

Strategic report of the Board for the year ended 31 March 2023

The Board present their strategic report and the audited financial statements for the year ended 31 March 2023 of Clanmil Housing Association Limited (the “Association”) and its subsidiaries (the “Group”).

The Board is a voluntary Committee who have responsibility for the strategic direction, general policy and management of the Group. The day-to-day management of operations is delegated to the Group Chief Executive and the Executive Team.

Gender analysis

The Executive Team of the Association comprises 3 females and 3 males at year end. The Group had 327 employees on the 31 March 2023, both part and full time, of which 97 are male and 230 are female.

Status

Clanmil Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 (No. IP000136) and is a Registered Housing Association.

The Association is a registered charity with HMRC (Charity No. XR 43042).

The Association is registered with the Charity Commission for Northern Ireland (Registration No. NIC103840)

Group structure

Clanmil Housing Association Limited provides social and affordable housing in Northern Ireland and is the controlling member of the Group. Clanmil Developments Limited provides property development services to assist Clanmil Housing Association in delivering its social housing development programme. Clanmil Properties Limited manages commercial property rentals and provides services to property management companies and other Housing Associations/Organisations. Milbreen Limited is currently dormant but intends to develop housing for sale.

Refer to note 18 for details of Clanmil Housing Association Limited investments in subsidiary undertakings.

Principal activities

The Group provides over 5,800 high quality homes for rent throughout Northern Ireland and helps facilitate home ownership for people who cannot afford to purchase a home outright through its shared equity product.

Our homes are allocated to people from the housing selection scheme managed by the Northern Ireland Housing Executive.

A wide range of people live in our homes. All share a need for a good quality home, and to be part of a sustainable community where they can live well, flourish and thrive. We offer a wide range of high quality housing and services including:

- homes for families and single people;
- housing and support for older people;
- supported housing for older people with dementia and for people with learning disabilities and mental ill-health;
- hostels providing temporary refuge for women and their children escaping domestic violence;
- houses for Irish Travellers; and
- supported housing for young people leaving care.

Our equity share, part-buy, part-rent scheme makes homeownership achievable for people who cannot afford to purchase a home outright. It allows first time buyers to purchase a share in a home and pay rent on the remaining share, with an option to buy the remainder at a time that suits them.

Strategic report of the Board for the year ended 31 March 2023 (cont'd)

Shaping our Future Strategy 2026

In April 2021 we launched our new Strategy, Shaping our Future and we began our shaping our future journey set out in a bold five year strategic plan. This plan was co-designed by colleagues, customers and stakeholders, and is both challenging and ambitious and provides, we believe, focus for us all, whilst reinforcing the importance of genuine partnerships that help our customers thrive and flourish within sustainable communities.

Alongside our strategy, we reviewed and clarified our purpose and values that guide us at Clanmil. We are here to provide homes for people to live well and we also spent time this year as an organisation connecting with this purpose and our refreshed values, to ensure that they are at the heart of all that we do and are truly lived by everyone throughout Clanmil. Together we want to:



Leave a positive experience

- > We believe there's always an opportunity to leave a positive lasting impression if you show compassion and demonstrate you care
- > We see the person, not the problem
- > Whilst we know that sometimes we might have to have a tough conversation or make a hard decision, we will always act with honesty, fairness and respect regardless of the circumstances
- > We are a people business, so trust and great relationships are crucial



Believe in better

- > With a world of opportunity and a head full of possibility, we have a shared ambition to do more
- > We challenge ourselves, each other, what we do and the world around us to not just settle but improve and strive for better
- > We remain curious about what could be, embracing change whilst never losing sight of what we believe in
- > We are a force for good, so we're confident to stand up and be counted



Achieve together

- > Together we are stronger, it's as simple as that
- > By working as one with colleagues, customers and communities we can make real change happen, overcome challenges and move things forward with great energy
- > We all see the world differently, and we might not always agree. We embrace that
- > We celebrate our diversity and the benefit that brings as we know that with unity comes strength

The five key aims of our new Strategy are:



Build and maintain quality homes whilst preserving the environment

Having the right place to call home is an essential part of being able to live well. With that in mind we want to play a leading role in tackling the housing crisis in Northern Ireland. We want to strengthen existing communities and help to create new ones through the development of new sustainable homes that are built for the future. The homes we build will be well maintained, safe and energy efficient. Climate change is the challenge of a generation so we must play our part in reducing our carbon footprint. We aim to:

- Build and develop up to 1,400 well designed, energy efficient, mixed-tenure homes in the next five years.
- Target the design and delivery of new homes in both urban and rural areas with the greatest housing need.
- Be innovative in our delivery and adopt all affordable delivery options, including modern methods of construction, to minimise our carbon footprint.
- Invest in actively managing our assets, making them safe and attractive places to live.
- Subsidise our core activity by diversifying our approach, capitalising on new opportunities for growth through initiatives such as the empty and affordable homes schemes.



Provide services that make life easier for our customers

We want our customers to sustain their tenancies for as long as they choose. It's important that we remain responsive to changing customer needs and that we make life easier for them by making it easy to do business with us. We need to build and maintain healthy, trusting and respectful relationships with our customers, so they are empowered to help shape the standard of services we provide. We will:

- Create services that provide a great customer experience, being clear about what we offer and how we work to support diverse customer needs.
- Build trusting relationships by getting to know our customers, their communities and listening to their individual needs.
- Working in partnership with other service providers, create an environment where stable communities can thrive and customers are empowered to make informed decisions that are right for them.
- Create more opportunities for regular and robust customer feedback to generate quality insights that will help us to continually enhance our services.
- Develop an excellent multi-channel approach to serving our customers, giving customers a real choice in how they want to talk to us.

Strategic report of the Board for the year ended 31 March 2023 (cont'd)



Create a brilliant and sustainable organisation, fit for the future

In a world of digital, environmental and social disruption we must be ready to change and adapt to fulfil our purpose, and as a business we're only as good as our people and that's why we want to create a great place to work. We realise that to achieve our ambitions we must have financial strength and operational efficiency, and that we have to manage our business to the highest standards. This will come through robust financial management and systems, as well as seeking to potentially generate additional revenue that we can re-invest for the benefit of our customers. We seek to:

- Review our organisational design and capability to ensure we have the right people and expertise to deliver our strategy, managing and communicating change well.
- Strengthen our employer brand and offer to retain great people and attract diverse new talent.
- Lead with our new values and create the right culture where people can deliver their best work.
- We will create more opportunities for colleagues to contribute, feel empowered, supported in personal and professional development and have their voices heard.
- Deliver organisational efficiency and operational excellence by maximising the benefits of new and existing technologies to improve our end-to-end processes.
- Optimise our financial group structure and identify opportunities for future growth through partnership or innovation, launching new effective services for our customers and communities.



Be a respected voice to grow our impact

We believe that everyone has the right to a quality home and the opportunity to live in a safe and supportive community, that's why we will stand up and be heard when it comes to social housing. We want people to understand the importance of the sector and we want to add our voice to future housing policy so that we can ensure the issues that really impact on people's lives are addressed. We will promote a positive view of Clanmil, both locally and regionally, to create both interest and demand in partnering with us or in becoming a customer. This will be achieved by:

- Creating strong, trusted and productive relationships with new and existing stakeholders.
- Initiating change, influence policy and be leaders within the housing sector to deliver our purpose.
- Powerfully communicating our new strategy and brand so people understand who we are, what we do and how we add value to people's lives.
- Using the right communication channels to effectively engage our audiences and maximise our impact, sharing our successes beyond the housing sector.
- Cultivating new partnerships with service providers that are beneficial in helping our customers to live well, whilst also addressing future societal challenges.



Reach, connect and collaborate to strengthen communities

We know that some communities do not get the chance to thrive. We believe there are more ways in which we can support people and their communities beyond simply providing them with a home. We want to help make this a more shared place and we know that shared communities have a lasting positive impact on people's lives. We appreciate the value in developing great partnerships and we understand the importance of these in supporting our customers. We want to maximise these partnerships so that customers know where to look for guidance, help and expertise. We aim to:

- Focus our resources on the people who need most support, working closely with expert partners to deliver more services that communities need.
- Commission a review of existing community development activity to identify the biggest challenges and opportunities; determining whether we lead, leave, collaborate or delegate.
- Contribute to building stable communities by supporting people to live well and keep their homes. We will achieve this through financial inclusion services, creating opportunities and by exploring new ways of tackling isolation in a post-COVID world.
- Support our existing shared communities and deliver at least five more shared schemes that are welcoming to all and give people the choice of living alongside neighbours from many backgrounds and traditions.

Strategic report of the Board for the year ended 31 March 2023 (cont'd)

- Raise environmental awareness by nurturing a community culture that values the environment, community landscapes and energy efficiency.

Our Performance

For the core business areas the Board has set a number of key performance indicators - these include rent arrears, voids, customer satisfaction, growth, maintenance repair times, staff turnover and financial stability.

Our performance is also assessed through a number of statutory inspection regimes, and we are committed to continuing to achieve the highest standards.

The financial year to 31 March 2023 was impacted by cost of living crisis and economic turmoil arising from the Russian invasion of Ukraine. We experienced an increase in repairs as we begin to catch up after the delays caused by COVID, but also experienced significant increases in repair costs and in common with our customers, energy costs and financing costs.

We assess our performance by how satisfied our customers are with the homes and services we provide. We regularly seek feedback from the people who live in our homes on everything from repairs to neighbourhoods.

For the financial year ending 2022/23, following an independent survey,

- **67.9%** of our tenants were satisfied with our overall service;
- **75.6%** were satisfied with the quality of their home; and
- **74.3%** were satisfied with their neighbourhood as a place to live.

While this shows some improvement on last year, we are committed to high performance and will work to improve levels of customer satisfaction further.

The Group continues to grow and efficiency savings are reinvested where appropriate to improve existing services, deliver additional services, maintain and improve condition and value of our homes as well as the delivery of new homes. .

We strive to operate efficiently and effectively, and outputs are monitored by the Board of Management who receive performance reports covering a variety of financial and non-financial performance information.

In challenging operating conditions, the Association has achieved the following performance against its key targets:

Performance Indicator	Actual 2022/23	Target 2022/23	Comment
Gearing ratio	28%	45%	Gearing is now calculated in line with new loan covenants as debt as a per centage of gross book value of property. The Group was fully compliant with loan covenants during the year.
Interest cover	2.3 times	1.25 times	Better performance than target. The Group was fully compliant with interest cover covenants during the year.
Operating margin	27.3%	24.6%	Lower than anticipated staff costs and better than expected rental income have more than offset increased maintenance costs
Housing schemes total arrears*	5.6%	5.1%	Performance impacted by cost of living crisis and impact on our customers as well as court delays, in pursuing judgements.
Social Housing voids	2.6%	2.6%	Performance improved on 2021/22 out turn of 3.9%, work now focussed on key properties
Response maintenance repairs completed within timescale	84.6%	92%	Performance below target but an improvement on 21/22 performance of 73.4%, a renewed focus is being placed on triaging repairs calls given that 60% are deemed high priority
Tenant satisfaction	67.9%	88%	Whilst this reflects an improvement on 21/22 out turn of 63.4%, this remains a key area of focus

*This is an internal key performance indicator excluding rates charged and collected on behalf of Land & Property Services

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The management of financial resources is critical to the Group's ability to meet its objectives. Whilst the registered Housing Association has voluntary non-profit making status, the generation of an annual surplus is vital to ensure the ongoing investment in our existing homes as well as the delivery of new homes to play our part in alleviating the housing crisis in Northern Ireland as well as providing for longer term maintenance obligations, to meet the commitments to lenders, and to generally ensure adequate protection against unforeseen circumstances.

The key strengths of the Group which enable its primary objectives to be achieved are:

- A commitment to the highest standards of corporate governance;
- A financial position which secures the confidence of funders, facilitating future investment and strategic growth opportunities;
- Professional and dedicated staff who are committed to the Group's objectives; and
- A proven ability to play its part in the delivery of the social housing development programme.

Colleagues

Our success is due to the commitment and professionalism of the people who work at Clanmil. Our teams worked incredibly hard in difficult circumstances this year to share and promote our values ensuring that our customers remain at the heart of everything we do.

The Group's total staff costs increased from £8.3 million in 2021/22 to £9.2 million in 2022/23. As a percentage of turnover staffing costs fell slightly from 19.5% in 2021/22 to 19.3% in 2022/23. Sickness absence levels reduced from 4.9% in 2021/22 to 4.5% in 2022/23, Labour turnover decreased from 23% in 2021/22 to 17% in 2022/23.

Value for Money (VfM)

Achieving value for money remains a key business objective. Our aim is to utilise our assets and resources as much as possible to meet the needs of existing and future customers.

To do this we continue to work collaboratively across Clanmil, harnessing the innovation and creativity of our people, our customers and stakeholders to deliver improvements through efficiency, effectiveness and economy.

Through effective procurement activity over the year, we achieved the following efficiencies:

- 20 Quotation exercises, ensuring we received the best VfM with regards to approximately £250,000 spend (under £30,000 value each)
- 24 Contracts were tendered for Services to be delivered, with a total pre-tender estimate of £3,517,510. The accepted tender costs were £3,145,074 which is a saving of £372,436 on the pre-tender estimate.
- 4 Contracts were tendered for works, with a total pre-tender estimate of £ 4,572,600. The accepted tender costs of these procurements were £4,522,463 which is a saving of £50,136.

Of these 28 contracts over the £30,000 threshold, the total savings equate to £422,572. In addition we undertook 20 individual quotation exercises (under £30,000 each), which ensured we achieved best value for money with regards to a further £250,000 of spend.

Through positive social impact we:

- Assisted 1,171 customers with money advice
- Helped them secure £3.0m in additional benefits, £1.5m of which assistants to pay their rent
- Supported 174 customers to furnish their homes by accessing discretionary support grants/charities with an average award of £1,510 each
- Worked with contractors to secure £7k for Social Value projects

We will continue to integrate Value for Money into our culture as a matter of course, with value defined from the perspective of our customers and the services we deliver.

Strategic report of the Board for the year ended 31 March 2023 (cont'd)

Delivering more social housing with less financial support from the taxpayer

During the year we increased the number of homes under management by 3.2% and have made progress on our plans to deliver 1,400 new homes by 2026 through the development of additional homes for social, market rental, affordable equity share homes and by bringing empty homes back into use across a range of tenures. Construction delays due to material shortages and planning, have impacted both costs and construction timelines but the Development team continue to manage contracts robustly in challenging circumstances. 305 new properties were handed over in the year with a further 357 properties at various stages of development at 31 March 2023.

To achieve those targets, we plan to make our assets work harder, through increasing our gearing (which remains within the covenants granted by the lending institutions that have supported us), focusing on driving improvement on voids, developing complementary income streams and improving operational efficiency. We successfully launched a private placement for £100m in September 2022 complementing the renegotiation of £150m of existing borrowing facilities at more favourable rates in 2021/22. We have £40 million of agreed undrawn loan facilities available to assist in funding our growth strategy and meeting ongoing commitments.

We have generated modest surpluses from diversification into housing related activities. The purpose of the diversification is to provide surpluses to continue to subsidise new affordable housing. These diversified activities, albeit on a relatively small scale, are successfully operating in the market rental sector, commercial retail units and Management Agent services .

Providing good quality and efficient services to tenants

Keeping our customers' homes safe, secure and comfortable is our priority and during the year after the tragic news from Rochdale, we began a review of all damp and mould cases reported to us over the past two years to ensure they have been resolved or are currently being addressed. Ongoing issues were identified in 4.5% of our homes and our colleagues are working hard with customers to find solutions.

This has reinforced the need for us to listen to, learn from and act on what customers tell us, and in December 2022 we launched our first Customer Strategy, setting out how we will move forward alongside customers to provide the homes and services they need. The strategy was co-designed with our customers and is a statement of our intent to refresh our customer relationships and embed a truly customer centric culture throughout Clanmil. The Customer Council, which comprises eight customers from across Clanmil's homes; provides a channel for engagement between our customers and both senior management and Board Members on a range of issues affecting customers. Four customers from the Customer Council attended the annual Board away day on 9 February 2023, to consider the implementation of the Customer Strategy, including customer priorities and engagement approaches. The Council is supported by seven local engagement fora across Northern Ireland. Customers also contribute to the Health Safety and Well Being forum, a readers panel which helps make policies and publications more customer friendly and as part of the Service Improvement Panel are currently scrutinising our grounds maintenance services. We would like to thank the customers who have been involved so far and have given their time to work with us and help us improve. It really is appreciated.

The completion of phase 1 of our Customer Services Centre is helping us handle customer calls expediently and deal more responsively with queries. We have also continued to develop our Clanmil Connect customer service portal, launched last year, and over 1,500 customers are now registered and using this self-service option. In March 2023 we launched a Clanmil Connect app to further improve accessibility for customers. Also, during the year we introduced a new Digital Strategy that focuses on equipping Clanmil colleagues with digital tools to work better and smarter and on designing and upgrading homes for a digital future.

Investing in our communities

Clanmil is committed to improving community cohesion and good relations by increasing the number of Shared Neighbourhoods across Northern Ireland. During the year we continued to deliver Good Relations Projects to strengthen relationships between our Customers and Communities within a five-mile radius in our current 9 Shared Neighbourhoods in Banbridge, Belfast, Cookstown, Crossgar, Crumlin, Downpatrick, Glenwhirry, Newtownabbey and Newcastle. The Cohesion team are currently working hard to promote a further two schemes in Antim and Carrickfergus.

Other value for money considerations

The Association has maintained an operating margin of 27% which can be partly attributed to effective procurement and increased income in the year. We continue to avail of the benchmarking provided by Housemark, which enables us to better understand our costs and quality of service provision, leading to better informed decision making.

Strategic report of the Board for the year ended 31 March 2023 (cont'd)

Environment

We also continue to implement our Environmental Strategy – a road map for how we will progress the decarbonisation of our existing homes and the design and construction of new homes to the highest possible environmental standard. A key focus of this strategy is ensuring our customers live in homes that are efficient to run.

Currently 98.5% of our stock meet Decent Homes standard. we are working to improve levels of thermal comfort. As a result 85% of our homes are already at EPC rating C with plans to move the remainder (where possible) to EPC rating C by 2030.

We are building our new homes on a fabric first approach and to achieve EPC rating B and we are taking forward a pilot scheme during 2022/23 to design and construct to EPC rating A as well as exploring what will be required to design and construct our homes to the carbon neutral nZEB standard.

For the year ahead 2023/24

Our year ahead will again focus on engaging with our customers in the face of the unprecedented economic challenges they will face. We will continue on our digital journey maximising the efficiencies we can achieve in the delivery of high quality services. We will also examine opportunities for additional funding to support our continuing development programme to deliver new homes so Clanmil can play its part in alleviating the housing crisis in Northern Ireland given the high number of applicants on the waiting list for a social home.

Risk Management

Responsibility for the identification of risks is clearly defined and operates through a rolling risk assessment process. Key risks facing the Group are considered by the Board of Management at each meeting and the Board has adopted a risk-aware strategic approach - and reviewed its risk appetite statement in the year to ensure continued focus on the management of risk as it drives forward the delivery of its strategic ambitions.

Performance in the sector is generally affected by government policies and changing legislation, the impact of the regulatory regime, changes in demographic, political or economic conditions or environmental risks. Some of the major factors which may affect the Group over the next year are:

- Political and economic uncertainty caused by events in Europe and more locally the formation of an Executive in Northern Ireland and inflationary impact on our customers.
- Cyber and data security;
- Regulation changes related to the environment and climate change on existing as well as new properties;
- Impact of Brexit / NI Protocol on supply and cost of materials and skills;
- The impact of welfare reform;
- Development risks resulting from timely issue of planning approvals, availability of land and water and sewage infrastructure and property values;
- Regulation changes that could impact the health and safety obligations within our operating environment;
- Limits on Supporting People and other revenue funding;
- Increasing customer demands/expectations including the need to deal with anti-social behaviour.

Measures are in place to manage these risks and the review and implementation of further mitigating actions is regularly monitored by the Board.

Performance in the year ended 31 March 2023

Overall the number of properties increased (305 new homes handed over including 79 already in stock, being held for redevelopment, a loss of 28 homes via the right to buy house sales scheme alongside 12 shared ownership homes, where customers purchased the remaining equity in their homes) by 186 to 5,851 (note 31).

The Association's annual review of rental charges at April 2022 resulted in a 3.9% increase in the majority of rents.

There were 357 units under development by the Group at 31 March 2023.

£29.5 million was spent on housing properties additions and component replacement during the year (notes 14 and 17) partially funded by Housing Association Grant of £14.8 million (note 15).

Strategic report of the Board for the year ended 31 March 2023 (cont'd)

Turnover for the Group increased by 12.1% from £42.4 million in 2021/22 to £47.5m. £1.4m or 3.3% of this increase arose from shared equity property disposals.

Group operating costs of £34.4 million represent 72.3% of turnover (69.1% in 2021/22). This includes an increase in costs of £1.9m associated with property disposals.

The surplus on ordinary activities for the Group was £7.8 million, showing a decrease over 2021/22 of £0.5 million (6% decrease). This was impacted by inflationary pressures on maintenance costs, as well as increased repairs as we came out of COVID restrictions. Increased salary costs reflect increased head count and interest costs increases relate to new borrowing to help fund continued growth.

Commercial properties comprising commercial premises to let and market rent residential property were revalued at year end 31 March 2023. Overall these investment properties benefited from a small increase on revaluation of £0.2m.

Financing costs increased from £4.8 million in 2021/22 to £5.6 million. This was in part due to new loans secured as part of a Private Placement which was priced before the economic turmoil in September 2022. Loan balances were £182.1m (£174.7m in 2021/22).

The Association continues its programme of major repairs and improvements to properties and the total expenditure in the year was £3.0 million. This was £0.8m below planned levels. Expenditure of this type will fluctuate from year-to-year dependent on the age and condition of schemes. Costs deferred in 2022/23, will be reprogrammed in 2023/24 and future years.

Events after the balance sheet.

There were no post balance sheet events. The potential ongoing impact of the current economic and political uncertainty is considered under Risk Management and expected performance in 2023/24 is outlined above.

Expected performance in the year ending 31 March 2024

Notwithstanding the ongoing economic upheaval, the Group expects further growth in 2023/24, as a result of the significant on-going development programme and the requirement to include inflationary increases in rental charges. Turnover is projected to increase by around 9% to approximately £52.3 million, with the end of the right to buy scheme leading to further house sales as existing applications are processed.

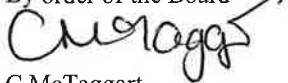
It is planned that approximately 179 additional homes will be completed during the year and after of disposals estimated at 30, the total homes owned or managed will increase to approximately 6,000 units (net of right to buy sales and equity share sales).

£3.7m of expenditure regarding the on-going programme of major repairs and improvements to properties is anticipated in the year. The Group operates in a highly regulated environment which can result in associated cost pressures and constraints on income streams. It will continue to develop a co-ordinated corporate approach to achieving efficiency targets in line with the Strategic Plan. Priorities have been set to ensure that efficiencies are gained without an adverse impact on service delivery or service user satisfaction.

Financial sustainability

The Group has a robust and comprehensive framework of longer-term financial planning in place. The Board regularly considers the longer-term financial plan which covers a 40-year period. The plan includes sensitivity analysis and compares projected results to funders' covenants where applicable. To demonstrate the robustness of the plan, and to inform the Board of the potential risks associated with the financial plan, several scenario analyses are completed. The most recent plan was considered by the Board in March 2023. This incorporated stress testing on a multi-variate basis that considered the potential downside from economic and business risks potentially arising. This demonstrated that the financial plan does not put undue pressure on the Group, and that through the adoption of planned mitigation strategies the Group can continue to operate within its covenant limits.

By order of the Board



C McTaggart
Company Secretary
6 July 2023

Report of the Board for the year ended 31 March 2023

The Board present their report and the audited financial statements for the year ended 31 March 2023 of Clanmil Housing Association Limited (the “Association”) and its subsidiaries (the “Group”).

Board

The Board is a voluntary Committee who have responsibility for the strategic direction, general policy and management of the Group. The day-to-day management of operations is delegated to the Group Chief Executive and the Executive Management Team.

Performance in the year ended 31 March 2023 and expected performance in the year ended 31 March 2024

The sections on performance in the year ended 31 March 2023 and expected performance in the year ended 31 March 2024, are contained in the strategic report, which forms part of this report.

Treasury

The Group’s treasury management policy facilitates the effective management of cash flows, borrowings, investments and the risks associated with these activities. An update to the policy was approved by the Board in February 2023.

At 31 March 2023 the Association had loans outstanding of £182.1 million, compared with £174.7m at 31 March 2022. Average net debt per unit continued at £31k at 31 March 2023 (£31k 2021/22) as 186 homes (net of disposals) were added in the year.

The Group was fully compliant with loan covenants during the year.

The Association’s interest cover ratio for the year of 2.3 times and the gearing ratio as at 31 March 2023 of 28.0% comfortably meet the Association’s primary lender requirements.

Responsibility for the management of interest rate risk and liquidity risk is with the Board. The Association finances its operations through a combination of borrowing and the reinvestment of reserves. The amount of borrowings and its terms are reviewed and determined by the Board. The Group engages specialist Treasury Management Advisors to assist in this process.

Interest rate risk

Exposure to fluctuating interest rates is managed by the composition of a balanced portfolio between fixed rate and variable rate loans.

Liquidity risk

The Group maintains a mixture of long-term and short-term loan finance that is designed to ensure there are sufficient funds to achieve business objectives and to facilitate planned growth.

As at 31st March 2023, the Group had agreed facilities unused across a number of Institutions of £40m, to assist in funding its growth strategy and meeting ongoing commitments.

Currency risk

The Association and Group do not engage in foreign currency transactions and so are not exposed to exchange risk.

Regulation

The Association’s principal regulator is the Department for Communities (DfC). It is also regulated by the Charity Commission Northern Ireland (CCNI) and the Northern Ireland Housing Executive (NIHE) in its role as administrator of Supporting People funding.

Report of the Board for the year ended 31 March 2023 (cont'd)

The Association complies with the DfC Regulatory Standards. Based on the last Regulatory Framework rating received in relation to 2021/22, DfC determined that Clanmil Housing Association Limited met the Regulatory Standards for Governance, Finance and Consumer with the highest Rating 1- meets the requirement.

Quality Management

The quality of the Association's management systems is recognised through the Investors in People Silver re-accreditation in May 2022, and the standards of the Regulation and Quality Improvement Authority.

Environmental matters

The Group recognises its corporate responsibility to carry out its operations and development programme whilst minimising environmental impacts. The Board's continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Statement of the responsibilities of the members of the Board

The Co-operative and Community Benefit Societies Act and registered housing association legislation require the members of the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of the Association and Group's affairs and of its surplus or deficit for that period. In preparing these statements the Board is required to:

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

The members of the Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and Group and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993. They have general responsibility for the taking of reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each of the members of the Board at the date of approval of these financial statements is aware:

- There is no relevant audit information of which the Association and Group's auditors are unaware; and
- They have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the Association and Group's auditors are aware of that information.

Internal Control

The Board has overall responsibility for the Association and Group's internal control systems and for reviewing the effectiveness of these. Such systems can only provide the Board with reasonable, and not absolute, assurance against material misstatement or loss as they are designed to manage the risk of failure to achieve business objectives rather than eliminate the risk completely.

Report of the Board for the year ended 31 March 2023 (cont'd)

Audit

The Board has established a Group Audit and Risk Committee with clearly defined terms of reference. The main functions of the Group Audit and Risk Committee are to control and review the external and internal audit functions, the internal control systems and monitor the performance of the Association against the key business indicators. The Association's internal auditors report directly to the Group Audit and Risk Committee on completion of each systems review and an annual summary report is produced by the internal auditors summarising the systems audit programme each year. The provision of the external auditor's report to those Charged with Governance also provides some assurance through the year-end audit and the provision of an internal control report.

Board and Executive Officers

The members of the Board and the Executive Officers of the Association are listed on page 2.

After a qualifying period each member of the Board becomes a shareholder and holds one fully paid share of £1 in the Association.

Independent auditors

The auditors, ASM (B) Ltd, have indicated their willingness to continue in office, and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

By order of the Board



C McTaggart
Company Secretary
6 July 2023