m and £4.8m respectively.

Other changes are to:

- Correctly categorise 23 schemes managed by our Real Lettings Team. This change increases Income and Operating Expenditure from Social Housing Lettings by £0.3m and £0.3m respectively.
- Reclassify the £0.5m cost of our Support services Development Team as Central Services.
- Better split repairs and maintenance spend between Routine and Planned Maintenance. The effect of this is to increase Routine Maintenance by £0.4m and decrease Planned Maintenance by £0.4m.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

Group and Association	2021				2020 (Restated*)			
	Supported Housing	Care homes	Short stay housing	Total	Supported Housing	Care homes	Short stay housing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
TURNOVER FROM SOCIAL HOUSING LETTINGS								
Rent receivable net of voids	10,601	1,459	734	12,794	10,368	1,367	719	12,454
Service charges net of voids	18,870	28	376	19,274	17,766	28	361	18,155
NET RENTAL INCOME	29,471	1,487	1,110	32,068	28,134	1,395	1,080	30,609
Other revenue grants	4,198	534	7	4,739	4,195	385	133	4,713
Amortisation of deferred capital grants	1,421	58	133	1,612	1,337	57	133	1,527
TURNOVER FROM SOCIAL HOUSING LETTINGS	35,090	2,079	1,250	38,419	33,666	1,837	1,346	36,849
EXPENDITURE ON SOCIAL HOUSING LETTINGS								
Management	9,836	1,664	227	11,727	10,527	1,386	355	12,268
Service charge costs	10,599	458	540	11,597	10,027	491	455	10,973
Routine maintenance	2,182	70	101	2,353	2,593	49	120	2,762
Planned maintenance	347	4	37	388	280	-	2	282
Bad debts	1,304	11	24	1,339	1,600	78	23	1,701
Depreciation charged	3,224	61	228	3,513	2,915	55	232	3,202
Landlord charges	6,159	-	-	6,159	5,125	-	-	5,125
Pandemic response	258	34	12	304	-	-	-	-
Other costs	320	8	4	332	299	16	9	324
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	34,229	2,310	1,173	37,712	33,366	2,075	1,196	36,637
OPERATING SURPLUS/(DEFICIT) ON SOCIAL HOUSING LETTINGS	861	(231)	77	707	300	(238)	150	212
Rent loss due to voids	2,989	141	12	3,142	2,144	78	193	2,415

* We have restated our 2020 analysis of Turnover and Operating Expenditure. The reasons for and the effects of the changes are detailed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

5. ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

Group and Association	2021 Units	2020 Units
Supported Housing		
- Supported housing	2,345	2,358
- Care homes	55	55
- Short stay housing	69	69
Total number of Supported Housing managed units	2,469	2,482
Other Units		
- Real Lettings	828	835
- Owned but managed by another organisation	147	147
	3,444	3,464

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest on bank deposits	41	118	41	118

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest arising on;				
Loans	12	26	-	-
Unwinding of discount factor on pension deficit provision	203	259	203	259
	215	285	203	259

8. OPERATING SURPLUS

	Note	Group		Association	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Operating surplus is stated after charging/(crediting):					
Amortisation of intangible fixed assets	12a	20	5	71	30
Depreciation of housing properties	12b	3,554	3,318	3,554	3,318
Depreciation of other tangible fixed assets	12c	73	106	73	106
Operating lease rentals	23	11,915	11,022	11,915	11,022

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non- audit services are as follows;

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Audit services - statutory audit of the group (includes any irrecoverable VAT)	67	75	62	68
Other Services	6	-	6	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

9. GAIN ON DISPOSAL OF PROPERTY

	2021 £'000	2020 £'000
Group and Association		
Disposal proceeds	-	2,507
Carrying value of Fixed assets	-	(800)
Gain on disposal	-	1,707

10. EMPLOYEES

The average monthly number of persons (including directors) employed by the Association and Group during the year was:

	Group and Association 2021 No.	Group and Association 2020 No.
Full time	1,345	1,234
Part time (full time equivalent 131) (2020:143)	178	191
Locums (full time equivalent 119) (2020:120)	197	207
	1,720	1,632

Staff costs for the above persons:

	Group and Association 2021 £'000	Group and Association 2020 £'000
Wages and salaries	65,452	56,894
Social security costs	5,152	4,499
Other pension costs and current service cost (note 24)	2,247	2,050
	72,851	63,443

The full time equivalent number of staff who received remuneration (excluding trustees, including executive directors):

	2021 £'000	2020 £'000
£60,001 - £70,000	9	7
£70,001 – £80,000	9	7
£80,001 – £90,000	6	4
£90,001 – £100,000	3	-
£100,001 – £110,000	-	2
£110,001 – £120,000	2	1
£130,001 – £140,000	3	1
£150,001 - £160,000	-	1
£180,000 - £190,000	1	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

10. EMPLOYEES (continued)

EXECUTIVE DIRECTORS

The key management of the charity, as at 31 March 2021, comprises the Chief Executive and the five directors of the organisation (Development Director, Finance Director, Services Director, People and Governance Director and Strategy Director). The total remuneration and benefits, including salary and employer's pension contributions, of the key management personnel of the charity are outlined below:

	2021	2020
	£	£
Remuneration and fees	777,765	672,206
Association contributions to money purchase pension schemes	45,123	37,048
Compensation for loss of office	80,000	-
	<u>902,888</u>	<u>709,254</u>

Pension contributions were paid on behalf of all key management personnel.

The amount paid to the highest paid director (excluding pension contributions) was £180,273 (2020: £159,619).

Following the change in Chief Executive part way through the year the emoluments of the new Chief Executive were £137,540. He is an ordinary member of the Association's Aviva defined contribution pension scheme and no enhancement or special terms apply. The Association does not make any further contributions to an individual pension arrangement for the Chief Executive. Our previous Chief Executive was a member of the Association's Scottish Widows defined contribution pension scheme. During the year his contributions included £4,599 for loss of office, in 2020 no enhancement or special terms applied.

None of the Trustees received any emoluments in the year. Trustees claimed £120 in expenses during the year (2020: £1,170). Remuneration paid to key management personnel includes amounts paid to Executive Directors (inclusive of National Insurance) and Trustees, during the period this amounted to £1,002,507 (2020: £794,641).

11. TAXATION

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
(Deficit) on ordinary activities before tax	(1,180)	(49)	(1,586)	(166)
(Deficit) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(224)	(9)	(301)	(32)
Effects of:				
Exempt charitable activities	260	27	301	32
Relief of losses carried forward	(36)	(18)	-	-
Tax expense	-	-	-	-

Any profits are donated by gift aid by the subsidiaries. No UK corporation tax has arisen in the period to 31 March 2021 (31 March 2020: £nil). As any profits are donated by gift aid no deferred tax asset is recognised in respect of any tax losses carried forward.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

12A. INTANGIBLE FIXED ASSETS

Internal and external costs associated with developing computer software for own use

Group

£'000

Cost

At 1 April 2019	203
Additions	393
Disposals	(21)
At 31 March 2020	575
Additions	402
At 31 March 2021	977

Depreciation and impairment

At 1 April 2019	2
Depreciation charged in year	5
At 31 March 2020	7
Depreciation charged in year	20
At 31 March 2021	27

Carrying amount

31 March 2021	950
31 March 2020	568

Association

	IT software £'000	Customer Contracts £'000	Total £'000
Cost			
At 1 April 2019	203	-	203
Additions	393	127	520
Disposals	(21)	-	(21)
At 31 March 2020	575	127	702
Additions	402	-	402
At 31 March 2021	977	127	1,104
Depreciation and impairments			
At 1 April 2019	2	-	2
Depreciation charged in year	5	25	30
At 31 March 2020	7	25	32
Depreciation charged in year	20	51	71
At 31 March 2021	27	76	103
Net Book Value			
At 31 March 2021	950	51	1,001
At 31 March 2020	568	102	670

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

12B. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Association

Social housing properties held for letting

	Completed properties £'000	Properties under construction £'000	Total £'000
Cost			
At 1 April 2019	110,354	1,968	112,322
Properties acquired	313	-	313
Works to existing properties	866	3,566	4,432
Schemes completed	5,300	(5,300)	-
Disposals	(759)	-	(759)
At 31 March 2020	116,074	234	116,308
Properties acquired	2,312	-	2,312
Works to existing properties	835	235	1,070
Schemes completed	130	(130)	-
Disposals	(231)	-	(231)
At 31 March 2021	119,120	339	119,459
Depreciation and impairments			
At 1 April 2019	30,714	-	30,714
Depreciation charged in year	3,318	-	3,318
Released on disposal	(605)	-	(605)
At 31 March 2020	33,427	-	33,427
Depreciation charged in year	3,554	-	3,554
Released on disposal	(231)	-	(231)
At 31 March 2021	36,750	-	36,750
Net Book Value			
At 31 March 2021	82,370	339	82,709
At 31 March 2020	82,647	234	82,881

At each reporting date an assessment must be made of whether any indicators of impairment exist. A review has been undertaken and no impairment indicators have been identified as a result of the assessment. Cumulative impairments on housing properties amounted to £nil at 31 March 2021 (2020: £nil). Development and works to existing properties include capitalised administration costs of £229,934 (2020: £122,742).

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

Group and Association

	2021 £'000	2020 £'000
Total capitalised costs in respect of existing properties and replacement components	1,070	4,432
Amounts charged to income and expenditure	-	-
	1,070	4,432

HOUSING PROPERTIES BY TENURE

Group and Association

	2021 £'000	2020 £'000
Freehold land and buildings	72,672	72,659
Long leasehold land and buildings	7,248	7,288
Short leasehold land and buildings	2,789	2,934
	82,709	82,881

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

12C. TANGIBLE FIXED ASSETS – OTHER

Group and Association	Computers Equipment	Furniture and Equipment	Leasehold improvements	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
31 March 2019	63	320	831	37	1,251
Additions	-	39	-	-	39
Disposals	-	(76)	-	-	(76)
31 March 2020	63	283	831	37	1,214
Additions	-	-	19	-	19
31 March 2021	63	283	850	37	1,233
Depreciation and impairment					
31 March 2019	54	204	194	37	489
Depreciation charged in year	9	41	56	-	106
31 March 2020	63	245	250	37	595
Depreciation charged in year	-	16	57	-	73
31 March 2021	63	261	307	37	668
Carrying amount					
31 March 2021	-	22	543	-	565
31 March 2020	-	38	581	-	619

13. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Association	2021	2020
Investment in subsidiaries	£'000	£'000
Cost		
At start of period	115	115
Carrying amount 31 March 2021	115	115
Association	2021	2020
Investment in associate	£'000	£'000
Cost		
At start of period	16	16
At end of period	16	16
Group	2021	2020
Share of associate – Social Impact Bristol Limited	£'000	£'000
Share of (loss)/profit in associate	(44)	52
Share of:		
Current Assets	94	160
Creditors: amounts falling due within one year	(19)	(64)
Creditors: amounts falling due after more than one year	(50)	(28)
	25	68

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

13. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES (continued)

The St Mungo Community Housing Association subsidiary undertakings are:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Country of incorporation</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of Business</i>
Broadway Homelessness and Support	Ordinary	England	100%	Dormant
Broadway Real Enterprises Limited	Ordinary	England	100%	Dormant (Applied for strike off from Register of Companies 13 June 2021)
Street Impact London Limited	Ordinary	England	100%	Housing and supporting rough sleepers.
Street Impact Brighton Limited	Ordinary	England	100%	Housing and supporting rough sleepers
St Mungo's Homes Limited	Ordinary	England	33%	Dormant.

Additionally St Mungo Community Housing Association owns 33% of Social Impact Bristol Limited.

14. DEBTORS

	Group		Association	
	2021	2020	2021	2020
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Rent and services receivable	5,711	5,363	5,711	5,363
Less: provision for bad and doubtful debts	(3,820)	(3,027)	(3,820)	(3,027)
	1,891	2,336	1,891	2,336
Trade debtors	10,116	8,024	10,032	7,924
Amounts owed from subsidiary undertakings	-	-	-	88
Other debtors	82	94	82	94
Prepayments and accrued income	5,908	5,602	5,685	5,477
Capital grant receivable	906	769	906	769
	18,903	16,825	18,596	16,688

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Rent and service charges received in advance	4,175	3,331	4,175	3,331
Deferred capital grants (note 17)	1,534	1,534	1,533	1,533
Trade creditors	3,054	1,284	3,054	1,284
Amounts owed to subsidiary undertakings	-	-	99	99
Other taxation and social security costs	2,226	1,710	2,170	1,653
Other creditors	364	330	364	330
Accruals and deferred income	13,586	11,529	13,574	11,516
Loans repayable within a year	20	230	-	-
	24,959	19,948	24,969	19,746

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Long-term loan	-	40	-	-
Recycled capital grant	547	547	547	547
Deferred capital grants (note 17)	72,744	72,633	72,744	72,633
	<u>73,291</u>	<u>73,220</u>	<u>73,291</u>	<u>73,180</u>

The loans are repayable by 30 June 2021. The interest rate for both loans is 6.5% per annum.

17. DEFERRED CAPITAL GRANT

Association and Group	2021	2020
	£'000	£'000
As at 1 April	74,166	75,318
Grant received in the year	1,731	882
Capital grant released	(1,619)	(1,487)
Recycled capital grant	-	(547)
As at 31 March	<u>74,278</u>	<u>74,166</u>

In full the Association has received Social Housing Grants of £102,765,000 from Government Bodies (2020: £101,034,000). The Association intends to use the recycled grant to fund new property development activities furthering the Associations aims and objectives.

Recycled Capital Grant

	2021	2020
	£'000	£'000
As at 1 April	547	-
Movement in recycled capital grant	-	547
As at 31 March	<u>547</u>	<u>547</u>

18. FINANCIAL INSTRUMENTS

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<i>Financial assets:</i>				
Debt instruments measured at amortised cost	<u>15,300</u>	<u>13,218</u>	<u>15,218</u>	<u>13,204</u>
<i>Financial liabilities:</i>				
Measured at amortised cost	<u>14,004</u>	<u>10,840</u>	<u>14,090</u>	<u>10,926</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

19. PROVISIONS FOR LIABILITIES

Group and Association

1 April 2019

Additional provision in year

Deficit contribution paid

Re-measurement - impact of any change in assumptions

31 March 2020

Utilised in the year

Additional provision in year

Deficit contribution paid

31 March 2021

GP		
Pension	Dilapidations	Total
£'000	£'000	£'000
25	1,584	1,609
-	460	460
(4)	-	(4)
(1)	-	(1)
20	2,044	2,064
(16)	-	(16)
-	1,473	1,473
(4)	-	(4)
-	3,517	3,517

Pension: GP provision represented the net present value of the commitment to the multi-employer pension scheme in respect of past deficits. In the year the Association settled the liability for £64,000.

Dilapidations: This represents the anticipated cost of making good properties at the end of their lease terms.

20. MEMBERS AND RESERVES

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.

	2021	2020
	No.	No.
Number of members		
1 April	13	11
Joined during the year	-	2
Left during year	(1)	-
31 March	12	13

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. MEMBERS AND RESERVES (continued)

RESTRICTED RESERVES	Balance at 1 April 2020	Income	Expenditure	Balance at 31 March 2021
Recovery College	1,020	386	(521)	885
Oxford Mental Health	470	50	-	520
HomelessWise	161	354	(318)	197
Street Legal	150	103	(241)	12
SELHP Keeping in Touch Project	139	80	(77)	142
Social Enterprise-Bricks & Mortar	136	110	(144)	102
Barratt Developments	128	-	-	128
Putting Down Roots	82	145	(192)	35
Camden Housing First	39	49	(8)	80
Reading Outreach	39	5	(44)	-
Putting Down Roots - Jo Malone Bristol	36	100	(74)	62
Research	25	20	(45)	-
West Oxford Young People	18	-	(18)	-
Housing First Reading	17	-	(17)	-
Work & Learning Services	15	-	(15)	-
Social Enterprise – Painting and Decorating	14	50	(64)	-
Revive	14	63	(77)	-
Palliative Care Service	12	52	(64)	-
Chichester Road	10	-	(10)	-
Community Rehabilitation Company (Sodexo)	7	-	-	7
Southwark Spot	7	-	(7)	-
Couples Innovation Project 18-19	6	4	(10)	-
Oxford Outreach	2	6	(8)	-
Bristol Shelter	-	50	(50)	-
Complex Needs South and West	-	130	(130)	-
Coronavirus	-	316	(316)	-
Digital inclusion	-	39	(39)	-
EU Settlement Scheme	-	44	(44)	-
First Response	-	84	(62)	22
Housing Advice, Resettlement and Prevention Connect (HARP) project	-	251	(246)	5
Lifeworks	-	259	(154)	105
No Second Night Out	-	75	(75)	-
Putting Down Roots- Young People	-	117	(117)	-
Real Lettings- Head Office Costs	-	121	(25)	96
Shelter	-	30	(30)	-
Tenancy Support Team North	-	25	(25)	-
The Lodge	-	21	(21)	-
Westminster Contract & Assessment	-	165	(165)	-
Other	27	96	(109)	14
Total	2,574	3,400	(3,562)	2,412

Restricted reserves

The reserves represent the value of donations and grants which are expendable in furtherance of some particular aspect of the objects of the Association. Further detail around funds receivable through the National Lottery Community Fund are included in note 26.

Designated reserves

The reserves represent the value of unused exceptional fundraised income and legacies that have been set aside to support growth in services and fund transformation projects. This activity will be captured through underlying reserves from April 2021.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

21. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

Group	2021 £'000	2020 £'000
(Deficit) / for the year	(1,180)	(49)
Reconciliations to operating (deficit)/surplus		
Gain on disposal of tangible fixed assets	-	(1,707)
Loss / (Gain) from Associate	44	(52)
Interest receivable	(41)	(118)
Interest payable	215	285
Operating (Deficit)	(962)	(1,641)
Defined Benefit Pension Scheme payment toward deficit	(1,407)	(1,273)
<i>Adjustments for non-cash items:</i>		
Amortisation of capital grant	(1,619)	(1,647)
Amortisation of intangible assets	20	5
Depreciation of tangible fixed assets	3,627	3,425
Increase in provisions	1,473	460
Defined Benefit Pension Scheme actuarial (loss)	(16)	(1)
Defined Benefit Pension costs recognised in Statement of Comprehensive Income	58	41
Operating cash flows before movements in working capital	1,174	(631)
(Increase) in trade and other debtors	(1,940)	(1,306)
Increase in trade and other creditors	5,214	575
Cash generated from operations	4,448	(1,362)

CASH AND CASH EQUIVALENTS

Group	2021 £'000	2020 £'000
Cash and cash equivalents represent:-		
Cash at bank	(386)	1,690
Short-term deposits	23,300	19,206
	22,914	20,896

22. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

Group and Association	2021 £'000	2020 £'000
Capital expenditure contracted for but not provided in the financial statements	1,062	461
Expenditure authorised by the Board, but not contracted	6,081	3,991
	7,143	4,452

These liabilities will be met by the use of free cash reserves.

23. COMMITMENTS UNDER OPERATING LEASES

Group and Association	2021 £'000	2020 £'000
The total future minimum lease payments are payable:		
Within one year	11,112	10,323
Between one and five years	13,918	19,217
After five years	3,326	3,326
	28,356	32,866

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. RETIREMENT BENEFITS

Social Housing Pension Scheme (SHPS) - defined benefit scheme

The Association participated in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. In November 2020 the Association exited from this scheme and transferred the scheme assets to a new scheme – the St Mungo's Defined Benefit Pension Scheme. St Mungo's changed its employee pension scheme from the Pensions Trust to Aviva in November.

Defined contribution pension schemes

The Group participates in a number of defined contribution pension schemes for all qualifying employees.. The assets of the schemes are held separately from those of the Group in independently administered funds. On the 9th of November Aviva became our company defined contribution pension scheme. Employees who previously held assets in the Pension Trust were subject to a bulk transfer to the new scheme, with the exception of those staff who had linked benefits to their Pensions Trust administered Defined Benefit Scheme. Employees in Scottish Widows and Nest have all future contributions being paid to Aviva and the choice to consolidate their pension within Aviva should they wish. The contributions payable by the Group are charged to expenditure, and contributions payable to the fund at the year-end are included in creditors as follows:

Administrator	Contributions payable charged to Statement of Comprehensive Income		Contributions payable to the fund included in creditors	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Scottish Widows	72	118	-	(15)
Pensions Trust	1,282	1,902	(28)	(310)
Aviva	879	-	(321)	-
NEST	14	29	-	(5)
AEGON	-	1	-	-
	<u>2,247</u>	<u>2,050</u>	<u>(349)</u>	<u>(330)</u>

SOCIAL HOUSING PENSION SCHEME

The Association participated in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. On 9 November 2020 the Association exited from this scheme and transferred the scheme assets to a new scheme – the St Mungo's Defined Benefit Pension Scheme.

This is a separate trustee administered fund set up on 9 November 2020 following the transfer of assets and obligations from the Social Housing Pension Scheme (SHPS). The scheme holds the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on data provided for the SHPS actuarial valuation as at 30 September 2019 updated to 31 March 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Following the bulk transfer from SHPS as at 9 November 2020, in accordance with the interim Schedule of Contributions, the employer agreed to pay deficit contributions of £1,500,000 per annum increasing at 2% on each 1 April. In addition, the employer will pay contributions in respect of scheme expenses equal to £81,000 per annum. Contribution payments will be reviewed once the scheme undertakes its first actuarial valuation as at 30 September 2021.

DEFINED BENEFIT PENSION LIABILITY

	2021	2020
	£'000	£'000
1 April	10,116	-
Transferred from provisions	-	11,368
Defined benefit costs recognised in Statement of Comprehensive Income	261	300
Defined benefit costs recognised in Other Comprehensive Income	1,605	(282)
Deficit contribution paid	<u>(1,407)</u>	<u>(1,270)</u>
31 March	<u>10,575</u>	<u>10,116</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. RETIREMENT BENEFIT CONTINUED

PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT LIABILITY

	2021	2020
	£'000	£'000
Fair value of plan assets	40,831	37,393
Present value of defined benefit obligation	(51,406)	(47,509)
Deficit in plan	(10,575)	(10,116)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(10,575)	(10,116)
Deferred Tax	-	-
Net defined benefit liability to be recognised	(10,575)	(10,116)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2021	2020
	£'000	£'000
Defined benefit obligation at start of period	47,509	47,588
Expenses	-	41
Interest expense	979	1,136
Actuarial gains due to scheme experience	(1,283)	(296)
Actuarial losses due to changes in demographic assumptions	(793)	295
Actuarial losses due to changes in financial assumptions	5,718	(497)
Benefits paid and expenses	(725)	(758)
Losses /(gains) due to benefit changes	1	-
Defined benefit obligation at end of period	51,406	47,509

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	2021	2020
	£'000	£'000
Fair value of plan assets at start of period	37,393	36,220
Interest income	776	877
Experience on plan assets (excluding amounts added as interest income) gain	2,037	(216)
Contributions by the employer	1,407	1,270
Benefits paid and expenses	(782)	(758)
Fair value of plan assets at end of period	40,831	37,393

The actual return on plan assets (including any changes in share of assets) over the year ended 31 March 2021 was £2,813,000 (year ended 31 March 2020 - £661,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	2021	2020
	£'000	£'000
Expenses	57	41
Benefit changes	1	-
Net interest expense	203	259
Defined benefit costs recognised in statement of comprehensive income (SoCI)	261	300

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. RETIREMENT BENEFIT CONTINUED

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2021	2020
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain	2,037	(216)
Experience gains and losses arising on the plan liabilities – gain	1,283	296
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain /(loss)	793	(295)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – loss	(5,718)	497
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – loss	(1,605)	282
Total amount recognised in other comprehensive income – loss	(1,605)	282

ASSETS

	2021	2020
	£'000	£'000
Bonds	21,953	17,093
Global Equity	2,473	5,469
Cash	962	175
Property	2,611	1,471
Other	12,832	13,185
Total assets	40,831	37,393

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS

	2021	2020
	% per annum	% per annum
Discount Rate	2.20	2.40
Inflation (RPI)	3.15	2.90
Inflation (CPI)	2.80	1.90
Salary Growth	2.80	2.90
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted imply the following life expectancies on retirement age 65:

	2021	2020
	(Years)	(Years)
Male retiring in 2020	21.7	22.0
Female retiring in 2020	23.5	23.8
Male retiring in 2040	23.0	23.4
Female retiring in 2040	24.7	25.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

24. RETIREMENT BENEFIT CONTINUED

PENSION TRUST – GROWTH PLAN

The Group participated in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The Group settled this liability for £64,000.

	2021 £'000	2020 £'000	2019 £'000
Present value of provision	-	20	25
RECONCILIATION OF OPENING AND CLOSING PROVISIONS	2021 £'000	2020 £'000	2019 £'000
Provision at start of period	20	25	27
Unwinding of the discount factor (interest expense)	-	-	-
Deficit contribution paid	(4)	(4)	(3)
Re-measurements - impact of any change in assumptions	-	(1)	1
Utilised on termination	(16)	-	-
Provision at end of period	-	20	25

25. LOCAL GOVERNMENT HOUSING ACT 1998

The total grant available from the Association of London Government and London Councils for the year ended 31 March 2021 for the Housing Advice, Resettlement and Prevention Connect (HARP) project was £251,378 (2020: £251,378). The analysis below summarises what the grants were awarded for and how they have been used:

London Councils – Assertive Offender Resettlement

	Grant £'000	Spend £'000
Salaries	190	214
Beneficiary costs	14	18
Running costs	47	14
	<u>251</u>	<u>246</u>

As at the 31 March 2021 the amount of grant unspent and therefore not received was £4,619 (2020: £710).

26. NATIONAL LOTTERY COMMUNITY FUND

In 2020-21 three of our projects were funded by the National Lottery through the National Lottery Community Fund:

- National Lottery Community Fund Our Bright Future grant investment towards Putting Down Roots for Young People was £133,040 (2020: £192,627) during the year. The project has now ended.
- National Lottery Community Fund Reaching Communities grant investment towards the Recovery College Project was £70,171 during the year (2020: £115,485).
- National Lottery Community Fund Covid 19 Emergency Fund grant investment towards our pandemic response was £210,445 (2020: £nil).

27. LEGISLATIVE PROVISIONS

The Association is incorporated under the Companies Act 2006 and registered with the Regulator of Social Housing and Charity Commission.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

28. RELATED PARTY TRANSACTIONS

The following transactions are with 100% owned entities which are not regulated by the Regulator of Social Housing:

- The Association recharged salaries of £Nil to Broadway Real Enterprises Limited in respect of staff secondments during the year as Broadway Real Enterprises Limited ceased trading on 1 September 2019 (2020: £34,222).
- Management costs of £Nil have been recharged from the Association to Broadway Real Enterprises Ltd as Broadway Real Enterprises Limited ceased trading on 1 September 2019 (2020: 14% of income, £4,876).
- Street Impact London Limited has been charged £261,288 (2020: £379,830) of delivery charges per the sub contract with the Association. £130,664 of these were owed as at 31 March 2021 (2020: £46,392).
- Street Impact Brighton has been charged £133,271 (2019:£218,723) of delivery charges per the sub contract to the Association. £nil of these were owed as at 31 March 2021 (2020: £41,322).
- Street Impact Brighton donated £31,275 (2020: £Nil) to the Association during the year.
- £99,000 was owed by the Association to Broadway Homelessness and Support (2020: £99,000).

The following transactions are with a 33% owned entity which is not regulated by the Regulator of Social Housing:

- Social Impact Bristol has been charged £150,878 and has accrued £25,495 (2020: £131,511 and £Nil) of delivery charges per the sub contract to the Association.
- Social Impact Bristol Limited owed £Nil to the Association (2020: £51,595).
- Social Impact Bristol Limited gifted £49,780 (2020:£Nil) to the Association during the year.