

Strategic report of the Board for the year ended 31 March 2024

The Board present their strategic report and the audited financial statements for the year ended 31 March 2024 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 334 employees on the 31 March 2024, both part and full time, of which 105 are male and 229 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’s 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 home ownership 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 2024 (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.

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 your 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 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 2024 (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.
- Raise environmental awareness by nurturing a community culture that values the environment, community landscapes and energy efficiency.

Strategic report of the Board for the year ended 31 March 2024 (cont'd)

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 2024 was impacted by the continued cost of living crisis and economic turmoil arising from the Russian invasion of Ukraine and the conflict in Gaza. We experienced difficulties with the delivery of our repairs service in the latter part of the year. Of over 26,000 repairs we processed in the year, only two-thirds were completed on time, this is disappointing, and we apologise to our customers and colleagues and thank them for their patience and support as we work with a number of interim contractors to resolve the backlog. We 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 2023/24, following an independent survey,

- 68.2% of our tenants were satisfied with our overall service;
- 74.8% were satisfied with the quality of their home; and
- 73.0% were satisfied with their neighbourhood as a place to live.

We continue to focus on the services that matter to our customers and are working with them to improve satisfaction levels.

The Group continues to grow and efficiency savings are reinvested where appropriate to improve existing services, deliver additional services, maintain and improve the 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 who receive performance reports covering a variety of financial and non-financial performance information.

In challenging operating conditions, the Association achieved the following performance against its key targets for 2023/24:

Performance Indicator	Actual 2023/24	Target 2023/24	Comment
Gearing ratio	32%	45%	Gearing is now calculated in line with new loan covenants as debt as a percentage of gross book value of property. The Group was fully compliant with loan covenants during the year.
Interest cover	3.25 times	1.25 times	Now calculated excluding major repairs. Better performance than target. The Group was fully compliant with interest cover covenants during the year.
Operating margin	31.6%	30.9%	Operating margin of 32% can be partly attributed to effective procurement, operational efficiencies and increased income in the year.
Social Housing arrears including rent, rates and service charges	5.6%	5.1%	Performance impacted by the ongoing impact of the cost of living crisis and impact on our customers, increase in numbers of customers moving onto Universal Credit as well as court delays, in pursuing judgements to recover rent arrears.
Social Housing voids	2.0%	2.5%	Performance continued to improve, work now focussed on key properties.
Response maintenance repairs completed within timescale	66.6%	92%	Repairs completion performance fell to 66.6% overall impacted by response times increasing in the latter part of the year. As part of a strategic improvement plan we are currently procuring 7 regional response maintenance contracts with renewed focus on job completion and improving customer satisfaction.
Customer satisfaction	68.2%	90%	Whilst this reflects a very slight improvement on 22/23 the outturn of 67.9% this remains a key area of focus.

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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, the delivery of new homes to play our part in alleviating the housing crisis in Northern Ireland, providing for longer term maintenance obligations, to meet our 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 £9.2m in 2022/23 to £10.2m in 2023/24. As a percentage of turnover staffing costs increased slightly from 19.3% in 2022/23 to 19.4% in 2023/24. Sickness absence levels reduced from 4.5% in 2022/23 to 3.44% in 2023/2024, Labour turnover decreased from 17% in 2022/23 to 16.5% in 2023/24.

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, Clanmil achieved savings of £1,271,124 through the tendering of 10 projects with a value deemed to be over £30,000.

In addition, 13 individual quotation exercises were undertaken (i.e. they were under £30,000 each), which ensured we received the best value for money in relation to a £110,355 saving based on the lowest and second lowest quotation received.

The total savings generated to the business across these 20 various procurement activities was £1,381,480.

Through positive social impact we:

- Assisted 1,144 customers with money advice
- Helped them secure £3.6m in additional income, an increase from £3.0m in 2022-23,
- Supported 158 customers to set up and run their homes by accessing discretionary support grants with an average award of £1,545 each
- Worked with contractors to secure £7,500 in cash, £8,150 towards new home starter packs and 10 labour days 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 2024 (cont'd)**Delivering more social housing to address the housing need in Northern Ireland**

During the year we continued to make progress to deliver our strategic target of 1,400 new homes by 2026 and saw 261 new homes starting on site bringing the total number of homes under construction at the end of the financial year to 556. Our handover target was impacted by a number of issues across several schemes including delays with statutory bodies and the continued impact of material cost increases and rising inflation, but we did take handover of 60 new homes. The Development team continued to manage construction contracts robustly in line with contract terms.

To achieve the ambition of our Growth Strategy and deliver more homes, 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, investigating 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 £50m 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

2023/24 was a busy year for the team at Clanmil who, despite a number of challenges, remained focussed on our core purpose and continued to work hard to deliver the homes and services our customers need.

Our purpose is to provide homes for people to live well at all stages of life and in December 2023 we launched a new Older People Strategy setting out how we will respond to the growing number of older people needing homes and services at a time when social and healthcare provision is under severe pressure. Co designed with customers and colleagues; this strategy will ensure we focus our efforts where they really matter.

The rising cost of living continued to impact many of our customers and our Hardship Fund was a lifeline to many of our customers who were struggling to put food on the table and heat their home. During the year we also provided financial and debt management advice to 1,142 customers generating more than £3.6m additional income for them.

We regularly hear from customers how much they value quality repairs that keep their homes safe, secure and comfortable. It was therefore disappointing when we experienced difficulties with the delivery of this service in the latter part of the year and we worked hard to put interim contractors in place to assist with closing out the backlog and commenced a review of how we could better deliver an efficient and reliable repairs service to meet our customers' needs and we expect to have these new arrangements in place in 2024. However, this did not stop the continuing investment in our homes and we spent £5.4m improving customer homes through replacement kitchens, bathrooms, redecoration, new windows and new heating and fire alarm systems. We also continued to identify and make good any issues with damp and mould working alongside customers to find effective solutions.

We continued to work hard to strive to be a customer centric organisation – one that listens to and acts on what customers are telling us – and during the year we reviewed and updated our lettable standards, standards of service and our customer handbook so that customers are clear on roles and responsibilities and exactly what our offer is. We also refined our approach to customer engagement and are looking forward to building on this in 2024.

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 Antrim and during the year we got approval to take forward a further shared housing scheme in Magherafelt.

Other value for money considerations

The Association has maintained an operating margin of 32% which can be partly attributed to effective procurement, operational efficiencies 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.

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Environment

We also focused on making existing homes as energy efficient as they can be, and our new Environmental Strategy 2024-2029 sets out our intent to bring all Clanmil homes to EPC rating C by 2030. This Strategy is our route map towards achieving net zero by 2050, embed environmental protection in all that we do and includes a commitment that the heating systems in our homes will be electric first.

Our strategy has five goals:

1. Design and build energy efficient homes, creating sustainable places to live
2. Effectively manage our energy use and reduce our carbon output
3. Invest in our existing homes to improve their energy efficiency, helping to minimise the impact of fuel poverty on customers and ensure homes are safe, decent and free from dampness and mould
4. Improve our environmental management of waste and water and support biodiversity and habitat.
5. Engage with our customers, colleagues and partners to inform them of our environmental management work and journey towards sustainability and net zero

Currently 99.9% of our stock meet Decent Homes standard. We are working to improve levels of thermal comfort, as a result 86% of our homes are already at EPC rating C. This year we have commenced a 5-year programme of upgrading communal heating systems and to begin the transition to electric home heating. Our electricity supply contracts are all from green renewable tariffs.

Over the year we have continued construction on our exemplar project to meeting EPC rating A. We also reviewed and updated the Clanmil Design Guide which clearly sets out our ambitions for our new homes so that we are minimising the environmental impact of our construction activity and providing energy efficient homes that are cost effective for our customers. We will now design and build all our new homes to EPC rating A.

Details of Clanmil Energy Consumption and Emission Report for the period 1 April 2023 to 31 March 2024 were as follows:

Energy consumption used to calculate emissions (KWH)	
Gas:	6,097,635
LPG:	N/A
Gas Oil	1,967,123
Kerosene	339,409
Electricity:	3,077,145
Total	11,481,312
Emission from combustion of gas (kgCO ₂ e)	1,115,440
Emission from combustion of LPG (kgCO ₂ e)	N/A
Emission from combustion of heating oil-Kerosene (kgCO ₂ e)	83,756
Emission from consumption of heating oi-Gas Oil (kgCO ₂ e)	504,567
Emission from purchased electricity (kgCO ₂ e)	637,197
Emission from business travel in company owned vehicles (kgCO ₂ e)	82,130
Emission from travel in non-company owned vehicles (kgCO ₂ e)	58,417
Total Gross (tCO₂e)	2,442
Intensity ratios: tCO ₂ e based on:	
Properties owned:	0.42tCO ₂ e/house owned
Energy supplies:	7.51tCO ₂ e/supply
Annual Turnover:	4.64tCO ₂ e/£100,000

Our business carbon footprint of 2,442 tonnes of CO₂ represents a 11.3% reduction from base year 2021/22. Figures are derived from the Energy Consumption Master Spreadsheet controlled by Clanmil Housing Association containing, Electricity, Natural Gas, LPG, Heating Oil consumption on a monthly basis sourced from invoices.

Company vans mileage data obtained from Clanmil Housing. Non-company owned mileage data obtained from Clanmil Housing.

For the year ahead 2024/25

Our year ahead will again focus on listening and acting upon what our customers are telling us. We will continue to provide homes and services for people to live well and the provision of a quality, responsive repair service for customers will be a key priority. We will continue on our digital journey maximising the efficiencies we can achieve in the delivery of high-quality services. We will also

Strategic report of the Board for the year ended 31 March 2024 (cont'd)

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

Clanmil continues to manage risk in line with our Risk Management Policy, framework, and governance structures. Responsibility for the identification of risk at a strategic, directorate and operational level is clearly defined, and risks are regularly assessed and reviewed.

Key risks facing the Group are considered by the Board / Group Audit and Risk Committee on a quarterly basis and the Board has adopted a risk-aware strategic approach. Our risk appetite statement is reviewed annually 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:

- Ability to deliver our strategic growth ambition.
- Net zero carbon/sustainability/environmental commitments.
- Ability to deliver a high standard of customer service (associated reputational risks).
- Cyber and data security.
- Fire and building safety, including damp and mould.
- Contract management and supply chain costs.
- Recruitment and retention of the right people.
- Funding pressures associated with the NI Budget.
- Data quality, and particularly the information on existing stock.
- Political environment (including changes in policy, legislation and regulation, welfare reforms and rent control).

Performance in the year ended 31 March 2024

Overall the number of properties increased, with 60 new homes handed over, and an additional unit was created in one of our care homes. These were offset by the loss of 19 homes via the right to buy house sales scheme together and 5 shared ownership homes where customers purchased the remaining equity in their homes). Overall the number of properties increased from 5,851 to 5,888 (note 31).

The Association's annual review of rental charges at April 2023 resulted in a 9.0% increase in the majority of rents.

There were 556 homes under construction by the Group at 31 March 2024.

£37.0 m was spent on housing properties additions and component replacement during the year (notes 14 and 17) partially funded by Housing Association Grant of £19.3m (note 15).

Turnover for the Group increased by 10.5% from £47.5m in 2022/23 to £52.5m. This was facilitated by rent increases, together with a £1.3m increase in grant amortised and increased rates recharges of £0.4m.

Group operating costs increased by £1.5m to £35.9m and represent 68.3% of turnover (72.3% in 2022/23). This was impacted by inflationary pressures on maintenance costs, increased salary costs reflect inflationary pressures as well as increased head count.

The surplus on ordinary activities for the Group was £10.5m, an increase of £2.7m over 2022/23. This increase in operating surplus has helped to offset an increase in interest costs resulting from increased borrowing and increasing borrowing costs.

Financing costs increased from £5.6m in 2022/23 to £7.0m. This was in part due to new drawdown of funds secured as part of a Private Placement which was priced before the economic turmoil in September 2022. Loan balances were £204.8m (£182.1m in 2022/23).

Commercial properties comprising commercial premises to let and market rent residential property were revalued at year end 31 March 2024. Overall, the value of these investment properties was impacted by a small decrease on revaluation of £0.1m.

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The Association continues its programme of major repairs and improvements to properties and the total expenditure in the year was £4.2m (excluding associated redecoration). This was £0.6m above planned levels as costs deferred from previous years were caught up on. Expenditure of this type will fluctuate from year-to-year dependent on the age and condition of schemes.

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 2024/25 is outlined above.

Expected performance in the year ending 31 March 2025

Notwithstanding the ongoing economic upheaval, the Group expects further growth in 2024/25, 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 2.5% to approximately £53.8m.

It is planned that approximately 194 additional homes will be completed during the year and after disposals estimated at 7, the total homes owned or managed will increase to approximately 6,075 units (net of right to buy sales and equity share sales).

£5.7m 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 2024. 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
28 June 2024

Report of the Board for the year ended 31 March 2024

The Board present their report and the audited financial statements for the year ended 31 March 2024 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 2024 and expected performance in the year ended 31 March 2025

The sections on performance in the year ended 31 March 2024 and expected performance in the year ended 31 March 2025, 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 December 2023.

At 31 March 2024 the Association had loans outstanding of £204.8 million, compared with £182.1m at 31 March 2023. Short term investments and cash balances total £28.5m compared with £11.0m at 31 March 2023. Average net debt per unit was £30k at 31 March 2024 (£31k 2022/23) as 34 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 3.25 times and the gearing ratio as at 31 March 2024 of 32.0% 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 31 March 2024, the Group had agreed facilities unused across a number of Institutions of £50m, 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 and Manager of the Social Housing Development Programme.

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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. The Association also received during the year a bronze accreditation from Diversity Mark charting our pathway on Equality, Diversity and Inclusion.

Environmental matters

The Group recognises its corporate responsibility to carry out its operations and development programme whilst minimising environmental impacts and its intent is outlined in our new Environmental Strategy 2024 – 2029. 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 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 2024 (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
28th June 2024