

# Annual Report & Financial Statements

for Year Ending 31st March 2022





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# Welcome to Our Review of 2021/22

## About Us

Foreword by the Chair and Chief Executive Officer



This report sets out our performance over the past year and our plans for the future.

For a second year the pandemic meant that it was an unsettling time for many people. We responded by continuing to enable colleagues to work in the best way they could and took great care to keep essential services going in a safely managed way.

We offered vital support through a dedicated 24/7 wellbeing service, and our partnership with local social enterprise Your Own Place evolved as we held more workshops to help tenants sustain tenancies by working together with three other local housing associations.

We are delighted to have maintained our G1/V1 status, the highest possible gradings from the Regulator of Social Housing demonstrating that we are well-governed and financially strong.

We achieved a Royal Society for the Prevention of Accidents (RoSPA) Gold Award for our Health & Safety performance during 2021, an accolade signifying our commitment to having high health and safety standards. We were pleased to gain a SHIFT Gold standard, an improvement from Silver the previous year, reflecting our environmental performance and commitment to provide homes that are sustainable for tenants and the planet.

We are seeing performance improve in several areas, but it is not yet where we want it to be and feel that by working with tenants and their communities, we can further strengthen communication, service quality and value for money received by tenants.

We have listened very hard to tenants and community leaders about how we can work together to improve in these areas. Over several months of coming together through consultation, workshops, and other interactive sessions, a group of passionate tenants and community leaders worked with us to design our new Saffron Community Membership structure. The exciting new approach has now been launched, strengthening our accountability and commitment to work side by side with tenants and their communities in improving communication, service quality and value for money. You can read more on pages 30 and 31.

At the end of the financial year, we also launched our new long-term strategy for Saffron, to be known for Inspiring Community and Inspiring Trust. We worked with Saffron Community Members and colleagues in creating the strategy. As the cost of living continues to increase, providing tenants with value for money has never been more important and the strategy commits us to investing as many pennies of every pound of rent as possible to ensure homes are sustainable for tenants and the planet, and we will be completely transparent about our plans and progress. There is more about our new strategy on pages 8 and 9.

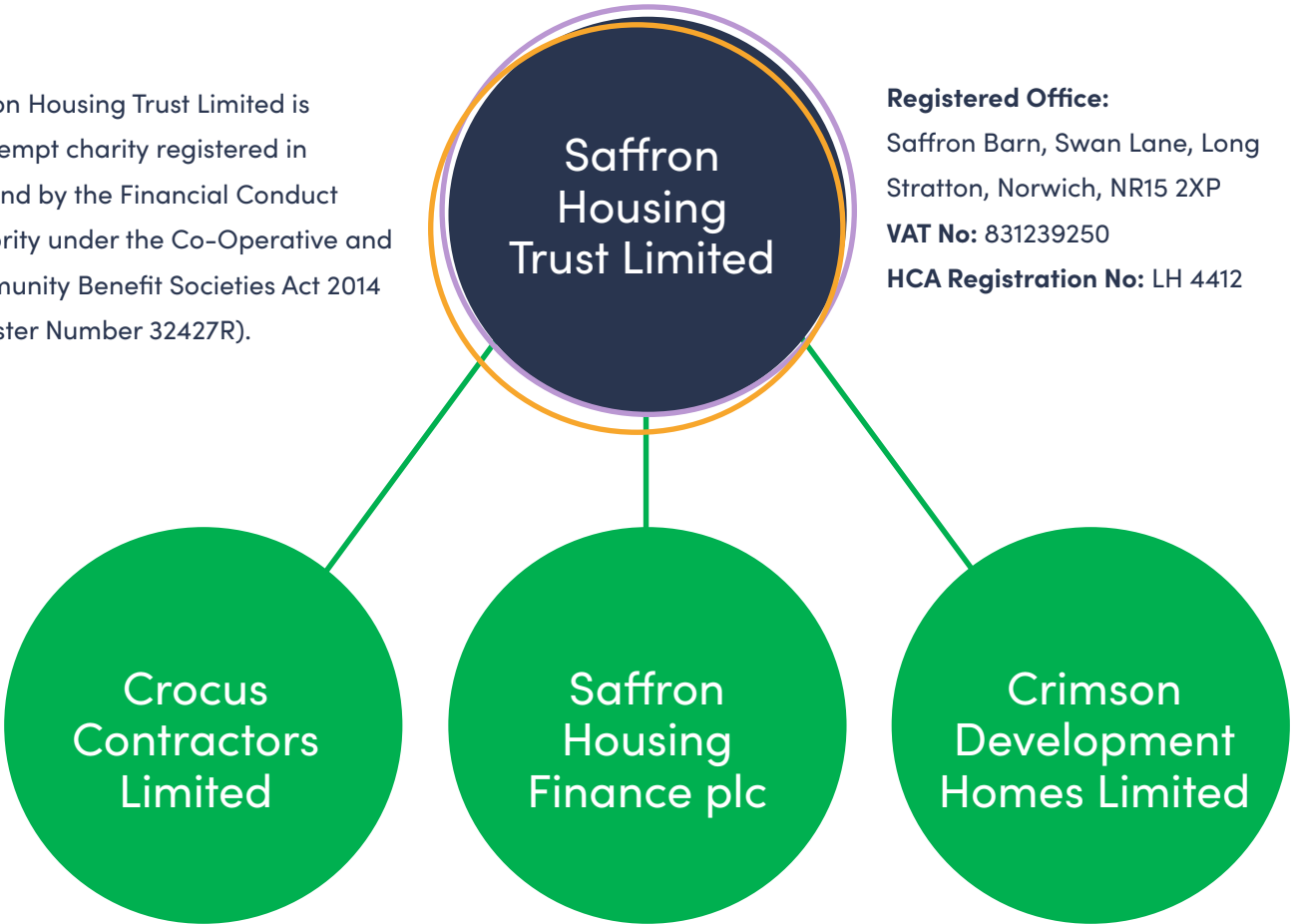
Our resilience and ability to adapt has enabled us to deliver services and support for tenants and their communities during challenging times, and work with tenants and community leaders to develop our new long-term strategy and Saffron Community Membership.

We look forward from a strong position and hope you enjoy reading the report.

## Group Structure

Saffron Housing Trust Limited is an exempt charity registered in England by the Financial Conduct Authority under the Co-Operative and Community Benefit Societies Act 2014 (Register Number 32427R).

**Registered Office:**  
Saffron Barn, Swan Lane, Long Stratton, Norwich, NR15 2XP  
**VAT No:** 831239250  
**HCA Registration No:** LH 4412



**Registered Company Name:**  
Crocus Contractors Limited  
**Registered Office:**  
Saffron Barn, Swan Lane, Long Stratton, Norwich, NR15 2XP  
**Company Registration No:**  
5127689  
**VAT No:**  
844 702 9191  
Registered in England & Wales

**Registered Company Name:**  
Saffron Housing Finance plc  
**Registered Office:**  
Saffron Barn, Swan Lane, Long Stratton, Norwich, NR15 2XP  
**Company Registration No:**  
8559467  
**VAT No:**  
191 0418 27  
Registered in England & Wales

**Registered Company Name:**  
Crimson Development Houses Limited  
**Registered Office:**  
Saffron Barn, Swan Lane, Long Stratton, Norwich, NR15 2XP  
**Company Registration No:**  
13081522  
**VAT No:**  
394 1916 69  
Registered in England & Wales

Saffron Board Members



**Bob Walder**  
Chair



**Barry Duffin**  
Board Member



**James Francis**  
Board Member



**Katrina Laud**  
Senior Independent  
Board Member



**Jason Margetts**  
Board Co-optee



**Duncan Scott**  
Board Member



**Emma Rose**  
Board Member



**Thomas Fadden**  
Board Member



**Robert Lankey**  
Board Member



**Alison Inman**  
Board Member



**Neil Watts**  
Board Member



**Mike Jolly**  
Board Member

Executive Directors of Saffron Housing Trust



**James Francis**  
Chief Executive



**Hannah Harvey**  
Executive Director  
of Operations



**Iain Innes**  
Executive Director of  
Finance & Development

Company Secretary



**Amanda Ashley-Smith**  
Governance Director





# Inspiring Saffron Strategy

## Our new Inspiring Saffron Strategy is the beginning of a new chapter for Saffron.

As we provide highlights from Year 3 of our 2019-2022 Corporate Plan, we are also excited to look ahead to our new strategy which sets out our long-term ambitions and what specifically we will be doing next year in pursuit of them. We want Saffron to be known for Inspiring Community and Inspiring Trust.

At the heart of our strategy is working side by side with tenants and communities to further improve communication, services and value for money.

Value for money has never been more important and this strategy makes a commitment to double the number of pennies of every rent pound that we invest in improving homes. We also want to create an inclusive environment for everyone, and wherever possible make sure reducing our carbon footprint also reduces the tenants' and colleagues' cost of living.

Each Inspiring element of our strategy includes its Purpose and key Priorities for 2022/23. The strategy



also introduces our 12 Vital Signs, measures of how we are performing against the strategy. Saffron Community Members and colleagues will be involved in updating our Priorities and Vital Signs every year.

# Vital Signs 2022/23

It is important to us that we are open and transparent about how we invest tenants' rent and this is summarised in the 'How every rent £ is spent' chart in our new strategy. You can see it in full on our website [here](#) or you can watch our strategy video [here](#). The chart shows in 2021/22 for every penny we spend on improving homes we spent 3.5p on funding and running Saffron. Before 2030 that becomes less than 1.5p.

	Professional	Accountable	Collaborative	Evolving
	<b>For Tenants</b> <input type="checkbox"/> Average SAP 72*	<b>For Tenants</b> <input type="checkbox"/> Full compliance with building safety standards	<b>For Tenants</b> <input type="checkbox"/> Complete 119 new homes*	<b>For Tenants</b> <input type="checkbox"/> Invest at least 1p in every rent pound more than last year in improving tenants' homes and communities*
	<b>For Tenants</b> <input type="checkbox"/> Tenant Satisfaction 3% higher than last year*	<b>For Tenants</b> <input type="checkbox"/> Reduce tenancy failures by 1 per month	<b>For Tenants</b> <input type="checkbox"/> Tenant engagement 5% higher than last year	<b>For Tenants</b> <input type="checkbox"/> Satisfaction with complaints process 10% higher than last year*
	<b>For Funders/Regulators</b> <input type="checkbox"/> Maintain G1	<b>For Funders/Regulators</b> <input type="checkbox"/> Deliver budget, maintaining arrears within 3%*	<b>For Colleagues</b> <input type="checkbox"/> Increase Best Companies survey engagement from 62% to over 70%	<b>For Colleagues</b> <input type="checkbox"/> Increase Best Companies engagement score from 663 to over 680

We are already underway on freeing up money for the way we run and fund Saffron and re-focusing this money on improving homes.

In May 2022, Saffron refinanced one of its loan facilities which frees up £1m of interest per year (3p in every rent pound) to invest in improving homes as well as being less restrictive about how much we can invest in improving homes and when. More detail of the refinancing exercise can be found on page 53.

At the end of March 2022, Saffron offered a one-off Voluntary Redundancy scheme to all staff with service greater than two years. In support of our focus on improving service quality and value for money, the aim of the Voluntary Redundancy scheme was to allow colleagues who have reached the end of their journey with Saffron to leave the organisation in mutually agreed and respectful way.

The impact of the Voluntary redundancy on the year-end surplus for Saffron of £4,580k (excluding pension adjustment), is £588k (including pension strain provision with actual amounts provided by Norfolk Pension Fund). The total Voluntary Redundancy provision amounts to £618k, however £30k of this has been recharged to Crocus. The Voluntary Redundancy exercise will allow us to free up an additional £129k in future years to invest in improving homes every year.

Initiatives like the refinancing and voluntary redundancy exercise are important to enable our strategy but do often come with significant one-off costs. Before undertaking these initiatives we consider very carefully whether it would be better to spend this money directly on improving homes and services. We did not have the ability to do this in the case of the refinancing and only limited opportunity to do this in the case of the voluntary redundancy exercise.

\*These measures focus on the value for money our tenants receive for their rent and the government receives for its grant funding. Increases in rent and the overall cost of living make it more important than ever that Saffron is fully committed to increasing the proportion of every pound of rent that is invested in the things that will make the greatest difference to our tenants and their communities. The chart on page 64 demonstrates how we intend to free up the number of pence in every pound of rent that are used to run and fund Saffron so that we can increase investment in improving homes.



# Vital Signs 2021/22

Our Vital Signs for 2021/22 are below. This report provides further information about those measures under the following key aims – Homes, Customer Service, People & Culture, Governance and Money. The Vital Signs show performance improving but not yet where we want it to be.

Year 2021 /22	Quarter Q4	Professional	Accountable	Collaborative	Evolving
 Customer Service		<b>Complaints Satisfaction</b> Q4 21/22: 56.0% Q3 21/22: 53.9% Goal: 60.0%	<b>Customer Satisfaction Overall</b> Q4 21/22: 81.9% Q3 21/22: 80.0% Goal: 88.0%	<b>Repairs Right First Time</b> Q4 21/22: 92.29% Q3 21/22: 93.67% Goal: 95.0%	<b>No. Interactions Tenant Portal</b> Q4 21/22: 154 Q3 21/22: 123 Goal: 250
 Sustainable Homes		<b>Ave SAP Rating</b> Q4 21/22: 72.03% Q3 21/22: 71.97% Goal: 74.2%	<b>Decent Homes Standard</b> Q4 21/22: 100.0% Q3 21/22: 99.98% Goal: 100.0%	<b>New Homes</b> Q4 21/22: 262 homes Q3 21/22: 241 homes Goal: 365 homes	<b>Ave Length of Tenancy</b> Q4 21/22: 10.60 yrs Q3 21/22: 10.59 yrs Goal: 11.00 yrs
 People & Culture		<b>Staff Accidents &amp; Near Misses</b> Q4 21/22: 23 Q3 21/22: 17 Goal: 40	<b>Apprenticeships</b> Q4 21/22: 15 Q3 21/22: 15 Goal: 12	<b>Contact Right First Time</b> Q4 21/22: 82.63% Q3 21/22: 81.83% Goal: 80.0%	<b>ST Top 100 Employer</b> Q4 21/22: Complete Q3 21/22: Complete Goal: 01.03.2022
 Governance		<b>Trust &amp; Confidence</b> Q4 21/22: 88.0% Q3 21/22: 88.0% Goal: 90.0%	<b>Customer H&amp;S Policy Compliance</b> Q4 21/22: 98.85% Q3 21/22: 98.54% Goal: 100.0%	<b>P1 FRA Actions Overdue (Unmitigated) end of Qtr</b> Q4 21/22: 11 Q3 21/22: 26 Goal: 0	<b>ICO Reported Data Security</b> Q4 21/22: 0 Q3 21/22: 0 Goal: 0
 Money		<b>GN Void Loss % (Re-Let Time)</b> Q4 21/22: 0.89% (43 days) Q3 21/22: 1.12% (32 days) Goal: 0.61% (18.0 days)	<b>Arrears Overall (UC Arrears)</b> Q4 21/22: 2.87% (4.99%) Q3 21/22: 3.67% (6.41%) Goal: 3.60% (7.00%)	<b>Trading Operating Margin</b> Q4 21/22: 32.63% Q3 21/22: 33.20% Goal: 32.57%	<b>Independent Living No. Homes Vacant</b> Q4 21/22: 16.22% 47 Q3 21/22: 16.01% 34 Goal: 2.20% 34





# Strategic Report Incorporating the Operating & Financial Review

## Board

Saffron has a Board who are recruited on the basis of the skills they have. The Chief Executive Officer is also a Member of the Board.

The Board is responsible for the strategic management of Saffron and operates in accordance with Saffron’s Rules and other governance documents. Saffron has a comprehensive skills matrix with clear criteria for the level of skills needed for each area of the matrix. Saffron’s Rules and Standing Orders identify that up to 25 per cent of the Board should have the skill ‘Service User Experience and Perspective’, tenant representative groups nominate these Board members. During 2021/22, the Board experienced one retirement of a Member who had reached his maximum nine year term. The Chief Executive Officer was appointed to an existing vacancy on the Board from 20th September 2021. One further Member was Co-opted to the Board from 7th February 2022, pending election at the next AGM.



Board Meeting Attendance – Members of the Board

24th May 2021	16th July 2021	26th July 2021	1st Sept 2021	20th Sept 2021	29th Nov 2021	7th Feb 2022	28th Mar 2022
100%	83%	75%	92%	100%	91%	100%	100%
Total Average Attendance 93%							

## Internal Controls

Saffron’s Board recognises that it is ultimately responsible for the system of internal controls and for reviewing its effectiveness, the management of risk within the organisation, compliance with the appropriate regulatory standards and the adopted Code of Governance.

The Board has reviewed the Trust’s Framework of Business Planning, Risk and Control and has certified its effectiveness in achieving the required outcomes for 2021/22.

### The Key Controls Available Within Saffron are:

- Rules and Standing Orders establishing key operating principles and clear delegations.
- Financial Regulations detailing responsibilities for expenditure and authorisation of payments.
- Gateways and Golden Rules.
- Written policies and procedures.
- Risk management framework includes Board’s clearly articulated Risk Appetite.
- Job descriptions, Role descriptions, Terms of Reference, and appraisal system.
- Board composition, succession, and development plans, to ensure that the Board is able to fulfil its function effectively.
- Regular programme of internal audit reports agreed with the Audit and Risk Committee and Board. The Board have continued to procure twice as many audit hours as our peers, to maintain extensive independent review.
- External audit reports.
- Monitoring implementation and audit recommendations via Audit and Risk Committee.
- An annual report provided to the Audit and Risk Committee by internal and external auditors and regular progress updates.

- Annual budget agreed before commencement of the financial year.
- Stress tested business plan demonstrating to the Board the ability to withstand a wide range of adverse scenarios.
- Credible mitigating actions and clear triggers for implementation based upon Gateways and Golden Rules.
- Monthly management information to budget holders and Quarterly Reports to Board.
- Quarterly Reports to Board on performance and compliance.
- Reports to the Board on any fraudulent activity.
- Code of Conduct and Registers for hospitality and declarations of interests.
- Treasury management policy and regular reports on performance.
- Minutes of Committees considered by the Board.
- Policy Pathway establishing responsibility and review dates for Trust Policies.
- Development schemes require a costed appraisal against criterion agreed by the Board, prior to final approval.
- Board receive annual Compliance reports relating to the Code of Governance; Regulatory Framework; Framework of Business Planning, Risk and Control; and Board Effectiveness.
- Compliance Planner, identifying required checks and second sign-off of data submissions.

Although Saffron has a number of control mechanisms in place, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is committed to making appropriate improvements to controls in order to balance control with efficiency.



# Risk Management

Saffron’s Board has a well-developed risk management framework for assessing and managing strategic and operational risks, which continues to evolve as the Board considers the changing external environment. Our Strategic Risk Register is reported to the Board on a minimum quarterly basis and has been reported more frequently in response to risks emerging from the pandemic. The Board’s Audit and Risk Committee also review Strategic and Operational risks and actions being taken to mitigate these, at every meeting. Following an In Depth Assessment, the Regulator re-graded the Trust’s regulatory judgement to G1/V1 during 2019/20, confirming that “It has strengthened its risk management and internal controls framework”. These frameworks remained in place during 2021/22.

The Board reviewed its risk appetite and risk appetite statement during the year and is currently working on a revised iteration of both for the year 2022/23. The Board’s risk appetite statement 2021/22 is as follows:

Our first priority will always be to protect the safety of tenants and staff and maintain compliance with legislative requirements, regulatory standards, our financial golden rules and gateways, and our G1 regulatory grade. These are the things that we will not compromise or trade off in the pursuit of other priorities.

Risk	Appetite	Target	Score at 31/03/22	Key Controls & Mitigations
Failure to comply with legal, regulatory and health and safety obligations	Averse	3	9	<ul style="list-style-type: none"><li>Compliance Calendar – quality &amp; timeliness</li><li>H&amp;S Committee</li><li>Quarterly Buildings Safety compliance reports to Board</li></ul>
Insufficient financial capacity	Cautious	6	9	<ul style="list-style-type: none"><li>Prudent business planning &amp; budget assumptions</li><li>Multivariate stress testing</li><li>Gateways and Golden Rules</li><li>Assets &amp; Liabilities register</li><li>Monitoring average unit costs in line with budget &amp; corporate plan goals</li><li>Moody’s (financial services company) annual appraisal</li></ul>

## Saffron’s Approach to Risk Management Includes:

- Identifying strategic risks based upon the ‘Sector Risk Profile’ (document published by the Regulator) and Saffron’s specific operating environment.
- Discussions with Audit and Risk Committee to establish the inherent (unmitigated) and current risk including consideration of the speed at which a risk may take effect based upon an assessment of controls in place.
- Identification of the Board’s tolerance and appetite for each risk (target). This enables appropriate and proportionate actions to be undertaken to bring exposure closer to appetite.
- Risk scores considering both likelihood and severity.
- The principal risks identified by Saffron during the year are set out below. The Board and Audit & Risk Committee receive assurance of the key controls and mitigations that are in place, and that appropriate actions are taken to move Risk Scores closer to Target Scores. Progress of completed actions is monitored by the Audit and Risk Committee and reported to Board. Risk Scoring is provided in the following table, as at the year-end:

Risk	Appetite	Target	Score at 31/03/22	Key Controls & Mitigations
Insufficient leadership capacity at all levels	Cautious	6	9	<ul style="list-style-type: none"><li>Business Transformation resource planning and backfilling</li><li>Business Transformation Programme Board and Steering Group meetings</li><li>EAP (Employee Assistance Programme) campaigns &amp; awareness</li><li>People Management Strategy</li><li>Investors In People Gold, Best Companies rating</li></ul>
Inaccuracy of data	Cautious	6	12	<ul style="list-style-type: none"><li>Quality Assurance</li><li>Technology &amp; Data Project Assurance Reports</li></ul>
Changes in the external environment or government policy direction	Open	8	10	<ul style="list-style-type: none"><li>Stress Testing &amp; Golden Rules</li><li>Strong information routes for changes to external environment</li></ul>
Breach of GDPR (General Data Protection Regulation) Lack of trust and confidence in Saffron	Averse	4	10	<ul style="list-style-type: none"><li>GDPR compliant policies</li><li>Training</li><li>Assessment of legitimate interest &amp; basis for processing</li><li>Cyber security measures and Task &amp; Finish Group</li></ul>
Lack of trust and confidence in Saffron	Averse	4	10	<ul style="list-style-type: none"><li>Ongoing feedback</li><li>Stakeholder Accountability Framework &amp; Strategy</li><li>Liaison and communication with stakeholders</li></ul>
Loss of social housing assets or Governance & Viability rating, as a result of subsidiary event	Averse	4	4	<ul style="list-style-type: none"><li>Group Board oversight and quarterly reporting of development activity</li><li>Stress testing Crocus Business Plan and understanding impacts on SHT</li><li>Intragroup Agreement and Golden Rules</li><li>Cash flow monitoring</li><li>Crocus quarterly risk register reported to both Boards</li></ul>
Unable to provide continuity of service	Averse	4	6	<ul style="list-style-type: none"><li>Business Continuity/ Disaster Recovery Plans</li><li>Stress testing financial plan</li><li>Supplier confirmation statements</li></ul>
Failure to deliver the Positive Futures change programme	Averse	2	6	<ul style="list-style-type: none"><li>Audit &amp; Risk Committee maintain oversight</li><li>Positive Future Programme Board – Executive scrutiny</li><li>Positive Future Steering Group – plan and monitor delivery</li><li>Project Governance methodology &amp; assurance</li></ul>



# Internal Audit

Saffron makes use of external advisers to conduct its internal audit. Internal audit differs from other sources of assurance in that it can provide independent and objective assurance across the whole range of an organisation’s activities.

The 2021/22 annual report from Saffron’s internal auditors sets out the following internal audits and advisory reports:

Buildings Safety Compliance	Substantial assurance
Community Foundation	Reasonable assurance
Anti-Social Behaviour Re-audit	Substantial assurance
Equality, Diversity & Inclusion	Reasonable Assurance
Contract Management	Reasonable assurance
Complaints Management	Reasonable assurance

Control Validation is an audit where ongoing assurance is provided, and the results below are not therefore included in the Internal Audit Annual Report and Opinion:

Control Validation Q1 Review: Housing Allocation, Tenancy Management, Arrears Management	3 x pass
Control Validation Q2 Review: Property Compliance, Void Management, Repairs ordering	3 x pass
Control Validation Q3 Review: Creditor Testing, Journal Processing, Payroll	2 x pass, 1 x satisfactory
Control Validation Q4 Review: Fire Safety, Health & Safety, Incidents & Accidents, Lone Working	4 x pass

Saffron’s Audit and Risk Committee is responsible for receiving reports on risk and internal audit on behalf of the Board. The Committee challenges and scrutinises the reports to ensure that management responses to recommended actions are appropriate and implemented. The Audit and Risk Committee reports to the Board on its work after each meeting.

# Future Committee Structure

Our work to deliver a new Stakeholder Community Framework (more detail on page 30) has been undertaken alongside a wider review of the future needs of Saffron’s Committee Structure.

During the final quarter of 2021/22, the Board approved a new committee structure, which includes the replacement of the Governance and Remuneration Committee with a People, Nominations and Remuneration Committee, and the introduction of a Sustainability Committee.

These two new committees will hold their first meetings during the first quarter of 2022/23, however recruitment in preparation for this transition will be partially noted in the 2021/22 Committee Memberships listed at the beginning of this report. The new structure will support the needs of the organisation as we transition from our previous Corporate Plan to our new Inspiring Saffron Strategy from 1st April 2022. It will also align with the direction indicated by the Social Housing White Paper and changes introduced by the National Housing Federation to their Codes of Governance and Conduct.

Please refer to the Financial Statements note 7 for further information.

Delegations:

The Board delegates certain governance responsibilities to committees, which have their own Terms of Reference. The committees that were in operation as of 31st March 2022 were:

- Audit and Risk Committee
- Governance and Remuneration Committee
- Service Quality Committee

Saffron Board may also establish working groups or task and finish groups charged with examining specific areas of Saffron’s work. As of 31st March, 2022, the Board had three Working Groups.

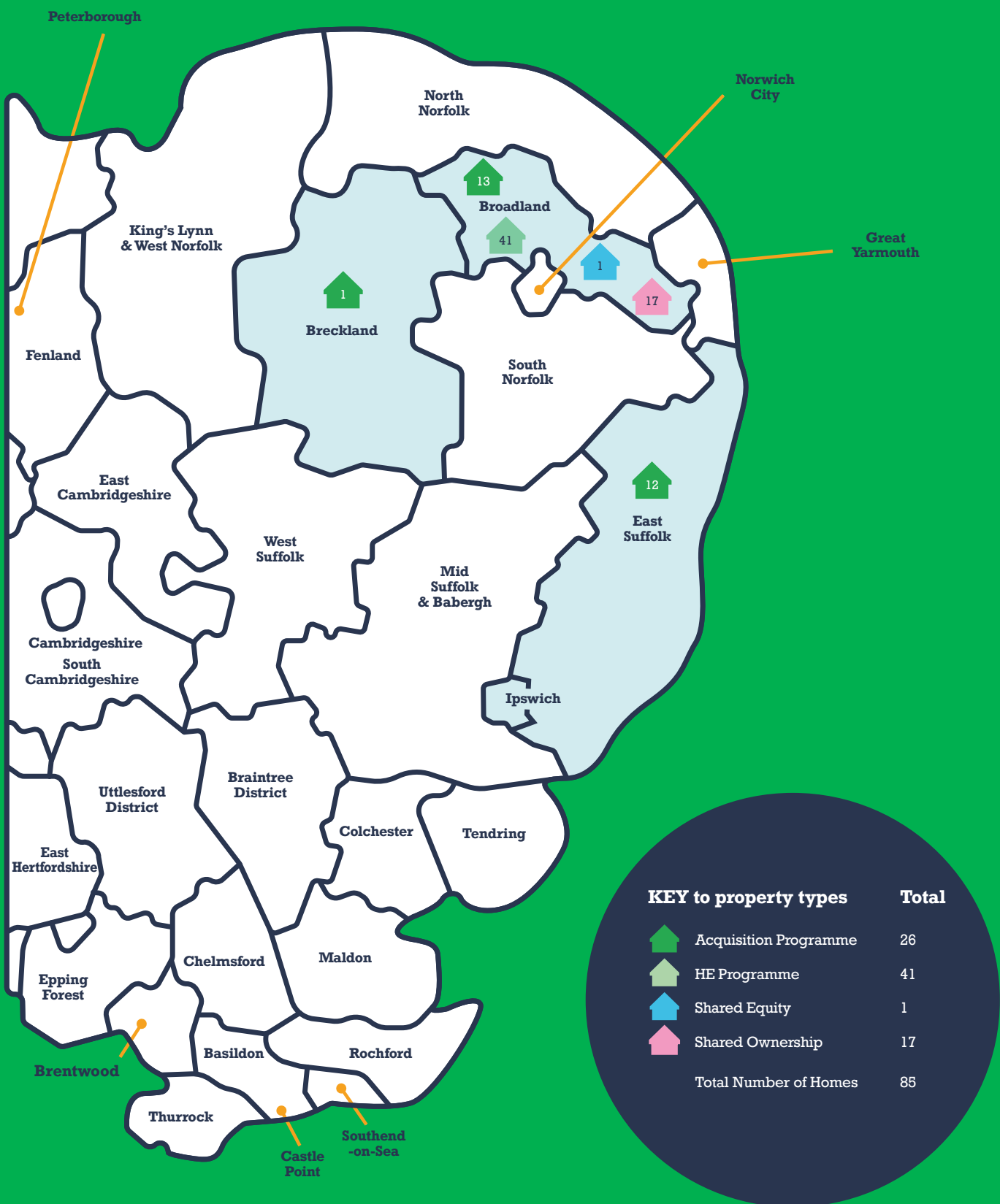
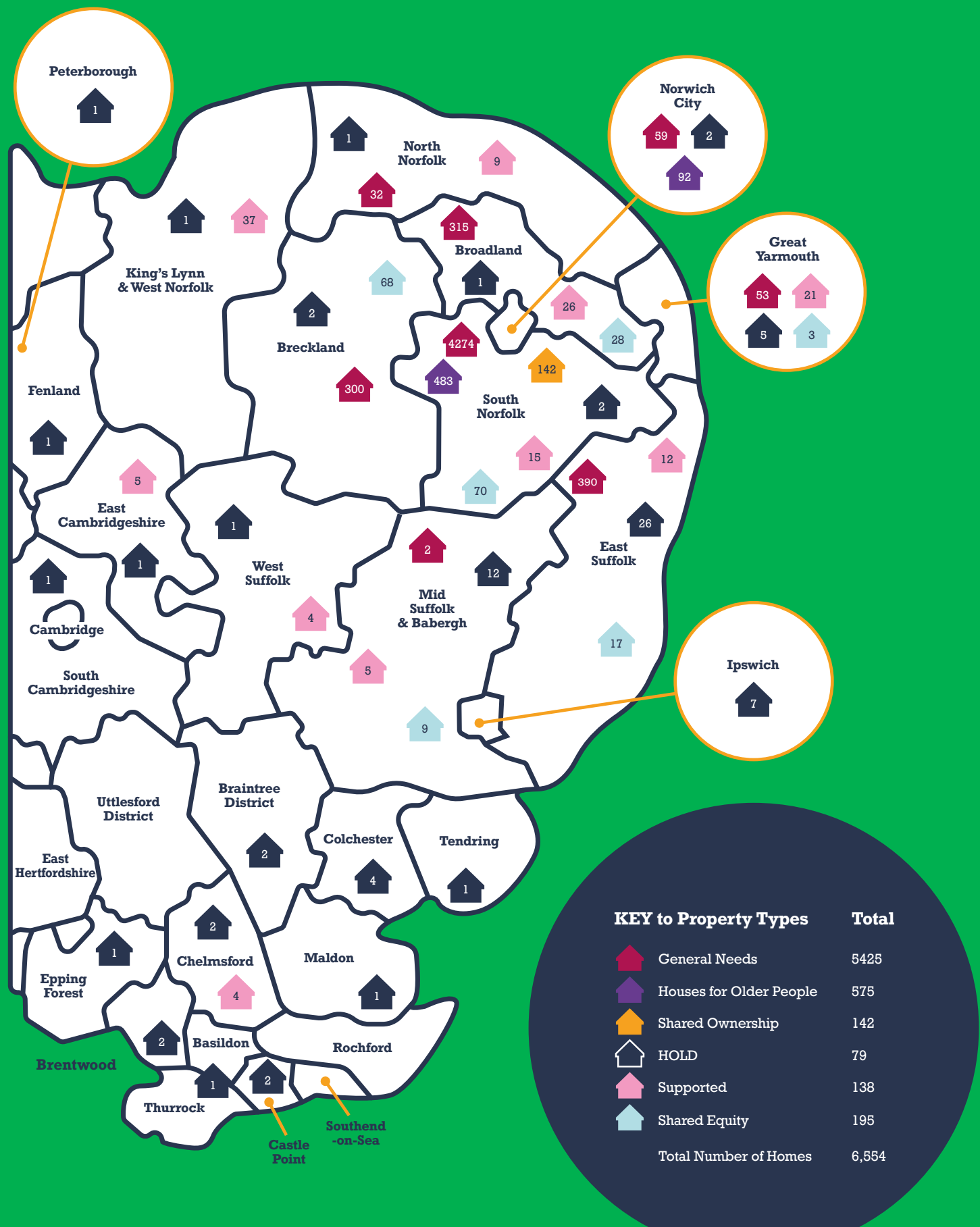
- **Pensions Working Group** – meet annually in February, and reviewed report presented by Pension Advisors (First Actuarial). The Pension Working group presented their findings to board in March 2022.
- **Treasury Working Group** – met throughout the financial year, during the year the Treasury Working Group successfully re-tendered our Retained Treasury Advisors, and successfully refinanced the Barclays loan facility with a new Private Placement.
- **Cyber Security Task and Finish Group** – met on 14th July 2021, 10th November 2021 and 24th January 2022. Cyber risk is incorporated in the operational risk register. Audit and Risk Committee receives quarterly reports on cyber security, detailing the threats we have faced and the measures we have taken to improve our cyber security. A task and finish group has been formed to look at cyber security across Saffron, which includes representatives from across the business and Board members. We have engaged a specialist external resource who have performed a cyber security assessment and we are working with them to implement the roadmap produced. With the increase in hybrid working, we have introduced new systems (e.g. Multifactor Authentication) to detect and block suspicious logins and attacks.

Day to day management is delegated to an experienced Executive Management Team to ensure:

- Adherence to relevant legislation.
- The interest of taxpayers and the reputation of the sector are protected.
- Saffron operates in accordance with its Rules, Intra-group Agreement, Standing Orders, Financial Regulations and other governance documentation.



## Where We Are Building





## Development of New Homes



“

Development delivery was more unpredictable than usual over the last two years as a result of the pandemic.

”

We completed 92 homes in 2021/22, 63 for rent, 2 Shared Ownership and 17 Shared Equity homes, and a further 10 market sales through our subsidiary, Crocus Homes. During the period of the Corporate Plan 2019/22 we completed 262 new homes against a target of 365.



Development delivery was more unpredictable than usual over the last two years as a result of the pandemic, which affected our ability to meet our three-year goal to deliver 365 homes by 2022. We plan to recover the shortfall of 103 homes against our target of 365 incrementally over the next few years.

We joined Orbit's Strategic Partnership in August 2021, achieved Investment Partner Status with Homes England, and were successful in our bid to join Norfolk County Council's Dynamic Purchasing System for Supported Living and Independent Living schemes. This will enable us to access grant funding more easily.

We are growing our s106 and land-led opportunities, supported by funding from Homes England and local authorities. Our Independent Community Living Plus scheme at Acle, Swallowtail Place, is progressing well and due to complete in autumn 2022, and we have started construction of 90 homes on the former rugby club land in Wymondham, which will provide 61 homes for rent and 29 to purchase for Shared Ownership.



# Crocus Contractors Limited (Crocus)



Performance was strong in 2021/22 for our subsidiary in what continues to be challenging times for the construction industry due to the pandemic. Turnover for the year reached £5.26m, £3.47m below forecast due to £3.7m of sales at Phase 1 at Acle Oaks Meadow just falling into 2022/23. Demand for Crocus' new homes is

significant as the brand and reputation continues to grow in the region, due to the quality achieved and communities being created within the developments this puts the company in a strong position for years to come.



## Key Highlights

- Exceeded annual operating margin target of 16.2%, ending the year at 18.9% for their non-charitable activities.
- Operating profit for 2021/22 was £1m, a shortfall vs budget of £0.4m, this shortfall is due to 10 sales at Phase 1 in Acle being delayed to 2022/23. Individual development sites continue to meet or exceed target profit levels.
- Achieved target of starting 20 new private homes on Phase 1 in Acle, 9 homes on their Bawdsey site and 11 homes on Acle Phase 2. These will create 14 new affordable homes for Saffron. This will help to achieve 9 sales in 2022/23 and 31 in 2023/24.
- There are 170 private homes (85 with planning consent and 85 planned) private homes with further acquisitions planned across the next 12-18 months. Crocus are now working across more sites simultaneously to maximise productivity.

Crocus continue to achieve exceptional customer satisfaction, which is measured via an annual year-end survey, with 2021/22 at 92% (94% in 2020/21). No RIDDOR reportable health and safety accidents occurred during the year. Crocus continue to support local communities through their charitable donations which has included support to an early years nursery, a primary school and a mental health awareness group for elderly people. Crocus will also provide £300k of Gift Aid back to the parent company from profits, to reinvest into their operations.

Looking ahead, the intragroup loan facility continues to support the recently updated 2022-27 Business Plan for 40 private homes to be sold annually. (The intra-group loan facility agreement allows Crocus to borrow money from Saffron Housing Trust to fund development projects, subject to clearly defined limits).



# Sustainability



Average rating across our homes is category C with a SAP (energy performance) rating of 72 (1=worst, 100=best).



92.5% (91.86% in 2020/21) of our housing stock is meeting a minimum sustainability standard of Category D energy efficiency. As we move forward with de-carbonisation (reduction of carbon dioxide emissions through the use of low carbon power sources), we will be looking to have all homes to a minimum SAP category of C by 2030. At the time of writing, we have 62.06% of the stock meeting that standard.

During 2021-22 we fitted upgrades to our homes to improve their energy efficiencies, working in partnership with Warm Homes and LAD2 Funding Including:



128 air source heat pumps



231 condensing gas boilers

We also made improvements to:



Loft Insulation



Windows



Doors



We were awarded a ‘Gold’ SHIFT Accreditation, an improvement on Silver the year before for our sustainability performance. The Sustainable Homes Index for Tomorrow (SHIFT) rates our performance by considering a range of 22 environmental criteria and uses these to provide independent assessment and accreditation.

## Investment in Existing Homes

During 2021/22 we invested £5.2m (£3.9m 2020/21) in our existing homes. The table on the right shows the number of jobs completed for tenants.

Budget Area	Completed Works 2020/21	Completed Works 2021/22
Electrical Re-wires	39	99
Kitchen Improvements	40	181
Bathroom Improvements	37	67
Window Replacements	26	18
Roof Replacements	96	103
Door Replacements	43	191
Central Heating Replacements	164	331
New Oil Tanks	73	13
Total	518	1,003

## Responsive Repairs

Our website sets out our responsibilities for repairs and publishes our service standards for each priority of repair.

During the year, the impact of COVID-19 was to a lesser extent that previous years, however we did contend with late notice changes to appointments due to either the tenant or craftworker testing positive or self-isolating due to possible COVID exposure. We were able to attend all repairs appointments during the lockdowns, with strict health and safety protocols in place. There was a reduction in the number of emergency and urgent repairs completed on time due to staff/tenant self-isolations and/or COVID restrictions in place at that time.

At the time of writing, we are beginning work on the implementation phase of the Responsive Repairs Review. We have had direct input from tenants and

staff through face-to-face engagement sessions where we gathered views on the current service and what the future service should look like. The process was re-designed and fed back directly to staff and tenants to ensure the new process addressed the needs and concerns that were raised at the earlier sessions. We have identified almost 100 actions to improve the service for the tenants and staff. The changes will be delivered incrementally and with the aim of delivering most major changes. The percentage of jobs we completed on time for each category is below:

Repair Type	Service Standard	No. of Repairs 21/22	2021/22 (on time)	No. of Repairs 20/21	2020/21 (on time)
Emergency	24 Hours	2,989	92.7%	2,644	97.0%
Urgent Repair	5 Working Days	1,429	86.2%	856	97.1%
Routine Repair	20 Working Days	4,551	94.3%	2,635	90.9%
Planned Maintenance	6 months	7,106	99.9%	4,409	99.9%
Total		16,075		10,544	

\*2020/21 year impacted by pandemic. Number of jobs completed 2019/20 as a comparison equalled 14,543.



# Health & Safety and Compliance



## Key Events, Successes and Projects Completed During The Financial Year:

- Attainment of a RoSPA Gold award in 2021 and the retention of the award in 2022.
- We have put in place additional measures ahead of the Building Safety Bill and the Fire Safety Act 2021 including increased fire safety inspections and assessment, along with enhanced tenant information requirements. We are confident of meeting both areas of compliance and have introduced Fire Door Inspectors to meet the requirements of acts before they are rolled out. We have analysed any stock that may be impacted and require a Fire Risk Assessment where previously this wasn't required.
- Internal audit reports have given significant assurance on the robustness of the health and safety management system.
- Our staff climate survey provided evidence of staff engagement and confidence in the management of health and safety. We ended the year with the following figures (see table):

H&S/Compliance Area	%
Gas Safety <sup>1</sup>	99.97%
Electrical Testing <sup>2</sup>	94.26%
Fire Risk Assessments	100.00%
Legionella Testing	100.00%
Asbestos <sup>3</sup>	100.00%
Decent Homes	100.00%

<sup>1</sup> One property serviced seven days overdue due to COVID in the property.

<sup>2</sup> This programme fell behind during the pandemic (testing was stopped) – our internal target was to have every electrical test certificate less than five years old. During the pandemic, 91.66% of stock had an EICR (Electrical Incident Condition Report) met this requirement, but we finished the year on 94.26%.The legal requirement is for 100% testing within 10 years, which we have met.

<sup>3</sup> All properties/buildings that are known to have presumed or actual asbestos containing materials have had a survey, except one property where we were unable to gain access.



## Customer Service



“

Last year 'Your Voice' was launched and has been steadily increasing in numbers to over 300 tenants.

”

## Customer Voice

Tenant representative group Customer Voice reviewed the feedback from the STAR Survey (Survey of Tenants and Residents), complaints and compliments, and our Customer Satisfaction Surveys.

Last year 'Your Voice' was launched and has been steadily increasing in numbers, we have more than doubled our members to over 300 tenants by March 2022.

Tenants can sign up to receive emails about policy reviews, online surveys, and information about opportunities to attend workshops both virtually and in person.

This year Your Voice members have taken part in the Repairs Review workshops, reviewed policies, undertaken surveys on the tenant portal, tenant support and wellbeing, and the annual report.

### A Few Examples of Customer Voice Involvement and Changes Made:



Customer Voice reviewed letters sent out by the Improvement Team – the group made changes to several letters to simplify them and make them fairer.



Following on from the Lettings Review, Customer Voice looked at the mutual exchange letters which they felt they were very well written and informative.



Your Voice and Customer Voice took part in a tenant portal survey. Feedback enabled us include additional functionality to the portal. Tenants can now message us direct about their repairs, receive updates about them, as well as view their booked in and completed repairs.





# Saffron Community Membership

We have an exciting new approach to the engagement and involvement of our tenants and the communities we operate in.

Members of Customer Voice will be known as the Tenant Scrutiny Group going forward as part of the new Saffron Community Membership structure.

The exciting new approach to the engagement and involvement of tenants and the communities we operate in. It has come to fruition after a group of passionate tenants and community leaders came together to work with us to create the new structure.

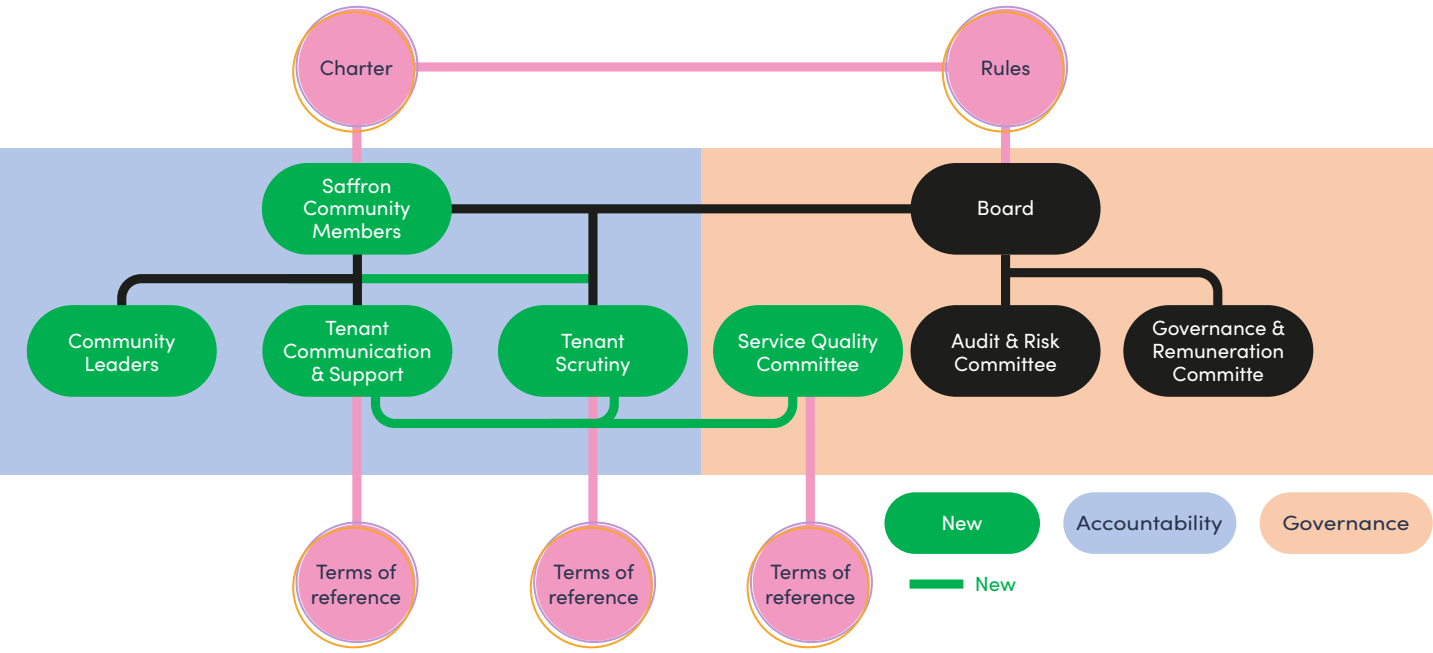
The Saffron Community Membership replaces many legacy structures which were agreed to be well intended but not joined up or fully effective. We want to provide a great service and an experience

that tenants value. Our new approach has been incorporated into Saffron’s governing documents in a new rule called ‘Resident and community involvement’ and set out in full within a newly created Saffron Community Members Charter.

From the beginning of 2021, we worked together with tenant members, Customer Voice, and community leaders to increase our accountability to tenants and the communities we live and work in.

As a result of the work, our Shareholders voted to change our shareholding arrangements at our AGM in September 2021, and our non-Executive Directors now form the Shareholders of Saffron Housing Trust Ltd. Our group of Founding Saffron Community Members are comprised of our former Shareholders.

The Saffron Community Membership is part of a new Stakeholder Accountability Framework which has been designed to create much more meaningful tenant influence and community involvement as well as improving service quality:



By becoming a Saffron Community Member, tenants and community leaders can get involved in a number of ways. Our Customer Voice group will be replaced by a Tenant Scrutiny Group. There is the opportunity to join this group, the new Tenant Communication & Support Group, people can attend six monthly meetings with members of our Executive Team and Board or join ‘Community Triangles’ where tenants, members of their community and staff will walk around communities to discuss what works well and what could be better.

Further information is in the table below.



Tenant Scrutiny Group	Tenant Communication & Support Group	Community Leaders
will scrutinise and influence performance, processes, and policies. There will be a direct link to Board so they can hear the tenant voice.	will oversee, monitor, and influence communication between Saffron, its tenants, and residents, and facilitate tenant to tenant support and communication.	individuals who have a shared interest in the communities in which we work. They may be involved in perhaps a local non-profit organisation, volunteer on a community group or project, or have a public role such as a parish or town councillor.
<b>Saffron Community Members</b> will be invited to two meetings each year with our Executive Team and Board. Members will also be able to attend ‘Community Triangles’ which are community walk arounds with staff, tenants to identify issues that may be cause for concern, and to help improve our areas.		



## Partnership Working

As we start to emerge from the pandemic, tenants have been faced with other challenges such as Universal Credit cuts, the increasing cost of living and in particular the record energy bill rises.

Our Community Foundation aims to improve the wellbeing of tenants and their families by offering funding and support programmes which are designed to help some of our most vulnerable tenants and those who face financial hardship.

Saffron is committed to being more than just a landlord and recognises that offering additional help and support services can make all the difference to the lives of tenants, their families, and the community.



## Tenant Support & Wellbeing Service

We continued to fund the vital Tenant Support & Wellbeing Service provided by Life and Progress, a completely free, confidential service for all tenants. One of the biggest benefits is the 'in the moment' telephone counselling by qualified staff which is available 24/7. Life and Progress also provides specialist advice, guidance, and signposting around legal and financial matters as well as debt counselling, family care, and a health and wellbeing service.



We donated £10,000 to the HACT Energy Hardship Fund (Housing Associations' Charitable Trust) to help any tenants struggling with fuel poverty. HACT work with housing associations to deliver social value. We also partnered with them by distributing electric and gas energy vouchers to tenants who were eligible. Between December and March 2022, we issued 138 vouchers helping 46 Saffron households, totalling £5,691.



During 2021, we created a partnership with Your Own Place, a Norwich-based social enterprise who delivered online and face to face tenancy and Independent Living Skills workshops called TILS+, which were attended by 10 tenants between April and October. These workshops covered topics such as saving and budgeting, self-care, wellbeing, and digital skills. Your Own Place empowers people to sustain their tenancy by drawing out their knowledge, skills, and resilience as the experts in their own lives and sharing these in their peer group with their new connections.

“

You woke me up  
and made me feel  
alive again.

Paul

”

The workshops have been received well by tenants and their feedback has shown that it can be truly life changing.

We are continuing to work in partnership with Your Own Place and have committed to deliver face to face, online group workshops as well as one to one sessions. We are working with our partners at Broadland Housing Association, Freebridge Community Housing, and Orwell Housing, to deliver a year's TILS+ programme during 2022-2023 where we hope to have 100 tenants from each housing association attend over the year.

## TILS+ Modules



**Saving &  
Budgeting**



**Debt & APR**



**Roles &  
Responsibilities**



**Bills**



**Digital Skills**



**Self Care &  
Wellbeing**



**Personal Safety**



**Resilience**



**Identifying  
Community &  
Networks**



**Communication  
Skills**

The partnership with Your Own Place is an exciting collaborative initiative for Independent East with the aim of helping more people into employment, reducing rent arrears, and reducing potential future evictions.



# Grants and Funding

## Decorating Scheme and Gardening Scheme

Our Decorating and Gardening Schemes are designed to help the most isolated and vulnerable of tenants.

“

The decorator came round with the colours and I had my ceilings, walls, skirting boards and window sills all done. I'm really pleased, he was a lovely guy. I didn't know these things were available until Ed, my Wellbeing Officer, told me. He's been fantastic and done brilliantly for me.

**Tenant Sandra Hazel benefited from the decorating scheme.**

”



This year we have funded six applications for our Decorating Scheme.

### We Have Painted:

-  **3** Kitchens
-  **4** Lounges
-  **1** Downstairs WC
-  **1** Kitchen/Lounge
-  **2** Dining Rooms
-  **2** Bathrooms
-  **4** Staircases
-  **4** Hallways
-  **6** Bedrooms

This year we helped 68 people with their gardens totalling 404 hours of our Ground Maintenance Team's time.

### We Completed:

-  **46** Hedges Cut
-  **21** Shrubs Pruned
-  **15** Applications of Weed Killer
-  **7** Tree Works Carried Out
-  **24** Other Garden Works Carried Out
-  **91** Lawns Cut





## Community Improvements Grants



We have held two Community Improvement Panels, in June and December 2021.

Our Panel consists of staff from different departments and tenants from Customer Voice. 16 Grants were awarded in this financial year including:

### Wellbeing Grants

These are for tenants who are struggling with something that is affecting their physical or mental health and the situation could be helped by granting them a small amount of financial assistance to overcome financial barriers that may be preventing them from improving their physical or emotional wellbeing.

**We have helped individuals and families by awarding 69 Wellbeing Grants totalling £9,634.65.**

Tenant Sandra Hazel received a Personal Wellbeing Grant to buy a second hand cooker.





We have helped people by awarding Wellbeing Grant Funding up to £150 towards:

	<b>1</b>	Training Course		<b>3</b>	Beds/Mattress
	<b>1</b>	School Uniform		<b>7</b>	Household Furniture
	<b>1</b>	Childcare		<b>1</b>	Garden Tools
	<b>1</b>	Essential Car Repair		<b>2</b>	Garden Fencing
	<b>2</b>	Professional Cleaning		<b>1</b>	Shed
	<b>4</b>	Bulky Waste Removal		<b>2</b>	Painting/Decorating
	<b>2</b>	Garden Clearance		<b>5</b>	Security
	<b>7</b>	Skips		<b>1</b>	Bike
	<b>10</b>	White Goods		<b>1</b>	Leisure Activity
	<b>16</b>	Carpets/Flooring		<b>1</b>	Gym Membership

### Community Project Grants

There were 13 successful applications which were awarded £49,993.98 between them. We have funded some wonderful projects, which have included:

	A planting scheme which acts as 'a green corridor' for bees.
	New walkways for a nature reserve.
	Funded improvements to community amenities, such as village halls and play areas.
	Providing sailing equipment to a group who make sailing more accessible for low-income families.
	Improvements to a bowling green.
	Provided trees for tree wardens to plant across the whole of South Norfolk.
	We have helped young people by funding books for a school and storage for girl guides.
	A jewellery making workshop to help people gain an income through self-employment.
	A 'grass roots' music project for people suffering from mental health issues.



# Compliments and Complaints

**Compliments** - increased to 201 (89 in 2020/21).

**Complaints** - the last 12 months have continued to provide challenges.

Intermittent restrictions placed upon our services, have been felt by our tenants.

The total number of complaints received this financial year was 345 (288 in 2020/21). Following our Complaints Review completed in 2020/21, we have further enhanced the complaints service. The changes were following feedback received from tenants, Customer Voice, and recommendations from the Housing Ombudsman Service.

Complaints performance for 2021/22 is shown in the table opposite. Satisfaction with complaints handling averaged 55.96% for the entire year. Between January and April 2022, satisfaction with handling increased to 63.16%. Our aim is to continually improve and enhance the service we offer to tenants.

**2021/22** - This year our total average response time, including both formal and informal complaints, increased from 9.35 to 12.7 days. (9.35 days in 2020/21).

Complaints Performance	2020/21	2021/22
Total complaints received	288	345
Average number of days to respond	9.4	12.7
Total expressions of dissatisfaction	73	60
Average number of days to respond	0.5	1.0
Total stage 1 complaints	215	289
Average number of days to respond	12.4	15
Total stage 2 complaints	31	38
Average number of days to respond	10.7	14
Total complaints escalated to Ombudsman	2	4
Average days to respond to all complaints and expressions of dissatisfaction	9.35	12.7



# You said, We did

 <p>You said it can sometimes take too long to get through to the Contact Centre by phone.</p>	<p><b>We have now seen a reduction in call wait times. This has been helped by filling vacant positions and improving our queue buster call back facility.</b></p>
 <p>You said that the reported repair doesn't always match with what the craftworker turns up to do.</p>	<p><b>Our Contact Centre staff are scheduled to undertake further training to better diagnose the repair being reported.</b></p>
 <p>You said response times for emails were too long.</p>	<p><b>We have changed our auto replies on our email acknowledgement to make it clearer if there is a need to report a more urgent issue.</b></p>
 <p>You said we don't get an update when further work is required, after the original repair was looked into.</p>	<p><b>We are working on being able to get an automated update to you, when the wait for materials to complete the repair remains outstanding.</b></p>
 <p>You said I am unhappy with how my Anti-Social Behaviour (ASB) report is being dealt with.</p>	<p><b>We have made a number of changes to the ASB process and introduced a specialist team to respond to your initial reports within an agreed time frame.</b></p>
 <p>You said I am unhappy that drug usage continues to be an issue within the area I live in.</p>	<p><b>We said that we continue to give advice and support of other specialist agencies that we work with in the community. This includes the police, Early Help Hub and substance &amp; alcohol services within each local authority area.</b></p>
 <p>You said I don't always get an update from the same person when I have made a complaint.</p>	<p><b>We have changed the complaints process and now have a dedicated officer in place to be your point of contact throughout your complaint journey.</b></p>
 <p>You said, your Allocation and Lettings Policy are not dear with the process around adaptations.</p>	<p><b>We have amended the policy to make it clearer and once approved it will be published on the website.</b></p>

# Customer Satisfaction

Since we launched our new satisfaction surveys in September 2020, we have been able to review the results for a full year to see where we are doing well and highlight where we need to make improvements.

During the last 12 months, Overall Customer Satisfaction has increased from 78.8% in 2020/21 to 80.1% in 2021/22. As COVID-19 restrictions have lifted and services have resumed, it has been clear to see that satisfaction levels have started to increase as services have stabilised.

Overall Customer Satisfaction with repairs saw an increase from 72.50% by the end of 2020/21 to 76.60% at end of 2021/22.

Collaborating with Customer Voice, and Saffron colleagues, we have identified where changes were required. A new centralised complaints service has been launched. This is to help improve communication and provide a single point of contact for tenants during their complaint journey. Our Repairs Review has also started identifying key areas which will further support improvements to the service going forward.





The Contact Centre has had a busy 12 months and we have seen our digital engagement continue to grow.

## Customer Contact

The Customer Contact Team work collaboratively with other service areas to ensure that they can deliver a seamless service. They continuously seek to explore where they can answer more enquiries at first point on contact. We have been reviewing enquiries where we see the most demand, working alongside our colleagues within our Asset, Housing, and Lettings teams to seek improvements in the way we handle the most common enquiries from tenants.

The Contact Centre has had a busy 12 months and we have seen our digital engagement continue to grow. Phone calls, emails, and portal enquiries into our Customer Contact team surpassed 2020/21.

### We handled:



58,781 Calls



19,552 Email Contacts



546 Portal Enquiries

This amounted to over 78,000 enquires during the last year, an increase of over 10,500 enquires on the previous one.

**Our Customer Contact Team increased the number of enquiries they resolved at first point of contact from 77.8% in 2020/21 to 82.6% in 2021/22 vs a target of 80%.**

## Tenant Portal

Our tenant portal 'My Saffron' was launched in October 2020 and by end of 2020/21 had 1,030 subscribers.



Email and portal enquiries increased during the last year, and this continues to demonstrate our tenants' appetite for digital engagement.



We continue to see an increase in users and as at the end of 2021/22 there were 2,116 subscribers signed up.



We now receive approximately 1,600 emails and around 2,400 portal logins per month.



# People and Culture



To include and involve staff further we hosted a month-long feedback opportunity.

## Engagement

Our employees' views and perspectives are important to us and involving them more closely in the things that directly affect them has been a key part of our focus this year.



Building on our successful performance in the best companies lists in 2020/21, we used the b-Heard survey again in August 2021 to gauge engagement and maintained our one-star rating meaning that we have very high levels of engagement.

To include and involve staff even further, we hosted a month-long feedback opportunity which used all staff huddles, face to face meetings, and physical and virtual boards as places for any staff member to raise areas of concern or ideas for improvement. We used this to encourage staff to input on the development and content of the Inspiring Saffron Strategy which was launched in March 2022.

These ideas have been shared with our Change Champions who are a group of 13 staff who have volunteered to be advocates for change and promote change projects, and support others across

the business. They are working on turning ideas and feedback into tangible actions and to further bolster our commitment to continuous improvement, accountability, and empowerment.

The Change Champions presented their findings at the Staff Conference held on 31st March 2022 and will continue to develop and refine their change proposals over the next 12 months.



# Inclusion

We want our workplaces to be totally inclusive, accepting everyone for who they are with no judgement and providing the environment to allow growth and development.

One of our key ambitions is to build a place where colleagues can flourish.

In November, we launched our #Flourish campaign which is part of a collaborative partnership with Independent East. Our aim as a collaborative group of local housing associations is to work to create communities and organisations where everybody thrives.

Our first #Flourish action was to hold three sessions with the innovative Human Library Organisation – a global and hands-on learning platform that aims to better our understanding of diversity to help create more inclusive and cohesive communities across cultural, religious, social, and ethnic differences. Their approach is focused on the central message “un judge someone”. Over 120 staff across the five Independent East organisations attended.

To raise awareness of equality, diversity and inclusion further, all staff have attended training sessions relating to unconscious bias and equality in the workplace.

We have delivered a range of events from British Sign Language training to autism awareness and sessions related to LGBTQ+ history month, mental health and supporting formal and informal carers.

We are partnering with a wide group of people to extend and broaden inclusion in a way that fits what we are trying to achieve such as – charities, networks, RNID, Inclusive Employers HDN, Harry’s Pledge and Your Own Place, local schools and the Local Enterprise Partnership.

In September 2021, we took part in the National Housing Federation data collection exercise. This tool, designed and developed by the NHF, enables housing associations to compare workforces to the communities they serve, based on population in stock location. It looks at all nine protected characteristics and socio-economic backgrounds allowing organisations to measure the impact of actions to improve equality, diversity, and inclusion. This data will be key in understanding our communities and making sure that we take into account a broad range of perspectives in shaping our services.



“

One of our key ambitions is to build a place where colleagues can flourish.

”



# Gender Pay Gap

There is a 15.05% difference expressed as a percentage of male pay.

The Gender Pay Gap nationally is 15.4%.

## Hourly rate:



**F** £15.69



**M** £18.47



# Volunteering

**Saffron staff have been encouraged to use their staff volunteer day and get out into our communities.**

A total of 55 staff used their volunteer day doing things from bulb planting on our Independent Community Living schemes to taking part in our Clean Up Days within our communities.

## Other Volunteering Efforts Included:



11 staff members took part in the Norwich Sleep Out in aid of The Benjamin Foundation raising over £1,000 by sleeping out and braving the cold for the night. The total raised for the Norwich and Ipswich Sleep Outs is over £39,000.



7 staff members attended the Wheatfen Nature Reserve to help with fen management. Saffron Community Foundation also awarded a Community Project grant to the reserve to assist them in replacing the rotting boardwalks with long lasting composite ones.

## Staff Can Also Organise Their Own Volunteer Days and These Included:



Delivering vital blood and breast milk on behalf of the Norfolk Blood Bikes.



Supporting the Wymondham Community Help point by assisting at the food bank.



Purchasing and wrapping presents for children at Christmas.



# Money

## The financial position of the Group remained robust throughout the 2021/22 finance year.

Overall, the group delivered a surplus of £4.7m (2021 £4.3m) vs a budget of £4.3m for the year (excluding pension adjustments), and a return on capital employed of 4.6% (2021 4.6%), excluding pension adjustments.

- Level of arrears reduced at the year-end to £1.9m (2021 £2.6m) with current tenant arrears of 2.87% (2021 3.76%) – these are back to pre-pandemic levels, and the Income Team are now promoting a culture of payment in advance rather than in arrears as a result of the Income Review.
- Saffron secured further properties to the Natwest RCF (Revolving Credit Facility) bringing the total level of funds available to draw down to £56.7m vs £60m available. The use of this facility will allow Saffron to invest more money into existing homes as well as develop new homes in line with the Inspiring Saffron Strategy.

The three key ratios that are monitored by Board and the Executive Team remain the Interest Cover (EBITDAMRI – Earnings Before Interest, Tax, Depreciation, Amortisation), Gearing % (the value of our loans as a percentage of the value of our assets) and Overall Operating Margin (the amount of profit made as a % of turnover). Saffron sets internal gateways and golden rules for the interest cover and gearing ratios, due to the impact that these ratios have on Saffron's financing facilities (loans).

The terms of Saffron's gearing covenant is based on Historical Cost of Property Assets (the amount we paid for the asset), rather than the net book value (Regulator of Social Housing definition), this ratio has increased to 51.82% (2021 51.47%). Development and Capital Repairs (e.g. roofs, kitchens, bathrooms, heating) have been funded through existing cash balances and operating cash flows. However, as development increases through 2022/23 the gearing ratio is anticipated to increase, as cash is drawn down from the £60m Natwest revolving credit facility. The gearing covenant % has been renegotiated and increased with Natwest as a result of the refinancing exercise on page 65, and the current business plan allows sufficient headroom against this ratio.

The interest cover ratio provided on page 58 is based on the Regulator of Social Housing calculation, the % has been shown including and excluding the pension adjustment. The target for Saffron is based on the most restrictive calculation



of Saffron's banking covenants. The actual interest cover for 2021/22 was 128.7% vs a target of 132.5% and a banking covenant of 105%. The year-end financial position for Saffron included the one-off Voluntary Redundancy (page 9) costs of £580k and an agreed overspend on Capital Repairs of £326k, if these items were not included in the year-end position Saffron would have achieved its interest cover target of 132.5%.

The operating margin for the financial year, was 26.2% including pension adjustments and 29.3% excluding pension adjustments. The key metric for the Saffron group is to maintain an operating margin in excess of 25%, as this is one of the metrics that is assessed as part of Saffron's Single A Moody's Rating. The trading operating margin target set for Saffron (company only) was 32.57% which was achieved after exceptional items were removed from the operating surplus such as the pension adjustment and Voluntary Redundancy cost mentioned above.



# Investment in Technology and Process Reviews

Aligned to our Corporate Plan and Value for Money Strategy, our Positive Futures Transformation Programme has continued throughout the year. Some of the projects that our Business Transformation Team have been involved in are as follows.

## Tenant Portal

The link between C365 (our customer relationship management system) and the tenant portal went live in late 2020. Saffron continued to evolve the portal throughout 2021 and 2022 with the introduction of repairs functionality in Feb 2022. Tenants can now check their repair status, this takes us another step along channel shift, enabling a more seamless approach to customer contact, whilst also easing pressure of calls coming into the Contact Centre.

## Microsoft Dynamics HR System

Our existing HR System contract came to an end in March 2022. Given Saffron's investment in Microsoft first approach, Dynamics for HR was chosen. Moving HR/leave and absence into Dynamics enhances the customer experience for our staff.

## Lettings Review

The pandemic created several challenges for the Lettings Team and COVID restrictions continued to impact performance. The review was an opportunity to look at what we had learnt during the pandemic, understand the changing needs of tenants and review the current Lettings process. The review focused on streamlining and simplifying the end-to-end lettings process, maximising income (reduce void loss), improving performance and the tenant experience.

### Key Benefits Identified:

- Reduction in key-to-key days-improved performance. In November 2021, the average was 36 days, this has reduced to 32 days as of 31st March 2022.
- Lettings days improved in November 2021, the average void days for Lettings was 20 days. After the review we have seen the following improvement:
  - 31st January 2022 – 13 days
  - 28th February 2022 – 10 days
  - 31st March 2022 – 7 days
- Increased customer satisfaction – customer satisfaction continues to be strong:
  - 31st January 2022 – 92% Positive 8% Neutral
  - 28th February 2022 – 100% Positive
  - 31st March 2022– 90% Positive 10 % Neutral
- End-to-end process time improved.
- Improved communication at each step of the allocations process.

Mutual Exchanges provide an opportunity for tenants to move if their circumstances change. Saffron carried out 132 mutual exchanges last year. Reviewing the Mutual Exchange process and really understanding tenants' experiences has helped us improve and simplify this process. We have reduced the time it took us to approve a mutual exchange with legal requirement from 42 days to 35 days at the end of March 2022. We are committed to working with tenants to create long term sustainable tenancies, reduce arrears and Anti-Social Behaviour by improving tenant engagement, preventing costly and avoidable interventions by providing tenants with the help and support they need.



## Repairs Review (ongoing)

Started with tenant and colleague sessions in October 2021 where we asked about their experience, what works well, what could be better and what desired outcomes there were from the review. In January 2022, we completed the diagnostic phase and gathered all the current 'as-is' state of our processes and associated data. In March, the redesign phase completed with the new process fed back to key stakeholders.

## Project Sapphire (ongoing)

Phase 2 started in 2021 and focused on the redesign and delivery of Saffron's data landscape. The project has been defined and categorised into four key work streams: Data Strategy, Data Reporting, Architecture and Future State/Business As Usual. The Board approved 'Data to Information – Saffron's Strategy' in November 2021, which underpins the key activity and outputs from Project Sapphire.



# Value for Money (VfM)

As part of the Inspiring Saffron Strategy discussed on page 10 the Board have set the VfM objectives and the strategic objectives for 2022/23.

The commentary below outlines our performance against the VfM strategic objective goals set last year, as part of the final year (of three years) of the previous Corporate Plan. As shown on page 10 within the Vital Signs 2021/22 dashboard.

## Goal 1

### Repairs Right First Time

To achieve 95%, which the Board believed was challenging yet attainable. Although we did not achieve this target, our performance was still in excess of the top quartile from our peers. Performance in Quarter 4 was static, however improvements to DRS (scheduling app) and the TPGO (Travis Perkins app) as well as the Repairs Review should lead to improvements in this KPI during 2022/23.

## Goal 2

### Number Of Interactions Via Tenant Portal:

The previous Customer Contact Team Digital Engagement Vital Sign was replaced in 2021/22 with 'Number of interactions that took place via the Tenant Portal' Vital Sign, reporting single quarters. This change was made to monitor channel shift to the portal. Whilst we have not met our goal, performance increased by 25% during Quarter 4 and repairs information was launched on the portal during mid-February 2022, therefore we expect further increases in the use of the tenant portal during 2022/23.

## Goal 3

### Average Length Of Tenancy

Has improved to 10.6 years, and whilst we have not yet reached our goal of 11 years, this continues to move in the right direction.

## Goal 4

### Contact Right First Time

Was a new measure introduced in 2020/21, enabled by the introduction of our Customer Relationship Management system, C365, and we have further improved during 2021/22 achieving our target of 80%.

## Goal 5

### Void Loss And Re-Let Time

(General Needs homes only) - has improved in 2021/22 compared to the previous year's performance. The impact of COVID-19 (Omicron variant) had an effect on Voids and Re-let times in 2021/22. Work is on-going to work through the backlog of void properties.

## Goal 6

### Independent Living; Number Of Homes Vacant:

There was an improvement compared to the previous financial year, however, the impact of COVID-19 is still having a significant effect on this area with schemes going into local lockdowns preventing sign ups from taking place. Discussions are being held with relevant stakeholders to improve the position for 2022/23.



In addition to our own VfM Metrics, Saffron participates in 'Sector Scorecard' benchmarking, within our Board approved peer group. Our VfM performance in these areas is set out below, for comparison:

Housemark 20/21 data							
Sector Scorecard	2021/22 actual	2021/22 target	2020/21 actual	2022/23 target	Top quartile	Median	Bottom quartile
Social housing units - new supply delivered (absolute)	82	175	76	110	174	147	70
Non-social housing units - new supply delivered (absolute)	10	20	0	9	4	0	0
% of respondents very or fairly satisfied with overall service (GN & HfOP)	80.1%	88%	78.8%	83.1%	88%	84%	78%
Occupancy	99.3%	99.56%	99.0%	99.56%	99.4%	99.2%	99%
Ratio of responsive repairs to planned maintenance	0.34	0.32	0.36	0.3	0.4	0.63	0.83
Management cost per unit	£854	£794	£805	£779	£716	£805	£1,180
Service charge cost per unit	£207	£211	£245	£239	£226	£315	£392
Maintenance cost per unit	£1,176	£1,185	£1,102	£1,289	£944	£1,104	£1,217
Major repairs cost per unit	£822	£761	£606	£895	£561	£665	£986
Other social housing costs cost per unit	£587	£493	£435	£433	£121	£152	£391
Rent collected current & former tenants as % rent due (inc arrears b/f)	99.78%	100.6%	100.08%	100%	100.3%	99.95%	99.08%
Overheads as a percentage of adjusted Turnover	10.8%	11.00%	10.5%	10.1%	10.4%	11.55%	14.52%

Green = met or exceeded target, Amber = narrowly missed target, Red = improvement required. The Regulator of Social Housing also requires us to report measurable plans to address any areas of under performance, including clearly stating any areas where improvements would not be appropriate and the rationale for this. Commentary on the preceding VfM tables and targets can be found on pages 58 to 60.



# Commentary on VfM Metrics where Improvement is Required

## Reinvestment

**Target 8.1% Actual 7.1%**

The reinvestment metric measures the level of spend in the year as a % of the net book value (historical cost less accumulated depreciation) of the fixed assets (housing). Investment in existing homes was slightly over budget for the year at £325k. Given the underspend in previous financial years due to COVID-19 this was modelled to ascertain the impact on our interest cover covenant and allowed. The spend on new properties was lower than anticipated due to some delays to starting on sites through the year. This has been reflected in next year’s target of 14.9%, as well as increase in investment in our existing homes.

## New Supply Delivered Social Housing

**Target 1.76% Actual 1.2%**

The target for new supply social housing was based on 119 properties to be delivered and 82 were delivered in the financial year. This target was clearly ambitious and was part of our three-year plan. We plan to recover the shortfall in delivery of new homes over the next few years. In 2022/23 we aim to deliver 110 new homes, and from 2023/24 we want to provide a new home every other day.

## Interest Cover

(Earnings Before Interest Tax Depreciation Amortisation Major Repairs Included)

**Target 132.5% Actual 106.5% (RSH), Actual RSH Excluding Pension Adjustment 119.5%, Actual 128.7%**

(same assumptions as target)

The target for the financial year is based on the 2021/22 budget for the year and is calculated on the same basis as our least favourable covenant for EBITDAMRI. If the agreed overspend on investment in our existing properties is removed our like for like interest cover would have only narrowly missed our target, and still in excess of our internal gateway, golden rule and covenant.

As outlined on page 65 the level of interest cover is expected to improve following the repayment of the Barclays £40m loan excluding the mark to market payment from 2022/23 onwards. The repayment of the £40m loan will reduce the on-going cost of how we fund Saffron, and this will free up an additional 3p in the rent pound to invest improve homes and communities.

## Operating Margin

(Social Housing and Overall Operating Margin)

**Target 32.91% (SHL), 32.57% Operating Margin, Actual 28.1% (SHL), 27.4% Operating Margin**

Whilst the operating margin % was not achieved in the financial year vs the target, much of the reduction in margin is due to exceptional items such as the pension adjustment and Voluntary Redundancy (page 9) cost incurred. However,

Saffron did achieve an operating surplus in excess of budget, and importantly a group operating margin in excess of 25%. The budget for 2022/23 is to generate an operating margin of 30% for Saffron (company only).

## % of respondents Very or Fairly Satisfied with Overall Service

(General Needs & Housing for Older People)

**Target 88% Actual 80.1%**

Customer satisfaction has seen an improvement through the year and the satisfaction in Quarter 4 was 82%. The year-end position also shows that seven out of the 11 teams for which we are collecting customer satisfaction data achieved a score of 80% or more and, whilst we didn’t reach our goal, the direction of travel continues in the right direction. Lettings, Contact Care, Electrical and Total Property Management survey teams achieved satisfaction rates of 90% or above. The target for next year is a 3% improvement on this year per our Corporate Plan detailed on pages 8 and 9. The Service Quality Committee has been set up to ensure Saffron continually improves the quality of its service offering.

## Management Cost per Unit

**Target £794 Actual £854**

The salary costs for the financial year came in under budget. However, due to the Voluntary Redundancy scheme (page 9), the target for the Management cost per unit was not achieved. The total cost included in the management cost which affects this KPI was £430k. The management cost per unit excluding the impact of voluntary redundancy would have been £788 and therefore ahead of target.

The target for 2022/23 of £779 per unit, is directly linked to the Inspiring Community element of the Saffron Strategy whereby we are looking to reduce the amount we spend on running Saffron from 29p per rent pound in 2021/22 to 23p by 2030.

## Major Repairs Cost per Unit

**Target £761 Actual £822**

The reason for not hitting the target for major repairs cost per unit is associated with the agreed additional investment vs budget of £325k, some of this overspend is reduced by grant funding associated with Warm Homes and LAD2 funding, which is shown in the liabilities section of the balance sheet. Furthermore, in 2020/21 there was an underspend on major repairs due to COVID-19 restriction, which the overspend in 2021/22 reduces.

The target for next year is linked to our new Inspiring Saffron Strategy whereby we are looking to reduce the amount of pence per pound in running Saffron from 29p actual in 2021/22 to 23p by 2030.

## Other Social Housing Cost per Unit

**Target £493 Actual £587**

The actual cost above of £587 per unit, includes the pension adjustment received from Local Government Pension Scheme and Social Housing Pension Scheme at the end of the financial year which represents the difference between the employer contributions and the actual service cost of £1,289,000 per note 5 of the Financial Statements. If this cost is excluded the cost per unit is under target.



# Return on Assets

	Including Pension Adjustment			Excluding Pension Adjustment		
Asset Type	2022	2021	2020	2022	2021	2020
Social and Affordable Rented	26%	32%	23%	30%	33%	28%
Housing for Older Persons	39%	38%	45%	42%	38%	49%
Shared Equity / Shared Ownership	66%	68%	49%	70%	69%	58%

Our return on assets is defined as our operating surplus on social housing lettings as a percentage of Turnover, for each asset class. (Our return on capital employed can be seen within our VfM metrics on page 61.)

Our Shared Equity and Shared Ownership homes provide a high rate of return, as we do not incur costs in relation to repairing obligations. This class of assets provides access to the market in an affordable way, allowing those on lower incomes to purchase their home. This aspiration would otherwise remain out of reach for many of these residents.

Housing for Older People still generates a good rate of return, and the return on assets has seen an improvement of 4% year on year (excluding pension adjustment). This segment has been severely impacted by COVID-19 in terms of void losses. The level of voids in 2021/22 has improved in 2021/22 to £296k (per note 5 of the financial statements) from £418k in 2020/21. However, during 2021/22 this segment still suffered from local lockdowns associated with COVID-19, and as restrictions ease further there is scope for improvement in this area to bring the level of voids down to the pre-pandemic level of £121k as reported in 2019/20.

Our principle activity is providing rented accommodation at social and affordable rents. As shown in the table above the return on assets in this segment has seen a reduction year on year, however, the return on assets in 2021/22 is higher than in 2019/20. Overall expenditure on maintenance of properties has increased in 2021/22 versus 2020/21, this is also illustrated in the number of repairs that were undertaken as shown on page 25. Expenditure in 2020/21 was lower due to the restrictions that were in place as a result of COVID-19. There is also an increase in Management Costs as a result of the one off Voluntary Redundancy scheme (detailed on page 9), which has contributed to a reduction in return on assets. These homes are integral to our core business and fulfil our charitable objects, and social commitment to communities, as set out in our Rules. We do however undertake a stock options appraisal process, to ensure that any further investment is commensurate with the return required. In some cases, a void property can bring greater value to the organisation through disposal and reinvestment of proceeds in the development of new homes.

# Value for Money (VfM)

The Regulator of Social Housing requires us to publish evidence to enable stakeholders to understand our performance against our own VfM targets, metrics set out by the Regulator, and how our performance compares to \*\*peers. These performance areas are set out below.

### VfM Metrics required by the Regulator of Social Housing:

						Housemark 20/21 data		
VFM Metrics		2021/22 actual	2021/22 target	2020/21 actual	2022/23 target	Top quartile	Median	Bottom quartile
1	Reinvestment	7.1%	8.1%	3.8%	14.9%	7.65%	5.78%	4.39%
2a	New Supply Delivered % (Social Housing Units)	1.2%	1.76%	1.3%	1.66%	2.2%	1.8%	1.1%
2b	New Supply Delivered % (Non-Social Housing Units)	0.2%	0.30%	0.0%	0.14%	0.12%	0%	0%
3	Gearing	58.0% (51.82%)#	60.33% (52.47%) #	58.3% (51.47%)#	64.02% (54.78%)	43.75%	57%	64.25%
4	Interest Cover EBITDA MRI	106.3% 119.5%	132.5%	133.6% (136.6%)*	123.0%	215.55%	194.65%	166.25%
5	Headline Social Housing Cost per unit	£3,650 (£3,454)*	£3,444	£3,193 (£3,150)*	£3,635	£3,190	£3,730	£4,043
6a	Social Housing Lettings Operating Margin	28.1% (31.9%)*	32.91%	33.4%* (34.2%)*	31.57%	41%	33.3%	28.32%
6b	Overall Operating Margin	27.4% (31.0%)*	32.57%	32.9% (33.7%)*	30.0%	37.8%	28.9%	25.4%
7	ROCE	4.2% (4.6%)*	4.79%	4.5% (4.6%)*	4.28%	4.55%	4.03%	3.14%

\*\*Benchmarking quartile and median figures are taken from the Sector Scorecard Analysis Report published by the National Housing Federation and Housemark, for our Board approved peer group. Our peer group is comprised of LSVTs, with between 2,500 and 10,000 homes, located in the East, South East and South West of England.

\* VfM targets for 2021/22 were calculated excluding the pension adjustment as this is unknown when the budget is set. The VfM metrics calculations are calculated from the Financial Viability Assessment (FVA) return and include the pension adjustment of £1.3m at operating surplus level. The table above also shows the metrics calculated in line with the target, in brackets, for comparison.

\* Saffron's gearing covenant is based on historical cost of assets. The Regulator of Social Housing VfM metric is based on net book value.



# Financial Review

The parent company has three wholly owned, non-charitable subsidiary companies, Crocus Contractors Limited (Crocus), Saffron Housing Finance plc (SHF) and Crimson Development Homes Limited.

Crocus was formed to carry out non-charitable activities. SHF was formed to issue a bond on behalf of the Saffron Group. Crimson was formed to undertake Saffron’s Land-Led developments. The Financial Statements of the subsidiary companies are included within these consolidated Financial Statements for the full year.



# Income and Expenditure

As of 31st March 2022, Saffron managed 6,554 housing properties (2021, 6,506). The properties are carried in the balance sheet at a depreciated cost of £274m (2021, £261m).

Turnover has increased by £5m over the previous year principally due to Crocus sales. The bulk of this increase is from Crocus (£3.8m) due to sales at the Reedham Road Scheme in Acle.

Saffron Housing Trust income was up £1.5m, £0.7m of this increase was associated with first tranche property sales. Operating costs increased by £6.3m above the previous year mainly due to a large increase in the pension adjustment and due to increased cost of sales within Crocus associated with the sales of the properties in Acle.

	Group 2021/22 £000	Group 2020/21 £000	Group 2019/20 £000	Group 2018/19 £000	Group 2017/18 £000
Turnover	40,613	35,622	37,887	36,062	35,646
Operating expenditure	(29,992)	(23,639)	(28,165)	(24,864)	(23,190)
Gain on disposal of property, plant and equipment	1,966	1,239	1,037	453	1,320
Operating Surplus	12,587	13,222	10,759	11,651	13,776
Interest receivable	-	1	81	122	185
Interest payable and similar charges	(9,646)	(9,385)	(9,313)	(9,067)	(9,064)
Surplus before tax	2,941	3,838	1,527	2,706	4,897
Taxation	17	(61)	(79)	(85)	(105)
Surplus for the year	2,958	3,777	1,448	2,621	4,792
Actuarial (loss) / gain in respect of pension schemes	8,511	(8,508)	5,426	3,179	1,091
Total comprehensive income for the year	11,469	(4,731)	6,874	(558)	5,883
Operating Margin (excl gain on disposal of PPE)	26.15%	33.64%	25.66%	31.05%	34.94%
Pension Adjustment within Operating Expenditure	1,289	279	1,592	811	624
Operating Surplus Excluding Pension Adjustment	13,876	13,501	12,351	12,462	14,400
Operating Margin (excl gain on disposal and pension adjustment)	29.33%	34.42%	29.86%	33.30%	36.69%
Pension Adjustment Interest	412	252	376	283	271
Surplus for the year excluding Pension Adjustment	4,659	4,308	3,416	3,715	5,687

The results for the year produced a surplus of £2.958m for the group after interest, corporation tax, pension costs and before any pension adjustments based on the valuation provided by the actuary (2021, £3,777m).

The surplus excluding actuarial movements (operating and interest) of £4.7m (2021 £4.3m) as

shown in the table above, show another year of growth in the overall surplus for the group.

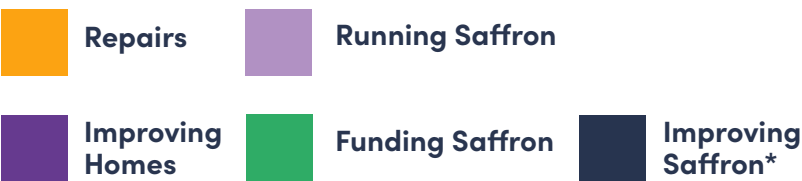
The effects of accounting for pension liabilities are shown in note 29 in the Financial Statements, and the group retained surplus of £71.468m (2021, £59.999m) is net of a decrease in reported pension liability to £13.050m (2021, £19.860m).



# How We Spend Your Rent

As introduced in our new Inspiring Saffron Strategy, it is important that we are open and transparent about how we spend tenants' rent. The graph on the right shows how each rent pound received by tenants has been spent in 2021/22. When you add together all of the rent pounds that Saffron receives, 3p equals £1m.

As detailed in the Inspiring Saffron Strategy, the objective is to increase the investment in improving our homes. In future financial years the chart on the right will be expanded to show the increased investment in line with our Inspiring Saffron Strategy.



\*This relates to financial investment in technology and process reviews as discussed on page 54, and investment in new Saffron vehicles.

## Pension Costs

Most of Saffron’s staff are members of the Local Government Pension Scheme (LGPS) which is a defined benefit scheme, full details of which are provided in note 29 in the Financial Statements. The scheme was closed to new members during 2018/19. There are three members of the Social Housing Pension Scheme (SHPS), two members in the defined contribution scheme and one member in the defined benefit scheme. The Guaranteed Minimum Pension (GMP) assumptions have been considered and are in line with expectations.

## Financial Risk Management

Saffron maintains a stress tested and externally validated business plan demonstrating to the Board the ability to withstand a wide range of adverse scenarios. Alongside this, the organisation has credible mitigating actions and clear triggers for implementation based upon Golden Rules, which ensure compliance with funding covenants and Saffron’s Liquidity Policy set out within its Treasury Management Policy.

# Cash Flows

Cash inflows and outflows during the year are shown in the consolidated cash flow statement on page 75.

## Going Concern

In the last two financial years, the financial impact of Coronavirus has been assessed as part of management’s review of applying the going concern basis. However, whilst the impact of Coronavirus is still being felt in some areas of the business associated with Void losses particularly in Saffron’s Independent Community Living Plus schemes, the remaining Coronavirus implications have been reduced as restrictions have lifted. The increased void losses in Independent Community Living Plus schemes have been factored into the 2022/23 budgets, with a target to reduce these down.

Furthermore, Saffron has continued to deliver surplus in line with budgets, over successive years, and has significant liquidity (£60m undrawn revolving credit facility) and headroom against its financial covenants. Whilst there is an exposure to market sales risk through Low Cost Home Ownership and Market Sales in Crocus, the budget and business plans do not rely on these sales. Comprehensive stress testing has also been completed as part of the business plan.

The committee of management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the Trust’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

# Refinancing of Barclays Loan – Post Balance Sheet Event

On 26th May 2022, Saffron repaid the Barclays Loan Facility of £40m (due 2030) as well as the mark to market of £12.633m. The £12.633m will be written off in the 2022/23 financial statements.

This repayment has been funded through a £60m private placement. The early repayment of the Barclays loan is linked to the Inspiring Saffron Strategy whereby the early repayment will free up additional monies for Saffron to invest in new and existing homes and with less restrictive covenants. The ability of Saffron to raise funds through a private placement provides a strong indicator of the financial strength of Saffron and provides assurance that Saffron has a robust business plan and strategy for the future.





## Report of the Board

This is the Board's report and audited financial statements for the year ended 31st March 2022. Details of the Board members that served during the year can be found in the Financial Statements on page 88.

## The Group

Saffron Housing Trust Limited is a not-for-profit Registered Provider with the majority of its homes in Norfolk and Suffolk. These accounts cover the year ended 31st March 2022. As at that date, the Group owned homes providing 6,554 units of accommodation.

## Principal Activities

Saffron's principal activities are the development and management of affordable housing. A Strategic Report of the year's activities appears on pages 12 to 65.

## Governance Code Compliance

Saffron has adopted the NHF's Code of Governance 2015. Saffron has assessed its position in relation to the code and is compliant with all aspects of the Code.

The Board have adopted the NHF's 2020 Code of Governance from 1st April 2022.

## Directors' and Officers' Liability Insurance

Directors and staff are insured to indemnify Saffron against liability when acting for Saffron.

## Compliance with Regulatory Standards

With effect from March 2016, regulatory compliance with the Regulator of Social Housing's standards must be reviewed at least annually and compliance

certified in annual financial statements. The Regulator of Social Housing awarded Saffron a G1/V1 rating in April 2020, which has been maintained throughout 2021/22. This means that, in the view of the Regulator, Saffron complies with the Governance and Financial Viability Standard.

Saffron has reviewed its compliance with the Regulatory Standards and the Board certifies Saffron is compliant with the Governance and Financial Viability Standard.

## Voluntary Code: Mergers, Group Structures and Partnerships

In December 2018, Saffron adopted a merger strategy setting out its approach and criteria for considering merger and partnership opportunities. This sets out clearly Saffron's strategic objectives and presents an 'open-minded' approach to possible mergers subject to meeting specified criteria. There was no merger activity during the financial year covered by these accounts.

## Internal Controls

The Board acknowledges it has the ultimate responsibility for ensuring that Saffron has an appropriate system of controls in place to support its business activities. Saffron's Audit and Risk Committee carries out an annual review of the effectiveness of internal controls on behalf of the Board. The Committee subsequently provides an annual report to the Board along with the Statement of Accounts.

The systems of controls provide reasonable, but not absolute, assurance against material misstatements or loss and the system is continually developing. Details of Saffron's internal controls are set out on page 13 of these accounts.

The Board has a policy on anti-fraud, bribery, and corruption, covering prevention, detection and reporting of fraud and the recovery of assets.

Saffron has procedures in place to ensure all incidents of fraud are reported. These are notified to Saffron's Audit and Risk Committee. During the year 1st April 2021 to 31st March 2022, and up to the date of signing these Accounts, there were no recorded incidents of fraud on Saffron's fraud register.

The Board confirms there is an ongoing process for identifying and managing significant risks based upon a risk framework agreed by the Board. Saffron's risks were agreed by the Board in January 2019 and have been reviewed and updated on a regular basis, as set out on pages 14 to 15 of this report.

## Statement of Board Responsibilities for the Financial Statements

The Co-Operative and Community Benefit Societies Act 2014 and legislation and regulations governing the operation of Saffron require the production of financial statements for each financial year. These must give a true and balanced view of the financial affairs of Saffron and of the Income and Expenditure for that period.

In preparing its financial statements the Board must:

- Choose and apply consistently suitable policies
- Make reasonable and sensible judgements and estimates
- State that the applicable accounting standards have been followed, subject to any material departures identified and explained in the financial statements.
- Prepare the statements on the basis Saffron is a going concern, assuming it is not inappropriate to do so.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Saffron in order to comply with:

- The Co-operative and Community Benefit Societies Act 2014
- The Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969
- The Housing and Regeneration Act 2008
- The Accounting Direction for Private Registered Providers of Social Housing 2022.

The Board has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

## Statement as to Disclosure of Information to the Auditor

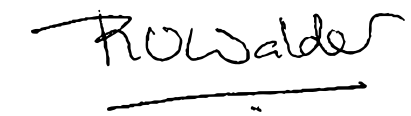
The Board members appointed and in office at the date of approval of this Report confirm that, as far as each is aware, there is no relevant audit information that Saffron's auditor is unaware of.

Each Board member has taken all reasonable and appropriate steps they should have as Board members to be aware of any relevant audit information and to establish the Association's auditor is aware of that information.

## Auditor

Crowe U.K. LLP are Saffron's appointed auditors as at 31st March 2022.

The report of the Board was approved on 25th July, 2022, and signed on its behalf by:



Bob Walder, Chair of the Board.



# Independent Auditor's Report to the Members of Saffron Housing Trust Limited

## Opinion

We have audited the Financial Statements of Saffron Housing Trust Limited (the "Trust") and its subsidiaries (the "Group") for the year ended 31st March 2022 which comprise the consolidated and Trust Statement of Comprehensive Income, the consolidated and Trust Balance Sheets, the consolidated and Trust 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 Trust's affairs as at 31st March 2022 and the Group and Trust's surplus or deficit 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 Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 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 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 Trust'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 Board is 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 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.

## Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the group; or
- A satisfactory system of controls over transactions has not been maintained; or
- The Financial Statements are not in agreement with the accounting records and returns; 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 pages 12 and 13, 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 Trust'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 Trust 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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/auditors-responsibilities](http://www.frc.org.uk/auditors-responsibilities). This description forms part of our auditor's report.



## Extent to Which the Audit was Considered Capable of Detecting Irregularities, Including Fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the Financial Statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Trust 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 Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the 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 might be fundamental to the Trust's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Trust for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

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 income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of income 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 these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## Use of Our Report

This report is made solely to the Trust's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Trust'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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



Julia Poulter

Crowe U.K. LLP, Statutory Auditor

55 Ludgate Hill, London, EC4M 7JW

Date: 12th September 2022





## Financial Statements

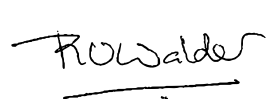
### Consolidated & Company Statement of Comprehensive Income

For the year ended 31st March 2022

	Note	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
<b>Turnover</b>	4,5	<b>40,613</b>	35,622	<b>36,228</b>	34,694
Operating Expenditure	4,5	<b>(29,992)</b>	(23,639)	<b>(26,583)</b>	(23,417)
Other Income – Gift Aid		<b>0</b>	0	<b>411</b>	215
Gain on Disposal of Property, Plant and Equipment	9	<b>1,966</b>	1,239	<b>1,966</b>	1,239
<b>Operating Surplus</b>		<b>12,587</b>	13,222	<b>12,022</b>	12,731
Interest Receivable	10	<b>0</b>	1	<b>631</b>	446
Interest Payable and Similar Charges	11	<b>(9,646)</b>	(9,385)	<b>(9,774)</b>	(9,504)
<b>Surplus Before Tax</b>		<b>2,941</b>	3,838	<b>2,879</b>	3,673
Taxation	12	<b>17</b>	(61)	<b>0</b>	0
<b>Surplus for the Year</b>		<b>2,958</b>	3,777	<b>2,879</b>	3,673
Actuarial (Loss)/Gain in Respect of Pension Schemes	29	<b>8,511</b>	(8,508)	<b>8,511</b>	(8,508)
<b>Total Comprehensive Income for the Year</b>		<b>11,469</b>	(4,731)	<b>11,390</b>	(4,835)

The results relate wholly to continuing activities. The accompanying notes form part of these Financial Statements.

The Financial Statements on pages 72 to 107 were approved by the Board and authorised for issue on 25th July 2022 and are signed on its behalf by:



**Bob Walder**  
Chair of Board



**Alison Inman**  
Board Member



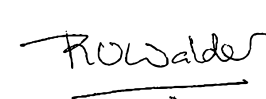
**Amanda Ashley-Smith**  
Company Secretary

## Consolidated & Company Balance Sheet

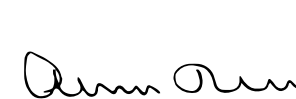
For the year ended 31st March 2022

	Note	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Fixed Assets</b>					
Housing Properties	13,14	<b>273,637</b>	260,542	<b>274,805</b>	261,006
Other Fixed Assets	15	<b>6,738</b>	7,503	<b>4,068</b>	4,544
Investments	16	<b>0</b>	0	<b>50</b>	50
		<b>280,375</b>	268,045	<b>278,923</b>	265,600
<b>Current Assets</b>					
Properties Held for Sale	17	<b>2,100</b>	269	<b>2,100</b>	269
Stock and Work in Progress	18	<b>6,670</b>	6,050	<b>280</b>	157
Trade and Other Debtors	19	<b>2,871</b>	2,283	<b>3,554</b>	4,694
Long Term Debtors with Subsidiaries	34	<b>0</b>	0	<b>8,144</b>	5,644
Cash and Cash Equivalents		<b>9,527</b>	15,900	<b>6,444</b>	13,433
		<b>21,168</b>	24,502	<b>20,522</b>	24,197
<b>Current Liabilities</b>					
Creditors: Amounts Falling Due Within One Year	20	<b>(10,227)</b>	(9,820)	<b>(10,568)</b>	(9,485)
<b>Net Current Assets</b>		<b>10,941</b>	14,682	<b>9,954</b>	14,712
<b>Total Assets Less Current Liabilities</b>		<b>291,316</b>	282,727	<b>288,877</b>	280,312
Creditors: Amounts Falling Due After More Than One Year	21	<b>(206,617)</b>	(202,616)	<b>(206,648)</b>	(202,649)
Provision For Liabilities					
Other Provisions	26	<b>(181)</b>	(252)	<b>(123)</b>	(137)
Pension Provision	29	<b>(13,050)</b>	(19,860)	<b>(13,050)</b>	(19,860)
<b>Total Net Assets</b>		<b>71,468</b>	59,999	<b>69,056</b>	57,666
<b>Income and Expenditure Reserve</b>		<b>71,468</b>	59,999	<b>69,056</b>	57,666

The financial statements on pages 72 to 107 were approved by the Board and authorised for issue on 25th July 2021 and are signed on its behalf by:



**Bob Walder**  
Chair of Board



**Alison Inman**  
Board Member



**Amanda Ashley-Smith**  
Company Secretary



## Consolidated & Company Statement of Changes in Reserves

For the year ended 31st March 2022

	Note	Group £'000	Company £'000
<b>Balance as at 31st March 2020</b>		<b>64,730</b>	<b>62,501</b>
Surplus for Period		<b>3,777</b>	<b>3,673</b>
Other Comprehensive Income Actuarial Loss	29	<b>(8,508)</b>	<b>(8,508)</b>
<b>Balance as at 31st March 2021</b>		<b>59,999</b>	<b>57,666</b>
Surplus for Period		<b>2,958</b>	<b>2,879</b>
Other Comprehensive Income Actuarial Gain	29	<b>8,511</b>	<b>8,511</b>
<b>Balance as at 31st March 2022</b>		<b>71,468</b>	<b>69,056</b>

## Consolidated Statement of Cash Flows

For the year ended 31st March 2022

	Note	Year Ended 31st March 2022		Year Ended 31st March 2021	
		£'000	£'000	£'000	£'000
<b>Net Cash Generated from Operating Activities</b>	32		<b>15,611</b>		<b>14,656</b>
<b>Cash Flow from Investing Activities</b>					
Purchase of Tangible Fixed Assets		<b>(19,941)</b>		(11,025)	
Proceeds from Sale of Tangible Fixed Assets		<b>3,654</b>		2,600	
Sale of Housing Properties Receipts Paid to South Norfolk District Council		<b>(299)</b>		(360)	
Grants Received		<b>4,226</b>		166	
Interest Received		<b>0</b>		1	
			<b>(12,360)</b>		<b>(8,618)</b>
<b>Cash Flow from Financing Activities</b>					
Interest Paid		<b>(9,514)</b>		(9,360)	
Withdrawals from Deposits		<b>0</b>		1,000	
Payment of Deferred Borrowing Costs		<b>(49)</b>		(270)	
			<b>(9,563)</b>		<b>(8,630)</b>
<b>Corporation Tax</b>			<b>(61)</b>		<b>(57)</b>
<b>Net Change in Increase/(Decrease) in Cash and Cash Equivalents</b>			<b>(6,373)</b>		<b>(2,649)</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>			<b>15,900</b>		<b>18,549</b>
<b>Cash and Cash Equivalents at End of the Year</b>			<b>9,527</b>		<b>15,900</b>



# Notes Forming Part of the Financial Statements for the Year Ended 31st March 2022

## 1. Legal Status

Saffron Housing Trust Ltd (Saffron) is a Co-operative & Community Benefit Society and is an English registered social housing provider.

The address of Saffron's registered office and principal place of business is Saffron Barn, Swan Lane, Long Stratton, Norfolk, NR15 2XP.

Saffron's principal activity is the provision of social housing. The nature of Saffron's operations are to provide social housing. It is a public benefit entity with charitable status for corporation tax purposes.

## 2. Accounting Policies

### Basis of Accounting

The financial statements of the group and association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022 and under the historical cost convention.

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

### Basis of Consolidation

The consolidated financial statements incorporate those of the parent company and its subsidiary undertakings, Crocus Contractors Limited, Crimson Development Homes Limited and Saffron Housing Finance plc, using the acquisition method of consolidation. All financial statements are made up to 31st March 2022. All inter group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

### Operating Segments

As we have publicly traded securities within the Group we are required to disclose information about our operating segments under IFRS 8. Segmental information, as presented to the Chief Operating Decision Maker (who are the Board), is disclosed in note 4 and 5. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group rather than geographical location. As permitted by IFRS8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and

class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The Board do not routinely receive segmental information disaggregated by geographical location.

### Reduced Disclosures

In accordance with FRS 102, Saffron has taken advantage of the exemptions from Section 7 'Statement of Cash Flows' – Presentation of Statement of Cash Flows and related notes and disclosures in the individual financial statements.

### Revenue Recognition

Turnover is recognised at the fair values of the consideration received, or receivable. Rental income and service charges are recognised on an accruals basis in line with tenancy agreements. Proceeds on the sale of housing properties are recognised upon legal completion of the sale. Grant income is recognised when all conditions relating to receipt of the monies have been satisfied. All other income is recognised on delivery of the service provided.

The principal activity of the subsidiary company, Crimson Development Homes Limited is the Development of building projects, Crimson was formed to undertake the Design and Build of Saffron's Land Led Developments. Crimson project manages the land led scheme on behalf of Saffron, incurring costs from suppliers and recharging that cost over to Saffron with a management fee.

Turnover represents goods sold or services provided to customers outside of the group, net of value added tax.

### Interest Income

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

### 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. Reasonable assurance is achieved when the grant provider gives notification of when payment will be made or the grant is received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure (excluding land) of the asset under the accruals model.

Government grants received for components are recognised in income over the useful economic life of the component of the asset 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 company 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.

## Housing Properties

Housing properties are properties for the provision of social housing and are principally properties available for rent and shared ownership. Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses. The development cost of housing properties includes the following:

- Cost of acquiring land and buildings
- Cost of construction
- “On costs” directly attributable to bringing the properties into working condition for their intended use.

All invoices and architects’ certificates relating to capital expenditure incurred in the year at gross values before retention are included in the Financial Statements for the year, provided that the dates of issue or valuation are prior to the year end.

The costs of catch up repairs, maintenance and improvements (other than those classified as components) are not capitalised unless the cost results in an enhancement of the property, for which additional rent could be charged or a significant future saving on maintenance incurred.

The group separately identifies the cost of structure and major components of its housing properties and charges depreciation so as to write-down the cost of each component to nil, on a straight line basis over the following years:

Land	Nil
Assets Under Construction	Nil
Property Structure	100 Years
Boiler Replacement	15 Years
Central Heating, Kitchens, Lifts	20 Years
Bathrooms, Rewiring, Doors	25 Years
Windows	30 Years
Roofs, Solid Walls	40 Years

## Sale of Housing Properties

The sale of properties under the Right to Buy scheme are treated as sales of fixed assets and not as properties developed for sale. The surplus or deficit arising on sale is shown net of the share due to South Norfolk District Council and after deducting the carrying value of the properties and related sale expenses.

Proceeds from the sale of the first tranche of properties developed for sale under shared ownership/equity schemes are treated as turnover with the appropriate proportion of costs based on the first tranche percentage sold, shown in cost of sales. The remaining property cost is included as a fixed asset.

The sale of second or subsequent tranches, or the sale of property not developed for sale under shared ownership/equity, are treated as sales of fixed assets and the surplus or deficit arising on sale is shown after deducting the share of the carrying value and related sale expenses.

## Other Fixed Assets

Other fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost, less estimated residual values, of each asset over its expected useful life as follows:

	Straight Line Basis
Office Accommodation	0 - 20%
Other Buildings Under Construction	0%
Gardening Equipment, Vehicles, Computer Equipment	10 - 20%
Office Furniture & Equipment	5 - 20%
Photovoltaic Systems	4.4%

## Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, Saffron estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

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 in income and 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.

## Stock

Stock is valued at the lower of cost and net realisable value.

## Construction Contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contract.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

The Company uses the “percentage of completion method” to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract cost incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets, depending on their nature, and where it is determined that it is probable they will be recovered.



## Investments

Long term investments are classified as fixed assets. Short term investments are classified as current assets. The fixed asset investment in the subsidiaries is included in the balance sheet at historical cost. Other short term, unlisted investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

## VAT

The group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

## Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday year for Saffron accrues between January and December each year. The cost of any unused entitlement accrued between January and March is recognised in the period in which employee’s services are received.

## Retirement Benefits

The Trust participates in the Norfolk County Council Local Government Pension Scheme (LGPS), a defined benefit pension scheme, and the Social Housing Pension Scheme (SHPS), which has members in both a defined contribution and a defined benefit scheme.

The cost of providing benefits for both schemes is determined using the projected unit credit method.

## Termination/Redundancy Costs

Redundancy and termination costs are accounted for on an accruals basis when the commitment to terminate a post of the grounds of redundancy has been made.

## Asset/Liability

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.

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.

## Gains/Losses

- Gains or losses recognised in profit or loss:
- 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 net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets and liabilities

at the beginning of the period by the rate used to discount the benefit obligations.

- Gains or losses recognised in other comprehensive income:
- Actuarial gains and losses.
  - The difference between the interest income on the plan assets and the actual return on the plan assets.

## Financial Instruments

Saffron 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 Saffron becomes a party to the contractual provisions of the instrument, and are offset only when Saffron 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

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

A provision for impairment of trade 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 profit or loss for the excess of the

carrying value of the trade 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 profit or loss.

## Financial Liabilities – Creditors

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

## Financial Liabilities – 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 similar charges.

Debt instruments that do not meet the conditions in FRS102, paragraph 11.9, are subsequently measured at fair value through income and expenditure.

## Derecognition of Financial Assets and Liabilities

A financial asset is derecognised 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 Saffron 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. In addition, where the Regulator of Social Housing requires expenditure to be made to meet their legal requirements, this where appropriate is included as a provision.

## Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantive enacted by the reporting date.

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 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. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessment in different periods from their recognition in the financial statements. 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 profits.

Current and deferred tax is charged or credited in profit or loss, 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 follows equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## Prior Period Adjustments

Prior period adjustments are made when material errors are found in the prior year financial statements or where there is a change in accounting policy.

## 3. Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The LGPS pension liability is based on the actuarial valuation as at 31st March 2022, full details are shown at note 29.

### Critical Areas of Judgement

Triggers of impairment to assets and the net realisable value of stock and property held for sale are considered annually.



## 4. Turnover, Operating Costs and Operating Surplus

	Turnover	Operating Expenditure	Other	Operating Surplus	Operating Surplus
	2022	2022	2022	2022	2021
	£'000	£'000	£'000	£'000	£'000
<b>Social Housing Lettings</b>	33,703	(24,248)	0	9,455	11,037
<b>Other Social Housing Activities:</b>					
First Tranche Property Sales	1,204	(803)	0	401	110
Charges for Support Services	0	0	0	0	0
Other	219	(238)	0	(19)	87
	<u>35,126</u>	<u>(25,289)</u>	<u>0</u>	<u>9,837</u>	<u>11,234</u>
<b>Non-Social Housing Activities</b>	1,102	(1,294)	0	(192)	43
<b>Gift Aid</b>	0	0	411	411	215
<b>Gain on Disposal of Assets</b>	0	0	1,966	1,966	1,239
	<u>36,228</u>	<u>(26,583)</u>	<u>2,377</u>	<u>12,022</u>	<u>12,731</u>
<b>Result of Company</b>	36,228	(26,583)	2,377	12,022	12,731
<b>Results of Subsidiaries</b>	4,385	(3,409)	(411)	565	491
	<u>40,613</u>	<u>(29,992)</u>	<u>1,966</u>	<u>12,587</u>	<u>13,222</u>
<b>Result of Group</b>	<b>40,613</b>	<b>(29,992)</b>	<b>1,966</b>	<b>12,587</b>	<b>13,222</b>

## 5. Particulars of Income and Expenditure from Social Housing Lettings

	General Needs Housing £'000	Supported and Housing for Older People £'000	Shared Ownership £'000	Total 2022 £'000	Total 2021 £'000
Rent Receivable Net of Voids	28,344	3,076	513	31,933	31,102
Service Charges Receivable	208	1,156	5	1,369	1,565
	<u>28,552</u>	<u>4,232</u>	<u>518</u>	<u>33,302</u>	<u>32,667</u>
Net Rental Income	0	0	0	0	0
Revenue Grants	401	0	0	401	395
Amortised Grant					
	<u>28,953</u>	<u>4,232</u>	<u>518</u>	<u>33,703</u>	<u>33,062</u>
<b>Turnover from SHL</b>	<b>28,953</b>	<b>4,232</b>	<b>518</b>	<b>33,703</b>	<b>33,062</b>
	<u>(4,966)</u>	<u>(539)</u>	<u>(90)</u>	<u>(5,595)</u>	<u>(5,201)</u>
Management	(201)	(1,156)	0	(1,357)	(1,592)
Service Charges Costs	(6,805)	(368)	0	(7,173)	(6,444)
Routine Maintenance	(297)	(9)	0	(306)	(376)
Planned Maintenance	(218)	(9)	0	(227)	(345)
Major Repairs	(5,345)	(124)	(21)	(5,490)	(5,102)
Depreciation and Amortisation Charged	(30)	0	0	(30)	(39)
Lease Costs	(2,271)	(247)	(41)	(2,559)	(2,552)
Other Costs	(196)	(22)	(4)	(222)	(95)
Bad Debts	(1,144)	(124)	(21)	(1,289)	(279)
Pension Adjustment					
	<u>(21,473)</u>	<u>(2,598)</u>	<u>(177)</u>	<u>(24,248)</u>	<u>(22,025)</u>
<b>Operating Costs on SHL</b>	<b>(21,473)</b>	<b>(2,598)</b>	<b>(177)</b>	<b>(24,248)</b>	<b>(22,025)</b>
	<u>7,480</u>	<u>1,634</u>	<u>341</u>	<u>9,455</u>	<u>11,037</u>
<b>Operating Surplus on SHL</b>	<b>7,480</b>	<b>1,634</b>	<b>341</b>	<b>9,455</b>	<b>11,037</b>
	<u>300</u>	<u>296</u>	<u>0</u>	<u>596</u>	<u>734</u>
Void losses (being rental income lost as a result of property not being let, although it is available for letting)					

The pension adjustment shown separately above represents the difference between the current service cost for the year and contributions from the employer to the scheme. The employer contributions for the year are included with salary amounts in the appropriate cost centres.



6. Employees

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

	2022 Full Time	2022 Part Time	2021 Full Time	2021 Part Time
Directors and Support Services	50.3	13.6	53.1	13.8
Housing Management	24.2	6.3	24.9	4.4
Property Services	9.7	3.5	7.0	1.4
Call Handling and Alarms	2.3	4.3	2.0	6.0
Craftworkers/Maintenance	99.7	6.0	88.4	5.0
Wardens/Careworkers	5.9	0.0	5.8	0.0
Gardeners/Caretakers	5.6	2.8	12.7	3.0
	197.5	36.4	193.8	33.6
	2022	2021		
Staff Costs for the Above Persons Consist of:				
Wages and Salaries	7,589	7,476		
Employer’s National Insurance	770	766		
Defined Benefit Pension Scheme Charge/ (Gain) (see note 29)	1,513	1,908		
Non-Defined Benefit Pension Scheme	121	83		
Charge Terminations	65	76		
	10,058	10,309		
Remuneration Bands Greater Than £60,000 of Key Management Personnel	2022 FTE	2021 FTE		
£110,001 to £120,000	2	2		
£ 50,001 to £160,000	1	1		

The average number of full time equivalent staff (excluding directors) was 224.8 (2021: 212.2).  
There are no staff (excluding directors) earning over £100,000.

Pension contributions

The agreed employers' contributions to the Norfolk County Council Pension Fund and the Social Housing Pension Scheme (SHPS) by the Group for the year ended 31st March 2022 were 24.6% of pensionable pay plus an annual payment of £124,000 and 6% plus an annual payment of £27,000 respectively.

7. Non-Executive & Executive Directors

Directors are defined as the unpaid Non-Executive Directors, the Chief Executive and other Executive Directors and are considered to be the key management personnel. Their remuneration during the period was as follows:

In Respect of the Directors of Saffron

Executive Directors	2022 £'000	2021 £'000
Remuneration and Fees	382	382
Pension Scheme Contributions	65	66
Benefits in Kind	1	0
Sub-Total	448	448
Employers National Insurance	47	49
	495	497
Emoluments of the Highest Paid Director	152	152
Pension Scheme Contributions	14	14
	166	166
Non-Executive Directors	2022	2021
Expenses Payable to Non-Executive Directors Who Were Not Employees of the Group	0	0
Fee Paid to Non Executives of Saffron Housing Trust Limited	68	69
Benefits in Kind	0	0

There are two executive directors to whom retirement benefits are accruing in relation to defined benefit schemes.  
The Chief Executive was an ordinary member of the Aviva pension scheme with no enhanced or special terms applied.  
Contributions towards the Chief Executive’s pension by the group amounted to £14k (2021 – £14k).  
The Chief Executive’s notice period is 6 months.



7. Non-executive and Executive Directors (Cont)

	Gross Salary £	Benefits In Kind £	Pension Contributions £	2022 Total £	2021 Total £
<b>Non-Executive Directors Who Served on the Board</b>					
Bob Walder (& Chair of SHFPlcB)	11,499			11,499	11,250
Katrina Laud (& Member of CDHLtdB and Member of G&RC and Senior Independent Director)	6,500			6,500	6,500
James Tully (retired 20th September 2021) (& Chair of G&RC)	3,250			3,250	6,500
Mike Jolly (& Member of CCLtdB and Chair of ARC)	6,500			6,500	6,500
Duncan Scott (& Member of G&RC)	4,500			4,500	4,500
Tom Fadden (& Chair of G&RC)	5,569			5,569	4,500
Alison Inman (& Chair of SQC)	5,182			5,182	4,500
Rob Lankey (& Member of ARC)	4,500			4,500	4,500
Barry Duffin (& Chair of CCLtdB and Chair of CDHLtdB)	6,500			6,500	6,500
Emma Rose (& Member of CCLtdB)	4,500			4,500	4,500
Neil Watts (& Member of ARC)	4,500			4,500	4,500
<b>Independent Committee Members</b>					
Anna Bennet (ARC)	2,500			2,500	2,500
Ian Pinches (ARC)	2,500			2,500	2,500
<b>Independent Crocus Board Members</b>					
Martin Aust (resigned 22nd July 2021)	2,250			2,250	4,500
Andrew Speed (App 29th November 2021)	1,535			1,535	
Trevor Conway	4,500			4,500	4,500
	76,285	0	0	76,285	78,250
<b>Executive Officers</b>					
James Francis (& Member of SHTLtdB and Member of SHFPlcB)	152		14	166	166
Iain Innes (& Member of CDHLtdB and Member of SHFPlcB)	115		26	141	141
Hannah Harvey (& Member of CDHLtdB)	115		26	141	141
	382	0	66	448	448
<b>Key for Saffron Group Boards and Committees:</b>					
<b>SHFPlcB</b> – Saffron Housing Finance Plc Board		<b>ARC</b> – Audit and Risk Committee			
<b>CDHLtdB</b> – Crimson Development Homes Ltd Board		<b>SQC</b> – Service Quality Committee			
<b>G&amp;RC</b> – Governance and Remuneration Committee		<b>SHTLtdB</b> – Saffron Housing Trust Ltd Board			
<b>CCLtdB</b> – Crocus Contractors Ltd Board					

8. Operating Surplus

	Note	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
This has been arrived at after charging					
Depreciation of housing properties	13	4,889	4,589	4,889	4,589
Depreciation of other owned tangible fixed assets	15	880	833	601	513
Profit on disposal of tangible fixed assets	9	6	28	6	28
Fees payable to External Auditors in respect of both audit and non-audit services are as follows:					
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Audit services – statutory audit of parent and consolidated financial statements		22	22	22	22
Audit of subsidiary’s financial statements		18	12	0	0
Audit services – other		0	0	0	0
		40	34	22	22

9. Surplus on Sale of Fixed Assets

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Sale of housing property under preserved right to buy				
Proceeds	855	705	855	705
Share of proceeds due to South Norfolk District Council	(640)	(299)	(640)	(299)
Cost of disposals	(176)	(393)	(176)	(393)
(Deficit)/Surplus on sale of housing property under preserved right to buy right to buy	39	13	39	13
Surplus on 2nd tranche shared ownership & equity sales				
	714	552	714	552
Surplus on sale of property under right to acquire				
Surplus on sale of property on open market	31	0	31	0
Surplus on sale of land	1,176	646	1,176	646
Surplus on sale of plant & equipment	0	4	0	4
	6	24	6	24
	1,966	1,239	1,966	1,239



## 10. Interest Receivable

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
On Bank Deposits	0	1	0	1
On Loan to Subsidiary	0	0	631	445
	<u>0</u>	<u>1</u>	<u>631</u>	<u>446</u>

## 11. Interest Payable

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Interest Arising On; Bank Loans and Overdrafts	(9,006)	(8,999)	(9,086)	(9,081)
Interest Paid to South Norfolk District Council on Right to Buy Sales Income	(1)	0	(1)	0
Amortisation of Bank Loan Set Up Fees	(247)	(150)	(247)	(141)
Amortisation of Bond Set Up Fees	(30)	(30)	(30)	(30)
Amortisation of Premium Received on Issue of Retained Bond	48	46	0	0
Defined Benefit Pension Charge	(410)	(252)	(410)	(252)
	<u>(9,646)</u>	<u>(9,385)</u>	<u>(9,774)</u>	<u>(9,504)</u>

## 12. Corporation Tax

	2022 Group £'000	2022 Crimson £'000	2022 Crocus £'000	2021 Group £'000
<b>Current Tax</b>				
UK Corporation Tax on Surplus for Period	41	2	39	61
Adjustment in Respect of Previous Periods	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
Total Current Tax	41	2	39	72
<b>Deferred Tax</b>				
Origination and Reversal of Timing Differences	(58)	0	(58)	(11)
Total Deferred Tax	<u>(58)</u>	<u>0</u>	<u>(58)</u>	<u>(11)</u>
Total Tax Charge	(17)	2	(19)	61
Surplus for Year	2,941			3,819
UK Corporation Tax on Group Surplus for the Year at the Rate of 19% (2021: 19%)	559			726
Non-Taxable Charitable Surplus	(576)			(665)
Difference Between Capital Allowances and Depreciation	(58)			(11)
Adjustment in Respect of Previous Periods	<u>58</u>	<u>0</u>	<u>0</u>	<u>11</u>
UK Corporation Tax Payable for the Year	(17)			61

No provision has been made for corporation tax on the parent company's activities as it is a registered charity and surpluses arising from its charitable activities are exempt from corporation tax. The above charge relates to subsidiary company activities only.

### Factors that may affect future tax charges

The standard rate of tax applied to reported profit in subsidiary companies is 19% (2021:19%). The % for Corporation tax is currently set to be the same until 2022/23, in 23/24 a new method for calculating the level of corporation tax payable will be dependent on the level of profits declared. Profits over £250,000 will be taxed at 25%.



## 13. Tangible Fixed Assets – Housing Properties

Group	Social Housing Properties Held for Letting £'000	Housing Properties for Lettings Under Construction £'000	Shared Ownership Properties Completed £'000	Total £'000
<b>Cost</b>				
at 1st April 2021	284,449	3,502	10,576	298,527
Additions	5,579	13,188	1	18,768
Disposals	(616)	0	(269)	(885)
Transfers	7,003	(7,139)	136	0
at 31st March 2022	296,415	9,551	10,444	316,410
<b>Depreciation</b>				
at 1st April 2021	(37,356)	0	(629)	(37,985)
Charge for the Year	(4,825)	0	(64)	(4,889)
Disposals	85	0	16	101
at 31st March 2022	(42,096)	0	(677)	(42,773)
<b>Carrying Amount</b>				
as 31st March 2021	247,093	3,502	9,947	260,542
at 31st March 2022	254,319	9,551	9,767	273,637

## 14. Tangible Fixed Assets – Housing Properties

Company	Social Housing Properties Held for Letting £'000	Housing Properties for Lettings Under Construction £'000	Shared Ownership Properties Completed £'000	Total £'000
<b>Cost</b>				
at 1st April 2021	284,913	3,502	10,576	298,991
Additions	5,579	13,892	1	19,472
Disposals	(616)	0	(269)	(885)
Transfers	7,003	(7,139)	136	0
at 31st March 2022	296,879	10,255	10,444	317,578
<b>Depreciation</b>				
at 1st April 2021	(37,356)	0	(629)	(37,985)
Charge for the Year	(4,825)	0	(64)	(4,889)
Disposals	85	0	16	101
at 31st March 2022	(42,096)	0	(677)	(42,773)
<b>Carrying Amount</b>				
as 31st March 2021	247,557	3,502	9,947	261,006
at 31st March 2022	254,783	10,255	9,767	274,805
	<b>2022 Group £'000</b>	<b>2021 Group £'000</b>	<b>2022 Company £'000</b>	<b>2021 Company £'000</b>
<b>Expenditure on Works to Existing Properties</b>				
Components Capitalised	5,388	3,945	5,388	3,945
Amounts Charged to Income and Expenditure	227	185	227	185
	5,615	4,130	5,615	4,130

94% of the group and company's freehold housing property was valued by JLL Property Consultancy Limited (Chartered Surveyors) in 2019 & 2021 at £375,341,596 on a mixture of EUV-SH and MVT basis.



15. Tangible Fixed Assets – Other

	Freehold Offices £'000	Gardening Equipment £'000	Vehicles £'000	Computer Equipment £'000	Office Furniture & Equipment £'000	Company Total £'000	Photovoltaic Panels £'000	Group Total £'000
<b>Cost</b>								
At 1st April 2021	3,603	421	1,351	3,742	684	9,801	5,594	15,395
Additions	0	17	139	188	0	344	0	344
Disposals During Year	(40)	(23)	(32)	(362)	(30)	(487)	(17)	(504)
At 31st March 2022	3,563	415	1,458	3,568	654	9,658	5,577	15,235
<b>Less: Depreciation</b>								
At 1st April 2021	(1,316)	(365)	(691)	(2,266)	(619)	(5,257)	(2,635)	(7,892)
Charge for period	(95)	(22)	(160)	(318)	(6)	(601)	(279)	(880)
Disposals	16	20	32	182	18	268	7	275
At 31st March 2022	(1,395)	(367)	(819)	(2,402)	(607)	(5,590)	(2,907)	(8,497)
<b>Carrying Amount</b>								
At 31st March 2021	2,287	56	660	1,476	65	4,544	2,959	7,503
At 31st March 2022	2,168	48	639	1,166	47	4,068	2,670	6,738

16. Investment in Subsidiaries

The company holds the whole of the issued share capital of 2 ordinary shares of £1 each in Crocus Contractors Limited a company incorporated in England and Wales whose principal activity is the Construction of domestic buildings. The shares were acquired at their nominal value of £2.

The company holds the whole of the issued share capital of 1 ordinary shares of £1 each in Crimson Development Homes Limited a company incorporated in England and Wales whose principal activity is the Development of building projects. The shares were acquired at their nominal value of £1.

The company holds 50,000 ordinary shares of £1 each in Saffron Housing Finance plc, a company incorporated in England and Wales. 12,500 are paid up and the remaining liability for unpaid issued share capital is shown in creditors.

17. Properties for Sale

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Shared Ownership	2,100	269	2,100	269

18. Stock

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Consumable Stores	280	157	280	157
Development Work in Progress	6,390	5,893	0	0
	6,670	6,050	280	157



19. Debtors

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Arrears of Rent and Service Charges	1,860	2,555	1,860	2,555
Less: Provision for Bad and Doubtful Debts	(1,280)	(1,418)	(1,280)	(1,418)
	580	1,137	580	1,137
Trade Debtors	169	96	142	86
Due From Crocus Contractors Limited	0	0	774	2,600
Due From Saffron Housing Finance	0	0	111	115
Due From Crimson Development Homes Ltd	0	0	665	0
Social Housing Grant	0	171	0	171
VAT Recoverable	182	43	0	0
Other Debtors	1,940	836	1,282	585
	2,871	2,283	3,554	4,694

The above debtors were all considered to be recoverable within one year.

20. Creditors: Amounts Falling Due Within One Year

	Note	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Trade Creditors		192	536	192	535
Contractors and Unpaid Retentions		1,785	2,320	1,777	2,218
Development Creditor		358	652	358	652
Other Tax and Social Security Costs		215	187	215	187
Corporation Tax		41	62	0	0
Outstanding Pension Scheme Contributions		0	160	0	160
Due to South Norfolk District Council		662	347	662	347
Due to Saffron Housing Finance Plc		0	0	1,467	1,469
Due to Crocus Contractors		0	0	469	124
Due to Crimson Development Homes Ltd		0	0	569	0
Rents in Advance		484	496	484	496
Deferred Capital Grant		401	395	401	395
Recycled Capital Grant	23	164	0	164	0
Other Creditors and Accruals		5,925	4,665	3,810	2,902
		10,227	9,820	10,568	9,485



## 21. Creditors: Amounts Falling due after more than one year

	Note	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Debt	24	165,668	165,487	165,699	165,520
Deferred Capital Grant	22	39,262	35,592	39,262	35,592
Lease Premium		1,523	1,537	1,523	1,537
Capital Improvements Grant		164	0	164	0
		<u>206,617</u>	<u>202,616</u>	<u>206,648</u>	<u>202,649</u>

## 22. Deferred Capital Grant

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
At 1st April 2021	35,592	35,801	35,592	35,801
Grant Received in Year	4,209	186	4,209	186
Capital Grant Released	(539)	(395)	(539)	(395)
At 31st March 2022	<u>39,262</u>	<u>35,592</u>	<u>39,262</u>	<u>35,592</u>

The Social Housing grant included above is repayable in the event of the disposal of the related property. However, the repayment of Social Housing grant would be subordinated behind any private loans with charges on these properties. The total gross amount potentially repayable is £39.1m. Amounts due to be released in less than one year £401k (2021: £395k) are included within other creditors.

## 23. Recycled Capital Grant

Funds pertaining to its activities within areas covered by HCA

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Opening Balance	0	0	0	0
Inputs to RCGF - Grants Recycled	164	0	164	0
Recycling of Grant - New Build	0	0	0	0
	<u>164</u>	<u>0</u>	<u>164</u>	<u>0</u>
At 31st March 2022	164	0	164	0

## 24. Financial Instruments

The carrying amount of the Group and Company's financial instruments at 31st March were –

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
<b>Financial Assets</b>				
Debt instruments measured at amortised cost	20,656	24,136	17,409	23,722
	<u>20,656</u>	<u>24,136</u>	<u>17,409</u>	<u>23,722</u>
<b>Financial Liabilities</b>				
Debt instruments measured at amortised cost	(176,164)	(174,491)	(174,738)	(173,814)



25. Debt

Long term debt repayable after more than five years

	2022 Group £'000	2021 Group £'000	2022 Company £'000	2021 Company £'000
Payable in Instalments	123,999	123,875	125,699	125,625
Payable by Other Than Instalments	41,669	41,612	40,000	39,895
	<b>165,668</b>	165,487	<b>165,699</b>	165,520

SAFFRON borrows money to fund social housing property developments and the loans consist of bank loans of £40m on an interest only repayment basis and a bond issue of £125m which amortises over the last 10 years of its life from 2038. The £40m bank loan at 31st March is due for repayment in 2030. The £40m loans bears a fixed interest rate of 6.4% plus 1 % margin. The bond bears a fixed interest rate of 4.64%.

In July 2013 SAFFRON increased its financing facilities via a bond issue of £125m. Of £75m issued £50m was paid in July 2013 and £25m in July 2014. £50m of retained bonds were sold in September 2014 at an interest rate of 4.42% resulting in the receipt of a premium of £1.99m. This premium was lent from Saffron Housing Finance plc to Saffron Housing Trust Limited under a separate loan agreement at an agreed fixed interest rate of 4.64%. The capital is repayable on such dates and in such amounts as notified to the borrower from time to time.

The loan and bond are secured by a fixed charge over the property and assets transferred to Saffron on 17th May 2004, property built on transferred land since that date and new build properties to the value required.

The fair value (market value) of the paid bond at 31st March 2022 was £149,091,250 (2021: £198,941,250).

26. Provisions for Liabilities

Company	Holiday Pay £'000	Organisational Restructure £'000	Company Total £'000	Deferred Tax £'000	Group Total £'000
At 1st April 2021	107	30	137	115	252
Utilised in Year	0	(30)	(30)	(57)	(87)
Increased/(Reversed) in Year	16	0	16	0	16
	<b>123</b>	0	<b>123</b>	58	<b>181</b>
Provision for Deferred Tax Has Been Made as Follows	2022	2021			
Accelerated Capital Allowances	£'000 58	£'000 115			

Holiday Pay

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the contractual cost payable for the period of absence.

Deferred tax

The provision for deferred tax represents the balance of accelerated capital allowances.



27. Housing Stock – Group & Company

The number of units of housing under development and in management at 31st March was:

	2022 No's	2021 No's
<strong>Housing Units Under Development</strong>		
General Needs Housing		
- Social Rent	102	0
- Affordable Rent	26	446
- Intermediate Rent	0	0
Shared Equity	1	34
Shared Ownership	46	82
	175	562
<strong>Housing Units in Management</strong>		
General Needs		
- Social Rent	3,310	3,323
- Affordable Rent	2,115	2,055
Supported – Affordable Rent	10	10
Housing for Older People	575	575
Specialist Housing	128	133
Low Cost Home Ownership (LCHO)	221	222
Shared Equity (LCHO)	195	188
	6,554	6,506
	6,729	7,068

28. Share Capital

The parent (Saffron Housing Trust Limited) is an exempt charity registered in England by the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. Saffron has 10 Shareholders who each have a share with a nominal value of one pound which carries no right to interest, dividend or bonus. In 2021-22, 19 Shareholders ceased to be Shareholders.

29. Pensions

Local Government Pension Scheme (LGPS)

The parent company is an admitted body of the LGPS which is funded by the payment of contributions to a separately administered trust fund. At 31st March 2022 60% of the parent company’s employees (the company’s subsidiaries have no employees other than unpaid directors) were members of the Fund, which is a defined benefit scheme.

The parent company expects to contribute £1,327,000 to its defined benefit pension plans in 2022/23.

Assumptions

Guaranteed Minimum Pension (GMP)

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6th April 1978 and 5th April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the State Second Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women’s benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6th April 2016 and 5th April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The fund’s actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of Saffron for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards.

The major financial assumptions used by the actuary in assessing the LGPS scheme liabilities were:

	31st March 2022 % Per Annum	31st March 2021 % Per Annum
Rate of Increase in Salaries	3.85	3.50
Rate of Increase in Pensions in Payment	3.15	2.80
Discount Rate	2.75	2.05

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

Demographic Assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
	21.7 Years	24.1 years
	22.9 Years	26.0 years
Pensioners		
Non Pensioners		
	2022	2021
	£'000	£'000
Amounts Recognised in the Balance Sheet		
Fair Value of Employer Share of Scheme Assets	48,707	43,669
Present Value of Funded Liabilities	(61,632)	(63,437)
Net Underfunding in Funded Plans	(12,925)	(19,768)
Net Liability	(12,925)	(19,768)
SHPS Liability	(125)	(92)
Total Liability	(13,050)	(19,860)
Changes in the Fair Value of Plan Assets	2022	2021
	£'000	£'000
Opening Plan Assets	43,669	34,171
Actuarial Movements Relating to Prior Year	415	0
Expected Return	913	801
Actuarial(Loss)/Gain	2,690	7,308
Contributions by Employer	1,552	1,707
Contributions by Members	380	415
Benefits Paid	(912)	(733)
Closing Plan Assets	48,707	43,669
Analysis of the Amount Charged to Operating Surplus	2022	2021
	£'000	£'000
Current Service Cost	2,866	1,982
Past Service Cost	0	28
Total Operating Charge	2,866	2,010
Analysis of Amount Credited to Other Finance Income	2022	2021
	£'000	£'000
Interest on Pension Scheme Liabilities	1,323	1,053
Expected Return on Employer Assets	(913)	(801)
Net Cost/(Income)	410	252
Analysis of the Amount Recognised in Statement of Comprehensive Income (SOCI)	2022	2021
	£'000	£'000
Actuarial Gains on Assets	2,690	7,308
Actuarial Gains/(Losses) on Obligations	5,462	(15,724)
Actuarial Gain/(Loss) Recognised in SOCI	8,152	(8,416)

Changes in Present Value of the Defined Benefit Obligation	2022	2021
	£'000	£'000
Opening Defined Benefit Obligation	63,437	44,968
Actuarial Movement Relating to Prior Year	0	0
Current & Past Service Cost	2,866	2,010
Interest Cost	1,323	1,053
Contributions by Members	380	415
Actuarial Losses/(Gains)	(5,462)	15,724
Benefits Paid	(912)	(733)
Closing Defined Benefit Obligation	61,632	63,437
Major Categories of Plan Assets as a Percentage of Total Plan Assets	2022	2021
Equities	49%	50%
Bonds	36%	35%
Property	12%	12%
Cash	3%	3%

Amounts for the Current & Previous Four Periods are as Follows:	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Defined Benefit Obligation	(61,632)	(63,437)	(44,968)	(48,148)	(40,445)
Plan Assets	48,707	43,669	34,171	34,006	30,439
Deficit in the Scheme & Liability	(12,925)	(19,768)	(10,797)	(14,142)	(10,006)
Actuarial (Losses)/Gains on Scheme Assets	2,690	7,308	(1,293)	1,398	122
Experience (Losses)/Gains Arising on Scheme Liabilities	0	0	0	0	0
(Loss)/ Gains in Demographic Assumptions	(294)	711	(1,381)	0	0

Social Housing Pension Scheme

The parent company has one member of SHPS, a multi-employer defined benefit scheme in the UK.

Full FRS102 disclosures have not been made as there is only one member of the scheme and the actuary assumptions are similar to those of the LGPS scheme.

The net liability in respect of this scheme at 31st March 2022 is £125,000.



### 30. Capital Commitments

The number of units of housing under development and in management at 31st March was:

	2022 £'000	2021 £'000
<b>Group &amp; Company</b>		
Capital Expenditure Contracted for but not Provided for in the Financial Statements	21,680	7,702
Capital Expenditure Approved by Board but not Contracted for	462	19,637
	<u>22,142</u>	<u>27,339</u>

The above capital expenditure will be funded by a combination of grant, operating cash flows as well as the £60m Natwest facility.

### 31. Related Party Transactions

The following board members are also tenants:

Duncan Scott

Tom Fadden

Neil Watts (Power of Attorney for son's Tenancy)

Their tenancies are on normal commercial terms. The aggregate rent for the period was £16,538.08 (2021: £15,935.40) and arrears were nil as at 31st March 2022 (2021: Nil).

Transactions in the year with unregulated subsidiaries were –

	2022 Total £'000	2022 Crocus Contractors Limited £'000	2022 Crimson Development Homes Ltd £'000	2022 SHF plc £'000	2021 Total £'000
Labour, Mileage & Board Payments Charged	531	476	55	0	324
Interest Charged	631	631	0	0	453
Interest Paid	(5,957)	0	0	(5,957)	(5,957)
Gift Aid Received from	411	300	0	111	215

Labour costs are apportioned based on time allocations and the cost of mileage and board payments incurred on behalf of Crocus have been recharged and paid in full.

### 32. Reconciliation of Surplus After Tax to Net Cash Generated from/ (used in) Operations

	2022 Group £'000	2021 Group £'000
Surplus for the Year	2,958	3,777
Adjustments for Non-Cash Items –		
Depreciation of Tangible Fixed Assets	5,490	5,102
Defined Benefit Pension Scheme	1,701	531
Amortisation of Grant	(401)	(375)
Profit on Disposal of Assets	(1,966)	(1,239)
Corporation Tax	(17)	61
Interest Received	0	(1)
Interest Payable	9,646	9,385
Operating Cashflows Before Movements in Working Capital	<u>17,411</u>	<u>17,241</u>
Decrease/(Increase) in Stock	(2,451)	(2,106)
Decrease/(Increase) in Debtors	(588)	(787)
Increase/(Decrease) in Creditors	1,267	526
Decrease in Provisions	(28)	(218)
<b>Net Cash Inflow from Operating Activities</b>	<u>15,611</u>	<u>14,656</u>

### 33. Reconciliation of Net Cashflow to Movement in Net Debt

	At 1st April 2021	Cashflows	New Finance	New Finance Costs	Other Non Cashflow Movements	At 31st March 2022
<b>Group</b>						
Cash	15,900	(6,373)	0	0	0	9,527
Investments	0	0	0	0	0	0
Bank Loans Due Greater than One Year	(165,487)	0	0	(49)	(132)	(165,668)
	<u>(149,587)</u>	<u>(6,373)</u>	<u>0</u>	<u>(49)</u>	<u>(132)</u>	<u>(156,141)</u>

### 34. Long Term Debtors with Subsidiaries

This amount represents the following relating to the subsidiary undertakings –

	2022 £'000	2021 £'000
Unsecured loan to Crocus Contractors Limited due in between 2 and 5 years	2,500	
Unsecured loan to Crocus Contractors Limited due in full after more than 5 years	5,644	5,644
	<u>8,144</u>	<u>5,644</u>

## Company Information

- Regulator of Social Housing Registration No: LH4412
- Co-operative & Community Benefit Society Registration No: 32427R
- VAT Registration No: 831 2392 50
- Registered Office: Saffron Barn, Swan Lane, Long Stratton, Norwich, NR15 2XP

**Bankers:**

- Barclays Bank plc, 1 Churchill Place, London E14 5HP
- The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL
- National Westminster Bank Plc, 135 Bishopgate, London EC2M 3UR

**Solicitors:**

- Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham B3 2ES
- Spire Solicitors, 36-40 Prince of Wales Road, Norwich, Norfolk NR1 1HZ
- Devonshires Solicitors LLP, 30 Finsbury Circus, London, EC2M 7DT
- Howes Percival, Flint Buildings, 1 Bedding Lane, Norwich

**External Auditors:**

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

**Internal Auditors:**

- TIAA, Artillery House, Fort Fareham, Newgate Lane, Fareham, PO14 1AH

## Board Members’ Declarations of Interests 2021/22:

Board Members	Declaration
Bob Walder	<ul style="list-style-type: none"><li>• Chair at Bishop Grossteste University, Lincoln.</li><li>• Chair ONGO Partnership; ONGO Homes.</li><li>• Board Member ONGO Commercial and subsidiary boards.</li><li>• Chair of LACE Housing.</li></ul>
Katrina Laud	<ul style="list-style-type: none"><li>• Consultancy business connected to Savills Housing Consultancy, acts for commercial, public and not for profit housing providers including Flagship Group and Orbit Group.</li><li>• Chair of Habitare Homes Ltd.</li><li>• Managing Director of KL Management Consultants Ltd.</li></ul>

Board Members	Declaration
Thomas Fadden	<ul style="list-style-type: none"><li>• Occasional Speaker, Consultant and Provider of disability awareness and inclusion sessions to National Housing Federation, Housing Diversity Network and Settle Housing.</li><li>• Clore Leadership – Guest speaker November 2021.</li><li>• UEA School of Social Work ad hoc tutor.</li><li>• Unpaid Work for Good Governance Institute.</li><li>• Self-employed via Purple Reach disability consultancy.</li></ul>
Alison Inman	<ul style="list-style-type: none"><li>• Shareholder of Broadland Housing.</li><li>• Board Member of Eastlight Community Homes.</li><li>• Trustee of Balcerne Gardens Trust.</li><li>• Housing Diversity Network Board Member.</li><li>• Non- Executive Director of Tpas.</li><li>• Member of Senior Board of Advisors for ‘Women in Safe Homes’ (WISH) Housing Fund.</li></ul>
Ian Pinches	<ul style="list-style-type: none"><li>• Independent Board Member of Orwell Housing.</li><li>• Independent Member of the Joint Audit Committee for the Police &amp; Crime Commissioner for Cambs &amp; Peterborough.</li></ul>
Emma Rose	<ul style="list-style-type: none"><li>• The Coach House Inn Luffenham Ltd. (Pub and restaurant with rooms – 100% ownership).</li><li>• University of Northampton – Associate Lecturer.</li></ul>
Duncan Scott	<ul style="list-style-type: none"><li>• Trustee of Equal Lives (Norfolk Coalition of Disabled People).</li></ul>
Robert Lankey	<ul style="list-style-type: none"><li>• Trustee of Armenian Ministries (Charity).</li><li>• Trustee of CIO calvary baptist church Peterborough.</li><li>• 50% Shareholder of AKTC Ltd.</li><li>• 45% Shareholder Chordis Capital Ltd.</li></ul>
Neil Watts	<ul style="list-style-type: none"><li>• Member of the Advisory Council of APG schools.</li><li>• Engaged on a self-employed basis by IPSO.</li></ul>
Barry Duffin	<ul style="list-style-type: none"><li>• South Norfolk District Councillor of Forncett Ward.</li><li>• County Councillor for West Depwade.</li></ul>
Mike Jolly	<ul style="list-style-type: none"><li>• Trustee of 8th Norwich Sea Scouts.</li><li>• Non-Executive Director of Brighter Futures Housing Association Limited.</li><li>• Non-Executive Director of Sustain UK Limited (NED).</li></ul>
Anna Bennett	<ul style="list-style-type: none"><li>• Audit Committee Member of the Norfolk Police and Crime Commissioners Office.</li></ul>
James Francis	<ul style="list-style-type: none"><li>• Trustee of The Benjamin Foundation.</li></ul>