Coastline Housing Limited
Consolidated Financial Statements
for the year ended 31 March 2021

Registered Number: 03284666

Registered Office:
Coastline House
4 Barncoose Gateway Park
Pool, Redruth
Cornwall
TR15 3RQ

Contents

Directors, Executive Team and Advisors

The Board		From	To	Committee Membership	Meeting Attendance (Inc. Committees) No	Max Avail	%
D Law MBE	Chair	9 May 2012	23 Sept 2020	●	5	5	100
P Stephens	Deputy Chair	1 Jan 2013		● ▲	13	15	87
	(Interim Chair)	*24 Sept 2020*	*30 June 2021*				
M Duddridge	*Chair Designate*	*1 April 2021*		●	-	-	-
	Chair	1 July 2021					
A Young	Chief Executive	9 Oct 2014		● ▲	16	16	100
F Perrin		1 Jan 2018	13 Nov 2020	●	7	7	100
M J Waldron		1 Oct 2013		●	10	11	90
P A W Bearne		18 May 2015		● ▲ ★	13	13	100
S Harrison		27 Sept 2018		■ ★	13	13	100
S Roberts		1 Oct 2013		■ ▲ ★	18	18	100
C Pears	Independent ARAC member	1 July 2020		■	4	5	80
	Board member	1 March 2021					
K Harris		1 Sept 2020		■	8	8	100
A Moore		1 Sept 2020		●	7	7	100
E Chapman	Independent CEF member	1 Feb 2021		★	1	1	100
J De-Ville	Independent CEF member	1 Feb 2021		★	1	1	100
K Kemp	Independent CEF member	1 Feb 2021		★	1	1	100
L Denmead	Independent CEF member	1 Feb 2021		★	1	1	100

The Executive Team		From
A Young	Chief Executive	9 Oct 2014
L Beard	Director of Housing, Assets & Communities	26 Nov 2007
N Mallows	Director of Finance & ICT	25 Jan 2016
C Weston	Director of Development & Commercial Services	1 Mar 2016
D Wingham	Director of HR & Governance	1 Oct 2007

Committee Membership Key
■ Audit, Assurance and Risk Committee ● Property and Investment Committee ▲ Coastline Services Board ★ Customer Experience Forum

Advisors

Principal Solicitors	Trowers and Hamlins, The Senate, Southernhay Gardens, Exeter EX1 1UG
	Stephens and Scown, Osprey House, Malpas Road, Truro, Cornwall TR1 1UT
Funders	Abbey National Services, 2 Triton Square, Regent's Place, London NW1 3AN
	MandG Investments, Laurence Pountney Hill, London, EC4R 0HH
	Affordable Housing Finance, 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL
	NatWest plc, 9th Floor, 250 Bishopsgate, London EC2M 4RB
	Homes England, 50 Victoria Street, Westminster, London SW1H 0TL
	Lloyds Bank plc, 10 Gresham Street, London, EC2V 7AE
Bankers	NatWest plc, 4 Commercial Square Camborne TR14 8EB
External Auditors	KPMG, Regus, 4th floor, Salt Quay House, 6 North East Quay, Plymouth PL4 0HP
Internal Auditors	Bishop Fleming, Chy Nyverow, Newham Road, Truro TR1 2DP

Report of the Board

Introduction

Coastline is pleased to present the 2020/21 Annual Report and Accounts. The financial results continue to represent strong progress towards the targets set out in the 2016-2021 Corporate Plan and provide a sustainable and resilient base as we focus on the new Coastline Plan for 2021-2026 which is being launched during 2021.

The year to 31 March 2021 has seen continued unprecedented impacts from the Covid-19 pandemic. We experienced a severe lockdown at the start of the year and have had to learn and adapt during the various phases. Our response strategy has been to ensure that we are well placed to maintain the highest levels of customer service possible, while keeping Customers and colleagues safe.

We continue to review and adapt our plans and approach to ensure that we offer a caring and responsive service to our Customers. However it is clear that we will not be able to catch up all of the backlog from 2020/21 in the year just started, and so we are carefully considering how that catch up can be accomplished smoothly over a number of years.

Our response during the pandemic is set out fully in the Strategic Report but the Board would like to express its appreciation of the professional and caring response delivered by all colleagues.

Coastline remains committed to delivering its mission of 'Great Homes, Great Services, Great People', and the Strategic Report sets out both the considerable progress towards delivering the previous Corporate Plan as well as our ambition for the future.

Legal Structure

Coastline Housing Limited ('CHL' or 'the Company') was incorporated in November 1996 and is an independent registered charity and social business, run on a non-distribution basis. This means that all profits generated are retained for furtherance of Coastline's charitable objectives. CHL is a public benefit entity.

It has four wholly-owned subsidiaries:

- Coastline Services Limited ('CSL'), a building maintenance and grounds contractor;
- Coastline Design and Build Limited ('CDB'), a design and build contractor;
- Coastline Homes Limited ('CHM'), a design, construction and sale of residential housing contractor; and
- Coastline Care Limited ('CCL'), which has remained Dormant throughout 2020/21.

Together these companies form Coastline Housing Group ('the Group').

CHL is registered with the Charity Commission as a charitable company and with the Regulator of Social Housing ('the RSH') as a provider of social housing; both of these provide the primary regulatory framework for Coastline with the Regulator of Social Housing as principal regulator.

CHL is also registered with the Care Quality Commission (CQC) for the services provided at Miners Court.

CHL is a company Limited by Guarantee registered at Companies House.

CSL, CDB, CCL and CHM are all companies limited by shares and are registered at Companies House.

The Group is governed by a paid Board of Non-Executive Directors and the Chief Executive. The Directors of the Company who have served during the year and up to the date of the signing of these financial statements are listed on page 1.

Principal Activities

The principal activity of the Group is the provision of affordable housing for people on low incomes. Any financial surplus from our activities is reinvested into improving existing homes, communities and services, and developing new homes.

The investment into new affordable housing remains a key strategic deliverable and represents an expected level of investment in excess of £200 million over the next five years. This is in addition to the investment in improvements for existing stock which is forecast to be in excess of £21 million over the same period, separate and above any other expenditure in relation to day to day repairs and maintenance.

The Group via CSL, provides property and grounds maintenance services to CHL and to a number of public and private sector clients across Cornwall.

CDB is a commercial design and build contractor for new builds whose principal client is CHL.

CHM was incorporated in September 2017 in preparation for delivery of a wider range of housing options including an element of open market housing for sale where it forms part of wider development schemes that the Group is undertaking. The company commenced trading in the year ended 31 March 2019.

Due to significant changes in contracts and the delivery of care and support across Cornwall the trade and activities of CCL were transferred back into CHL from 1 April 2015. The company was Dormant for the year ended 31 March 2021 as it was for the previous year.

Corporate Plan: Mission, Values and Objectives

Coastline exists to provide housing for those in need, to help improve the neighbourhoods that people live in, and to provide services that improve the quality of our Customers' lives.

We are an independent, charitable, not-for-profit housing association owning and managing over 5,000 homes throughout Cornwall.

We aim to make a financial surplus to support our mission and vision. All of our surpluses are re-invested into our charitable work.

Our **mission statement** is: Great Homes, Great Services, Great People.

This is our 'brand promise' to our Customers, partners and other stakeholders – a clear and succinct statement of our purpose and what we stand for. It is also underpinned by a fourth statement of "Great Foundations", which ensures the business fundamentals are in place that enable and support our charitable mission.

Our impact doesn't end with the bricks and mortar. We work hard to ensure our Customers are living in happy and thriving communities, and we also provide opportunities for our Customers to change their lives by re-entering the workplace or starting on the path to training or volunteering. We recognise the current challenging times for many and we remain committed to helping people improve their financial wellbeing in a number of ways.

Additionally, we provide a helping hand to those members of our society who find themselves in the unenviable position of being homeless, offering a range of essential services – day and night.

Our Corporate Plan for 2017-2021 set out a number of clear, measurable and challenging targets. These targets and progress against them are further detailed in the Strategic Review. The new Coastline Plan, 'Great Futures', is being launched during 2021 and provides the context and mission detail for the next four years to 2025. It seeks to further stretch our ambitions to alleviate housing and related issues across Cornwall, whilst making positive changes towards addressing the impacts of climate change.

Values

Our values are what we as an organisation care most about and they underpin everything that we do.

Put our Customers first

Be open, honest and accountable

Strive to be the best

Value each other

Objectives

The full Corporate Plan document is available on our website **www.coastlinehousing.co.uk/corporate plan.pdf**, but can also be obtained from our registered office and provides details of outcomes, milestones and performance measures for each objective.

Governance Structure

Charitable Objects

The Group is headed by Coastline Housing Limited which is a registered charity with the following objects:

- The relief of persons in necessitous circumstances, the aged, disabled, handicapped, and chronically sick through the provision of suitable housing, amenities and services.
- The provision of recreational or other facilities in the interests of social welfare with the object of improving the conditions of life for the Customers and other persons eligible for benefit from the Company.
- The relief of poverty and the advancement of education for the benefit of the community.

The Board

The Board is led by the incoming Chair Mark Duddridge (from 1 July 2021) and during the year by Interim Chair, Peter Stephens, who in September 2020 replaced the outgoing Chair Derek Law MBE, who had served a full nine year period. The membership of the Board is given on page 1. Each Director brings a range of experiences and skills to the operation of the Board and its Committees.

New Board Directors undergo a formal induction programme which includes background information about the Group and other governance-related issues. The current Board consists of nine independent Non-Executive Directors and one Executive Director.

Board recruitment is based on skills, knowledge and expertise; vacancies are widely advertised.

The Directors are all subject to an annual appraisal conducted by the Chair, Deputy Chair and the Chair of the Audit, Risk and Assurance Committee and one other Non-Executive Director in respect of the Chair.

There have been no changes to the Board since 31 March 2021, other than those detailed above.

The Board decided to pause recruitment for the Chair in April 2020 due to the pandemic and reflecting the potential impact on our ability to recruit, therefore appointing an interim chair. The recruitment process was then recommenced later in the year once conditions for recruitment were considered to be more favourable.

The Board controls the Group's strategic direction and reviews its operating and financial position. It is supplied with timely and relevant information to enable it to discharge its duties. Board papers are distributed in advance of meetings and papers are sufficiently detailed to enable the Directors to understand the Group and Company management and performance.

Board and Executive Officers Remuneration

Non-Executive Directors receive remuneration from the Group as well as reimbursement of expenses incurred. This has been independently reviewed during the year with no significant changes proposed.

The remuneration of the Executive Officers is determined by the Board with an independent external review having been completed most recently during 2021.

Board Committees

The Board delegates some of its responsibilities to two Committees: the Audit, Risk and Assurance Committee and the Property and Investment Committee. The Remuneration and Nominations Committee was discontinued in September 2017 following a review of governance arrangements and board effectiveness with its responsibilities being retained by the main Board reflecting the importance of colleagues, resources, executive remuneration and performance management.

During the year the Board approved the creation of a Customer Experience Forum, which is part of our formal governance structure and met for the first time in 2020/21. This Forum is part of our on-going commitment to broadening Customer input into how Coastline is run, and supports the principles of the National Housing Federation's 'Together with Tenants' and Coastline's Trust Charter.

Audit, Assurance & Risk Committee

This Committee is chaired by Steve Harrison. The other Directors who served during the year on the Committee were Sue Roberts, Karen Harris, Charles Pears and Peter Stephens (April to September 2020). It met five times during the year and its work included:

- reviewing the external auditor's plans for the audit of the Group's financial statements;
- reviewing the external auditor's management report and audit highlights memorandum;
- reviewing the financial statements for the year;
- reviewing plans and reports from the internal auditors on the Group's system of internal control, monitoring responses to those reports and compliance with recommendations;
- reviewing the processes in place for monitoring, evaluating and managing the risks facing the Group; and
- completing the annual review of the Asset and Liability Register.

Property & Investment Committee

This Committee is chaired by John Waldron. The other Directors on the Committee who served during the year were Allister Young, Andrew Moore, Peter Stephens, Mark Duddridge and Fiona Perrin (April to November 2020). It met four times during the year and its work included:

- reviewing and monitoring the Group's 30-year Business Plan and related stress testing;
- reviewing and monitoring the Defensive Action Plan;
- reviewing the Group's funding requirements and arrangements;
- reviewing the performance of the Group's development programme;
- reviewing the Group's Asset Management and Responsive repairs strategies;
- reviewing the Group's maintenance programme;
- Contract Procurement; and
- approving the Group's Finance Strategy.

Customer Experience Forum

The CEF is a new committee of Customers and NED's, launched in January 2021 that oversees the customer experience for Coastline and makes recommendations to the Board. This approach is considered a key element of 'co-regulation' and provides further assurance over performance and the internal control environment. This Committee is chaired by Philip Bearne. The other Directors of the committee who served during the year were: Steve Harrison and Sue Roberts. The independent members who served during the year were: Edward Chapman, Joe De-Ville, Kelly Kemp and Lisa Denmead. The Executive members of the Group were Louise Beard and Christopher Weston.

During the year CV/CEF achieved the following outcomes:

- Delivered a report to each Board meeting following one of its meetings;
- Scrutinised KPIs and complaints trends;
- Promoted the work of the CV through CoastLines;
- Received presentations from key members of staff to support scrutiny work;
- Was part of the NHF 'Together with Tenants' Trust Charter work in Cornwall;
- Involvement in setting of new Local Offers "Our Pledge To You";
- Completed a Play Park scrutiny;
- Commenced a Damp and Mould scrutiny; and
- Completed several mystery shops.

Governance Code

The Board has adopted the National Housing Federation Code of Governance (2015), and maintains the provision for up to two co-opted members in addition to the Board of up to ten within the Company's Articles.

Coastline fully complies with the NHF Code of Governance (2015).

Staffing Structure

Although our commitment to customer care extends to every part of our business, most Customers' first point of contact is our dedicated **Customer Access Team**. Using a centralised customer relationship-management system, this team responds to queries, processes feedback and requests, and offers a single, approachable point of liaison between the Customer and our various specialist teams.

The Customer Access Team forms the hub for the rest of our **Housing, Assets and Communities Directorate** which has responsibility for all maintenance and housing management issues including our supported and sheltered accommodation and related services. Our **Community Investment Team** ensures that Customers are involved in shaping, challenging and influencing our services at every level. This team also strives to improve and increase such opportunities, ensuring that our business is led by our Customers' needs and aspirations, works to support local community initiatives and assists Customers into training, volunteering and work through the Volunteer, Inspiring Futures and Coastline Construct programmes.

The Group's development and sales programme is lead and managed by the **Development and Sales Teams** which, along with our in-house contractor team **Coastline Services**, makes up our **Development and Commercial Services Directorate**.

These teams are all assisted in their work by a **Finance, Performance and Information Technology Directorate** providing financial and performance information, risk management arrangements, treasury management and information technology functions; and by a **HR and Governance Directorate** providing Governance Support, Human Resources, Public Relations/Marketing and overseeing the Group's approach to Health and Safety and wellbeing.

An **Executive Team** oversees the day-to-day operational running and, working with the Board and wider colleagues, identifies and executes the Group's strategic direction. The members of the Executive Team are shown on page 1.

Employees

The Group relies on the quality and commitment of its employees in order to meet its corporate objectives. The Group ensures that sufficient staff with appropriate skills are employed and that effective employment policies are in place and good practice is followed.

The Board express their thanks for the hard work and commitment shown by all employees of the Coastline Group.

Equal Opportunities

The Group is committed to an equal opportunities policy within which it actively encourages applications for employment from all groups in society. It is also committed to an equality and diversity agenda designed to ensure equal access to its services.

Coastline is an accredited Living Wage Accredited Employer.

In line with our value of being open, honest and accountable we continue to voluntarily publish our Gender Pay results which are as follows:

Gender Pay Reporting April 2020	Male	Female
Group Head Count	144	160
Mean Hourly Rate	£14.09	£13.21
Median Hourly Rate	£11.21	£11.19
Mean Bonus	£758.33	£676.36
Median Bonus	£820.2	£694.28
% not receiving bonus	17%	16%

Gender Pay Reporting April 2021	Male	Female
Group Head Count	155	167
Mean Hourly Rate	£14.59	£14.08
Median Hourly Rate	£11.75	£11.99
Mean Bonus	£295.95	£263.43
Median Bonus	£291.65	£250.00
% not receiving bonus	24.52%	23.95%

The most significant recent change in relation to pay was the 2018 decision to extend corporate bonus arrangements to include all extra care and supported housing staff. Staff in these areas are mainly female and had been historically excluded due to the cost pressures associated with the contracts for these services. The decision to extend was based on promoting equity across all staff employed by the Group and is treated as a corporate cost rather than a cost directly attributable to the service.

During 2020/21, the Board made two operational allowance payments to colleagues who it was felt had put themselves more at risk during the different periods of Covid-19 protection measures. These payments were focussed on our Extra Care, Homeless support services and repairs delivery colleagues who continued to deliver front line services in person throughout this period.

Management have also made use of the furlough and flexible furlough scheme during the course of this financial year, to ensure that our charitable financial resources are maximised and our colleagues protected from any financial impacts of the challenging and changing nature of personal and operational issues that arose as a result of the pandemic.

The 2020/21 bonus was paid in May this year (in the same way as for the previous year), to separate from the other April changes relating to cost of living increase and the effects of general taxation changes, so that staff had greater transparency on the level of bonus paid.

Performance related pay and arrangements for bonuses for 2021/22 remain under review as the business continues to assess, and adjust in relation to, changes resulting from Covid-19.

April 2020 Pay Quartiles by gender (adjusted rate which includes bonus)

Band	Males	Females	Description
1	43%	57%	Includes all employees whose hourly rate places them at or below the lower quartile
2	51%	49%	Includes all employees whose hourly rate places them above the lower quartile but at or below the median
3	47%	53%	Includes all employees whose hourly rate places them above the median but at or below the upper quartile
Highest	49%	51%	Includes all employees whose hourly rate places them above the upper quartile

April 2021 Pay Quartiles by gender (adjusted rate which includes bonus)

Band	Males	Females	Description
1	35%	65%	Includes all employees whose hourly rate places them at or below the lower quartile
2	66%	34%	Includes all employees whose hourly rate places them above the lower quartile but at or below the median
3	44%	56%	Includes all employees whose hourly rate places them above the median but at or below the upper quartile
Highest	47%	53%	Includes all employees whose hourly rate places them above the upper quartile

Coastline's median pay difference is marginally towards employees identifying as female in 2021, broadly consistent with previous years where there has been limited or no differential between pay of different genders. Management believe any current differential to be within a reasonable tolerance level and demonstrative of the effectiveness of our pay policy and commitment to equality.

The movement in proportions of colleagues that fall into different pay quartiles is more difficult to assess due the volume of changes during the last 12 months. Particularly, as an increase in overall headcount may reflect changing priorities as a result of Covid-19.

Another key measure for Coastline reflecting the outputs from the Hutton review is the ratio of highest paid to the median salary level (excluding the highest paid). The ratio based on April data in line with the gender reporting above (i.e. excluding pension contributions) showed that the ratio for Coastline was 5.46:1 (2020, 6.02:1).

Further details of Executive and staff salaries can be found in the Notes to the Financial Statements (note 9, page 70).

Internal Control and Risk Management

Approach

The Group has adopted a risk-based approach to internal control. This approach includes regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with the approach expected by the Financial Reporting Council and the Regulator of Social Housing.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

Assurance over the internal control environment is provided in a number of ways, the most significant of which are set out below.

Culture and 'Tone at the Top'

The Group takes internal control seriously. Disregard of control procedures is treated as a potential disciplinary offence. Training in appreciation of risk and methods of control forms a part of Board and management development.

Health and Safety

Our vision is to create and maintain an environment where care for our people, and those who work with us, is our top priority; where the belief that all accidents are preventable prevails.

External and Internal Audit

The external auditors have a duty to report to the Board significant matters relating to control weaknesses and inefficiencies that come to their attention during the course of their audit work under the Code of Audit Practice.

The Group maintains an independent internal audit function whose principal objective is to assess the appropriateness and effectiveness of the systems of internal control and risk management. Initial findings reports are presented to the Audit, Risk and Assurance Committee, which receives a follow-up report at each meeting setting out the progress on all outstanding recommendations.

In addition to the external and internal audit functions a number of independent specialist compliance audits are commissioned each year to supplement the assurance framework. These cover areas such as our Gas Servicing programme, Health and Safety Arrangements, Fire Risk Assessments, Legionella Management and Asbestos Management.

Customer Scrutiny Panel

The Company has an effective customer scrutiny function (previously known as the 'Customer Scrutiny Committee', relaunched as the Customer Voice in 2020). The Customer Voice (CV) receives all forms of customer feedback and engagement through our Coastline Conversation. This is where we enable Customers to get involved in matters that are important to them and their neighbourhoods, building relationships with Coastline, and creating opportunities in communities to build on existing strengths. We work closely with the Customer Voice, who we see as our 'critical friends', and use the performance information to identify areas that require scrutiny, and make recommendations to the Customer Experience Forum. In holding us to account against our Mission Statement, the Trust Charter, and 'Our Pledge to You', they bring their lived experience in Coastline communities to the fore.

We have maintained a proactive stance in relation to potential changes in consumer standards within the White Paper and have set up the Customer Experience Forum (CEF) to enable the lived experience to be embedded within the governance structure. We have also been engaging with the Housing Ombudsman requirements and in discussions with the CEF we are progressing towards a new two stage complaints policy in July, with roles in the decision making process for customer mentors to provide support to complainants and for CEF customer members to be on the complaints panel.

Risk Management

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks throughout the Group. There is a formal and on-going process of management review which is co-ordinated through a quarterly reporting framework from management, through the Executive Team to the Audit, Risk and Assurance Committee. This process has been in place throughout the year but subject to continual review and improvement and is consistent with best practice and regulatory requirements.

One of the areas that continues to be developed is the consideration of Strategic or Principal Risks in addition to risks that are significant.

Whilst the assessment of significant risks follows a specific methodology the consideration of strategic risks has been completed as a separate exercise to supplement and enhance Coastline's overall approach to risk management.

Strategic or Principal Risks are those which are considered to be of fundamental importance to the formulation and delivery of Corporate Plan objectives. Our initial work which will be taken forward as part of our Risk Management Policy has identified the following as strategic risks, noting that Covid-19 is not explicitly listed below but is included in the current risks which have been reassessed rather than as a separate risk below:

Strategic Risk	Risk Mitigation Strategy
Product safety (including landlord health and safety)	Detailed assurance map on property related requirements coupled with third party expert reviews for example CORGI accredited Landlord Gas Safety processes. Development handover process review by internal auditors and all new build defect repairs treated the same as responsive repairs. Pro-active identification of RADON potential issue and reporting to Board. Pro-active review of all buildings in relation to fire safety despite no buildings over 18m.
Human Resources and Governance including Board, Executive, staff and volunteers in relation to skills)	Rolling programme of NED recruitment Investment in apprenticeships across the business to build skills and capacity for the future Significant investment in safer working practices for staff Investors in People Silver Rated employer. Investors in Volunteers accreditation and effective deployment of additional resources within business to support charitable activities. Health and Wellbeing Strategy with significant focus on colleagues' mental health.
Government Policy, legislation and regulation	Active involvement with trade body the National Housing Federation and PlaceShapers group of Housing Associations alongside maintaining effective dialogue with Cornwall Council, local MP's and Parish Councils.
Funding and financial viability	Annual finance strategy and constant market engagement to maintain existing and develop additional sources of finance.
Wider economic conditions (including sales, rental level exposures as well as interest and inflation rates)	Exposure to sales limited to ensure that change of product mitigates risk. Regular reporting to Property and Investment Committee and Board on key economic indicators alongside stress testing and scenario planning to inform Defensive Action Plan.
Reputation and Trust (including potential communications failure exacerbating issues)	Business continuity planning and communications strategy in place to mitigate risk. New customer charter pledge commitments to replace previous Local Offers to residents includes response time promise of four days coupled with simplified complaints process to ensure that any service failures are promptly dealt with.

Strategic Risk	Risk Mitigation Strategy
Reputation and Trust (including potential communications failure exacerbating issues)	Business continuity planning and communications strategy in place to mitigate risk. New customer charter pledge commitments to replace previous Local Offers to residents includes response time promise of four days coupled with simplified complaints process to ensure that any service failures are promptly dealt with.
Technology, Data and Cybersecurity	On-going programme of training and upgrading of core systems across the business coupled with regular sessions led by the Head of ICT to promote and co-ordinate opportunities for technology based improvements across the business. Cyber insurance provides access to experts in case of major incident. Regular Data Quality Meetings chaired by Director of Finance and ICT with representation from across Coastline teams. Data standards enforced with all changes to key fields in housing management, CRM or Service Connect needing to be approved at Data Quality or Applications Steering Group.
Markets and Supply Chain (including market consolidation, securing development opportunities and overall consideration of supply chain considerations across all aspects of operations and development investment)	Digital access and customer first strategy coupled with ICT strategy to improve service offering to Customers and colleagues to improve interactions with and across Coastline. Active discussions with Cornwall Council, Homes England and others on potential strategic alliances to maximise development opportunities. Strategic alliance with Legal and General Affordable Homes providing scope to engage and shape new entrant in social housing markets offering.
Climate Change and related impacts across all of the above strategic risks.	Presentation to November 2019 and June 2021 Board Away Days to consider impact of climate change on Cornwall. Coastline Plan post 2021-25 includes objectives to contribute towards alleviating both the causes and impact of climate change on the communities we work in.

The Audit, Risk and Assurance Committee reviews the Group's significant risks and the overall risk position compared to the Board's agreed risk appetite each quarter, and the minutes of the meeting are subsequently reviewed by the Board. The Board receives an update on the Group's risk position three times a year, and also formally reviews the risk map and sets the Group's risk appetite on an annual basis.

The Group risk appetite was amended from 'cautious to medium' to 'cautious' following review in April 2020 and has been confirmed as 'cautious' as part of the Annual Risk Review as recommended by the Audit, Risk and Assurance Committee. This has then been subsequently agreed and approved by the Board as part of the same Annual Risk Review in May 2021. This appetite reflects the concerns about the increased level of uncertainty in housing operations, the UK Economy and in particular the impacts on the local Cornish economy resulting from Covid-19 as well as the fuller impacts on supply chain in relation to the UK exit from the European Union.

The Group recognises that our Customers and our assets are vital to the on-going success of the Group, and we operate within a 'cautious' overall risk range which we consider to be appropriate for our business. Our vision in relation to health and safety risks is to create and maintain an environment where care for our people, and those who work with us, is our top priority; where the belief that all accidents are preventable prevails.

In other areas we are willing to accept some risk within acceptable financial parameters to enable us to grow our business and achieve our charitable mission which is reflected in our corporate objectives.

Significant Risks (taken from the Significant Risk Register)

Significant Risks are identified as those having a combined likelihood/impact score of 12 or above (on a scale of one to 25).

Great Homes

Risk	Action being taken
Landlord health and safety compliance	Fire Risk Assessments reviewed by external advisors CO and Smoke Alarms installed and annually serviced CORGI accredited gas safety process
Increased costs associated with changes in building / letting or registered provider regulations.	Decent Homes standards maintained and fully costed in business plan Stock condition surveys brought in-house to improve overall data quality and service to Customers Corporate Plan target in relation to heating affordability
Quality of new homes	Clerk of works service supported by outsourced elements to ensure access to technical support Employers agent used on all new build schemes Development Managers and Development Officers assigned to individual projects
Shared Ownership sales below forecast	Detailed forward sales projections with targets and intervention levels Weekly sales meeting chaired by Director of Development and Commercial Services Regular reporting of performance via the Group Finance and Performance Report to Board supplemented by detailed development performance reporting to both Property and Investment Committee and Board.
Build costs increase	Regular benchmarking of costs and value for money assessments undertaken by independent quantity surveyors. Appraisal and commitment to schemes largely based on build contract already being in place.
Development handover timings	Forward estimates of practical completion dates reviewed by Executive monthly and communicated across business 2-week Development team 'grace' period between practical completion and customer move-in to ensure quality and certainty of home and timing.

Great Services

Risk	Action being taken
Responsive repairs performance deteriorates	Corporate Plan sets out on-going development of customer service offer Customer Scrutiny arrangements include new Customer Experience Forum with direct access and feedback to Board Customer Voice meetings in 2020/21 combined increased Board oversight of this area with greater customer involvement. Regular performance monitoring and satisfaction information provided to the Board and Senior Leadership Team. Monthly monitoring and reporting of key performance indicators and budgets to Board
Supported Housing / CQC related service failure	Detailed policies and procedures in relation to safeguarding, record keeping and service delivery Monthly operational report on Extra Care, Homeless Crisis and Homeless day centre to Executive Team Detailed KPI suite for supported housing contracts reviewed monthly and quarterly

Great People

Risk	Action being taken
Low colleague morale	Investment in Coaching and Leadership programme with Jack Russell Coaching and programme of embedding HR Strategy Wellbeing Strategy Operational allowances paid during Covid-19 restriction period Regular virtual QandA sessions with CEO and Executive Team Regular surveying of colleagues during last year to gauge concerns and wellbeing and direct support Investors in People assessment currently in progress
Health and Safety problems not highlighted or addressed	Significant investment in safer working practices for staff Adverse incident reporting available online to staff
Absence rates increase and or loss of key staff member	Detailed Business Continuity Plan Regular Incident Management Team meetings Return to Work process and detailed absence reporting
Industrial injury as a result of exposure to significant risks	Accidents/incidents/RIDDORS (reasons and actions taken), sickness (and reasons) reported monthly to Senior Leadership Team Health and Wellbeing information included in quarterly HR Report to Health and Safety Committee and in monthly Board updates CSL (biggest risk area) specific Health and Safety report to every Board

Great Foundations

Risk	Action being taken
Rent policy changes	Stress testing and defensive action planning review by the Board includes modelling of different rental scenarios New affordable rent properties considered separately to conversions in terms of risk exposure Detailed legal advice taken in relation to Welfare Reform and Work Act and Housing and Planning Act to ensure accuracy and maximisation of available income Spread of housing products now offered including Shared Ownership and Rent to Buy
Failure to achieve Business Plan and/or other financial targets	Business Plan reviewed quarterly Triannual review on performance against targets as part of Corporate Plan updates to Board Quarterly reporting and forecasting information to Board
Rent arrears increase	Customer insight data embedded as part of pro-active arrears management Weekly reporting on arrears including average cash balance outstanding Support based approach to arrears management Very low levels of arrears compared to peers and wider sector
Business Plan assumptions incorrect	Business Plan assumptions reviewed by Property and Investment Committee on a quarterly basis and reported to Board Regular sensitivity testing and scenario planning
Failure to adapt to a changing environment	Regular Board Strategy days Involvement of Executive Team in National forums Engagement through National Housing Federation and PlaceShapers
Company pension contributions in relation to frozen defined benefit (2016) increase	Previous work completed to date so that remaining risk is only in relation to SHPS DB which was frozen as at March 2016. Triennial valuation exercise undertaken by Social Housing Pension Scheme Annual estimate of SHPS DB deficit provided in statutory accounts and assumptions reviewed by external audit and retained pensions consultant Pro-active consideration of pensions options included in 2021/22 Finance Strategy.

The on-going review of risk includes consideration of the completeness of the principal risks identified, of the relative significance of those risks and of the risk management techniques that are applied to mitigate those risks.

The Board agreed that a range of risk mitigation techniques should be used including assurance, preparation of contingency plans and internal controls. A system of internal control is present in all aspects of the Group's operations and is essential to its management of risk.

Fraud & Significant Control Failings

Coastline complies with the regulator's requirements with respect to fraud and has a clear policy that has been approved by the Board.

The policy requires a register to be maintained of all actual and attempted fraud. All such cases are reported to the Board through the Audit, Risk and Assurance Committee. All cases are reported to the Regulator of Social Housing.

Contingency plans exist to be invoked in the case of suspected fraud. These are designed to prevent further loss and to maximise the chance of recovery of any losses that might have been incurred.

No significant control failings or fraud have been identified during the period.

Overall Assessment

The Board is satisfied that the Group's risk management and internal control systems remained effective during the year and up to the date of the approval of these financial statements.

No weaknesses in internal control which resulted in material misstatement or loss have been identified which would have required disclosure in these financial statements.

Regulatory Compliance

The Board reviews and confirms compliance annually with the RSH Regulatory Framework and the National Housing Federation Code of Governance (2015).

Open communication has been maintained with the Regulator throughout the year which including completion of the new Covid-19 Operational Response Survey.

Following a robust self-assessment undertaken by the Executive Team and approved by the Board, Coastline certifies compliance with all standards within the Regulatory Framework for Social Housing (April 2015).

As part of the Regulatory Framework registered providers of social housing are required to annually publish evidence in the statutory accounts that enable stakeholders to understand the providers:

- Performance against its own value for money targets and metrics set out by the Regulator, and how that performance compares to peers; and
- Measurable plans to address any areas of underperformance, including clearly stating any areas where improvement would not be appropriate and the rationale for this.

The Board believes that the requirements of the Regulatory Framework are consistent with the values of Coastline as set out on page 4, which include commitments to 'being open, honest and accountable' and 'striving to be the best'. The Strategic Report (page 21) sets out information regarding Coastline's activities, including detailed performance information and benchmarking and meets the requirements of the Regulatory Framework.

As part of a planned routine programme of reviews the Regulator of Social Housing undertook an In Depth Assessment (IDA) during the period May to July 2021 and subsequently published a refreshed regulatory judgement for Coastline Housing that confirmed there were no changes to the existing grades. The current regulatory ratings for financial viability and governance are as follows:

Viability (V1)

"The provider meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability".

Governance (G1)

"The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation".

Further details of the regulatory approach and assessment of Coastline are available at: **https://www.gov.uk/government/publications/a-guide-to-regulation-of-registered-providers/a-guide-to-regulation-of-registered-providers**

https://www.gov.uk/government/publications/regulatory-judgement-coastline-housing-limited

Coastline Housing Group complied with the RSH Governance and Financial Viability Standard during 2020/21.

Merger Code

In March 2016 the Board considered and adopted the NHF Merger Code. This voluntary code sets out ten principles which form a framework for considering the various 'partnering' opportunities that may arise.

The Board regularly reviews its position, the latest being in May 2020, re-asserting Coastline's commitment to the principles within that code. Coastline's corporate values and approved policy includes involving the Board and Executive Team for evaluating merger and strategic alliance opportunities.

Other Disclosures

Directors' and Officers' Liability Insurance

The Company has maintained directors' and officers' liability insurance throughout the year. This cover is provided through our affiliation fee with the National Housing Federation (NHF). From April 2021 this cover has been provided by Weald Insurance Brokers Ltd following the discontinuation of the offering from the NHF.

Charitable and Political Donations

No political donations were made during the year (2020: £nil). Donations made to charity or other community funding arrangements during the year totalled £35,169 (2020: £6,050).

Disclosure of Information to Auditors

The Board members who held office at the date of approval of this Board report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and
- each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditor

A resolution to re-appoint KPMG LLP as Auditor of the Group will be proposed at the Annual General Meeting.

Going Concern

The Board confirms it has a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for a period of 12 months from the date of approval of these financial statements. Accordingly it continues to adopt the going concern basis in preparing the Group's and Company's financial statements.

The considerable impact of Covid-19 on the country, the housing industry and Cornwall is considered in more detail as part of the Strategic Review and despite the challenges that this unprecedented period of history has presented for Coastline the underlying business model remains financially robust and viable in the long-term.

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

By order of the Board

M Duddridge

Chair – Coastline Housing Ltd

13 September 2021

Coastline House
4 Barncoose Gateway Park
Pool, Redruth
Cornwall
TR15 3RQ

Five-year Performance Summary

The tables below set out the Group's five-year Statement of Consolidated Income and Statement of Financial Position:

	2017	2018	2019	2020	2021
Statement of Consolidated Income	£m	£m	£m	£m	£m
Turnover: continuing activities	23.6	23.7	25.1	30.5	29.5
Turnover: Shared Ownership Sales	2.4	6.0	4.2	6.5	3.9
Cost of sales	(1.8)	(4.8)	(3.6)	(5.5)	(3.2)
Operating costs	(15.4)	(15.9)	(16.6)	(21.8)	(21.3)
Pension cessation adjustment	-	2.1	-	-	-
Operating surplus	**8.8**	**11.1**	**9.1**	**9.7**	**8.9**
Surplus on sales of properties	0.5	3.2	4.6	5.3	3.3
Net interest payable & similar charges	(4.4)	(3.8)	(4.0)	(4.1)	(4.4)
One- off costs relating to treasury activities	(0.9)	(1.9)	-	-	(2.3)
Surplus before taxation	**4.1**	**8.7**	**9.7**	**10.9**	**5.5**
Statement of Financial Position	£m	£m	£m	£m	£m
Housing properties	157.9	185.9	218.1	245.7	277.9
Other fixed assets	4.3	4.2	4.3	4.8	5.0
Total fixed assets	**162.2**	**190.1**	**222.4**	**250.5**	**282.9**
Net current assets	15.0	5.5	9.6	8.8	13.2
Total assets less current liabilities	**177.2**	**195.6**	**232.0**	**259.3**	**296.1**
Loans and long term liabilities	(144.2)	(158.5)	(185.3)	(201.9)	(233.5)
Pensions liabilities	(6.2)	(1.6)	(3.1)	(1.6)	(3.4)
Total assets less liabilities	**26.8**	**35.5**	**43.6**	**55.8**	**59.2**
Revenue reserves	26.8	35.5	43.6	55.8	59.2
Total reserves	**26.8**	**35.5**	**43.6**	**55.8**	**59.2**

Turnover in relation to continuing activities over the last five years is characterised by growth in rental income through the delivery of new affordable homes and has risen from £23.6 million in 2017 to £29.5 million in 2021, an increase of 25% over that period, against a backdrop of the 1% per annum rent reduction (as required by legislation) for the period 2017-2020. Turnover in relation to continuing activities was unusually high in 2020 due to the novation of two schemes as part of the commencement and mobilisation of the new strategic alliance with Legal and General Affordable Homes.

Turnover in relation to shared ownership sales is more variable than rental income reflecting the timings of different new build development schemes being contracted and delivered.

Operating and net margins have continued to improve steadily but have been impacted by shared ownership and disposals activity and one-off events such as the pension cessation in 2018 and the treasury management actions in other years.

The investment in existing and new housing properties sees an increase in the balance sheet for both the assets and loans over the last five years rising by 76% over this period for housing properties and 62% for loans and long term liabilities over the same period. The differential is demonstrative of the strong cash generation of underlying social housing rentals and is a key element of our continued financial success.

Operating Environment and Highlights

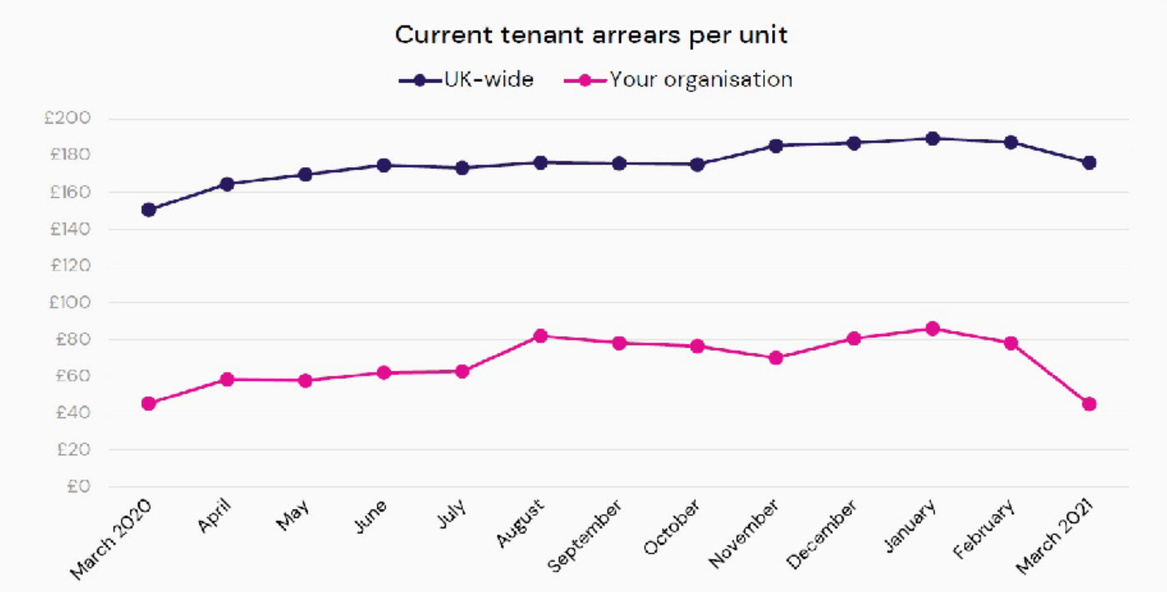
This review focuses on the financial year as a whole and such a review cannot ignore the considerable and unprecedented impact of Covid-19, which has led to periods of limited activity due to the government mandated protection measures (ranging from complete lockdown in the early months to restricted working due to social distancing and restricted working at our suppliers and partners leading to additional delays). Despite the vaccination roll-out, the new wave of Delta variant infections has meant that there remains on-going uncertainty around the economic recovery and it is likely that Covid-19 infections will impact on following financial periods. As an example of this, it will take us a few years to catch up fully on our repairs programmes and consequently work on repairs will need to be carefully scheduled to address the needs of our Customers and communities.

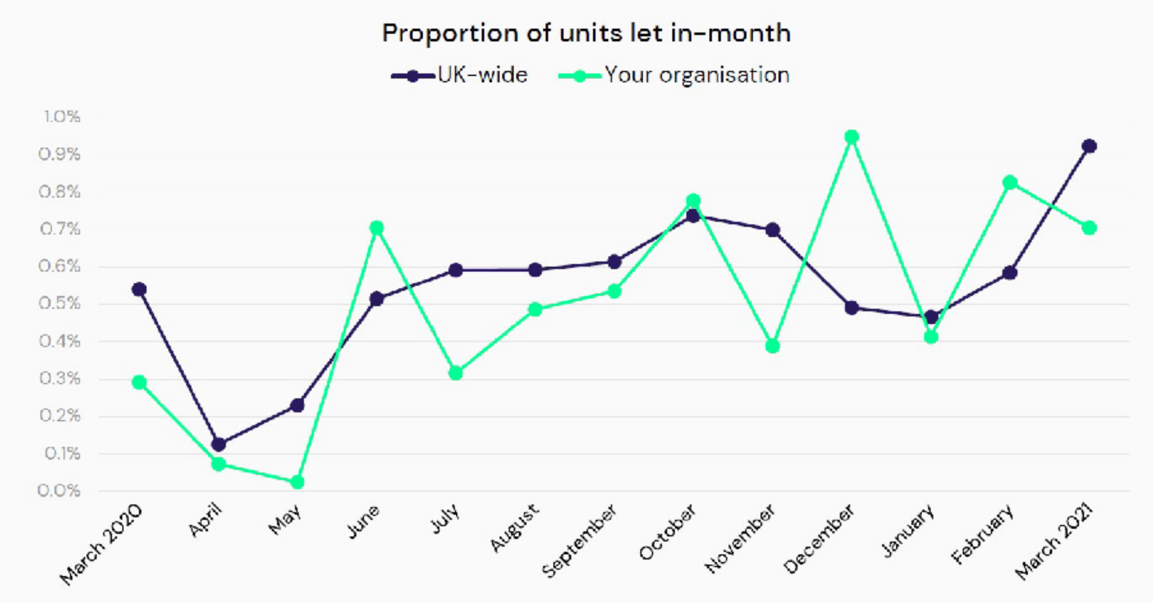
The impact of the Covid-19 pandemic has impacted locally on Cornwall, and will continue to be felt for a long time to come. The impact is felt not just in the sad additional losses of life suffered as a direct result of the pandemic, but also through the economic impact on a Cornish economy that is highly reliant on hospitality and tourism, which have both been badly affected though now fortunately recovering strongly.

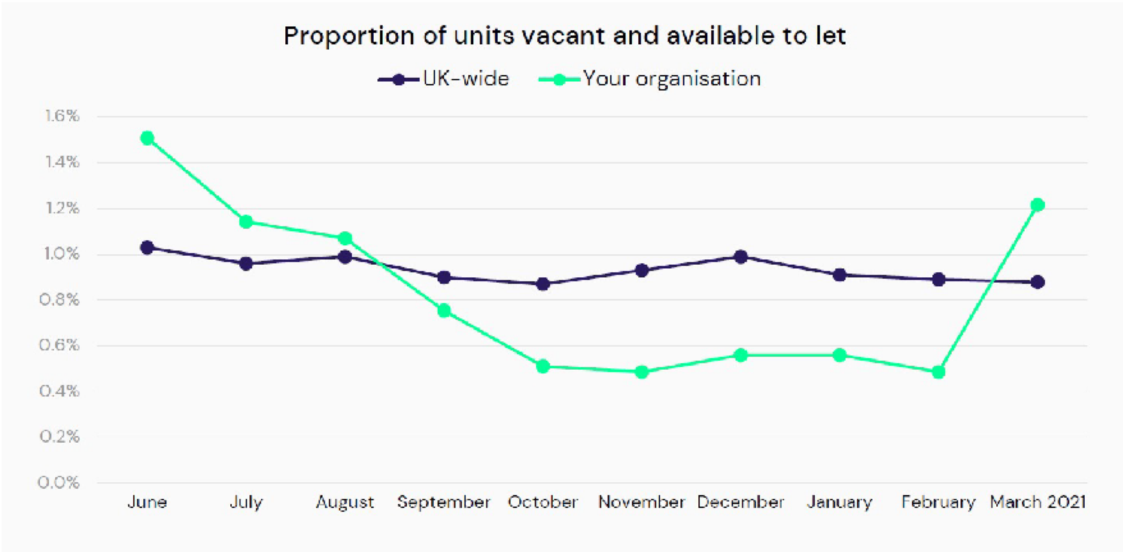
As a locally based charity focussed on serving our communities, Coastline's Board recognised the importance of a swift and comprehensive response to the pandemic, and the work of colleagues across the Group has been and continues to be exceptional. The wide range of activities that Coastline operates has needed our teams to be flexible and adaptable and this is especially true in the case of our Extra Care scheme at Miners Court and across our Homeless Supported Housing projects including the new purpose built unit at Chi Winder. Colleagues have covered additional shifts, absences, made phone calls to vulnerable Customers, been involved in delivering shopping, assisted other charities and volunteer organisations and been fully engaged personally and professionally in helping our communities. Our senior managers have provided strong leadership in guiding the Group through the most difficult year for business that many of us can remember.

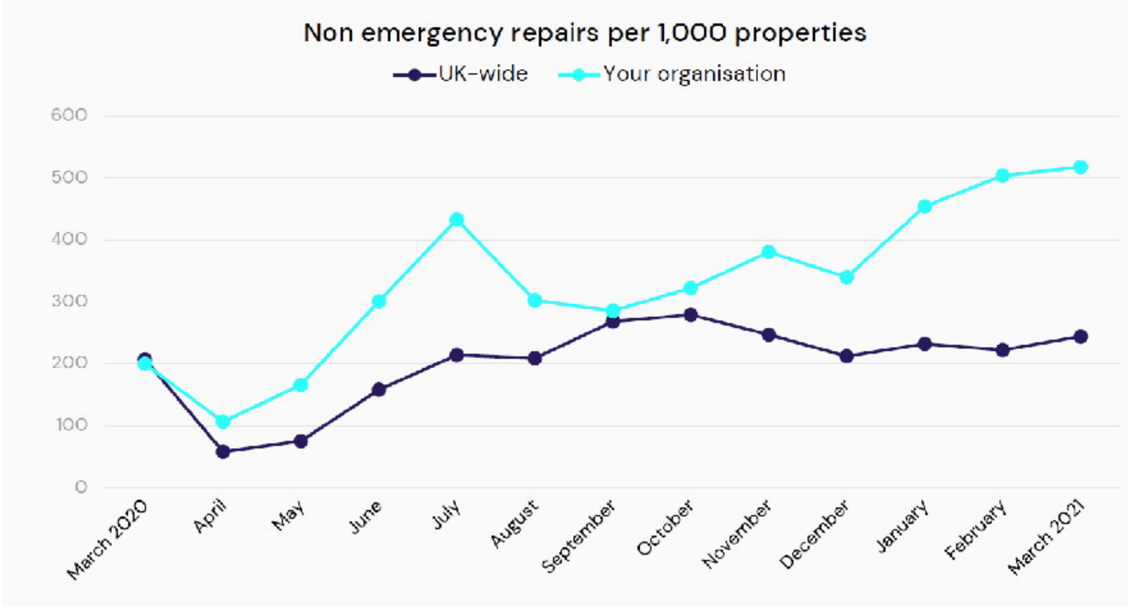
Against this operating backdrop Coastline has developed a phased plan for returning services to normal and this supplements the work of the detailed Business Continuity Plan by giving a framework for Customers and colleagues to understand how service levels may be impacted by any further outbreak.

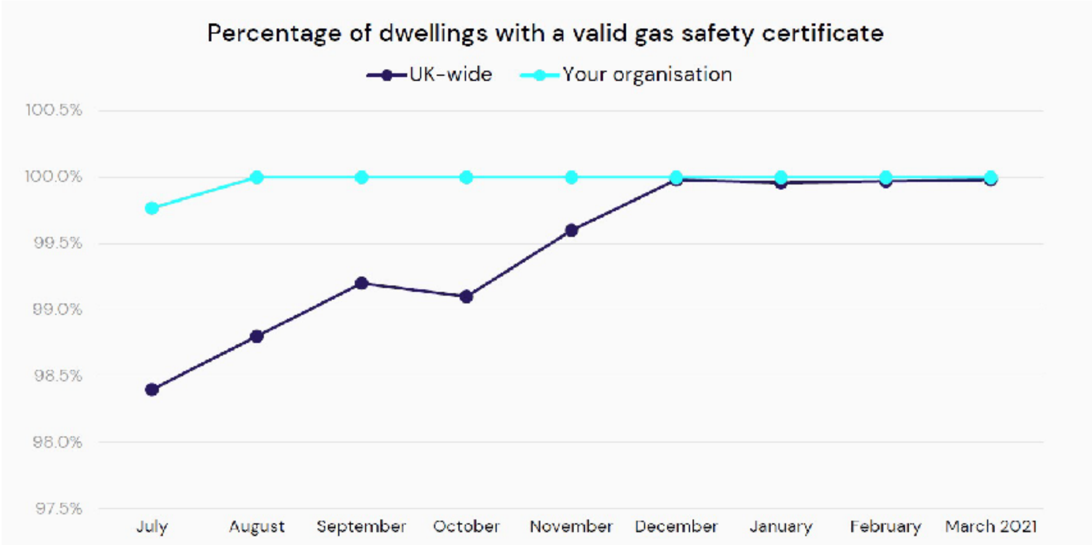
In performance terms Coastline has fared better than many other comparable housing associations as evidenced by recent performance information informed by Housemark (Covid-19 Impact Report, March 2021):

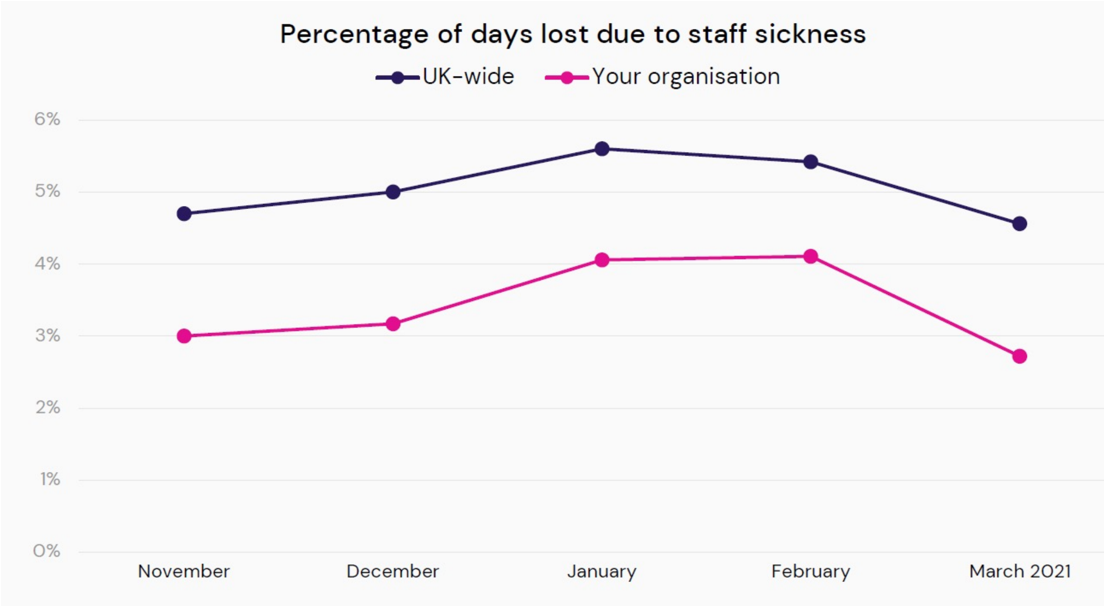












The success on arrears reflects a starting point of sector leading arrears levels and pro-active tenancy sustainment work which has been further enhanced during the last year by reallocating staff resources to support and signpost Customers towards further sources of support.

In relation to lettings activity this has been an area with more variable performance and has seen our results be behind industry averages. We have enhanced our digital sign-up process to support more remote lettings and this has clearly been an area where the impact on our business has been more significant than others. There was the initial period of lockdown where moving homes was not permitted and then the challenges of bringing this service back on-line with new and changing restrictions. We are content that we have reached a position of more 'normal' service and expect to see performance improve over 2021/22.

In terms of liquidity Coastline signed its first SONIA based loan with Lloyds Banking Group adding a further £30 million of facilities to our existing arrangements and signed revised terms with Santander UK plc to extend some of our existing Revolving Credit Facilities (RCF's) to 2025. These new arrangements increased available facilities from £186 million to £221 million.

One of the key elements of our Charitable Mission is addressing the shortage of 'great homes' at affordable prices in Cornwall. Delivery for the year ended 31 March 2021 finished at 160 new homes including 16 delivered as part of the Strategic Alliance with Legal and General Affordable Homes. The new homes are offered on a variety of different tenures reflecting our ambition to tackle every aspect of affordable housing shortage.

Whilst the final number of completions was below expectation as a result of Covid-19 related delays it is a level of completions which sees Coastline within the top 10 fastest growing housing providers for the fourth year in a row. We are the only organisation to deliver that level of growth consistently over that period.

2020/21 saw continuing strong performance on property sales both on first tranche shared ownership and in relation to disposals of existing assets. The impact of Covid-19 largely being on completion times as opposed to any impacts on value. The Corporate Plan highlights a notional asset churn of 2% per annum which has been informed by the analysis completed as part of the Asset Investment and Viability Strategy. This work demonstrated that an optimal asset hold was in the order of 50-years and matched the next phase of required component replacement. This work in isolation could lead to a net reduction in affordable housing and as such has been matched by a commitment to provide energy efficient new build affordable accommodation across Cornwall. This ensures that there is always a net growth in affordable homes, with the new build programme contributing positively to economic growth and the disposal of older less efficient affordable properties providing a source of entry level properties to purchase on the open market.

Demonstrating this commitment to net growth, Coastline's new housing supply (gross as per the Regulator's VfM metric) was:

	16/17	17/18	18/19	19/20	20/21	21/22 (planned)
Coastline	3.4%	7.3%	3.3%	6.3%	3.3%	6.5 %
Industry Median Average	1.2%	1.2%	1.4%	1.3%	Not yet published	n/a

Coastline is planning to continue delivering more net new affordable homes a year than the national average for the sector. Whilst this is not an achievement in itself, it is a demonstration of one of the intentions of the Board and reflects the commitment to ensuring that any home sold is replaced on at least a one for one basis irrespective of how the disposal occurs.

The other consideration in relation to development of new housing is our regional context. Analysis from the RSH shows that development delivery is inversely related to areas of economic deprivation, i.e. poorer areas see less new build housing. Cornwall has a number of areas of economic deprivation and lower wage and house price levels. Coastline's performance against this backdrop highlights further the rationale for our continued investment in new build properties as this helps stimulate local economies and communities.

The alliance with Legal and General Affordable Homes provides the scope for investment of an additional 100 homes a year going forwards with discussions already well underway as to how this can be increased.

Our focus on 'great homes' includes an absolute focus on product safety and it is important to note that whilst Coastline owns no high rise buildings we have completed and continue to review all Fire Risk Assessments, as well as physically inspecting all properties of three storeys or higher with an internal communal access.

Another important area of product safety in Cornwall is Radon, as much of Cornwall is significantly impacted as a Radon Affected Area (https://www.ukradon.org/information/ukmaps). All of our properties have been previously surveyed and any confirmed as above 'action level' given remedial measures. As part of Coastline's commitment to product safety, re-testing of these properties commenced during 2019 as part of a five-year cyclical risk-based programme. This level of detail continues to be included in our financial statements, although immaterial in monetary terms, to demonstrate Coastline's commitment to both housing safety and one of our values of being open, honest and accountable.

In relation to the 'great services' challenge of our customer promise 2020/21 saw the third and final year of our Customer First Survey which is designed to survey one third of our Customers each year on a geographical basis. The survey includes a number of 'core comparator' questions and statements, as well as a number of new measures to respond to themes emerging from the Social Housing Green Paper and the Together with Tenants agenda.

The backdrop to this year's survey is the global Covid-19 pandemic; it is difficult to know the extent to which this could affect our Customers' responses. The survey window coincided with our recovery period for repairs backlogs, as well as other key service areas not being fully re-mobilised. The survey this time included two questions which were specific to Coastline's response to supporting Customers through Covid-19.

	2015	2018	2019	2020	CF 3yr average	Housemark Q1	Housemark Median	Housemark Q3
Satisfied with the overall service	90%	92%	87%	86%	88%	89%	86%	80%
Satisfied with the quality of home	88%	88%	88%	85%	87%	88%	85%	80%
Satisfied with repairs and maintenance	86%	87%	89%	78%	85%	85%	80%	72%
Satisfied with the neighbourhood as a place to live	87%	87%	84%	88%	86%	88%	85%	81%
Satisfied with value for money for rent	88%	95%	92%	91%	93%	89%	85%	81%
Satisfied that Coastline listens to views and acts upon them	74%	90%	82%	77%	83%	76%	70%	62%

In comparing Customer Satisfaction through the average of the 2018-20 results with those from 2015, when the last full survey of our Customers was carried out we see that Customers report improved satisfaction with value for money in rent (from 88% to 93%) and that Coastline listens to views and acts upon them (from 74% to 83%). The remaining four core measures show a reduction in satisfaction of 1 or 2% as shown in the table above.

The Customer First survey has identified some key areas where we can deliver improvements to Customers; these have been developed as action and improvement plans and reflected in the relevant strategies across the business. These documents have been developed differently to previous iterations, with involvement and ownership from the Senior Leadership Team and by sharing with the new Customer Experience Forum at their inaugural meeting in February 2021. Updates have been and continue to be provided at subsequent meetings to enable Customers to hold us to account on the delivery of the improvements.

From 2021, the Customer First survey will be replaced by the 'Business Benchmarking' survey, carried out via the UK Institute of Customer Service (UKCSI). This will reflect wider business sector satisfaction measures than those of the traditional housing association sector, and will provide a new benchmark of satisfaction across a range of areas.

In terms of business preparedness and the potential for disruption in relation to continued Covid-19 protection measures and the UK exit from the EU, Coastline has continued a review of our supply chain, suppliers generally, funding and considered the potential impact on our Customers. Financial forecasts continue to be made on a prudent basis using the most recently available market data and Coastline's defensive action planning has considered a variety of scenarios including those that might reasonably be expected to occur if a either a further wave of Covid-19 occurs, and/or there is a more market disruption in relation to trading arrangements with the EU or wider global market conditions.

As part of considering the rent changes and the regulatory Rent Standard, from April 2020 Coastline's Rent Policy reflects the consideration of local affordability by capping all rents at Local Housing Allowance Levels. The value of this affordability capping for 2020/21 is £14,000 and is considered entirely consistent with both regulatory requirements and our charitable mission.

Coastline continues to benefit from the current low interest rate environment and forecast low long-term rates. This increasingly needs to be balanced with providing a stable platform and managing the risk of rates increasing over the yield curve as a whole, which would then impact on longer term business assumptions. Part of this balance was addressed via a long-term 30 year loan with Scottish Widows which completed on the 23 June 2021 and provides for fixed rate interest for the whole of that time. This loan also provides an additional refinancing buffer in relation to the notional repayment dates of our current revolving credit facilities, although these are expected to be refreshed as part of normal on-going treasury management actions during 2021/22.

Coastline's overall approach during both more recent and medium-term periods of change and uncertainty has been to continue an ambitious programme of investment in new social housing and delivery of much needed supported housing services in both extra care and homeless accommodation. This year marks the final year of the Corporate Plan covering the period 2017-2021 and whilst it retains a focus on high levels of service to existing Customers, it also has a strong focus on growth, reflecting the need for housing associations to continue building and delivering the much needed homes that our communities require. This aspiration and ambition has been carried through into the new Coastline Plan for 2021-25 and "Great Futures".

The core principle of maximising our delivery of new housing investment is a central part of our approach to value for money as this investment delivers additional housing without adding significantly to our management cost base. This objective maintains the benefit of focusing our attention on housing delivery as well as generating value for money savings over time, which allows us to maintain our investment in wider community-based initiatives which are part of delivering high quality services.

In such a working environment there is no room for complacency and it is critical that our business remains focussed on maintaining and improving levels of customer service, operational efficiency and financial performance. However, it is also important to take stock of and communicate what we have achieved to date, so that we can both celebrate and understand where we have further work to do.

To this end, we have set out below some of our most significant achievements over the last year. The remainder of this report provides more detail of what we have achieved against our Corporate Plan aims, and what we plan to do in the coming years:

During 2020/21 we completed 160 new homes

For the fourth year running, one of the top ten fastest growing Housing Associations in Inside Housing Survey

At the end of March 2021 we had 485 homes on site and forecast completions for 2021/22 are in excess of 300

We spent £9.6 million maintaining our homes during the year, of which £2.3 million was long-term investment made possible by our strong operating surplus

Coastline Housing's operating margin of 26.7% (2020: 26.2%), and in cash terms the operating surplus was £8.8 million (2020: £9.7 million)

Work completed on new Coastline Plan for 2021-2025 and launch with Customers and other stakeholders during 2021/22

The operating margin shows how efficient we are in running the business; and the operating surplus provides the cash we need to fund the construction of new homes and invest in improvements to our existing homes. This strong performance is the result of an ongoing focus on delivering efficient, customer focussed services. Our strong financial performance, combined with our high levels of customer satisfaction, provide strong evidence that we are, in the main, delivering the right services in an efficient and cost effective way.

Financial Structure

During 2020/21 Coastline Housing maintained a stable financial platform with the only transactions of note being a sector leading 'day one' SONIA facility negotiated with Lloyds Bank plc for £30.0 million, and the cancellation of embedded fixed interest rate within existing NatWest loans totalling £7.0 million which crystallised breakage costs of £2.3 million. The cancellation of high rate embedded fixed rate loans has the benefit of reducing future cashflow in relation to interest payable which the Board was keen to see to facilitate additional spending in the next two to three years in relation to planned investments in existing properties that has been delayed as a result of the Covid-19 pandemic.

The current finance platform is sufficiently stable and flexible to enable Coastline to deliver the next phase of Coastline's ambitions as reflected in the 2021-2025 Coastline Plan "Great Futures".

Long term borrowings increased by £30.0 million during the year to cover projected capital expenditure and manage treasury risk during the year and now stand at £173.4 million (2020: £143.4 million) against facilities at year end of £221.4 million (2020: £186.4 million).

Treasury activities are controlled and monitored by the Property and Investment Committee, under delegated authority from the Board, and are executed by the Director of Finance and ICT with the assistance of external consultants as required. This helps ensure that adequate cost-effective funding is available for the requirements of the business and that financial risk is minimised. The process is periodically subject to review by internal auditors. Cash flows are monitored and forecast regularly to minimise cash held and ensure further funds are drawn down as required to cover the investment plans of the Group.

Coastline Housing's financial instruments comprise borrowings, some cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance Coastline Housing's operations.

The main risks arising from Coastline Housing's financial instruments are interest rate risk, liquidity risk and re-financing risk. The Property and Investment Committee reviews and agrees the management of these risks as summarised below;

Interest rate risk: Coastline finances its operations through a mixture of generated surpluses, and short, medium and long term borrowings. This position is reported to the Property and Investment Committee on a quarterly basis. At the year-end 50% (2020: 64%) of the Group's borrowings were at fixed rates of interest. Of the debt with fixed interest rates the average duration of the Group's interest rate hedging was 14 years (2020: 13 years), the increase reflecting a smaller notional debt than last year end being at fixed rates for slightly longer.

Liquidity risk: Liquidity risk is managed by setting and monitoring required levels of cash and available facilities as well as monitoring the availability of loan security. A three-year, monthly cashflow and a three-month, weekly cashflow are monitored on a monthly basis by the Board and more detailed information on liquidity and loan security is reported to the Property and Investment Committee on a quarterly basis. Total facilities available increased in line with commentary above to £221.4 million, 2020: £186.4 million) during the year, with undrawn facilities totalling £47.3 million (2020: £43.0 million). The average maturity of net debt remained at over five years.

Cash available has increased during the year to £10.8 million (2020: £5.1 million) which is at a level consistent with the move to achieving liquidity through undrawn, charged, available loan facilities in addition to immediately available cash balances.

Charged 'available to draw' facilities were £35.1 million (2020: £23.0 million) making liquid resources £45.9 million (2020: £26.9 million).

Re-financing risk: Re-financing risk is managed by setting targets of how much debt can be repayable within certain timeframes. This position is reported to the Property and Investment Committee on a quarterly basis. At the year-end 21.8% (2020: 21.8%) of the Group's debt fell due within the next three years, the majority of this being related to a revolving credit facility.

During 2020/21 the amount of debt due within the next three years has fallen to nil% as a result of signing the agreement with Santander UK plc in 2020 which extended £45 million of revolving credit facilities to 2025 and the new £30 million revolving credit facility with Lloyds Banking Group.

In addition to these facilities a new £25 million 30-year term loan was signed with Scottish Widows on the 23 June 2021 providing bond type finance within a more typical loan agreement documentation.

Operating and Financial Performance (Value for Money)

Property numbers

The table below summarises how many properties Coastline has owned and managed over the last five years:

	2017	2018	2019	2020	2021
Property Stock	**No.**	**No.**	**No.**	**No.**	**No.**
Social housing rented	3,951	4,181	4,246	4,364	**4,426**
Shared ownership	196	263	300	370	**409**
Market rented	9	9	9	6	**5**
Managed but not owned	14	14	14	54	**69**
Leasehold properties	95	97	103	114	**117**
Total Housing Stock	4,265	4,564	4,672	4,908	**5,026**
Garages	706	716	685	685	**660**
Total Property Stock	4,971	5,280	5,357	5,593	**5,686**

Performance overview

To deliver 'value for money' (VfM), Coastline must continually look at how resources are used to achieve continuous improvement and excellence in running the business and improving productivity. When viewed in this way, it is clear that value for money is not a stand-alone activity, but something that is intrinsic to all core activities and decision-making processes.

There is therefore no single policy or strategy that sets out how value for money will be achieved. The various threads are pulled together in the Corporate Plan and there is a particularly strong link with performance management and improvement processes, with robust and effective management integral in the process of delivering and improving business productivity.

Our approach to 'value for money' is firmly embedded in our culture. From an ambitious Corporate Plan that is led by the Board and Executive Team and has clear, measurable and stretching objectives, to a suggestion scheme where all staff are empowered to propose ideas that will improve how the organisation is run, and rewarded for those that are implemented. We have a Senior Leadership Team that meets monthly to review financial and non-financial performance indicators, to share knowledge and to make decisions based on this information. Our Customers are also involved – with the Customer Voice and Customer Experience Forum being presented with a suite of performance information that they have reviewed and provided details of their expectations. Performance reporting to Customer Voice is primarily via the Coastline Conversation which receives a regular update from the Customer Experience Forum meetings.

This report provides a self-assessment to our stakeholders of how we are achieving 'value for money' in what we do. It sets out a summary of Coastline's financial and operational performance during 2020/21 and reports our progress against the four themes of our Corporate Plan:

For Coastline this aim was embedded within the Corporate Plan objectives through the expectation of increased growth in units delivering improvements in overall cost efficiencies.

Coastline continues to use operating margin as proxy for operating cost per unit and this measure of improving operating margin, from 36% in 2017 to 38% by 2021, was a key measure within the Corporate Plan. The biggest benefit of using a simple measure like this is that everyone understands its calculation and staff can see their impact on it.

The operating margin target of 38% when set excluded shared ownership sales and broadly matched the Regulator's Value for Money Metric of Operating Margin – Social Housing lettings. Initial performance against this in 2015/16 and 2016/17 showed positive movement towards the target but was not met at the end of the Corporate Plan period in 2021. This was not a surprise and has been reported as being off target for the last two years reflecting increasing pressures on property costs, a slower than planned delivery of new affordable housing and the additional reduction in short-term operating margin resulting from viability property disposals, which do however improve long-term margins and returns.

Coastline's performance in this regard mirrors the position across the industry as operating margins have continued to decline over the last three years. Our relative position on this aim and VfM Metric has improved over this time however seeing a move from more median performance to upper quartile based on the most recently available information for the financial year 2019/20 for the wider sector.

The Board have taken a strategic view to maintain levels of investment in customer service and property quality, as well as staff health and wellbeing, rather than reducing spend to protect the margin. We still maintain that the focus on measuring this metric and understanding the reasons behind any changes helps with assessing Coastline's performance both in isolation and in the wider industry setting.

The Board has considered Coastline's approach to VfM at separate strategy days reviewing comparative performance across the Sector Scorecard and the regulator's VfM Metrics.

As part of the regulatory standard on Value for Money Coastline is required to:

- clearly articulate our strategic objectives;
- have an approach agreed by the Board for achieving Value for Money in meeting these objectives and demonstrating their delivery of Value for Money to stakeholders;
- through our strategic objectives, articulate our strategy for delivering homes that meet a range of needs; and
- ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of our strategic objectives.

The standard also makes wider reference to expectations of registered providers as follows:

- have a robust approach to achieving Value for Money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance;
- regular and appropriate consideration of potential Value for Money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures;
- consideration of Value for Money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case; and
- that they have appropriate targets in place for measuring performance in achieving Value for Money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

Coastline retains a subscription to the HouseMark benchmarking service for performance measures but has dropped the detailed activity cost benchmarking service as analysing costs below a certain level is not productive for three main reasons:

i. the different approaches to recording and analysing costs at a low level;

ii. the interplay between how teams are set up to work within different businesses; and

iii. we focus on outcomes and overall business efficiency and therefore the focus remains on operating margin and performance measures such as arrears, voids and development of new homes.

The broader approach for value for money activities and management within Coastline is contained within our Value for Money Framework which was most recently updated during 2019/20 and is available on request.

Performance information and benchmarking

Theme	Indicator	Results 2016/17	Results 2017/18	Results 2018/19	Results 2019/20	Results 2020/21	Industry Median 2019	Industry Median 2020	Commentary
Business Health	[1]Operating Margin (overall)	34.0%	30.5%	31.1%	26.2%	26.7%	25.5%	21.5%	Coastline performance improving relative to wider industry
	[1]Operating Margin (social housing lettings)	35.6%	36.0%	35.9%	33.8%	29.3%	27.2%	23.6%	
	[1]EBITDA MRI (as a percentage of interest)	141.1%	163.3%	177.2%	161.3%	105.0%	197.9%	196.1%	Current year reflects break costs of circa £2.3million within interest payable.
Development – capacity and supply	Units developed (absolute)	139	331	150	302	160	n/a	n/a	Delivery represents top-10 fastest growing RP performance.
	Units developed (as a percentage of units owned)	3.4%	7.3%	3.3%	6.3%	3.3%	1.4%	1.3%	Covid-19 impact on 2020/21 delivery and intention is for growth at 5%+ levels
	Gearing	57.1%	59.4%	58.3%	56.1%	58.1%	33.8%	33.8%	Gearing increasing reflecting investment generally in new build properties.
Outcomes delivered	Customers satisfied with the service provided by their social housing provider	90.0%	90.0%	92.0%	89.5%	88.0%	87.5%	86.9%	Work commencing on UK Institute of Customer Service project to improve customer service.
	£'s invested for £ generated from operations in new housing supply	£3.28	£4.55	£2.79	£3.67	£7.01	n/a	n/a	Metric demonstrates commitment to investment in new supply.
	Reinvestment #	17.5%	16.8%	18.4%	13.0%	13.3%	5.4%	6.1%	Reinvestment is high reflecting both commitment to new build and improving existing homes.
Effective asset management	Return on capital employed (ROCE) #	5.0%	5.6%	5.9%	5.8%	4.1%	3.2%	2.8%	Fall in ROCE reflects additional capital within work in progress not yet producing assets for rental due to Covid-19.
	Occupancy	99.9%	96.3%	98.8%	99.5%	98.5%	99.5%	99.28%	Performance in line with industry average
	Ratio of responsive repairs to planned maintenance spend	0.68	0.71	0.27	0.27	0.14	0.65	0.64	Ratio is subject to accounting differences and is an area of focus in line with in-house stock condition surveys.
Operating Efficiencies	[1]Headline social housing cost per unit #	£3,256	£2,924	£3,220	£3,316	£3,404	£3,725	£4,023	Performance relative to industry has improved but cost pressures relating to growth can create in-year capacity issues.
	Rent collected	99.96%	99.84%	99.56%	99.45%	98.9%	99.80%	99.84%	Reduction in rent collected matches increase in arrears, but noting that arrears levels are of the lowest in the Housing Sector.
	[1]Overheads as a percentage of adjusted turnover	13.8%	12.5%	13.9%	13.1%	11.6%	12.8%	13.9%	Level of overheads reflects upfront investment in systems that should deliver efficiencies in the longer term.

In line with our commitment to demonstrating transparency and value for money Coastline joined the pilot Sector Scorecard programme in January 2017 and has continued membership since that date. Our performance against these metrics and the RSH's value for money metrics (# noted in table above) is provided below. For many of these metrics the reasons for changes in performance are detailed in the sections prior to this. Summary commentary is added to supplement this and provide greater transparency.

The Sector Scorecard reports on an agreed set of metrics upon which housing providers can compare their performances as part of demonstrating that they are providing value for money for their Customers.

The Sector Scorecard measures 15 indicators across five general areas focusing on: business health, development, outcomes delivered, effective asset management and operating efficiencies.

Definitions for all of the above measures can be found at

http://www.sectorscorecard.com/about-the-sector-scorecard/about

Sector Scorecard Analysis Report 2020

Details of the value for money metrics as specified by the Regulator of Social Housing can be found at

https://www.gov.uk/government/publications/value-for-money-metrics-technical-note

Coastline continues to support the Sector Scorecard and notes that further analysis of the elements under management, service charges, maintenance and major repairs will require the sector to work together to ensure more consistency in approach. The current results from the scorecard as with the RSH regression analysis output at a detailed level is subject to the different approaches to cost allocations that are made by providers and as such, in line with our overall approach to value for money, Coastline prefers a focus on a limited number of high level performance measures.

The Sector median is as reported in the RSH Consolidated Global Accounts Dataset and "Value for Money metrics report – annex to Global Accounts 2020"

RSH Reference Indicator	Results					Sector Median	*SW Median
	2016/17	2017/18	2018/19	2019/20	2020/21	2019/20	2020/21
Metric 1 – Reinvestment %	17.5%	16.8%	17.1%	13.0%	13.3%	7.2%	8.7%
Metric 2 – New Supply Delivered % (a – Social housing units)	3.4%	7.3%	3.3%	6.3%	3.3%	1.5%	1.7%
Metric 2 – New Supply Delivered % (b – Non-social housing units)	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Metric 3 – Gearing	57.1%	59.4%	57.9%	56.1%	58.1%	44.0%	44.0%
Metric 4 – EBITDAMRI Interest Cover	141.1%	163.3%	177.2%	161.3%	105.0%	170.0%	186.2%
Metric 5 – Headline Social Housing Cost Per Unit	£3,256	£2,924	£3,260	£3,316	£3,404	£3,830	£3,610
Metric 6 – Operating Margin (a – Social Housing Lettings)	35.6%	36.0%	35.0%	31.8%	29.3%	25.7%	26.8%
Metric 6 – Operating Margin (b – Overall)	34.0%	30.5%	31.0%	26.2%	26.7%	23.1%	23.5%
Metric 7 – Return on Capital Employed (ROCE)	5.0%	5.6%	5.9%	5.8%	4.13%	3.4%	3.5%

** The SW Median is a calculated reference group of 17 organisations operating in the South West region (or relevant precursor organisations to now merged entities.*

The Board has decided that using the Corporate Plan targets in addition to the RSH VfM Metrics provides the most effective way of assessing Coastline's performance and commentary against both the regulatory metrics and Coastline's chosen measures follows under the headings of our Corporate Plan:

Great Homes Great Services Great People Great Foundations

In previous years the format has provided the headline measure, an indication of the target for the year ahead and an assessment of the progress as at the end of the current financial year. The Corporate Plan for 2016-2021 came to an end on 31 March 2021, and 2021 sees the launch of our new Coastline Plan "Great Futures" which covers 2021-2025.

Reflecting this transition the update below confirms the results to the end of March 2021 with an introduction to the new plan at the end.

The final outturn from the Corporate Plan 2017-21 Plan was reported to the Board in May 2021 and showed that overall, 18 of the 25 objectives were rated 'green', four as 'yellow' and three as 'amber'. The final position of performance against the Corporate Plan was also subject to an independent assessment by the Group's internal auditors (Bishop Fleming).

Great Homes

Objective: To build our share of the new homes needed to meet the needs of those that live in Cornwall

2021 Measure	March 2021 Target	Position at March 2021
1,000 new affordable homes completed, including 130 homes for older persons	A cumulative total of 1,320 new affordable homes completed: 2020/21: 387. Have at least two initiatives agreed after "Spring Forward" to work more closely with our Supply Chain.	A total of 1,066 new affordable homes have been completed during the 5 years of the plan and we have been in the top ten fastest growing providers in each of the last four years (Inside Housing – development survey) 160 homes were completed in the year to March 21. This was less than the revised target as a result of Coivid-19 delays on sites. Team have collated feedback from 'Spring Forward' event. Work on this has been delayed due to Covid-19 but is now being picked up again. The number of homes delivered for older persons was not achieved due to challenges in securing consistent support from Cornwall Council for a new scheme.

Objective: To continue to improve the overall quality of our homes

2021 Measure	March 2021 Target	Position at March 2021
No home costing more than £600 a year to heat	18 homes costing more than £600 to heat Upgrade heating systems and repairs completion of retained homes New environmental strategy in place, setting out Coastline's approach to meeting the challenge of Cornwall's Climate Change Emergency	As at 31 March 2021, 21 homes do not meet the £600 target. 18 homes have received a letter explaining they cannot be upgraded further, and where the home is already identified for disposal, the customer has been made aware of the incentive to move scheme. The remaining three homes could meet target with investment but; two have refused mains gas connections and one elected for a new oil boiler in 2017 so at this time these cannot be resolved. This target has effectively run its course; as and when the remaining properties fall void a decision on their future can be taken at that time but most likely they will be considered for disposal. Heating upgrades have been refused as above but remain programmed in all homes, with a detailed 50 year plan in place to inform the Business Plan; this will be subject to change dependent on the future of gas and net carbon zero strategic objectives. The Environmental Strategy is under development and is expected to be finalised later in 2021. 284 homes above £600 in 2017, and progressed to beyond 90% of the target, and those that are above £600 are where achieving it would not be possible.

Great Homes

Objective: To transform how we manage our assets, replacing our older more expensive homes with higher quality new ones

2021 Measure	March 2021 Target	Position at March 2021
Bringing forward up to 2% of our existing homes a year for disposal	70 disposals of existing homes Feasibility study of Cornish Units Viability review of garage and appropriate additions to the model	Under the Asset Investment and Viability Strategy (updated Jan 2020) 654 properties have been identified for potential disposal when they fall vacant; the viability model will be reviewed later in 2021 and is likely to incorporate further triggers related to net-zero carbon. The Cornish Unit feasibility study was delayed due to the Covid-19 pandemic but is scheduled to recommence in mid-2021. In the interim, to prevent disrepair, a specification for a pilot project for insulation and re-roofing has been developed for a small number of more pressing units. All garages have been surveyed following development of a more granular new stock condition survey template. The more detailed garage review will take place in 2021.
Selling up to 2% of our existing homes a year	A cumulative total of 199 existing homes sold:	165 homes sold in total in plan period. Note that Covid-19 has impacted on supply of voids available for sale in year and is also impacting on sales speed as mortgage valuations and searches are taking longer. Interest, prices and sales holding up. This has reduced final year numbers.
All the proceeds re-invested in new homes	Further reinforcement and distribution of Film.	Film completed and uploaded to Coastline YouTube channel. Wider supply chain and BtoB update day took place Feb 2020. Ethical Sales Statement agreed with ET and PIC. Now being implemented with all sales, e.g. all disposals notified to local Parish/Town councils to allow local purchasers to be sought in first instance.

Objective: To establish a profit making private homes model to cross subsidise our charitable work

2021 Measure	March 2021 Target	Position at March 2021
45 homes for private sale completed with the proceeds re-invested in building new affordable homes for rent and sale	A cumulative total of 29 private homes sold: Planning Application submitted for Pencoose Farm. All homes sold at Pisky Farm	Total Sales Completed 4. Pisky Farm, at year end four homes occupied, two sold SSTC. Post year end note – all plots sold by end of June 2021. Quintrell Downs – Contractor (MiSpace) appointed and progressing on site. Specification discussions with MiSpace and sales team reviewing likely sales agent. Pencoose abandoned following reduction in likely planning prospects.

Great Services

Objective: To ensure our Customer service offer is digitally accessible and easy to use

2021 Measure	March 2021 Target	Position at March 2021
All of our core Customer services available for Customers on-line	New contact system phases 1-5 implemented Work to plan introduction of WebChat Training for all staff On-line Tenancy style test added to sign up process Digital customer engagement - new CSC format introduced Identified preferred E-signature process for tenancy agreements sign up Rent in advance payments on-line as part of the digital sign up New customer 6 week visits on-line	All core services are available on-line via MyCoastline and other digital means. A number of functional and cosmetic enhancements, continue to be developed as a part of a cyclical review, with a work beginning on 'My Community' in MyCoastline, as a space for information, advice and guidance, as well as information about our programme of Community Standard visits and improvements. Planning and design is now underway for the next phase of our contact solution, Web Chat. On-line payments of rent in advance is live, and DD and payment gateway, supporting changes made to our face to face and phone offer supporting this digital shift. On-line settling-in visits for new Customers are in development.
50% of Customers choosing on-line services	Explore options for future lettings platform including ATLAS (HomeHunt replacement) Review and relaunch the Lettings policy	This financial year 52% of properties have been let through Homehunt. Our agreement with Cornwall Council is to make at least 50% of properties available to let on Homechoice in the first instance. 58% were initially advertised on Homechoice but only 48% were allocated due to the poor quality of nominations through Homechoice. The Lettings Policy was approved by Board in May 2020 and has now been 'launched' with relevant changes to Homehunt bandings.
50% of our existing homes re-let through our 'HomeZone' letting portal	93% overall customer satisfaction Phase three of the Customer First survey completed Action plan in place and feedback to Customers on improvements following surveys ("you said, we did") On-line transactional surveying developed on the new contact system	Customer satisfaction monitoring is changing through new CRM Customer Voice software for our transactional surveys. To challenge and improve our approach to Customer feedback, we make active use of our membership of the UK Institute of Customer Service and continue to change our approach to collecting, measuring and acting on feedback, ultimately creating a more joined up view of feedback and real time responses, owned by the relevant service area. This work will continue into the life of the new Coastline Plan, with the next priority service area being responsive repairs. Our Year 3 bespoke perceptional satisfaction survey, Customer First, is complete with the final report and Improvement Plan having been to Senior Leadership Team (SLT) and Board in November and Customer Experience Forum (CEF) in February. The geographical approach to surveying 100% of Customers over three years is now complete. Year 3 results show 86% overall satisfaction, and the combined three year average is 88%. We are currently planning for the Business Benchmarking survey as part of the UK Institute of Customer Service membership offer, and the first survey of all Customers is scheduled for April 2021, with initial results expected in June.

Great Services

Objective: To achieve exceptional levels of Customer satisfaction

2021 Measure	March 2021 Target	Position at March 2021
Customer satisfaction levels of 93%	93% overall customer satisfaction Phase three of the Customer First survey completed Action plan in place and feedback to Customers on improvements following surveys ("you said, we did") On-line transactional surveying developed on the new contact system	Customer satisfaction monitoring is changing through new CRM Customer Voice software for our transactional surveys. To challenge and improve our approach to Customer feedback, we make active use of our membership of the UK Institute of Customer Service and continue to change our approach to collecting, measuring and acting on feedback, ultimately creating a more joined up view of feedback and real time responses, owned by the relevant service area. This work will continue into the life of the new Coastline Plan, with the next priority service area being responsive repairs. Our Year 3 bespoke perceptional satisfaction survey, Customer First, is complete with the final report and Improvement Plan having been to Senior Leadership Team (SLT) and Board in November and Customer Experience Forum (CEF) in February. The geographical approach to surveying 100% of Customers over three years is now complete. Year 3 results show 86% overall satisfaction, and the combined three year average is 88%. We are currently planning for the Business Benchmarking survey as part of the UK Institute of Customer Service membership offer, and the first survey of all Customers is scheduled for April 2021, with initial results expected in June.
Transactional monitoring of customer satisfaction in place	Institute of Customer Service best practice review Options agreed and established on new contact system Feedback to Customers on performance and improvements Together with Tenants Charter published and measured and reported to Customers Review and launch of new Local Offers to Customers	Transactional surveys are in place for all key services, and our approach to collecting and using this data is being developed to bring consistency and best practice across the group. We see making use of our membership with the UK Institute of Customer Service as an opportunity to challenge ourselves to deliver excellence and be sector-leading. New customer feedback surveys have been developed to enable the new communication software solution to capture an increased range of customer experience at the point of transaction. New Pledges linked to the Trust Charter commitments have been developed, and are beginning to be rolled out. Full launch will tie in with the Coastline Plan to maximise opportunities to promote these key documents with colleagues and Customers.

Great Services

Objective: To ensure our Customer service offer is digitally accessible and easy to use

2021 Measure	March 2021 Target	Position at March 2021
Customers able to manage repairs appointments on-line	Regular monthly transactions via portal Communal repairs reporting added to the portal Community Standard work recorded digitally and actions automated via My Coastline	On-line appointments can be made by the customer at the point of reporting. In the financial year 20/21, 1,459 repairs were raised via MyCoastline (currently running at approximately 10% of all repairs reported per calendar month). Mobile working is operational but further enhancements and integration will be necessary to make it fully effective. The newly developed remote video diagnostic tool which utilises Customers' mobile phones during repairs calls has been fully implemented, however not popular with all Customers. Further enhancements are planned for the portal which will take into account customer feedback and findings from the repairs review, including some 'how to' videos to support Customers with on-line processes. This work will continue into the new Coastline Plan. A new mould and condensation survey has now been implemented which regularly surveys Customers electronically to proactively collate repairs in homes. Follow-up home surveys are used to assess ventilation issues and confirm remedial action required. The Smartline team has now finalised the current project and planning procurement and planning of the extension whilst COVID-19 reduces customer home visits and contact. The extension will focus on learning from the first project and implementing innovative solutions to issues raised which can then be monitored to confirm success levels. The Smartline Project is now focussing on increasing digital inclusion of Customers via "Getting Online – Stay Connected" and on-line coffee mornings which are growing in popularity.

Objective: To provide a repairs service that is easy to use and delivers choice and quality

2021 Measure	March 2021 Target	Position at March 2021
Customers able to manage repairs appointments on-line	Regular monthly transactions via portal Communal repairs reporting added to the portal Community Standard work recorded digitally and actions automated via My Coastline	On-line appointments can be made by the customer at the point of reporting. In the financial year 20/21, 1,459 repairs were raised via MyCoastline (currently running at approximately 10% of all repairs reported per calendar month). Mobile working is operational but further enhancements and integration will be necessary to make it fully effective. The newly developed remote video diagnostic tool which utilises Customers' mobile phones during repairs calls has been fully implemented, however not popular with all Customers. Further enhancements are planned for the portal which will take into account customer feedback and findings from the repairs review, including some 'how to' videos to support Customers with on-line processes. This work will continue into the new Coastline Plan.

Great Services

2021 Measure	March 2021 Target	Position at March 2021
		A new mould and condensation survey has now been implemented which regularly surveys Customers electronically to proactively collate repairs in homes. Follow-up home surveys are used to assess ventilation issues and confirm remedial action required. The Smartline team has now finalised the current project and planning procurement and planning of the extension whilst COVID-19 reduces customer home visits and contact. The extension will focus on learning from the first project and implementing innovative solutions to issues raised which can then be monitored to confirm success levels. The Smartline Project is now focussing on increasing digital inclusion of Customers via "Getting Online – Stay Connected" and on-line coffee mornings which are growing in popularity.
99% customer satisfaction with repairs service	99% transaction satisfaction from repairs service (note – wider project during year to review collection of satisfaction data) New voids process pilot complete Void Standard reviewed, approved and published Year 3 of SCS completed 60% July 2021	The recommendations from the Void Lean Review have been approved and implemented and it is now complete. The Homeless property standard has been reviewed, finalised and is now used for all homeless accommodation. Despite the continuing challenges of Covid-19 throughout the year, at the end of March 2021 in terms of performance against the 5 Year Programme 3,020 surveys have been completed from an overall stock level of 5,950, equating to 50.75% of overall stock, or 92.3% performance against the expected target of 3,273. The information gained from the competed surveys to date have been utilised to develop the financial programmes and inform the business planning process. During the Covid-19 period there have been lower than normal volumes of customer satisfaction returns for the repairs service as the service was moved to an emergency only provision. Customer satisfaction with repairs has increased from the previous 82.4% to 92.4% for the financial year to end of March 2021.
99% of repairs completed 'right first time'	99% repairs completed 'right first time' Improve diagnosis of complex maintenance issues with a reduction in number of complaints	The ongoing outstanding repairs have reduced significantly and are very much in line with previous years. February and March has seen a large increase in general repairs reported by Customers however the increased resources put in place to deal with Covid-19 backlog have performed exceptionally to keep these on track. At the end of March 2021 the 'right first time' performance was 90.54%, a slight decrease from October at 93.83%, and from March 2020 at 96.6%. Further work is required on the accuracy of this, as feedback suggests operatives find it difficult to classify 'right first time' consistently and accurately.

Great Services

Objective:To help people back into work and training

2021 Measure	March 2021 Target	Position at March 2021
500 people helped back into work or training	550 people helped into work or training (since 2017) 2 cohorts of inspiring futures Spring and Winter Construct live at Quintrell or alternative site with Newquay Orchards Completion of Together For Families support contract extension March 2021	Work programmes have been paused due to COVID-19, but planning is underway to deliver Coastline Construct in the new financial year, and inspiring futures will be 'reimagined' to adapt to our new ways of working. Despite the COVID-19 restrictions, we have been able to support 11 people into work and 16 into training – this includes taking on new volunteers We have now exceeded the 500 target, with 545 people supported into work or training since 2017. Together for Families (TFF) is now into project wind-down as the contract ends in July 2021. Funding for a new countywide partnership project 'Building Futures' has been secured, and a mobilisation plan is in place.

Objective: To establish a sustainable model for delivering homeless services and expand the support we provide

2021 Measure	March 2021 Target	Position at March 2021
A new permanent home for our Homeless Service opened	Move on Pathway created to ensure clients have accommodation options to move on to and creating spaces for new homeless clients Contract delivered and targets met for crisis revenue support, supported accommodation and supported outreach	Our 'Offer' document showing the services available from Coastline for people experiencing homelessness has been refreshed. RSAP funding announced and exploring opportunities alongside Cornwall Council. Active support provided to Cornwall Council to assist with pandemic related 'Everybody In' initiative.
250 vulnerable people helped each year	92% satisfaction from clients using the Homeless Service Evidence of PIE Framework outcomes Annual Volunteer Statement Crisis and supported contractual requirements exceeded Replacement of East Charles Street with new builds in Trevu Disposal of East Charles Street Bring the 6 market rents at Lamorak into management and use for Homeless move-on	363 people have been supported by the Homeless Service as at 31 December 2020. Replacement units for East Charles Street at Trevu started on site on 22 March 2021 - project expected to take 6-12 months. Replacement for three bedspaces from Strawberry Cottage are due for completion on 9 April 2021. Two further units are in the process of being identified. Units at Lamorak being converted from Market Rent as current tenancies end. Homeless Service team have been undertaking a review and update of their PIR approach to providing services.

Great Services

Objective: To increase the number of older Customers that we support

2021 Measure	March 2021 Target	Position at March 2021
130 new homes for older people, including a new Extra Care Complex	Start on site at Bodmin or alternate site identified.	To date 4 homes for older people completed at Pengover (Redruth), 22 flats for older people at Quarry Car Park (Helston), 23 homes at Heartlands (Pool) and 22 homes at Miners Row (Redruth) It has not been possible to identify a suitable site for the provision of Extra Care that received full support from Cornwall Council in relation to Care funding. A meeting has taken place with CC to explain that Coastline will not be actively pursuing this now unless firm support is given at an early stage.

Great People

Objective: To be recognised as one of the best places to work in Cornwall, and one of the best housing associations in the country

2021 Measure	March 2020 Target	Position at March 2021
Sunday Times Top 50 Not For Profit employer	Conclude on whether using Best Companies or IiP to measure. (Former would be consistent with original target, latter is now felt to be more robust, but will not be known until late 2021) Implementation of new HR Strategy, including review of overall benefits package Evaluation of Health and Wellbeing Strategy	Annual Health and Wellbeing Report to Board May 2020. IiP interim reviews in 2019 and 2020 positive New T and C's agreed for Coastline Services colleagues from October 2020 to harmonise across the Group. Strategic discussion held at November 2020 Board Strategy Day. Wellbeing remains front and centre during current lockdown with briefings, 'Hugs in a box', virtual events taking place Introduction of Headspace App for all colleagues. We have not achieved 'Top 50' or 'IIP Gold', we have made significant progress on culture, health and wellbeing, and consistency of 'offer' across the Group.

Objective: To invest in our staff so that they can deliver to their full potential

2021 Measure	March 2020 Target	Position at March 2021
All staff have continuous career development plan in place	All staff have Personal Development Plans in place and regularly reviewed through the quarterly performance review process Review of performance review process and implementation of any changes Successful rollout of year 2 of the leadership training programme with Jack Russel Coaching (to include all managers)	New Performance Review scheme launched in January 2019. Organisational development leadership programme for SLT for 2019/20, facilitated by Jack Russell has been completed. One day leadership programme for all other managers facilitated by SLT in November 2019. We planned in 2020 to focus on bringing all managers on board with the full leadership programme – dates were scheduled, some of which had to be cancelled due to COVID-19. These are now taking place with more sessions held in April 2021.

Great People

Objective: To ensure that we live up to the values we share

2021 Measure	March 2020 Target	Position at March 2021
At least 90% of staff feel that our behaviours are in line with our values	At least 90% of staff feel that our behaviours are in line with our values – survey scheduled for Q4 2020/21	Values Survey undertaken December 2019. Results similar to 2016 but slight increase in how we value one another Covid-19 survey results were overwhelmingly positive on how the response had been managed, the communications, support for wellbeing, the ability to work remotely and confidence that safety would be maintained as we return. 2nd Covid-19 survey still positive and wider responses achieved.

Great Foundations

Objective: To grow our income while ensuring that we become more productive in how we work

2021 Measure	March 2020 Target	Position at March 2021
Operating margin of 38%	Coastline Housing Operating margin of 27.2% (note this is not directly comparable to the Corporate Plan target which is more closely linked to statutory accounts social housing lettings margin) Coastline Group operating surplus of £9.4 million Coastline Group net surplus of £11.3 million	Position approved in July-20 : • CHL Operating Margin (exc SO) 25.8% • CHL Operating Margin (inc SO) 24.7% • CHL Net Margin £7.6m Position at 31 March 2021 • CHL Operating Margin (exc SO) 29.3% • CHL Operating Margin (inc SO) 27.2% • CHL Net Margin £5.4m Operating Margin has not reached 38% as originally set in the Corporate Plan for a number of factors previously highlighted. The closest comparator to the 38% target is the Social Housing Lettings Operating Margin, which at March 19 was 35.9% and for March 20 was 33.8% Whilst this measure of efficiency remains a key financial metric for Coastline the absolute target has been considered less important than ensuring adequate resources in place to support communities and colleagues in the shorter-term due to Covid-19.

Great Foundations

Objective: To continue to drive down our average cost of debt so that our operating surpluses go further

2021 Measure	March 2020 Target	Position at March 2021
Average cost of debt of 4.5%	Average cost of debt under 4.0% (reflecting potential for increased fixed rate debt being taken on at higher than variable rate). Other specific targets will be set as part of the annual finance strategy for 2020/21	Average cost of debt: • 31/03/20 – 3.46% (67% of debt fixed) • 31/03/21 – 2.61% (50% of debt fixed) Interest rate significantly better than target reflecting low interest rate environment and pro-active management of embedded interest rate position.

Objective: To ensure that our Board and governance arrangements remain strong and keep pace with the changing dynamics of the Group

2021 Measure	March 2020 Target	Position at March 2021
Retention of the highest possible 'G1 V1' regulatory status throughout the life of this Corporate Plan.	Chair and NED succession plan complete, with new Chair, NED and Co-optee recruited and inducted. Customer Service Forum embedded in the Governance Framework Governance action plan in place and on track	Board Effectiveness review completed by Altair in June 2019 Articles updated in January and May 2019 2 NED's and 2 ARAC members recruited. Chair recruitment completed Board approved new 'Customer Experience Forum' at March meeting G1/V1 retained New NHF Code of Governance 2020 adopted Group Standing Orders reviewed and updated March 21 Updated Governance Action Plan approved at March 2021 meeting

Objective: To ensure that Coastline has the capacity and capability to deliver the objectives of the Corporate Plan

2021 Measure	March 2020 Target	Position at March 2021
We will pursue joint / partnership working and other strategic alliances where this will contribute towards achieving the aims and objectives of this Corporate Plan	New Coastline 2020-25 Plan complete and launched Cornwall Strategic Housing Group (CSHG) in place with HA representation Cornwall Affordable Housing MoU in place LandG Affordable Homes relationship strong Triannual report to Board on Corporate Plan progress Annual report to Board on 'state of play' of housing association market in south west	Coastline Plan 2021-25 now signed off by Board and being launched in 2021. CSHG starting to operate more effectively with better private sector engagement. Agreement reached that it will have a strategic role in the production of the new Cornwall Housing Strategy. Cornwall Affordable Housing MoU delayed again by local elections, planning for this to go to the first CSHG meeting after the new administration is in place. LandG relationship remains strong, albeit volumes are lower than we would like. November Strategy Day including consideration of Coastline's benchmarking position on key metrics against SW peer group.

Coastline Plan 2021-2025

While the work to produce the Plan was structured around six 'themes', the final Plan uses Coastline's vision/ mission statement ('Great Homes, Great Services, Great People') as its structure. It also retains 'Great Foundations' as a key area, but without any specific aims.

Key points to note with regards to the aims of the Coastline Plan are:

- Some, particularly those around climate change and ending homelessness in Cornwall, are deliberately aspirational (and inspirational) and are not likely to be achieved.
- The importance of 'place' and of the environment is stronger than in previous plans, with a focus on green spaces, community, bio-diversity and climate change.
- As well as including a specific aim about keeping the pledges we make to Customers, the wording is consistent with and echoes the aims of the Coastline Trust Charter and Pledges developed with the Customer Voice and Customer Experience Forum.
- Some of the aims (under Great Services and Great People) are arguably more about our 'values', but have been included as aims as they are areas where we have more work to do to really live up to those particular values.
- For the first time we have included aims in the 'Great People' heading that are outward, rather than inward, looking. This is because while having a team of 'great people' is crucial to Coastline's success, it is not in itself the reason why the charity exists.

Setting and monitoring specific targets for the 2021-25 Coastline Plan

While the new approach deliberately results in a less detailed, published strategic plan, detailed measurable objectives are still needed. These will be approved by the Board annually, enabling the Board and other stakeholders to hold the organisation to account. This also enables us to be flexible in response to our risk appetite and an uncertain environment (e.g. Covid-19, the Social Housing White Paper, building safety reviews, and Brexit).

Progress against targets will continue to be reported to the Board three times a year, as has been the practice with previous plans (and will include consideration of the strategic risk map). This reporting will also continue to form the basis for the commentary in the annual accounts that summarises for stakeholders how Coastline is performing against its strategic objectives.

The Plan will be launched with Customers (with a focus on the 'Pledges' that have been developed with involved Customers) in July, and with external stakeholders in September.

Section 172 Statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement, which is reported for the first time, explains how Coastline Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.
- The S172 statement focuses on matters of strategic importance to Coastline, and the level of information disclosed is consistent with the size and the complexity of the business.

How the Board complied with its Section 172 duty

The Board welcomes the new reporting requirement as a further opportunity to explain how dialogue with stakeholders has been woven into the fabric of Coastline decision making. Recent examples of this are: the workshop and presentation from Cornwall Council planning team on the strategic housing plan for Cornwall at the June 2019 strategy day, a presentation from the Co-Chair of the Cornwall Nature Partnership at the November 2019 Strategy Day and Matt Barton presenting the strategic Covid-19 recovery in Cornwall to the June 2020 Strategy Day.

The new Coastline plan "Great Futures" has been built up using engagement from Customers, colleagues and input from wider stakeholders following on from the November 2019 strategy day. Whist the impact of the Covid-19 has delayed elements of the formation and engagement the new plan is set for launch during 2021 and was presented to Board for approval by the colleagues involved in the process.

The previous Chair, Derek Law MBE finished his appointment by virtue of having completed a nine year term (the maximum recommended in the NHF Code of Governance) at the September 2020 AGM and the process to recruit a replacement concluded in March 2021 with the appointment of Chair Designate Mark Duddridge. Since September 2020 and up to 1 July 2021 Peter Stephens, the Vice-Chair, has acted as interim Chair. The process of recruitment involved significant dialogue with the current Board, Executive management and Customers.

This process will then also dovetail with the arrangements for production of the new 'Coastline Plan' to replace the existing Corporate Plan which finishes in March 2021. The new plan will seek to provide targets for the homes and services that Coastline provides that stretches both our financial and human resources and maximises delivery against our charitable mission.

Delegation of authority

The Board believes that governance of Coastline is best achieved by delegation of its authority for the executive management of Coastline to the CEO, subject to defined limits and monitoring by the Board and Committee structures (for reference see page 5).

The Board routinely monitors the delegation of authority, ensuring it is regularly updated, while retaining ultimate responsibility. The most recent review was completed as part of an independent Board effectiveness review which reported back to the Board in May 2019 and defined an action plan which has been monitored on the Board's behalf by the Audit, Risk and Assurance Committee and delivered by Management.

The Board has a long-standing corporate governance framework which reflects the charitable status of Coastline and the regulatory frameworks for Social Housing, Supported Housing and Extra Care services.

The current framework cover the following principle areas:

1.Company Purpose

Pursuing Coastline's charitable objectives and accountability to communities and other stakeholders for the company's actions. This means focussing primarily on strategic issues, while having regard to economic, political and social issues and other external factors particularly with reference to those impacting Cornwall.

2.Strategy

Responsibility for establishing and reviewing the long-term strategy, Corporate Plan and the financial business plan for Coastline, based on proposals made by management for achieving Coastline's purpose.

3.Monitoring decisions on the management team and the performance of Coastline

Including implementation of, and performance against the strategy and the business plan and the exercise of authority delegated to committees and management. The Board satisfies itself that emerging and principal risks to Coastline are identified and understood, systems of risk management, compliance and controls are in place to mitigate such risks and expected conduct of Coastline's business and its employees is reflected in a set of values established by the CEO.

4.Succession

Ensuring that systems and processes are in place for succession, evaluation and compensation of the CEO, executive and non-executive directors and all colleagues at Coastline.

During 2020/21 the directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from management and governed the company on behalf of its charitable purpose through the Coastline board.

Section 172 Factor	Key Examples	Page(s)
Section 172 (1) (A) Consequence of any decision in the long term	Charitable objectives Corporate Plan – all aspects	4-5 36-45
Section 172 (1) (B) Interests of employees	Living Wage Accreditation Gender Pay Reporting Corporate Plan – Great People	8-9 15 43-44
Section 172 (1) (C) Fostering business relationships with suppliers, customers and others	Development Supply Chain event European funding initiatives such as SmartLine Corporate Plan – Great Services	27 33-35 38-43
Section 172 (1) (D) Impact of operations on the community and the environment	Charitable Objectives Corporate Plan – Great Homes	4-5 36-37
Section 172 (1) (E) Maintaining high standard of business conduct	Governance and Committee Structures	5-7
Section 172 (1) (F) Acting fairly between members	Balanced long-term decision making Code of Governance	7, 10 43-44

Streamlined Energy and Carbon Reporting (SECR)

Coastline is a social housing landlord and therefore the majority of environmental impact is drawn from the energy used by domestic property portfolio. As at 1 April 2021 Coastline owned 4,430 domestic homes which includes general needs, supported and Extra Care accommodation.

For the purposes of SECR operational impacts include utility costs from office spaces, fleet vehicle and staff vehicle mileage.

In terms of corporate impact which is directly accountable to the operations of the business;

Green House Gas Emissions (GHG) and Energy 1 April 2020-31 March 2021		
	Total Tonnes CO2	Units
Scope 1 – Direct Emissions		
Fleet Vehicle Mileage	172.52	434,620
Staff Mileage	71.2	51,059
Natural Gas	281	5,129.58
Scope 2 – Indirect Emissions		
Electricity	13.2	18,854.08
Water	999.26	3,353.23
Total – Scope 1 + 2	1,537.18	
Scope 3 – Other Indirect Emissions		
Housing Stock	9254.27	4430
Grand Total	10,791.45	
Intensity Ratio	291.66 Tonnes of Co2 per £M Turnover	

Methodology

Each activity has been calculated in the appropriate units of measure and then converted to metric carbon tonnes to provide consistency.

Energy Efficiency Action

New contracts for all utility supplies commence September 2021 and have been secured with 'green' suppliers. The development of a new c environmental strategy during 2021 will assist Coastline in targeting the reduction of carbon impact using agreed Key Performance Indicators.

In addition Coastline is working to decarbonise the housing stock working with partners to secure energy improvement funds.

By order of the Board

Mark Duddridge

Chair – Coastline Housing Ltd

13 September 2021

KPMG

Opinion

We have audited the financial statements of Coastline Housing Limited ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and related notes, including the accounting policies in note 1. In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Company as at 31 March 2021 and of its surplus/(deficit) for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Other information

The directors are responsible for the other information, which comprises the strategic report, the Report of the Board and the Statement on Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the report of the board for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 20, the directors are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intends to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

M. J. Dawson

Mark Dawson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

22 Sept 2021

Chartered Accountants

Regus, 4th floor
Salt Quay House, 6 North East Quay
Plymouth
PL4 OHP

Statement of Comprehensive Income for the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Turnover: continuing activities	2	**33,364**	36,996	**31,815**	36,738
Cost of sales	2	**(3,239)**	(5,536)	**(3,239)**	(5,536)
Operating costs	2	**(21,209)**	(21,780)	**(19,813)**	(21,700)
Operating surplus	2	**8,916**	9,680	**8,763**	9,502
Gift aid receivable		**-**	-	**280**	645
Surplus on sales of properties	5	**3,314**	5,270	**3,314**	5,270
Other finance expenditure	6	**(572)**	(364)	**(572)**	(364)
Interest receivable & other income		**5**	89	**126**	89
Interest payable & similar charges	7	**(6,183)**	(3,783)	**(6,183)**	(3,783)
Surplus for the year before taxation	4	**5,480**	10,892	**5,728**	11,359
Tax on surplus	26	**6**	44	**-**	-
Surplus for the year		**5,486**	10,936	**5,728**	11,359

Other Comprehensive Income

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Actuarial gain/(loss) on pension scheme	24	**(2,123)**	1,290	**(2,123)**	1,290
Total recognised surplus for the year		**3,363**	12,226	**3,605**	12,649

All the above results derive from continuing operations and are on a historic cost basis.

The Statement of Comprehensive Income and Other Comprehensive Income was approved by the Board on 13 September 2021 and signed on its behalf by:

M Duddridge
Chair

P Stephens
Chair of Audit, Assurance & Risk Committee

S Harrison
Chair of Audit, Risk and Assurance Committee

Statement of Financial Position as at 31 March 2021 (Reg. Number: 03284666)

Fixed assets:	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Intangible fixed assets	11	**375**	315	**375**	308
Housing properties	12	**277,929**	245,667	**278,797**	246,288
Other tangible fixed assets	13	**4,550**	4,434	**4,524**	4,387
Investments	14		-	**75**	75
Total fixed assets		**282,854**	250,416	**283,771**	251,058
Current assets:					
Stock	16	**8,396**	7,042	**6,249**	4,265
Rental and other debtors	15	**4,322**	6,608	**4,246**	6,569
Cash and cash equivalents	17	**12,065**	5,128	**11,721**	4,507
Total current assets		**24,783**	18,778	**22,216**	15,341
Creditors: amounts falling due within one year	18	**(11,536)**	(9,967)	**(9,636)**	(7,169)
Net current assets		**13,247**	8,811	**12,580**	8,172
Total assets less current liabilities		**296,101**	259,227	**296,351**	259,230
Creditors: amounts falling due after more than one year	19	**(233,533)**	(201,822)	**(233,533)**	(201,822)
Pension deficit funding liabilities	23	**(184)**	(172)	**(184)**	(172)
Pension defined benefit liability	23	**(3,196)**	(1,403)	**(3,196)**	(1,403)
Provision for tax liabilities	27	**-**	(5)	**-**	-
Net assets		**59,188**	55,825	**59,438**	55,833
Represented by:					
Capital and reserves:					
Revenue reserves		**59,188**	55,825	**59,438**	55,833
		59,188	55,825	**59,438**	55,833

These financial statements were approved by the Board on 13 September 2021 and signed on its behalf by:

M Duddridge
Chair

P Stephens
Chair of Audit, Assurance & Risk Committee

S Harrison
Chair of Audit, Risk and Assurance Committee

Consolidated Statement of Cash Flows for the year ended 31 March 2021

Cash flows from operating activities		2021 £'000	2020 £'000
Surplus for the year		**5,486**	10,936
Adjustments for non-cash items:			
Depreciation and impairment charges		**4,625**	3,488
Amortisation of intangible fixed assets		**126**	112
Profit on sale of housing properties		**(3,314)**	(5,270)
Loss on sale of tangible fixed assets		**-**	-
Taxation		**(6)**	(44)
Increase / (Decrease) in trade and other debtors		**2,286**	(2,139)
Increase in stocks		**(1,354)**	(2,168)
Increase in trade, other creditors and provisions		**1,211**	3,357
Pension costs less contributions payable		**-**	-
Adjustments for investing or financing activities:			
Interest receivable and similar income		**(126)**	(89)
Interest payable and similar charges		**4,684**	3,078
Amortisation of loan arrangement fees		**(184)**	(92)
Government grants utilised in the year		**(956)**	(820)
Tax paid		**-**	-
Net cash from operating activities		**12,478**	10,349
Cash flows from investing activities			
Sale of housing properties		**3,921**	5,790
Sale of other fixed assets		**-**	-
Interest received		**-**	-
Acquisitions of housing properties		**(31,867)**	(27,880)
Capital improvements to existing properties		**(2,402)**	(2,856)
Acquisitions of other fixed assets		**(2,856)**	(585)
Grants received to support capital expenditure		**(847)**	(875)
Net cash from investing activities		**2,668**	8,412
		(28,527)	(17,409)
Cash flows from financing activities			
Interest paid		**(7,007)**	(4,862)
New secured loans		**31,000**	8,998
Repayment of loans		**(1,007)**	-
Loan arrangement fees		**-**	-
Net cash from financing activities		**22,986**	4,136
Net increase / (decrease) in cash and cash equivalents		**6,937**	(2,924)
Cash and cash equivalents at 1 April		**5,128**	8,052
Cash and cash equivalents at 31 March	*(i)*	**12,065**	5,128

Analysis of changes in net debt

GROUP	At 1 April 2020 £'000	Cash flows £000	Other non-cash changes £'000	At 31 March 2021 £'000
Cash and cash equivalents				
Cash	5,128	6,937	-	12,065
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	5,128	**6,937**	**-**	**12,065**
Borrowings				
Debt due within one year	**(1,032)**	1,032	-	-
Debt due after one year	(142,400)	(31,026)	-	(173,426)
	(143,432)	**(29,994)**	**-**	**(173,426)**
Total	**(138,304)**	**(23,057)**	**-**	**(161,361)**

Statement of Changes in Equity

GROUP	Revenue reserve £'000	Garlidna reserve £000	Restricted reserve £'000	Total equity £'000
Balance at 1 April 2019	**43,530**	**37**	**32**	**43,599**
Surplus for the year	10,936	-	-	10,936
Other comprehensive income (see note 24)	1,290	-	-	1,290
Total comprehensive income for the year	**12,226**	**-**	**-**	**12,226**
Transfer from Garlidna reserve	25	(25)	-	-
Balance at 31 March 2020	**55,781**	**12**	**32**	**55,825**
Balance at 1 April 2020	**55,781**	**12**	**32**	**55,825**
Surplus for the year	5,486	-	-	5,486
Other comprehensive income (see note 24)	(2,123)	-	-	(2,123)
Total comprehensive income for the year	**3,363**			**3,363**
Transfer to Garlidna reserve	(193)	193	-	-
Balance at 31 March 2021	**58,951**	**205**	**32**	**59,188**

COMPANY	Revenue reserve £'000	Garlidna reserve £000	Restricted reserve £'000	Total equity £'000
Balance at 1 April 2019	**43,115**	**37**	**32**	**43,184**
Surplus for the year	11,359	-	-	11,359
Other comprehensive income (see note 24)	1,290	-	-	1,290
Total comprehensive income for the year	**12,649**	**-**	**-**	**12,649**
Transfer from Garlidna reserve	25	(25)	-	-
Balance at 31 March 2020	**55,789**	**12**	**32**	**55,833**
Balance at 1 April 2020	**55,789**	**12**	**32**	**55,833**
Surplus for the year	5,728	-	-	5,728
Other comprehensive income (see note 24)	(2,123)	-	-	(2,123)
Total comprehensive income for the year	**3,605**	**-**	**-**	**3,605**
Transfer to Garlidna reserve	(193)	193		-
Balance at 31 March 2021	**59,201**	**205**	**32**	**59,438**

1 Accounting Policies

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102. The Financial Reporting Standard is applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 30.

Measurement Convention

The financial statements are prepared on the historical cost basis.

Legal Status

The Company is a company limited by guarantee, and is registered in England under the Companies Act 2006. It is a registered social housing provider and a registered charity.

Basis of Preparation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit or loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, the Accounting Direction for Private Registered Providers of Social Housing 2019 and the Statement of Recommended Practice, "Accounting by Registered Social Housing Providers 2018" (SORP 2018) and the Companies Act 2006.

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

Going Concern

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

The Group prepares a 30 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in March 2021 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst case assessment.

The Board, after reviewing the group and company budgets for 2021/22 and the Group's medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – available cash and unutilised loan facilities of £45.9m as at 31 March 2021, which gives significant headroom for committed spend and other forecast cash flows that arise;
- The Group's ability to withstand other adverse scenarios such as higher interest rates increased periods for relets in addition to a higher number of void properties.

The Board believe the Group and Company has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Consolidation

The consolidated financial statements include the financial statements of the Company and its four subsidiaries Coastline Services Limited; Coastline Care Limited; Coastline Homes Limited and Coastline Design and Build Limited. The acquisition method of accounting has been adopted. Transactions between the Company and its subsidiaries are eliminated on consolidation.

Basic Financial Instruments

Trade and other debtors/ creditors

Trade and other debtors/ creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit or loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Turnover

Group and Company turnover comprises rental income receivable net of voids, income from property sales, service charges and other services which are included at the invoiced value of goods and services supplied in the period with grant income recognised under either the performance method or accruals method dependent on the type of grant.

Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

The Company's stock figure includes the proportion of shared ownership properties intended for first tranche sales, whether these have been completed and are ready for sale or in the course of construction.

Outright sale

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value.

Interest Payable

Interest payable and similar charges include interest payable on long term borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other Interest Receivable

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Gift aid income is recognised in the profit or loss account on the date the entity's right to receive payments is established.

Retirement Benefits

The Group operates a defined contribution pension scheme through the Social Housing Pension Scheme operated by The Pensions Trust. The assets of the schemes are held separately from those of the Company in an independently administered fund. The amount charged to the profit or loss account represents the contributions payable to the schemes in respect of the accounting period.

The Group also participated in the defined benefit section of the Social Housing Pension Scheme operated by The Pensions Trust providing benefits based on final pensionable pay or on career average salary, although it is closed to future accrual. The assets of the scheme are held separately from those of the Group. For financial years ending on or after 31 March 2019, The Pensions Trust is able to obtain sufficient information to enable the Company to account for the Scheme as a defined benefit scheme.

Housing Properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Following the adoption of component accounting, completed housing properties are now split between their land and structure costs and a specific set of major components that require periodic replacement.

Depreciation is charged to the profit or loss account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. The estimated useful lives are as follows:

Structure	80 years
Cladding (as part of the structure)	20 years
Windows and doors	40 years
Roofs	75 years
Kitchens	20 years
Bathrooms	30 years
Lifts (excluding stairs)	15 years
Heating	30 years
Gas boilers/ Heat Pumps	15 years

Properties are reviewed for impairment annually. Where housing properties have suffered a permanent diminution in value, the impairment after deducting any related Social Housing Grant is recognised in the statement of consolidated income and included within cumulative depreciation.

Shared ownership properties are included in housing properties at cost related to the percentage of equity retained, less any provisions needed for impairment or depreciation.

Development costs which arise directly from the construction or acquisition of a property are capitalised to housing properties in the course of construction.

Capital expenditure on schemes which are aborted is charged to the statement of consolidated income in the year in which it is recognised that the schemes will not be developed to completion.

Social Housing Grant

Social housing grant (SHG) is initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the statement of consolidated income as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

Where, following the sale of a property, SHG becomes repayable, to the extent it is not subject to abatement, it is included as a liability until it is recycled or repaid. SHG is subordinated in respect of loans by agreement with the Regulator of Social Housing.

Government Grants

These include grants from local authorities and other organisations. Other grants are initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the statement of consolidated income as turnover over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

Grants in respect of revenue expenditure are credited to the statement of consolidated income in the same period as the expenditure to which they relate.

Sale of Housing Properties

Surpluses on sales of housing accommodation comprise proceeds from property sales, which are recognised at the date of completion, less the net book value of the properties and take into account any liabilities under the original Transfer Agreement with Cornwall Council in relation to Right to Buy sales.

Sale of Housing Properties – Shared Ownership

Under shared ownership arrangements, the Company sells an interest of between 25% and 75% in a Low Cost Home Ownership housing property at open market value. The owner of a low cost home has the right to purchase further proportions up to 100% (subject to occasional restrictions) at the then current valuation. Proceeds of sale of first tranches are accounted for as turnover in the statement of consolidated income. Subsequent tranches sold are disclosed in the profit or loss account after the operating result as a surplus or deficit on the sale of fixed assets.

Improvements, Major Repairs, Cyclical Repairs and Day to Day Repairs

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the statement of consolidated income in the period in which it is incurred.

Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Other tangible assets include those assets with an individual value in excess of £500 and community alarm equipment, which is specifically associated with an income stream.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold office buildings	50 years
Solar PV panels	20 years
Smoke and carbon monoxide detectors	10 years
Furniture, fixtures and fittings	5 years
Motor vehicles	5 years
Plant and equipment	4 years
Computer hardware	3 years
Community alarm equipment	3 years
Grounds plant and equipment	3 years

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for intangible assets are:

Computer software	3 years

Operating Leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit or loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit or loss over the term of the lease as an integral part of the total lease expense.

Bad and Doubtful Debts

Provision is made against rent arrears of current and former tenants as well as miscellaneous debts to the extent that they are considered irrecoverable. All former tenant arrears are fully provided for in the year that they occur.

Capitalisation of Interest

Interest on loans financing development is capitalised up to the end of the month in which practical completion occurs.

Capitalisation of Development Costs

Development costs which arise directly from the construction or acquisition of a property are capitalised to housing properties in the course of construction.

Capital expenditure on schemes which are aborted is charged to the statement of consolidated income in the year in which it is recognised that the schemes will not be developed to completion.

Taxation

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

The profit making companies within the Group (CSL, CCL, CDB and CHM) are liable to UK corporation tax. The credit for taxation for the year includes current tax on the taxable profits for the year for these companies, where the profits are not relieved by losses brought forward.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit or loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Value Added Tax

The Company is registered for VAT, but a large proportion of its income, including rents, is exempt for VAT purposes and the majority of its expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT. The Company recovers VAT where appropriate and this is credited to the statement of consolidated income account and back against capital expenditure where appropriate.

Gift aid payment presented within shareholders' funds

Gift Aid payment is only recognised as a liability at the year end to the extent that it has been paid prior to the year end, there is a deed of covenant prior to the year-end or a Companies Act s288 written resolution has been approved by the shareholder in the year to pay the taxable profit for the year to its parent by a certain payment date.

Income statement

Tax charge to be recorded to the extent that a tax charge is payable (i.e. includes any tax credit related to gift aid)

2 Turnover, Operating Costs and Operating Surplus

GROUP	2021				2020			
	Turnover	Cost of sales	Operating costs	Operating surplus	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	26,094	-	(18,461)	**7,633**	24,473	-	(16,688)	7,785
Support contracts	657	-	(657)	**-**	569	-	(569)	-
Care and support	858	-	(592)	**266**	852	-	(852)	-
Other activities	1,834	-	(1,323)	**511**	4,643	-	(3,604)	1,039
Shared ownership first tranche sales	3,921	(3,239)	(176)	**506**	6,459	(5,536)	(67)	856
	33,364	**(3,239)**	**(21,209)**	**8,916**	36,996	(5,536)	(21,780)	9,680

COMPANY	2021				2020			
	Turnover	Cost of sales	Operating costs	Operating surplus	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	26,094	-	(18,276)	**7,818**	24,473	-	(16,787)	7,686
Support contracts	657	-	(657)	**-**	569	-	(569)	-
Care and support	858	-	(592)	**266**	852	-	(852)	-
Other activities	285	-	(112)	**173**	4,385	-	(3,425)	960
Shared ownership first tranche sales	3,921	(3,239)	(176)	**506**	6,459	(5,536)	(67)	856
	31,815	**(3,239)**	**(19,813)**	**8,763**	36,738	(5,536)	(21,700)	9,502

2 Turnover, Operating Costs and Operating Surplus - cont'd

GROUP Income and expenditure	General needs £'000	Sheltered housing £'000	Shared ownership £'000	2021 £'000	2020 £'000
Income from lettings					
Rent receivable	18,968	4,087	955	**24,010**	22,582
Service charges receivable	679	286	163	**1,128**	1,071
Grant income amortised	956	-	-	**956**	820
Total income from lettings	**20,603**	**4,373**	**1,118**	**26,094**	**24,473**
Expenditure on letting activities					
Management	(3,749)	(715)	(398)	**(4,862)**	(3,984)
Services	(1,180)	(235)	(131)	**(1,546)**	(1,644)
Routine maintenance	(908)	(181)	(100)	**(1,189)**	(2,297)
Planned maintenance	(3,773)	(751)	(416)	**(4,940)**	(3,720)
Major repairs expenditure	(890)	(177)	(98)	**(1,165)**	(1,251)
Rent losses from bad debts	(70)	(14)	(8)	**(92)**	(127)
Depreciation of housing properties	(3,114)	(620)	(345)	**(4,079)**	(3,540)
Other costs	(449)	(89)	(50)	**(588)**	(125)
Operating costs on lettings	**(14,133)**	**(2,782)**	**(1,546)**	**(18,461)**	**(16,688)**
Operating surplus on lettings	**6,470**	**1,591**	**(428)**	**7,633**	**7,785**
Total income from lettings is shown net of void rent losses:					
Rent losses from voids	**(294)**	**(285)**	**(6)**	**(585)**	**(403)**

2 Turnover, Operating Costs and Operating Surplus - cont'd

COMPANY Income and expenditure	General needs £'000	Sheltered housing £'000	Shared ownership £'000	2021 £'000	2020 £'000
Income from lettings					
Rent receivable	18,968	4,087	955	**24,010**	22,582
Service charges receivable	679	286	163	**1,128**	1,071
Grant income amortised	956	-	-	**956**	820
Total income from lettings	**20,603**	**4,373**	**1,118**	**26,094**	**24,473**
Expenditure on letting activities					
Management	(3,590)	(715)	(398)	**(4,703)**	(3,853)
Services	(1,180)	(235)	(131)	**(1,546)**	(1,644)
Routine maintenance	(905)	(180)	(100)	**(1,185)**	(2,368)
Planned maintenance	(3,758)	(748)	(416)	**(4,922)**	(3,839)
Major repairs expenditure	(886)	(177)	(98)	**(1,161)**	(1,291)
Rent losses from bad debts	(70)	(14)	(8)	**(92)**	(127)
Depreciation of housing properties	(3,114)	(620)	(345)	**(4,079)**	(3,540)
Other costs	(449)	(89)	(50)	**(588)**	(125)
Operating costs on lettings	**(13,952)**	**(2,778)**	**(1,546)**	**(18,276)**	**(16,787)**
Operating surplus on lettings	**6,651**	**1,595**	**(428)**	**7,818**	**7,686**
Total income from lettings is shown net of void rents losses:					
Rent losses from voids	**(294)**	**(285)**	**(6)**	**(585)**	**(403)**

During the year the Company spent £9.642 million (2020: £10.176 million) on maintaining and improving its existing property stock of which £2.373 million (2020: £2.856 million) was capitalised. £0.01 million grant was received in respect of this expenditure during the year (2020 £0.216 million).

3 Accommodation in Management

At the end of the year accommodation in management for each class of accommodation was as follows:

GROUP and COMPANY	2021 Properties	2020 Properties
General needs – social rent	**2,310**	2,406
General needs – affordable rent	**1,084**	1,110
Supported housing / housing for older people – social rent	**649**	581
Supported housing / housing for older people – affordable rent	**115**	-
Other social housing	**268**	267
Shared ownership	**409**	370
Market rented	**5**	6
Managed but not owned	**69**	54
Leasehold	**117**	114
	5,026	4,908

4 Surplus for the Financial Year before Taxation

This is stated after charging/ (crediting):	GROUP 2021 £'000	GROUP 2020 £'000	COMPANY 2021 £'000	COMPANY 2020 £'000
Depreciation on housing properties	**4,079**	3,150	**4,079**	3,150
Depreciation of other tangible fixed assets	**545**	340	**514**	354
Amortisation of intangible fixed assets	**126**	112	**119**	95
Amortisation of grant income	**956**	820	**956**	820
Gain on disposal of tangible fixed assets	**3**	2	**-**	-
Operating lease rentals:				
- vehicles, plant and equipment	**34**	32	**7**	7
- land and buildings	**13**	27	**-**	-
Auditor's remuneration:				
- audit of these financial statements	**28**	18	**28**	18
- audit of the financial statements of subsidiary companies	**13**	12	**2**	-
- tax services	**5**	12	**-**	1
- other services	**19**	5	**19**	5

5 Surplus on Sale of Housing Properties

GROUP and COMPANY	2021 £'000	2020 £'000
Proceeds from sales of housing properties (gross)	**4,474**	7,021
Less: cost of sales	**(960)**	(1,402)
Less: Council share of proceeds under Right to Buy	**(200)**	(349)
	3,314	5,270

6 Other Finance Expenditure

GROUP and COMPANY	2021 £'000	2020 £'000
Unwinding of discount on the SHPS (note 24)	**214**	66
Unwinding of discount on the Coastline Pensioners (note 23)	**-**	-
Amortisation of loan note fees	**325**	259
Valuation / Searches	**33**	39
	572	364

7 Interest Payable and Similar Charges

GROUP and COMPANY	2021 £'000	2020 £'000
On loans and bank overdrafts	**2,908**	4,853
Break costs	**(1,499)**	-
Interest capitalised on developments under construction	**6,183**	(1,069)
	3,784	3,784

The capitalisation rate used to determine the amount of finance costs capitalised in the period was 5.25% (2020: 5.49%).).

8 Employees

(a) Number of employees

GROUP	2021 Number	2020 Number
Average total full-time and part-time employees during the year	**315**	295
Average number of full-time equivalents employed during the year	**280**	260
COMPANY		
Average total full-time and part-time employees during the year	**213**	201
Average number of full-time equivalents employed during the year	**181**	171

(b) Staff costs for the above employees

GROUP	2021 £'000	2020 £'000
Staff costs:		
- gross wages and salaries	**7,307**	7,027
- employer's National Insurance contributions	**607**	577
- employer's pension costs	**959**	318
	8,873	7,922

COMPANY	2021 £'000	2020 £'000
Staff costs		
- gross wages and salaries	**5,213**	5,000
- employer's National Insurance contributions	**445**	434
- employer's pension costs	**268**	245
	5,926	5,679

(c) The full time equivalent number of staff who received remuneration above £60,000:

GROUP	2020 Number	2019 Number
£130,001 to £140,000	**1**	1
£120,001 to £130,000	-	-
£110,001 to £120,000	**1**	-
£100,001 to £110,000	**2**	3
£90,001 to £100,000	**1**	1
£80,001 to £90,000	-	-
£70,001 to £80,000	**2**	1
£60,001 to £70,000	**5**	5

COMPANY	2020 Number	2019 Number
£130,001 to £140,000	**1**	1
£120,001 to £130,000	-	-
£110,001 to £120,000	**1**	-
£100,001 to £110,000	**2**	3
£90,001 to £100,000	**1**	1
£80,001 to £90,000	-	-
£70,001 to £80,000	**2**	1
£60,001 to £70,000	**4**	4

This includes the remuneration of Executive Officers, which is also disclosed in note 9.

9 Board Members' and Executive Officers' Emoluments

Key management personnel are the Executive Team who oversee the day-to-day operational running and, working with the Board and wider colleagues, identify and execute the Group's strategic direction. They are detailed on page 1 of these accounts.
The remuneration paid to the Executive Officers of the Group and the Board members during the year was as follows:

EXECUTIVE OFFICERS	Salary £	Other emoluments £	Pension £	2021 Total £	2020 Total £
Chief Executive A Young	116,548	9,426	9,674	**135,648**	132,526
Deputy Chief Executive (with specific responsibility for Housing, Assets and Communities) L Beard	96,405	8,191	7,986	**112,582**	107,616
Director of HR & Governance D Wingham	82,419	7,457	6,841	**96,717**	94,226
Director of Finance & ICT N Mallows	96,062	8,094	3,843	**107,999**	105,348
Director of Development and Commercial Services, C Weston	90,133	7,700	7,481	**105,314**	102,769
TOTAL – COMPANY and GROUP	**481,567**	**40,868**	**35,825**	**558,260**	542,485

9 Board Members' and Executive Officers' Emoluments - cont'd

NON - EXECUTIVE DIRECTORS	2021 £	2020 £
D Law MBE	**6,250**	12,500
P Stephens (Chair)	**9,961**	7,500
S Harrison	**6,298**	5,000
P Bearne	**7,500**	7,500
S Roberts	**5,000**	5,000
J Waldron	**7,500**	7,500
F Perrin	**3,125**	5,000
C Pears	**2,083**	-
A Moore	**3,021**	-
K Harris	**2,897**	-
TOTAL - COMPANY AND GROUP	**53,635**	50,000

INDEPENDENT COMMITTEE MEMBERS	2021 £	2020 £
E Chapman	**333**	-
J De-Ville	**333**	-
K Kemp	**333**	-
L Denmead	**333**	-
TOTAL - COMPANY AND GROUP	**1,332**	-

Expenses paid during the year to Board Members amounted to £956 (2020: £8,260).

No Non-Executive Directors participate in any of the four Group pension schemes. At the year-end five Executive Officers were members of one of the schemes (2020: five). At the year-end £nil of pension scheme contributions relating to Executive Officers remained unpaid (2020: Nil).
One of the Executive Officers; Allister Young, was a statutory director in the year.
In respect of the officer who held the Chief Executive's position during the year, pension arrangements were:

(a) As an ordinary member of the Social Housing Defined Contribution Pension Scheme.
(b) No enhancement or special terms were applied.
(c) No individual pension arrangement to which the Group makes a contribution.

10 Trusts

The Company is Sole Corporate Trustee of Garlidna (Penzance Almshouses) Trust, a registered charity. The income and expenditure of the Trust and its assets and liabilities, are incorporated within the Company and Group's financial statements. A transfer between reserves is performed annually for the deficit or surplus of income over expenditure. This transfer is included within the statement of changes in equity.

11 Intangible Fixed Assets

GROUP and COMPANY	Group £'000	Company £'000
Cost		
At 1 April 2020	1,525	1,475
Additions	186	186
Disposals	-	-
At 31 March 2021	**1,711**	**1,661**
Depreciation		
At 1 April 2020	(1,210)	(1,167)
Charged in year	(126)	(119)
Disposals	-	-
At 31 March 2021	**(1,336)**	**(1,286)**
Net book value		
At 31 March 2021	**375**	**375**
At 31 March 2020	315	308

12 Tangible Fixed Assets – Housing Properties

GROUP	Freehold Properties		Shared Ownership Properties		Garlidna Alms House	Total
	Completed	Under Construction	Completed	Under Construction		
Housing Properties	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost						
At 1 April 2020	199,175	40,171	21,916	12,440	368	**274,070**
Additions	14,760	14,224	4,089	1,461	-	**34,534**
Components Capitalised	2,402	-	-	-	-	**2,402**
Disposals	(868)	-	(56)	-	-	**(924)**
At 31 March 2021	**215,469**	**54,395**	**25,949**	**13,901**	**368**	**310,082**
Depreciation						
At 1 April 2020	(27,399)	-	(936)	-	(68)	**(28,403)**
Charge for the year	(3,721)	-	(354)	-	(4)	**(4,079)**
Eliminated on Disposals	305	-	24	-	-	**329**
At 31 March 2021	**(30,815)**	**-**	**(1,266)**	**-**	**(72)**	**(32,153)**
Net Book Value						
At 31 March 2021	**184,654**	**54,395**	**24,683**	**13,901**	**296**	**277,929**
At 31 March 2020	171,776	40,171	20,980	12,440	300	**245,667**

COMPANY	Freehold Properties		Shared Ownership Properties		Garlidna Alms House	Total
	Completed	Under Construction	Completed	Under Construction		
Housing Properties	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost						
At 1 April 2020	199,163	40,485	21,977	12,698	368	**274,691**
Additions	14,778	14,331	4,119	1,553	-	**34,781**
Components Capitalised	2,402	-	-	-	-	**2,402**
Disposals	(868)	-	(56)	-	-	**(924)**
At 31 March 2021	**215,475**	**54,816**	**26,040**	**14,251**	**368**	**310,950**
Depreciation						
At 1 April 2020	(27,399)	-	(936)	-	(68)	**(28,403)**
Charge for the year	(3,721)	-	(354)	-	(4)	**(4,079)**
Eliminated on Disposals	305	-	24	-	-	**329**
At 31 March 2021	**(30,815)**	**-**	**(1,266)**	**-**	**(72)**	**(32,154)**
Net Book Value						
At 31 March 2021	**184,660**	**54,816**	**24,774**	**14,251**	**296**	**278,797**
At 31 March 2020	171,764	40,485	21,041	12,689	300	**246,288**

Included in the cost of housing properties is £4.149 million in respect of cumulative capitalised development administration costs (2020: £3.606 million) and cumulative capitalised interest of £7.520 million (2020: £6.021 million).

All housing properties are freehold. See note 3 for accommodation in management.

12 Tangible Fixed Assets – Housing Properties - cont'd

Valuation for disclosure only

The value of completed housing properties as at 31 March 2021 on an existing use value, Social Housing (EUV-SH) basis was £179.8 million (2020: £172.3 million).

For information purposes only, completed housing properties are valued at 31 March 2021 by Savills (UK) Limited, qualified professional independent external valuers.

The valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

In valuing housing properties, discounted cash flow methodology was adopted with key assumptions:

Social housing and shared ownership only

Discount rate 5.75%

Rent assumptions: Social rented CPI +1.0% thereafter, Shared ownership RPI +0.5% and Other rents RPI +1.0% or in accordance with any relevant lease or nominations agreements

13 Tangible Fixed Assets – Other

GROUP	Freehold offices £'000	Furniture, fixtures & fittings £'000	Computer hardware £'000	Plant, equipment & vehicles £'000	Community alarm equipment £'000	Total £'000
Cost						
At 1 April 2020	3,570	1,769	956	860	71	7,226
Additions	-	22	149	444	46	661
Disposals	-	-	-	(23)	-	(23)
At 31 March 2021	**3,570**	**1,791**	**1,105**	**1,281**	**117**	**7,864**
Depreciation						
At 1 April 2019	(623)	(1,004)	(660)	(478)	(27)	(2,792)
Charged in year	(70)	(140)	(162)	(163)	(10)	(545)
Disposals	-	-	-	23	-	23
At 31 March 2021	**(693)**	**(1,144)**	**(822)**	**(618)**	**(37)**	**(3,314)**
Net book value						
At 31 March 2021	**2,877**	**647**	**283**	**663**	**80**	**4,550**
At 31 March 2020	2,947	765	296	382	44	4,434

COMPANY	Freehold offices £'000	Furniture, fixtures & fittings £'000	Computer hardware £'000	Plant, equipment & vehicles £'000	Community alarm equipment £'000	Total £'000
Cost						
At 1 April 2020	3,570	1,752	956	358	71	6,707
Additions	-	22	149	434	46	651
Disposals	-	-	-	-	-	-
At 31 March 2021	**3,570**	**1,774**	**1,105**	**792**	**117**	**7,358**
Depreciation						
At 1 April 2019	(623)	(986)	(660)	(24)	(27)	(2,320)
Charged in period	(70)	(140)	(162)	(132)	(10)	(514)
Disposals	-	-	-	-	-	-
At 31 March 2021	**(693)**	**(1,126)**	**(822)**	**(156)**	**(37)**	**(2,834)**
Net book value						
At 31 March 2021	**2,877**	**648**	**283**	**636**	**80**	**4,524**
At 31 March 2020	2,947	766	296	334	44	4,387

14 Investments

	GROUP		COMPANY	
	2021 **£**	2020 £	**2021** **£**	2020 £
Ordinary shares of £1 each – Coastline Services Limited	**-**	-	**75,000**	75,000
Ordinary shares £1 each – Coastline Design and Build Limited	**-**	-	**1**	1
Ordinary shares £1 each – Coastline Care Limited	**-**	-	**1**	1
Ordinary shares £1 each – Coastline Homes Limited	**-**	-	**100**	100
	-	-	**75,102**	75,102

The Company holds 100% of the share capital of Coastline Services Limited. Coastline Services Limited is a company incorporated in England and Wales (Company number 05558027). The principal activity of the company is the provision of maintenance and technical services, primarily in respect of affordable housing. Coastline Services Limited has agreements with Coastline Housing Limited for the provision of responsive and void maintenance as well as various planned investment works to existing properties. The accounts of Coastline Services Limited are available to the public and may be obtained from its registered office at Coastline House, 4 Barncoose Gateway Park, Pool, Redruth, Cornwall TR15 3RQ.

The Company holds 100% of the share capital in Coastline Design and Build Limited, which was incorporated on the 3 June 2015. Coastline Design and Build Limited is a company incorporated in England and Wales (Company number 09622238). The principal activities of the company are that of a commercial design and build contractor for new builds whose principal client is CHL. The accounts of Coastline Design and Build Limited are available to the public and may be obtained from its registered office at Coastline House, 4 Barncoose Gateway Park, Pool, Redruth, Cornwall TR15 3RQ.

The Company holds 100% of the share capital in Coastline Care Limited. Coastline Care Limited is a company incorporated in England and Wales (Company number 06665734). The company has been dormant since 1 April 2015. The accounts of Coastline Care Limited are available to the public and may be obtained from its registered office at Coastline House, 4 Barncoose Gateway Park, Pool, Redruth, Cornwall TR15 3RQ.

The Company holds 100% of the share capital of Coastline Homes Limited. Coastline Homes Limited is a company incorporated in England and Wales (Company number 10957677). The principal activities of the company is the design, construction and sale of residential housing. The accounts of Coastline Homes Limited are available to the public and may be obtained from its registered office at Coastline House, 4 Barncoose Gateway Park, Pool, Redruth, Cornwall TR15 3RQ.

15 Debtors

	GROUP		COMPANY	
Due within one year:	**2021** **£'000**	2020 £'000	**2021** **£'000**	2020 £'000
Current tenants				
Former tenants	**1,500**	574	**1,500**	574
Less provision for bad and doubtful debts	**242**	208	**242**	208
Total rent & service charges receivable	**(332)**	(296)	**(332)**	(296)
Total rent & service charges receivable	**1,410**	486	**1,410**	486
Trade debtors	**54**	25	**-**	-
Taxation and social security	**1**	-	**(3)**	-
Other debtors	**2,702**	5,641	**2,702**	5,641
Less provision for bad and doubtful debts	**(328)**	(280)	**(328)**	(280)
Prepayments and accrued income	**483**	736	**465**	722
	4,322	6,608	**4,246**	6,569

At 31 March 2021 the outstanding rent and service charge amount for current tenants of general needs and older persons properties (as benchmarked by 'HouseMark') was £155,153 (2020: £183,668) representing 0.69% (2020: 0.87%) of the annual rent debit.

Within the figure of £1,500,000 for current tenants, £989,352 in receipts were received after the 31 March relating to those arrears and accordingly have not been provided for reflecting that weekly rents due are not in arrears until the end of that week (4/4/2021).

16 Stock

	GROUP		COMPANY	
	2021 **£'000**	2020 £'000	**2021** **£'000**	2020 £'000
Shared ownership first tranches				
- Completed	**1,356**	1,324	**1,356**	1,324
- Work in progress	**4,893**	2,941	**4,893**	2,941
Outright sale properties				
- Completed	**1,659**	-	**-**	-
- Work in progress	**-**	2,466	**-**	-
Work in progress	**488**	311	**-**	-
	8,396	7,042	**6,249**	4,265

17 Cash and Cash Equivalents/ Bank Overdrafts

	GROUP		COMPANY	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Cash at bank and in hand	**12,065**	5,128	**11,721**	4,507
Cash and cash equivalents per cash flow statement	**12,065**	5,128	**11,721**	4,507

There were no significant non-cash transactions in the year.
There are no restrictions on cash and cash equivalents held.

18 Creditors: amounts falling due within one year

	GROUP		COMPANY	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Trade creditors	**1,391**	2,767	**629**	851
Rent, service and other charges received in advance	**1,043**	622	**1,043**	622
Taxation and social security	**-**	18	**-**	11
Accruals and deferred income	**8,047**	5,107	**4,512**	2,647
Other creditors	**1,055**	1,453	**1,055**	1,453
Amounts due to subsidiary undertakings	**-**	-	**2,397**	1,585
RCGF Amendment	**-**	-	**-**	0
	11,536	**9,967**	**9,636**	**7,169**

Amounts due to subsidiary undertakings are trading balances repayable on demand and non-interest bearing.

19 Creditors: amounts falling due after more than one year

GROUP and COMPANY	**2021 £'000**	2020 £'000
Bank loans	**140,926**	110,932
Bond Premium	**39**	41
Private placement	**32,500**	32,500
Arrangement fees capitalised	**(2,006)**	(1,822)
	171,459	141,651
Deferred Capital Grant	**61,981**	60,042
Recycled Capital Grant Fund	**93**	129
	233,533	**201,822**

Total additional fees of £511,000 incurred in respect of new loan facilities (2020: £352,000) were capitalised during the year. During the year £326,000 (2020: £261,000) of capitalised fees were amortised

The balance on Deferred Capital Grant shown above is net of amortised grant already released to the Statement of Comprehensive Income. Total Capital Grant received is £67.7 million (2020: £65.0 million).

Recycled Capital Grant Fund	**2020 £'000**	2019 £'000
Opening balance 1 April	**129**	314
Arising in the year	**-**	20
Applied to development schemes	**(36)**	(205)
Closing balance 31 March	**93**	**129**

20 Debt Analysis

Debt is repayable as follows:

GROUP and COMPANY	2021 £'000	2020 £'000
Less than one year	**-**	1,032
Between two and five years	**67,699**	36,000
After five years	**105,727**	106,400
	173,426	143,432

Borrowing Facilities

The Group and Company has undrawn committed borrowing facilities. Undrawn facilities available at 31 March 2021 were as follows:

GROUP and COMPANY	2021 £'000	2020 £'000
Expiring in less than two years	**-**	2,000
Expiring between two and five years	**47,325**	41,000
Expiring in more than five years	**-**	-
	47,325	43,000

The main bank loans are secured by fixed charges upon a defined subset of the Company's lettable properties.

Financial Liabilities

The interest rate profile of the Group and Company's financial liabilities as at 31 March 2021 was:

GROUP and COMPANY	2021 £'000	2020 £'000
Floating rate	**86,226**	47,527
Fixed rate	**87,200**	95,905
	173,426	143,432

The weighted average period for which interest rates were fixed was 14 years (2020: 13 years), and the weighted average fixed interest rate was 3.86% (2020: 4.14%) including margins.

The fixed rate loans are for terms maturing between five years and 30 years at interest rates ranging from 1.00% to 7.70% including margins.

21 Non-equity Share Capital

The Company is limited by guarantee.

22 Financial Commitments

Capital expenditure commitments are as follows:

GROUP and COMPANY	2021 £'000	2020 £'000
Expenditure contracted for but not provided in the accounts	**34,896**	51,454
Expenditure authorised by the Board but not contracted	**33,923**	11,361

Of the £68.8 million of capital commitments at 31 March 2021, £15.1 million (2020: £31.3 million) will be funded by grant and other public finance. The remainder will be fully funded through existing loan facilities and cash balances. All contracted expenditure can be met within existing funding arrangements.

Operating Leases

At 31 March 2021 Group and Company future minimum lease payments payable under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
Land and buildings, leases expiring	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Within one year	**-**	10	**-**	-
In two to five years	**151**	17	**-**	-
	151	27	**-**	-
Vehicles, plant and equipment, leases expiring	**11**	1	**7**	-
Within one year	**26**	31	**-**	7
In two to five years	**37**	32	**7**	7

23 Pension Liabilities

GROUP and COMPANY	2021 £'000	2020 £'000
Social Housing Pension Scheme (SHPS)	**3,196**	1,403
Coastline Pensioners	**184**	172
	3,380	1,575

The 'Coastline Pensioners' are historic retirees who by virtue of agreements following restructuring post stock transfer in 1998, are paid an inflating pension until they die. These pensions are increased annually in accordance with local government pension scheme rules. Payments during the year to these pensioners were £12,000 (2020: £12,000). The carrying value of the liability of £184,000 (2020: £172,000) represents the discounted value of expected future payments discounted at 2.22% (2020: 2.36%).

24 Pensions

The Group participated in one pension scheme:

(1) Social Housing Pension Scheme (SHPS): Defined Benefit Pension Scheme

The Group participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it has been possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

a) Main actuarial assumptions used for the purposes of FRS 102:

	At 31 March 2021 % per annum	At 31 March 2020 % per annum
Discount Rate	2.22%	2.33%
Inflation (RPI)	3.20%	2.51%
Inflation (CPI)	2.87%	1.51%
Salary Growth	3.87%	2.51%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years) 31 March 2021	Life expectancy at age 65 (Years) 31 March 2020
Male retiring in 2020 (2019: 2019)	21.6	21.5
Female retiring in 2020 (2019: 2019)	23.5	23.3
Male retiring in 2040 (2019: 2019)	22.9	22.9
Female retiring in 2040 (2019: 2019)	25.1	24.5

b) Scheme assets and expected returns:

	At 31 March 2021 £'000	At 31 March 2019 £'000
Global Equity	1,443	1,142
Absolute Return	500	407
Distressed Opportunities	261	150
Credit Relative Value	285	214
Alternative Risk Premia	341	546
Fund of Hedge Funds	1	5
Emerging Markets Debt	365	237
Risk Sharing	330	264
Insurance-Linked Securities	217	240
Property	188	172
Infrastructure	604	581
Private Debt	216	157
Opportunistic Illiquid Credit	230	189
High Yield	271	
Opportunistic Illiquid Credit	248	
Corporate Bond Fund	535	445
Liquid Credit	108	3
Long Lease Property	177	135
Secured Income	376	296
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	2,301	2,592
Net Current Assets	55	33
Total assets	9,052	7,808

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

c) The following amounts were measured in accordance with the requirements of FRS 102:

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability):

	At 31 March 2021 £'000	At 31 March 2020 £'000
Fair value of plan assets	9,052	7,808
Present value of defined benefit obligation	12,248	9,211
Surplus (deficit) in plan	(3,196)	(1,403)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(3,196)	(1,403)

24 Pensions - cont'd

d) Analysis of amount charged to operating profit in the period:

Defined benefit costs recognised in statement of comprehensive income (SOCI):

	Period from 31 March 2020 to 31 March 2021	Period from 31 March 2019 to 31 March 2021
Current service cost	**-**	-
Expenses	**11**	11
Net interest expense	**30**	66
Losses (gains) on business combinations	**-**	-
Losses (gains) on settlements	**-**	-
Losses (gains) on curtailments	**-**	-
Losses (gains) due to benefit changes	**-**	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**41**	77

Defined benefit costs recognised in other comprehensive income:

	Period ended 31 March 2021	Period ended 31 March 2020
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	**865**	(115)
Experience gains and losses arising on the plan liabilities - gain (loss)	**271**	(110)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	**(41)**	85
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	**(3,111)**	1,431
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	**(2,016)**	1,291
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	**-**	-
Total amount recognised in other comprehensive income - gain (loss)	**(2,016)**	1,291

e) Movement in deficit during the period:

Reconciliation of opening and closing balances of the defined benefit obligation:

	Period ended 31 March 2021	Period ended 31 March 2020
Defined benefit obligation at start of period	**9,211**	10,485
Current service cost	**-**	-
Expenses	**11**	11
Interest expense	**214**	250
Contributions by plan participants	**-**	-
Actuarial losses (gains) due to scheme experience	**(271)**	110
Actuarial losses (gains) due to changes in demographic assumptions	**41**	(85)
Actuarial losses (gains) due to changes in financial assumptions	**3,111**	(1,431)
Benefits paid and expenses	**(69)**	(129)
Liabilities acquired in a business combination	**-**	-
Liabilities extinguished on settlements	**-**	-
Losses (gains) on curtailments	**-**	-
Losses (gains) due to benefit changes	**-**	-
Exchange rate changes	**-**	-
Defined benefit obligation at end of period	**12,248**	9,211

Reconciliation of opening and closing balances of the fair value of plan assets:

	Period ended 31 March 2021	Period ended 31 March 2020
Fair value of plan assets at start of period	**7,808**	7,606
Interest income	**184**	184
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	**865**	(115)
Contributions by the employer	**264**	229
Contributions by plan participants		-
Benefits paid and expenses	**(69)**	(129)
Assets acquired in a business combination	**-**	-
Assets distributed on settlements	**-**	-
Exchange rate changes	**-**	-
Fair value of plan assets at end of period	**9,052**	7,808

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,049,000 (2020: £69,000)

25 Related Parties

Non-Executive Directors

One Non-Executive Director who served during the year (2020: one) has a standard tenancy agreement and is required to fulfil the same obligations and receive the same benefit as other Customers. There are no rental arrears to report as at year-end (2020: £nil).

Subsidiary companies

Coastline Housing (CHL) has subsidiaries which are not regulated by the Regulator of Social Housing: Coastline Services Limited (CSL); Coastline Care Limited (CCL); Coastline Design and Build Limited (CDB); and Coastline Homes Limited (CHM) (see note 28).

CSL's main business is the provision of building, maintenance and technical management services, which includes property and grounds maintenance work undertaken for CHL. The total value of work undertaken by CSL on behalf of CHL during the year was £4,563,707 (2020: £4,557,626). This is removed on consolidation in the Group financial statements. The total balance due to CSL from CHL at 31 March 2021 was £530,779 (2020: £666,938).

CCL was Dormant throughout the period to 31 March 2021 (2020: Dormant).

CDB's main business is that of a commercial design and build contractor for new builds whose principal client is CHL. The total value of work undertaken by CDB on behalf of CHL during the year was £34,633,843 (2020: £30,831,043). This is removed on consolidation in the Group financial statements. The total balance due to CHL from CDB at 31 March 2021 was £3,525,113 (2020: £3,452,649).

CHM's main business is the delivery of a wider range of housing options including an element of open market housing for sale where it forms part of wider development schemes that the Group is undertaking. The company commenced trading during the year ended 31 March 2019.

Coastline Housing provides certain administrative functions for the other Group companies, including financial, human resources and IT. These are recharged on the most appropriate basis, either on head count or on floor area of office space occupied.

All transactions with Group companies are on an arm's-length basis and on commercial terms.

26 Tax on Surplus on Ordinary Activities

Total tax expense recognised in the statement of comprehensive income, other comprehensive income and equity:

	GROUP		COMPANY	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Current tax:				
UK Corporation tax on profits for the year at 19% (2020 19%)	-	-	-	-
Adjustments in respect of previous periods	-	(16)	-	-
	-	(16)	-	-
Deferred tax:				
Origination and reversal of timing differences	**(5)**	(12)	-	-
Adjustments in prior periods	**(1)**	(18)	-	-
Effect of tax rate change on opening balance	-	2	-	-
	(6)	(28)	-	-
Total corporation tax	**(44)**	16	**-**	-

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%.

This will increase the company's future tax charge accordingly. Deferred tax has been calculated at 19% (2020: 19%).

Factors affecting the tax charge for the current year:

The current tax credit of £6,000 (2020: £44,000 credit) for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	GROUP		COMPANY	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Current tax reconciliation				
Profit on ordinary activities before gift aid and taxation	**5,480**	10,892	**-**	-
Current tax at 19% (2020: 19%)	**1,041**	2,070	**-**	-
Income not taxable in determining taxable surplus	**(979)**	(2,023)	**-**	-
Effect of gift aid	**(54)**	(59)	**-**	-
Effect of tax change in previous period	**-**	(16)		
Deferred tax not recognised	**(13)**			
Effect of deferred tax in previous periods	**(1)**	(18)	**-**	-
Effect of tax rate on opening deferred tax balance	**-**	2	**-**	-
Losses carried forward	**-**	-	**-**	
Total current tax (credit) / charge (see above)	**(6)**	(44)	**-**	**-**

27 Provision for Liabilities

Deferred tax

	GROUP	
	2021 £'000	2020 £'000
At 1 April	**6**	33
(Released)/ charged in the year	**(6)**	(28)
Change in underlying rate of tax	**-**	-
At 31 March	**-**	5
Comprising:		
Accelerated capital allowances	**5**	33

The deferred tax liability at 31 March 2021 has been calculated based on the rate of 19%.

28 Group Members

Coastline Housing Limited is the parent undertaking and has four subsidiaries being Coastline Services Limited; Coastline Care Limited; Coastline Design and Build Limited; and Coastline Homes Limited (see note 14).

29 Legislative Provision

The Company is a company limited by guarantee and is registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008. The registered provider number for Coastline Housing Limited is LH4165.

The Company is also a registered charity (registration charity no. 1066916).

30 Accounting Estimates and Judgements

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates 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 addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates. See note 13 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

Impairment of debtors

The Group makes an estimate for the recoverable value of rental arrears, trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.

Pensions

FRS 102 requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected inflation rates, employee turnover, expected return on plan assets and discount rates. Substantial changes in the assumed development of any one of these variables may significantly change the Group's retirement benefit obligation and pension assets.

The impact of Covid-19 on Coastline's (closed to further accrual) defined benefit pension scheme assets and liabilities has been reflected in the accounts based on this year's actuarial assumptions. The expected triennial valuation is expected to lead to further changes, in particular because there will have been an opportunity for the scheme's Trustees to more fully assess the long term impacts of Covid-19.

In response to the ongoing reform of RPI there has been a change in the estimate used by TPT in how to set the CPI assumption relative to RPI. The impact of this change is approximately £1.1 million and would increase the deficit from our current estimates. Further work in considering the wider management of the SHPS Defined Benefit Deficit is on-going, with professional advisors appointed, and will shortly reflect the final results of the September 2020 tri-annual revaluation which is being published during 2021/22.

Valuation of housing properties

The Group tests annually whether there are any impairment triggers that would require the Group to undertake a full impairment review of housing properties under FRS 102. In July 2015 the Government announced a 1% reduction for the next four years of rental income for social housing properties effective from 1 April 2016. This announcement was identified as an impairment trigger and accordingly a full impairment review was undertaken at the March 2016 year end.

There have been no such impairment triggers during the year ended 31 March 2021.

The recoverable value is assessed as the higher of fair value or value in use. The SORP considers depreciated replacement cost as a reasonable estimate for value in use taking into consideration the service potential of social housing. The valuation of housing properties at the year-end have therefore been assessed using depreciated replacement cost. These calculations require the use of assumptions and estimates, in particular in relation to the identification of cash generating units, expected replacement cost and the service potential of the asset.

Recoverability of stock and WIP

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Assessing net realisable value requires the use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Critical accounting judgements in applying the Group's accounting policies

There are no such judgements in either the current or prior year.

Coastline Housing
Coastline House
4 Barncoose Gateway Park
Redruth
Cornwall TR15 3RQ
www.coastlinehousing.co.uk
01209 200200

Customer.services@coastlinehousing.co.uk
twitter.com/coastlinehouse
facebook.com/coastlinehousing

Headland Printers