Homes England

The Housing and Regeneration Agency

Annual Report and Accounts

2024/25

HC 1063

The Housing and Regeneration Agency

Homes England

Homes England[1]

Annual Report and Accounts 2024/25

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[1] Homes England is the trading name of The Homes and Communities Agency, an executive, non-departmental public body and statutory corporation created by the Housing and Regeneration Act 2008 (as amended by the Localism Act 2011). Homes England is sponsored by the Ministry of Housing, Communities and Local Government (formerly the Department for Levelling Up, Housing and Communities). This Annual Report and Accounts presents the audited, consolidated results of the 2024/25 financial year for the group of entities of which Homes England is the parent.

The Homes England group is consolidated into the 2024/25 Annual Report and Accounts of the Ministry of Housing, Communities and Local Government.

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Front page image: Northstowe town, Cambridge
Image credit: Homes England and Phil Mynott

1. Chair’s Foreword

Pat Ritchie CBE
Chair

I am honoured to introduce this year's Annual Report and Accounts, having assumed the role of Chair on 1 May 2025, shortly after the end of the financial year.

This report covers the period during which Homes England was led by my predecessor, Peter Freeman. I would like to take this opportunity to acknowledge his exceptional leadership and invaluable contribution to furthering the mission of this Agency throughout his tenure.

Peter served as Chair of the Homes England Board for nearly 5 years. During this time Peter – alongside Peter Denton who also concluded his role as Chief Executive in January 2025 – has helped to advance social equity across England through the creation of more homes and communities. Through his dedication and unwavering commitment, Peter has helped ensure more people can access quality homes in thriving communities.

As Deputy Chair, alongside the Board, we are really proud of the Agency's achievements across the year outlined in this Annual Report and Accounts.

We are very pleased to be working with Eamonn Boylan who took up the role of Chief Executive following Peter Denton's departure.

With 4 decades of public sector leadership experience and exceptional expertise in place-based regeneration, Eamonn has brought precisely the skills needed to guide Homes England.

I am particularly pleased that Homes England has already made significant strides to deliver against the priorities the Housing Minister set the Agency in September 2024, shortly after the election. During 2024/25, Homes England:

- beat its housing delivery targets, ultimately helping towards realising the government's 1.5 million homes target
- sped up delivery on sites which needed extra support, helping to unblock the creation of over 20,000 new homes, through the Advisory Team for Large Applications (ATLAS) service, run in partnership with the Ministry of Housing, Communities and Local Government (MHCLG) and the New Homes Accelerator (NHA)
- supported the government's work on new towns and other major schemes by providing expertise and advice to the New Towns Taskforce
- allocated all its affordable housing funding during the year, delivering 28,370 homes (up 15% from 2023/24), and starting the build of a further 30,087
- continued to promote market diversification, supporting hundreds of Small and Medium-sized Enterprises (SMEs) with a Home Building Fund, championing Modern Methods of Construction (MMC) with 22% of our supported completions on the Affordable Housing Programme delivered using MMC, and reinforcing our commitment to net zero home building; I am particularly pleased that 90% of the completions Homes England enabled have achieved an Energy Performance Certificate (EPC) rating of B or above

During the year the Agency's role was recognised in a recent Public Bodies Review, an independent review which all arm's-length bodies must undergo periodically to assess their performance, relevance and value for money. The review was published on 8 April 2024.

As well as recognising the strong move towards placemaking and regeneration already underway, the review affirmed the Agency's key role as a national public body of scale, also noting its effective delivery and stewardship of vitally important home ownership and building safety schemes, on behalf of government.

The review made a number of recommendations for improvement, many of which were implemented in year.

I want to express my deep appreciation for the dedication, energy and hard work of our colleagues. It's because of them – and the many partners we collaborate with – that we've made real strides toward building communities where people can live, work and flourish. We've helped more families move out of temporary housing, and we have taken important steps toward a fairer and more inclusive society.

Since my appointment as Chair, I have been working closely with the Board and Executive Leadership Team to ensure a smooth transition and to build on the strong foundations laid over the past year.

Looking ahead, I am committed to ensuring the Agency continues to create more homes, helping deliver the biggest increase in social and affordable housebuilding in a generation, ensuring that high-quality, well-designed, and sustainable homes become the norm, not the exception.

A key priority will be to ensure that the commitments made in the June 2025 Spending Review, including a new Social and Affordable Homes Programme and the development of a national housing bank, are ready for launch in April 2026.

By working with local communities, we will ensure everyone – no matter their background – has security, a place to call home, and the opportunity to thrive.

Onward Homes are a Strategic Partner in the Affordable Housing Programme (AHP) 21-26 and are working in Partnership with low carbon housebuilder and modular manufacturer Starship to deliver 13 zero carbon homes on the Wirral for Rent to Buy
Image credit: Homes England

2. Performance Report

The Performance Report provides a summary of Homes England and how we have performed during the year.

The report is broken down into two areas:

- Performance Overview, which sets out an overview of Homes England, our purpose, strategic direction, performance and risks.
- Performance Analysis, providing detail of our delivery performance, risks impacting delivery, a financial review, and work being undertaken in relation to sustainability and our climate-related financial disclosures.

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2.1 Performance Overview

This section provides an overview of Homes England, our purpose, strategic direction, performance and risks.

It also explains adoption of the going concern basis in preparation of this Annual Report and Accounts.

Chief Executive's Statement

Eamonn Boylan
Chief Executive

I am pleased to present Homes England's Annual Report and Accounts for 2024/25, a year in which the Agency made significant progress toward meeting the government's ambitious housing delivery and place-making targets, helping to realise the ambitions of communities across the country.

I joined Homes England in January 2025 as the Agency's interim Chief Executive with a clear mandate to build on the strong foundation laid by Peter Denton – strengthening our partnerships, empowering local leaders, and driving the delivery of housing that makes a real difference to lives.

It has been 15 years since I was Deputy Chief Executive of the Homes and Communities Agency (the predecessor of Homes England) and while a lot has changed for all of us between then and now, the Agency's mission remains as critical as ever.

Indeed, this year has been a pivotal year for Homes England as we aligned our work with the government's commitment to build 1.5 million new homes during this Parliament. We have embraced this challenge with determination and innovation, working across the sector - nationally, regionally and locally - to accelerate delivery and the regeneration of places.

We have also actively facilitated the government's desire to progress devolution, establishing strategic partnerships with combined authorities and local leaders, providing crucial technical expertise and funding to deliver place-based housing solutions that empower communities to make local visions a reality.

Driving housing delivery

We made impressive strides in accelerating housing delivery across the country, in many places beating our targets. This includes:

- enabling the completion of over 36,850 new homes versus a target of 36,484
- facilitating the start of construction for an additional 38,300 homes, exceeding expectations by over 5,200 homes
- unlocking land that is capable of delivering more than 79,000 further homes, versus a target of 59,956

This strong performance represents real progress in addressing the nation's housing needs, creating communities and delivering homes where they're needed most.

Ensuring more people have a place to call home

Affordable housing remains at the heart of our mission. This year, we maximised the delivery of social rent homes through the Affordable Homes Programme, bolstered by an additional £500 million announced in the government's first Autumn Budget and a further £300 million in February 2025. The Chancellor's Spring Statement in March 2025 included more good news for affordable housing with a further £2 billion top up for affordable home creation.

During the year we supported over 230,000 households with managing their Help to Buy equity loan accounts, including guiding over 27,000 households in redeeming their loans, and supporting nearly 200,000 customer calls.

As well as shepherding government investment into affordable home creation and ownership, the Agency also continued to use its expertise and influence to drive public-private partnerships that will deliver thousands of affordable homes across many years. For example, Homes England's equity investment in Habiko, a partnership with Pension Insurance Corporation plc and Muse Places Limited, will enable the creation of over 3,000 low-carbon, low-energy affordable homes for rent.

Supporting devolution

Homes England's role as a placemaking catalyst has seen us expand our Strategic Place Partnerships (SPPs) to 7, welcoming Cambridge & Peterborough Combined Authority (CPCA), North East Combined Authority and Liverpool City Region Combined Authority. These partnerships are vital in supporting the government's devolution agenda and ensuring local communities shape their own future[1]. For example, our partnership with CPCA is already helping to further accelerate plans to develop Station Quarter in Peterborough, one of the country's fastest growing cities, and in Cambridge, where average house prices and land values are amongst the highest in the UK.

Homes England has also committed considerable funding to accelerate the Waterbeach New Town development, with the potential to deliver 11,000 homes. This includes over £23 million to relocate a railway station to directly unlock 4,500 homes, in partnership with Waterbeach Development Company. These plans are in addition to the existing £61 million loan at the former Waterbeach Barracks and airfield site, led by Urban&Civic, with plans to deliver 6,500 homes on completion.

We continued to work with leaders to bring to life the housing and infrastructure visions of local communities, driving the creation of more homes and supporting hundreds of local regeneration projects. Across the country, Homes England is catalysing the visions of local cities, towns and rural areas, creating not just more homes, but also thriving communities with access to healthcare, education and jobs.

Waterbeach, Cambridgeshire
Image credit: Urban&Civic

[1] Further detail on our SPPs can be found later in the Performance Overview and Performance Analysis.

Building partnerships with the market to catalyse housing growth

In November 2024, we connected over 375 leaders from domestic and international institutional investors, with developers, housebuilders, regeneration specialists, housing associations, and local authorities at our Investment Symposium. This event created new partnerships to drive the scale of housebuilding and urban regeneration needed across England.

We've excelled in creating innovative finance solutions to help all parts of the market. For example, we expanded our partnership with Invest & Fund Limited to £45 million, extending it to 2030 to support SME developers with the potential to deliver an additional 600 homes[2]. Our £250 million master developer joint venture with Oaktree Capital Management and Greycoat Real Estate will unlock and accelerate large-scale development sites across England. And our £50 million investment in Schroders Capital's Real Estate Impact Fund will address the shortage of social and affordable accommodation and support town centre regeneration.

Ensuring home safety

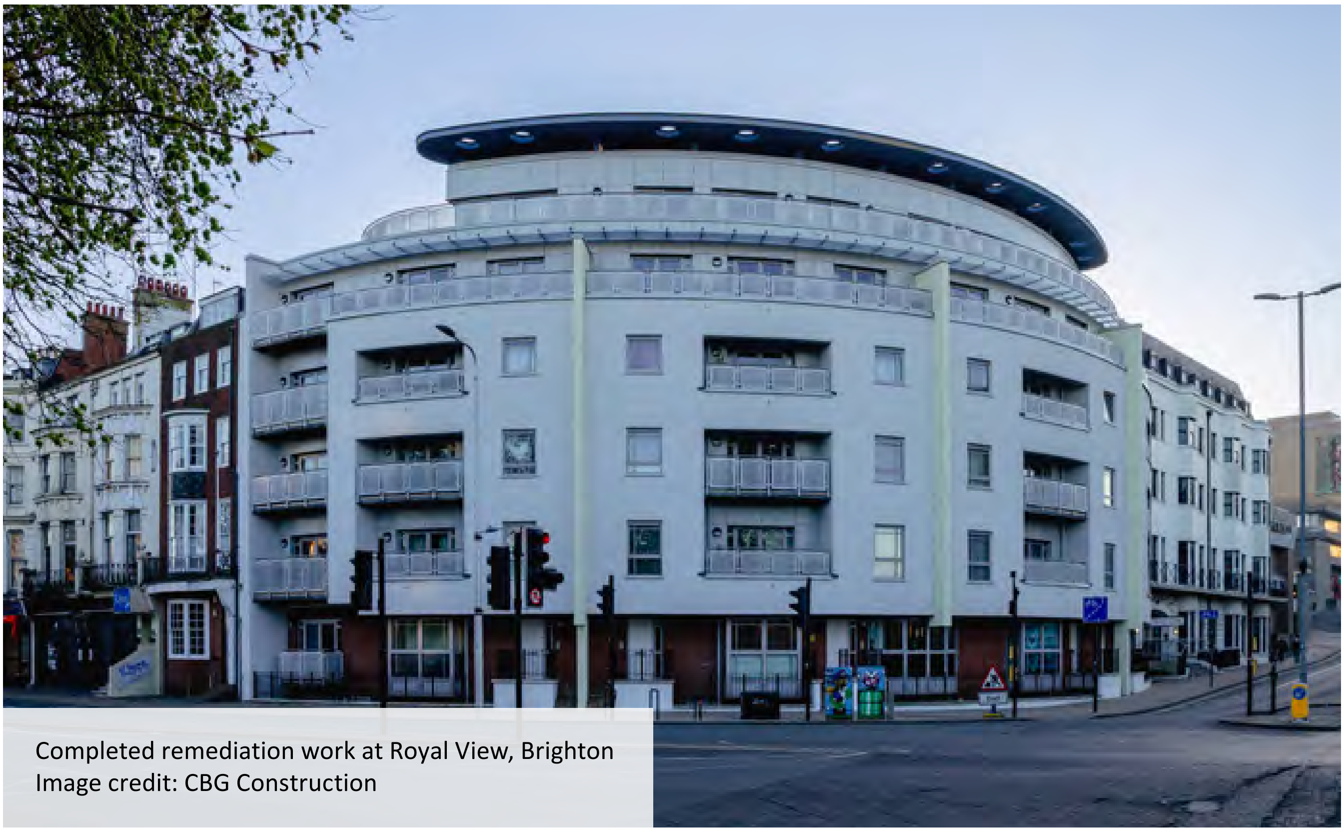
As a delivery partner for the Ministry of Housing, Communities and Local Government (MHCLG) cladding remediation programmes, Homes England has made substantial progress enhancing resident safety following the Grenfell tragedy.

Through the Building Safety Fund (BSF), we've completed remediation on 123 tall buildings (over 18 metres in height), with work underway on a further 45 sites, distributing £947.5 million in grants to date.

2024/25 marked the first full operational year of the Cladding Safety Scheme (CSS), expanding our remit to include buildings over 11 metres tall (11-18 metres in London). Despite challenges from evolving safety regulations, we've significantly improved safety for thousands of residents. Royal View in Brighton exemplifies this success – a 15 metre residential building housing 33 flats that received £3.54 million for comprehensive remediation completed between May 2024 and April 2025.

Homes England Investment Symposium event
Image credit: Homes England

[2] The Performance Analysis provides further information on our partnership with Invest & Fund Limited.



Completed remediation work at Royal View, Brighton
Image credit: CBG Construction

Looking ahead

As we move into the next financial year, we remain committed to playing our part in getting Britain building again, creating jobs across England and helping the government deliver on its ambition to create 1.5 million homes across this Parliament - ultimately ensuring many more people have access to a home in a thriving community.

We have a very clear and ambitious future. But we must adapt to the changing environment we are in, both nationally and regionally.

The government's forthcoming Long-Term Housing Strategy will further clarify the Agency's important role in supporting the needs of an increasingly devolved country, as well as the new tools and mechanisms we will have to help accelerate housing delivery.

We must adapt our operating model to ensure our structures, systems, and processes are robust and efficient.

In particular we will further strengthen the Agency's spend controls after irregular expenditure was uncovered during the year. Detail is provided in the Risk Events and Near Misses Reporting section of the Governance Statement within the Accountability Report.

Our new, 5-year strategic plan, due to be published in Autumn 2025, will set out our vision and roadmap for how we will work together with our partners across the public and private sectors to continue to innovate, invest, and inspire to deliver the homes that England needs. This will include our plans to stand up a national housing bank and deliver the new Affordable Homes Programme from 1 April 2026, priorities set out by the government in June 2025.

Organisational Overview

Who We Are

Homes England (also referred to as 'the Agency') plays a central role in delivering on the government's promise to build 1.5 million new homes and driving economic growth by getting Britain building again. Our 2023 to 2028 strategic plan sets out our ambitions not only to help deliver the homes the country needs but how we will also work with partners to support the creation, regeneration, development and continued wellbeing of communities in England. Our aim in this is to bring confidence, pleasure and pride back to our towns, cities and rural communities.

We are a non-departmental public body sponsored by the Ministry of Housing, Communities and Local Government (MHCLG). Our Statutory Objects are contained in the Housing and Regeneration Act 2008, the legislation creating the Homes and Communities Agency, which in 2018 adopted 'Homes England' as its trading name to underpin its mission and purpose.

We are governed by a Board, appointed by the Secretary of State for MHCLG, and welcomed 5 new Board members during the financial year. During 2024/25, the Board was led by our Chair, Peter Freeman CBE, succeeded by Pat Ritchie CBE in May 2025. Our Executive team includes specialists in housing, regeneration, land and development, investment, finance and risk management.

Our ambition is to deliver the homes people need by working in collaboration with equally ambitious partners to deliver homes and places that our communities need. In line with the government's devolution agenda, we will make place-based working central to how we operate.

We work in collaboration with partners from across the country who share our ambition. These include local authorities, private developers, housing associations, lenders and infrastructure providers. Our activities are designed to respond to local needs and make a difference where the market alone cannot do so.

Our new strategic plan, due to be published in Autumn 2025, will set out how we will bring together our unique blend of skills, experience, land and financial support (equity, grant, debt and guarantees), to help enable local leaders to deliver their visions for towns, cities and rural communities.

We also manage a number of important government programmes, such as the Affordable Homes Programme and support the social housing sector which is central to the government's Plan for Change.

More detail on our organisational structure and the composition of our Board and Committees can be found in note 11 of the Financial Statements and in the Corporate Governance Report of this Annual Report and Accounts.

Our Statutory Objects

These are set out in the Housing and Regeneration Act 2008, and are:

- to improve the supply and quality of housing in England
- to secure the regeneration or development of land or infrastructure in England
- to support in other ways the creation, regeneration or development of communities in England or their continued well-being
- to contribute to the achievement of sustainable development and good design in England

All with a view to meeting the needs of people living in England. Our Objects do not permit us to operate in Greater London and where we do so, this is under powers of the Greater London Authority, delegated to us by the London Mayor.

Our Role: How Homes England Supports Government Priorities

We intervene in many ways to boost housing supply. Our strategic plan also places an emphasis on placemaking, regeneration, sustainability, design quality and safety, and creating a sector that works for everyone.

In 2024/25, our interventions played a vital role in supporting delivery of the government's growth and housing ambitions, enabling us to respond to the government's immediate priorities for Homes England.

Government Priority

Accelerate housing development and increase delivery

Role of Homes England

- Support the government's ambition to deliver 1.5 million new homes in this Parliament

Government Priority

Support the New Homes Accelerator

Role of Homes England

- Accelerate delivery on large sites that are stalled or building out too slowly

Government Priority

Support work on new towns and other major schemes

Role of Homes England

- Support the government's New Towns Taskforce

Government Priority

Maximise the number of homes for social rent

Role of Homes England

- Support delivery of social and affordable housing

Government Priority

Support the reform and diversification of the housing market

Role of Homes England

- Grow the small and medium-sized enterprise (SME) sector and increase the adoption of mixed tenure delivery
- Boost productivity
- Attract new investment partners

Government Priority

Achieve best value for money

Role of Homes England

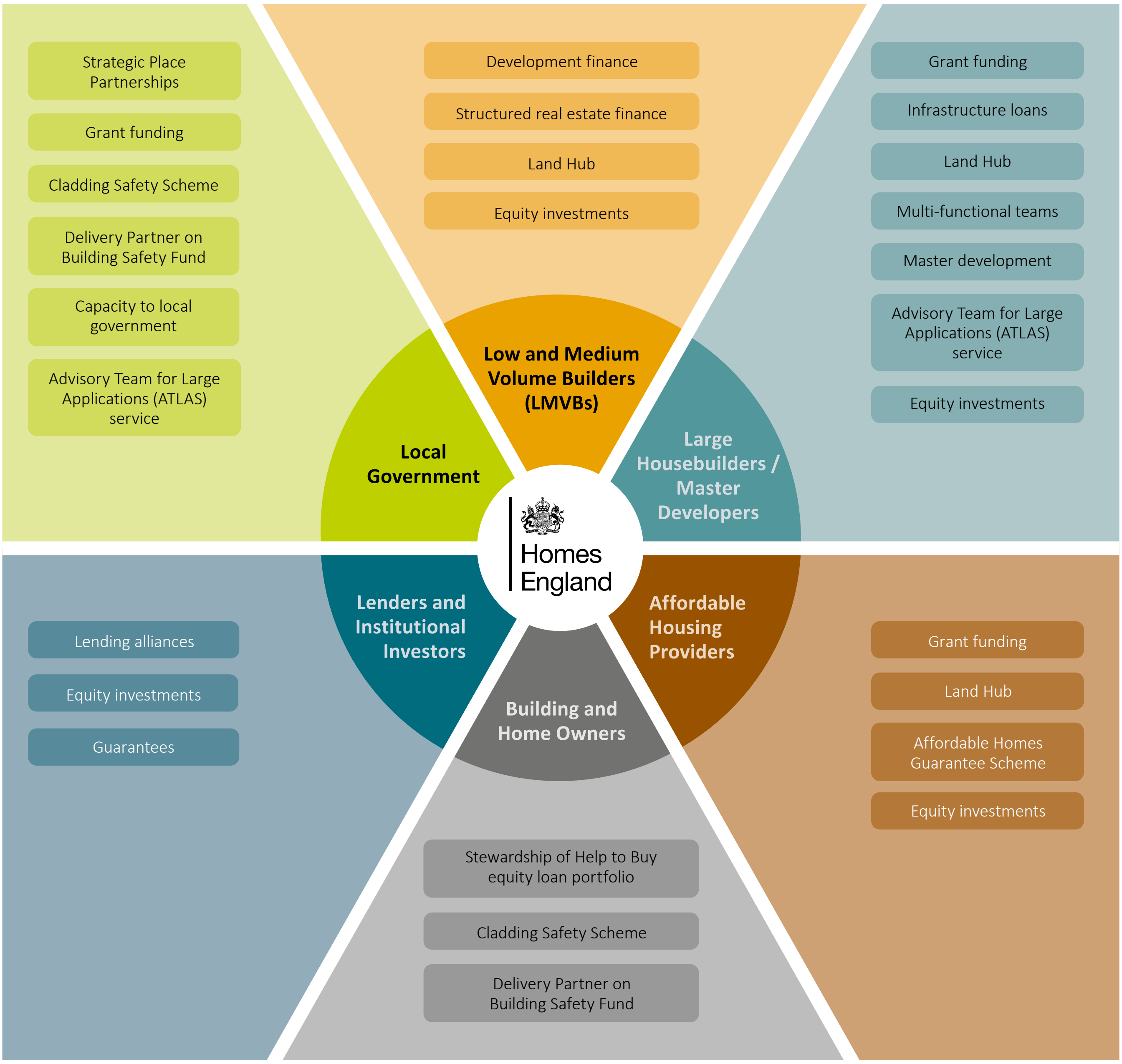
- New regional and place-based operating model

Our Activities: How Homes England Supports the Creation of More Homes and Communities

The Agency has a range of tools and support to accelerate the delivery of new homes - particularly affordable - and the regeneration of places. These range from flexible and targeted investments and innovative financing solutions to access to land and strategic partnerships with investors, developers and local leaders.

We manage and administer building remediation and safety programmes and we play an important stewardship role for over 230,000 Help to Buy customers. We also support the housing sector to progress the critical themes of productivity, sustainability and design, together with supporting the curation of places through master development.

Diagram: how Homes England supports the housing and regeneration market



The following table gives more detail on some of the support and services which Homes England provides:

Interventions	Our Services	
Affordable Housing: grants or financial incentives to build affordable housing units	Affordable Homes Programme 2021 to 2026	A £7.4 billion investment programme that provides grant funding to support the capital costs of developing affordable housing for shared ownership, social rent, affordable rent or sale
	Shared Ownership and Affordable Housing 2016 to 2021	£4.9 billion grant programme (closed to new bids in 2021)
Land and Development: acquiring land or facilitating its preparation for development	Single Land Programme	Accelerates disposal of public sector land for housing
	Land Assembly Fund	Acquires and develops land requiring complex and significant investment
	Land Hub Portal	Online tool, featuring land available to buy from the Agency
Infrastructure and Regeneration: funding to unlock housing development and support regeneration in areas facing market challenges	Housing Infrastructure Fund (HIF)	£3.5 billion capital grant programme for local authorities outside London for roads, schools, utilities, and other infrastructure supporting new housing
	Home Building Fund: Long Term Fund	£1.7 billion loan finance for non-housebuilding activity to unlock large sites (closed to new applicants in 2021)
	Home Building Fund: Infrastructure Loans	£1.5 billion for private sector loans to transform brownfield land, improve public transport, build schools and provide infrastructure to accelerate new homes
	Brownfield, Infrastructure and Land	£1 billion to tackle market failure in building housing on challenging sites
	Local Authority Accelerated Construction Fund	£137 million supporting local authorities to develop surplus land holdings
Market Diversification: support for developers to drive housing delivery	Home Building Fund	£2 billion supporting small and medium sized housing developers, establishing lending alliances and creating joint ventures for institutional investment
	Home Building Fund: Short Term Fund	£2.2 billion for developer loans and equity investments (closed to new applicants in 2022)
Building Remediation: helping to make buildings safe	Building Safety Fund and Private Sector Cladding Remediation Fund	Acting as a delivery partner to provide grants to replace unsafe cladding systems
	Cladding Safety Scheme	Formally delegated by MHCLG to Homes England to address fire safety risks associated with cladding on residential buildings over 11 metres in height (11-18 metres in London)

Our Key National Projects and Strategic Place Partnerships

This map shows Homes England's key projects, Strategic Place Partnerships (SPPs) and current regional structure.

Note: West of England of Combined Authority Strategic Place Partnership was signed in May 2025.

Our Values

It is crucial that Homes England is a place where everyone can flourish personally and professionally. The Agency is a supportive environment which provides colleagues with opportunities to develop their skills, learn from others, and have access to the tools and infrastructure they need to deliver.

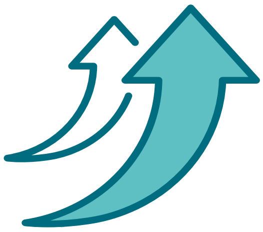
We know that our colleagues are our greatest asset; we recognise that our diversity will enable us to best understand the housing and place needs of the communities we serve and in turn help us achieve our mission to drive regeneration and housing delivery to create high-quality homes and thriving places.

Our values framework is at the heart of our Agency, representing our core beliefs and what we stand for.

We are...

Respectful

As the core principle, this runs through all our values and behaviours



Impactful

We combine our **commercial expertise with social purpose** to deliver value for money and maximise our positive impact

Accountable

We are **empowered to lead by example**, take responsibility for our actions and speak up for what's right

Innovative

We are **bold, creative thinkers** who embrace change, never stop learning and always look for a better way to do things

Inclusive

We **recognise and value everyone as individuals** and draw strength from our differences

Collaborative

We share information, align priorities, and use **our collective knowledge and experience to achieve great results**

Overview of Performance and Risk

Overview of Performance

We monitor our performance through a suite of Key Performance Indicators (KPIs) which reflect the breadth of our strategic mandate. The KPIs:

- include measures of housing delivery
- gauge the degree to which we enable our partners and the sector to deliver
- track the support we provide for place-based regeneration and the wider socio-economic benefits stemming from our activities
- assess the corporate health of Homes England and promote further improvements in design quality and sustainability

Our performance highlights for 2024/25 are set out on this and the following page. A detailed overview of performance against our KPIs is included in the Detailed Performance Review later in this Annual Report and Accounts.

Enabled the **completion** of more than **36,800 homes**

Facilitated **the start of construction** for an additional **38,000 homes**

Unlocked land that is capable of delivering more than **79,000 further homes**

Established **3 Strategic Place Partnerships (SPPs)** with **North East Combined Authority, Liverpool City Region** and **Cambridgeshire & Peterborough Combined Authority**.

By the end of 2024/25 we had established **7 SPPs** spanning a quarter of the population in England

Supported over **230,000 households** with managing their Help to Buy equity loan accounts, including guiding over **27,000 households** in redeeming their loans, and supporting nearly **200,000 customer calls**

Achieved an **Energy Performance Certificate (EPC) rating** of **B** or **above on 90%** of the completions we enabled

Exceeded our targets for **affordable housing** with **28,370 completions** and **30,087 starts**

Forecasting to **deliver £2.25 of social value** for every pound invested

Enabled **104,400 jobs** across the sites we are supporting or investing in

Overview of Risk

Robust risk management is a fundamental priority for the Agency, enabling informed risk-taking within an environment that demands a measured and proportionate approach.

With significant internal and external changes presenting both risks and opportunities we have remained proactive and vigilant, continuously reviewing the effectiveness of our mitigation measures.

Navigating change through well-informed, risk-aware decision making is crucial whilst sustaining momentum on delivery.

During 2024/25 our principal risk profile increased from 8 to 13 risks, with 5 risks outside of appetite at the end of quarter 4, 2024/25.

Four of the additional 5 risks are new in 2024/25, while Capacity and Capability Risk has been split into 2 separate risks during the financial year.

Principal risks are owned by the Executive Leadership Team, overseen by the Audit, Assurance and Enterprise Risk Committee through quarterly reporting, and reviewed and approved bi-annually by the Board. Our 13 principal risks are set out in the table below:

Principal risk	Q4 2024/25	Q4 2023/24
Business Continuity - capability of the Agency to continue operating and delivering services and products at acceptable predefined levels during a disruptive incident. The capability and capacity to restore operations to normalised levels within acceptable timeframes.		
Capability - risk that capability challenges may arise as a result of not fully aligning our Target Operating Model and of failing to attract, develop or retain appropriately skilled colleagues. This challenge may be exacerbated by the systemic constraints we operate within, the markets in which we compete for staff and the funding we have available.		
Capacity - risk that capacity challenges may arise as a result of failing to attract or retain appropriately skilled colleagues or by having systems and or processes that do not enable us to operate at optimum productivity. This challenge may be exacerbated by the systemic constraints we operate within, the markets in which we compete for staff, the funding we have available and our overall attractiveness as an employer.		
Change Delivery - risk of failing to deliver the prioritised and planned portfolio of activities.		
Culture* - risk that the Agency's organisational structure, processes, and ways of working may inhibit development of an agile and resilient culture, limiting the organisation's ability to adapt effectively to change and respond to emerging priorities.		
Cyber Resilience - risk of a breach of security to gain access to information for the purpose of espionage, extortion or embarrassment leading to business disruption and system failures.		
Data* - risk of data being inaccurate, inaccessible, or unreliable due to inconsistent data management practices within the Agency.		
Delivery Partners - risk that our delivery partners do not have the capacity, capability or willingness to work with us in delivering housing and regeneration outputs and initiatives.		
Funding - risk that there is a misalignment between the Agency's capital, resource and admin budgets, and the government's policy objectives.		

* New principal risk added in quarter 4 of 2024/25.

Principal risk	Q4 2024/25	Q4 2023/24
Macroeconomic Conditions - risk that the Agency has not monitored or is insufficiently prepared and empowered to respond to changing macroeconomic conditions, which affects our ability to achieve strategic objectives, recovery expectations and to prevent customer detriment.		
Sustainability* - risk of the Agency failing to deliver an integrated and effective approach to sustainability, encompassing climate, environmental, social, and economic objectives. This could lead to adverse impacts on people and the natural environment, reputational damage, or failure to meet statutory responsibilities and government targets, including Net Zero by 2050.		
Third Party Supplier* - risk of reliance on Help to Buy and other Equity Loans third party supplier disruption to operations, leading to inadequate service delivery and poor customer outcomes.		
Value for Money - risk that we are unable to demonstrate Value for Money on public resources invested by the Agency.		

* New principal risk added in quarter 4 of 2024/25.

Risk outside appetite Risk within appetite Risk added during 2024/25

Further information on these risks, including the current position and risk mitigations, are detailed within the Principal Risks Impacting Delivery section within the Performance Analysis of this Annual Report and Accounts.

Additionally, the Agency's Risk Management Framework is set out in the Governance Statement within the Corporate Governance Report of this Annual Report and Accounts.

Going Concern

The Financial Statements of Homes England have been prepared on a going concern basis, in accordance with the Government Financial Reporting Manual.

The Agency's net asset position takes into account liabilities falling due in future years which, to the extent that they may not be met from the Agency's other sources of income, may only be met by future grants or grant in aid from our sponsoring department, the Ministry of Housing, Communities and Local Government (MHCLG). Grants may not be issued in advance of need.

MHCLG's budget for the year ending 31 March 2026, which takes into account the amounts required by the Agency in that year, has been approved by Parliament.

Additionally, as set out in the Homes England Framework Document, the Agency is required to produce a rolling 5-year business plan. The Agency also has delegated authority limits in place.

As a result, the Board considers it appropriate to adopt a going concern basis for preparation of the Agency's Financial Statements.

2.2 Performance Analysis

This section highlights Homes England's performance against our strategic plan and key performance indicators. It expands on the Performance Overview and outlines any factors which have influenced our delivery performance within the context of the market sector and wider economy.

The section also describes the principal risks impacting delivery of our objectives, provides a review of financial performance during the year, and highlights the work being undertaken by the Agency in relation to sustainability and our climate-related financial disclosures.

Detailed Performance Review

Our mission is to drive housing delivery and regeneration to create high-quality homes and thriving places. This supports greater social justice, and the creation of places people are proud to call home.

In 2024/25, we continued to support partners to boost housing supply, exceeding our delivery targets for the year. We supported the most vulnerable through investments in affordable and specialist housing, providing more families with a home they can call their own and mitigating the risk of children living in temporary accommodation. We agreed a further 3 Strategic Place Partnerships with local leaders, commenced work on major housing and mixed-use schemes across towns and cities, secured greater operational and financial leverage through partnerships with the private sector, and completed the first full year of the Cladding Safety Scheme.

Looking ahead, 2025/26 brings exciting opportunities and complexities. We are poised to play a pivotal role in further accelerating house building, while also supporting regeneration and placemaking, particularly in areas facing market challenges. We will continue to work closely with our delivery partners to provide capacity and capability. This includes supporting the New Homes Accelerator to unblock and accelerate delivery of large-scale housing developments.

We will also remain dedicated to supporting local leaders, affordable housing providers, and the private sector in generating tangible benefits for communities. This sits alongside our focus on championing changes to the housing sector that will improve design excellence, sustainability and safety.

The ambition to deliver 1.5 million new homes in the Parliamentary period means that boosting housing supply is a priority. The challenge will be to sustain high levels of delivery at a larger scale, while adapting to the evolving devolution landscape and addressing the needs of diverse communities.

A Strategic Refresh

The government is progressing development of a new Long-Term Housing Strategy (LTHS). This new strategy will put forward a vision for a new housing system and set out a cross-government plan for delivering this vision over the next 10 years. Homes England will play a critical and pivotal role through its interventions, for example, in assembling land, scaling up market capacity, delivering the government's Affordable Housing Programme, and securing new private investment into the sector.

In December 2024, the government published the English Devolution White Paper, setting out how it will deliver on its manifesto commitment to deepen and extend devolution across England. The policies it introduces will have a material impact on Homes England in terms of how we operate to support the delivery of local housing ambitions, alongside wider efforts to drive economic growth. At the core of the White Paper is a new devolution framework which sets out requirements for how we will need to work with strategic authorities.

The work we have undertaken over the preceding 3 years to adopt place-based working means that we are well placed to respond to these requirements.

We will continue to strive for good placemaking, while working with the government to deliver against its ambition to deliver homes the country needs. During 2025/26 we will refresh our strategic plan, overarching objectives and Key Performance Indicators (KPIs) to reflect our critical role in supporting the delivery of government housing and regeneration ambitions, including greater devolution, the delivery of 1.5 million homes before 2030, wider reforms to the planning system, and the LTHS.

Our Strategic Mandate

Our strategic plan sets out our mission, objectives and KPIs. While continuing to increase housing supply, our strategic plan also places an emphasis on regeneration, sustainability, design quality and safety, and creating a sector that works in partnership to deliver. It sets out the critical need for place-based working to support local leaders in delivering their visions for their towns, cities and rural communities.

Performance Framework

A comprehensive performance management framework underpins delivery of our strategic mandate, ensuring progress is actively steered towards achievement of our objectives. The framework connects strategy to execution by linking strategic planning, business planning, performance reporting, management reviews and evaluation activities. The processes are also underpinned by a common set of KPIs, which reflect the breadth of our mandate. These KPIs extend beyond measures of new housing supply to encompass wider socio-economic benefits created by our activity. They also gauge the degree to which we enable partners to deliver, our impact on the sector and the organisational health of Homes England.

For 2024/25, performance targets were set for 10 KPIs. The remainder were baselined, providing an average level of performance as a starting point for comparison. The KPIs are set out in the following table:

KPI	KPI description	2024/25 target	2024/25 performance	2023/24 performance
1	Brownfield land reclaimed	**Baselining**	**27 hectares**	**Not reported**
2	Employment floorspace created	**Baselining**	**680,000m²**	**Not reported**
3	Number of jobs created	**Baselining**	**104,400**	**Not reported**
4a	Total number of local and strategic authorities receiving in-depth capacity support	**23**	**31**	**21**
4b	Total number of local and strategic authorities receiving in-depth support who report improved capacity to deliver their place-based ambitions	**Greater than 90%**	**65%**	**94%**
5	Social value per pound of investment	**£1.50 to £2.00[3]**	**£2.25**	**£1.98**
6	Number of homes completed	**36,484**	**36,872**	**32,320**
7	Number of homes unlocked[4]	**59,956**	**79,011**	**26,273**
8	Number of households supported into home ownership	**N/A for 2024/25**	**N/A for 2024/25**	**622**
9	Share of supported completions by LMVB builders	**20% to 25%**	**15%**	**19%**
10	Share of supported completions using Modern Methods of Construction (MMC)	**Baselining**	**22%**	**Not reported**
11	Total value of private sector funds leveraged through Homes England's support	**Baselining**	**£7.4 billion**	**Not reported**
12	Share of supported schemes that meet or exceed the agreed standards for design quality (in line with Building for a Healthy Life)	**Baselining**	**N/A for 2024/25**	**N/A[5]**
13	Share of supported completions[6] that are Energy Performance Certificate (EPC) rating B or above	**Greater than market average**	**90%**	**87%**
14	Average percentage biodiversity net gain planned on supported schemes	**Baselining**	**N/A for 2024/25**	**Not reported**
16	Share of partners who report overall satisfaction	**Greater than 65%**	**66%**	**68%**
17	Employee rating for diversity and inclusion	**7.3 (out of 10)**	**7.3**	**7.2**
18	Number of principal risks outside appetite	**0**	**5**	**4**

[3] Range per HM Treasury guidance on what constitutes good value for money.
[4] Metric restated in 2024/25 to recognise housing unlocked at point of contract, compared to point of disposal of site, used in 2023/24 reporting.
[5] 2023/24 restated.
[6] Excludes affordable housing completions as the Agency does not currently capture boundary data to enable cross-reference to EPC data.

Reporting for KPI 15 is planned for 2025/26, with a methodology agreed and implementation underway.

KPI	KPI description
15	Percentage of homes within the embodied (upfront) carbon target range

Delivering on Our Strategy: Vibrant and Successful Places

We aim to support the creation of vibrant and successful communities that people can be proud of, working with local leaders and other partners to deliver housing-led, mixed-use regeneration with a brownfield-first approach.

Our place-based approach focuses efforts where they will have the greatest impact and policy alignment. We provide support to enable local leaders to plan, unlock and deliver on housing growth, regeneration and placemaking ambitions.

Our support brings together Homes England's skills, expertise, funding, powers and assets, alongside that of our public and private sector partners, to ensure the right tools and capabilities are in place to address local priorities and deliver value for money.

During 2024/25, we strengthened our place-based approach, informed by the findings of the recent Homes England Public Bodies Review, the 2024 English Devolution White Paper, and a refreshed mandate from government.

Desired outcomes

- more land reused and made available for regeneration
- key enabling infrastructure in place to unlock development
- local places supported to deliver on their regeneration ambitions
- mixed-use places that create value and benefit local communities

2024/25 focus

- accelerating the housing and regeneration agenda of priority places
- developing a holistic approach to new settlements
- supporting local and strategic authorities to increase capacity and build capability
- demonstrating the wider social benefits delivered by Homes England

Establishing Strategic Place Partnerships

The Strategic Place Partnership (SPP) is a model developed by Homes England to enable greater collaboration and partnership with Mayoral Strategic Authorities (MSAs). SPPs are recognised by government as central to its devolution offer.

We agreed 3 new SPPs during 2024/25 with the North East Combined Authority, Liverpool City Region Combined Authority and Cambridge & Peterborough Combined Authority. This brings the total approved to 7, with an additional 5 in development at 31 March 2025.

The SPPs in development include East Midlands, Greater London, Tees Valley, West of England[7] and York and North Yorkshire. These 12 SPPs will span 48% of the population in England and 47% of local housing needs.

These partnerships aim to drive the acceleration of good-quality, affordable housing delivery to create and grow sustainable, healthy neighbourhoods, contributing to net zero carbon and biodiversity net gain ambitions. Each SPP facilitates collective commitment to a place's housing and regeneration ambitions by aligning priorities and outcomes, bringing together the strengths of each partner and pooling available resources and developing a robust list of opportunities to progress into programmes. The tables in this section summarise the agreed set of partnership objectives for each SPP, together with highlights of our interventions in the SPP areas in 2024/25.

The SPP model will be rolled out to further MSAs in 2025/26, with work taking place to ensure we are positioned to respond effectively to the government's ambition to agree new MSAs at pace.

North		
Combined Authority	**Agreed partnership objectives**	**2024/25 intervention**
Greater Manchester (GMCA)	▪ Accelerate new homes and additional affordable homes delivery. ▪ Align place-based engagement and resource around key priorities. ▪ Gain a collective view of housing delivery opportunities.	▪ Progressed joint strategic projects in 6 identified growth locations across the 10 constituent local authorities including supporting delivery of the next phase of projects at Victoria North, the largest brownfield residential development opportunity in Greater Manchester. ▪ Enabled successful allocation of GMCA's Brownfield Housing Fund (BHF) to 38 projects. ▪ Completed the Eastern Gateway Neighbourhood Regeneration Framework and launched the Strategic Regeneration Framework for Strangeways. ▪ Led a Multi-Functional Team (MFT) to secure £1.5 million for business case development for a new metro link stop as part of Victoria North.

[7] SPP signed May 2025.

North		
Combined Authority	**Agreed partnership objectives**	**2024/25 intervention**
West Yorkshire (WYCA)	■ Improve the supply of good quality and affordable homes. ■ Develop investment ready proposals to unlock and accelerate housing delivery and regeneration. ■ Realise opportunities to create and grow sustainable neighbourhoods.	■ Contracted £29 million Brownfield, Infrastructure and Land (BIL) investment for Bradford City Village delivered by English Cities Fund (ECF), a strategic joint venture between Homes England, Legal & General and Muse Places Limited, to co-fund infrastructure works to unlock 3 council owned sites for development. ■ Contracted £93 million further investment for focus area projects including Kirkstall Road in the West End Riverside neighbourhood in Leeds.
South Yorkshire (SYCA)	■ Develop investment ready proposals to unlock and accelerate housing delivery. ■ Increase the supply of high-quality, energy efficient and affordable homes. ■ Support local areas in developing area-based growth and regeneration solutions around places.	■ Identified catalyst regeneration sites in all 4 local authorities, building on advanced work in Sheffield where we've committed £67 million BIL investment for land assembly at Furnace Hill and Neepsend. ■ Completed delivery plans for 183 sites across all 4 districts, with capacity for up to 31,710 homes. ■ Progressed a range of affordable housing interventions, including £12 million of affordable housing programme funding for new social rent homes in Sheffield.
North East (NECA)	■ Accelerate the delivery of high-quality, affordable homes. ■ Unlock housing led regeneration through innovative funding and investment. ■ Create fairer, healthy, well-connected and resilient places where communities can thrive.	■ Confirmed £29.5 million BIL investment in Riverside Sunderland to create around 1,000 new homes, new community infrastructure and 93,000 square metres of employment space. ■ Enabled £4.5 million allocation from NECA's BHF for Phases 1 and 2 of the Horden Estate regeneration project. ■ Building on the acquisition of Quayside West, we developed a bespoke package of interventions via a business case for £120 million to progress Phase 1 delivery at Forth Yards.

North

Combined Authority	Agreed partnership objectives	2024/25 intervention
Liverpool City Region (LCRCA)	▪ Develop investment ready proposals to unlock and accelerate housing delivery and regeneration. ▪ Realise opportunities to support place-based growth to create and grow sustainable neighbourhoods. ▪ Improve the supply of high-quality, energy efficient and affordable homes.	▪ Approved £29 million BIL investment, alongside £22 million from LCRCA, to unlock delivery of Hind St Urban Village (Phases A & B) with plans for over 1,500 homes, a new park, improved transport links, commercial space and leisure facilities. ▪ Secured £56 million BIL investment to accelerate delivery of Central Docks.

CGI of Hind Street Urban Village (Borough), Birkenhead, Wirral
Image credit: Wirral Council

> Through our Strategic Place Partnership with Homes England, we're accelerating transformational projects like Hind Street, turning derelict land into vibrant, sustainable communities that our region deserves.
>
> **Steve Rotheram,** Mayor of the Liverpool City Region

Midlands

Combined Authority	Agreed partnership objectives	2024/25 intervention
West Midlands (WMCA)	■ Maximise the quality, pace, and number of new homes. ■ Improve and develop infrastructure, including transportation, utilities, public spaces, and amenities. ■ Maximise the delivery of affordable homes. ■ Use the leverage of the partnership to bring in additional investment.	■ Advanced local regeneration priorities, including: ■ £430,000 deployed to accelerate near term opportunities. ■ a £37.5 million loan to Oval Real Estate for regeneration of an extensive southern portion of Digbeth. ■ a development agreement, through our partnership with ECF, to bring forward plans for City Centre West– the largest regeneration opportunity in Wolverhampton city centre.

CGI of Market Square, Smithgate, Wolverhampton
Image credit: English Cities Fund

South		
Combined Authority	**Agreed partnership objectives**	**2024/25 intervention**
Cambridgeshire & Peterborough (CPCA)	▪ Explore creative ways to deliver more high-quality homes that will support economic growth, placemaking and regeneration. ▪ Develop investment ready proposals to unlock and accelerate housing delivery, economic growth and regeneration. ▪ Realise opportunities to support place-based growth and holistic regeneration solutions. ▪ Improve the supply of high-quality, energy efficient and affordable homes.	▪ Invested over £115,000 to support near-term opportunities, including an integrated strategy for Peterborough City Centre renewal and estate regeneration projects in Cambridge. ▪ Brought forward strategic projects in the region, including committing £23.8 million BIL grant funding to unlock the eastern element of Waterbeach New Town in South Cambridgeshire with the potential to deliver 4,500 homes. This complements the further £61 million loan provided for the redevelopment of the former Waterbeach Barracks and airfield site, led by Urban&Civic, with plans to deliver an additional 6,500 homes at Waterbeach New Town.

CGI image of Waterbeach, Cambridgeshire
Image credit: Urban&Civic

> I'm delighted that the signing of this SPP shows our commitment to driving forwards regeneration and growth in a collaborative and streamlined way.
>
> **Peter Freeman,** Chair of Cambridge Growth Company

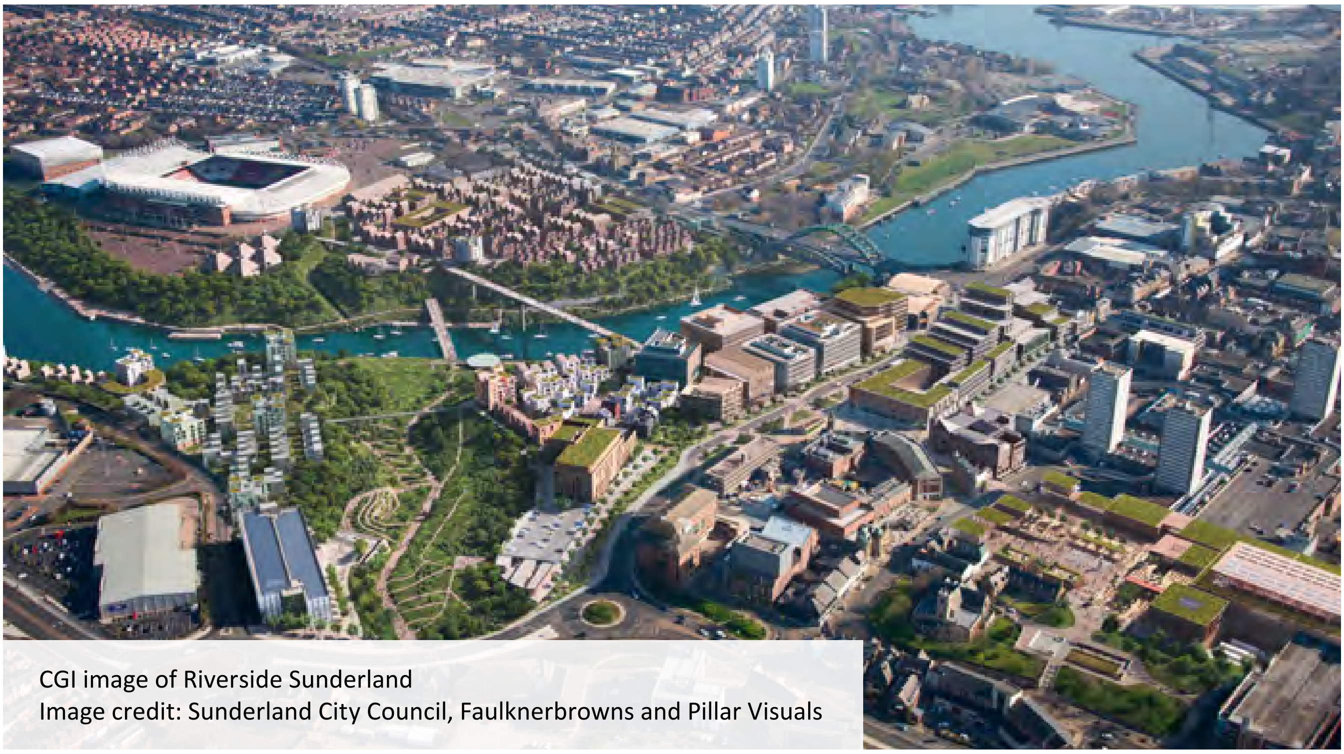
Accelerating the Housing and Urban Regeneration Agenda

During 2024/25, in addition to the SPPs, we supported the urban regeneration priorities of 24 individual local authorities, providing support ranging from investment and funding, to advice.

Examples of our locally led approach included the joint £79.7 million funding package with Sunderland City Council to implement the Riverside Sunderland masterplan. This funding underpins numerous interventions, including delivery of critical infrastructure. The development will create around 1,000 new homes and one million square feet of employment space. Contributions from Canada Life, Legal & General, and Placefirst Limited form part of the £600 million already invested in the Riverside Regeneration Programme.

We are also bringing together multi-functional teams to support new approaches to local delivery. These include Growth Companies, the Locally Led Urban Development Corporation which plans to deliver 15,000 new homes across North Liverpool, and bespoke delivery models such as the Bristol Temple Quarter Limited Liability Partnership and Cambridge Delivery Group.

> “
>
> Sunderland is growing its reputation as one of the most ambitious and innovative local authorities in the country, leveraging public and private sector investment to deliver a world-class place to live, work and play.
>
> **Councillor Michael Mordey**
> Leader of Sunderland City Council



CGI image of Riverside Sunderland
Image credit: Sunderland City Council, Faulknerbrowns and Pillar Visuals

Supporting Authorities to Build Local Capacity and Capability

During 2024/25, some local authorities experienced challenges in providing sufficient planning capacity and capability to support housing delivery and regeneration. We worked closely with local government and their partners to increase capacity and capability. This included our local government capacity learning programme, and planning support through our Advisory Team for Large Applications (ATLAS) service. The ongoing delivery and development of the ATLAS programme, delivered collaboratively with Ministry of Housing, Communities and Local Government (MHCLG), will be a key enabler of this support in 2025/26. For further information see Expanding our Interventions section later in this Detailed Performance Review.

They've really plugged our capacity and really helped on both capacity and expertise… we'd like to thank them for what they've done so far, and we hope that long may that continue.

Stoke City Council

Without the financial support and leveraging their role as an Agency, the scheme that we're working with them on would have stalled.

Partner Perception Survey, local authority response

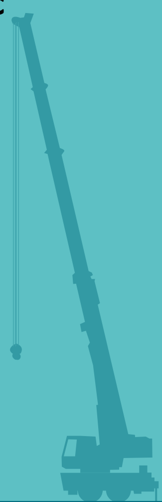
Across our SPPs and urban regeneration priorities, we provided in-depth support to 31 local and strategic authorities in 2024/25. Thirty of these were surveyed through our 2024 partner perception survey, of which 65% reported improved capacity to achieve their place-based ambitions.

KPI 4	a) Total number of local and strategic authorities receiving in-depth capacity support from Homes England…. b) ….of which share who report improved capacity to deliver their place-based ambitions as a result.

Purpose: To demonstrate our contribution and perceived effectiveness of our in-depth support to local and strategic authorities to deliver their place ambitions and local housing priorities.

31 **local and strategic authorities** receiving in-depth capacity support, of which

65%* **report improved capacity** to achieve their place-based delivery ambitions.



2024/25 target: 23 local authorities of which >90% report improved capacity.

* The 65% relates to 30 local and strategic authorities, compared to the 20 local authorities surveyed in 2023/24. The sample of eligible organisations surveyed and the number who respond, changes year on year and hence, the percentage result is susceptible to significant shifts each year. In 2024/25, new partners were included in the survey with the result reflecting the different levels of maturity of the partner relationship, precluding a direct comparison with the 95% reported in 2023/24.

A Holistic Approach to New Settlements

We continued to support new settlements and urban extensions through our programmes. This included garden communities where we provided delivery support and capacity funding under the Garden Communities Programme. The programme supported 47 projects, 12 garden towns, and 35 garden villages across the country, with potential to deliver close to 300,000 homes and 200,000 jobs by 2050. As an example, on completion, Otterpool Garden Town in Kent will have up to 10,000 homes, up to 10 schools, and multiple workspaces, while half of the town will be green space with 20% biodiversity net gain.

We also supported the government’s work on new towns and other major schemes by providing expertise and advice to the New Towns Taskforce. In 2025, the taskforce aims to identify a shortlist of the next generation of new towns with potential for at least 10,000 homes. During 2024/25, our experience was harnessed to establish and progress work in relation to Greater Cambridge. Another successful Homes England led development is Brookleigh in Burgess Hill. Upon completion, the town will have 3,500 homes, 3 new schools, and a further 3 neighbourhood centres.

Maximising Delivery on Brownfield Land

Prioritising brownfield development is a crucial element in supporting the government’s housing ambitions. Repurposing brownfield land reduces the demand for greenfield sites, encourages redevelopment and brings economic and social benefits. However, developing on these sites is more difficult and brings higher levels of risk, creating site viability issues and difficulty in attracting investment. We provide the sector with the investment, long-term stewardship and technical capability needed to progress brownfield schemes.

The brownfield site in Barking, East London, formerly occupied by Barking Power Station, is one of Europe’s largest placemaking projects. In 2024/25 we approved a further £124 million funding package for vital infrastructure to unlock the development of 20,000 homes. Upon completion, the mixed-use development will provide affordable family homes, enhanced green spaces, 7 new schools of which 5 have been completed, better access to the River Thames, as well as a significant amount of retail, employment and community space.

Barking Riverside, London
Image credit: Barking Riverside Limited

> Barking Riverside has delivered thousands of vitally needed new homes for Londoners, on brownfield land that has already seen a significant investment in infrastructure. However, the support from Homes England will enable this project to move into a new era—increasing the level of ambition and unlocking housing at the scale needed to truly make an impact.
>
> **Matthew Carpen**
> Managing Director of Barking Riverside

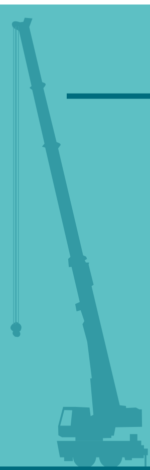
Since reporting on KPI 1 started in July 2024, we have reclaimed nearly 27 hectares of brownfield land on our schemes, helping bring brownfield sites back to life.

KPI 1 Brownfield land reclaimed.

Purpose: To support decisions to maximise delivery on brownfield land.

Measure: The number of hectares of brownfield land on schemes supported by Homes England.

We reclaimed just under **27 hectares** **of brownfield land** for supported schemes*



* Reporting from July 2024

Benefiting Local Communities by Creating Jobs and Social Value

Our place-based interventions not only deliver homes and unlock housing capacity, but create employment opportunities, provide vital local facilities and generate wider social value. Increasing social value is core to our purpose and underpins our delivery. We continue to approve projects that have high value for money and foster long-term productivity in places.

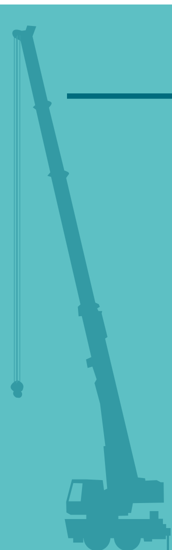
In 2024/25 we enabled the delivery of an estimated 680,000 square metres of commercial floorspace and created 104,400 employment opportunities, including jobs created through construction, infrastructure and new commercial floorspace.

KPI 2 Employment floorspace created.

Purpose: To evidence how we are building productive places and communities by tracking the scale of commercial property space that will be created in sites supported by Homes England.

Measure: An estimate of the amount of employment floorspace that will be created as a result of our funding.

We enabled delivery of **680,000m^2** **of commercial floorspace.**



The transformation of Middlewood Locks in Salford, a key brownfield development backed by our SPP with Greater Manchester Combined Authority, will deliver 2,215 homes and 84,000 square metres of commercial space upon completion. This includes offices, a hotel, retail outlets, and leisure amenities. Moulsecoomb Hub in Brighton and Hove, a 212-home neighbourhood brownfield regeneration project, is creating 310 jobs for local people with a new urban district centre providing shops and public facilities.

In 2024/25, we undertook an assessment of the social value generated through Homes England investments made in 2023/24. As a result, we project that £5.6 billion of social value will be delivered from the £2.5 billion invested in 2023/24, yielding £2.25 of social value per pound of investment. This means that for every £1 we approved in 2023/24 we expect to generate £2.25 in social value. This builds on the 2022/23 baseline figure of £1.98, demonstrating our continued investment in projects that deliver high social value.

KPI 3	Number of jobs created.

Purpose: To evidence how we are building productive places and communities by tracking an estimate of the number of full time equivalent jobs that could be created in sites supported by Homes England.

Measure: The number of jobs we anticipate will be created as a result of funding deployed over the life of our strategic plan.

Homes England funded activity created **104,400 employment** opportunities through the construction of new homes, spend on infrastructure and new commercial floorspace.

KPI 5	Social value per pound of investment.

Purpose: To quantify and value the expected impact on people's wellbeing as a result of our funding.

Measure: A forecast of expected social value impacts per pound of investment calculated bottom-up, project-by-project, as a result of Homes England funding approved in 2023/24. We aggregate the forecast social value across the lifetime of all our projects approved during the financial year to estimate Homes England's impact. We consider social, environmental, and economic impacts, both positive and negative, that are evidenced and attributable to our interventions.

For every £1 of funding we approved in 2023/24 we expect to generate **£2.25** in social value.

Target £1.50 to £2.00 (Range per HM Treasury guidance on what constitutes good value for money.)

Middlewood Locks, Salford
Image credit: Middlewood Locks Residential LTD

Our equity investment in Habiko, a partnership with Pension Insurance Corporation and Muse Places Limited, is projected to generate £1.70 of social value per pound of investment over the next 12 years. This is through the planned completion of 3,000 affordable low-carbon, low-energy homes on brownfield sites, and the creation of new public open spaces. Our grant funding to Central Docks, within the emerging Liverpool Waters district, is projected to generate £1.50 of social value per pound of investment. This is driven by the planned delivery of 2,350 homes, 61,000 square metres of office, leisure and retail space, the benefits of affordable homes, a new public park, and the impact of regeneration on the wider area. Our interventions are helping transform the former dockland into a thriving, inclusive and sustainable waterfront neighbourhood and community.

Devolution and a Greater Focus on Significant Place-Based Delivery

The English Devolution White Paper sets out how the government will deliver on its commitment to transferring power out of Westminster and into local communities. At the core of this commitment, is the view that the most successful outcomes for places will be achieved when local leaders are empowered to deliver locally mandated solutions that address the priorities and challenges of their communities.

The White Paper is clear that the support of Homes England is central to the government's offer to local leaders and that our resources will be a key part of local leaders' toolkits to achieve their housing growth, regeneration and placemaking ambitions.

During 2025/26, we will continue to roll out and strengthen our SPP model and deliver place-based regeneration and placemaking activity to unlock housing delivery. Working with MHCLG and local partners, we will develop and deliver a mixed portfolio of strategic growth ambitions, urban regeneration and extension priorities and new settlements. Established MSAs will have a greater role in steering and monitoring our activity in their areas. We also anticipate playing a greater role in leading the delivery of New Towns and other major schemes, including pan-regional growth initiatives such as the proposed Oxford-Cambridge Corridor.

Delivering on Our Strategy: Homes People Need

We aim to facilitate the creation of the homes people need, intervening where necessary to ensure places have enough homes of the right type and tenure.

We work to

- create more homes of the right type in the right places
- ensure more land is available for new homes and barriers to development are removed

2024/25 focus

- delivering strong in-year programme performance
- supporting delivery of lifetime programme targets and place priorities
- optimising the experience of homeownership customers

Homes England has a vital role in supporting the government's ambition to deliver 1.5 million new homes before 2030. We deploy a range of interventions to deliver the homes people need. During 2024/25, we enabled work to start on 38,308 homes, facilitated the completion of 36,872 homes and unlocked capacity for a further 79,011 homes.

A More Optimistic Housing Market

2024/25 began on a positive note for the UK economy, with optimism bolstered by the Monetary Policy Committee decision in August 2024 to cut the base rate for the first time in 4 years, after being held at a 16-year high since August 2023. This decision was driven by improving inflation, which had fallen to below 3% by the start of the financial year, from a peak of 11% in October 2022.

As inflation levels eased and the cost of borrowing fell, the housing market experienced a notable boost to demand. Through calendar year 2024, house prices grew by 3.3% and the number of residential transactions increased by 5.7%. The sharpest increase in house prices were witnessed in the Midlands, North West and North East, and data from HMRC indicated residential property transactions in England were 18% higher in December 2024 than in December 2023.

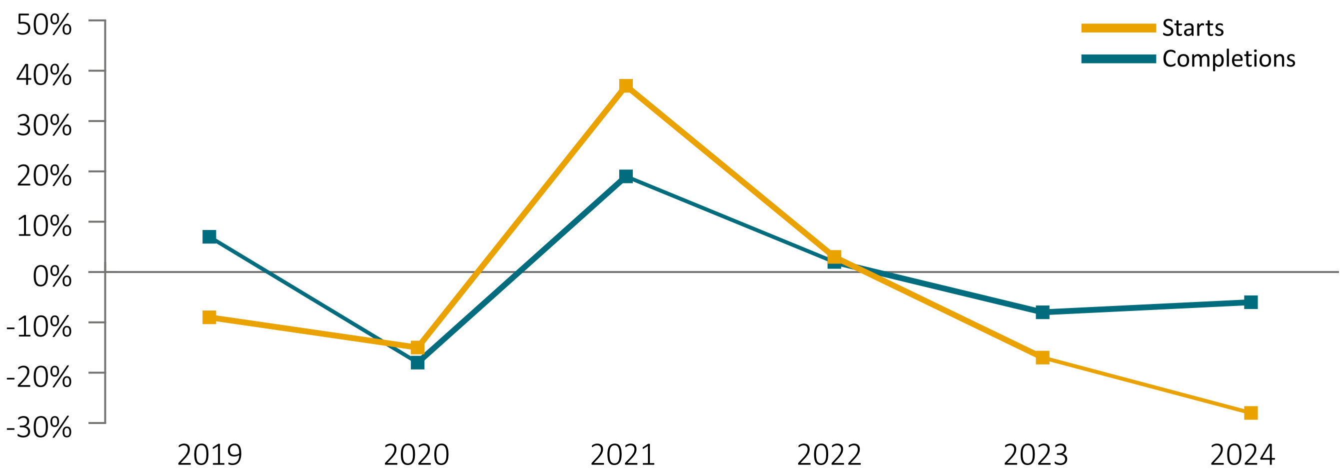
Increased activity was accompanied by a healthy increase in the number of new homes listed for sale, up 11% in 2024 compared to the year before. Mortgage approvals also increased to over 66,000 in December 2024, a 28% increase on the same month a year earlier. Alongside this, private rents surged to record highs, increasing by 9.2% in 2024. This growth was primarily driven by high demand and a shortage of new landlord instructions entering the market, the latter due to the imposition of new stamp duty rules on second homes and concerns regarding the enforcement of Decent Homes Standards, which outline the minimum requirements for social housing.

Development cost inflation slowed significantly through 2024. Nevertheless, after years of rising costs and structural challenges in the housing market, just over 4,000 construction companies failed. This represented 17% of all business insolvencies in the year and was the highest since the 2008 financial crisis. This created significant disruption for the sector with many years of contractor and house building experience lost. However, with declining borrowing costs, lower cost inflation and rising house prices, the sentiment among housebuilders was optimistic at the end of 2024.

Delivering Strong Programme Performance

Although volume developers[8] reported a slight improvement in demand compared to the previous year, the downturn in housing output continued. Rising labour costs, labour skills shortages and planning delays continued to present challenges to increasing housing supply. The development of affordable housing also slowed due in part to uncertainty on future funding levels. Also contractor insolvencies reduced sector capacity, extending build timelines. Overall, new housing starts in England declined by 28% by the end of calendar year 2024 compared to 2023, and completions by 6%.

Chart: Year on Year % change in housing starts and completions in England



Source: MHCLG: permanent dwellings started and completed, England, data snapshot 8 April 2025.

Despite the challenging market context, our housing delivery performance for 2024/25 exceeded our central targets. Our activity enabled 38,308 housing starts, and facilitated 36,872 completions. Starts were up 5% compared to 2023/24 and completions by 14%[9], comparing favourably with sector performance.

Table: 2024/25 Outturn

Housing Delivery	Performance Metrics	Outturn	Target	Outturn v Target
Starts	Total number of housing starts directly supported	**38,308**	33,095	116%
Completions	Total number of housing completions directly supported (KPI 6)	**36,872**	36,484	101%
Housing Unlocked	Total housing unlocked by Homes England interventions (KPI 7)	**79,011**	59,956	132%

[8] Delivering over 2,000 homes per year.

[9] Compared to 12% reported in the Official Housing Statistics June 2025 which includes First Homes.

To support the construction of new homes, we played a vital role in acquiring land and progressing stalled developments. We invested in roads, utilities and other essential infrastructure, necessary to unlock housing development opportunities for our partners to build more homes on these sites. In 2024/25, we unlocked 79,011 homes. This strong performance was driven in part by several large schemes, including Barking Riverside, Waterbeach New Town and Liverpool Central Docks.

We worked with partners to bring challenging sites to market and acted as a catalyst for housing development and urban regeneration. A prime example is the former Royal Navy Dock in Chatham, Kent. The new residential community at Chatham, was originally a sports facility for the Navy. It required extensive remedial and decontamination works, and new infrastructure including the Medway Tunnel, link roads and flood defences. A joint venture between Homes England and Countryside Properties took on the 150-acre site. Completed in 2024, this regeneration delivered a multi-award winning, new mixed tenure neighbourhood with 1,700 high-quality homes, a new community hall, doctor's surgery, pharmacy, 2 schools, 20 acres of public open space and over 160 square metres of employment space. In addition, our partnership with Kent, Greenwich and Canterbury Christ Christchurch universities, delivered Medway Campus, providing facilities for 10,000 students.

St Mary's Island, Chatham, Kent
Image credit: Luke Granger Photography and Vistry

The regeneration of the brownfield site formally home to Rock Ferry High School in Birkenhead, Wirral, was supported by a £5 million grant provided to our strategic partner Torus. Their investment delivered 178 homes, including an extra care facility, Spinnaker House, which provides 102 independent living affordable rent apartments for older adults.

Spinnaker House, independent living apartments, Birkenhead, Wirral
Image credit: Torus Group

"

Spinnaker House is the key part of this large-scale brownfield regeneration project supported by over £5 million Homes England grant that has rejuvenated a disused site into what will be a thriving community that meets the needs of local people.

Steve Coffey
Torus Group's Chief Executive

The Villers (Henson Park), Whetstone, Leicester
Image credit: emh Group

Providing an Affordable Place to Live

The housing outputs offer a glimpse into the impact that our interventions have on improving people's lives. As a result of our investment in affordable housing during 2024/25, more families have a home they can call their own. We allocated all our affordable housing funding during the year, delivering 28,370 homes (up 15% from 2023/24), and starting the build of a further 30,087 homes.

East Midlands Housing Association, one of our affordable housing strategic partners, used our funding to redevelop a brownfield site in Leicestershire which contained crumbling warehouses, vandalised workshops and areas of overgrown vegetation. Henson Park provides 38 homes for social rent and 39 homes for shared ownership. The development meets critical housing needs for Blaby and Leicestershire County Council.

Our grant funding also supported Cottsway Housing Association to deliver 30 social rent apartments at St Mary's Court in West Oxfordshire. This scheme involved redevelopment of an outdated sheltered housing scheme. Designed for people aged over 55, the apartments are generously sized, with balconies and patios, and communal gardens.

To help accelerate the delivery of affordable homes, we launched a Section 106 clearing service in December 2024. The aim of the service is to connect housebuilders and housing associations to address the problem of uncontracted and unsold affordable homes across England. The service was launched in response to an increasing lack of bids for affordable homes from housing associations, due to various financial and policy constraints. Almost 300 organisations, including local planning authorities, registered providers and house builders, and over 700 individuals registered for the service.

To support the continuation of our strong delivery of affordable homes, the government announced in March 2025 a further £2 billion investment for social and affordable housing (including London). This was the third top up to the Affordable Homes Programme to be announced in 2024/25. The additional funding provided a welcome boost to the sector, giving partners the certainty needed to progress new developments.

Providing a Secure Place to Live

Alongside the provision of affordable housing, we also supported the delivery of specialist housing to help the most vulnerable in society. In 2024/25 we supported delivery of over 650 specialist homes for people with a history of rough sleeping and young people at risk, through the Single Homelessness Accommodation (SHAP) and Rough Sleeping Accommodation Programmes.

These homes, along with revenue funding support, addressed gaps in homelessness pathway provision, providing opportunities and support to vulnerable people. Delivered schemes in 2024/25 include Curzon House in Cheshire West and Cheshire and Hewmar House in Gloucester.

Curzon House is a transformative housing scheme, providing 36 high-quality homes for people who have experienced homelessness. This initiative offers 24/7 support, accessible facilities, and training opportunities, aiming to help residents rebuild their lives and transition to permanent housing.

Hewmar House, developed by Gloucester City Homes, provides 8 homes and on-site support services for young people who have found themselves without a place to call home. Key features include ensuite bedrooms, communal living area, and a separate break out room. The building is completed to a high standard specification encompassing space, energy efficiency and warmth.

Delivering Lifetime Programme Targets

Our interventions are delivered through a range of programmes, which have lifetime performance targets. An assessment of programme performance as of March 2025 showed that we are tracking to achieve the lifetime targets for the majority of our 11 largest commissioned programmes.

Only the Local Authority Accelerated Construction programme, which funds infrastructure development to help local authorities advance housing projects on surplus land, is expected to deliver fewer homes than targeted. The programme faced setbacks as a result of the economic climate post Covid and some local authorities, who were unable to complete the infrastructure within the allocated funding or timeframe, withdrew their schemes. The Shared Ownership and Affordable Housing Programme and the Home Building Fund (Short and Long-Term) have achieved their lifetime delivery targets.

Funding for the Land Assembly Fund and Single Land Programme is secured through the government Spending Review. Funds are managed to an agreed annual net position and as such they have no fixed end point or budget. Income generated through these programmes is used to fund expenditure and reinvest in new acquisition activity.

Hewmar House, Gloucester
Image credit: Gloucester City Homes

Table: Lifetime programme performance

	Investments	End	Delivery			Financial		
			Lifetime objective	Delivery to date	Lifetime forecast	Funding allocation	Actual expenditure	Forecast outturn
Affordable Housing	SOAHP 2016-21	2023/24	130,000 starts	133,622 starts	133,622 starts	£4.9bn	£4.9bn	£4.9bn
Affordable Housing	Affordable Homes Programme 2021-26	2026/27	89,000 to 103,000 starts	77,207 starts	107,000 starts	£8.0bn	£6.08bn	£8.0bn
Market Diversification	Home Building Fund	2033/34	54,000 starts 9,300 homes unlocked	8,874 starts 8,500 homes unlocked	67,239 starts 9,000 homes unlocked	£2bn	£543m	£2.1bn
Market Diversification	HBF Short Term Fund	2028/29	43,000 homes	52,969 homes	58,239 homes	£2.2bn	£2.0bn	£2.3bn
Infrastructure	Home Building Fund - Infrastructure Loan	2026/27	100,000 to 116,000 homes unlocked	39,153 homes unlocked	107,465 homes unlocked	£1.5bn	£145.5m	£1.5bn
Infrastructure	HBF Long Term Fund	2022/23	160,000 homes unlocked	161,187 homes unlocked	161,187 homes unlocked	£1.7bn	£1.51bn	£1.7bn
Infrastructure	Brownfield, Infrastructure and Land	2028/29	40,000 homes unlocked	39,206 homes unlocked	40,000+ homes unlocked	c£1.025bn	£186.6m	£1.068bn
Infrastructure	Brownfield, Infrastructure and Land - London	2028/29	To be agreed	11,863 homes unlocked	To be agreed	£150m	£25.7m	To be confirmed
Infrastructure	Housing Infrastructure Fund	2028/29	283,496 homes unlocked	285,850 homes unlocked	285,850 homes unlocked	£3.5bn	£1.95bn	£3.5bn
Infrastructure	Local Authority Accelerated Construction	2028/29	Up to 10,000 starts	6,021 starts	9,679 starts	£137m	£137m	£137m
Land	Land Assembly Fund	N/A	34,000 starts	6,123 starts	38,000 starts	Recycling fund - £657m secured at Spending Review 21		
Land	Single Land Programme	N/A	No targets set post Public Sector Land			Recycling fund - £817m secured at Spending Review 21		

Accelerating Delivery Through the New Homes Accelerator

The New Homes Accelerator (NHA) aims to speed up the delivery of large-scale housing developments across England. The NHA is a collaboration between the government, Homes England, the Greater London Authority, local authorities, developers, and other key stakeholders. It aims to unblock and accelerate the delivery of housing developments that have, for various reasons, become delayed, or which are not progressing as quickly as they could be.

Homes England is helping accelerate identified sites. Worcestershire Parkway was announced as a NHA site in July 2024. The site, on which we own 22 hectares, is a complex, large-scale project involving multiple landowners, developers and stakeholders.

The land forms part of the proposed Worcestershire Parkway new settlement progressed by the South Worcestershire Councils, Malvern Hills District Council, Worcester City Council and Wychavon District Council. The NHA interventions at the site will ensure planning, phasing and infrastructure strategies are in place to enable the different parts of the site to be brought forward to unlock over 10,000 new homes, accelerating delivery.

In 2024/25, we also provided funding support to the councils to assist with technical aspects of the development of the vision, masterplan and delivery strategy. When fully complete, the settlement will also have a new town centre, 50 hectares of employment space, healthcare, retail and community facilities, 7 primary schools, up to 2 secondary schools, sports and leisure provision and a major country park.

Optimising Our Homeownership Customer Experience

Over the last 12 years, we helped over 387,000 households secure their own home through Help to Buy equity loans totalling £24.7 billion, of which almost 85% were first time buyers. By the end of 2024/25, over 180,000 of these loans had been repaid.

Following the closure of the final Help to Buy scheme to new applicants in 2023/24, we focused on a stewardship role, ensuring value for money through custodianship of the remaining Help to Buy portfolio of £15.9 billion. During 2024/25, we supported over 230,000 households with managing their Help to Buy equity loan accounts, including guiding over 27,000 households through redeeming their loans, and supporting nearly 200,000 customer calls. For further information refer to the Financial Statements section later within this Annual Report and Accounts.

In 2025/26, we will continue to find ways to support our customers, as we strive for excellent customer service. We will work on a customer self-serve approach, through improved digital capabilities, and provide customers with more accessible ways to manage their loan accounts. Other areas of focus include aligning our terminology to make it easier for customers and conveyancers to communicate with us, and improving the guidance published on GOV.UK.

Delivering on Our Strategy: A Housing and Regeneration Sector That Works For Everyone

We aim to support the development of a housing and regeneration sector that works for everyone; driving diversification, productivity, partnership working and innovation.

Desired outcomes

- a more diverse sector with greater competition
- a more productive housebuilding sector with more private sector investment in housing and regeneration
- more private sector investment in commercial property and mixed-use regeneration in urban centres

2024/25 focus

- increasing sector capacity
- leveraging greater institutional investment
- supporting SMEs and increasing productivity

As the government's housing and regeneration agency, we play a significant role in tackling the housing challenges the country faces, but we don't do it alone. We work with over 5,000 partners and organisations, including local government, housebuilders, housing associations, infrastructure providers, landowners and institutional investors. Our ambition is for a competitive, diverse, resilient and efficient sector.

During 2024/25, the housing sector continued to experience issues around planning, capacity and access to investment. It also faced challenges associated with contractor insolvency, addressing building safety, skills and labour supply. Where the sector did not work efficiently, smaller developers restricted by their scale of operation, faced barriers to entry.

Increasing Capacity by Supporting Diversification of the Housing Market

With the government's ambition to deliver 1.5 million new homes over 5 years, it is important that we continue to focus on creating a diverse and inclusive market that adds capacity to the sector. This includes attracting institutional investors and supporting new entrants and low and medium volume builders (LMVBs).

An average of 12 housebuilders accounted for approximately 40% of new home delivery between 2020/21 and 2023/24, each building more than 2,000 homes per annum. Alongside these volume builders, over 1,000 LMVBs built fewer than 50 homes each across the same period. The market, however, is challenging for LMVBs, who face a range of issues from attracting investment, accessing finance, increased competition in accessing and acquiring land, planning risk and site viability.

We operate multiple programmes that seek to provide a range of financial products for the LMVB sector. Our £2 billion Home Building Fund is designed to support LMVB housebuilders to access funding, and develop the track record needed to successfully obtain private sector finance. The Home Building Fund performed well in 2024/25, contributing to over 3,800 housing starts and over 1,350 completions.

In 2024/25 we also extended our partnership with Invest & Fund Limited. This collaboration provides residential development debt funding to LMVB developers. The alliance is projected to facilitate the construction of an additional 600 new homes, building on the 107 homes already supported through the original lending alliance.

In the last 5 years, we have supported over 350 LMVBs to grow their business and over a sixth of our housing completions are being delivered by smaller builders. This was below the target range of 20% to 25% set in our Annual Business Plan, due in the most part, to the majority of completions being affordable housing delivered by registered providers who are not classed as LMVBs. Despite this, in 2024/25 alone we targeted funding to 119 LMVBs who, in total, delivered over 5,500 homes. Efforts to increase the share of supported completions by LMVBs will focus on identifying opportunities during joint development with local authorities, improving access to smaller land parcels[10], providing preferential loan terms and supporting LMVB consortiums.

KPI 9 Share of supported completions by low and medium volume builders (LMVBs).

Purpose: To measure the share of homes delivered through contracted schemes in the current financial year, where we contract directly with LMVBs.

A LMVB is a developer who delivers fewer than 2,000 homes per year and is not a subsidiary of a parent company delivering more than 2,000 units per year.

15% of homes delivered in 2024/25 were delivered by LMVBs, where we contracted directly with the LMVB.

2024/25 target 20% to 25%

[10] A defined piece of land with distinct boundaries.

Our innovative approach to LMVBs is increasing capacity to deliver homes. An exemplar is Esquire Developments Limited, an award-winning small and medium enterprise (SME) housebuilder established in 2011. We originally provided the developer with a £2.68 million loan to build 9 homes at Millers Field in Maidstone, Kent, and supported their second scheme, Hill Farm in Sittingbourne, made up of 30 homes. Through our support, Esquire Developments now deliver around 120 to 150 new homes annually across Kent and the South East.

> "The relationship has become so much more because we look at other things with Homes England in terms of unlocking difficult sites, larger opportunities that we wouldn't be able to necessarily look at without that assistance … it's really been a game changer for us as a business in terms of how we've taken things forward.
>
> **David Braddon**
> Director Esquire Developments

Unlocking Capacity Through Innovative Land Solutions

The price of land, and unlocking land for use by developers, remained a barrier to delivering new housing in 2024/25. We supported the government ambition to release surplus public sector land, and significant progress was made in bringing sites to market. Our land portfolio changes on an annual basis. At the beginning of 2025, we had around 9,000 hectares of land across 1,400 parcels, excluding land under contract. Our efforts to support LMVBs included increasing access to suitable parcels of land through freehold disposal, including closed competition. Ten freehold disposal sites were contracted in 2024/25, unlocking capacity for 500 homes.

We also deployed a tailored, site-specific approach across our land portfolio to overcome capacity and capability constraints in the sector. Our innovative approach is demonstrated in East Bank Urban Village in Hull, a 3 hectare riverside site which will become one of the city's largest regeneration projects. We created a joint land strategy with Hull City Council, combining our land holdings with theirs before formal sale. This unified approach has created a single ownership structure, making the site more attractive to developers by eliminating the complex legal issues that typically come with multiple ownership. This development will deliver 850 new homes, commercial and retail space, and enhanced public areas, alongside the delivery of critical infrastructure improvements.

CGI image of East Bank Urban Village, Hull
Image credit: Muse

Enhancing Productivity by Supporting Modern Methods of Construction

We support the market to innovate in how it delivers new homes and enhances productivity. Initiatives include greater adoption of Modern Methods of Construction (MMC). Through our land, investment and grant programmes, we enable the industry to explore how MMC can help deliver better housing outcomes.

2024/25 marked a significant milestone as we published MMC data from our Affordable Housing Programme for the first time. Just over 22% of our supported completions on the Affordable Housing Programme 2021-26 were delivered using MMC, reinforcing our commitment to innovative delivery.

KPI 10 Share of supported completions using Modern Methods of Construction (MMC).

Purpose: To demonstrate the impact of our support for MMC delivery and better housing outcomes.

Measure: The number of supported home completions through the Affordable Housing Programme 2021-26 that have been delivered using MMC, with the focus on MMC categories 1-5 only.

22% of our supported completions on the Affordable Housing Programme 2021-26 were delivered **using MMC**.

Little Kelham in Sheffield includes an affordable home development using a Category 2 MMC timber-framed system built by Citu. The development is delivered by Great Places, a strategic partner in the Affordable Homes 2021-2026 programme, in collaboration with Citu. The 16 homes follow a fabric-first approach, integrating smart technology to monitor energy performance and air quality. Shapland Place in Tiverton, Devon is another MMC affordable housing scheme encompassing 8 social rent units. This MMC net zero scheme, completed in May 2024, also features a fabric-first approach, as well as providing ultra-low utility bills for residents.

Shapland Place, Tiverton, Devon
Image credit: Zed Pods Ltd/MDDC

Holywell Meadow, St Ann's Chapel, was completed in July 2024. South Hams Council and Bigsbury Parish Council worked in collaboration with Homes England to develop the mixed scheme of 8 affordable rented homes and 3 open market purchase homes.

Designed around an orchard area that creates a low-density open development, and built using MMC in the form of offsite timber frame construction, the homes benefit from state-of-the-art energy saving technology. This includes highly insulated triple-glazed units, air source heat pumps, a mechanical ventilation with heat recovery system, underfloor heating and electric charging points.

The case for MMC remains clear. It boosts productivity, tackles skills shortages, enables faster delivery, enhances energy performance, and lowers embodied carbon. We will continue to support our partners in harnessing MMC to expand housing capacity required to deliver the government's 1.5 million homes ambition and advance wider government policy objectives.

Holywell Meadow, St Ann's Chapel, Kingsbridge
Image credit: South Hams District Council

Maximising Our Role as Master Developer

We continue to play a key role in enabling the sector to deliver new housing at scale, as one of a few organisations with the skills, expertise and resource to take on the role of master developer. The role supports the curation of places, putting social and community values at the heart of new place developments. It also provides the opportunity to increase the pace of delivery, embed design quality and bring in stakeholders at the right stage of the project.

We are master developer on Phases 2 and 3 of Britain's largest new town under development, Northstowe, near Cambridge. In July 2024, we signed a collaboration agreement with Keepmoat and Capital&Centric to accelerate delivery of 3,000 homes and build a new mixed-use town centre. Half the homes will be affordable and the new town centre will provide local people and businesses with up to 50,000 square metres of commercial floorspace, including shops, workspace and community facilities. Working with partners, Homes England as master developer, remains at the forefront of delivering and supporting key projects for the benefit of the community.

> "
>
> It's an incredibly exciting time to be involved in delivering the UK's newest town. Working closely with Capital&Centric and Homes England, we know this collaboration will deliver transformational change at Northstowe, building on the significant infrastructure Homes England has delivered to date on the scheme. Bringing forward the new town centre, to be delivered by Capital&Centric, is the catalyst for this change and will be instrumental in placemaking at Northstowe.
>
> **Tim Wray**
> Group Development Director at Keepmoat

Aerial view of Northstowe town, Cambridge
Image credit: Paper Films

Attracting Institutional Investment and New Investment Partners

We provide significant access to finance for housing developers through direct lending, lending alliances, equity investment and equity partnerships. These partnerships have the potential to unblock effective urban regeneration and accelerate housing delivery. We have a range of partnerships and equity investments in place with delivery partners, investors and registered providers. These include English Cities Fund (ECF), the Greener Homes Alliance and the Housing Growth Partnership. Many of our partnerships involve investor groups focused on high sustainability and design standards, and a willingness to build delivery capacity through master planning and LMVB developers, and accelerate delivery using MMC.

In 2024/25 we leveraged £7.4 billion of private sector funds in support of housebuilding. We entered into a joint venture with Barratt Developments and Lloyds Banking Group, to create the MADE Partnership. We also launched a partnership with Oaktree Capital Management and Greycoat Real Estate. Both joint ventures focus on master development of large-scale, complex sites and will take early-site assembly and infrastructure work to deliver serviced parcels of land for LMVB housebuilders.

In February 2025, we committed £50 million to Schroders Capital's Real Estate Impact Fund (SCREIF) to predominantly focus on addressing the shortage of social and affordable accommodation and the regeneration of town centres. SCREIF aims to raise £200 million, primarily focusing on residential-led investments. Our contribution is intended to deliver on-the-ground impact and stimulate further investment from the private sector.

KPI 11	Total value of private sector funds leveraged through Homes England's support.

Purpose: To quantify the value of private sector funding.

Measure: An estimate, at the point of project approval, of the funds that will be provided by private sector partners to support any project that is sponsored, funded or contracted by Homes England.

We leveraged

£7.4 billion

of private sector funds in support of housebuilding.

"This investment by Homes England is a clear indication of the absolutely vital role this fund is looking to play in the UK by delivering real and tangible change. Our homes, and the built environment around us, impact our daily lives. We believe this allocation from the public sector will be catalytic in unlocking further institutional investments, boosting broader confidence and interest in this key sector meaning the fund can enable more communities to thrive across the UK.

Chris Santer
Schroders Impact Fund Manager

Leveraging Government-Backed Financial Credibility

During 2024/25, we worked with MHCLG to expand the Affordable Homes Guarantee Scheme 2020. The scheme enables housing providers to access low-cost financing to decarbonise and improve the decency of their existing homes, as well as build much-needed new ones. This change was welcomed by the sector and resulted in increased demand for scheme funding in 2024/25, with £658 million of loans advanced in to support the delivery of over 3,100 new affordable homes and the improvement of thousands more.

In 2024/25 no new loans were funded under the Private Rented Sector Guarantee Scheme that Homes England also operates on MHCLG's behalf. However, in March 2025 the scheme reopened to new applications, helping boost the development (or conversion) of purpose-built homes for private rent, and overall investment into this growing sector.

Leveraging government-backed financial credibility, both schemes helped lower borrowing costs for housing providers, which widened access to debt financing. This helped increase the supply of affordable and high-quality private rental homes.

Expanding Our Interventions

From our local government capacity learning programmes to stakeholder engagement events, we bring together professionals to share knowledge, forge links and catalyse opportunities to accelerate housing delivery. Our Autumn 2024 Learning Programme reached 280, or 88%, of local authorities across England. Nearly 6,900 attendee places were taken up across 16 sessions.

Despite more favourable trading conditions, the construction industry continued to face challenges regarding labour and skills shortages, including bricklayers, groundworkers and electricians. This has been exacerbated by an ageing workforce and significant numbers of skilled workers leaving the industry. Working in partnership with the National House Building Council and housebuilders, we will deliver our first construction skills hub on the Brookleigh development site over 2025/26, helping tackle the skills shortage in the sector and creating employment opportunities.

During 2024/25 we worked closely with our delivery partners to deliver capacity and capability support, and address systemic barriers in the housing development process. Planning was the single biggest challenge faced by our partners. Planning delays increase costs, reduce overall delivery and can make viability of schemes a significant challenge.

We provided planning support through our ATLAS service, run in partnership with MHCLG and part of the NHA. ATLAS is an advisory service for local planning authorities and partners across England. It aims to facilitate the delivery of large-scale regeneration and development through a range of centrally coordinated activity. This includes direct advice, funding and other enabling support. It seeks to build capacity to deliver, improve relationships, resolve critical blockages, improve quality and accelerate the planning process.

Homes England brings diverse expertise, including urban design, digital, conservation, heritage, landscape architecture, ecology, community engagement and environmental sustainability. In 2024/25, we reviewed 167 schemes, focussing on 26 sites across 22 local authorities. Together, the NHA and ATLAS are unblocking 20,000 new homes.

Delivering on Our Strategy: High-Quality Homes in Well-Designed Places

We are committed to promoting the creation of high-quality homes in well-designed places that reflect community priorities. In line with our design assessment tool 'Building for a Healthy Life' (BHL) and national and local design codes.

Desired longer-term outcomes

- more integrated neighbourhoods with access to nature and amenities facilitated by walking, cycling and public transport
- distinctive places that reflect local character
- streets, public space, and blue and green infrastructure that are designed for people to use, easy to navigate and have a well-considered relationship between public and private spaces

2024/25 focus

- championing a culture that ensures our people and partners have the mandate, skills and tools to achieve design outcomes
- embedding design outcomes in our processes, decision-making, and partnerships
- delivering building remediation in line with customer-first approach

Design Quality and Innovation

We continued to work with partners to embed design quality assessment across our housing interventions. Our key measure of design quality is based on the considerations of Building for a Healthy Life (BHL), a toolkit produced by Design for Homes and written in partnership with Homes England. The BHL assessment helps those involved in new developments think about the qualities of successful places and how these can be best applied to the individual characteristics of a site. We require BHL assessments for all schemes being delivered using a building lease agreement. We conduct annual BHL reviews of completed schemes to inform our understanding of how we can use BHL to best effect.

KPI 12	Share of supported schemes that meet or exceed the agreed standards for design quality (in line with BHL).

Purpose: To ensure that our sites deliver positive design outcomes for building and places, from acquisition through to delivery.

Measure: The percentage of schemes that have met or exceeded the pre-disposal assessment BHL score at 'reserved matters'[11].

Not reported for 2024/25 as the number of projects in scope of the KPI were too few to produce a statistically meaningful average.

[11] Reserved matters is when details of a development are not included in an outline planning application, but need to be approved by the local planning authority before the development can proceed.

Working with BHL principles, significant design improvements were attained for the extra care housing at Driffield, in the East Riding of Yorkshire. We reviewed the project against BHL following concerns over the building elevations, dominant roof form, lack of internal natural light and residents' access to outside amenity space. Our recommendations led to the appointment of specialist architects with extensive experience in designing extra care facilities. Their involvement drove the design forward, creating a building in line with the character and appearance of the area, providing naturally-lit rooms and an improved internal layout that integrates garden spaces. As a consequence, the developer submitted a reserved matters application for 313 dwellings and 69 extra care units to the Council, which was granted permission in March 2025.

Knoll House in Brighton, partially funded by an affordable housing grant and designed to BHL standards, won the Housing Design Awards in 2024. The planning application followed a rigorous process of community, stakeholder and local authority engagement to redevelop part of the Ingram Housing Estate for Brighton and Hove City Council. The redevelopment will house 28 local people with disabilities. The apartments are low-energy use, dual aspect with generous space standards and wheelchair access, with connections to outdoor space and nature.

Delivering Building Remediation

Ensuring people feel safe and secure in their homes is fundamental to health and well-being. Following the Grenfell disaster, a commitment was made that all tall residential buildings built using unsafe aluminium composite material and other forms of unsafe cladding, would be remediated and made safe. The initial, non-recoverable grant funded programmes included the Building Safety Fund (BSF) and Private Sector Cladding Remediation Fund (PSCRF). We act as MHCLG's delivery partner on these funds, delivering funding on behalf of MHCLG to applicants outside London for buildings over 18 metres in height. The PSCRF is in its final phase with all 39 buildings having construction work on site and over 90% (36) complete at the end of 2024/25. On BSF, 92% (168) of our 182 applications had construction work on site and 67% (123) complete by the end of 2024/25.

The BSF has seen a reduction in the number of applications under management during 2024/25. This follows MHCLG's decision to transfer 103 applications to the original developer, under the Responsible Actors Scheme. A further 110 applications were transferred to the successor Cladding Safety Scheme (CSS) which Homes England administers, and which will take forward all applications for the remediation of buildings over 11 metres in height, including any further applications for buildings over 18 metres.

Building Remediation Funds, Lifetime Targets

Metric	Achieved at 31 March 2025	Fund lifetime forecast
PSCRF applications - work on site	39	39
PSCRF applications - work complete	36	39
PSCRF grant paid	£141.4 million	£151.2 million
BSF applications - work on site	168	182
BSF applications - work complete	123	182
BSF grant paid	£947.48 million	£1.02 billion

2024/25 was the first full year of delivery for the CSS, following its formal announcement in July 2023. As of 31 March 2025, 617 buildings had been made eligible for the scheme with 612 progressed to signing a grant funding agreement, of which 113 progressed to starting works. Remediation of 31 buildings was fully completed. This is an impressive outcome for the first year given a difficult landscape of change in legislation (Building Safety Regulator requirements), and the cultural change required to drive the pace and quality of delivery. For 2025/26 our efforts will focus on finding buildings and bringing them through technical assessment, getting them on site and remediated as soon as possible.

In 2024/25 we also focused on developing an open database for all combined authorities, local authorities and fire and rescue services. This work went hand in hand with the Missing Building Strategy and CSS went through over 220,000 lines of data to make the first ever 11 to 18 metre building database available in England. A key focus for 2025/26 is to support local leaders in delivering the national and local remediation acceleration plans.

Cladding Safety Scheme, Lifetime Targets

	Business case	Achieved at 31 March 2025	Total forecast
Completions	2,222	31	2,222
Expenditure	£3.9 billion	£152 million	£3.8 billion

We ended 2024/25 safe in the knowledge that thousands of residents and leaseholders felt more secure in their homes. An exemplar is Royal View located on the seafront in Brighton, a 15 metre residential building with 33 flats. This building had unsafe cladding systems affecting both the front and rear elevations. With around £3.54 million of grant funding, works started in May 2024 and completed April 2025.

> The process was virtually painless. The builders were respectful and tidy. The foreman Jake was very helpful and was always happy to answer questions. What we had assumed would be a nightmare episode was carried out so well all our fears were unfounded.
>
> **Royal View resident feedback**

Royal View, Brighton
Image credit: CBG Construction Ltd

> We are so grateful for all your help. You have no idea how worrying this situation has been for … leaseholders. We have … felt so helpless. This scheme will be a life saver for us and thank you so much for offering to take the responsibility from our shoulders for the technical and remedial works which we must carry out.

Thorndon Court, leaseholders

> You were very informative and explained all steps of the process clearly. It has been a very stressful time and I appreciated the time you took to go through everything, at no point did I feel the call was rushed and can't thank you enough for reassuring me and my husband about the application.

Arrivato Plaza, resident/leaseholder

Delivering on Our Strategy: Sustainable Homes and Places

We are committed to driving high standards of sustainability and design quality in homes and places.

Desired longer-term outcomes

- more energy efficient, carbon efficient and resource efficient homes and places, both in-use and across their whole life
- places that enhance the natural environment, including air and water quality and biodiversity

2024/25 focus

- championing a culture that ensures our people and partners have the mandate, skills and tools to achieve sustainability outcomes
- embedding design outcomes in our processes, decision-making, and partnerships

Great places are more than just good housing. Equally important is good design and a long-term approach to creating high-quality neighbourhoods. For us, this means resilient infrastructure that's adaptable and sustainable. It means resilient homes that can respond to changing future circumstances, and resilient places that offer everyone an excellent environment for living.

Driving Sustainability

Homes England defines sustainability broadly, encompassing environmental, economic and social aspects. Over 2024/25, we built on our 'Living Sustainably' statement of intent by developing and trialling a sustainability passport, ahead of a phased roll out in 2025/26. Further detail is included in the Sustainability Report section within this Annual Report and Accounts.

Encouraging our partners to improve the energy efficiency of new homes contributes to ensuring higher standards of sustainability. This in turn lowers both carbon dioxide emissions and residents' energy bills. In 2024/25, 90% of home completions supported by Homes England met Energy Performance Certificate (EPC) rating B or above.

KPI 13 Building performance – share of supported completions that are EPC rating B or above.

Purpose: To understand the estimated operational carbon efficiency of those home completions supported by Homes England.

90% of our supported completions* have an **EPC rating of B or above**.

2024/25 target greater than market average of 84%

* Excludes affordable housing completions as the Agency does not currently capture boundary data to enable cross-reference to EPC data.

Zodiac House in Croydon exemplifies how Homes England supports sustainable delivery, with developers delivering high-quality housing by repurposing redundant commercial buildings. The 3-storey block was a 1950's office complex which had been vacant for over 30 years. The development, by Common-Projects, provides 73 residential units all EPC rated B or above. The project balances the ambition to retain and reuse the existing structure, and all its embodied carbon, with the need to provide accommodation with sufficient daylight, space and amenity for resident wellbeing, which is difficult in deep plan[12] office blocks. Repurposing the buildings has created carbon savings equivalent to planting 120,000 trees. A new multifunctional green space with a new community pavilion will be created at the entrance which will help to stitch back together a disused stretch of the high street, enhancing social and environmental well-being.

Zodiac House, Croydon
Image credit: Pixelflakes and Common

Addressing Biodiversity Decline

Biodiversity net gain (BNG) is an approach that requires developments to have a positive impact on biodiversity. The 'net gain' is achieved when developers create new habitats or retain and enhance existing ones on the development site. The mandatory target for BNG is 10%.

KPI 14	Average percentage biodiversity net gain planned on supported schemes.

Purpose: To measure how we enhance habitats through supporting biodiversity.

Measure: The average percentage BNG predicted to be achieved by schemes subject to planning applications submitted by Homes England, based on a measurement of the biodiversity baseline value of the site pre-development compared to the predicted biodiversity value of habitats post-development.

Not reported for 2024/25 as the number of projects in scope of the KPI were too few to produce a statistically meaningful average.

[12] A building with a substantial amount of floor space that is farther than 4 metres from the exterior walls due to the high internal floor-to-external wall ratio. These structures can be challenging to naturally light and ventilate.

The scheme at Wymersley Green, Great Houghton is an example of how a site can deliver a measurable 10% BNG through a combination of habitat retention, enhancement and creation, together with off-site delivery. This includes the enhancement of habitats near the site within land owned by Homes England. The scheme design was developed with the existing ecological features in mind. It includes 11.36 hectares of Suitable Alternative Natural Green Space (SANG) for natural and species rich habitats. The provision of the SANG will provide an ongoing semi-natural resource to be used by the local community and delivering habitat for a range of native species.

Mitigating Climate Change

The construction, retrofit, use and demolition of buildings create carbon emissions. For the UK to reach its net zero target, both the embodied carbon from construction and operational carbon from building use, must be reduced. During 2024, we developed a methodology to enable reporting of embodied upfront carbon from the construction processes and materials used in building a home. This will provide greater understanding of how we can design and build future housing and infrastructure in a much more carbon efficient way.

Springfield Meadows in Oxfordshire is a development of 25 high-performance homes supported by finance from Homes England. The scheme uses Passivhaus principles, with the homes constructed using panel timber frames manufactured off-site. The use of MMC minimised the use of high carbon materials, including concrete and steel, and facilitated fast on-site construction.

In March 2025, we announced the commitment of £42 million from the Home Building Fund to support phase 2 of the Greener Homes Alliance. The lending alliance, in partnership with Octopus Real Estate, will commit £150 million loan finance over 5 years to small and medium housebuilders to deliver more environmentally friendly and sustainable homes across England. To qualify for funding from the alliance, developers must ensure that all homes built are fossil fuel free.

> We are extremely proud of the impact our Greener Homes Alliance initiative has had when it comes to supporting developers looking to make greener decisions for their projects, and we've spent a lot of time working out the new criteria with Homes England to make sure the next phase is as impactful as possible.
>
> **Andy Scott**
> Co-Head of Debt, Octopus Real Estate

Corporate Health: Achieving Our Plan

We enable delivery of our strategic objectives by ensuring we are a high performing organisation with effective and efficient processes, robust governance and risk management, and colleagues who feel supported in their work.

Desired outcomes

- an Agency that works for its partners
- an Agency that reflects the communities it serves
- an Agency that effectively manages risk

2024/25 focus

- fulfilling statutory and regulatory obligations that give us license to operate
- managing risks and maintaining controls to ensure value for money
- supporting effective delivery
- creating a Brilliant Place to Work

Our focus is on achieving value for money for the taxpayer and ensuring we drive efficiencies and prioritise resources, whilst fulfilling statutory and regulatory obligations.

Working With Our Partners to Support Effective Delivery

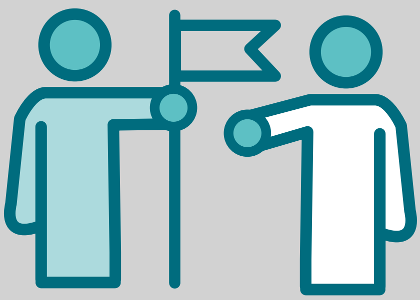
Our 2024 partner perception survey shows that 66% of our partners are satisfied with the support provided by Homes England, with an additional 24% neutral. In 2024/25, new partners were included in the survey with the result reflecting the different levels of maturity of the partner relationship. While overall satisfaction remained stable, local government satisfaction ratings increased.

KPI 16 Share of partners reporting overall satisfaction with Homes England.

Purpose: To measure how satisfied our partners are with Homes England based on their understanding of our role and remit, and to provide an indication as to whether we are functioning effectively and enabling positive engagements with our partners.

A partner is any housing developer, local authority or other organisation who has transacted with us in the past 3 years.

66% of our partners **are satisfied with Homes England**.



2024/25 target >65%

Building a Brilliant Place to Work

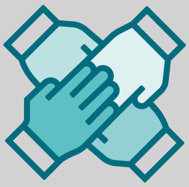
We strive to be an employer of choice, somewhere people desire to work because of our culture, behaviours, career development opportunities and mission, and we actively champion diversity and inclusion through our values. In September 2024, we published our Equality, Diversity and Inclusion (EDI) Report and action plan. Further information on EDI is available in the Remuneration and Staff Report within this Annual Report and Accounts.

In December 2024, we launched our annual employee engagement survey. Seven out of 10 colleagues responded positively to the question on whether they feel able to bring their whole self to work. This score is in line with our plans to improve employee engagement. We remain committed to accelerating progress through our EDI action plan for 2025/26 to drive the meaningful change our colleagues expect from us and more.

KPI 17	Average colleague rating for Homes England being a diverse and inclusive employer.

Purpose: To demonstrate whether Homes England colleagues feel we are an inclusive employer and whether we foster a positive working environment and experience.

Our colleagues rated Homes England **7.3** (out of 10).



2024/25 target 7.3

Managing Risk

We employ a rigorous risk management framework to identify and manage risks that may impede the achievement of our strategic objectives. These principal risks are identified and managed through top-down and bottom-up processes, with a focus on proactively identifying and mitigating key vulnerabilities and operational risks that could disrupt strategic progress. At the end of 2024/25 there were 5 principal risks outside of risk appetite. These risks encompassed change and data management, culture, third party suppliers and cyber resilience. Further information is available in the Principal Risks Impacting Delivery section within this Annual Report and Accounts.

KPI 18	Number of principal risks outside risk appetite.

Purpose: To identify and monitor all principal risks outside the appetite agreed upon and set by our Board which could materially impact the successful delivery of our strategic objectives.

At the end of 2024/25 **5 principal risks** were assessed as being outside appetite.

Q1: **4**	Q2: **4**	Q3: **5**	Q4: **5**

Target 0

CGI of Bicycle Works, Peel Street, Smithgate, Wolverhampton
Image credit: English Cities Fund

Principal Risks Impacting Delivery

Principal Risks Summary

'Principal risks' are those risks that are so significant that they could materially impact the achievement of our strategic objectives.

The Executive Leadership Team (ELT) owns and is collectively responsible for the identification and management of principal risks relevant to the organisation at any given time. Homes England's Board continuously assesses the nature and extent of the principal risks that the organisation is exposed to and is willing to take, in order to achieve its objectives.

Our principal risks are set out in the table below:

Principal risk	Current position
Business Continuity - the capability of the Agency to continue operating and delivering services and products at acceptable predefined levels during a disruptive incident. The capability and capacity to restore operations to normalised levels within acceptable timeframes.	The Agency has taken a number of steps to strengthen its resilience and ability to maintain critical operations during incidents and this risk is now within appetite. Progress includes the closure of internal audit actions, positive assurance from an external ISO 27001 assessment, and the implementation of continuity plans across all directorates with critical functions.
Capability - the risk that capability challenges may arise as a result of not fully aligning our Target Operating Model and of failing to attract, develop or retain appropriately skilled colleagues. This challenge may be exacerbated by the systemic constraints we operate within, the markets in which we compete for staff and the funding we have available.	This risk is within appetite. Capability processes have improved, with greater alignment between performance management and the behaviours framework. The Building Brilliant Careers initiative continues to enhance the understanding of skills requirements.
Capacity - the risk that capacity challenges may arise as a result of failing to attract or retain appropriately skilled colleagues or by having systems and or processes that do not enable us to operate at optimum productivity. This challenge may be exacerbated by the systemic constraints we operate within, the markets in which we compete for staff, the funding we have available and our overall attractiveness as an employer.	This risk is now assessed to be within appetite and has not had any adverse impact on delivery, and workforce stability has been maintained. Strategic workforce planning data has improved in quality, and ongoing work through the Building Brilliant Careers initiative continues to enhance our understanding of current and future skills needs.

Principal risk	Current position
Change Delivery - the risk of failing to deliver the prioritised and planned portfolio of activities.	This risk remains outside of appetite. There has been significant progress in establishing the fundamental foundations needed to deliver change well. These include maturing of the Enterprise Portfolio Management Office function, including the governance, standards and frameworks. The timeline for reducing this risk is dependent on embedding actions to strengthen spend control processes and applying lessons learnt from across the change portfolio. Work is ongoing to implement the necessary control improvements required to strengthen change governance, oversight, commercial and spend controls.
Culture - the risk that the Agency's organisational structure, processes, and ways of working may inhibit development of an agile and resilient culture, limiting the organisation's ability to adapt effectively to change and respond to emerging priorities.	This newly identified risk is currently outside of appetite. While progress is being made, further work is needed to strengthen the Agency's adaptability and resilience. Key initiatives underway include establishing requirements for implementation of a new Target Operating Model, investment in leadership development, enhancements to the performance management framework, and the introduction of performance-related pay. These actions are intended to support a more responsive and accountable organisational culture.
Cyber Resilience - risk of a breach of security to gain access to information for the purpose of espionage, extortion or embarrassment leading to business disruption and system failures.	This risk is outside of appetite, driven by the existence of some legacy systems which are currently being managed through interim solutions. Work is ongoing to strengthen our cyber security capability through the Cyber Security Blueprint, aligned with best practice and government IT assurance standards. Retirement of legacy systems is a key dependency in achieving a within appetite risk position.
Data - the risk of data being inaccurate, inaccessible, or unreliable due to inconsistent data management practices within the Agency.	This newly identified risk is outside of appetite due to the current reliance on manual data processes, limited data visibility, and low overall data maturity. In response, the Agency has undertaken a data maturity assessment and initiated a programme of improvements. This includes establishing a data governance framework, data ownership and stewardship, and introducing tools to support data cataloguing and quality measurement. A data literacy programme has also been developed. These initiatives aim to strengthen data management, reduce risk, and enable more effective use of data across the Agency.
Delivery Partners - risk that our delivery partners do not have the capacity, capability or willingness to work with us in delivering housing and regeneration outputs and initiatives.	The risk score is unchanged and remains within appetite. The financial pressures on many of our local authority delivery partners remain significant. The Agency has limited scope to mitigate this risk so the constraints on our delivery partners will make it more challenging for the Agency to achieve its objectives.

Principal risk	Current position
Funding - risk that there is a misalignment between the Agency's capital, resource and admin budgets, and the government's policy objectives.	During 2024/25, the Agency successfully ensured continuing budget cover for key delivery programmes and this risk is now within appetite. This was achieved through close working with the Ministry of Housing, Communities and Local Government (MHCLG) and across Agency directorates. Looking forward, the Agency will need to balance a number of factors. These include setting up large new programmes, co-ordinating with partners to deliver the government's devolution agenda, and implementing new and enhanced operating controls and processes to fit the requirements of a public financial institution.
Macroeconomic Conditions - risk that the Agency has not monitored or is insufficiently prepared and empowered to respond to changing macroeconomic conditions, which affects our ability to achieve strategic objectives, recovery expectations and to prevent customer detriment.	This risk is within appetite; the Agency has made several adjustments in our commissioned programs, which has enhanced our ability to respond to market changes.
Sustainability - risk of the Agency failing to deliver an integrated and effective approach to sustainability, encompassing climate, environmental, social, and economic objectives. This could lead to adverse impacts on people and the natural environment, reputational damage, or failure to meet statutory responsibilities and government targets, including Net Zero by 2050.	This is a new risk and is within appetite. This risk focuses on strengthening the Agency's corporate sustainability to support the delivery of more sustainable homes and places. While driven by compliance with Task Force on Climate-related Financial Disclosures reporting, it also helps align with the Agency's strategic objective for 'Sustainable Homes and Places', government targets, improve climate resilience, enhance the Agency's reputation, and contribute to healthier, more biodiverse living environments.
Third Party Supplier - risk of disruption to operations as a result of reliance on third party suppliers within Help to Buy and other equity loans, leading to an inadequate service delivery and poor customer outcomes.	This is a new risk and is outside of appetite due to ongoing performance and reporting challenges, though improvements are being observed, particularly in customer-facing service delivery. While the nature of the contract with our third party supplier limits direct management of the service, steps are being taken to address these challenges. The Agency is implementing short-term improvements alongside longer-term strategic planning, to strengthen service delivery and manage the risk more effectively.
Value for Money (VfM) - risk that we are unable to demonstrate VfM on public resources invested by the Agency.	This risk is within appetite. The Agency can evidence that VfM risk is being actively mitigated through actions including assessing delivery effectiveness through programme evaluations and VfM assessments for high-value projects, utilising the robust 5-case business model framework. The Agency remains committed to its integrated change programme, which aims to deliver outcomes with clear benefits for more efficient working and risk management.

Financial Risk

Impact of Macroeconomic Uncertainty

Homes England produces quarterly economic forecasts to help manage financial risk. The economic outlook is based on scenarios provided by an independent organisation commissioned by the Agency to produce bespoke housing market forecasts.

There are 3 scenarios included within the forecasts – the baseline (central scenario), an upside and a downside scenario. Each scenario outlines the key macroeconomic risks and uncertainties applicable to the Agency.

These forecasts are based upon information available in mid-March 2025, prior to the 2025 Spring Statement and Office for Budget Responsibility revisions.

Where reference is made to annual movements, these are movements calculated on the average across the whole financial year, with the exception of house prices where the movement in forecasts are based on the final quarter of one financial year to the final quarter of the next financial year. The quarterly position is calculated using an average for that period. The forecasts detail the following:

- **Central scenario**
  The central scenario suggests the economy is likely to maintain a steady trajectory of growth, growing 1.2% in 2025/26. Inflation is expected to be slightly above target in 2025/26 at 2.1% before moving back to the target rate of 2.0% in 2026/27. Due to these short-term inflationary pressures, the expected path for interest rates is likely to be a more gradual easing of monetary policy as the projected bank rate falls from the current rate of 4.5% to 3.2% in 2026/27. The pace of residential transaction growth is forecast to slow from 13.4% in 2024/25 to 5.7% in 2025/26. House prices are expected to grow by 3.6% in 2025/26.

- **Upside scenario**
  The upside scenario assumes sustained public investment leading to stronger labour productivity growth, helping to drive economic growth from 1% in 2024/25 to 2.3% in 2025/26. Due to increased economic investment and demand, inflation is forecast to rise steadily, and although the bank rate continues to fall in this scenario, it is at a slower rate when compared to the central scenario. We forecast year on year growth in residential transactions of 8.7% in 2025/26, reaching 1.23 million transactions. In this scenario, house price growth is forecast to increase from 4.1% in 2024/25 to 4.8% in 2025/26.

- **Downside scenario**
  The downside scenario assumes there is greater uncertainty in global trade and the macroeconomic environment. Under this scenario, we expect this uncertainty to weaken levels of consumer spending and business investment and therefore the economy is forecast to fall into a recession, with growth falling from 1.0% in 2024/25 to minus 1.2% in 2025/26. As the economy moves into recession, inflation is forecast to slow, allowing the bank rate to fall to encourage demand and investment in the economy. The growth in house prices is projected to slow in the short-term, but is forecast to rebound to 2.8% in quarter 4 2026/27 in response to lower borrowing costs. The number of residential transactions is forecast to rise marginally.

These 3 scenarios are applied by Homes England to its portfolio of assets, to assess the financial implications on the portfolio and for the delivery of the Agency's objectives. The valuation of the Agency's assets may be estimated with reference to key market indicators, such as house price growth, economic growth and unemployment.

This is the case for financial assets measured at fair value and land and property assets. Similarly, expected credit loss (ECL) forward looking models for assets held at amortised cost are calculated with reference to these same economic metrics.

Impact on Help to Buy Portfolio

The Help to Buy portfolio is particularly sensitive to market risk from changing house prices. Decreases in house prices lead directly to a reduction in the market valuation of Homes England's home equity loan portfolio. Large falls in house prices could lead to a disproportionately large reduction in the market value due to the Agency's equity ranking behind the mortgage from the primary lender.

Regional and property type concentration exists within the home equity loan portfolio, and divergences in house price between regions are a source of additional market risk (for example, an adjustment to the prices of London flats).

A fall in house prices may also lead to a reduction in the ability of customers to remortgage or to redeem their equity loan share, either due to being constrained by loan to value requirements or the removal of products from the marketplace. This would lead to a slowing in the redemption rate on the equity loan portfolio which, in turn, would result in a higher yearly interest fee income return on the portfolio and interest fee income being generated over a longer time period.

As movements in house prices are directly related to the market value of the Agency's home equity loans, a fall in house prices may result in an increase in customers redeeming to crystallise the lower equity value. However, refinancing options in the marketplace are likely to be limited in this scenario, reducing customers' ability to exit.

The Agency performs a market risk analysis (note 14a) which considers how the valuation of this portfolio would change with movements in house prices and a further sensitivity analysis (note 15) which looks at the key modelling assumptions and illustrates the effect of varying them.

Impact on Recoverable Investment Portfolio

For the recoverable investment portfolio, comprising loans, debt and equity, the main type of security held is land. Falling land values would therefore result in increasing ECL estimates on loans held at amortised cost, although the effect on the ECL would not be material due to the loss floor of 35% being applied to the calculation at 31 March 2025. If land prices were to decrease by 10%, it is estimated that this would result in an increase in the ECL of £0.9 million (see note 15b). Falling house prices, particularly if combined with increasing developer costs, would result in loans becoming less viable, leading to an increased risk of default. This may in turn lead to a further increase in the ECL estimate for loans held at amortised cost.

Falling house prices would likely be combined with falling demand for housing, resulting in delays to delivery on the recoverable investment portfolio, and could impact project viability if sales cannot be recycled into the funding required to maintain project development.

Potential Impact on Asset Valuations from Alternative Economic Scenarios

To aid users of the accounts in understanding the potential risks posed by future macroeconomic uncertainty to the assets managed by the Agency, we have used the scenarios developed by Alma Economics to estimate the impact on the Agency's key asset classes. By applying relevant metrics from these scenarios, we can model the potential impact of ongoing market uncertainty on assets disclosed in the 2024/25 Financial Statements.

Home equity loans (including Help to Buy)

For home equity loans, the principal driver influencing changes to the valuation of assets are house prices. To demonstrate the potential impact on the portfolio of house price changes, the forecast house price movements used to inform the Agency's downside economic scenario have been applied to the valuation. These forecasts predict a reduction in house prices from quarter 4 2024/25 to quarter 4 2025/26, of 0.87%. For the portfolio that exists at 31 March 2025, the estimated effect would be to result in a reduction in the valuation of the portfolio from £15.92 billion to £15.78 billion, a reduction of £0.14 billion.

Loans

For loans measured at amortised cost, the ECL reflects a weighted average of the outcomes which might be expected under each of the 3 scenarios. To model the effect of each scenario individually, we have considered the outputs from each individual scenario ECL calculation.

In addition, we have considered whether the credit risk stages of assets, based on an assessment of Significant Increase in Credit Risk (SICR), might change under each scenario.

We have modelled the impact under each scenario if all assets were moved to stage 2 (indicating a significant increase in credit risk for all assets), with the modelling for the downside scenario producing an increased ECL of £57 million under these assumptions.

	ECL as applied in the Financial Statements (£m)	ECL if SICR stages are adjusted to stage 2 for 100% of portfolio (£m)
Upside scenario	17.3	39.7
Central scenario	20.9	42.6
Downside scenario	35.3	57.0

For loans measured at fair value through profit or loss (FVTPL), the fundamental contractual nature of these loans and primary exposure to variation in returns is comparable with loans measured at amortised cost.

As a result, the ECL percentages estimated for the loans measured at amortised cost are considered to be a suitable measure to estimate loss allowances on loans measured at FVTPL. The valuation of loans measured at FVTPL was £350.5 million at 31 March 2025.

	Estimated ECL on loans measured at FVTPL using ECL percentages applied to loans measured at amortised cost (£m)	Estimated ECL on loans measured at FVTPL using ECL percentages applied to loans measured at amortised cost, assuming all assets move to Stage 2 (£m)
Upside scenario	4.2	9.7
Central scenario	5.1	10.4
Downside scenario	8.6	13.9

Land

The carrying value of the Agency's land and property portfolio at 31 March 2025 is £1,156 million (net realisable value £1,422 million).

Subjecting this value to metrics for upside, central and downside scenarios, shows the land and property portfolio at 31 March 2026 as below:

	Estimated value at 31 March 2026 (£m)	Base value at 31 March 2025 (£m)	Increase / (reduction) since 31 March 2025 (£m)
Upside scenario	1,192	1,156	36
Central scenario	1,183	1,156	27
Downside scenario	1,149	1,156	(7)

Over the next 12 months, the lowest point in each of the 3 scenarios occurs in quarter 4 2025/26 in the downside scenario, as shown in the table above.

Further analysis of the sensitivity of significant valuation modelling assumptions, which include more severe scenarios, has been carried out in note 14 of the Financial Statements. Given current macroeconomic uncertainties, it is possible that key contributing economic factors could have a greater impact than the scenarios presented.

Fiduciary, Economic Crime and Fraud Risk (Financial Crime)

The Agency manages Fiduciary, Economic Crime and Fraud Risk at an operational level and takes a holistic approach to prevent, report and/or mitigate events.

Such risk management, specifically for error and loss or fraud, is managed with the expectation that occurrences of fraud will take place during a fiscal year, given the scale and complexity of our activity.

The Public Sector Fraud Authority (PSFA) sets financial performance metrics for all government departments and arm's-length bodies. In 2024/25 the PFSA set a joint MHCLG and Homes England target of preventing and recovering fraud loss from operational activity of £4.2 million.

Through the effective operation of internal controls, the Agency was able to prevent £2.3 million of fraud. None of the fraudulent activities were individually considered material in the context of the Agency's activities.

The PSFA also set a performance ratio on the amount spent in achieving the prevention and recovery target. In 2024/25 the requirement was to spend no more than one third of the joint £4.2 million MHCLG and Homes England target. To achieve the prevention of fraud to the value of £2.3 million, the Agency spent £0.3 million. This figure is a combination of staff costs, data sources, and system investment.

The Agency is operating within Fiduciary Risk appetite in 2024/25 following significant improvements made in assessing and reporting potential fraud, error or loss in the Help to Buy programme during the past 12 months; mitigating historical due diligence risks in the main.

The Agency has not identified any customer as being a target match within the government's UK financial sanctions regime guidance. The risk of exposure is deemed to be low, as customers (and related parties) are predominately UK-based.

Future Risks

Given the size of Homes England's financial interventions, as well as the extent to which the Agency focuses on activity which is beyond the risk appetite of the private sector, we are always vulnerable to changes in our macroeconomic environment.

These potential future financial risks are monitored on an ongoing basis and regularly reported through our governance.

In addition to these, the Agency is exposed to potential future capability and capacity risks associated with effectively supporting emerging government devolution plans. As decision making authority increasingly shifts to a broader range of local authority entities, the Agency will adapt its culture, ways of working, and decision-making process to enable this changing external landscape.

Homes England will also need to take account of differences in capability and capacity across different local authorities and be able to adapt to the different requirements they each have of the Agency. While some local authorities will require quite advanced forms of support from the Agency, others will need more basic assistance to achieve their housing and regeneration targets. We need to be able to identify and service these differing requirements.

Financial Review

For the financial year 2024/25, Homes England's performance against its budgetary control totals is summarised below:

Financial Performance					2024/25
	Outturn £m	**Budget** (Main) £m	**Budget** (Supplementary) £m	**Variance** (Supplementary to Outturn) £m	**Variance** (Supplementary to Outturn) %
Capital Financial Transactions					
Expenditure	639.8	742.9	653.1	(13.3)	-2.0%
Receipts	(434.0)	(431.1)	(372.9)	(61.1)	16.4%
Net Capital Financial Transactions	**205.8**	**311.8**	**280.2**	**(74.4)**	**-26.6%**
Capital non-Financial Transactions					
Expenditure*	3,567.6	3,450.4	3,624.6	(57.0)	-1.6%
Receipts	(67.4)	(135.2)	(123.0)	55.6	-45.2%
Net Capital non-Financial Transactions	**3,500.2**	**3,315.2**	**3,501.6**	**(1.4)**	**0.0%**
Resource					
Expenditure: Administration**	114.0	116.1	115.6	(1.6)	-1.4%
Programme Resource***	101.1	104.0	104.2	(3.1)	-3.0%
Receipts: Administration	(274.5)	(72.0)	(72.0)	(202.5)	281.3%
Programme Resource	(67.3)	(62.9)	(63.0)	(4.3)	6.8%
Net Resource	**(126.7)**	**85.2**	**84.8**	**(211.5)**	**-249.4%**
Total					
Expenditure	4,422.5	4,413.4	4,497.5	(75.0)	-1.7%
Receipts	(843.2)	(701.2)	(630.9)	(212.3)	33.7%
Net Total	**3,579.3**	**3,712.2**	**3,866.6**	**(287.3)**	**-7.4%**

* Excludes Administration Capital non-Financial Transactions.

** Administration resource expenditure excludes depreciation.

*** Of the £101.1 million of programme resource expenditure, £15 million relates to ring-fenced programmes. The Agency cannot reallocate underspends on these programmes. Expenditure includes irregular spend of £1.4 million on the Evolve Transformation Change Programme. Further detail can be found in the Parliamentary Accountability Disclosures section within this Annual Report and Accounts.

Financial Performance in 2024/25

The Agency agrees its annual budgets with the Ministry of Housing, Communities and Local Government (MHCLG) and HM Treasury at the start of each financial year through the Main Estimates process. Budgets are illustrated gross, showing both expenditure and receipts, but are delegated and managed on a net basis. Any subsequent refinements or changes are made through the Supplementary Estimates process mid-way through the financial year.

Budgets submitted to MHCLG are accompanied by ranges to capture delivery volatility caused by project specific issues and/or by market, or wider economic conditions. Several of the Agency's key programmes generate income as well as incur expenditure.

Programme budgets for 2024/25 were refreshed through the Supplementary Estimate process. MHCLG confirmed the revised budgets in the final quarter of the financial year and formally delegated the revised budgets in March 2025.

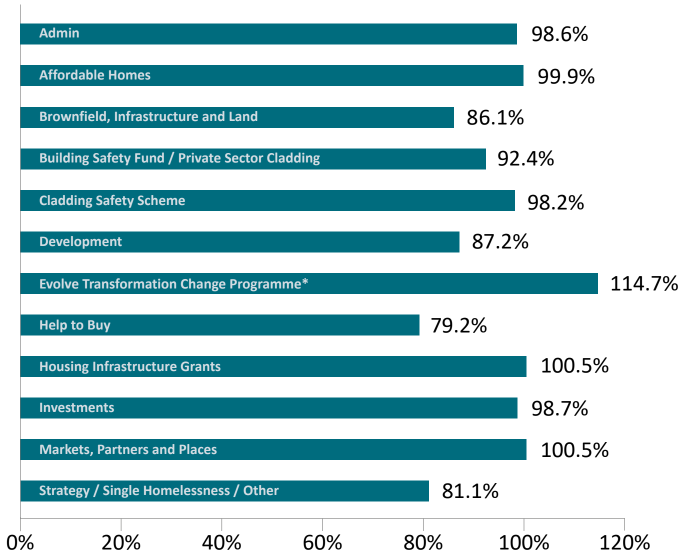
Although the Agency was able to update spend and income budgets at the Supplementary Estimate (based on revised forecasts) it was not possible to adjust the corresponding Key Performance Indicators (KPIs). As a result, performance against the Agency's KPIs is reported against the unadjusted start-of-year Annual Business Plan figures.

The Agency is delegated separate budgets for programmes and administrative costs. Within both programme and administrative budgets, funding is classified as either Capital (CDEL) or Resource (RDEL). Capital budgets are split into two further categories, CDEL Financial Transactions (CDEL-FT) which covers loans and equity and CDEL non- Financial Transactions (CDEL non-FT) which provides funding for grant programmes and land transactions.

In 2024/25 there was an increase in CDEL-FT budgets delegated to Homes England of £422.8 million and an increase in CDEL non-FT budgets of £830.7 million. RDEL refers to the expenditure incurred on day-to-day business activities.

Against revised Supplementary Estimate budgets, the Agency successfully deployed 98.3% (£4.4 billion) of its total delegated expenditure budget. Alongside this the Agency generated 134% (£843.3 million) of its total income budget. A breakdown by programme is set out below:

Chart: Gross expenditure as a percentage of budget



* Includes £1.4 million of irregular spend, described further in the Parliamentary Accountability Disclosures section. The budget shortfall caused by this spend was funded from headroom within the Agency's non-ringfenced RDEL budget.

Overall, most Agency programmes performed well against budget. Key points to note are set out below.

Over £2.4 billion of Affordable Housing grants were awarded in 2024/25, deploying 99.9% of the delegated budget for this programme. During 2024/25 Homes England was allocated additional top-up funding of £200 million for the Affordable Homes Programme. This additional funding recognises Homes England's ability to bring in new projects quickly and to accelerate bids for new social and affordable housing projects.

The Cladding Safety Scheme (CSS) was formally launched in July 2023 following a pilot scheme. It deployed 99% of its CDEL budget in 2024/25. The scheme has managed 581 buildings in the pipeline, making 447 eligible, achieving 111 starts on site and 31 completed works.

Development (land) programmes operate on a net basis (gross expenditure less gross income) across all individual funding types including CDEL Non-FT, CDEL FT and RDEL. The net position is managed within each of the funding types. To support managing the year end position and prevent excess RDEL income being lost from the programme, MHCLG delegated an additional £20 million CDEL Non-FT grant from departmental headroom in 2024/25 to the Land Assembly Fund.

Additionally, in 2024/25 funding flexibilities were utilised to temporarily move budgets between similar programmes to maximise the Agency's delivery and spend within the financial year. This enabled spending on Brownfield, Infrastructure and Land (BIL) National Programme to be held back until 2025/26. Of the £27.2 million BIL National funding offered for redeployment, £22 million was allocated to Development to support the £45 million acquisition of a key strategic site in Warrington and £5.2 million was allocated to BIL London. 2025/26 budgets will be readjusted accordingly to ensure there is no change to the overall lifetime programme budgets for these programmes as a result of these movements.

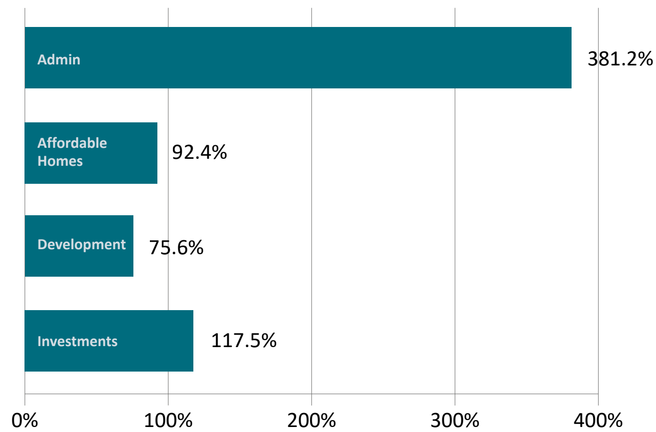
Significant infrastructure grant expenditure was made during 2024/25, totalling £657.7 million. Most of those grants (£637.3 million, 97%) were made through the Housing Infrastructure Fund.

The Agency's Investments programmes deployed 98.7% of their expenditure budget. Slippage on the Home Building Fund - Infrastructure Loans and Home Building Fund - Short Term Fund was mitigated by Levelling Up - Home Building Fund and Home Building Fund - Long Term Fund. 117.5% of the income budget was secured due to an overperformance of receipts, primarily driven by the Levelling Up - Home Building Fund, the Home Building Fund - Short Term Fund and Legacy Programmes. On the Legacy Programmes, a repayment of £38 million was received in relation to sale proceeds for the Notting Hill Housing Trust. This is a historic scheme under the Get Britain Building Fund.

The Markets, Partners and Places directorate spent £21.2 million RDEL in 2024/25 on project development activity. This work supports the development of a robust future pipeline for the Agency's CDEL programmes. The investments have been focused on an agreed set of priority places to support government regeneration objectives.

The Evolve Transformation Change Programme spent £34.3 million in 2024/25 to support system enhancement and transformation. This includes irregular spend of £1.4 million, described further in the Parliamentary Accountability Disclosures section of this Annual Report and Accounts.

Chart: Percentage of gross income target achieved



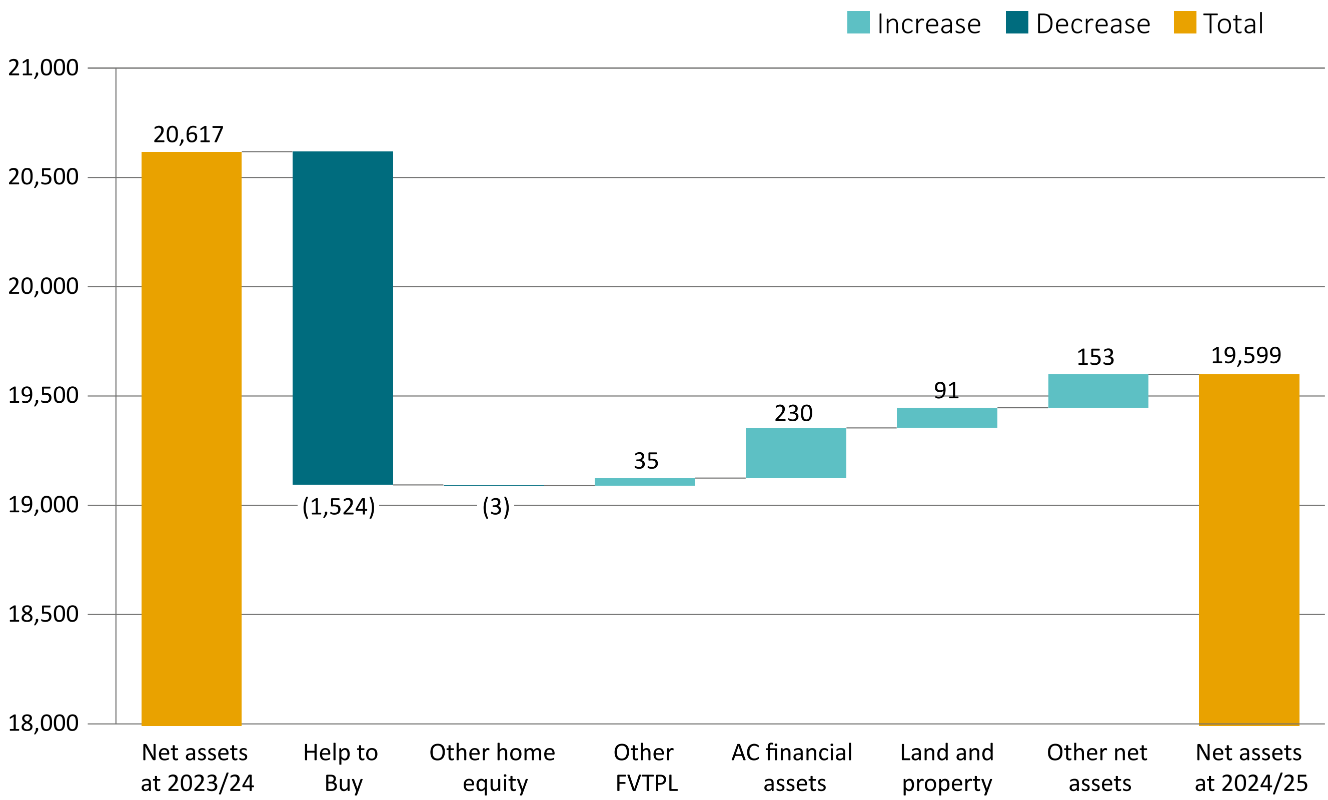
Administration income relates to interest accruing from Agency investments and is used to support operating costs incurred in the day-to-day running of Homes England. The Agency is only able to retain a maximum of £72 million of this income with any surplus returned to central government to support wider government expenditure. In 2024/25 the Agency generated £274.5 million in administration income, considerably more than £72 million it was allowed to retain.

Change of Assets in 2024/25

In 2024/25 the Agency's balance sheet reduced by £1 billion (5%) to £19.6 billion, due largely to a £1.5 billion reduction in Help to Buy assets. This reduction reflects the closure of the programme and redemption of Help to Buy loans.

The reduction was partially offset by an increase across other net assets, including an increase in the fair value of residual Help to Buy loans driven by increases in house prices.

Chart: Change in net assets during 2024/25 (£m)



Changes in Level of Administration Costs

The Agency was initially delegated an Administration budget of £116.1 million in 2024/25, which was revised to £115.6 million through the Supplementary Estimates process. The initial delegation of £116.1 million was £6 million less than the delegated Administration budget in 2023/24. However, an additional £7.2 million was transferred from Administration costs to RDEL Programme activity in 2024/25, so when taking this into account there is a small increase to the 2023/24 spend across payroll and non-payroll costs.

The Agency has spent 98.6% of its 2024/25 administration budget settlement compared to 99.6% in 2023/24.

Loan Portfolio Performance

Since 2012, the Agency has deployed over £5 billion of loans to support the unlocking and acceleration of housing projects across the country. The risk profile of such projects is, by definition, higher than average market risk, and HM Treasury-approved lending programmes assume average capital loss rates of 20%. The Agency-financed development projects will generate a 108% return on this strategy, being earnings of 15% balanced with cumulative capital losses on repaid loans and impairments to date on outstanding loans of 6% (less than 0.5% per annum since 2012). This compares favourably to private sector lending returns; it is materially better than the programme recovery rates and has unlocked over 202,000 homes since 2012. Indeed, the recent Public Bodies Review recommended that the Agency be authorised to take more risk in its loan deployment in order to deliver more impact.

For investment loans which were fully repaid as at 31 March 2025, of the £3.2 billion of funding provided, £3.5 billion has been recovered. Overall, there have been losses, including interest, of £26.5 million on these loans, which represents only 0.8% of the amount of funding provided.

For investment loans which are still outstanding as at 31 March 2025, of the £2.1 billion of funding provided, £0.5 billion has been recovered cumulatively to 31 March 2025. It is expected that a further £1.8 billion will be recovered on outstanding exposures at 31 March 2025 (which excludes receipts from any future interest accruals after the reporting date).

The loan portfolio performance is illustrated in the charts overleaf.

Loan Portfolio Performance Charts

Chart: Performance of investment loans fully repaid at the reporting date

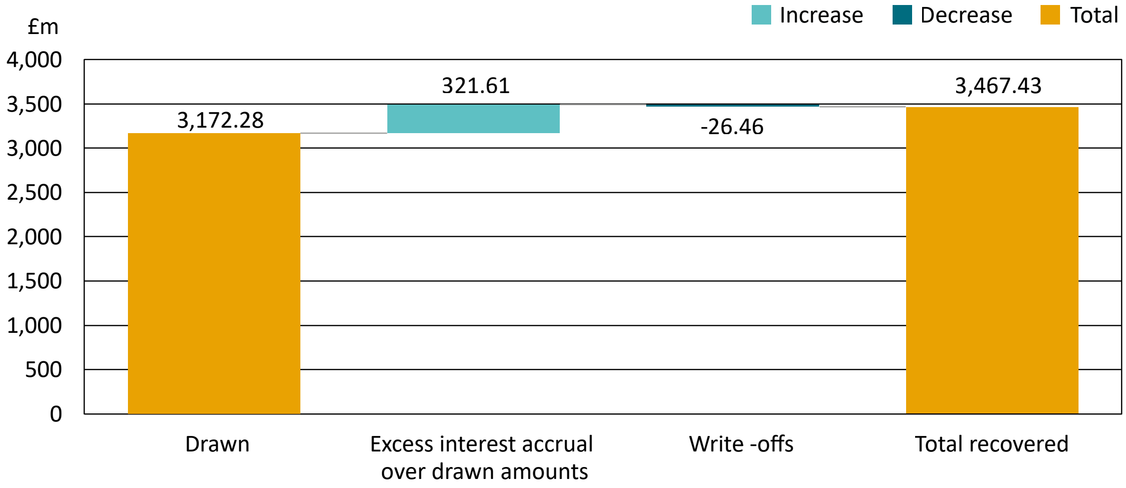


Chart: Investment loans outstanding at the reporting date

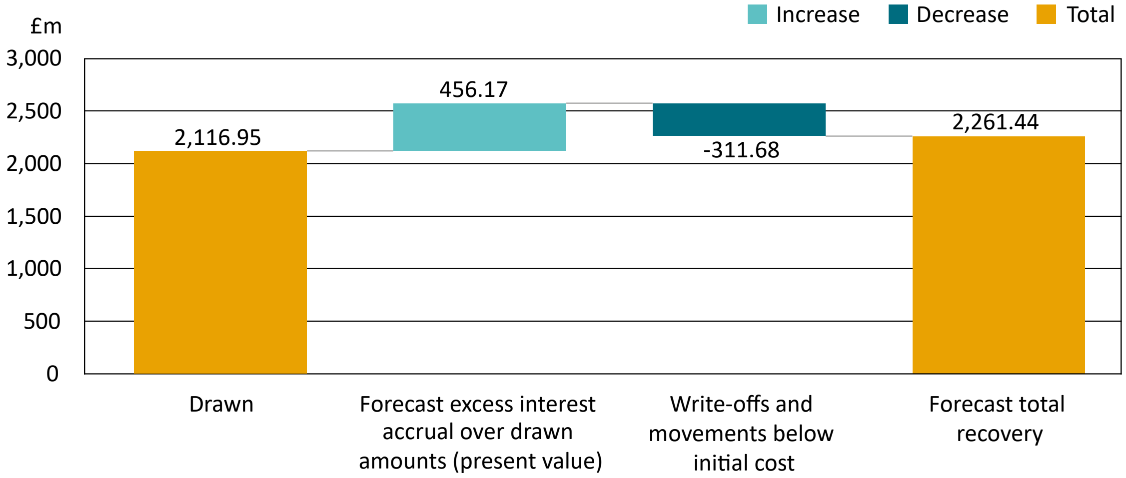
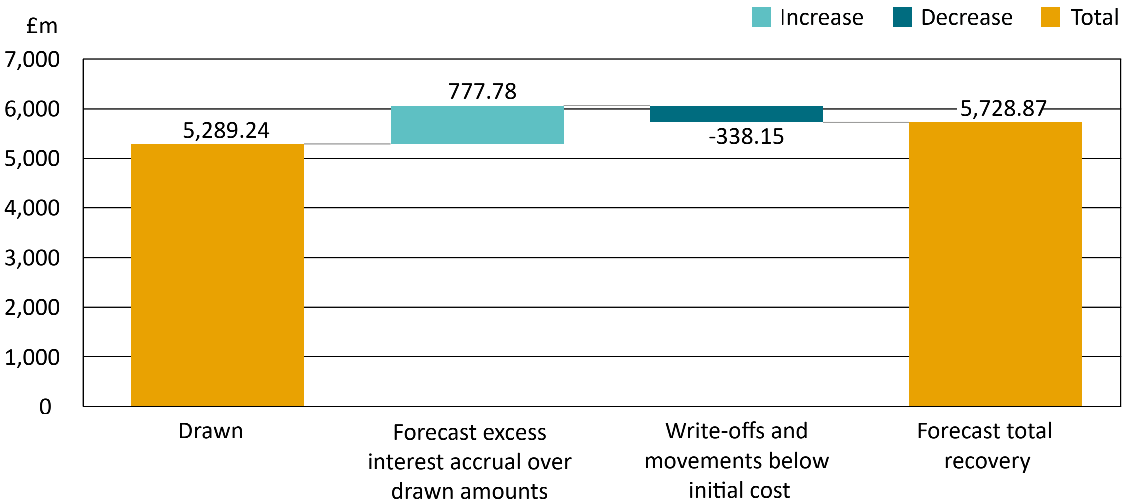


Chart: Combined position for all loans, repaid and outstanding

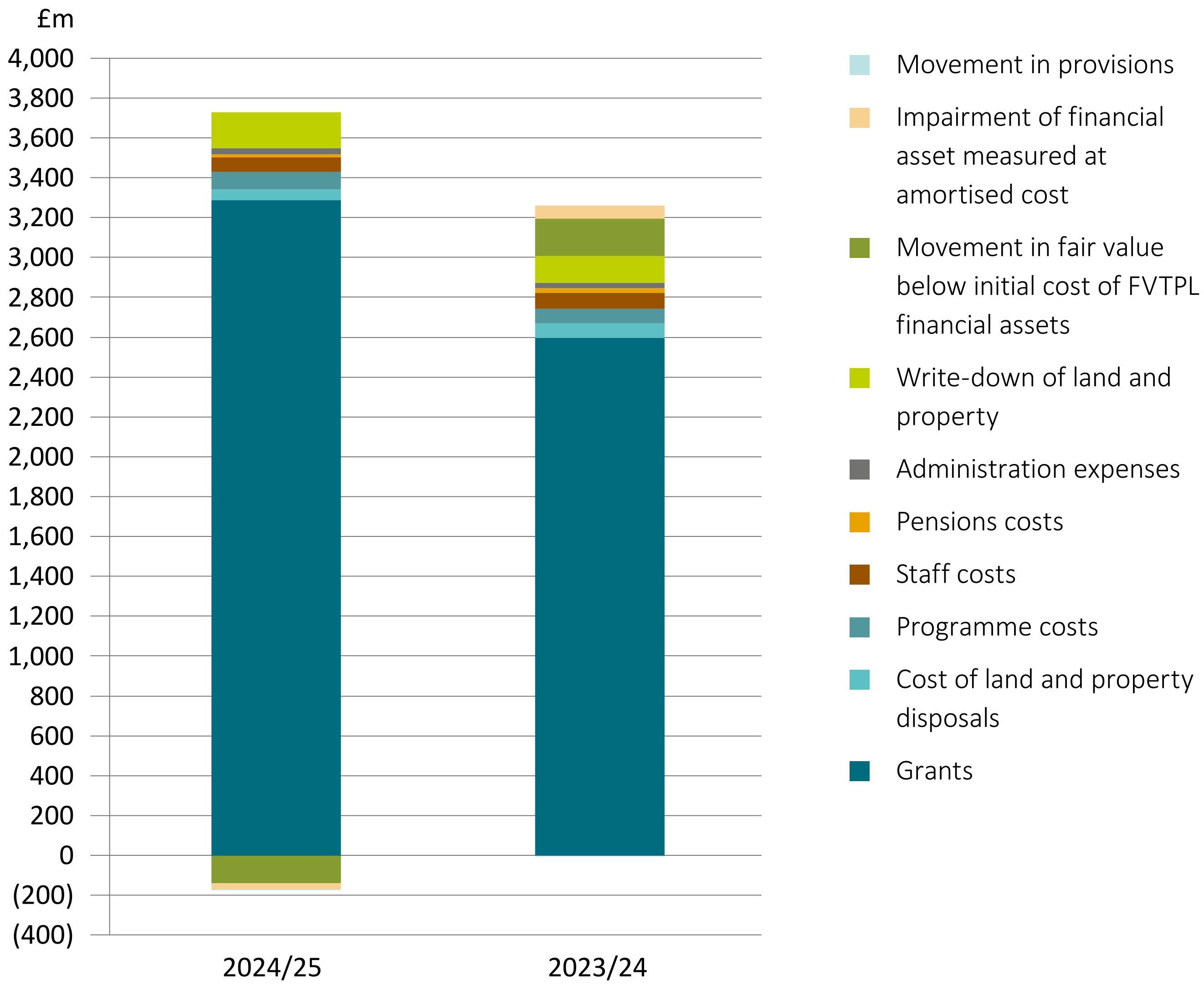


Operating Expenditure

Operating expenditure totalled £3,556 million in 2024/25, an increase of £300 million (9%) from 2023/24. The increase is driven mainly by:

- a £692 million increase in grants payable (from £2,595 million in 2023/24 to £3,286 million) – see note 4 of the Financial Statements
- a £44 million increase in write-downs of land and property assets (from £134 million in 2023/24 to £178 million) – see note 16 of the Financial Statements
- a reduction of £329 million in movements in fair value below initial cost, for financial asset investments held at fair value through profit or loss (FVTPL) and receivables – see note 12f of the Financial Statements
- a reduction of £93 million in impairment of assets measured at amortised cost – see note 12f of the Financial Statements

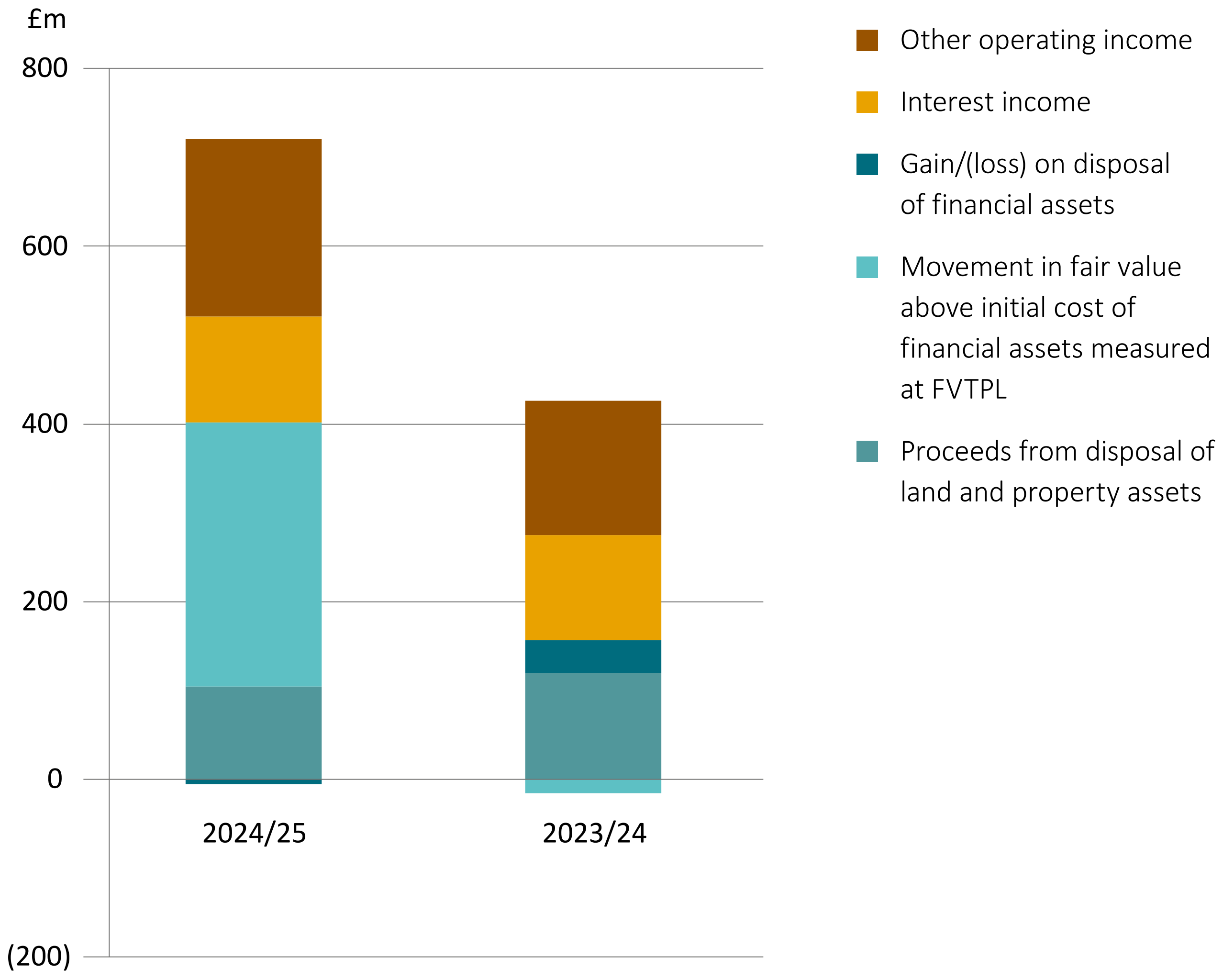
Chart: Analysis of the components of operating expenditure



Operating Income

Operating income totalled £715 million in 2024/25, an increase of £304 million (74%) since 2023/24. This is driven mainly by the impact of house price growth on home equity assets, reflected within movements in fair value above cost on financial assets held at fair value through profit or loss.

Chart: Analysis of the components of operating income



Help to Buy: Equity Loan Repayment Statistics[13]

The table below summarises the number of Help to Buy: Equity Loans issued each financial year and the cumulative repayment of those loans at the end of 2024/25:

		2024/25			2023/24		
Financial year	Number of loans issued	Number of repaid loans	Original cost of loans (£m)	Receipt from repaid loans (£m)	Number of repaid loans	Original cost of loans (£m)	Receipt from repaid loans (£m)
2024/25	**0**	**0**	**0**	**0**	**N/A**	**N/A**	**N/A**
2023/24	124	**2**	**0.2**	**0.2**	1	0.1	0.1
2022/23	26,044	**679**	**41.7**	**41.3**	112	6.0	6.1
2021/22	32,697	**2,671**	**150.3**	**159.1**	1,089	58.9	62.2
2020/21	55,617	**9,867**	**625.9**	**679.8**	5,386	359.9	359.1
2019/20	51,472	**20,825**	**1,319.7**	**1,446.2**	10,153	663.1	686.0
2018/19	52,454	**25,950**	**1,614.7**	**1,753.7**	21,694	1,344.6	1,436.3
2017/18	47,949	**30,231**	**1,848.0**	**1,987.5**	27,830	1,685.9	1,799.6
2016/17	39,964	**28,054**	**1,570.3**	**1,695.1**	26,649	1,484.7	1,585.0
2015/16	33,755	**25,321**	**1,188.6**	**1,336.9**	24,462	1,150.1	1,281.4
2014/15	27,793	**22,139**	**964.5**	**1,118.7**	21,553	941.9	1,081.8
2013/14	19,407	**15,698**	**641.2**	**769.8**	15,346	631.3	747.1
All years	387,276	**181,437**	**9,965.1**	**10,988.3**	154,275	8,326.5	9,044.7

The repayment statistics show that between April 2013 and March 2025 a total of 387,276 households bought homes with a Help to Buy: Equity Loan. By March 2025, a total of 181,437 households (46.8%) had repaid their loan. The repayment statistics also show that Homes England received £10,988 million from these 181,437 households, when the original cost of the loans was £9,965 million. The realised gain on disposal of £1,023 million reflects the Agency's share of increases in the value of homes between the time the loan was issued and repaid.

[13] In order to report as up to date information as possible, and in the public interest, data within this table is based upon management and other information available within Homes England, updated as further information becomes available.

Simon and Marylia from Milton Keynes had spent ten years living with his parents before their dream of owning their own home finally become a reality – thanks to Help to Buy
Image credit: Homes England

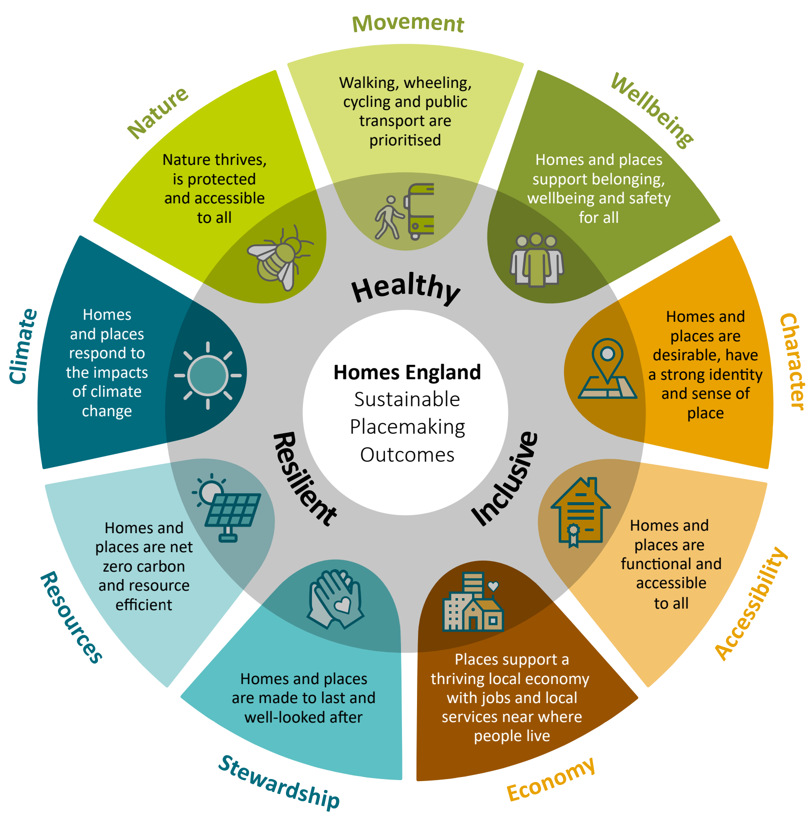
Sustainability Report

Sustainable placemaking is central to Homes England's mission to increase the supply of quality homes, improve affordability and help create stronger, more vibrant communities and places.

Our strategic plan, which was launched in 2023, set out our strategic objectives, all of which touch on the environmental, social or economic pillars of sustainability in some way. This plan includes objectives such as 'promote the creation of high-quality homes in well-designed places that reflect community priorities by taking an inclusive and long-term approach' and 'enable sustainable homes and places, maximising their positive contribution to the natural environment and minimising their environmental impact'.

As we look to revise our strategic plan, the importance of delivering increased housing supply and high-quality, well-designed and sustainable homes with the infrastructure that communities need to thrive was also conveyed to us in a letter from the Minister of State for Housing and Planning in September 2024.

Over the past year we have continued to promote a series of 'sustainability outcomes' that aim to put sustainability and good design at the heart of everything we deliver. These outcomes enable us to work with our partners to ensure the homes and places we enable are healthy, inclusive and resilient and, through doing this, achieve social value. We take an outcomes-led approach because we believe that sustainability and good design cannot be achieved in isolation, and that well-designed places can achieve multiple outcomes.



This Sustainability Report shows our progress in integrating sustainability and good design into Homes England's work. It sets out how sustainability is starting to be embedded in our working culture, and how people and communities are central to everything we do. It then shows progress against our themes of 'healthy', 'resilient' and 'inclusive'. As an arms-length public body, we also report against a series of metrics under the Greening Government Commitments (GGCs), which are summarised toward the end of this Sustainability Report.

Embedding Sustainability

This section includes our governance and business processes around sustainability as well as how we are embedding sustainability in our organisational culture.

People and Communities

This section includes how people are central to sustainable development and how Homes England supports social value.

Sustainability Outcomes

Our sustainability work is outcome focused. This section shows some of the highlights of this outcome focused work, grouped in terms of resilient, healthy and inclusive outcomes.

The Greening Government Commitments

This section includes our key sustainability metrics set by government and how we perform against them.

Much of our work on sustainability links strongly to the United Nations Sustainable Development Goals (SDGs). We show where our outcomes link to SDGs in the sustainable placemaking outcomes sections.

Embedding Sustainability

In our 2023/24 Sustainability Report we reported on how we had introduced our 'Living Sustainably' statement of intent and were reporting against a new suite of Key Performance Indicators (KPIs) that supported our strategic plan and monitored sustainability delivery. During 2024/25 we have continued to embed sustainability in our governance and business systems.

Leadership

The Corporate Governance section of this Annual Report and Accounts shows our governance structure and also describes how committees have operated over the year. It also describes our senior management structure.

The Cross Cutting Committee focuses on sustainability and design and is tasked with:

- promoting high-quality homes in well-designed places that reflect community priorities
- increasing Homes England's focus on enabling sustainable homes and places, maximising their positive contribution to the natural environment, and minimising their environmental impact

The Cross Cutting Committee continued to review our approach to Living Sustainably, undertaking regular reviews and supporting take-up across the Agency, wherever practicable and aligned to Agency objectives.

Our Executive Leadership Team have also played an important role in advancing sustainability over the course of the year. Examples of work during 2024/25 include:

- endorsing the use of our new Sustainable Placemaking Passport
- approving Sustainability as an Agency principal risk
- embedding sustainability into our business processes

In 2024/25 we ran several pilots, across a variety of projects, to test our new Sustainable Placemaking Passport Tool. The Passport enables us and partners to consider, record and monitor a project's response to each of the sustainability outcomes.

The Passport allows projects to define a vision for the place and community, including sustainability and design ambition. It then charts the opportunities, challenges and actions to be undertaken to achieve the vision and each of the sustainable placemaking outcomes. In summary, this tool is a check on progress towards sustainable placemaking at each project gateway stage, through to project delivery and monitoring.

The Passport will be introduced in phases over the coming year.

In support of the Sustainable Placemaking Passport, the Sustainability and Design Team has been developing technical guidance on a range of topics. This guidance is described further in the Sustainable Placemaking Outcomes section of this Sustainability Report.

We also have several established mechanisms to drive change, including:

Dedicated in-house technical experts: who provide advice on sustainability policy areas and keep our suite of policies, procedures and guidance up to date.

Our Design Surgery process: reviews and provides advice to projects to maximise design quality.

Building for a Healthy Life (BHL) reviews: our accredited BHL assessors measure a sample of projects for their performance against BHL.

Transparency

The work we do is monitored via a series of KPIs. Homes England's Board receives and reviews monthly performance information, scored against corporate targets. Several of these KPIs relate directly to sustainability and design, including

KPI 12, KPI 13, KPI 14, and KPI 15. Additionally, KPI 1, KPI 5, and KPI 10 are closely related to sustainability.

Further detail, including performance against the metrics, is included in the Detailed Performance Review section of the Annual Report and Accounts.

As well as the KPIs that monitor the delivery of our strategic plan, we also monitor a series of sustainability metrics through the GGCs. Performance information on GGCs is contained within the Greening Government Commitments part of this Sustainability Report.

Culture

Everybody within Homes England plays a role in our sustainable placemaking story. That's why it is important that we seek to include sustainability within our organisational culture, and our way of working.

An internal sustainability communications team regularly discusses opportunities to raise the profile of sustainability in the organisation.

We regularly communicate with our staff by publishing internal information on sustainability topics. This includes via our internal intranet where we have a 'Living Sustainably' channel, where topics as diverse as sustainable transport, water efficiency and carbon emissions reduction, are promoted and discussed. We have also published longer blogs and presented topics at staff briefings.

As members of the Supply Chain Sustainability School, we and our suppliers have access to training and seminars on a range of topics, from social value to sustainable procurement. We also engage with a number of sector-wide forums, such as the UK Green Building Council, the Future Homes Hub and act as observers to housing sector meetings with the Chartered Institution of Building Services Engineers (CIBSE).

People and Communities

At Homes England we believe that people and communities are central to the achievement of sustainable placemaking. This includes the communities that we work with as we engage in placemaking and the social value created through this work.

For us, social value is about understanding, capturing and measuring the social, environmental and economic impact of our interventions on the wellbeing of society.

We do this by maximising the net impact on the wellbeing of the communities we serve through our interventions, partners and employees.

Our community engagement team has developed an approach to understanding, embedding and delivering locally relevant social value early on and throughout our processes. This ensures that our projects generate many more locally relevant outcomes at no additional project cost or time.

We have begun to consistently capture the delivery of locally relevant social value across all projects via our Social Impact form. These provide us with examples of how Homes England, via its partners and consultants, is directly impacting people's lives.

This year, the community engagement team has provided direct support to projects in Sussex, West Yorkshire and Nottingham and has also completed place-based indicator exercises in Birmingham, Northstowe, Grimsby and Manchester.

We continue to embed social value in new ways and into additional programmes. Our first ever Social Value Statement to support a planning application was submitted in December 2024. This states the locally relevant social value that will be delivered should the application receive approval. Additionally, our approach to community engagement and social value has been embedded into the Bradford City Village project being taken forward through the English Cities Fund (ECF) portfolio. We aim to do more ECF projects in 2025/26.

In 2023/24, we reported on research on social value. In 2024/25, we published 2 further reports in our Measuring Social Value series. These included a report on measuring the wellbeing and fiscal impacts of housing for older people.

This focused on the measurement of the wellbeing impacts associated with the provision of homes specifically designed to meet the needs of older people. It also looked for evidence of fiscal savings that may be generated by providing these types of homes.

We also published guidance on the environmental impact of new housing development within this series. This guidance and the associated tools allow analysts to bring a range of environmental impacts associated with changes to land use, the construction of homes and the occupation of those homes into the economic appraisal process.

Image credit: Marc Mann

At Northstowe, we have supported a series of community events and interventions to help build a sense of community. For example, we launched a £120,000 Northstowe Community Action Fund (CAF) and appointed a community development officer.

Our Sustainable Placemaking Outcomes

Resilient Outcomes

In an ever-changing world, it is important that the work we carry out is resilient to changes. Our resilient outcomes encompass climate, resources and stewardship outcomes.

Climate

Calendar year 2024 was the warmest year on record globally, and the first year that the average global temperature was more than 1.5 degrees above the pre-industrial level[14]. At the time of writing, 2024 was provisionally the fourth warmest year on record for the UK[15]. England also had its eighth wettest year, and several storms, such as Storms Bert and Darragh brought strong winds and flooding[16].

Climate resilience has been a key focus over the last year. Following this Sustainability Report we include our Phase 2 Task Force on Climate-related Financial Disclosures (TCFD) Report. This includes a series of disclosures on our governance around climate-related issues, our risk management and our metrics and targets. A key area of work within this has been the articulation of Sustainability as a new Agency principal risk. This is further described in the TCFD Report.

In addition to this, we held several workshops to raise awareness with project teams and risk colleagues to explore how climate impacts the Agency's work. This has enabled the drafting of internal climate change guidance, that we will further develop in the coming year.

[14] https://climate.copernicus.eu/copernicus-2024-first-year-exceed-15degc-above-pre-industrial-level#:~:text=2024%20is%20confirmed%20by%20the,above%20its%20pre%2Dindustrial%20level

[15] https://www.metoffice.gov.uk/about-us/news-and-media/media-centre/weather-and-climate-news/2025/2024-provisionally-the-fourth-warmest-year-on-record-for-the-uk

[16] https://www.metoffice.gov.uk/about-us/news-and-media/media-centre/weather-and-climate-news/2025/2024-provisionally-the-fourth-warmest-year-on-record-for-the-uk

Many of our existing tools also help us to embed climate resilience in projects. For example, the Building for a Healthy Life guidance we apply to our projects checks for natural connections and green and blue infrastructure: important pillars in addressing climate effects such as urban warming and flood resilience.

Image credit: Homes England

A good example of SuDs (sustainable drainage) combined with leisure at Kirkleatham, Redcar.

One example of how we are addressing climate impacts is through ECF, our placemaking partnership with Legal & General and Muse Places Limited that helps deliver long-term sustainable regeneration. This mechanism has supported grant funding for sustainable and affordable apartments in Salford, as part of the first phase of Adelphi Village, part of the Crescent Salford Masterplan.

These homes will meet the Passivhaus Classic certification, are highly efficient, and provide resilience against overheating. Elsewhere, the ECF is supporting partnership working with Hull City Council by combining land holdings to enable development masterplanning, development and construction of the East Bank Urban Village.

Announced in February 2025, the long-term partnership will deliver 850 new homes alongside the delivery of critical infrastructure such as flood defences.

As part of the GGCs there are requirements to develop an organisational climate change adaptation strategy across estates and operations, including conducting climate change risk assessments to better understand any likely risks. Identified risks and mitigation should be captured in a climate change adaptation action plan.

To meet these requirements, we developed a methodology for conducting a climate change assessment at project and site level. This methodology has been trialled at 3 of our supported sites and tested through workshops. Further work in the coming year will further develop the approach.

Resources

Responsible use of resources is also an important part of our resilience story. Creating homes and places inevitably consumes resources to prepare land, build roads and other infrastructure, and construct the houses themselves. Although Homes England doesn’t directly build houses, through our land acquisitions, funding and loans we support the house building sector. All of this involves resources such as construction materials, water resources and energy, with by-products which include greenhouse gases and waste. We are exploring how to encourage less resource-intensive and lower-carbon ways of delivering the work that we undertake and enable.

Schroders Capital's Real Estate Impact Fund

Homes England has invested £50 million in Schroders Capital's Real Estate Impact Fund. The fund aims to ensure its investments are made in accessible and resilient locations, with access to green space, public transport, schools and GPs.

The fund is only the second real estate fund in the UK to receive approval from the Financial Conduct Authority to use the 'Sustainability Impact' label under Sustainability Disclosure Requirements.

Carbon Emissions

In 2024/25 we updated our carbon inventory. This shows our Scope 1, 2 and 3 greenhouse gas emissions aligned to the Greenhouse Gas Protocol (see the Greening Government Commitments part of this report for an explanation of the carbon scopes). This means we monitor the direct emissions from Homes England, including our fuel use in offices, our indirect emissions, like electricity use, and wider indirect emissions such as business travel, waste and the carbon generated through our investments. We estimate that 99% of the greenhouse gas emissions come from indirect Scope 3 sources. Our Scope 1, 2 and 3 emissions are detailed in the Greening Government Commitments section.

To help manage down carbon emissions we have explored opportunities for carbon reduction across all 3 carbon scopes as part of our emerging carbon reduction plan. This work will continue in the coming year as we seek to minimise the carbon emissions footprint of our work.

Alongside this, we have developed a suite of internal guidance documents and case studies on carbon-related topics that will help inform projects going forward. We will roll out this guidance in the coming year.

Advances in housing construction can also deliver sustainability benefits. As part of our commitment to promoting innovation in the sector and ascertaining the impact of regulatory change, we have been trialling building houses to the Future Homes Standard, ahead of regulation. The Future Homes Standard aims to reduce the carbon in new homes by improving energy efficiency and improving heating and hot water systems. It will update future building regulations. Working closely with the Future Homes Hub, government departments, housebuilders, industry bodies and academics, a body of research findings is being built up, including post-occupancy data to further inform and enhance knowledge of these important changes.

Modern ways of manufacturing building elements can also be more efficient and save on waste. For example, we commission research on Modern Methods of Construction (MMC) and are currently carrying out a monitoring and measuring research study on the impact of MMC on the delivery of homes. The overall aim of the study is to provide impartial evidence and an objective assessment of the outcomes achieved by embracing the use of more advanced MMC technologies in respect of housing delivery. The study is reviewing the overall performance of MMC housing units by closely monitoring the different construction technologies.

Environmental Management

At an organisational level, we have completed a review of our Health, Safety and Environmental Management System against best practice environmental standards, to ensure that we have appropriate processes in place to reduce the environmental impacts of our activities and continue to improve our ways of working. Following this review, we will be working to align our system against the requirements of international standard ISO 14001 in 2025/26.

Wildlife Licensing

We have updated our procedures and guidance for obtaining wildlife mitigation licences. This has included providing in-house training and awareness raising on compliance with licence requirements, and best practice in managing licensable works.

Stewardship

Stewardship is about making sure that the homes and places that we enable are made to last and well looked after. We need to think about how to create great places to live in the long-term and not just when communities first occupy homes. We recognise the role of stewardship to be integral not only to the maintenance of assets in the long-term, but as a vital placemaking tool to support and encourage activities which help create a vibrant community and leave a lasting legacy. At the same time, it is important to ensure that stewardship of assets and communities of all sizes are financially accountable and sustainable, have effective and democratic governance and support community and social value.

We are currently developing internal guidance to increase understanding of long-term stewardship and better integrate consideration of it in the project delivery lifecycle. We will continue to update this guidance in response to emerging policy.

Working towards resilient outcomes links to the following **UN Sustainable Development Goals**

Healthy Outcomes

Our healthy outcomes encompass nature, movement and wellbeing. We know that a high-quality, safe and attractive environment that allows opportunities for active travel and recreation is a key step in ensuring our places support healthy communities.

Nature

Our defined outcome for nature is that nature thrives, is protected and accessible to all. Nature and green infrastructure are a core part of the BHL guidance that we promote and monitor our supported schemes on. We want to create places that are well integrated into the site and their wider natural and built surroundings. We want site plans to look beyond the site boundary.

Through the Biodiversity Duty (Environment Act 2021) and in line with the requirements of the GGCs, we recognise that protecting and enhancing nature is critical. In 2024/25 we worked to develop our Nature Positive Plan, which will set out our ambition to embed opportunities to reduce our impact on nature throughout our interventions and activities. Nature Positive refers to actions that halt and reverse nature loss by 2030.

In early 2025, we made a start on our first goal of 'Understanding our nature related issues and impacts' by conducting a nature materiality assessment. This has helped us identify the most important nature-related issues for the Agency and its supply chain to prioritise. These material issues range from reducing air, soil and water pollution to addressing invasive species. With these material impacts and issues defined, we will now work towards addressing these through our internal review processes.

Biodiversity Net Gain

Biodiversity is the variety of life. England has a variety of important habitats and supports a good range of wildlife, but this, and the wider benefits that biodiversity provides, are under threat from unsustainable development. So, it is important that, as we deliver homes and places, we look at ways we can enhance biodiversity.

Our KPI on biodiversity is KPI 14, which is the ‘rolling average percentage biodiversity net gain planned on supported schemes’. In 2024/25, this was not reported as the number of projects in scope of the KPI were too few to produce a statistically meaningful average. In 2025/26, we anticipate the progression of sufficient schemes to commence reporting against this KPI.

Biodiversity net gain (BNG) ensures that habitats for wildlife are left in a measurably better state than they were before the development. This is achieved when developers create, or retain and enhance, habitats to benefit wildlife. This can be achieved on the development site, or where that is not possible, on another site nearby. Currently, new schemes must plan for a net gain of at least 10%.

Nutrient Neutrality

We have schemes in areas affected by nutrient neutrality, which means we must bring forward development in a way that avoids net input of nutrients to sensitive habitat sites. As well as working to resolve such issues to achieve sustainable solutions, we ran nutrient neutrality sessions with key internal teams to build awareness and look at potential future improvements to ways of working.

Movement

Our movement outcome is ‘walking, wheeling, cycling and public transport are prioritised’.

In late 2024 the government updated the National Planning Policy Framework to include that transport issues should be considered from the earliest stages of plan-making and development proposals, using a vision led transport planning approach to identifying transport solutions that deliver well-designed, sustainable and popular places.

The approach to vision led transport is still developing. However, we have been investigating some key characteristics of successful approaches with our partners, such as:

- integration of, and an emphasis on, sustainable and active travel investments
- aligned spatial planning and design of sites
- digital connectivity and smart place initiatives

Taking a vison led approach can help enable local and sustainable placemaking, living and working. Over the last year we have been working to develop our internal guidance on the approach.

We are also exploring the application of the vision led transport planning approach to several of our sites, working with partners and strategic stakeholders.

For example, the planning approval for the Homes England promoted site at Pickerings Farm, Penwortham, Preston has included a vision led transport planning based transport strategy for the site.

Alongside our vision led transport planning approach work, we have been looking at some of the things that make transport work in new housing schemes. For example, we are currently updating an earlier guidance document called ‘Parking: what works where’ to bring this in line with planning practice.

Walking, cycling and public transport are key components of the integrated neighbourhood theme of BHL.

Image credit: Homes England

This canal side path was installed to encourage active travel at the Tower Works project, integrating well with the City of Leeds.

Wellbeing

Our wellbeing outcome means that homes and places support belonging, wellbeing and safety for all.

Analysis by the research organization TRUUD (Tackling Root Causes Upstream of Unhealthy Urban Development) shows that urban environments impact over 70 health outcomes, through over 200 pathways. These impacts include cardiorespiratory diseases, infectious diseases, injuries, allergies and mental health conditions. It is therefore important that as we deliver sustainable placemaking we consider health and wellbeing[17].

A huge variety of things support wellbeing, not least the sustainable interventions we mention in this Sustainability Report. We also apply BHL on our supported schemes. This includes prompts to consider sport and leisure provision, street design that allows users to use the street confidently and safely, and a series of distinctive place objectives.

Working towards healthy outcomes links to the following **UN Sustainable Development Goals**

Inclusive Outcomes

Our inclusive outcomes encompass the themes of economy, character and accessibility. As we contribute to building new homes across the country, there is an enormous opportunity to improve places. This can be through supporting jobs and local services, opening up new public realm or enhancing local character and bringing a real sense of place. There are benefits for all, from homeowners to existing communities and for business.

Economy

We aim to achieve places that support a thriving local economy with jobs and local services near where people live.

Many of our schemes are bringing real economic benefits to communities. For example, some of the sites we support bring a mix of housing and commercial space to an area. Tower Works, Leeds, for example, won Residential Development of the Year at the Inside Media Yorkshire Property Awards in 2024. The build for rent development is situated within Leeds Holbeck Urban Regeneration Area and includes new commercial units around a characterful courtyard. The site sensitively

[17] Eaton, E (2023). Economic valuation of the societal cost of non-communicable disease related to urban housing developments in the UK. Thesis (PhD). University of Bath. URL: https://researchportal.bath.ac.uk/en/studentTheses/economic-valuation-of-the-societal-cost-of-non-communicable-disea

regenerates a long neglected industrial site bringing high-quality public realm and new public routes through the area. One of our predecessor organisations, Yorkshire Forward, acquired the site in 2005 to ensure that this key gateway site, linking Holbeck to the centre of Leeds, was developed to a high-quality in order to set the standard for the rest of the urban village. The site was then marketed through a comprehensive tendering exercise with funding for the private rented sector from Legal & General.

While we are monitored against KPIs such as 'employment floorspace completed' and 'number of jobs created' we also work to bring about a broader range of impacts on local economies. For example, internal case studies of Homes England projects have shown that at a local level, benefits can include increased local spend in the economy[18].

Public-private partnership delivers homes and social value

Pension Insurance Corporation plc, Muse Places Limited, and Homes England have formed a £54 million joint venture, named Habiko. This partnership aims to bring forward 3,000 low-carbon, low-energy affordable homes for rent, and diversify the supply chain for future efficient housing developments. It will unlock institutional investment and become self-funding over its 12-year lifespan.

The developments aim to create social value for communities, including boosting the local economy through job creation and new skills to drive green innovation.

Character

Our aim for character is that 'homes and places are desirable, have a strong identity and sense of place'.

We carry out regular reviews of a sample of sites against BHL, including the 'distinctive places theme'. This review process checks how well developments have implemented the guidance. In 2024/25 we noted a number of good examples of how this theme had been implemented, across the criteria of 'making the most of what's there', 'a memorable character', 'well defined streets and places' and 'easy to find your way around'.

The Housing Design Awards (HDAs), created by government in 1948, are in their 77th year of finding and promoting the best new housing schemes. The judging process, led by the Ministry of Housing, Communities and Local Government (MHCLG) is also supported by Homes England, the Greater London Authority, the Home Builders Federation and the National House Building Council, together with the Royal Town Planning Institute, the Royal Institute of British Architects, the Royal Institution of Chartered Surveyors and the Future Homes Hub. Homes England supports the HDAs because their focus is on sharing best practice and learning from the best schemes every year. In 2024, the awards were presented by our Chief Executive, Chief Property Officer and the Housing Minister. Of the 14 awards given, 3 were won by schemes that had received support from the Agency.

The next awards will be given in Autumn 2025 after visiting the shortlisted schemes. This includes 7 which have had support from Homes England.

[18] https://www.gov.uk/government/publications/measuring-the-placemaking-impacts-of-housing-led-regeneration

Image credit: Homes England

Our Building for a Healthy Life reviews included assessments of memorable character, like here at Houghton Grange, St. Ives, Cambridgeshire where existing mature trees add their distinctiveness to the place.

Accessibility

Our Accessibility Outcome is defined as: Homes and places are functional and accessible to all.

This includes ensuring affordable homes are available through initiatives such as our Affordable Homes Programme and through other key initiatives, such as through increasing access to sites for affordable housing providers.

In fact, our Affordable Homes Programme has included schemes that not only increase accessibility, but contribute to broader sustainability and innovative design and construction as well. For example, one project, Sydney Grange in Failsworth, Greater Manchester, provides energy efficient over-60s retirement homes on a shared ownership basis. These have been built with MMC using a factory manufactured prefabricated panelised system which was assembled on site, enabling faster high-quality construction.

Another site, Oldland Common in South Gloucestershire created small-scale social rent supported housing for residents with learning disabilities or autism. This was supported through joint funding by Homes England, via the Affordable Homes Programme, and the NHS, through their Transforming Care Programme. The scheme incorporates energy efficient features and sustainable building materials as well as green roofs and sensory gardens.

BHL aims to ensure that our developments provide a range of homes that meet local community needs. This includes providing a mix of housing types and tenures that suit the needs of the local community.

Our guidance promotes developments that offer people access to private outdoor space, which is important for people's mental health and wellbeing, and we encourage best practice in terms of maximising the opportunities offered by supported accommodation.

One example of how we are working towards greater accessibility is at Northstowe. Here, we are working in partnership with TOWN, a profit-with-purpose developer that focuses on quality of life and sustainability. The plan is for a development comprising co-housing alongside a mix of homes for private sale and affordable housing. It will include a low / zero-traffic play street, allowing children to play safely, and allowing the community to socialise.

Working towards inclusive outcomes links to the following **UN Sustainable Development Goals**

The Greening Government Commitments

The Greening Government Commitments (GGCs) set out the actions to be taken by the UK government departments and partner organisations like Homes England to reduce their impact on the environment.

Our commentary on progress with our Nature Positive Plan and climate adaptation strategies is discussed in our sections on Nature and Climate in this Sustainability Report. Our performance against some key targets on greenhouse gas emissions, waste, water, procurement and information technology are discussed in this section of the report. Metrics that are material to our TCFD disclosure are marked with an asterisk (*).

Operational Footprint

As part of the ongoing strategy to consolidate government operations into joint hubs, we relocated staff from 2 of our offices this year into local government hubs. This included moving our London-based staff to the hub at South Colonnade in Canary Wharf and our Coventry-based staff to the Bridge Street, Birmingham hub operated by HMRC.

Consequently, the previously reported emissions for our activities in Coventry are now captured in joint reporting by HMRC for the Birmingham office, while the figures reported below include records for the new London office.

Scope of Greenhouse Gas Emissions under the Greening Government Commitments

- **Scope 1.** These emissions occur from sources owned or controlled by the organisation. They include all direct emissions from leased vehicles in the Homes England fleet and direct emissions from gas used in heating our offices.
- **Scope 2.** These emissions result from energy consumed which is supplied by another party. They comprise indirect emissions from energy use (electricity, heating and cooling, including transmission losses) in our managed offices.
- **Scope 3.** These relate to official business travel directly paid for by an organisation under GGC. They comprise those from business travel by public transport (domestic flights, rail, underground, taxi, bus) or in privately owned staff vehicles.

Greenhouse gas emissions

Total emissions target 47% reduction

We achieved

38% reduction▲

Scope 1 emissions Target 25% reduction

We achieved

67% reduction▲

Waste management

Target overall 15% waste reduction

We recorded

6.6% increase▲

Water consumption

Target 8% reduction

We achieved

38% reduction▲

▲ As measured against a 2017/18 baseline.

Image credit: Adobe Stock

The following table presents supporting financial information associated with GGC performance metrics described in this Sustainability Report:

Financial Spend	2017/18 (Baseline)	2020/21	2021/22	2022/23	2023/24	2024/25	Comparison to 2017/18 Baseline	Comparison to Prior Year
Energy consumption (£'000)	132	105	85	38	73	106	↓	↑
Official business travel (£'000)	1,772	437	1,052	1,169	2,114	1,982	↑	↓
Landfill/ Incineration (£'000)	15	42	24	0.78	0.57	0.93	↓	↑
Recycling (£'000)	9	19.8	19	5.72	3.85	21.65	↑	↑
Total ICT waste recycled, reused and recovered (externally) (£'000)				3.99	6.61	9.63	New metric	↑
Paper procurement (£'000)	19	0.96	1	3	5	4.6	↓	↓
Water supply and sewerage (£'000)	19	24	8	3.9	0.4	0.7	↓	↑

Notes on data

- Water supply costs relate to Northstowe only. There are no available financial records for spend on hazardous waste and composted food waste disposal at our offices. Recycling and incineration costs are based on spend at our Northstowe office and spend on furniture recycling with a furniture reuse supplier. All other offices include waste services under a combined service contract.

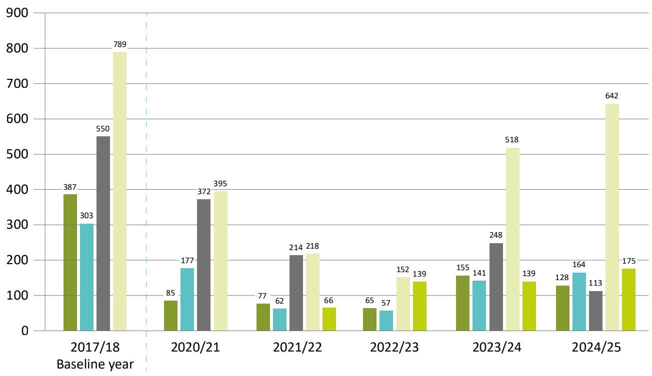
Greenhouse Gas Emissions*

The following graphs show the greenhouse gases (GHGs) we are required to report under the GGCs.

Note on this data:

- CO2e refers to carbon dioxide equivalent, a standardised measurement to indicate the global warming potential of different greenhouse gases, expressed in terms of the equivalent amount of carbon dioxide that would cause the same climate effect.
- MWh refers to megawatt hours of district heating electricity or gas used.

Chart: Scope 1 and 2 Greenhouse Gas Emissions and Energy Consumption



Note: MWh refers to megawatt hours of district heating, electricity-use or gas used. A megawatt hour is equal to 1000 kilowatt hours.

Note: Chart columns which are a quantity of zero, or where no data is available, are not shown in the chart.

Total GGC Scope 1 (direct) emissions (tonnes CO2e)

Total GGC Scope 2 (indirect) GHG emissions (tonnes CO2e)

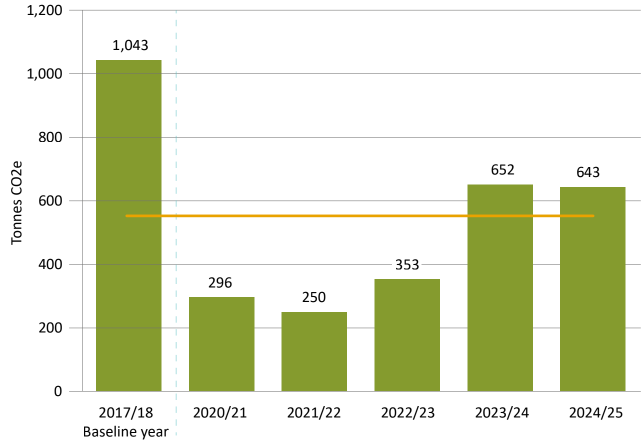
Gas use (MWh) Electricity use (MWh)

District Heating (MWh)

Homes England has made significant strides in reducing greenhouse gas emissions, achieving a 38% overall emissions reduction in 2024/25 compared to our baseline year. This marks substantial progress under the GGCs. Despite our progress, we have not met our target of a 47% reduction in total emissions.

Trends in our overall GGC defined emissions are linked strongly to business travel. As illustrated in the following chart, emissions significantly decreased between 2019 and 2022, a period when travel was restricted due to the COVID-19 pandemic. However, in the last 2 years, with increases in staff numbers and business travel resumed, emissions have risen again.

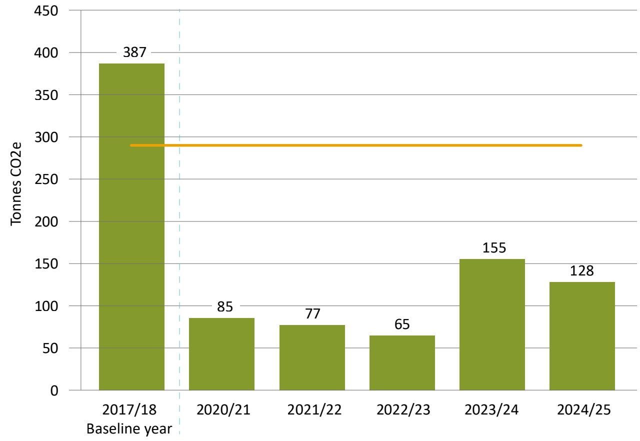
Chart: Total Greenhouse Gas Emissions GGC Scope 1-3



Total Green House Gas Emissions GGC Scope 1, 2 and 3

47% Emission Reduction Target

Chart: GGC Scope 1 Greenhouse Gas Emissions



Total GGC Scope 1 Emissions 25% Emission Reduction Target

Scope 1 Total*

We have successfully achieved our sub-target for Scope 1 emissions (related to fleet vehicle emissions and gas use), reducing them by 18% this year and achieving a 67% decrease from the 2017/18 baseline. This reduction is largely due to our successful adoption of low or zero-emission vehicles in the Agency's leased fleet.

*GGC metrics material to our TCFD disclosure.

Scope 2 Total*

In 2024/25 our Scope 2 emissions totalled 164 tCO2e, an increase on last year of 16%. However, this can largely be attributed to the recent move to a new London office where electricity use is higher, particularly in shared common areas outside our control.

Scope 3 Total*

Our 2024/25 Scope 3 emissions totalled 351 tCO2e. This is a 1% decrease from the previous year and 0.5% reduction against our baseline. These emissions were primarily related to business travel by air, train and private and hire cars. Further details on business travel are provided below.

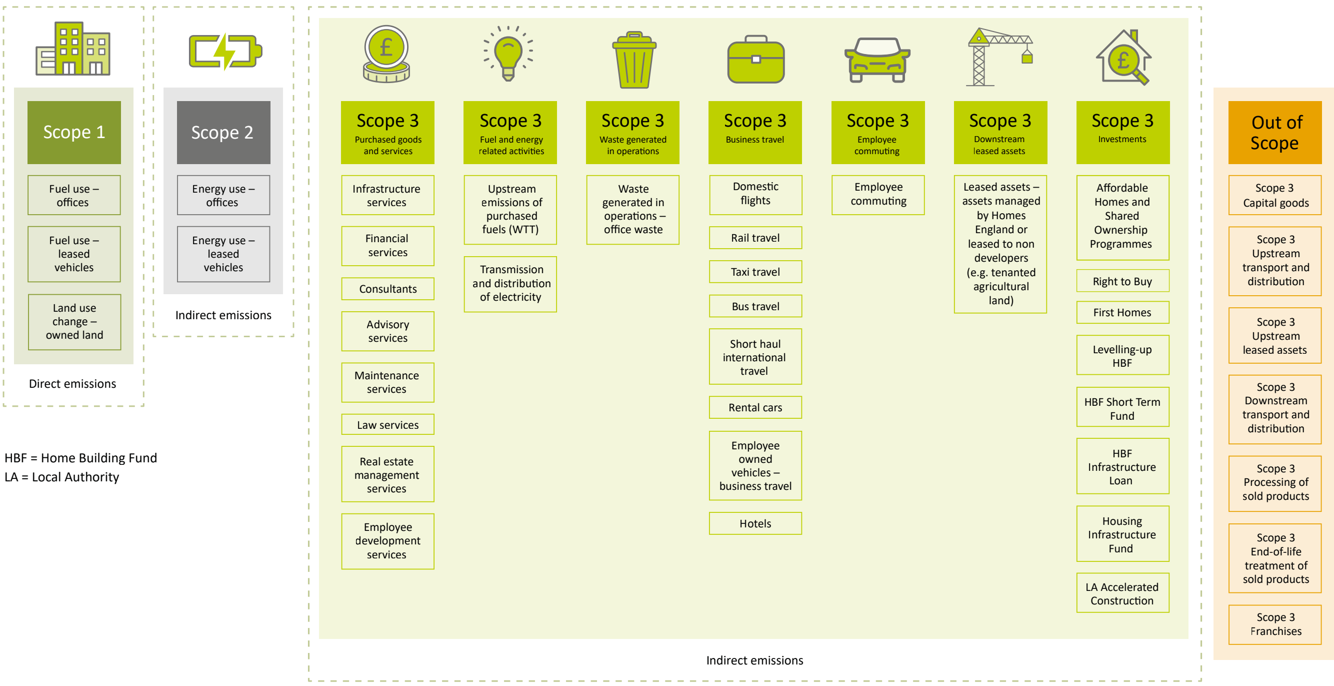
Greenhouse Gases: All Scopes Total (Including Extended Scope 3)*

In addition to the assessment of our emissions under the GGCs, in 2023/24, we initiated work on a carbon inventory using 2022/23 data. This expanded our data collection to encompass all sources of Scope 3 greenhouse gas emissions within our operational control. In 2024/25 we completed further carbon inventories for the 2023/24 and 2024/25 financial years. As the GGC targets do not include these emissions, we have presented them separately in the graphs which follow.

The methodology of our carbon inventory follows the Greenhouse Gas Protocol, using the operational control approach to account for emissions from activities we directly control.

Scope 1 covers direct emissions, Scope 2 covers indirect emissions from purchased energy, and Scope 3 includes emissions influenced by our activities but not directly controlled. This method ensures consistent and transparent measurement of emissions across the organisation, helping identify opportunities for GHG reduction.

The following graphic outlines the emissions sources that have been determined as in and out of Scope for the Homes England carbon inventory across Scope 1, Scope 2, and Scope 3 categories.



*GGC metrics material to our TCFD disclosure.

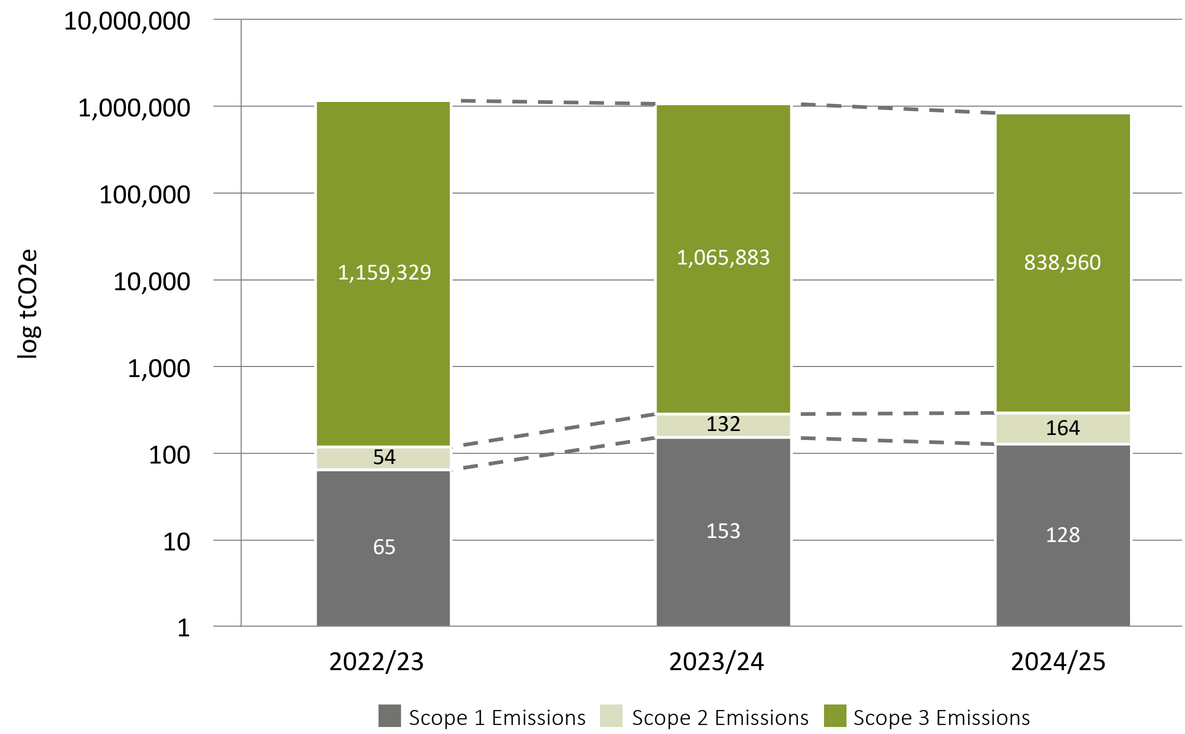
Within the previous graphic, operational boundary investment funds and acquisitions are accounted for in two different Scope 3 categories. The 'Investments' category within Scope 3 is limited to the Investment Programmes listed. There are other funds used to acquire land. When this land is acquired by Homes England, the activities undertaken upon it will initially be captured under 'Purchased Goods and Services'. Once ready for development, the land parcels will be leased to developers. Therefore, from this point forward it will be captured within 'Downstream Leased Assets'.

Certain emissions sources have been scoped out of the carbon inventory entirely, as they are either very minor or not relevant to our operations. These include capital goods, upstream and downstream transportation, and distribution and leased assets, processing, use and end of life sold products, and franchises.

As discussed in the TCFD Report, the disclosure of these Scope 3 emissions is considered to be material to our primary audience and has therefore been included in our summary of greenhouse emissions estimated to arise from the activities at Homes England. In support of Phase 2 of the TCFD implementation, this is the first Annual Report and Accounts in which we have provided this broader disclosure of our greenhouse gas emissions.

The results of the carbon inventory indicate that Scope 3 emissions make up more than 99% of our total estimated emissions in each of the last 3 years, as shown in the following chart. Our baseline year for all greenhouse gas emissions scopes in our carbon inventory and in relation to TCFD reporting is 2022/23. While reported emissions have shown a slight downward trend over the past 3 years, this is primarily due to ongoing improvements in our data collection methodology and changes in our investment portfolio.

Chart: Carbon Inventory Scope 1-3 GHG Emissions 2022-2025



Note: Calculation methods used in the carbon inventory for 2023/24 differs from those reported through the GGCs.

A breakdown of Scope 3 emissions by GHG protocol categories is provided for all 3 years in the following chart. Within Scope 3, investment activities contribute 86% of all emissions, followed by purchased goods and services (8%) and downstream leased assets (6%).

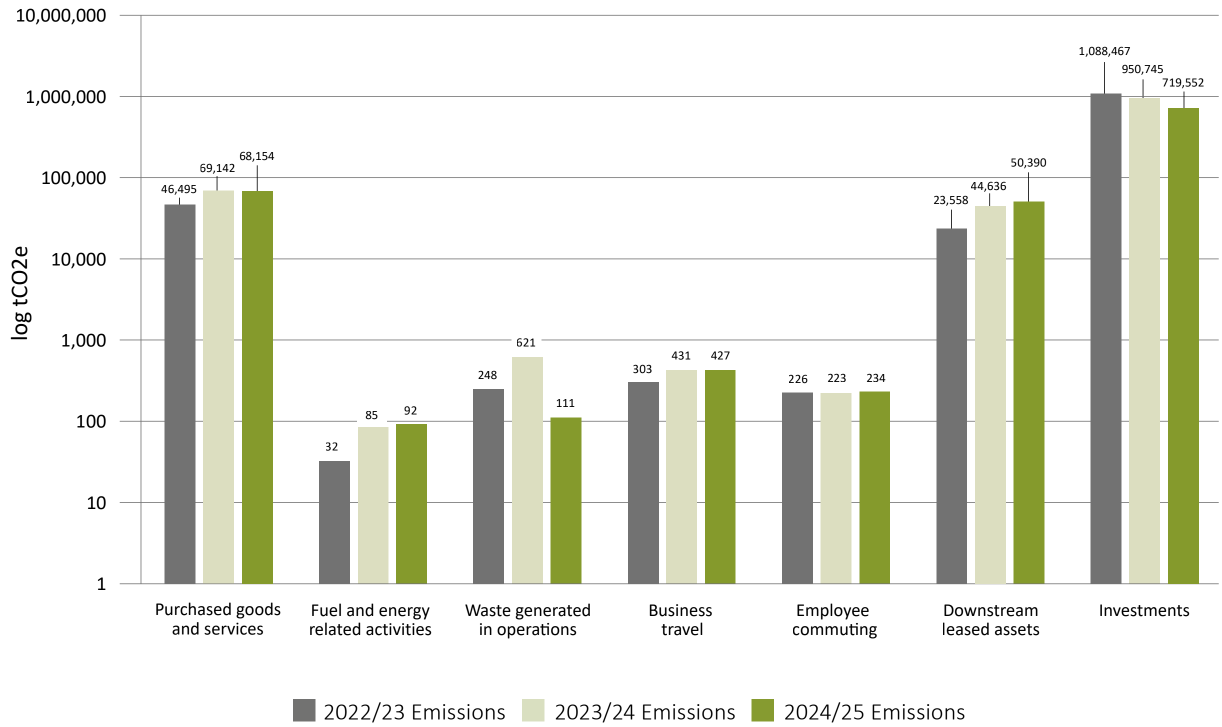
Of the investments emissions, the largest proportion comes from our Affordable Homes Programme and the Housing Infrastructure Fund, with the Brownfield Infrastructure and Land Fund growing since its introduction in 2023/24.

The Agency's initial carbon inventory, particularly for Scope 3 emissions, relies heavily on calculation of emissions from spending data which, while compatible with the Greenhouse Gas Protocol, has limitations[19].

Most of our Scope 3 categories, including Investments and Purchased Goods and Services, are currently calculated this way. We are actively working to improve data quality and accuracy.

For example, we plan to enhance how we measure emissions from land use change in the coming year. We remain committed to identifying and acting on opportunities to reduce Scope 3 emissions, which make up a significant part of our overall impact.

Chart: Carbon Inventory Scope 3 Categories Breakdown



[19] Spend-based calculation methods are considered to be 'secondary data' under the Greenhouse Gas Protocol, and have a number of disadvantages in comparison to primary data sources, such as supplier-specific data. A description of these disadvantages is contained within the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard (https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf).

Business Travel*

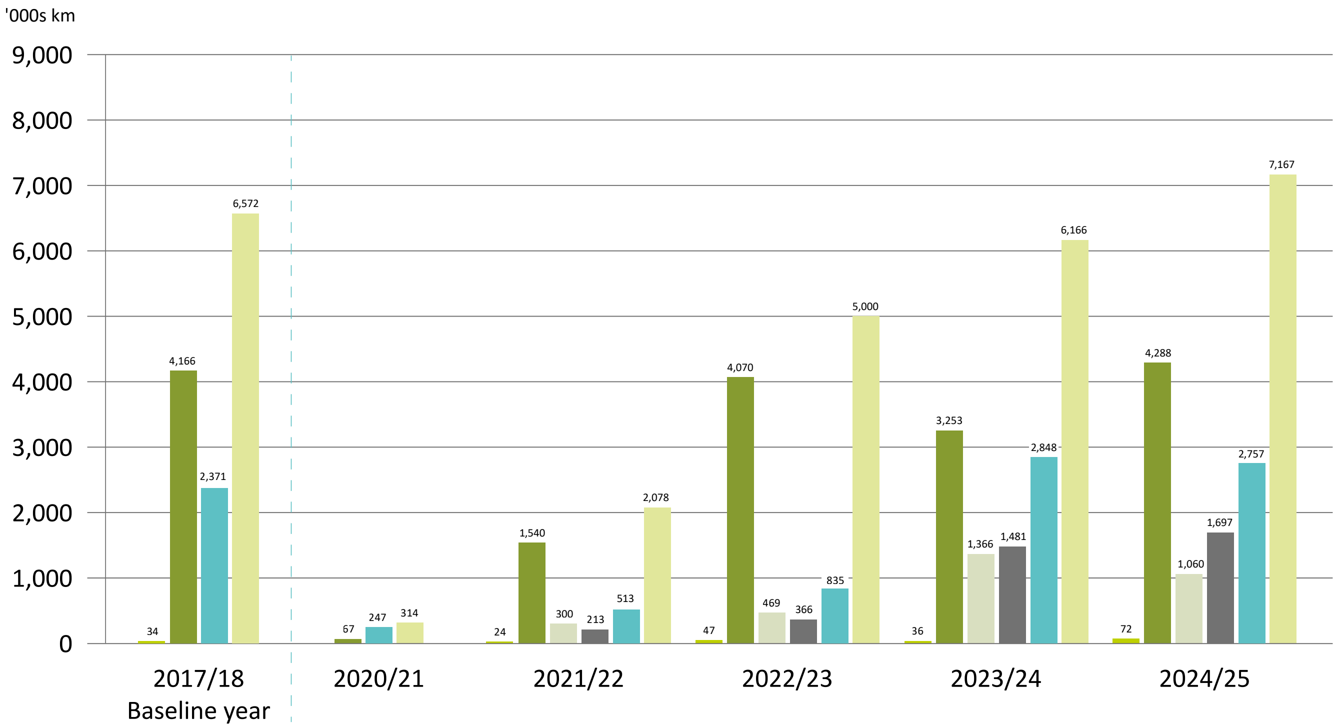
Business Distance Travelled

In comparison to the 2017/18 baseline year, our total distance travelled for business purposes has seen a slight increase. This is largely due to the growth in staff numbers and the Agency's expanded efforts in supporting housing delivery at sites across England.

Despite this rise in travel, it is encouraging to note that 84% of the total distance travelled was conducted using either rail or company fleet which are predominantly electric or Ultra-Low Emission Vehicle (ULEV) vehicles, effectively reducing the overall emissions from this travel.

Additionally, at our Northstowe office, we are actively promoting sustainable travel by providing vehicle charging points and e-bikes for colleagues to borrow when inspecting the adjacent development site.

Chart: Business Distance Travelled



Note: Chart columns which are a quantity of zero, or where no data is available, are not shown in the chart.

Domestic flights distance travelled
Rail distance travelled
Private car distance travelled
Fleet car distance travelled
Car total distance travelled
Business travel distance total

*GGC metrics material to our TCFD disclosure.

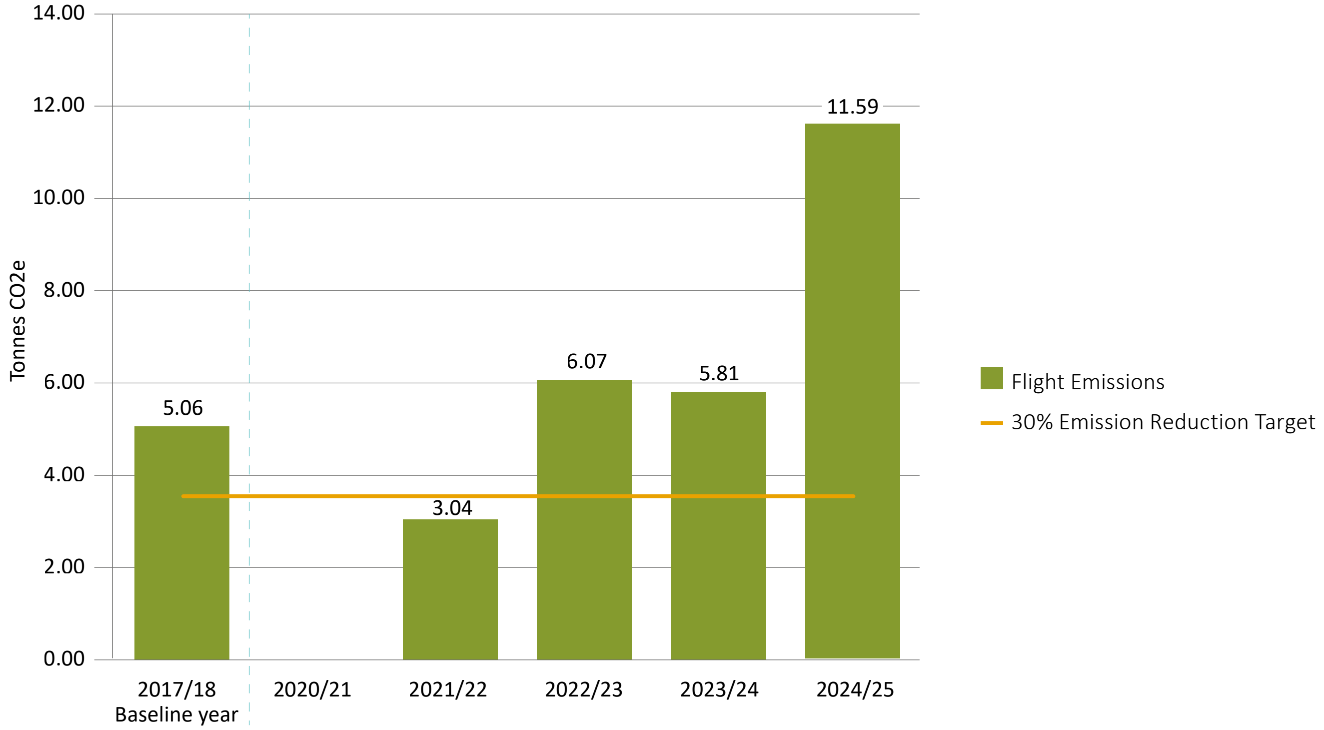
Flights

In 2024/25, the number of domestic flights increased to 137, covering a distance of 71,974km. This presents a 44% increase in number of flights and 110% increase in distance travelled from 2017/18.

Consequently, domestic flight related greenhouse gas emissions increased by 129% from the baseline and we have not met the GGC sub-target to reduce flight related emissions by 30%.

The increase is a reflection of many of our teams having a remit to manage sites across the country, where flights have been taken to support timely project delivery.

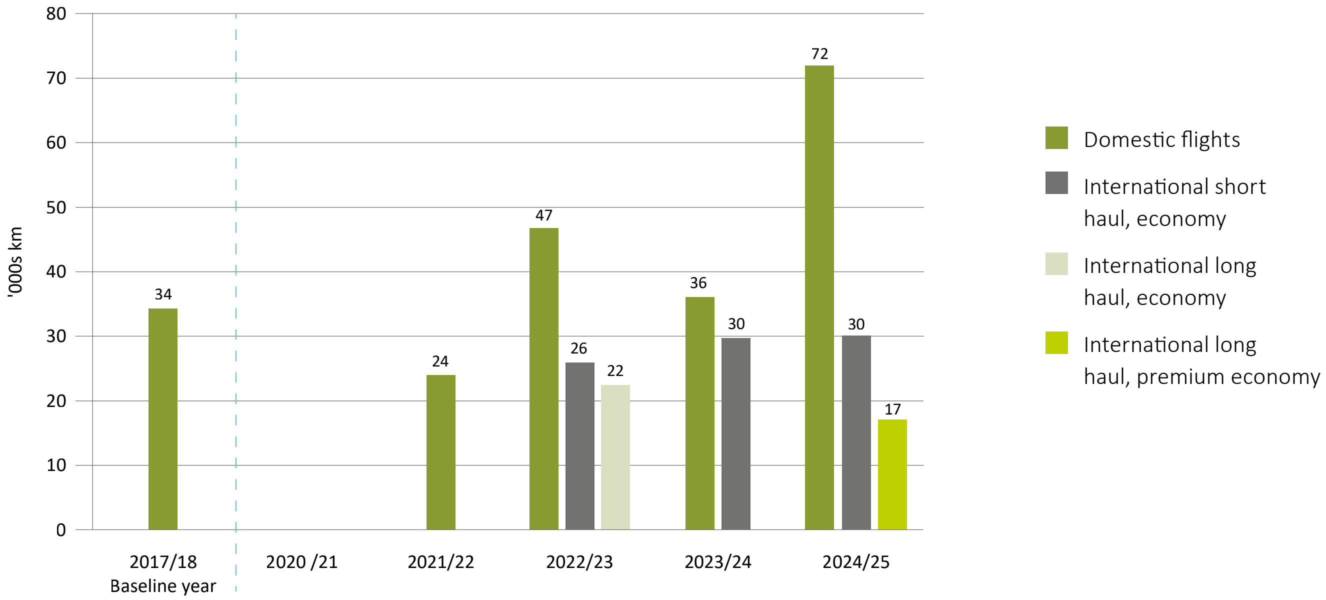
Chart: Domestic Flight Emissions



The number of international flights in the last year has also increased, with 25 flights in 2024/25, an increase of 47% on last year. This international travel relates to colleague attendance at a key property conference in France and a trip linked to research into affordable housing delivery in Boston, USA.

We recognise the importance of reducing flights, given the higher emissions that they produce. As part of our carbon reduction plan, we will be working to reduce avoidable air travel in the coming year.

Chart: Distance Travelled by Domestic and International Flights (GGCs)



Note: The categories of international flight shown in the above graph reflect those that have been recorded. No flights were taken in other travel classes, such as long-haul first class.

Note: Chart columns which are a quantity of zero, or where no data is available, are not shown in the chart.

Ultra-Low Emissions Vehicles (ULEV)

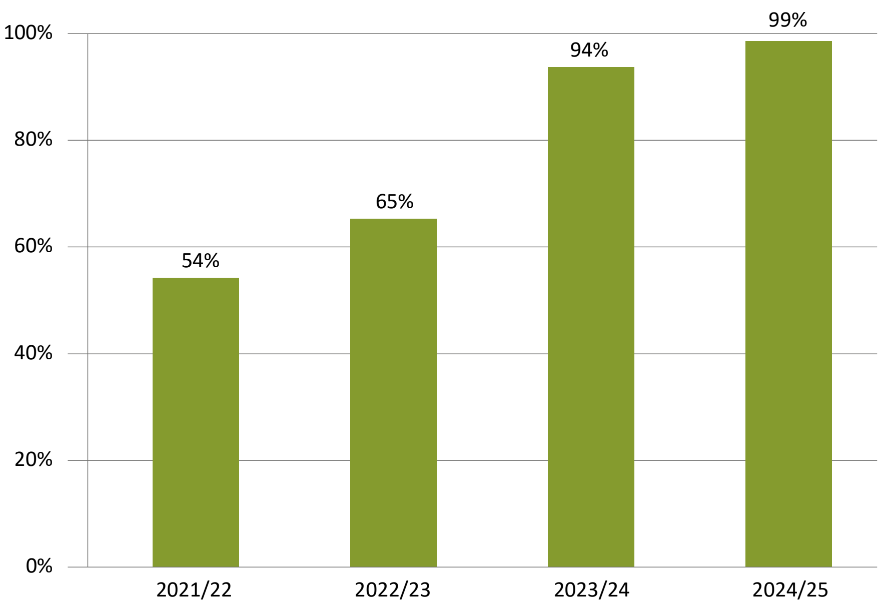
The Agency has made further progress this year with respect to its car lease scheme and transitioning from petrol and diesel cars to ULEV.

99% of cars under our lease scheme are ULEV cars.

We remain on track towards being 100% ULEV by 31 December 2027.

Travel is an area we will continue to focus on to encourage more sustainable behaviours.

Chart: Percentage of Fleet as Ultra Low Emission Vehicles

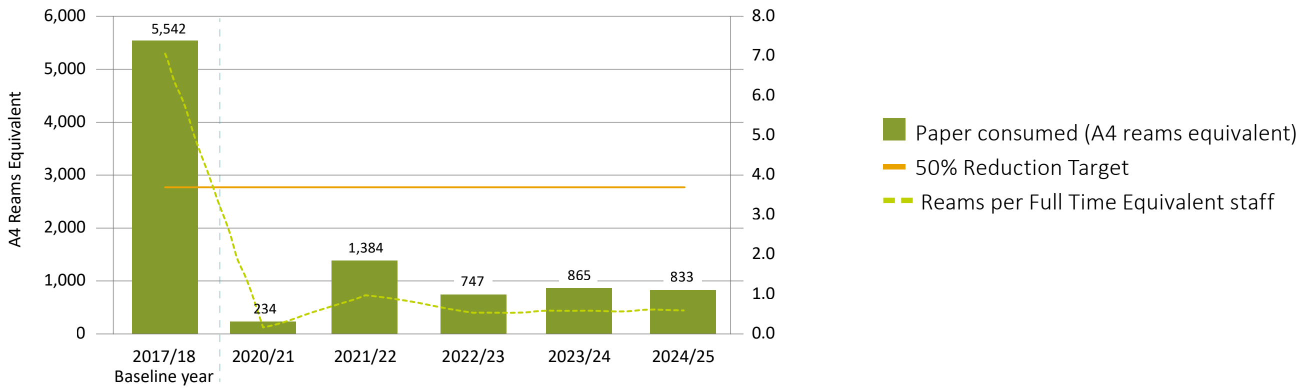


Resource Consumption: Paper and Water*

Paper

Against the 2017/18 baseline we have reduced paper consumption by 85% this year. This exceeds the target of a 50% reduction against the baseline. This achievement can be attributed to changing behaviours by staff to reduce printing and photocopying.

Chart: Paper Consumption

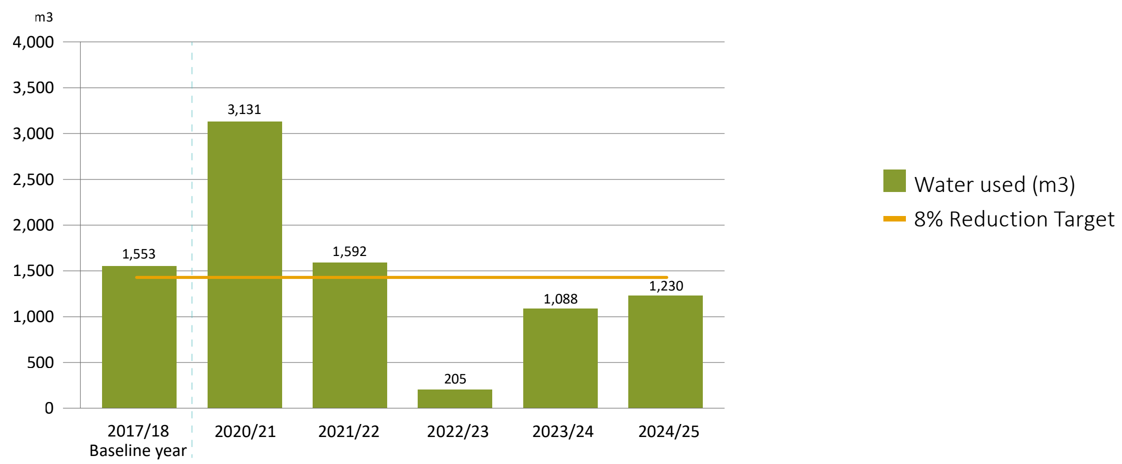


Water

We have met the commitment to reduce overall water consumption by 8% against the 2017/18 baseline and achieved a decrease of 21%. We have achieved this through measures such as reducing the frequency of window cleaning, use of more efficient dishwasher cycles and a reduction in office planting.

Beyond direct water use in our offices, we recognise that water is also embedded in the buildings we use and materials and services we procure. We completed a nature materiality assessment this year that highlighted the significant water demand in producing raw materials like rubber, plastics, concrete, and steel. These are all used in construction activities we procure to enable site development. While we currently lack tools to measure embodied water, we will explore opportunities to capture it in future updates to our commercial processes.

Chart: Office Water Use



*GGC metrics material to our TCFD disclosure.

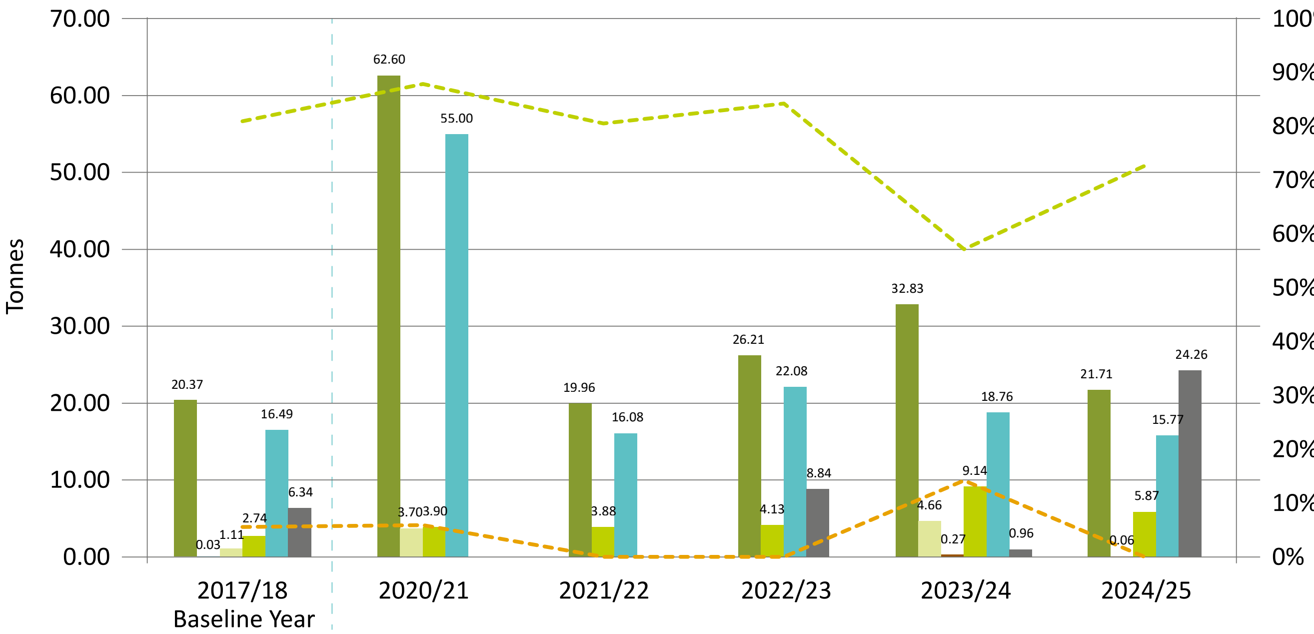
Waste Management and Reuse Schemes*

We recorded a reduction in total waste produced in 2024/25 against 2023/24, and high rates of recycling. As such, we have met our GGC sub-targets to recycle more than 70% of office waste and have diverted all office waste from landfill. But due to higher staff numbers since 2017/18, we have not met our headline target to reduce total waste by 15% from the 2017/18 baseline.

Financial records relating to waste are provided in the table at the start of this section. There are no waste records in the category of incineration without energy recovery. The waste calculations reported in 2024/25 have been revised to remove waste reused, in line with GGC calculation methods. This changed total waste reported in the baseline year and subsequent years, where waste was diverted from disposal for reuse, including 2017/18, 2018/19, 2022/23 and 2023/24. Through initiatives in our digital and facilities management teams, we have made positive progress with reuse schemes this year.

We diverted 21 tonnes of office furniture and 3.1 tonnes of IT equipment from disposal into reuse schemes. As part of our office moves and floor space rationalisation this year, we provided 543 items of furniture and other office assets to other government departments for reuse.

Chart: Office Waste (GGCs)



Note: Chart columns which are a quantity of zero, or where no data is available, are not shown in the chart.

*GGC metrics material to our TCFD disclosure.

The Environmental Impact of ICT

Information and Communication Technology (ICT), through allowing flexible working and reducing the need for paper-based reporting and data storage, can have significant environmental benefits. However, the hardware used along with the storage of data also has environmental costs. ICT, such as laptops and collaborative software applications, enable working in a dispersed way, and can save on travel miles and pollution. This is vital as we often work with partner agencies based at a distance from our offices.

To prepare for future reporting on greenhouse gases and digital services, our Digital directorate have undertaken a preliminary review of existing practices and future opportunities, including around mitigating climate change, minimising waste and sustainable procurement. Key activities include:

- sharing facilities with other government users, via Crown Hosting
- using an IT reuse supplier to manage redundant hardware
- use of refurbished headsets
- suppliers having policies in place

Sustainable Procurement

We take account of government mandatory Buying Standards when procuring goods and services and our procurement policy follows Crown Commercial Service principles. Where relevant, we are embedding procurement policy notes on social value and carbon management plans. When carrying out a procurement covered by the new Procurement Act 2023, we are aware that we must have regard to the importance of maximising public benefit in terms of social and economic value.

We are working with others in government to introduce whole life carbon reporting across our activity, and this will include working with the construction and housing sector to monitor and report embodied carbon. In 2024/25 we introduced a requirement on our capital projects to conduct whole life carbon assessments so we can further understand and identify opportunities to reduce our emissions from these projects.

Environmental, Social and Governance (ESG) matters are material considerations for our partnerships, and we seek to work with partners who set bold ambitious objectives, through both mandatory and voluntary ESG and sustainability reporting.

Sustainable Construction

Homes England does not build homes directly; rather it provides resources, either in the form of de-risked land, or funding support to others to do so. Through our relationship with housebuilders, we are encouraging them to consider ways to improve the energy performance of the homes they build and to implement sustainable construction practices.

Where we are directly involved in the de-risking of land and the provision of infrastructure, we make use of Crown Commercial Service Construction Works framework and the principles in the government’s Construction Playbook. As noted in our procurement update, we have whole life carbon assessment requirements for each of our major projects to inform future initiatives to reduce the carbon intensity of the works we contract.

Our Delivery Partner Dynamic Purchasing System Framework is a platform through which developers can bid to acquire our land and is open to new applicants on a rolling basis. The qualification process for this framework requires prospective developers to demonstrate a commitment to environmental protection through ISO 14001 accreditation or an aligned environmental management system. Furthermore, at the tender stage for sites, sustainability is a key part of the technical scoring criteria of prospective bids.

Environmental Incidents

There were no significant environmental incidents reported on Homes England operated estates during 2024/25. Seventeen environmental incidents were reported by development partners and contractors working with Homes England on our sites. These related to waste management, surface water management, protected species and minor pollution incidents.

Consumer Single-Use Plastics

Homes England is committed to reducing the use of Consumer Single-Use Plastics (CSUP) across the office estate. This year we made further progress towards plastic free office supplies, for example, working with our supplier to develop an approved list of plastic free stationery supplies, as well as having milk delivered in reusable glass bottles as opposed to CSUP.

These initiatives in 2024/25 have achieved a dramatic reduction in CSUP purchases from 3,167 items in the first quarter of the year to just 164 items in the final quarter. We will continue to work with our suppliers to further reduce CSUP purchases where alternatives are available.

Forward Look

As we move into the new financial year it is clear there is still work to do to fully embed sustainability into our corporate processes and the homes and places that we deliver.

We have further developed our Sustainable Placemaking Passport and a variety of internal guidance, so the focus will be on embedding this guidance and steering projects through their project cycle, ensuring they continue to deliver for communities, cut carbon, enhance nature and enhance wellbeing.

At the same time, we must ensure that we deliver value for money and ensure that our sustainability path is central to the government's aim of delivering 1.5 million new homes this Parliament.

Task Force on Climate-Related Financial Disclosures Report

Compliance Statement

Homes England has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector.

Homes England considers Sustainability (including climate change) to be a principal risk, and has therefore complied with the TCFD recommendations and recommended disclosures around:

- Governance - recommended disclosures (a) and (b)
- Risk Management - recommended disclosures (a) to (c)
- Metrics and Targets – recommended disclosures (a) to (c) – partial compliance

This is in line with central government's TCFD-aligned disclosure implementation timetable for Phase 2.

Homes England intends to provide recommended disclosures for Strategy and further disclosure of Metrics and Targets in future reporting periods in line with the central government implementation timetable.

Introduction

Climate change continues to be a key consideration in relation to the homes and places that people choose to live and work in. We understand that, through the many interventions we take, we cannot ignore the changes that are happening, nor can we ignore the way in which our interventions contribute to global warming.

The Financial Stability Board (FSB), founded by the G20 economies, established the Task Force on Climate-Related Financial Disclosures (TCFD) in 2015 to bring greater transparency on the financial implications of climate change. HM Treasury has taken up their recommendations on the types of information that companies should disclose in relation to climate change.

HM Treasury guidance has directed government departments and certain arm's-length bodies that fall within scope of TCFD to undertake a phased approach to reporting. Government arm's-length bodies are required to follow this guidance if they have more than 500 full-time employees or a total operating income of more than £500 million. Homes England meets these criteria and therefore follows the HM Treasury guidance in this report.

TCFD reporting focuses on the 4 thematic areas:

- Governance
- Strategy
- Risk Management
- Metrics and Targets

For each thematic area there are a series of recommended disclosures.

These disclosures help stakeholders understand how climate-related issues are taken into account by an organisation.

HM Treasury has set out a phased approach to TCFD reporting across a recommended 3-year programme:

- In our 2023/24 Annual Report and Accounts we included a Phase 1 report, which focused on reporting on governance and Scope 1, 2 and part of Scope 3 carbon metrics.
- In this Phase 2 report we make disclosures against our approach to Risk Management and further Metrics and Targets disclosures, at the same time as updating our climate governance report.
- Phase 3 reporting, which is expected to come into effect in the 2025/26 financial year, will focus on updating previous reporting, plus additional disclosures under the 'Strategy' thematic area of TCFD.

TCFD Governance

Governance is central to effectively managing climate-related challenges and opportunities. This Annual Report and Accounts includes a Corporate Governance Report which sets out how our Board, committees and Executive Leadership Team are structured and the work they do. In this section of the TCFD Report we focus on 2 specific TCFD disclosures related to governance.

TCFD Governance Disclosure: a) Board Oversight

Homes England's Board has the responsibility of ensuring we meet our statutory objects. These objects, set out in the Housing and Regeneration Act 2008, include 'to contribute to the achievement of sustainable development and good design in England'. The Board receives reports from the Executive and is supported by Committees and Executive Groups.

In 2025 the Board designated Sustainability (including climate change) as a principal risk. Homes England's Board continuously assesses the nature and extent of the principal risks that the organisation is exposed to and is willing to take, to achieve its objectives.

Climate-related issues are of most relevance to the following 3 Board Committees:

- Audit, Assurance and Enterprise Risk Committee (AAERC)
- Cross Cutting Committee
- Investment Committee

Audit, Assurance and Enterprise Risk Committee

AAERC support the Board in their responsibilities for risk control, governance, audit, financial stewardship and statutory reporting.

As part of the process of adopting our principal risk on Sustainability, AAERC have reviewed the new principal risks.

Cross Cutting Committee

The Cross Cutting Committee supports the Board in fulfilling its responsibility for a greater focus on the cross cutting quality objectives of the strategic plan. The committee regularly considers sustainability and climate matters. For example, discussions during the last year have included:

- progress on the development of our Nature Positive Plan, which will support in the management of nature-related risks and opportunities
- update on the measurement of whole life carbon and progress on the development of Key Performance Indicator (KPI) 15 and a carbon inventory
- consideration of the vision led approach to lower carbon transport planning

Investment Committee

The Investment Committee considers development and investment proposals and the business cases that support them.

Following HM Treasury's Green Book and the Ministry of Housing, Communities and Local Government (MHCLG) Appraisal Guide, value for money is assessed based on both monetised and non-monetised impacts. As we reported in the TCFD Report in last year's Annual Report and Accounts, social and environmental effects are included in the appraisal.

TCFD Governance Disclosure: b) Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

The Board and its committees are supported in assessing and managing risks, including climate-related risks and opportunities by the Homes England staff, led by the Executive Leadership Team (ELT).

Executive Leadership Team

ELT is the Agency's principal executive decision-making group. It has a responsibility for delivery and assurance to the Board of the strategic plan objectives, as well as risk, budget and performance reporting.

During 2024/25, ELT undertook an exercise to review the strategic principal risks to Homes England. This included a new risk on Sustainability. The Risk Management section of this TCFD Report sets out the work done to support the development of this principal risk.

Individual ELT members are assigned ownership of principal risks. The Sustainability (including climate change) risk is owned by the Chief Property Officer.

A summary of ELT consideration of sustainability is included in the Sustainability Report section of this Annual Report and Accounts.

Management's role in monitoring climate-related issues

Homes England has an established and robust performance management framework that enables confident delivery of our strategic intent. The framework is vital as the Agency has a challenging and diverse brief, with accountability for performance that is complicated by a reliance on others for delivery, and exposure to complex areas of housing development and regeneration.

KPIs provide insight into the progress we make against delivery of our strategic objectives. The KPIs and corporate-level performance are reviewed monthly by the ELT and Board. These internal management reviews are supplemented by a monthly Policy Sponsor meeting, where a holistic view of performance is discussed with senior MHCLG officials.

The Agency is in the early stages of implementing and measuring climate-related KPIs. Work to provide deeper scrutiny of sustainability performance commenced in 2024/25, ahead of reporting in 2025/26. Climate-related KPIs are described more fully in the metrics and targets disclosure, later in this TCFD Report.

Homes England also has corporate targets under the Greening Government Commitments (GGCs) that seek to reduce the impact on the environment from our corporate activity. These include climate-related targets related to Scope 1, Scope 2 and part of Scope 3 greenhouse gas emissions (GHGs). They are reported to our sponsor department, MHCLG. Further detail on these metrics is contained within the metrics and targets disclosure, later in this TCFD Report, as well as in the Sustainability Report.

During 2025/26 we will refresh our 2023 to 2028 strategic plan to reflect our role in supporting the delivery of government housing and regeneration ambitions. The refresh will reflect the government's development of a new Long-Term Housing Strategy (LTHS) and will require a review of our existing KPIs and metrics.

TCFD Risk Management

In HM Treasury's second phase of TCFD reporting, risk management disclosures are reported for the first time. This sets out that risk management disclosures include qualitative disclosures surrounding an organisation's processes for identifying, assessing and managing-climate-related risks, and their integration within the organisation's risks management.

In addition to the TCFD recommended disclosures, HM Treasury has also highlighted further public sector considerations, including:

- where climate is a principal risk, the reporting entity must describe the risk in line with existing performance reporting requirements

- where climate is not designated as a principal risk (or part of a principal risk) reporting entities must articulate their rationale

As detailed in the Principal Risks Impacting Delivery section of this Annual Report and Accounts, the Agency introduced a new principal risk relating to Sustainability (which includes climate change) in quarter 4 of 2024/25.

TCFD Risk Management Disclosures: a) Process for Identifying and Assessing Climate-Related Risks, b) Process for Managing Climate-Related Risks, c) How Processes for Identifying, Assessing and Managing Climate-Related Risks are Integrated into Overall Risk Management

The Agency identifies and manages risk, including climate-related risk, in line with its Risk Management Framework, described later in the Risk Management section of this report. The framework is aligned to the 5 principals in HM Treasury's Orange Book and sets out:

- the process for identifying and assessing risks
- the process for managing risks
- how processes for identifying, assessing and managing risks are integrated into overall risk management

It is important to note that, at this stage, our assessment of Sustainability risk, while supported by evidence observed both on our own projects and interventions, as well as external evidence of climate-related trends, is a qualitative assessment. We expect that further work in Phase 3 of TCFD disclosure will allow us to advance our understanding of longer-term risks.

In 2024/25 we began work on a methodology for the identification and management of project level climate change issues, in response to GGC reporting. This will be further developed in the coming year.

Climate change and the response to it may also create some opportunities. For example, environmental quality has been improved through nature-based solutions to flooding such as sustainable drainage. Work to support the Future Homes Standard is showing the efficacy of carbon saving and the potential for household bills to be reduced. Further detail is included in our Sustainability Report.

TCFD Metrics and Targets

HM Treasury guidance on Phase 2 TCFD reporting requires us to disclose the metrics and targets used to assess and manage relevant climate-related issues, where such information is material.

Metrics and targets allow us to track progress and help ensure transparency. In our last TCFD Report we made disclosures on Scope 1, 2 and part of Scope 3 greenhouse gas emissions in line with GGC Reporting requirements. In this 2024/25 report we have disclosed further metrics and targets that we identified as relevant to climate-related issues. Homes England is also subject to external legislation and policy, which includes, for example:

- Greenhouse gas targets set at a whole economy level, through Carbon Budget Orders
- Greenhouse gas or climate adaptation policies that may be set at a local level through local planning policy

Materiality in Relation to Metrics

HM Treasury guidance states that while the TCFD disclosure on metrics and targets (b) 'climate-related metrics and related risks' is mandatory for all reporting bodies, other disclosures, including fuller disclosure of Scope 3 greenhouse gas emissions are not mandatory. They are, however, subject to an assessment of materiality and, in making this assessment, the focus should be on the primary users of the Annual Report and Accounts.

Parliament is considered to be our primary user, and disclosures, where mandated or material, are set out in the following sections.

TCFD Metrics and Targets Disclosure: a) Metrics Used to Assess Climate-Related Risks and Opportunities

Our principal risk on Sustainability includes the following elements:

- Risk of Homes England failing to deliver an integrated and effective approach to sustainability, including climate, environmental, social, and economic objectives, leading to impacts on people and the natural environment, reputational damage
- ....or failure to meet statutory responsibilities and government targets, including Net Zero by 2050

These 2 aspects include climate change risk and strongly link to our suite of KPIs.

The following table shows which KPIs link most directly to our risk definition.

Homes England KPI	How the KPI relates to climate issues[20]	Data maturity (>1 years data available)	Reported in Performance Analysis section
KPI 6	Performance may be influenced by market volatility impacting sustainability / climate measures / achievement of climate targets	Yes	Yes
KPI 7	Performance may be influenced by changing environmental / climate regulation or policy	Yes	Yes
KPI 11	Performance may be influenced by credibility of reporting on sustainability / climate / achievement of climate targets	No	Yes
KPI 12	Performance may be influenced by inconsistent application of sustainability including climate issues	No	No Not reported for 2024/25 as the number of projects in scope of the KPI was too few to produce a statistically meaningful average
KPI 13	Performance may be influenced by changing environmental / climate regulation or policy or inconsistent application of sustainability and climate issues	Yes	Yes
KPI 14	Performance may be influenced by changing environmental / climate regulation or policy	No	No Not reported for 2024/25 as the number of projects in scope of the KPI was too few to produce a statistically meaningful average
KPI 15	Performance may be influenced by changing environmental / climate regulation or policy / inconsistent application of sustainability / market volatility	No	No Reporting for KPI 15 is planned for 2025/26, with a methodology agreed and implementation underway

[20] KPIs may be negatively or positively affected by climate-related issues, and so act as a proxy indicator for the effect that climate-related issues may have on our business model.

The purpose of each KPI is shown in the Detailed Performance Review section of this report.

While many of these KPIs monitor progress against our objectives and strategy, some are also financially material. This is most clearly applicable in the case of KPI 11, total value of private sector funds leveraged. KPI 11 is sensitive to climate-related issues because:

- there is a maturing market in green finance including environmental, social and governance (ESG) funds, green bonds and sustainability-linked loans for housing
- increasing awareness of climate risk from their stakeholders is driving financial institutions' commitment to ESG strategy, policies and practices
- institutional investors are increasingly concerned about ESG from a reputational perspective and are required to make disclosures as part of their fiduciary duty in relation to financially material factors such as climate change

Data on sustainability and social value helps institutional investors to make informed investment decisions regarding housing as an asset class.

In addition to these KPIs we report on a broad range of sustainability metrics under the GGCs. The following table shows the quantified metrics most relevant to climate risk and opportunity.

GGC Metric	How the metric relates to climate issues	Data maturity (>1 years data available)
Greenhouse Gas Emissions (Scope 1, 2 and 3)*	Performance relates to our adherence to climate policy / government targets	Yes
Business Travel Emissions	Performance relates to the corporate approach we implement to manage greenhouse gases	Yes
Waste Generation and Recycling	Performance relates to the corporate approach we implement to manage greenhouse gases	Yes
Water Consumption	Performance relates to the corporate approach we implement to manage greenhouse gases and physical climate risk	Yes
Resource Consumption (consumables – paper consumption)	Performance relates to the corporate approach we implement to manage greenhouse gases	Yes

*Note that we have also reported an extended Scope 3, additional to GGC requirements (See TCFD Metrics and Targets Disclosure b).

In addition, the GGCs include commitments that are not quantified but do help address climate-related issues. These include:

- commitments on climate change adaption strategy
- commitments on nature recovery plans
- commitments on environmental impacts from ICT and digital

Government sets out the methodology adopted to record GGC metrics[21]. Reporting against the GGC metrics and commitments is in the Sustainability Report. The GGC metrics are each reported against a 2017/18 baseline.

TCFD Guidance states that, where relevant, organisations should provide their internal carbon prices as well as climate-related opportunity metrics. Homes England includes carbon values in the Benefit Cost Ratio when evaluating projects consistent with HM Treasury's Green Book and MHCLG's Appraisal Guide. The latest carbon values are published by the Department for Energy Security and Net Zero[22].

Whilst the metrics described in this section are generally sensitive to whether climate change is affecting performance, some metrics do capture climate-related opportunities. In particular KPI 13 (Building Performance – share of supported completions that are EPC rating B or above) and KPI 14 (Average percentage biodiversity net gain planned on supported schemes) where reported, are capturing positive interventions that deal with climate risk, delivering interventions that are both beneficial for climate (energy efficiency and natural resilience) and deliver wider benefits (money saving for household residents and health, wellbeing and ecosystem service benefits).

HM Treasury Phase 2 guidance encourages qualitative disclosure with existing quantitative disclosure. At this stage of reporting, we have disclosed our existing metrics because, for these metrics, data and reporting mechanisms are more developed. However, as we move to the next phase of reporting, the merit of further, more quantitative metrics will be further considered. In doing this we will continue to consider whether these metrics are material to users of the Annual Report and Accounts.

TCFD Metrics and Targets Disclosure: b) Scope 1, Scope 2 and Scope 3 GHG Emissions and Related Risks

Homes England discloses Scope 1, 2 and part of Scope 3 greenhouse gas emissions under the GGCs, as indicated in the previous table.

Since 2023/24 we have recorded further categories of Scope 3 additional to those required through the GGCs, using the Greenhouse Gas Protocol's 'Operational Control' method, as part of the process of assembling a whole life carbon inventory. Under the Operational Control method, an organisation accounts for 100% of the greenhouse gas emissions over which it has control. An organisation has operational control over an operation if the organisation or one of its subsidiaries has the full authority to introduce and implement its operating policies.

Our operational control boundary for our Scope 1, 2 and 3 emissions is included in our Sustainability Report. The Sustainability Report also shows our total emissions and the trend since 2022/23, as well as data exclusions and reporting issues.

While the operational control approach taken through our whole life carbon inventory does not consider the whole life carbon of homes, we intend to consider the upfront carbon of home construction through our metric KPI 15.

[21] https://www.gov.uk/government/publications/greening-government-commitments-2021-to-2025/greening-government-commitments-reporting-requirements-for-2021-to-2025#reporting

[22] https://www.gov.uk/government/collections/carbon-valuation--2#update-to-traded-carbon-values:-2024

The methodology for reporting against this metric is agreed, however we do not currently report against this KPI as work is underway to implement the necessary processes and system requirements. Further work to measure the whole life carbon of homes is currently in development, including the infrastructure that supports homes, and subject to work to refresh the Agency's strategic plan.

TCFD Metrics and Targets Disclosure: c) Targets Used to Manage Climate-Related Risks and Performance Against Targets

Most of our KPIs relevant to climate-related issues do not state specific targets and, where they are an indirect measure of climate risk, targets would not necessarily relate to managing a climate risk. However, 2 of the KPI metrics identified as relating to climate risk do include benchmark levels of performance embedded within the metric. These are:

- KPI 13 – Share of supported completions that are EPC rating B or above
- KPI 15 – Percentage of homes within the Homes England embodied (upfront) carbon target range

KPI 13 measures the energy performance of homes, and the metric measures those supported completions that meet the higher Energy Performance Certificate ratings. More energy efficient homes are usually considered to be more carbon efficient. In 2023/24 we reported that 87% of supported completions were EPC rating B or above. In 2024/25 the rate is 90%.

KPI 15 measures the carbon prior to occupation, known as the 'before use stage' (A0-A5)[23]. While KPI 15 is not yet mature enough in its monitoring or reporting to disclose, further work to roll out the metric is anticipated in 2025/26, subject to work underway to refresh the Agency's strategic plan.

For some metrics, the GGCs do include targeted metrics which help manage climate-related risks, and where performance data can be seen. Targets are set at a government departmental level, to which Homes England seeks to align. These targets are set out in the following table.

GGC Metric	How the metric relates to climate issues
Greenhouse Gas Emissions (Scope 1, 2 and 3)	Reduce GHG emissions (from a 2017/2018 baseline) by 47% and reduce direct greenhouse gas emissions from estate and operations by 25% (from a 2017/2018 baseline)
Business Travel Emissions	
Waste Generation and Recycling	Reduce the overall amount of waste generated by 15% from the 2017 to 2018 baseline
Resource Consumption: Water Consumption	Reduce water consumption by at least 8% from the 2017 to 2018 baseline
Resource Consumption (consumables – paper consumption)	Continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society. Reduce paper consumption by 50% from the 2017 to 2018 baseline

[23] As defined in RICS, 2023 (chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.rics.org/content/dam/ricsglobal/documents/standards/Whole_life_carbon_assessment_PS_Sept23.pdf).

Our Sustainability Report shows the performance against these GGC targets in detail, including where we have met or missed the targets. As the current round of GGC reporting ended in March 2025, a new round of GGC reporting is anticipated.

TCFD Next Steps

This TCFD Report sets out our current status in relation to TCFD disclosures required at Phase 2. While we have addressed each mandatory and material disclosure in turn, we recognise there is more work to be done. In particular, while we have a range of climate-related metrics and targets, these are largely existing metrics. We will further evaluate where new quantitative metrics can be added that more closely address climate risk.

The table at the end of this section sets out the climate disclosures under TCFD and the current level of compliance, as well as further work to be undertaken to achieve full compliance.

As we move into Phase 3 of TCFD reporting in 2025/26, we will consider whether further metrics and targets are material. Disclosures under Phase 3 are also all subject to a materiality test, so we will report in line with our materiality assessment in our next Annual Report and Accounts. Phase 3 focuses on the Strategy recommendations and recommended disclosures (a) to (c). These disclosures are to:

- describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term
- describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning
- describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2 degrees Celsius or lower scenario

We will further develop areas of partial disclosure and commence our Phase 3 work in 2025/26, where material. Our initial assessment is that we will make a full disclosure against all 4 thematic areas (Governance, Risk Management, Strategy and Metrics and Targets) of TCFD reporting in our 2025/26 Annual Report and Accounts.

TCFD disclosures and their status following this Report, including further steps to full compliance

TCFD Pillar	Disclosure	Status** and materiality	Next steps
Governance	a. Describe the Board's oversights of climate-related risks and opportunities	✓ Disclosed in our 2023/24 TCFD Report and updated in this TCFD Report	Continue to update in Phase 3
Governance	b. Describe management's role in assessing and managing climate-related risks and opportunities	✓ Disclosed in our 2023/24 TCFD Report and updated in this TCFD Report	Continue to update in Phase 3
Risk Management	a. Describe the organisation's processes for identifying and addressing climate-related risks	✓ Disclosed in this TCFD Report and in the Risk Management section of this Annual Report and Accounts	Continue to update in Phase 3

** Disclosures in this TCFD Report also signpost to where information is already covered in other parts of the Annual Report and Accounts.

TCFD Pillar	Disclosure	Status** and materiality	Next steps
Risk Management	b. Describe the organisation's processes for managing climate-related risks	Disclosed in this TCFD Report and in the Risk Management section of this Annual Report and Accounts	Continue to update in Phase 3
Risk Management	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Disclosed in this TCFD Report and in the Risk Management section of this Annual Report and Accounts	Continue to update in Phase 3
Metrics and Targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process*	Material metrics are partially disclosed in this TCFD Report	Further development and disclosure of any material metrics in Phase 3
Metrics and Targets	b. Disclose Scope 1, Scope 2, (and if appropriate, Scope 3 GHG emissions, and the related risks*)	Scope 1, 2 and part of Scope 3 disclosed in our Sustainability Report. A further 'extend' Scope 3 disclosure is also disclosed	Continue to update in Phase 3
Metrics and Targets	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets*	Material targets and performance are partially disclosed in this TCFD Report	Further development and disclosure of any material targets in Phase 3
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term*	No requirement to disclose in Phase 2	A materiality test and material disclosures will be undertaken in Phase 3
Strategy	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning*	No requirement to disclose in Phase 2	A materiality test and material disclosures will be undertaken in Phase 3
Strategy	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degrees Celsius or lower scenario*	No requirement to disclose in Phase 2	A materiality test and material disclosures will be undertaken in Phase 3

* Includes disclosures that are subject to materiality assessment.

** Disclosures in this TCFD Report also signpost to where information is already covered in other parts of the Annual Report and Accounts.

The Performance Report is signed on 14 July 2025

....
Eamonn Boylan
Chief Executive and Accounting Officer

Waterbeach, Cambridgeshire
Image credit: Urban&Civic

3. Accountability Report

The Accountability Report sets out how the Agency meets the key accountability requirements to Parliament.

It is broken down into three areas:

- Corporate Governance Report, which provides an overview of our leadership, governance structures, and risk management approach.
- Remuneration and Staff Report, which details remuneration, staff expenses and policies.
- Parliamentary Accountability and Audit Report, which contains details of losses, special payments, fees and charges during the financial year, as well as the audit certificate.

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3.1 Corporate Governance Report

The Corporate Governance Report is made up of 3 sections:

- The Board Members' Report
- The Statement of Accounting Officer's Responsibilities
- The Governance Statement

The section provides an overview of the Agency's leadership and governance structures and how they support achievement of the Agency's objectives.

It also details our approach to risk management, financial crime and whistleblowing, and sets out our internal audit opinion.

Good governance underpins our effective delivery of the government's housing and regeneration priorities.

Delivering at pace requires reliable and prompt decision making. The work done in 2024/25 and in previous years ensures our governance supports this.

Board Members' Report

Homes England is led by a Board. Members are appointed by the Secretary of State for Housing, Communities and Local Government, in accordance with the Housing and Regeneration Act 2008.

The Board is the principal decision-making body of Homes England and is supported by a number of Committees, and staff (the Executive). The Executive is led by the Executive Leadership Team (ELT). Details of the Board and the ELT are set out in this Board Members' Report.

Meet the Board

The Board has statutory responsibility for exercising the functions of Homes England. It provides strategic leadership and promotes the long-term, sustainable success of Homes England. In addition to appointing 5 new non-executive Board members, the Secretary of State has appointed the Agency's Interim Chief Executive and Accounting Officer (Eamonn Boylan) during the course of this financial year. The Deputy Prime Minister, in her capacity as Secretary of State for Housing, Communities and Local Government has appointed Pat Ritchie CBE to succeed Peter Freeman CBE as Chair of the Board of Homes England.

The Board and Executive work closely with the Ministry of Housing, Communities and Local Government (MHCLG) to deliver the government's priorities.

Each Board member in office during the financial year is listed on the following pages. During the year, there were a number of membership changes. Peter Denton, the former Chief Executive Officer and Accounting Officer, decided to stand down while Lord Ian Austin, Stephen Bell, Mark Rennison and Duncan Sutherland all retired from the Board when their terms of appointment came to an end.

Pat Ritchie CBE

Board member
Deputy Chair
(from August 2024
until April 2025)
Interim Chair
(from May 2025)

Pat Ritchie CBE is a highly regarded and influential figure in the world of urban governance and regeneration. She has held senior roles in national, regional and local government.

She was Chief Executive of Newcastle City Council for over 8 years, where she notably secured the multi-million-pound investment deal to bring Legal & General to Newcastle's flagship 'Helix' development and led on negotiations to secure a devolution deal for the North of Tyne Mayoral Combined Authority. Pat led the city's response to the pandemic and oversaw the Newcastle Covid Recovery Plan.

Pat was appointed Chair of the Government Property Agency in January 2020. In summer 2022 she took on the role of independent Chair of Metro Dynamics Company Board. She is also the Chair for Newcastle University Council.

She is a former Chief Executive of the Homes and Communities Agency (now Homes England) and former Deputy Chief Executive of the One North East Regional Development Agency.

She holds an Honorary Doctorate in Civil Law from Northumbria University and is a Fellow of Newcastle University.

Pat was awarded her CBE in January 2021 for services to local government and public service reform.

The Secretary of State appointed Pat Ritchie CBE as Interim Chair for 18 months from May 2025.

Peter Freeman CBE

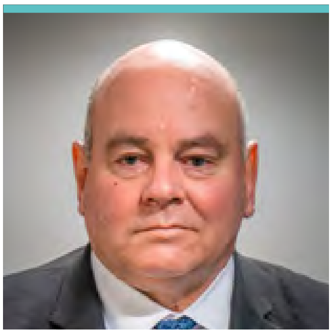
Board member
Chair (until April 2025)

After qualifying as a lawyer, Peter Freeman CBE formed the Argent Group of property companies with his brother in 1981. Argent is particularly known for major mixed-use projects like Brindleyplace in Birmingham, and King's Cross and Brent Cross Town in London.

Peter has also been a non-executive director for several other property companies and a trustee of a number of charities connected with education, combating intolerance, and public performance art.

He was shortlisted for the Wolfson Economic Prize on delivering garden cities in 2014 and was, until October 2020, Chair of Mayfield Market Towns Ltd. Peter was the principal author of the 2020 Housing Sprint Report. In July 2023 Peter was also appointed Chair of the Cambridge Delivery Group, tasked by the government to support a major growth programme for Cambridge. He was appointed in October 2024 by the Housing Minister as Chair of the Cambridge Growth Company Limited, a wholly owned subsidiary of Homes England.

Peter retired as Chair of Homes England in April 2025.



Eamonn Boylan

Board member
Chief Executive Officer
(from January 2025)

Eamonn Boylan joined Homes England as Interim Chief Executive in January 2025. Prior to this, he was Interim Chief Executive of Manchester City Council. He was also one of 10 housing and development experts serving on the government's New Towns Taskforce, though he stepped down prior to joining Homes England.

Eamonn has more than 4 decades of experience in prestigious public sector roles with a focus on leading large organisations and delivering place-based regeneration. As Deputy Chief Executive of Manchester City Council, Eamonn led the Regeneration Directorate, encompassing housing and planning and led major place-based regeneration projects in Hulme and Ancoats.

Eamonn has served as Chief Executive of the Greater Manchester Combined Authority, Transport for Greater Manchester, and Stockport Metropolitan Borough Council. While at Stockport, he led the Council's £1 billion programme of investment in infrastructure and town centre regeneration.

Eamonn has also previously held the role of Deputy Chief Executive at Homes England.

Peter Denton

Board member
Chief Executive Officer
(until January 2025)

Peter Denton joined Homes England in August 2021. Prior to this, he was Chief Executive Officer of housing association The Hyde Group.

Peter has worked in a broad range of strategic leadership roles, amassing 30 years of global real estate experience. Before joining the housing sector, Peter spent his earlier career in investment banking and then moved to property investment management firm Starwood Capital. During his investment career, Peter deployed over €25 billion of real estate capital and had significant exposure to investors and fundraising, working as a 'bridge' between the public, private and third sectors.

In addition, Peter has held senior EMEA real estate investment banking roles at BNP Paribas, Barclays, Deutsche Bank, Eurohypo and WestImmo. He is a non-executive Real Estate Investment Committee member at global investment company Eurazeo, a Council member and Chair of the Finance Committee at Marlborough College and a Global Trustee of the Urban Land Institute.

Peter left the Board in January 2025.

Abi Brown OBE

Board member

Abi Brown OBE is a deputy chairman of the Local Government Association (LGA). She also chairs the LGA Improvement and Innovation Policy Board, and the Improvement and Development Agency Board (IDeA).

Abi was leader of Stoke-on-Trent City Council between 2019 and 2023, deputy leader between 2015 and 2019, and remains a councillor for the city's Meir Park ward, which she has represented since 2010.

Abi was awarded an OBE in 2024 for services to local government.

David Cutter

Board member

Chair of Audit, Assurance and Enterprise Risk Committee (from December 2024)

Chair of the Home Ownership Committee (from August 2024)

David Cutter has extensive senior level experience in financial services and real estate. He was previously Group Chief Executive at Skipton Building Society for 12 years, overseeing governance, performance and a balance sheet of more than £30 billion.

David has chaired organisations including the Building Societies Association, Callcredit plc, Homeloan Management Ltd and Skipton Guernsey Ltd, and was a Non-Executive Director at Connells Ltd, the UK's largest estate agency with 1,250 branches and a turnover of £1 billion. A chartered accountant and former chief internal auditor, David is also a non-executive director at Moorlands Learning Trust. He played international hockey for Wales between 1983 and 1991.

Mark Henderson

Board member

Chair of Change Committee

Mark Henderson is Chief Executive of Home Group, with 55,000 homes under management across Scotland and England and one of the largest providers of supported housing, working with 26,000 vulnerable people in services provided by Home Group to tenants. Home Group is also one of the largest developers of housing in the UK with a turnover of around £430 million per annum. It was voted the UK's best Landlord and best Housing Association in 2014, 2016 and 2021.

Mark is currently Non-Executive Chair and a trustee of Whiteley Village Trust. He previously ran his own business before joining Home Group. Before that he worked with the North East Regional Development Agency as Operations Director and held a variety of regeneration and economic development jobs across the country in local government, most recently as Chief Executive of one of the largest county councils in the country. He was also a former Board member for the National Housing Federation and former Chair of Homes for the North.

Ros Kerslake CBE

Board member

Ros Kerslake CBE has more than 20 years' board level experience in the property and regeneration sectors, serving as Chief Executive, Non-Executive Director and Chair for a number of public and private sector organisations.

Previously, she was Chief Executive Officer of the National Lottery Heritage Fund, overseeing around £400 million per annum of project investment, alongside a major organisation transformation programme of the UK-wide body. Her earlier roles include Chief Executive of The Prince's Regeneration Trust, leading urban regeneration across the UK, Chief Executive for Regen Co, Sandwell, and Director of Property at Network Rail.

Ros was awarded a CBE in 2020 for services to British heritage and an OBE in 2016 for services to heritage. She is a qualified solicitor.

Sir Oliver Letwin

Board member

Sir Oliver Letwin was Managing Director of NM Rothschild until 2003, having previously served as a director. He was a Member of Parliament for West Dorset between 1997 and 2019, serving in senior ministerial posts in the UK government. He was Minister for Government Policy and Chancellor of the Duchy of Lancaster between 2010 and 2016, and between 2000 and 2010 held roles including: Shadow Chief Secretary to the Treasury, Shadow Home Secretary, Shadow Chancellor of the Exchequer, Shadow Environment Secretary and Chairman of the Conservative Policy Review.

Sir Oliver is a visiting professor at the KCL Policy Institute and an Advisory Council Member to the Bennett Institute for Public Policy at Cambridge University. Previously he taught Philosophy at Cambridge University.

Sadie Morgan OBE

Board member

Chair of Cross Cutting Committee

Sadie Morgan OBE is a co-founding director of dRMM. Championing design for over 2 decades, she holds government advisory roles including as a Commissioner for the National Infrastructure Commission. Sadie is a senior advisor for New London Architecture and Chair of its New London Sounding Board.

Sadie has held professorships at the University of Westminster and Cambridge University and co-founded the Quality of Life Foundation – an independent body prioritising wellbeing in the built environment.

Sadie is the Design and Sustainability Champion on our Board and has recently been made a commissioner of the 1851 Royal Commission.

Lesley-Ann Nash

Board member

Chair of Nominations and Remuneration Committee

Lesley-Ann Nash spent 2 decades in investment banking, building and leading structured interbank businesses. She was a Managing Director of Morgan Stanley, before leaving to offer her financial skills to government. She spent 7 years in the Cabinet Office leading a range of commercial programmes which positively impacted both the public and private sectors, as well as citizens nationally.

Since leaving government, Lesley-Ann has embarked on a non-executive director career. She has been appointed to the boards of St James's Place plc (FTSE 100) and Workspace Group plc (FTSE 250). Following a period of time on the board of the business campaigning group, BusinessLDN she joined the board of the CBI (Confederation of British Industry).

Lesley-Ann is a fellow of the Chartered Institute of Management Accountants and holds an MBA from Cass Business School.

Lesley-Ann is the Equality and Diversity Champion on our Board and is also the non-executive Board Champion for compliance by Board members with the Gifts and Hospitality provisions of our Board Code of Conduct.

Peter Vernon

Board member

Chair of Investment Committee (from August 2024)

Peter Vernon has had a senior career in property, regeneration and management consultancy.
He is a Senior Advisor at Places for London and Chair of Grosvenor Hart Homes. Peter was Group Executive Director of Grosvenor until 2021. Prior to Grosvenor he was a Partner with PwC Consulting. He has held non-executive director roles for organisations including The Berkeley Group plc and BusinessLDN. He also served as a Trustee of Peabody.

Peter was a member of the Policy Committee of the British Property Federation, the Montague Review of the Private Rented Sector, a commissioner of the City Growth Commission, and a member of the Government Estates Regeneration Panel.

Melanie Montanari and Emma Fraser

Board member

Shareholder Representative (appointed on a job share basis in October 2022)

Melanie Montanari is currently Co-Director for Housing Markets and Strategy at the Ministry of Housing Communities and Local Government (MHCLG), in a job-share with Emma Fraser.

Prior to her current role, she was responsible for Homelessness and Rough Sleeping policy at MHCLG. Before joining MHCLG, Melanie spent 15 years at HM Treasury in a range of public spending and public policy roles, including as Head of Personal Tax. In this role, she led major reforms to IR35, the landlord tax system and the 'non-dom' regime. She also held responsibility for general expenditure policy, leading on Spending Review preparations, and on welfare and labour market policy including introducing the National Living Wage and leading for the Chancellor on major reforms to the benefit system.

Melanie also worked as Speechwriter and Private Secretary to the Chancellor of the Exchequer. Alongside her work at MHCLG, Melanie sits on the Board of the Youth Futures Foundation.

Emma Fraser is a civil servant with extensive experience of working across a range of housing policy issues, currently Co-Director for Housing Markets and Strategy at MHCLG in a job-share with Melanie Montanari.

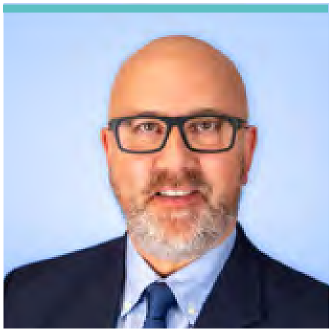
Prior to her current role, Emma was a Finance Director, leading the 2019 Spending Review and business planning for the Home Office, and previously headed the transport spending team in HM Treasury. She has also worked on health and social care policy at the Department for Health and Social Care and on energy efficiency financing and policy for the Department for Energy and Climate Change.

Lord Austin of Dudley

Board member
(until February 2025)

Lord Ian Austin has spent a large part of his career working to meet housing needs by tackling homelessness, improving the provision of housing and addressing problems of affordability. Lord Austin spent a significant time of his career serving his local area of Dudley where he served on Dudley Council before becoming the Member of Parliament for Dudley North in 2005. During this time, he served as Minister for Housing and Planning and Minister for the West Midlands, and in 2020 was appointed to the House of Lords as Lord Austin of Dudley. He also serves as a member of the Corporation of Dudley College.

Lord Austin's appointment expired in February 2025 and he accordingly left the Board during the financial year.



Stephen Bell

Board member
Chair of Audit, Assurance and Enterprise Risk Committee (until November 2024)

Stephen Bell has substantial experience in real estate, financial services, and restructuring. He has been involved in property finance, consumer and commercial lending, and specialist banking. He has held numerous C-Suite and Board roles for a broad range of institutions going through periods of transformation and growth. Stephen is a Certified Director and a Fellow of the Institute of Directors. He was the Whistleblowing Champion on our Board.

Stephen's term of appointment expired in November 2024 and he accordingly left the Board during the financial year.

Mark Rennison

Board member

(Senior Independent Director (until July 2024)

Chair of Investment Committee (until July 2024)

Chair of Home Ownership Committee (until July 2024)

Mark Rennison is the former Finance Director for Nationwide Building Society. He also chaired the subsidiary company at Nationwide which managed the Oakfield project to build a new housing community in Swindon.

Prior to joining Nationwide, Mark worked for PwC for 25 years, including spending time as an Audit Partner in their banking practice in London.

Mark's appointment expired in July 2024 and he accordingly left the Board during the financial year.

Duncan Sutherland

Board member
(until December 2024)

Duncan Sutherland has 40 years' experience in property, housing, investment, regeneration and development with particular emphasis on public/private delivery partnerships involving government, local government, local communities and private investment.

Duncan set up his own company, Inpartnership Ltd, in 2000 implementing several innovative regeneration partnerships with the public sector. The company merged with Sigma Capital which has become a national leader in the private rented sector for family housing. He was also involved in setting up and operating a £1 billion PRS fund investing in the UK and the UK's first successful PRS housing REIT.

Duncan has worked closely with government, promoting innovative and long-term investment approaches to achieving sustainable regeneration. He served as a non-executive director of the British Waterways Board and Scottish Canals and completed a 6 year term on the Board of HS2 Ltd in 2018, the new high speed railway. He has also served on the Capital Investment Advisory Board in the government's Department of International Trade (DIT). Duncan also chaired Southbank Sinfonia at St John's Smith Square, retiring last year after 12 years on the Board and 5 years as Chair. Duncan's term of appointment expired in December 2024 and he accordingly left the Board during the financial year.

Board's Responsibilities

Our Board is specifically responsible for:

- ensuring delivery of Homes England's objectives, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State
- providing effective leadership of Homes England within a framework of prudent and effective controls which enables risk to be assessed and managed
- ensuring the Board receives and reviews regular financial and management information concerning the management of Homes England
- holding the Chief Executive to account for the effective and efficient delivery of the Homes England Annual Business Plan and for the day-to-day management, delivery and performance of Homes England
- ensuring it is kept informed of any changes which are likely to impact on the strategic direction of the Homes England Board or on the attainability of its targets
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; and that the Board operates within the limits of its statutory authority
- approving the Annual Report and Accounts for submission to Parliament
- appointing, with the Secretary of State's prior written approval, a Chief Executive
- overall governance, including preservation of the reputation of the Agency
- our relationships with MHCLG and other key stakeholders
- recommending to MHCLG the Agency's overall strategic direction, within the policy and resources framework agreed and set out in the Framework Document
- approving the Agency's draft corporate plans, including output targets, for submission to Ministers for approval
- agreeing the Agency's annual budget, consistent with the strategic plan, for approval by MHCLG
- approving overall governance arrangements, including setting the Agency's values and standards to ensure that the Agency's affairs are conducted with probity, and that high standards of corporate governance are observed at all times
- ensuring the necessary financial and human resources, including key appointments, are in place to enable the Agency to safeguard its assets and meet its objectives
- approving overall arrangements for the delivery of the Agency's strategic objectives
- receiving reports from Board Committees and Advisory Groups and considering any key issues that they raise
- approving any Compulsory Purchase Orders recommended by the Investment Committee
- ensuring that the Agency's health and safety processes are effective and fulfil Homes England's obligations under health and safety legislation
- approving Homes England's Risk Appetite Statement and Risk Management Framework, assessing the periodic risk evaluations, and overseeing mitigation strategies on the recommendation of the Audit, Assurance and Enterprise Risk Committee
- considering property, litigation, legal and other corporate issues
- ensuring there are appropriate legal, financial and administrative arrangements covering the provision of the Agency's pension schemes

The Board must also comply with any direction given by the Secretary of State under the Housing and Regeneration Act 2008, section 47. No such directions were given during the financial year.

Board and Committee Composition

The composition of the Board and its Committees has changed throughout the year, as set out in the Board and Committee Attendance section later in this Report. A full list of current Board members, and members who served throughout the year, is also detailed in that section.

How the Board Spent its Time

The role of the Board is to provide strategic leadership, and to promote the long-term, sustainable success of, and the desired culture within, Homes England.

The Board oversees the performance of the full range of the Agency's operations. In particular, it determines the critical activities the Agency can progress towards achieving its strategic goals, including its contribution to the government's 1.5 million new homes target and ensuring the structures of Homes England are aligned to support the government's devolution agenda.

In 2024/25 the Board agreed the Agency's Annual Business Plan, which aims to put our strategic objectives into practice. The Board has also been developing the Agency's approach to placemaking, helping to deliver the government's ambitions for devolution and working more closely with and through Strategic Authorities.

The Board receives and reviews regular performance information, scored against corporate targets and relating to the management and performance of the Agency. Housing supply data is published on a bi-annual basis in accordance with the Office for National Statistics Code of Practice for Official Statistics and is published at Housing statistics - GOV.UK.

The Board, and the Audit, Assurance and Enterprise Risk Committee, also receive, monitor and assess emerging risks to the Agency – both internally and externally – and take a view based on the Agency's risk appetite.

In support of its work, the Board also conducted 4 site visits in 2024/25 to areas where Homes England is working with key strategic partners to make a difference, visiting Barking Riverside, Leeds, Plymouth, and Manchester.

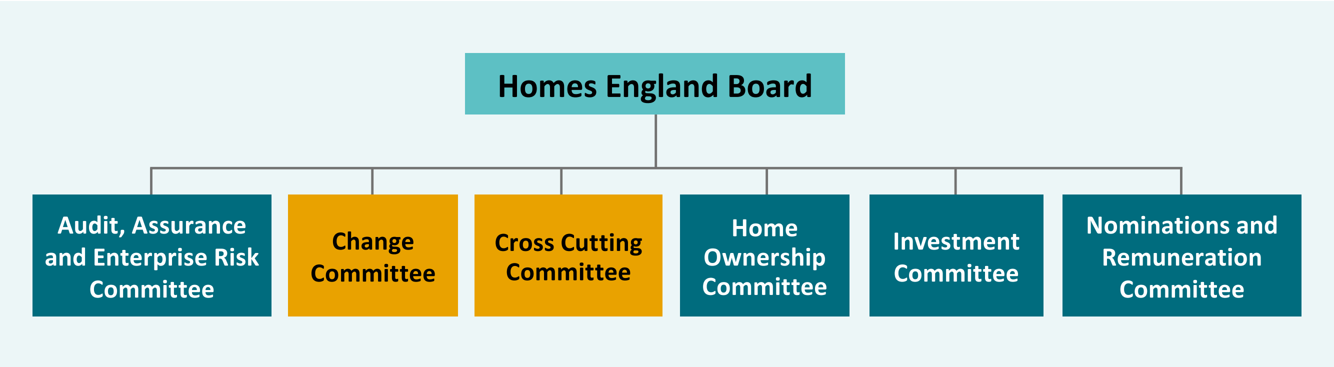
Board Forward Look

The recruitment process for a new Board Chair commenced in December 2024 and a new appointment was made early in the new financial year. Pat Ritchie CBE, who has been a Board member since February 2022 and Deputy Chair since August 2024, has been appointed to the position of Interim Chair with effect from 1 May 2025.

During 2025/26, the Board will oversee activities to operationalise new funding streams, introduce more regional and place-based working, and establish requirements for implementation of a Target Operating Model (TOM). This will enable the Agency to deliver the strategic objectives set by government. Implementation of the TOM is expected to begin in 2026/27.

The Board will also drive forward delivery, helping the Agency achieve its strategic goals in support of the government's ambitions to build 1.5 million high-quality homes.

Board and Committees as at 31 March 2025



Audit, Assurance and Enterprise Risk Committee (AAERC)

This Committee supports the Accounting Officer and Board in their responsibilities for risk control, governance, audit, financial stewardship and financial and statutory reporting. It reviews the comprehensiveness of assurance and reporting processes, consistent with the Accounting Officer's assurance needs.

Particular areas of focus for 2024/25 have been:

- the large-scale change projects underway in the Agency, and how they mitigate risk and improve the control environment
- performance management, which the Committee has identified as a core enabler of many of the initiatives and developments that the Agency is undertaking
- Help to Buy, where the closure of the scheme and the transition to portfolio management has been a key activity for the Agency

The members of Audit, Assurance and Enterprise Risk Committee as at 31 March 2025 were David Cutter (Chair), Mark Henderson, Sir Oliver Letwin and Lesley-Ann Nash.

Change Committee

The Change Committee supports the Board by providing review and scrutiny of the Agency's change portfolio and culture initiatives.

In 2024/25 this has included the strategic overview of the change portfolio, including the Evolve Transformation Change Programme of system enhancements, the Target Operating Model and Culture Enquiry work, which are shaping the Agency to meet its mission and objectives.

The members of the Change Committee as at 31 March 2025 were Mark Henderson (Chair), Abi Brown OBE, Ros Kerslake CBE, Emma Fraser/ Melanie Montanari (Shareholder Representative), and Pat Ritchie CBE.

Cross Cutting Committee

The Cross Cutting Committee supports the Board in fulfilling its responsibility for a greater focus on the cross-cutting objectives detailed in the strategic plan: safe, sustainable, well-designed and built homes including modular construction, design and sustainability.

Notable work of the Committee this year included:

- continuation of work on the Sustainable Placemaking Passport, with the Committee's input on how this could be embedded across the Agency
- deep dives which considered key questions on long-term stewardship and Modern Methods of Construction
- input into the Agency's Net Zero route map and related KPIs

- oversight of the Sustainability and Design Implementation Programme
- input into work carried out on the Nature Positive Plan (described in the Sustainability Report)

The members of Cross Cutting Committee as at 31 March 2025 were Sadie Morgan OBE (Chair), Abi Brown OBE, Sir Oliver Letwin and Peter Vernon. Peter Freeman CBE (Board Chair), attended as an observer.

Home Ownership Committee

During 2024/25 the Committee has overseen the management of the Help to Buy portfolio, together with various other legacy affordable housing programmes. It has overseen development of plans for the digital transformation of the customer servicing proposition of Help to Buy. The Committee has also focused on how to deliver long-term management of a closed portfolio of 240,000 loans, including how to support those customers that find themselves in financial difficulties. Additionally, the scope of the Committee is oversight of the Agency's administration of the Cladding Safety Scheme, and of the wider Building Safety Portfolio, all of which are conducted by Homes England on behalf of MHCLG.

The members of the Home Ownership Committee as at 31 March 2025 are David Cutter (Chair), Mark Henderson, Abi Brown OBE and Emma Fraser/ Melanie Montanari (Shareholder Representative).

Investment Committee (IC)

The Investment Committee considers new programme proposals and reviews outside delegation business cases in support of development projects, land assembly, loans, infrastructure grants and equity investments. It also monitors programme and portfolio performance and progress on major schemes and approves certain aspects of the Agency's procurement arrangements.

This year's highlights included:

- a sustainable urban extension in Warrington (£64.5 million acquisition and infrastructure on a stalled scheme) set to deliver 4,200 homes
- an equity investment of up to £18 million into a new Joint Venture, Habiko LLP, to deliver a target of 3,000 homes across multiple schemes
- investment of £55.8 million to support the delivery of 2,350 homes in Central Docks, Liverpool by 2035
- a £124 million funding package for Barking Riverside, to provide vital infrastructure to support delivery of 20,000 homes in East London
- four recommendations under the Affordable Housing Guarantee 2020 scheme:
    - £150 million to not-for-profit registered provider Wythenshawe Community Housing Group Limited, equally split between new development and improving existing stock
    - up to £200 million to Vivid Housing Limited, focused on new development (c. 1,400 homes)
    - up to £200 million to Torus62 Limited, split between new development and improving existing stock
    - £100 million to not-for-profit registered provider Moat Homes Limited, split between new development and improving existing stock

The Committee also agreed the business case for the re-set of the Home Building Fund.

Additionally the Committee, also regularly reviewed the performance of Homes England's investment portfolio, including investments in equity, MHCLG's Affordable Homes Guarantee Scheme and loans including those that are non-performing.

The Committee received regular market updates and oversaw programme activity to mitigate the impact of the economic and market pressures upon delivery. Members also received papers on Affordable Housing Sector Debt Exposure and Related Risks, and pressures on the operation of Small and Medium Enterprises (SMEs).

Looking forward, the Committee will consider the Agency's work with the government's New Homes Accelerator Programme and the New Towns Taskforce, looking at ways that that common barriers to development could be unblocked.

The members of the Investment Committee as at 31 March 2025 were:

- Peter Vernon (Chair)
- Peter Freeman CBE (Homes England Chair)
- Eamonn Boylan (Interim CEO)
- Ros Kerslake CBE
- Pat Ritchie CBE
- Sadie Morgan OBE
- Melanie Montanari/Emma Fraser (delegate - Diarmuid Swainson), MHCLG
- Marcus Ralling (Interim Chief Investment Officer)
- Jo Nugent (Director Regional MPP)
- Adam Cooper (Finance Director)
- Alison Crofton (Interim Chief Property Officer)

Representatives from the Infrastructure and Projects Authority and HM Treasury are also invited to attend meetings as observers.

Nominations and Remuneration Committee (NRC)

The Nominations and Remuneration Committee is responsible for advising on overall pay and rewards; the remuneration, contractual and pension arrangements of staff at director level and above; senior succession planning; key HR policies; and setting and agreeing the annual performance objectives, remuneration terms and other terms and conditions of employment of the Chief Executive.

Notable business this year included:

- oversight of the Homes England 2024/25 annual Equality, Diversity and Inclusion Report and Action Plan
- oversight of the implementation of the People and Culture Strategy
- agreeing a Board succession planning procedure and annual Board training programme

The members of Nominations and Remuneration Committee as at 31 March 2025 were Lesley-Ann Nash (Chair), Peter Freeman CBE, David Cutter, Sir Oliver Letwin, and Emma Fraser/Melanie Montanari (Shareholder Representative).

Board and Committee Performance

In line with our ambition to ensure we have the best and most effective governance, our Board and its Committees regularly review their own performance, both informally at the end of meetings and though more formal mechanisms, such as questionnaires and reviews. In 2024/25, and in accordance with the recommendations of the recent Homes England Public Bodies Review, published on 8 April 2024, the Board undertook an externally led Board Effectiveness Review, which will report during 2025/26.

Board and Committee Attendance 2024/25

The following table sets out the number of meetings each member attended during the year, and the number of meetings they were eligible to attend:

Name	Notes	Board	Audit, Assurance and Enterprise Risk Committee	Change Committee	Cross Cutting Committee	Home Ownership Committee	Investment Committee	Nominations and Remuneration Committee
Lord Ian Austin	Left the Board in February 2025	7/10	-	1 (for quorum)	2/4	3/5	-	-
Stephen Bell	Left the Board in November 2024	6/8	5/5	-	-	-	-	1/4
Eamonn Boylan (Chief Executive Officer and Accounting Officer)	Joined the Board in January 2025	4/4	-	-	-	-	-	-
Abi Brown OBE	Joined the Board in May 2024	8/11	-	5/5	3/3	1/4	-	-
David Cutter	Joined the Board in May 2024	11/11	5/5	-	-	4/4		3/4
Peter Denton (Chief Executive Officer and Accounting Officer)	Left the Board in January 2025	8/8	-	-	-	-	-	-
Emma Fraser/ Melanie Montanari	-	12/12	-	5/6	-	5/5	10/11	5/5
Peter Freeman CBE (Chair)	Left the Board in April 2025	11/12	-	-	3/4 (observer)	-	7/11	5/5
Mark Henderson	-	11/12	4/6	6/6	0/1 (left Committee)	3/5	-	-
Ros Kerslake CBE	Joined the Board in May 2024	10/11	-	5/5	-	-	7/9	
Sir Oliver Letwin	Joined the Board in May 2024	9/11	3/5	-	3/3	-	-	3/4
Sadie Morgan OBE	-	9/12	-	-	4/4	-	7/11	-
Lesley-Ann Nash	-	11/12	4/6	-	-	-	-	5/5
Mark Rennison	Left the Board in July 2024	2/3	3/3	1/2	-	1/2	4/4	
Pat Ritchie CBE (Deputy Chair)	Appointed Chair in May 2025	10/12	-	4/6	-	-	6/11	
Duncan Sutherland	Left the Board in December 2024	8/8	-	3/5	-	-	5/8	0/4
Peter Vernon	Joined the Board in May 2024	11/11	-	-	2/3	-	8/9	--
Meetings		**12**	**6**	**6**	**4**	**5**	**11**	**5**

Declarations of Interest

The Agency has reviewed its detailed policy and guidance on declarations of interest for all staff, which complies with the requirements of the Civil Service Management Code and includes the requirement to make an annual declaration of interests as well as record any changes. We review all recorded interest returns to ensure that they are permitted, and they are managed as part of our assurance to Board. Any sensitive interests are managed through an Ethics group, which is accountable to the Audit, Assurance and Enterprise Risk Committee.

We also have a policy in place for Board members, which is contained in their Code of Conduct, and based on Cabinet Office guidelines. Members must declare interests at any meeting and withdraw from a meeting before discussion of any matter in which they have an interest.

As part of our additional assurance, we now maintain a register of all Board and officer interests centrally, to allow secretariat and project officers to review member and officer interests more readily when they are bringing reports to Committees.

Register of Board Members' Interests

The Homes England Board members' register of interests is a public record published on the Gov.uk website in which members list all direct or indirect financial interests and non-financial interests where they have a direct bearing on the business of the Agency. Our executive directors' register of interests is published alongside the Board member declarations.

Personal Data Related Incidents

Since 25 May 2018, under the UK General Data Protection Regulation and the Data Protection Act 2018, there has been a mandatory requirement to report any personal data breach if there is a risk to the rights and freedoms of the data subjects whose data has been breached.

There was significant training on awareness raising activities during 2024/25. Several minor data breaches were reported to our Data Protection Officer during the financial year. In nearly every case, these were resolved internally without data loss or risk to individuals. There was one personal data breach that met the threshold for mandatory reporting. The Information Commissioner's Office confirmed they were content with Homes England's action to contain the breach and closed the matter without the need for further investigation.

Meet the Executive Leadership Team

The Executive Leadership Team (ELT) is our principal operational decision-making group for implementing the corporate strategy, operational policies and procedures of Homes England. The executive directors work with the Chief Executive to ensure that the deployment of resources is sufficient to maintain delivery and that our corporate services provide effective service support.

There were a number of changes to the ELT during the financial year. Richard Collins, Peter Denton, Lynda McMullan, Mike Palin and Adrian Tucker all left during the year.

On 31 March 2025 the Executive Leadership Team comprised:

- Eamonn Boylan - Interim Chief Executive and Accounting Officer
- Kirsty Shaw - Chief Operating Officer
- Ian Workman -Chief Customer Officer
- Alison Crofton - Interim Chief Property Officer
- Marcus Ralling - Interim Chief Investment Officer
- Adam Cooper - Finance Director (in attendance only)
- Jo Nugent - Director Markets, Partners and Places (in attendance only)
- Rebekah Hillcoat - Assistant Director Enterprise and Operational Risk (in attendance only)
- Paul Murphy - Deputy Chief Risk Officer and Director of Transaction Risk (in attendance only)
- Mike Wiltshire - Director Strategy, Research and Analysis, Sponsorship (in attendance only)

Eamonn Boylan

Board member
Chief Executive Officer (from January 2025)

Eamonn is a Board member of Homes England and his full biography appears in the Board section.

Kirsty Shaw

Chief Operations Officer

Kirsty Shaw joined Homes England in September 2022. She is Homes England's first Chief Operating Officer. She previously held the role of Chief Operating Officer at the Care Quality Commission, prior to that she has held a number of senior roles in central government and arm's-length bodies leading complex operations and delivering organisational wide transformation programmes.

At Homes England, Kirsty's focus is on unlocking operational efficiency and effectiveness, ensuring that the Agency has the right systems, structures, people and processes to deliver our objectives.

Ian Workman
Chief Customer Officer

Ian Workman joined Homes England in November 2022, having worked for over 30 years in the banking industry. He spent much of his career at Barclays in both Retail and Commercial Banking and was most recently the Managing Director for SME/Business Banking Relationships for the UK.

After leaving Barclays, Ian worked with Recognise Bank, a challenger bank. He joined Homes England from the Yorkshire Building Society, where he was the Interim Strategy Lead for YBS Commercial Mortgages.

Ian has a particular interest in Equality and Diversity, having led on a number of initiatives, and during this year completed a Masters Degree in Equality and Diversity.

Alison Crofton
Chief Property Officer

Alison Crofton joined Homes England in 2020 and currently leads the Agency's Land and Development directorate which drives forward our ambition to deliver high-quality homes in thriving places. This is achieved through the acquisition and unlocking of both public and private land where the market won't, by removing constraints, securing planning permission and releasing market ready sites to get more homes built where they are needed.

Alison is a member of the Institute of Building and a Chartered Environmentalist with the Society for the Environment, bringing more than 20 years' experience in delivering major housing and mixed-use developments.

In addition to the Chief Property Officer role, Alison sits on the Board of Directors at both the English Cities Fund and New Homes Quality Board.

Marcus Ralling
Chief Investment Officer

Marcus Ralling is the Interim Chief Investment Officer. He has worked in UK and European real estate for over 30 years and has extensive experience of strategic portfolio and asset management.

He joined Homes England having just completed a Masters in Housing and City Planning at UCL London, following time as Managing Director and Head of European Asset Management at Global Investment Firm KKR. Prior to that, he was Managing Director and Head of UK and European Asset Management at PGIM.

Adam Cooper
Finance Director

Adam Cooper has been with the Agency since 2013, joining as a senior manager responsible for building a team to account for the Agency's growing investment portfolio, including Help to Buy which launched that year. He has worked in a number of roles across Strategic Finance and Financial Reporting, being appointed Finance Director in 2021.

Before joining the Agency, Adam trained as a Chartered Accountant with the National Audit Office where he led audits for the Department of Health and Homes England, and prior to this he spent 14 years as a design consultant, working for multi-national and national companies on corporate identity, literature, packaging and online media projects.

Jo Nugent
Director, Markets, Partners and Places (MPP)

Jo Nugent holds the delegations for the Executive Director of Markets, Partners and Places (MPP), a multidisciplinary team who work through the Agency's place-based approach, and who have a remit to identify, lead on, and provide co-ordinated Agency-wide support to large-scale, complex and innovative projects. These are projects that require multiple interventions and whose delivery is achieved through partnerships with local stakeholders and sectoral institutions, working with, and across, government to realise housing and growth ambitions.

Rebekah Hillcoat
Assistant Director, Enterprise and Operational Risk

Rebekah Hillcoat joined the Risk Change Team at Homes England in 2021, later moving into the role of Assistant Director, Risk Transformation (Evolve) and joining the Risk Leadership team. Rebekah now leads Enterprise and Operational Risk.

Paul Murphy
Deputy Chief Risk Officer and Director of Transaction Risk

Paul Murphy joined the Agency as Deputy Chief Risk Officer in 2018. He commenced his working career in Hong Kong in 1991 and spent 27 years in the financial sector, working across various countries and institutions.

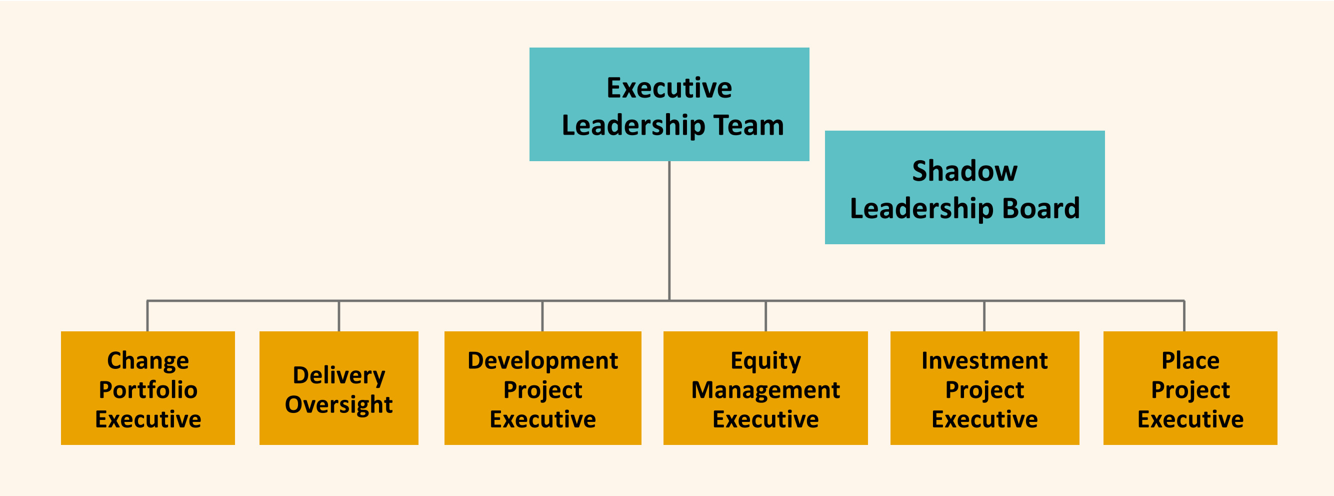
Mike Wiltshire
Director Strategy, Research, Analysis and Sponsorship

Mike Wiltshire joined Homes England in 2018 and leads the Strategy, Research, Analysis and Sponsorship Unit which focuses on: cross-agency strategy development; the Agency's research, economics and analysis portfolio, headed up by Homes England's Chief Economist; market engagement; and Homes England's Government Sponsorship function.

Prior to joining Homes England, Mike was a civil servant in Cabinet Office, MHCLG and the Department for Business, Energy and Industrial Strategy, where he led work to devolve power to city-regions and drive local economic growth. This included: the establishment of elected city-region mayors; the negotiation and implementation of devolution, growth and city deals across England, Scotland and Wales; and leading work to drive housing-led growth in the Oxford, Milton Keynes and Cambridge corridor.

Before joining the civil service, Mike worked in local government for over 10 years across London, South East England and South West England.

Executive Leadership Team Structure



The Executive Leadership Team (ELT) is responsible for delivery and assurance to the Board of the strategic plan objectives, risk, budget and performance reporting.

ELT is supported by 4 executive groups and 3 Project Executives, which deal with Investment and Development approvals. ELT also has the benefit of engagement from a Shadow Leadership Board.

Executive Groups:

- Change Portfolio Executive
- Delivery Oversight
- Equity Management Executive
- People Executive (wound up in June 2025 when its work passed to ELT)

Project Executives:

- Development Project Executive
- Investment Project Executive
- Place Project Executive

Change Portfolio Executive monitors the Agency's programme of change projects.

Delivery Oversight considers the most significant projects at concept stage and, if outside the Agency's delegation, will consider the full business case before it is submitted to the Investment Committee.

Equity Management Executive maintains oversight of the of the Agency's group structure and the launch and ongoing performance of the Agency's equity vehicles.

Together, the **Development Project Executive, Investment Project Executive** and **Place Project Executive** support the executive level approval process for the Agency's investment and development projects, including multiple interventions in our priority places.

The following groups were mapped to the Board Committees during the financial year:

- People Executive to Nominations and Remuneration Committee
- Change Portfolio Executive to Change Committee
- Delivery Oversight provides assurance on programmes and portfolio delivery to the Investment Committee and assurance on policy matters to the Cross Cutting Committee. Delivery Oversight is also linked to the Project Executive approval groups as it oversees projects

Shadow Leadership Board

The Shadow Leadership Board (SLB) was formed in September 2022, with 12 members from across the Agency who, as a collective, bring together a diverse range of experience, skills, and insights.

SLB is made up of people in Senior Specialist/ Senior Manager roles and below, to give those who are sometimes under-represented the ability to share their voice. The SLB shadows our Executive Leadership Team and shares its reflections around key challenges facing Homes England and other subjects being discussed, as part of ELT agendas to diversify the perspectives that ELT are exposed to from across the organisation.

As with all of the Agency's governance structures, these arrangements are reviewed regularly, to ensure they continue to meet the needs of the Agency.

Delivery Board Structure

Recommendations to improve the operation of Homes England's Delivery Boards as key forums to oversee and assure programme performance were included in the recent Homes England Public Bodies Review (April 2024) and the Homes England Chair's letter (September 2024).

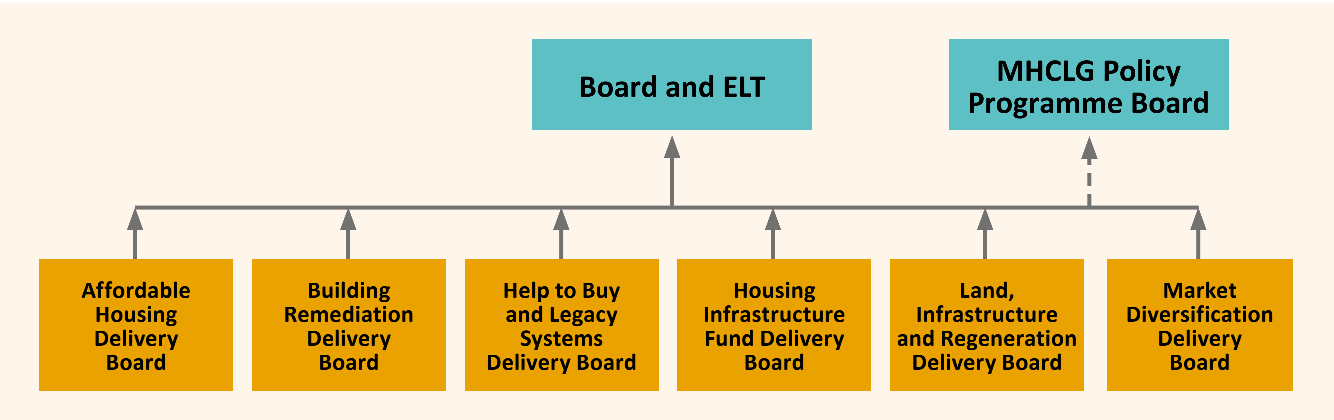
As a result, the structure of the Delivery Boards was re-set to allow for consolidated consideration of land and infrastructure programmes, with the overall number of Boards reducing from 7 to 6.

The Delivery Boards form part of a policy delivery partnership model agreed with MHCLG, and cover Affordable Housing, Building Remediation, Help to Buy and Legacy Schemes, Housing Infrastructure Fund, Land, Infrastructure and Regeneration, and Market Diversification.

The Delivery Boards provide oversight and assurance to the Agency and MHCLG on delivery of programmes and funds, and inform strategic and policy decision making for the Agency and relevant MHCLG Programme Boards. They monitor in-year and lifetime performance, manage emerging risks, and agree on actions to optimise performance. The Delivery Boards also include representatives from the Infrastructure and Projects Authority (now absorbed into the new National Infrastructure and Service Transformation Agency (NISTA) during 2025/26) and HM Treasury, to give them the opportunity to oversee performance and input into key decisions.

Management information and performance reporting and forecasts from the Delivery Boards form part of the Agency performance reporting to the ELT and Board.

On the MHCLG side, performance reporting from Agency Delivery Boards is also considered by the MHCLG Policy Programme Board, where a holistic view of performance is discussed with senior MHCLG officials. Every quarter, the MHCLG Policy Programme Board examines a long-term view of Agency performance, addressing lifetime delivery and alignment to policy objectives.



External Auditors

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the Housing and Regeneration Act 2008.

The cost of work performed by the auditor for 2024/25 is £630,000 (2023/24 £575,000).

As part of the annual audit of Homes England, the National Audit Office (NAO) may issue recommendations to strengthen governance and accountability. Such recommendations are considered by senior management, reviewed by the Audit, Assurance and Enterprise Risk Committee, and solutions are implemented where appropriate.

Public Scrutiny

As an arm's-length body of MHCLG, Homes England is subject to government and Parliamentary scrutiny. The Agency must respond to formal calls for evidence (written and hearings) from Select Committees, including the Public Accounts Committee (PAC), and support studies and audits led by the NAO.

A major public scrutiny focus in 2024/25 was on building remediation, with the NAO's value for money report on Dangerous Cladding: the government's remediation portfolio, and the subsequent PAC hearing and report on The Remediation of Dangerous Cladding. As the evidence session fell during the handover of Homes England's Accounting Officer responsibilities, the Agency's Director of Cladding Safety gave evidence on behalf of the Agency, also meeting a stated aspiration of the PAC to hear from more operational and technical specialists.

The NAO recommended that Homes England and MHCLG consider new actions to incentivise responsible entities to apply to their Programmes and increase the pace of remediation. While Programmes are not directly comparable and the Cladding Safety Scheme is still at an early stage, there are initial indications that it is faster and much cheaper to run than the Building Safety Fund.

Homes England also provided input into NAO studies on 'The effectiveness of government in tackling homelessness' (July 2024) and 'Improving local areas through developer funding' (June 2025).

The Levelling Up, Housing and Communities Select Committee also published the report into The Finances and Sustainability of the Social Housing Sector in May 2024. Homes England contributed written and oral evidence to this inquiry.

Statement of Accounting Officer's Responsibilities

Under the Housing and Regeneration Act 2008, the Secretary of State (with the consent of HM Treasury) has directed Homes England to prepare for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Homes England and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and to:

- observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Financial Statements
- prepare the Financial Statements on a going concern basis; and confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Ministry of Housing, Communities and Local Government Principal Accounting Officer has delegated Accounting Officer responsibilities to me, Eamonn Boylan, as the Interim Chief Executive of Homes England. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Homes England's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Homes England's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that they are fair, balanced and understandable.

Governance Statement

Introduction

Homes England is a non-departmental public body sponsored by the Ministry of Housing, Communities and Local Government (MHCLG). Our relationship with MHCLG, including how we interact, the parameters within which we operate and the obligations we comply with, are formally governed by a Framework Document which:

- recognises our functional and day-to-day operational independence
- sets out our governance and decision-making arrangements
- sets out the financial and management processes that govern our operation

The Framework Document is the key document governing the Agency's relationship with MHCLG. The Framework Document in place during this reporting period was published in March 2023.

Homes England has complied with the Corporate Governance in Central Government Departments: Code of Good Practice.

Risk Management

Risk Management Framework

Homes England's approach to risk management aligns with the 5 principles set out in HM Treasury's Orange Book – Management of Risk: Principles and Concepts. Our framework takes a comprehensive and holistic view, ensuring risks are identified, assessed, managed, and monitored effectively across the organisation.

Compliance with the Orange Book Principles

As a public sector organisation, Homes England is required to either comply with or explain any departures from the 5 key principles of the Orange Book. We have assessed our risk management arrangements against the Orange Book, and the assessment confirms that the Agency broadly complies with its core principles. Specifically:

- **Governance and Leadership:** Risk management is embedded within governance structures and is integral to leadership at all levels.
- **Integration:** Risk management informs strategic planning, operational decisions, and daily business activities.
- **Collaboration:** Our approach is underpinned by cross-functional collaboration and informed by the best available data and expertise.
- **Continuous Improvement:** We actively learn from experience to refine our risk management practices.
- **Risk Management Processes:** While we have made significant progress, full compliance with the principle relating to risk management processes is still in development. During 2024/25, we focused on establishing foundational controls assurance activities and learning from the initial implementation. For 2025/26, we have refined our approach and developed risk and compliance-based assurance plans to deliver proportionate, coordinated, and effective risk management support for the Agency's objectives.

Homes England's Risk Management Framework (RMF) is supported by a suite of essential risk policies and procedures, including clear definitions of risk appetite and outlining key processes for effective risk management. The Agency's risk database documents the outcomes of the risk assessment process, detailing the identification, assessment, and control of risks. The risk reporting cycle operates on a quarterly basis, with the ELT receiving monthly reports on specific categories of risks and corresponding controls.

Focus Areas for Maturity and Improvement

As part of our commitment to advancing a strong risk culture that enables informed decision-making, we have identified 3 key areas for enhancement:

- **Horizon Scanning:** Strengthening our capacity to identify and respond to a broader range of internal and external risks.
- **Risk Data:** Improving the quality and integration of risk data across the organisation to enhance analysis, reporting, and responsiveness.
- **Functional Standards:** Further embedding government functional standards into our risk management environment.

Framework Governance and Oversight

The RMF is the guiding structure that integrates risk management into all levels of the organisation. It includes policy, strategic, operational, transactional, financial, and fiduciary risks, ensuring they are managed in a coordinated and integrated manner with consideration for interdependencies and their impact on the enterprise.

In late 2023, the Board reviewed and updated the RMF to ensure it remained aligned with strategic priorities and operational delivery. The updated framework was in place throughout the financial year and remains effective up to the date of this Annual Report and Accounts. A comprehensive review is scheduled for 2025/26 to ensure continued alignment with our evolving objectives.

Homes England continues to operate in accordance with the 'Three Lines Model', ensuring that risks are managed at the appropriate level:

- The First Line comprises individuals responsible for identifying, assessing, managing, and owning risks and controls within their business areas and support functions.
- The Second Line oversees the implementation of risk management practices and includes the Risk Team, along with risk policy owners and managers.
- The Third Line is the internal audit function, which is independent of day-to-day operations and reports to the Audit, Assurance and Enterprise Risk Committee (AAERC) on the effectiveness of the overall risk management framework and control environment.

The ELT is accountable for operationalising the Agency's risk management and processes, ensuring they are resilient, comprehensive and aligned with strategic objectives, with oversight provided by the AAERC, reporting into Board.

Further information on the Agency's risk profile can be found within the Overview of Performance and Risk section, as well as in the Principal Risks Impacting Delivery section of this Annual Report and Accounts.

Risk Appetite

Homes England defines its risk appetite as the level and type of risk the Agency is willing to accept in pursuit of its strategic objectives. This is a fundamental component of our governance and decision-making, ensuring risks are taken in a controlled, proportionate, and transparent manner that aligns with public value and accountability.

The Risk Appetite Statement, approved by Board, uses the following 3 levels of risk appetite:

- **Open** – Receptive to considered risk taking when benefits outweigh risks, or if the risk is outside the ability of the Agency to meaningfully control.
- **Neutral** – Acceptable, if within programme parameters. Considered risk-taking by senior management in the pursuit of the Agency's objectives.
- **Averse** – Taking this type of risk is not required to deliver Homes England strategic objectives. Risks are unacceptable and must be avoided, fully mitigated or minimised.

The Agency continues to adopt a structured approach to risk appetite, setting thresholds at the Primary Risk Level, which defines acceptable risk exposure across all areas of the business. This level provides a consistent, organisation-wide reference point for determining whether risks should be accepted, mitigated, or avoided.

In some cases, risks that sit beneath these primary categories may warrant more specific considerations. Where relevant, Secondary Risk Levels may be defined to reflect operational nuances, but any such adjustments must remain within the boundaries of the overarching Primary Risk appetite—never exceeding it in appetite.

Risk Categories

We have reviewed our Primary Risk categories, shown on the next page. This review has led to 2 changes: the addition of Value for Money Risk (VfM) and removal of Reputational Risk.

Value for Money Risk

The Agency adopts an Averse appetite for VfM risk. This reflects our commitment to robust cost control, fiscal prudence, and alignment with HM Treasury guidance, including Green Book principles. Whilst we continue to support innovation and strategic delivery, all activities must be underpinned by strong business cases, evidence-based assessments, and a clear proportionality between risk and benefit. This ensures that public funds are used effectively, responsibly, and in ways that maximise long-term impact.

Refinement of Reputational Risk

As part of our continued maturity in risk management, we have refined our approach to Reputational Risk, recognising the need to distinguish between different drivers of reputational impact. Previously considered as a single Primary Risk category, it is now separated into 2 distinct secondary risks to allow for clearer oversight and more tailored responses:

1. Credibility Risk

- Definition: The risk of adverse public or stakeholder perception arising from strategic actions that are aligned with Homes England's objectives but may generate external criticism.
- Risk Category: Policy and Strategy Risk
- Risk Appetite: **Open** – Reflecting a recognition that delivering bold and ambitious interventions may invite external challenge, and a willingness to accept this where actions remain within strategic and policy boundaries.

2. Reputational Damage Risk

- Definition: The risk of reputational harm resulting from operational failures, ethical breaches, or non-compliance.
- Risk Category: Operational Risk
- Risk Appetite: **Averse** – Demonstrating the Agency's firm stance on minimising preventable incidents that could damage stakeholder trust or public confidence.

The Agency’s 7 Primary Risk categories and Risk Appetite position are listed in the following table:

Policy and Strategy Risk - Open The risk of changes in government policy priorities, external mandates, or shifts in Homes England’s strategic direction leading to misalignment with its mission, altered deliverables, impacts on the operating model, or expansion/reduction of areas of responsibility.
Economic Risk - Open Risk of changes in the macroeconomic environment leading to volatility in the UK housing market, resulting in unsustainable levels of strategic change.
Regeneration and Housing Delivery Risk - Open The risk of Homes England’s interventions, decisions, or activities not delivering the anticipated outcomes, leading to missed objectives, inefficiencies, or setbacks in achieving its mission. This arises from inherent uncertainties, evolving circumstances, or the complexity of the housing and regeneration landscape, including the possibility of unforeseen challenges or initiatives occasionally falling short of expectations as a trade-off in pursuing ambitious goals.
Financial Risk - Neutral Risk of Homes England’s credit/investment decisions leading to a financial loss or sub-optimal recovery outside agreed tolerance, resulting in an inability to achieve planned recovery rates.
Value For Money Risk - Averse Risk of Homes England failing to achieve optimal value for money in its programmes, interventions, or operational activities, leading to inefficient use of public funds, sub-optimal outcomes, or reduced stakeholder trust.
Operational Risk - Averse Risk of losses or adverse outcomes resulting from inadequate processes, resources, or systems being ineffective.
Fiduciary, Economic Crime and Fraud Risk - Averse Homes England will comply with all regulatory requirements. The Agency will put in place appropriate levels of controls to identify scheme abuse, failures in fiduciary duty (by Homes England or third parties owing Homes England a duty), economic crime, and fraud within its various programmes. These will be proportionate and consistent with best practice across government for similar activities. Given the scale and diversity of its interventions, the Agency recognises that a level of scheme abuse is unavoidable. When identified this will be proactively pursued and all legal and commercial means available to the Agency deployed to address it.

Risk Culture

Our risk culture is closely aligned to the principles set out in the Orange Book, our strategic plan and to the Agency's values.

We recognise that fostering a strong culture of good risk behaviours enables us to anticipate and address risks early, supports us to seize opportunities and achieve our objectives.

We are committed to building a culture that prioritises effective risk management and continuous improvement in our control environment. Our approach to risk reflects our shared values and highlights the importance of working together and being accountable.

By working together, we strive to make well-informed, transparent decisions and to proactively avoid unnecessary and unexpected challenges.

We are committed to promoting a positive and mature approach to risk management by sharing lessons, celebrating good practise and delivering regular training. Through these efforts, we continue to strengthen how we manage and understand risk across our organisation.

Countering Economic Crime

Homes England is committed to the effective management and application of public funds. The Agency sets high ethical standards while achieving value for money. Our Anti-Economic Crime (AEC) framework focuses on applying proportionate and risk-based due diligence and improving fraud intelligence and assessment through external source partnerships and data analytics.

In 2024/25 the Agency was subject to an assessment of its compliance to the government's Counter Fraud Functional Standard (GovS013) by the Public Sector Fraud Authority (PSFA). The PSFA rated the agency as 'In Development'. Our activity in the coming year will focus on addressing the findings of this assessment through improvements to our framework, processes, systems and controls. This will incorporate embedding controls to comply with the new offence of 'failing to prevent fraud'. Our revised framework will be submitted to Board for approval in 2025/26.

Cases of suspected economic crime and fraud are reported to our AEC team. These are assessed and, where the allegations have grounds for further review, are investigated and actioned accordingly. All suspicions of money laundering and other crimes are reported to the appropriate authority in line with our obligations under the Proceeds of Crime Act 2002.

Additionally, all cases of identified fraud, error or loss are escalated and reported quarterly to MHCLG and the PSFA. The quarterly returns will be subject to scrutiny by the Agency's Audit, Assurance and Enterprise Risk Committee.

We monitor the government's UK sanctions regime guidance against our consumer and development partners to ensure we comply with the UK's financial sanctions regime requirements.

As part of our commitment to achieving greater social value benefits, we continue to identify and eradicate modern slavery across all our business activities and in our supply chains. AEC continues to support colleagues in identifying such risks and to externally report suspicion of modern slavery to the authorities.

Our continued commitment to continuous improvement in risk training has led to us developing an enhanced suite of e-learning courses which will be mandatory for all staff to complete. These will be implemented from April 2025.

Risk Events and Near Misses Reporting

Our risk incident reporting process focuses on encouraging open and blame free discussions about risks, near misses and incidents.

This approach helps us to identify risks, understand their root cause and determine the best ways to address them. It also provides a platform to highlight necessary improvements in our controls and to gain a clear understanding of risks that could impact our objectives.

Our enterprise-wide risk incident reporting tool simplifies the process of reporting incidents promptly, offering greater visibility to evaluate and learn from them. These actions reflect our commitment to developing a proactive risk culture and continually enhancing our risk management practises.

In 2024/25, we recorded 143 operational risk incidents and near misses, resolving 140, with other risks actively managed. Each incident was addressed with corrective actions and ongoing monitoring to reduce the likelihood of similar occurrences in the future.

Specific risk and control disclosures - breach of commercial control

During quarter 4 2024/25, irregular expenditure i.e. incurred beyond the Agency's authority, was identified in the Evolve Transformation Change Programme. This occurred as a result of spend being incurred without an approved commercial contract being in place. The value of irregular expenditure is £1.4 million.

In January 2025, management consultants were instructed to undertake digital discovery work. This was outside the scope of their original appointment and commenced in advance of securing approval through established contract variation processes.

The contract variation process highlighted that further approval would be required to adhere to digital spend controls (where enhancements were made in 2024/25 to make sure government organisations spend public money efficiently and effectively, aligning to government digital and data standards).

Accordingly, a submission was made to the Portfolio Assurance Board (PAB), which is made up of representation from Chief Digital and Data Office, MHCLG and the Agency, and assesses this form of activity.

Whilst the approval sat outside the delegation of the PAB, they communicated what additional information would be required for the case to be referred on for consideration by Government Digital Service.

In the interests of overall project timescales, a decision was taken by Homes England to allow consultants to continue to proceed with commissioned work whilst appropriate spend control approvals were obtained. Further information was provided to PAB, but this did not satisfy the requirements for approval and therefore approval was not subsequently secured. The spend incurred was therefore irregular and work on the contract was stopped immediately following instruction from MHCLG.

This issue has been thoroughly examined to determine the nature, underlying causes and associated risks. Control improvements have and are being implemented to enhance control, oversight and governance, to prevent recurrence. We remain committed to upholding financial accountability and transparency in all transactions.

Risk and Control Assurance

Assurance activity within risk

Over the year, we have focused on establishing a structured approach to assessing risk and compliance control design and effectiveness. While initial assurance activities were broad, they marked the first structured controls assurance at scale. Key lessons learned include the need for a more targeted, efficient and risk-based approach. In 2025/26, we will implement a prioritised assurance plan and a streamlined methodology to ensure greater efficiency and impact. We will continue to prioritise the need for improvements to risk and control data to better support our prioritised and effective assurance approach.

Assurance arrangements over services performed by mortgage administrator

A System and Organisation Controls 1 (SOC1) assurance review was commissioned by the Help to Buy mortgage administrator over their IT and operational controls, covering the period December 2024 to March 2025.

This work is close to completion and an interim update from the firm undertaking the work indicates that there are no significant findings to date. Despite the absence of a final independent SOC1 assurance report, the interim update and the results of detailed sample testing undertaken by both the mortgage administrator and the Agency across the financial year indicate no material concerns over the Help to Buy data and related controls.

Internal Audit

Internal Audit is required to provide an annual opinion on the overall framework of governance, risk management and control to inform the Governance Statement. It delivers a plan of work agreed with the Accounting Officer and the Board, through the Audit, Assurance and Enterprise Risk Committee (AAERC), to provide an overall assurance opinion.

The annual opinion is informed through Internal Audit's formal programme of reviews as well as ongoing observations, consideration of work delivered through other assurance functions and the independent validation of progress with, and improvements made to, the control environment.

The overall assurance provided for 2024/25 is a 'Moderate' opinion. This means that 'some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'.

The assurance level provided in 2023/24 has therefore been maintained, although the direction of travel is assessed as declining. The coming year is considered crucial to enable areas of exposure to be addressed, the direction of travel stabilised and reversed, and the current overall opinion level retained and sustained. In response, management are enhancing measures to grip and monitor improvement activity which will be reported regularly to AAERC during 2025/26.

Whistleblowing

Homes England's Whistleblowing Policy includes contact details for our colleagues to raise concerns of wrongdoing matters that are made in the public interest.

All disclosures are treated seriously, and the information gathered helps to drive continuous improvement.

The recommendations of the benchmarking review of process and policy, carried out in collaboration with the Protect whistleblowing charity in 2022/23, have been implemented, to bring the Homes England policy and process up to date with industry best practice, improving our control environment.

Improvements to Homes England's whistleblowing arrangements in 2024/25 included the launch of a new independent whistleblowing hotline and the launch of a new speak-up intranet page that brings together incident reporting processes under a single umbrella.

Additionally, an internal audit report conducted during the financial year highlighted several additional improvements that should be made e.g. training for staff, which have been accepted and have been, or will be implemented.

There was one disclosure raised via the whistleblowing process in 2024/25. This did not meet the classification of a whistleblowing disclosure but is currently being investigated under other processes.

Additionally, during the year a whistleblowing case relating to Homes England was raised with the NAO who have made enquiries with the relevant team in the Agency. At the time of publication of this report, this enquiry was still ongoing.

There were 4 qualifying whistleblowing disclosures reported in the prior financial year, 2023/24.

Conclusion

I have received appropriate assurance from senior management, our governance structures and from reporting and assurance provided to me through the 3 lines of defence. Other than already disclosed within this statement I am satisfied that the Agency has complied appropriately with all governance requirements. We are committed to constantly striving for the best public service and ensuring that our systems, process and people adapt to ensure our Agency can fully contribute to the government's ambitions for housing and regeneration.

3.2 Remuneration and Staff Report

This section details remuneration and staff expenses and policies.

Remuneration and Staff Report

Nominations and Remuneration Committee

The Nominations and Remuneration Committee (NRC) has the following responsibilities:

- Advise the Board on the remuneration of the Executive Directors and the Chief Executive, and any related matters.
- Recommend the appointment or dismissal of the Chief Executive to the Board.
- Set and agree annual performance objectives of the Chief Executive, subject to Ministry of Housing, Communities and Local Government (MHCLG) approval.
- Consider and approve the incentive structure, including any bonus payment, for the Chief Executive and other senior officers on an annual basis, subject to MHCLG approval.
- Keep under review the leadership needs of the organisation, both executive and non-executive skills and knowledge. To recommend systems of succession planning to support the continued ability of the organisation to deliver the outcomes in the corporate strategy and monitor their implementation.
- To monitor the Agency's overall staffing situation against the organisational structure approved by the Board and to approve any changes having regard to the resource budget agreed by MHCLG and any headcount directions laid down by MHCLG.
- Consider and advise the Board on broader staffing issues, such as recruitment and retention, overall pay levels, grading structure, pension and performance awards, and any other staffing matters that are referred to the Committee by the Executive.
- Advise the Board in relation to the Equality, Diversity and Inclusion (EDI) strategy and oversee the implementation plan.
- Review and make recommendations to the Board in respect of the People and Culture strategy.
- Review the management information (MI) on the people pillar of the MI dashboard and advise the Board of any concerns alongside management's reports.

Remuneration Policy

We determine remuneration levels in order to attract and retain the talent and skills with appropriate experience to meet our objectives. The performance of Homes England's Executive Leadership Team (ELT) is measured through both financial and non-financial indicators. In line with our approach to building brilliant performance, employees agree annual performance objectives which are reviewed regularly throughout the year and provide the basis for a formal annual appraisal which is linked to the payment of performance bonuses.

ELT and employees are entitled to a contribution by Homes England to a defined benefit pension scheme.

Homes England implements an annual pay remit which is approved by the Secretary of State as part of the civil service pay remit and Senior Civil Service guidance processes.

Employment Contracts

The ELT have contracts of employment with either 3 or 6-month notice periods (dependent on the job role) that do not contain any pre-determined compensation on termination of office. The exceptions to this are Alison Crofton, who is a permanent Homes England employee, seconded into post and Marcus Ralling, who is contracted through an employment agency.

Appointment of Board Members

Board members are appointed by the Secretary of State, previously this was for a fixed term of 3 years, new appointments in 2024/25 are for a fixed term of 4 years. Terms may be extended at the discretion of the Secretary of State. Board members' time commitment was 3 days per month in 2023/24 and 2024/25. Board members who have additional chair responsibilities have additional time commitment.

Audited Remuneration Information

The following information provides details of the remuneration and pension interests of ELT in their capacity as employees of Homes England for the year to 31 March 2025 and Board members. Sections that are subject to audit are listed as such.

Board Members' Emoluments (subject to audit)

	2024/25 £'000	2023/24 £'000
Chair		
Peter Freeman CBE[1]	**95**	95
Board members		
Stephen Bell (to 30 November 2024)[2]	**28**	42
Duncan Sutherland (to 13 December 2024)[3]	**18**	25
Vanessa Murden (to 30 June 2023)[4]	**-**	8
Sadie Morgan OBE[5]	**29**	29
Mark Rennison (to 31 July 2024)[6]	**14**	42
Pat Ritchie CBE[7]	**36**	25
Lesley-Ann Nash[8]	**29**	29
Mark Henderson[9]	**29**	29
Lord Austin of Dudley (to 23 February 2025)[10]	**23**	25
Sir Oliver Letwin (from 17 May 2024)[11]	**22**	-
Peter Vernon (from 17 May 2024)[12]	**27**	-
Ros Kerslake CBE (from 17 May 2024)[13]	**22**	-
David Cutter (from 17 May 2024)[14]	**29**	-
Abi Brown OBE (from 17 May 2024)[15]	**22**	-
Emma Fraser[16]	**-**	-
Melanie Montanari[16]	**-**	-

[1] Peter Freeman's term was extended in September 2023 for 2 years, until 22 October 2025. Following his appointment as Chair of Cambridge Growth Company, Peter resigned from the Board on 30 April 2025.

[2] In addition to being a Board member, Stephen Bell was the Chair of the Audit, Assurance and Enterprise Risk Committee. He was also the Agency's representative on MHCLG's Audit, Risk and Assurance Committee. Stephen's term was extended in December 2023 for a period of eight months, commencing on 1 April 2024 and ending on 30 November 2024.

[3] Duncan Sutherland was reappointed in December 2021 for 3 years. His term ended on 13 December 2024.

[4] Vanessa Murden resigned from the Board on 30 June 2023.

[5] In addition to being a Board member, Sadie Morgan is Chair of the Cross Cutting Committee.

[6] In addition to being a Board member, Mark Rennison was the Chair of the Investment Committee, the Senior Independent Director and Chair of the Home Ownership Committee. Mark Rennison resigned from the Board on 31 July 2024.

[7] In addition to being a Board member, Pat Ritchie was appointed Deputy Chair on 1 August 2024. Full year equivalent emoluments for 2024/25 were £41,640. Pat Ritchies's term was extended in February 2025 for 9 months, until 23 November 2025. Post year end, Pat Ritchie has been appointed as Interim Chair of the Board for a period of 18 months commencing on 1 May 2025.

[8] In addition to being a Board member, Lesley Ann Nash is Chair of the Nominations and Remuneration Committee. Lesley Ann Nash's term was extended in February 2025 for 9 months, until 27 November 2025.

[9] In addition to being a Board member, Mark Henderson is Chair of the Change Committee. Mark Henderson's term was extended in February 2025 for 9 months, until 23 November 2025.

[10] Lord Austin of Dudley's term ended on 23 February 2025.

[11] Oliver Letwin was appointed to the Board on 17 May 2024 for a period of 4 years. Full year equivalent emoluments for 2024/25 were £24,984.

[12] Peter Vernon was appointed to the Board on 17 May 2024 for a period of 4 years. From 1 August 2024 he was appointed Chair of the Investment Committee. Full year equivalent emoluments for 2024/25 were £32,618.

[13] Ros Kerslake was appointed to the Board on 17 May 2024 for a period of 4 years. Full year equivalent emoluments for 2024/25 were £24,984.

[14] David Cutter was appointed to the Board on 17 May 2024 for a period of 4 years. From 1 August 2024 he was also appointed as Chair of the Home Ownership Committee and from 1 December 2024 he was appointed as Chair of the Audit, Assurance and Enterprise Risk Committee. Full year equivalent emoluments for 2024/25 were £41,640.

[15] Abi Brown was appointed to the Board on 17 May 2024 for a period of 4 years. Full year equivalent emoluments for 2024/25 were £24,984.

[16] Emma Fraser and Melanie Montanari job share a role as Director at MHCLG and are MHCLG's Shareholder Representative. They do not receive a salary for their duties with Homes England.

Chief Executive's Emoluments (subject to audit)

Single total figure of remuneration

	Salary received in year (£'000)		Recovery of amount paid (£'000)		Bonus payments (£'000)*		Benefits in kind (to nearest £100)		Pension benefits (£'000)**		Total (£'000)	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Peter Denton, Chief Executive Officer (to 9 January 2025)[17]	**345-350**	295-300	**nil**	nil	**nil**	nil	**nil**	nil	**nil**	nil	**345-350**	295-300
Eamonn Boylan, Interim Chief Executive Officer (from 13 January 2025)[18]	**65-70**	n/a	**nil**	nil	**nil**	n/a	**nil**	n/a	**nil**	n/a	**65-70**	n/a

Executive Leadership Team Emoluments (subject to audit)

Single total figure of remuneration

	Salary received in year (£'000)		Recovery of amount paid (£'000)		Bonus payments (£'000)*		Benefits in kind (to nearest £100)		Pension benefits (£'000)**		Total (£'000)	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Harry Swales, Chief Investment Officer (to 10 September 2023)	**n/a**	85-90	**nil**	nil	**n/a**	nil	**n/a**	nil	**n/a**	nil	**n/a**	85-90
David Bridges, Interim Chief Investment Officer (to 22 February 2024)	**n/a**	75-80	**nil**	nil	**n/a**	nil	**n/a**	nil	**n/a**	12	**n/a**	90-95
Marcus Ralling, Interim Chief Investment Officer (from 5 February 2024)[19]	**230-235**	35-40	**nil**	nil	**nil**	nil	**nil**	nil	**nil**	nil	**230-235**	35-40
Barry Cummins, Interim Chief Development Officer (to 13 October 2023)	**n/a**	85-90	**nil**	nil	**n/a**	nil	**n/a**	nil	**n/a**	2	**n/a**	85-90
Alison Crofton, Interim Chief Property Officer (from 27 October 2023)[20]	**195-200**	60-65	**nil**	nil	**nil**	nil	**nil**	nil	**28**	nil	**225-230**	60-65
Lynda McMullan, Chief Finance Officer (to 12 April 2024)[21]	**5-10**	190-195	**nil**	nil	**nil**	nil	**nil**	nil	**351**	33	**355-360**	225-230

Executive Leadership Team Emoluments (subject to audit)

Single total figure of remuneration	Salary received in year (£'000)		Recovery of amount paid (£'000)		Bonus payments (£'000)*		Benefits in kind (to nearest £100)		Pension benefits (£'000)**		Total (£'000)	
	2024/25	**2023/24**	**2024/25**	**2023/24**	**2024/25**	**2023/24**	**2024/25**	**2023/24**	**2024/25**	**2023/24**	**2024/25**	**2023/24**
Mike Palin, Executive Director of Markets, Partners and Places (to 31 January 2025)[22]	**165-170**	195-200	**(0-5)**	nil	**nil**	5-10	**nil**	nil	**28**	33	**190-195**	240-245
Adrian Tucker, Chief Information and Digital Officer (to 30 June 2024)[23]	**65-70**	205-210	**nil**	nil	**nil**	nil	**nil**	nil	**6**	35	**70-75**	240-245
Kirsty Shaw, Chief Operating Officer	**210-215**	195-200	**nil**	nil	**20-25**	10-15	**nil**	nil	**39**	35	**270-275**	240-245
Ian Workman, Chief Customer Officer	**215-220**	200-205	**nil**	nil	**15-20**	5-10	**nil**	nil	**39**	36	**270-275**	240-245
Richard Collins, Chief Risk Officer (to 5 September 2024)[24]	**80-85**	45-50	**nil**	nil	**nil**	nil	**nil**	nil	**14**	9	**90-95**	55-60

*Bonuses disclosed relate to amounts paid during the year but relate to performance in 2023/24.

** The pension benefits figure is an actuarially assessed calculation. It attempts to reflect the benefits earned by the employee during the year from the scheme and is impacted by salary fluctuations and length of service.

[17] Remuneration received during the year includes a payment in lieu of notice of £105,000-£110,000. The notice period forgone covered 4 months from the date of departure which meant that the equivalent to one month and nine days contractual payment otherwise due in 2025/26 was paid in the 2024/25 financial year. Full year equivalent emoluments for 2024/25 were £310,000-£315,000.

[18] Eamonn Boylan was appointed interim Chief Executive Officer on 13 January 2025. Full year equivalent emoluments for 2024/25 were £300,000-£305,000.

[19] Remuneration received during the year is based on the day rate multiplied by the number of days worked. Full year equivalent emoluments for 2023/24 were £215,000-£220,000 based on the day rate multiplied by 220 days.

[20] Remuneration received during 2024/25 included an arrears payment for the period 27 October 2023 to 31 March 2024 (£10,000-£15,000). Full year equivalent emoluments for 2024/25 were £180,000-£185,000 and for 2023/24 were £145,000-£150,000.

[21] Pension benefits include the value of benefits accrued from 1 April 2024 to 12 April 2024 and allows for the enhanced service credit received in line with scheme rules for ill health retirements.

[22] Remuneration received during 2024/25 included unused holiday entitlement (£5,000-£10,000) and recovery of a previous over payment (£0-£5,000) based on a recalculation of salary paid. Full year equivalent emoluments for 2024/25 were £190,000-£195,000 and for 2023/24 were £180,000-£185,000).

[23] Remuneration received during 2024/25 included unused holiday entitlement (£15,000-£20,000). Full year equivalent emoluments for 2024/25 were £205,000-£210,000.

[24] Full year equivalent emoluments for 2024/25 were £185,000-£190,000 and for 2023/24 were £180,000-£185,000.

Salary

Basic salaries are determined by considering the responsibilities of the role, each individual's experience and market trends within scope of the evaluated grade for the role. Salary includes base remuneration and, in exceptional circumstances, overtime. It may also include a London weighting allowance, temporary or additional responsibility allowance or a market pay supplement if applicable.

The Secretary of State determines the Board members' emoluments.

Performance Related Pay

The Agency complies with the direction from the Secretary of State on eligibility of a performance related bonus. Permanent members of ELT benefit from a performance related pay scheme. Any bonuses are determined with reference to performance against objectives, agreed by the Nominations and Remuneration Committee. The Committee reviews performance against targets and approves any proposed bonus payment for ELT. The performance year runs from April to March. The bonus cannot exceed 10% of salary and is the only element of pay that is performance related.

The Chairman is not eligible for performance related payments or other taxable benefits.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs (HMRC) as a taxable emolument. ELT did not receive any benefits in kind in 2023/24 and 2024/25.

Pension Benefits (subject to audit)

Chief Executive and Accounting Officer

Peter Denton was appointed as the permanent Chief Executive on 1 August 2021. He was not a member of any of the Agency's pension schemes. Eamonn Boylan was appointed as interim Chief Executive on 15 January 2025. He is not a member of any of the Agency's pension schemes.

Executive Leadership Team

Pension details are disclosed for those individuals who were part of the ELT during the year and who were a member of one the Agency's pension schemes.

	Accrued annual pension at 31 March 2025 (£'000)	Real increase in accrued annual pension (£'000)	Accrued lump sum at 31 March 2025 (£'000)	Real increase/ (decrease) in accrued lump sum (£'000)	CETV* 31 March 2025 (£'000)	CETV* 31 March 2024 Restated (£'000)	Real increase/ (decrease) in CETV* (£'000)
Alison Crofton	5-10	0-2.5	0	0	51	48	2
Lynda McMullan[25]	105-110	17.5-20	245-250	(15-17.5)	2,345	2,068	242
Mike Palin[26]	5-10	0-2.5	0	0	42	34	7
Adrian Tucker[27]	5-10	0-2.5	0	0	58	54	3
Kirsty Shaw	5-10	2.5-5	0	0	56	38	17
Ian Workman	5-10	2.5-5	0	0	55	36	18
Richard Collins[28]	0-5	0-2.5	0	0	15	6	9

* Cash Equivalent Transfer Value.

[25] The 2023/24 figures have been restated to take account of the transfer in credits from another pension scheme received in March 2024. The 2023/24 accrued pension figure has been restated from £10,000-15000 to £80,000-85,000 and the CETV value has been restated from £291,000 to £2,068,000. Additionally, the 2024/25 figures include the enhanced service credits received in line with scheme rules for ill health retirements.

[26] Mike Palin left the Agency on 31 January 2025. Pension figures have been calculated to the date of departure.

[27] Adrian Tucker left the Agency on 30 June 2024. Pension figures have been calculated to the date of departure.

[28] Richard Collins left the Agency on 5 September 2024 and received a refund of contributions. The 2024/25 figure is the theoretical value of the accrued benefits at that date.

Members of ELT are eligible to participate in the Homes and Communities Agency Pension Scheme, which is a multi-employer defined benefit scheme. The Chairman is not entitled to be a member of any of the Agency's pension schemes. With the exception of Peter Denton, Eamonn Boylan and Marcus Ralling who are not members of the pension scheme, all other ELT members in post at 31 March 2025 are active members of the Homes and Communities Agency Pension Scheme.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2025.

Accrued Pension at 31 March 2025

The accrued pension entitlement is the pension which would be paid annually on retirement, based upon pensionable service to 31 March 2025.

Cash Equivalent Transfer Value (CETV) at 31 March 2025

The transfer values are the actuarially assessed capitalised value of pension scheme benefits. It is an amount payable by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The figures shown relate to benefits that the individual has accrued as a consequence of their total membership of the pension scheme and not just the service in a senior capacity to which disclosure applies.

The real increase in CETV reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Termination Payments (subject to audit)

Termination payments to ELT in 2024/25 were £nil (2023/24: £nil).

Staff Costs (subject to audit)

Staff costs	2024/25 (£'000)	2023/24 (£'000)
Permanent staff employed directly by the Agency		
Salaries and wages	**85,961**	79,472
Social security costs	**10,096**	8,984
Employer pension contributions	**16,494**	20,416
Other pension related	**(2,309)**	761
Sub total	**110,242**	109,633
Temporary staff	**10,930**	14,265
Seconded staff	**410**	249
Less staff costs capitalised: Land and Property	**(11,337)**	(12,104)
Less staff costs transferred to programme costs	**(21,722)**	(11,035)
Total net costs	**88,523**	101,008

There were £nil redundancy costs during 2024/25 (2023/23 £293,000). An analysis of exit packages is shown under the heading Exit Packages, later in this Remuneration and Staff Report.

Staff Composition (subject to audit)

The average number of staff employed by the Agency (full time equivalents) over the course of the year is as follows:

	2024/25 Number	2023/24 Number
Permanent UK staff	**1,332**	1,259
Fixed term UK staff	**78**	89
Temporary staff	**95**	142
Board members	**12**	9
Seconded staff	**4**	3
	1,521	1,502

In 2024/25 the Agency took steps to reduce the number of temporary staff, instead, utilising more cost-effective directly employed fixed term or permanent appointments as appropriate.

The number of staff (full time equivalents) by salary pay band, using an average for the year, is as follows:

	2024/25 Number	2023/24 Number
£0 - £25,000	**17**	13
£25,001 - £50,000	**497**	532
£50,001 - £75,000	**687**	643
£75,001 - £100,000	**214**	203
£100,001 - £125,000	**55**	64
£125,001 - £150,000	**35**	30
£150,001 - £175,000	**7**	8
£175,001 - £200,000	**3**	3
£200,001 - £225,000	**4**	4
£225,001 - £250,000	**1**	0
£250,001 - £275,000	**0**	1
£275,001 - £300,000	**0**	1
£300,000 - £325,000	**1**	-
	1,521	1,502

Gender Analysis

The gender of Board members, ELT and other employees can be analysed as follows:

	2024/25 Number	2023/24 Number
Board members – Male	**7**	6
Board members – Female	**5**	3
Board members	**12**	9
ELT – Male	**3**	6
ELT – Female	**2**	2
ELT	**5**	8
Other employees – Male	**740**	729
Other employees – Female	**764**	756
Other employees	**1,504**	1,485
	1,521	1,502

The HMRC definition of gender has been used for this analysis so that it is aligned with our Gender Pay Gap report. This requires us to categorise our colleagues as male and female.

At Homes England, we recognise that gender identity is broader than simply male and female, and we know that some of our colleagues do not identify with either category. Whilst we must report in this way, we value, welcome, and celebrate colleagues of all gender identities at Homes England, and are looking at ways in which the way we report on gender in the future can be improved.

We are proud to report our lowest gender pay gap since we started reporting in 2017. The mean gender pay gap has decreased to 10.83% and the median pay gap to 7.30%, reflecting a 1.69% and 3.20% reduction, respectively from March 2023 and a decrease of 7.57% mean and 12.30% median since March 2017. This progress confirms that we are going in the right direction and we know that we have to sustain our efforts to continue reducing the gap.

Last year we committed to reporting our ethnicity pay gap. This year the ethnicity mean pay gap is 14.80% and our median pay gap is 19.04%. This represents a small increase of 0.08% from 14.72% mean pay gap and an increase of 0.28% from 18.76% median pay gap in March 2023.

While there is no statutory duty to analyse or report ethnicity pay, the government published employer guidance and reporting of ethnicity pay has been conducted using this guidance. The guidance recommends a minimum of 50 colleagues in any declared ethnic group to ensure statistical robustness and avoid possible identification of individual colleagues. Due to many of our colleagues identifying in ethnic groups of less than 50 we have chosen to report our ethnicity pay gap using only two groups, these being white and non-white ethnic minority. The ethnicity pay gap is therefore reported as the difference between white colleagues and non-white ethnic minority colleagues.

Our full gender and ethnicity pay gap report contains a more detailed analysis on the reasons that contribute to our gap. We also set out our commitments on closing the gaps further.

Fair Pay Disclosures (subject to audit)

The table below shows the percentage change in salary and allowances and performance pay and bonuses payable of the highest paid director and the workforce of Homes England.

2024/25	Salary and allowances % change	Performance pay and bonus % change
Highest paid director	16.8%	0%
Average pay of workforce	4.1%	10.1%

The 16.8% change in salary and allowances of highest paid director is due to a payment in lieu of notice (£105,000 – £110,000) which meant that equivalent to one month and nine days contractual payment otherwise due in 2025/26 was paid in the 2024/25 year. Excluding this payment the salary and allowances percentage change is 5%.

The 10.1% change in average performance pay and bonuses from £194 (2023/24) to £214 (2024/25) is as a result of the performance bonuses paid to ELT in 2024/25.

Homes England is required to disclose the relationship between the remuneration of its highest-paid director and the lower quartile, median and upper quartile remuneration of its workforce.

The table below compares the total pay and benefits for the highest paid director with that of the workforce who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile).

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024/25	8.1:1	5.5:1	4.7:1
2023/24	7.3:1	5.0:1	4.2:1

The change in ratio in comparison to the previous year is due to a payment in lieu of notice of £105,000 – £110,000 being paid to the highest paid director in 2024/25. Excluding this payment the 25th percentile, median and 75th percentile pay ratio are 7.3%, 5% and 4.2% respectively, which is comparable to 2023/24.

The ratios excluding the payment in lieu of notice are consistent with our pay policies, obligations under the civil service pay remit and overall approach to reward which seeks to balance affordability, competitiveness and fairness.

The table below sets out the salary and total pay and benefits (excluding pensions) of the workforce for the 3 identified percentile points. This excludes the highest paid director.

	25th percentile	Median	75th percentile
Salary	£43,060	£62,908	£73,854
Total pay and benefits	£43,060	£63,088	£74,034

Total remuneration includes salary, additional responsibility allowances, market pay supplements, non-consolidated performance-related pay and other taxable benefits. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The full year equivalent banded remuneration of the highest-paid director in Homes England in the financial year 2024/25, was Peter Denton, £310,000-£315,000 (2023/24: Peter Denton, £295,000-£300,000). This was 5.5 times (2023/24: 5.0 times) the median remuneration of the workforce, which was £63,088, (2023/24: £59,694). The increase in the ratio is explained above.

In 2024/25, one (2023/24: one) member of the workforce had annualised remuneration in excess of the highest paid director. For part of 2024/25 and 2023/24 the Agency procured specialist regeneration expertise on a short-term, part- time basis with a day rate which, if annualised, results in remuneration in excess of the highest paid director. However this advisory role is not a full time, annual position at the Agency.

Annualised remuneration ranged from £15,000 - £20,000 up to £310,000 - £315,000 (2023/24: £20,000 - £25,000 to £310,000 -£315,000).

As an arm's-length body within scope of the civil service pay remit, for 2024/25 the Agency applied an average pay award of 5% for our delegated grade equivalents.

We also applied an average 5% pay award for senior colleagues, in roles equivalent to Senior Civil Servants (SCS), in alignment with the SCS pay guidance.

Exit Packages (subject to audit)

Redundancy and other departure costs have been determined in accordance with a voluntary redundancy scheme approved by MHCLG. Exit costs are accounted for in full when the departure has been approved and terms agreed.

Voluntary exit costs accounted for in the year can be analysed as follows:

	2024/25 Departures agreed Number	2023/24 Departures agreed Number
£0 - £10,000	-	-
£10,001 - £25,000	-	1
£25,001 - £50,000	-	3
£50,001 - £100,000	-	1
£100,001 - £150,000	-	1
Total number of exit packages	-	6
Total cost of exit packages (£'000)	-	293

The exit packages in 2023/24 relate to the closure of the Help to Buy scheme to new customers. Where possible, employees were offered other roles within the Agency.

Loans to Employees

The Agency has provided travel season ticket loans, cycle scheme loans and home charge point loans to employees during the year. The total amount outstanding in respect of these at 31 March 2025 was £66,789. There were no other loans to employees.

Staff Turnover Percentage

Staff turnover for 2024/25 was 9.87% (2023/24: 10.17%). This can be split between voluntary staff turnover (where staff have left the Agency for a role elsewhere or have retired) and involuntary staff turnover (where staff have left the Agency due to the end of a contractual period or dismissal). Voluntary staff turnover was 7.56% (2023/24: 7.54%). Involuntary staff turnover was 2.31% (2023/24: 2.64%). The Agency collects data to understand staff turnover through exit interviews which are offered to departing staff.

Expenditure on Consultancy

During the year the Agency incurred expenditure (on a cash basis) of £5,858,672 on consultancy in accordance with the definition of the Government Financial Reporting Manual (FReM) (2023/24: £9,328,805). This was a decrease of £3.47m (37.2%) compared to the previous year with reductions across all subcategories except for organisation and change management. 2023/24 has been a particularly high year with regards to consultancy spend and the reduction this year was in response to budget pressures and change projects moving into delivery stages rather than consultancy. With regards to the subcategory organisation and change management the majority of this spend relates to Organisational Blueprint (£3.45m).

Consultancy type	2024/25	2023/24
Property and Construction Consultancy	-	£2,531,544
Finance Consultancy	**£1,653,672**	£3,585,354
Organisation and Change Management Consultancy	**£4,205,000**	£2,524,688
Information Technology/ Systems Consultancy	-	£89,232
Specialist Contractors	-	£597,987
	£5,858,672	£9,328,805

The FReM definition of consultancy can be found in Annex 4 at www.gov.uk/government/publications/government-financial-reporting-manual-2024-25.

Apprenticeship Levy

During the year the Agency incurred expenditure of £415,737 on contributions to the apprenticeship levy to support apprenticeship training and assessment for apprentices (2023/24: £419,000). The Agency makes use of this scheme by employing apprentices across teams, creating opportunities for apprentices to forge a career path within Homes England. Apprentices gain real 'on the job' experience and are supported through professional qualifications. During the year, the Agency claimed £381,955 (2023/24: £386,377) from the levy to support apprenticeships.

Off-payroll Arrangements

In accordance with the requirements of the FReM, the Agency is required to publish details of their highly paid and senior off-payroll engagements. The Agency uses off-payroll arrangements for specialist or technical contractors and consultants to address urgent scarce skills gaps.

Temporary off-payroll worker engagements at 31 March 2025, that were paid at least £245 per day	2024/25 Number
Number of existing engagements as at 31 March 2025	**93**
of which:	
have existed for less than one year at time of reporting	**60**
have existed for between one and two years at time of reporting	**18**
have existed for between two and three years at time of reporting	**13**
have existed for between three and four years at time of reporting	**1**
have existed for four years or more at time of reporting	**1**

All temporary off-payroll workers engaged at any point during the year ended 31 March 2025, that were paid at least £245 per day	2024/25 Number
Number of off-payroll workers engaged during the year ended 31 March 2025	**170**
of which:	
not subject to off-payroll legislation	**160**
subject to off-payroll legislation and determined as in scope of IR35	**-**
subject to off-payroll legislation and determined as out-of-scope of IR35	**10**
engagements reassessed for compliance or assurance purposes during the year	**1**
engagements that saw a change to IR35 status following review	**-**

On 6 April 2017, HMRC introduced new IR35 legislation which required public sector bodies, where they engage off-payroll workers, to ensure they correctly assess their employment status and apply the correct tax treatment.

During an internal review of off-payroll engagements in 2021/22, it became evident there were a small number of cases where a status determination statement was not issued to the contractor, or the contractor had been incorrectly determined as out-of-scope of IR35. This led to a further, extensive internal review of off-payroll engagements which included retesting the contractors against HMRC's CEST tool.

In May 2022, Homes England provided a voluntary disclosure to HMRC, including an estimated liability for missing tax, national insurance and apprenticeship levy plus interest for years 2017/18 to 2021/22 of £1.1 million. This amount was recognised in the 2021/22 financial statements. Mandatory procedures have been in place from April 2022 to prevent recurrence, alongside a programme of training and awareness.

HMRC have concluded the voluntary disclosure on status risk. Following the update to legislation in 2024, HMRC are reviewing whether there is any offset payment due back to Homes England in respect of the £1.1m paid to HMRC and recognised in the 2021/22 financial statements.

Off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025	2024/25 Number
Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility during the financial year	**1**
Total number of individuals both on and off-payroll who have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year	**24**

Marcus Ralling is off-payroll and considered to have significant financial responsibility. Marcus is employed on an interim basis whilst permanent recruitment takes place. Details of Marcus' remuneration, start date and position held is included within the ELT emoluments table above.

At 31 March 2025 Marcus' tenure is approaching 14 months and approval for this extension has been received via MHCLG.

Employee Matters

People and Culture Strategy

We launched our People and Culture Strategy in 2023 with the aim of providing greater alignment and structure around the aims and purpose of the Agency, with a focus on establishing Homes England as a place for talented people to come to progress their careers. The strategy articulates three areas of strategic focus aligned with our purpose of: **Providing people services that facilitate a brilliant place to work**. These three areas are:

- Talent Attraction and Growth
- Total Reward and Insight
- Excellence Everyday

Underpinning these is our foundation of everything being built and delivered in the spirit of enhancing **Colleague Inclusion, Trust, Pride and Purpose**.

These themes have been developed into a detailed people and culture delivery plan for the period 2023 to 2026. We have now completed year 2 of delivery against the plan.

Equality and Diversity in Employment and Occupation

In July 2020, we launched our first Equality, Diversity and Inclusion (EDI) strategy, outlining our objectives through to 2024. This strategy expanded our focus beyond internal practices to include the partners and industries we work with, aiming to drive systemic organisational and cultural change while positively impacting both the industry and communities we serve.

Our 2020 to 2024 objectives were:

1. Create a more inclusive colleague experience.
2. Work together to build an inclusive culture.
3. Demonstrate leadership commitment and action.
4. Partner with suppliers to foster a more inclusive industry.
5. Deliver homes for the communities we serve.

Drawing from our experiences over the four years, we refocused our strategy to highlight clear priorities with measurable actions.

For 2024/25, we shifted our focus towards strengthening internal development and culture, ensuring we are well-positioned to make a greater impact in the future. Our 2024/25 objectives are:

1. Leadership commitment and action.
2. Colleague experience: Building a Brilliant Place to Work.

Our priority areas include:

- Improving gender representation, opportunities, and pay.
- Enhancing ethnicity representation, opportunities, and pay.
- Strengthening our EDI culture.
- Supporting disability and carers, improving our work environment.

Our EDI Annual Report 2024/25 (second edition) outlines our approach to EDI as an Agency, rooted in our values and commitment to fostering an inclusive culture. It sets out our vision and strategy, highlighting the progress made over the past year, including the fantastic contributions of our colleague networks. The report also presents key insights from our data, covering representation across the Agency and senior leadership, as well as pay gap reporting. Additionally, it reflects on feedback from our 2025 Let’s Talk survey, providing a deeper understanding of our people’s experiences. Looking ahead to 2025/26, we outline our future plans to build on this progress and continue making meaningful change.

The EDI Action plan 2025/26 sets out the specific tasks and commitments different business areas will deliver over the next year to drive progress against our two main EDI objectives: Leadership Commitment and Action and Colleague Experience: Building a Brilliant Place to Work. The plan is structured around our key priority areas, ensuring a clear, focused approach to improving representation, opportunities, and inclusion across the Agency. It provides a roadmap for accountability, outlining the actions needed to create meaningful and measurable change.

We have made positive progress in many areas but also recognise that we have much more to do to fulfill our own ambitions.

Key achievements include:

- We measured and shared our ethnic pay gap for the first time in 2023.
- In collaboration with our networks, we have launched a new workplace adjustment passport for disabled colleagues.
- We have developed new domestic abuse guidance to support colleagues who may be experiencing or supporting those experiencing domestic abuse.
- We have developed and launched our new values and associated behaviour framework to further embed inclusion.
- We have included a distinct EDI Key Performance Indicator (KPI) in our strategic objectives, further supported by a number of stretching EDI KPI's in our People and Culture strategy.
- As part of our new deliver partner dynamic purchasing system, we have introduced more robust criteria which our supply chain must meet.
- We have an inclusion calendar to promote EDI by highlighting key dates, events, and celebrations, encouraging awareness, and fostering a more inclusive environment for all.
- There is a range of development and information sources to better understand legal implications and responsibilities of equality related issues.
- Our colleague networks assist in the review of organisational policies and procedures to ensure that they are fair and promote equality and inclusion.
- We increased our graduate programme diversity.
- Of the 60 individuals enrolled in the data academy 45% of these apprentices are female or identify as female, a figure that more than doubles the national average for women in data roles across the UK and a further 4% identify as neither male or female.
- We endorsed the use of the Hidden Disability Sunflower Lanyard Scheme across the Agency.

We have developed our EDI data as part of the Strategic Planning framework. The data enables us to benchmark, measure and report progress to further improve transparency and accountability.

Staff Policy Regarding Disabled Persons

We remain committed to ensuring equality of opportunity for all disabled people who work or apply to work for us. We're proud to ensure that our disability confident scheme provides avenues where individuals with disabilities are able, where they meet the minimum criteria for the role, to secure a guaranteed interview. This is an integral part of enabling the Agency to secure a more diverse pool of candidates.

On all applications we ask if any adjustments are needed to enable any interview or selection process and monitor applicants who indicate they have a disability to ensure they are aware of the disability confident scheme and support we can offer.

Where we are made aware of colleagues with disabilities or long-term health conditions, we have a variety of tools and support available. We work with colleagues, line managers, Human Resources and Occupational Health to identify reasonable adjustments to the workplace and working arrangements specific to the individual's need to support disabled colleagues in the workplace. In addition to this, we have numerous colleague-led networks that provide feedback, help monitor the effectiveness of our support and help us with our thinking as we develop policy, process and our strategies.

There is a workplace adjustment and carers passport available to support colleagues with disabilities or caring responsibilities.

Sickness Absence

During the year 1.83% (2023/24: 2.1%) of working days were lost to sickness absence. According to the Office of National Statistics (ONS), in the UK labour market for calendar year 2022, 2.6% of days were lost due to sickness absence, split 2.3% private sector and 3.6% public sector. The ONS has not released any sickness absence information since 2022.

Health and Safety

Homes England health and safety performance has remained strong through 2024/25 and its key achievements are set out below.

For the 7th year running our accident incident rate (AIR) for reportable injuries to our employees under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) was zero per 100,000 employees, and the AIR all for all types of injuries involving our employees was calculated at 392 per 100,000 employees which is below the latest published national Labour Force Survey AIR for 2023/24 at 1,890 per 100,000 employees.

Homes England sets annual corporate health and safety targets for a range of activities such as training, risk assessments and safety audits. The Board and the ELT are regularly updated on the Agency's health and safety performance and its progress towards meeting targets. In 2024/25, 10 targets were agreed by ELT and the Board, and all have been met or exceeded.

During the year, the health and safety team reviewed and transferred its suite of online health and safety training courses to a new online hosting platform. The Agency continued to safely onboard complex sites with significant health and safety risks minimising risk of incidents upon acquisition.

Employee Engagement

In 2024 we conducted our 2024 Lets Talk main survey. The response rate was 86% which is within the ideal category according to our engagement surveys third party Hive, and is the best response we have received in an engagement survey since they commenced in 2022.

The results show an improvement in colleague engagement with an increase from the 2023 survey across all of the key measures of Average Score, Engagement Index and e-NPS.

Seven categories of engagement covered in the #Let's Talk 2023 main survey

Pension Reform

In September 2022, Homes England commenced a formal consultation process with a view to reforming the final salary tier of the Homes and Communities Pension Scheme, impacting c. 630 colleagues. The consultation was supported by a significant communication and engagement programme, providing affected colleagues with detailed proposals, personal impact statements and access to modelling tools, as well as a dedicated website. In addition to explanatory sessions, both on-line and in person, supported by pension experts and Homes England senior leaders, affected colleagues were given access to a helpline operated by Hymans Robertson, one of the UK's leading pension consultancies.

Questions and issues raised were gathered and discussed in detail with trade union and scheme representatives including consideration of counter proposals that went on to form the final business cases to Secretary of State and HM Treasury. Both consultation and the subsequent business cases were successful, and the reforms were enacted from 1 April 2024.

Grow our Own

In 2024/25 we have continued our commitment to grow our internal talent and capability to help deliver our ambitious strategy. As a government agency we are keen to provide development opportunities for all colleagues to grow.

We continue to fully utilise our apprenticeship levy. Apprenticeships are aligned to areas of skills shortage and future capability needs. Last year we introduced a new data academy to drive innovation and enhance analytical capabilities within the Agency. Of colleagues who participated in the academy 31 passed with distinction and 10 are still on programme, with a further cohort due to start in June 2025. 45% of our data academy apprentices are female or identify as female, a figure that more than doubles the national average for women in data roles across the UK.

Through our graduate programme, we are investing in 'growing our own' skills and capabilities, focusing on identified skills shortage areas such as property, cyber security and software development. The programme attracted 6,780 applications across 14 professions.

Trade Union Relationships

Homes England formally recognises three trade unions – Unite, PCS and Unison – with whom the organisation consult over pay, policies and procedures, working conditions and related issues. Regular meetings take place between management and elected union representatives, called Joint Negotiation and Consultation Committee meetings, on a cycle of approximately six weeks.

As a public sector body with more than 49 FTE employees, Homes England is required to make a number of disclosures regarding trade union facility time. This information is set out in the following tables:

Relevant union officials	2024/25
Number of employees who were relevant union officials during the relevant period	**13**

Percentage of time spent on facility time	2024/25 Number
0%	**0**
1 - 50%	**13**
51% - 99%	**0**
100%	**0**

Percentage of pay bill spent on facility time	2024/25
Total cost of facility time (£'000)	**96**
Total pay bill (£'000)	**85,961**
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	**0.11%**

Paid trade union activities	2024/25
Percentage of paid facility time spent on paid trade union activities: (time spent on paid trade union activities ÷ total paid facility time) x 100	**0%**

3.3 Parliamentary Accountability and Audit Report

This section provides details of losses, special payments, fees and charges in the year, and the audit certificate.

Parliamentary Accountability Disclosures

Losses and Special Payments (subject to audit)

In accordance with the provisions of the Accounts Direction, the Agency has summarised all losses and special payments requiring disclosure, recognised during the course of the financial year, as follows:

	2024/25		2023/24	
	Cases	**£'000**	**Cases**	**£'000**
Total of all losses and special payments	**119**	**62,297**	156	120,723
Cases over £300,000:				
Loans written off or movement in fair value below initial cost, irregular payments, constructive losses and modification losses on loans	**16**	**60,965**	15	119,640

Under International Financial Reporting Standard 9: Financial Instruments (IFRS 9), the Agency is required to consider whether a financial asset investment meets the definitions of a basic lending arrangement in order to establish whether the investment should be measured at amortised cost or at fair value.

For assets which are measured at amortised cost, a write-off amount is recognised in the financial statements when it is considered that there is no realistic prospect of full recovery. There are also a number of loan investments which are managed operationally in line with the Agency's loan management processes, however, from an accounting point of view are measured at Fair Value Through Profit or Loss (FVTPL). Where it has been assessed that there is no realistic prospect of full recovery for such loan investments, these have also been disclosed in this note. This is aligned with the Government Financial Reporting Manual requirement to disclose losses in this note for the attention of Parliament at the earliest point at which a loss is expected.

For assets measured at amortised cost, the Agency is required to consider the effect of discounting future cash flows (to reflect the present value of the anticipated recovery) to determine the required write-off allowance for accounting purposes. The losses recognised here include an element of this discounting effect, which will subsequently be unwound in future years as interest income on the impaired balance.

During 2024/25 there were 8 cases of loan losses recognised where the amount written off, or movement in fair value below initial cost for accounting purposes, was in excess of £300,000; 6 write-offs of loans measured at amortised cost, and 2 movements in fair value below initial cost of loans measured at FVTPL. There were also 3 modification adjustments on loans which exceeded £300,000. There was one irregular payment and 4 constructive losses. The following table details these losses:

£'000	Comments
Loans Measured at Amortised Cost	
16,063	A development loan was provided under the Short Term Fund for the delivery of 183 homes. An increase in project costs led to a funding shortfall, resulting in the site being mothballed since May 2024. The sale of completed units on the site has also been protracted. In 2024/25 insolvency administrators were appointed by the directors as a result of liquidity and project viability issues. Accounting write-offs of £13.1 million were recognised in 2023/24. In 2024/25, the investment was fully written off, resulting in further accounting write-offs of £16.1 million being recognised. **As at 31 March 2025, total losses recognised were £29.2 million.**
2,174	Funding was provided under the Short Term Fund to provide 27 new homes on a brownfield site. Several issues, including site drainage, COVID-19 lockdowns, cladding issues and an increase in interest costs have affected the development which have resulted in an extended timeframe of delivery and an increase in costs. In addition, the pace of sales has been slower than initially expected. The borrower was placed into liquidation in May 2023 following the issue of a winding up petition by HMRC. The Agency has appointed a Law of Property Act (LPA) Receiver to deal with the site and a trade sale is now envisaged. These issues have resulted in full repayment of the Agency's loan being at risk. Net accounting write-offs of £0.5 million were recognised in previous financial years. During 2024/25, further accounting write-offs of £2.2 million have been recognised. **As at 31 March 2025, total losses recognised were £2.7 million.**
1,287	Funding was provided under the Levelling Up Home Building Fund to support construction of a 4-storey block of flats. Work on the site has been stalled since May 2024. There have been several delays on the site to date, caused by issues with the quality of some work completed requiring rectification and a retaining wall being required on the site. These issues have also led to cost increases and the Operating Director has left the company. The remaining director has failed to provide an updated workout plan or refunding proposal. The Agency is taking steps to enforce the security so it can be sold at auction. The 5-unit development is part built and, as a result, there is also uncertainty over the market value of the site. There is a risk as to whether the Agency's debt can be repaid, therefore a full accounting write-off of the existing exposure was made in 2024/25. **As at 31 March 2025, total losses recognised were £1.3 million.**

£'000	Comments
Loans Measured at Amortised Cost	
1,048	Funding was provided under the Short Term Home Building Fund to support the delivery of 44 properties on a former brownfield site. Project costs have increased because of remedial groundworks being required, a shortage of subcontractors and increased interest costs. Sales have been slower than anticipated and sales prices achieved have been below expectations, due to the nature of the configuration of the properties. These issues have impacted on project cash flows. In previous financial years, accounting write-offs of £1.9 million were recognised. In 2024/25 an additional accounting write-off of £1.1 million has been recognised. **As at 31 March 2025, total losses recognised were £3 million.**
949	The Agency provided funding under the Short Term Home Building Fund for a 48-unit development. Slow build progress and increased costs as a result of several issues, including material supply issues, delay due to identification of a gas main and weather, have led to several amendments to the loan facility. It is not expected that the Agency's loan will be fully recoverable after all remaining security has been realised. As a result, an accounting impairment of £0.9 million has been recognised to reflect the potential estimated loss. **As at 31 March 2025, total losses recognised were £0.9 million.**
389	The Agency provided an infrastructure loan under the Long Term Home Building Fund to support development of 3,000 homes. A series of delays prior to work commencing on site impacted timelines for delivery, and contracted equity investment did not materialise to meet future funding requirements. A review was commissioned by the Agency which suggested the scheme was no longer viable, and the borrower has subsequently gone into liquidation. An LPA Receiver has been appointed by the Agency to investigate development opportunities. Losses of £19.8 million have been recognised in previous financial years. Additional accrued interest during 2024/25 has resulted in an additional accounting write-off of £0.4 million in 2024/25. **As at 31 March 2025, total losses recognised were £20.2 million.**
Loans Measured at FVTPL	
26,981	Market Abuse Regulations preclude further commentary. A movement in fair value below cost of £27 million has been recognised in 2024/25. The equivalent total movements in fair value below cost expected against contractual amount due (principal and interest) were £69.8 million at 31 March 2025. **As at 31 March 2025, total accounting movements in fair value below initial cost recognised were £60.7 million.**

£'000	Comments
2,148*	The Agency provided funding under the Short Term Home Building Fund for 36 homes on a brownfield former industrial site. There have been issues with cost overruns, slippage of the build programme, missed sales milestones, and poor contractor performance. In addition, there is uncertainty around the value and timing of the sale of the remaining security held by the Agency. A partial impairment of the existing exposure was made in 2024/25 to reflect this material uncertainty. A movement in fair value below cost of £1 million has been recognised in 2024/25, as well as reversals of previous fair value uplifts of £1.2 million. **As at 31 March 2025, total accounting movements in fair value below initial cost recognised were £1 million.**
Irregular Payments	
1,403	Detail is provided within the Risk Events and Near Misses Reporting section of the Governance Statement within the Accountability Report.
Constructive Losses	
4,843**	Costs relating to the development of a loans system which, at the balance sheet date was not in use, with no current plans to complete. Adoption of a loans solution into the new end to end operating model is still under review as part of the Evolve Transformation Change Programme.
1,109**	Costs relating to the development of a document management system which, due to technological developments in this area, mean a more cost effective and efficient solution is now required.
360**	Costs relating to the development of a land disposal service which, due to an increase in the scope required, the new system was unable to deliver. Development of the existing software to support the increased scope was determined to be the preferred option.
324	The Agency entered into an agreement to acquire software licences for use on an investment project which was being taken forward under the Agency's Evolve Transformation Change Programme. During 2024/25 the project was in the initial stages of development. Delays in the progression of the project has resulted in a payment which could not be avoided, even though the Agency was not able to make use of the licences in 2024/25.

* Includes reversal of previous fair value uplifts.

** Retrospective approval will be sought from HM Treasury.

£'000	Comments
Modification Losses	
1,887	During 2024/25 interest margins were reduced on 20 investments following an improvement in credit risk. Under IFRS 9, where an interest margin is modified we are required to continue accruing interest at the original interest margin and immediately recognise any loss (reduction to carrying value of the loan) which has occurred as a result of the modification to the interest margin. The losses disclosed reflect the difference between the discounted revised (reduced) future cash flows using the original interest margin when compared to the carrying value of the loan prior to the modification. Of the 20 investments, 3 are individually greater than £300,000, totalling £1.9 million. The remaining 17 are all individually below £300,000 and total £0.8 million. There were also modification gains recognised of £0.6 million on 3 investments.
60,965	**Total write-offs and movements in fair value below initial cost on loans, irregular payments, constructive losses and modification losses recognised on loans which exceed £300,000.**

Included in the 2024/25 accounts are further write-offs of loans measured at amortised cost totalling £299,000, further movements in fair value below initial cost of loans measured at FVTPL of £6,000 and write-offs of receivables of £185,000, which individually are below the reporting threshold and therefore have not been included in the table above.

In addition to this, the 2024/25 accounts reflect the reversal of previously recognised accounting write-offs or reversals of previously recognised movements in fair value below initial cost, totalling £1.6 million during the period.

There was one special payment of £1,000.

The contractual amount due on loan investments for which amounts have been written off or impaired, and which are still subject to enforcement activity, was £496.1 million at 31 March 2025 (£373.1 million at 31 March 2024).

Regularity (subject to audit)

Other than disclosed above, during 2024/25, the Agency complied with the requirements of regularity as set out in Managing Public Money and HM Treasury (HMT) approval was obtained for all novel, contentious or repercussive transactions relating to 2024/25.

Fees and Charges (subject to audit)

Regulator of Social Housing

Homes England and the Regulator of Social Housing (RSH) are party to a service level agreement under which Homes England provides services to RSH. Services provided may include, but are not limited to, the provision of accommodation of facilities, the provision of staff time and expertise and the provision of technical resources. Service income charged to RSH during the year was £821,000.

Other Fees

Additionally, Homes England may, from time to time, charge a fee for services provided to other entities. Where applicable, services are charged at full cost and therefore result in no attributable surplus or deficit. During the year, Homes England provided legal and professional services to other parties totalling £267,000. This is included in other operating income.

Other fees include £100,000 charged to the Homes and Communities Agency Pension Scheme for the annual provision of accommodation, staff and professional services and £50,000 charged to the Department for Business and Trade for the provision of professional services in connection with the administration of three science parks.

Remote Contingent Liabilities (subject to audit)

Homes England is required to disclose each of its material remote contingent liabilities, and where practical, estimate the financial effect. Homes England does not have any material contingent liabilities other than those disclosed in the Financial Statements.

Functional Standards

Homes England is committed to embedding the Functionals Standards in all relevant activity across the Agency. Continuous assessment and improvement activity is ongoing and continues to build on the progress made last year.

The Accountability Report is signed on 14 July 2025

....

Eamonn Boylan
Chief Executive and Accounting Officer

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Homes and Communities Agency (Homes England) and its group for the year ended 31 March 2025 under the Housing and Regeneration Act 2008.

The financial statements comprise Homes England and its Group's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Homes England and Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of Homes England and its Group's affairs as at 31 March 2025 and their Net expenditure for the year then ended; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of Homes England and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Homes England and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Homes England and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Housing and Regeneration Act 2008; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Homes England and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by Homes England and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Homes England and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Housing and Regeneration Act 2008; and
- assessing Homes England and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Homes England and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Housing and Regeneration Act 2008.

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Homes England and its Group's accounting policies.
- inquired of management, Homes England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Homes England and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Homes England and its Group's controls relating to Homes England's compliance with the Housing and Regeneration Act 2008 and Managing Public Money;
- inquired of management, Homes England's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Homes England and its Group for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of Homes England and it's Group's framework of authority and other legal and regulatory frameworks in which Homes England and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Homes England and its Group. The key laws and regulations I considered in this context included Housing Regeneration Act 2008, Managing Public Money, pensions legislation and tax legislation.

I considered specific risk assessment procedures relating to fraud, non-compliance with laws and regulations and regularity including: risk-based review of journals to identify those presenting a higher risk of fraud, informed by planning risk assessment; review of estimates presented within the accounts; analysis of individual income streams to assess the possibility of the risk of fraud in revenue recognition; and review of the control framework in place for significant grant streams.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit, Assurance and Enterprise Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed estimates in the accounts and challenged underlying assumptions and methodologies, and substantively tested grant expenditure streams, investments, loans and property transactions to address the risk of material irregularity.
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

14 July 2025

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

4. Financial Statements

Group Statement of Comprehensive Net Expenditure – Year ended 31 March 2025

	Note	2024/25 £'000	2023/24 (restated)* £'000
Expenditure			
Grants	4	**3,286,126**	2,594,518
Cost of land and property disposals	5	**55,771**	75,082
Programme costs	6	**87,644**	74,137
Staff costs	7a	**74,338**	79,831
Pension costs	7a	**14,185**	21,177
Administration expenses	8	**31,799**	28,293
Write-down of land and property assets	16	**178,264**	134,242
Decrease/(reversal of decrease) in fair value below initial cost of financial assets measured at fair value through profit or loss	12g	**(141,290)**	187,902
Impairment/(impairment reversal) of financial assets measured at amortised cost	12g	**(29,714)**	63,645
Increase/(decrease) in provisions		**(1,096)**	(2,569)
		3,556,027	3,256,258
Income			
Proceeds from disposal of land and property assets	5	**104,338**	119,632
Increase/(reversal of increase) in fair value above initial cost of financial assets measured at fair value through profit or loss	12g	**297,657**	(15,594)
Gain/(loss) on disposal of financial assets	12g	**(6,047)**	36,735
Interest income	12g	**119,329**	118,132
Other operating income	9	**199,505**	151,489
		714,782	410,394
Net operating expenditure		**2,841,245**	2,845,864
Interest payable		**599**	428
Share of losses/(profits) of associates and joint ventures	10	**7,767**	5,317
Impairment of investments in associates and joint ventures	11b	**6,678**	-
Pension fund finance (income)/costs	18d	**(338)**	(11,315)
Net expenditure before tax		**2,855,951**	2,840,294
Income tax charge/(credit)		**832**	6,407
Net expenditure for the year		**2,856,783**	2,846,701
Other comprehensive expenditure			
Actuarial loss/(gain) from pension fund	18e	**3,784**	8,439
Income tax on items in other comprehensive expenditure		**(946)**	(2,110)
		2,838	6,329
Total comprehensive expenditure for the year		**2,859,621**	2,853,030

*See Note 1s in the Notes to the Financial Statements for information regarding the retrospective restatement applied to recognise pension asset ceiling adjustments. In the Statement of Comprehensive Net Expenditure, the restatement affects the income tax charge and items of other comprehensive expenditure.

The Group Financial Statements incorporate those of the Agency and the investees controlled by the Agency. No Statement of Comprehensive Net Expenditure is presented for the Agency as this is not materially different to that presented for the Group.

All activities above derive from continuing operations. Net expenditure is financed by Grant in Aid as explained in accounting policy Note 1e, with the exception of non-cash expenditure, for example depreciation, amortisation, provisions and impairments.

Group Statement of Financial Position – Year ended 31 March 2025

	Note	2024/25 £'000	2023/24 31 March 2024 (restated)* £'000	2023/24 01 April 2023 (restated)* £'000
Non-current assets				
Intangible assets		**24,938**	21,502	9,282
Property, plant and equipment		**13,343**	9,234	11,000
Investments in associates and joint ventures	11b	**56,948**	59,303	61,932
Pension assets	18a	**189**	1,553	1,795
Trade and other receivables	12b	**122,222**	140,774	176,780
Financial assets held at amortised cost	12d	**873,638**	832,731	846,979
Financial assets held at fair value through profit or loss	12d	**16,633,466**	18,097,486	19,622,677
		17,724,744	19,162,583	20,730,445
Current assets				
Land and property assets	16	**1,156,089**	1,064,633	1,069,359
Trade and other receivables	12b	**212,289**	286,289	368,300
Financial assets held at amortised cost	12d	**543,214**	354,343	570,566
Financial assets held at fair value through profit or loss	12d	**78,765**	107,502	109,670
Cash and cash equivalents	12a	**388,501**	166,687	217,485
		2,378,858	1,979,454	2,335,380
Total assets		**20,103,602**	21,142,037	23,065,825
Current liabilities				
Trade and other payables	17	**(466,521)**	(495,425)	(555,453)
Provisions		**(150)**	(301)	(3,889)
		(466,671)	(495,726)	(559,342)
Non-current assets plus net current assets		**19,636,931**	20,646,311	22,506,483
Non-current liabilities				
Trade and other payables	17	**(26,974)**	(20,195)	(25,324)
Provisions		**(4,418)**	(5,443)	(4,821)
Pension liabilities	18a	**(2,710)**	(3,223)	(5,858)
		(34,102)	(28,861)	(36,003)
Assets less liabilities		**19,602,829**	20,617,450	22,470,480
Reserves				
Income and expenditure reserve		**19,602,829**	20,617,450	22,470,480
Taxpayers' equity		**19,602,829**	20,617,450	22,470,480

*The Group has applied a retrospective restatement to its Financial Statements to recognise pension asset ceiling adjustments. In the Statement of Financial Position, the restatement materially affects both pension assets and the income and expenditure reserve. Please refer to Note 1s for further information on this restatement, including the nature of the restatement and all financial statement line items affected.

In accordance with International Accounting Standard 1 Presentation of Financial Statements (IAS 1), as the restatement has a material impact on the Statement of Financial Position at the beginning of the preceding period, a restated Statement of Financial Position at this point has been provided.

The accompanying Notes are an integral part of these Financial Statements. Approved by the Board on 14 July 2025 and signed on their behalf by:

Eamonn Boylan
Interim Chief Executive and Accounting Officer

Agency Statement of Financial Position – Year ended 31 March 2025

	Note	2024/25 £'000	2023/24 31 March 2024 (restated)* £'000	2023/24 01 April 2023 (restated)* £'000
Non-current assets				
Intangible assets		**24,938**	21,502	9,282
Property, plant and equipment		**13,343**	9,234	11,000
Investments in subsidiaries	11a	**100,000**	100,000	50,000
Investments in associates and joint ventures	11b	**13,906**	14,184	20,615
Pension assets	18a	**189**	1,553	1,795
Trade and other receivables	12b	**122,222**	140,774	176,780
Financial assets held at amortised cost	12d	**873,638**	832,731	846,979
Financial assets held at fair value through profit or loss	12d	**16,633,466**	18,097,486	19,622,677
		17,781,702	19,217,464	20,739,128
Current assets				
Land and property assets	16	**1,156,089**	1,064,633	1,069,359
Trade and other receivables	12b	**212,289**	286,289	368,300
Financial assets held at amortised cost	12d	**543,214**	354,343	570,566
Financial assets held at fair value through profit or loss	12d	**78,765**	107,502	109,670
Cash and cash equivalents	12a	**388,501**	166,687	217,485
		2,378,858	1,979,454	2,335,380
Total assets		**20,160,560**	21,196,918	23,074,508
Current liabilities				
Trade and other payables	17	**(511,074)**	(551,748)	(571,170)
Provisions		**(150)**	(301)	(3,889)
		(511,224)	(552,049)	(575,059)
Non-current assets plus net current assets		**19,649,336**	20,644,869	22,499,449
Non-current liabilities				
Trade and other payables	17	**(26,974)**	(20,195)	(25,324)
Provisions		**(4,418)**	(5,443)	(4,821)
Pension liabilities	18a	**(2,710)**	(3,223)	(5,858)
		(34,102)	(28,861)	(36,003)
Assets less liabilities		**19,615,234**	20,616,008	22,463,446
Reserves				
Income and expenditure reserve		**19,615,234**	20,616,008	22,463,446
Taxpayers' equity		**19,615,234**	20,616,008	22,463,446

*The Agency has applied a retrospective restatement to its Financial Statements to recognise pension asset ceiling adjustments. In the Statement of Financial Position, the restatement materially affects both pension assets and the income and expenditure reserve. Please refer to Note 1s for further information on this restatement, including the nature of the restatement and all financial statement line items affected.

In accordance with International Accounting Standard 1 Presentation of Financial Statements (IAS 1), as the restatement has a material impact on the Statement of Financial Position at the beginning of the preceding period, a restated Statement of Financial Position at this point has been provided.

The accompanying Notes are an integral part of these Financial Statements. Approved by the Board on 14 July 2025 and signed on their behalf by:

Eamonn Boylan
Interim Chief Executive and Accounting Officer

Group Statement of Cash Flows – Year ended 31 March 2025

	Note	2024/25 £'000	2023/24 £'000
Net cash (outflow)/inflow from operating activities	(a)	**(1,593,554)**	(1,032,546)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,140)**	(1,489)
Purchase of intangible assets		**(14,457)**	(14,075)
(Investment)/divestment made in group companies	11b	**(12,090)**	(2,688)
Net cash outflow from investing activities		**(27,687)**	(18,252)
Cash flows from financing activities			
Grant in Aid from sponsor department	SoCTE*	**1,845,000**	1,000,000
Rent payments reducing finance lease liabilities		**(1,986)**	-
Rent receipts reducing finance lease assets		**41**	-
Net cash inflow from financing activities		**1,843,055**	1,000,000
Increase/(decrease) in cash and cash equivalents in the period		**221,814**	(50,798)
Cash and cash equivalents at 1 April	12a	**166,687**	217,485
Cash and cash equivalents at 31 March	12a	**388,501**	166,687

a) Reconciliation of net operating expenditure to net cash flow from operating activities

	Note	2024/25 £'000	2023/24 £'000
Net operating expenditure	SoCNE**	**(2,841,245)**	(2,845,864)
Financial assets:			
Financial asset investments made by the Agency	12e, 12f	**(542,676)**	(312,195)
Proceeds from disposal of financial asset investments	12e, 12f, 12g	**2,354,613**	1,927,638
(Gain)/loss on disposal of financial assets	12g	**6,047**	(36,735)
(Valuation gains)/reversal of gains above cost on financial assets held at fair value through profit and loss	12g	**(297,657)**	15,594
Valuation losses/(reversal of losses) below cost on financial assets held at fair value through profit and loss	12g	**(141,290)**	187,902
Increase/(decrease) in impairment of financial assets measured at amortised cost	12g	**(29,714)**	63,645
Interest added to financial assets held at amortised cost	12f	**(87,992)**	(88,310)
Land and property:			
Additions to land and property assets	16	**(322,476)**	(202,273)
Cost of land and property assets disposed	5	**52,756**	72,757
Increase in write-downs of land and property	16	**178,264**	134,242
Other:			
Depreciation and amortisation	8	**8,062**	5,111
Impairment of intangible assets		**6,312**	-
Carrying value of disposed property, plant and equipment, with no cash proceeds received		**1,712**	-
Pension costs	18d, 18f	**(2,595)**	483
Payments of income tax		**(4,500)**	(10,263)
		(1,662,379)	(1,088,268)
Decrease/(Increase) in receivables		**94,157**	118,310
(Decrease)/increase in payables		**(24,156)**	(59,622)
(Decrease)/increase in provisions		**(1,176)**	(2,966)
Net cash outflow from operating activities		**(1,593,554)**	(1,032,546)

* SoCTE: Statement of Changes in Taxpayers' Equity
** SoCNE: Statement of Comprehensive Net Expenditure

The Group Financial Statements incorporate those of the Agency and the investees controlled by the Agency. No Statement of Cash Flows is presented for the Agency as this is not materially different to that presented for the Group.

Group Statement of Changes in Taxpayers' Equity – Year ended 31 March 2025

	Note	2024/25 £'000	2023/24 (restated)* £'000
Balance at 1 April		**20,617,450**	22,470,480
Net expenditure for the year		**(2,856,783)**	(2,846,701)
Actuarial gain/(loss) from pension fund	18e	**(3,784)**	(8,439)
Income tax on items in other comprehensive expenditure		**946**	2,110
Total comprehensive expenditure for the year		**(2,859,621)**	(2,853,030)
Grant in Aid from sponsor department	1e	**1,845,000**	1,000,000
Balance at 31 March		**19,602,829**	20,617,450

*See Note 1s in the Notes to the Financial Statements for information regarding the retrospective restatement applied.

Agency Statement of Changes in Taxpayers' Equity – Year ended 31 March 2025

	Note	2024/25 £'000	2023/24 (restated)* £'000
Balance at 1 April		**20,616,008**	22,463,446
Net expenditure for the year		**(2,842,936)**	(2,841,109)
Actuarial gain/(loss) from pension fund	18e	**(3,784)**	(8,439)
Income tax on items in other comprehensive expenditure		**946**	2,110
Total comprehensive expenditure for the year		**(2,845,774)**	(2,847,438)
Grant in Aid from sponsor department	1e	**1,845,000**	1,000,000
Balance at 31 March		**19,615,234**	20,616,008

*See Note 1s in the Notes to the Financial Statements for information regarding the retrospective restatement applied.

Notes to the Financial Statements - Year ended 31 March 2025

1. Statement of Accounting Policies

a) Statutory basis

The Homes and Communities Agency, trading as Homes England (hereafter, the Agency), is an executive non-departmental public body and statutory corporation created by the Housing and Regeneration Act 2008 (as amended by the Localism Act 2011). Homes England is sponsored by the Ministry of Housing, Communities and Local Government (MHCLG).

The Financial Statements of Homes England are governed under the provisions of the Housing and Regeneration Act 2008 and by the Accounts Direction given by the Secretary of State, with approval of HM Treasury under the Act. The Direction issued on 24 March 2023 reflects government policy that the Financial Statements should, insofar as appropriate, conform to the accounting and disclosure requirements contained in Managing Public Money and the Government Financial Reporting Manual (FReM). The Financial Statements have been prepared in accordance with the 2024/25 FReM issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the Agency's accounts.

b) Accounting convention

The Financial Statements are prepared under the historical cost convention modified by the revaluation of certain assets and liabilities as determined by the relevant accounting standards (which, for these Financial Statements, includes financial assets held at fair value through profit or loss, financial assets held at amortised cost and some land and property assets held at net realisable value).

c) Basis of preparation and consolidation

The Group Financial Statements incorporate those of the Agency and the investees controlled by the Agency. No Statement of Comprehensive Net Expenditure is presented for the Agency as this is not materially different to that presented for the Group. No Statement of Cash Flows is presented for the Agency as this is not materially different to that presented for the Group.

Unless specified, all Notes to the Financial Statements apply to both the Group and Agency.

The Group's associated undertakings are all undertakings in which the Group has a participating interest and over whose operating and financial policy it exercises significant influence. The Group's joint ventures are all undertakings in which the Group exercises joint control. In the Group Financial Statements, investments in associates and joint ventures are accounted for using the equity method, wherein an investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate or joint venture. The consolidated Statement of Comprehensive Net Expenditure includes the Group's share of profits and losses of associates and joint ventures, while its share of net assets of associates and joint ventures is shown in the Group Statement of Financial Position.

The share of net assets and profit information is based on unaudited financial statements or management information to 31 March 2025 for most associates and joint ventures. Where this information is not available, financial statements with a different reporting date have been used, where this reporting date is within three months of that of the Agency and where this does not produce significantly different results. Adjustments have been made on consolidation for significant transactions following the reporting date of the information used.

English Cities Fund Limited Partnership prepares its annual financial statements up to 31 December, the same reporting date as its investee partner.

Countryside Maritime Limited prepares its annual financial statements up to 30 September, which is the reporting date of the joint venture partner.

Tilia Community Living LLP prepares its annual financial statements up to 31 March, which is the same reporting date as the Agency.

Newton Development Partners LLP prepares its annual financial statements up to 31 March, the same reporting date as the Agency.

Habiko LLP prepares its annual financial statements up to 31 December, which is the reporting date of the joint venture partners. The entity was incorporated on 25 October 2024 and will produce its first set of audited accounts for the period ending 31 December 2025.

MADE Partnership LLP prepares its annual financial statements up to 30 June, which is the reporting date of the joint venture partners. The entity was incorporated on 6 September 2024 and will produce its first set of audited accounts for the period ending 30 June 2025.

Juniper JVCO Limited prepares its annual financial statements up to 31 December, which is the reporting date of the joint venture partner. The entity was incorporated on 18 October 2024 and will produce its first set of audited accounts for the period ending 31 December 2025.

d) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures, as recorded in the Agency's own Statement of Financial Position, are accounted for at cost (subject to an annual assessment for impairment).

e) Funding

The Agency's activities are funded in part by income generated from operations and in part by Grant in Aid provided by the Ministry of Housing, Communities and Local Government for approved and budgeted expenditure.

Grant in Aid received to finance activities and expenditure which support the statutory and other objectives of the Agency is treated as financing and credited to the income and expenditure reserve in full, because it is regarded as a contribution from a controlling party. The net expenditure for the period is transferred to this reserve.

f) Critical accounting judgements

In the process of applying its accounting policies, the Agency makes various judgements, apart from those including estimates (which are detailed in Note 1g), that can significantly affect the amounts it recognises in its financial statements.

Critical judgements, apart from those including estimates, are as follows:

Defined benefit pensions

The Agency applies asset ceiling adjustments to the carrying value of its pension assets on the basis that government pension regulations apply conditions to the realisation of surpluses. This means the Agency has no unconditional right to gain equivalent economic benefit from surpluses that have built up. The asset ceiling adjustments ensure that no net pension assets are recognised in relation to surpluses that can't be unconditionally realised.

The decision to apply asset ceiling adjustments is a critical accounting judgement which is material to these Financial Statements. While the Agency consults with actuaries to try and ensure the reasonableness of its judgement, the realisation of government pension scheme surpluses is a complex area that is subject to change.

The value of asset ceiling adjustments applied can be seen in Note 18. The judgement to apply asset ceiling adjustments was made during 2024/25 and has resulted in a prior period adjustment. Details of the prior period adjustment can be seen in Note 1s.

Financial asset investments

As highlighted more extensively in Note 1n, the Agency applies the criteria laid out in International Financial Reporting Standard 9 Financial Instruments (IFRS 9) to determine whether an investment should be measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The basis of measurement for a financial asset investment can significantly affect its carrying value in the Agency's Financial Statements.

While for most investment contracts it is relatively straight-forward for the Agency to determine the correct measurement basis, for a small number of more complex agreements a degree of judgement is required. The Agency ensures that members of staff with extensive knowledge and experience of IFRS 9 and its practical application are involved in determining the measurement bases for its financial asset investments.

g) Key sources of estimation uncertainty

The Agency's key sources of estimation uncertainty are impacted by the macroeconomic uncertainty in the current markets and alternative economic scenarios are considered in the Performance Report, within the Impact of Macroeconomic Uncertainty section.

Financial assets measured at fair value

Where assets are to be measured at fair value, this is performed with reference to the requirements of International Financial Reporting Standard 13 Fair Value Measurement (IFRS 13), applying considerations which follow the three hierarchies set out under the standard for determining fair value.

The majority of financial assets measured at fair value are investments in homes, such as those under the Help to Buy scheme, as analysed in Note 12e. These assets are valued with reference to regional house price indices, supplemented by experience adjustments, which are calculated by comparing the Agency's actual disposals occurring in the three months leading up to the year end, to the comparable expected disposal values computed with reference to regional house price indices alone. Together, these provide a reasonable estimate of the fair value of these assets because house price indices alone cannot accurately predict the value of individual homes; and disposal proceeds to date, although a good indicator of market performance, may not occur at the same level in the future. As the Agency's security over the Help to Buy investment is via a second charge over the property with the main mortgage provider holding the first charge, if the amount needed to settle the homeowner's main mortgage does not leave sufficient sale proceeds available to settle our original percentage share, then the Agency will not receive its full percentage share of the proceeds. Instead, it will receive the available remaining cash after the first charge has been settled. In an economic scenario where there was a significant decrease in house prices, there is a risk that the Agency may not recover the full amount of its equity loan balance due to this first charge effect.

The valuation of investments in homes (through equity loan programmes such as Help to Buy) is highly sensitive to changes in assumptions about market prices. Investments in homes are also the Agency's most significant asset category so the judgement exercised by management, both in the application of indexation to the home equity portfolio and in the experience adjustments applied, is a source of material estimation uncertainty in the Agency's Financial Statements.

Analysis showing the sensitivity of the valuation of these assets to changes in market prices, and therefore to management's judgement in estimating this valuation, is shown in Note 14a. In addition, Note 15a outlines the Agency's analysis of the sensitivity of the valuation of the Help to Buy portfolio to key modelling assumptions.

Other financial assets measured at fair value are generally valued with reference to cash flow forecasts, which are by their nature based on estimates. A particular source of estimation uncertainty within these forecasts is the value of receipts projected to be collected by the Agency in future periods. The projected values of receipts are integral to the calculations that underpin the relevant fair values recognised within these Financial Statements. An exception to this is the Agency's investment in the PRS REIT plc, which is valued with reference to quoted unit prices on the London Stock Exchange.

More information on the Agency's application of IFRS 13 to support fair value measurement is set out in Note 12d and Note 13.

Expected credit losses

The Agency is required to calculate an expected credit loss allowance for financial assets measured at amortised cost. The majority of the assets the Agency measures at amortised cost relate to funding the Agency has provided as loans, and a small number of non-current trade receivables. The Agency also calculates a simplified expected credit loss allowance for current trade receivables as permitted under International Financial Reporting Standard 9 Financial Instruments (IFRS 9).

The expected credit loss allowance at 31 March 2025 is analysed in Note 12i. There are various key assumptions applied to the expected credit loss model to which the calculation is highly sensitive, therefore the assumptions applied are a key judgement of management.

The key assumptions applied are as follows:

- Probability of default: Probability of default values are determined with reference to current economic conditions, notably with reference to the ongoing conflict in Ukraine and uncertainty stemming from protectionist trade policies. The probability of default values are applied to each investment in relation to their individual credit risk rating (CRR).
- Economic scenarios and relative weightings: IFRS 9 requires the Agency to consider alternative economic scenarios in the calculation of the expected credit loss allowance. These scenarios consist of an upside, downside, and base case and are detailed in the Performance Report within the Impact of Macroeconomic Uncertainty section. For each identified scenario, variations are made to the probability of default values applied based on an individual investment's CRR. The amount of change applied is dependent on the scenario. Weightings are applied to the expected credit loss calculations for each scenario, determined in relation to the Agency's view of the probability of each scenario occurring, with reference to current market and credit risk expectations.
- Loss given default (LGD) floor: The Agency has determined that available historic default data is insufficient to provide an evidence base for anticipated losses on default. As a result, a minimum percentage value has been applied to the LGD calculation with reference to individual investments. This floor has been derived on the basis of management judgement and interpretation of Prudential Regulation Authority guidance. At 1 April 2024 and 31 March 2025, the LGD floor applied was 35%.
- Moderated security values (MSVs): To reflect the expected value which might reasonably be realised from the sale of security in the event of default, MSV percentages are applied to gross security values to determine a measure of LGD (when compared against the estimated exposure on default). The MSVs are varied depending on the type of security held. A lower MSV percentage results in a higher discount applied to the determined security values.

Changes to these assumptions can have a significant impact on the expected credit loss allowance calculation. A sensitivity analysis has been performed in relation to these assumptions in Note 15b.

Note 12i provides an analysis of the movements in the expected credit loss allowance between 1 April 2024 and 31 March 2025, including the impact of changes in credit risk assumptions over the period.

Land and property assets

Determination of the value of land and property assets involves a significant amount of estimation uncertainty, particularly given the complexity of some of the Agency's properties and the range of anticipated routes to disposal. Valuations are performed by independent qualified valuation experts. Most land and property assets, by value, are assessed by these independent valuation specialists. However, as the assets are held under International Accounting Standard 2 Inventories (IAS 2) and carried at the lower of cost and net realisable value, the estimation uncertainty involved in property valuations only affects carrying value where a write-down is identified. Of the £1,156m carrying value of land and property assets at 31 March 2025, £397m is held at cost and £759m is held at net realisable value.

Defined benefit pensions

The value of the Agency's defined benefit pension assets and liabilities have been assessed by qualified independent actuaries. In making these assessments, it is necessary for actuarial assumptions to be used which include future rates of inflation, salary growth, discount rates and mortality rates. Differences between those estimates used and the actual outcomes will be reflected in taxpayers' equity in future years.

As the assets managed under the Agency's pension scheme are predominantly quoted investments there is less uncertainty surrounding their valuation than unquoted assets held elsewhere on the Agency's Statement of Financial Position. There are some investments that are unquoted, including in private equity, real estate, infrastructure, other equity securities, investment funds and unit trusts that may be subject to valuation uncertainty, but these represent a small proportion of scheme assets, 16.82% (16.13% in 2023/24). Similarly, the discount rates used for scheme liabilities are derived from bond markets and so determined with reference to published figures at the Statement of Financial Position date.

h) Grants

Payments of capital and revenue grants to registered providers of social housing (RPs) and other bodies are accounted for on an accruals basis, with the grant expenditure being recognised at the point RPs and other bodies have met relevant criteria and become contractually entitled to grant payments.

Payments of Affordable Housing grants may be paid in one, two or three instalments depending on scheme and provider eligibility: an acquisition tranche, a start on site tranche and a completion tranche. In the two years disclosed, the tranches for Affordable Housing schemes were as follows:

- 40% on acquisition (where eligible), 35% on start on site (where eligible; this tranche may increase to 75% if the scheme is not eligible for an acquisition payment), 25% on completion;
- For those RPs who have been selected for continuous market engagement, payment flexibility of up to 95% against eligible expenditure can be claimed at acquisition and/or start on site;
- Affordable Housing grant under Strategic Housing Partnerships are paid quarterly in arrears, in line with total eligible development expenditure.

Housing Infrastructure Fund grants and Brownfield Infrastructure and Land grants are paid in line with development costs incurred in the financial year.

Cladding Safety Scheme grants for works packages are paid in line with costs incurred in the financial year.

Cladding Safety Scheme grants for pre-tender support are calculated as 15% of the estimated cost of works and are paid once eligibility has been confirmed.

i) Grant recoveries

Recoveries of Affordable Housing grants from RPs are accounted for when the amount due for repayment has been agreed with the RP and invoiced. RPs may retain grant recoverable from sales within their own accounts for recycling, with the funds becoming due back to the Agency if unused within three years. Recoveries of other grants are accounted for when the repayment becomes contractually due. While judgement is involved in the calculation of the recoverable amount, this is not deemed to be material to the Financial Statements.

j) Revenue recognition

Homes England recognises revenue from its contracts with customers in line with International Financial Reporting Standard 15 Revenue from Contracts with Customers (IFRS 15).

Income from the disposal of land and property assets is recognised when there is a legally binding sale agreement, which has become unconditional and irrevocable by the end of the reporting period. The transaction price is the amount of the consideration to which the Agency expects to be entitled in exchange for transferring the risks and rewards of ownership of the asset. Payment terms for such transactions may vary depending on the nature of the agreement. Where payment is on deferred terms the associated receivable is discounted to reflect the net present value of the receipt.

Income from rent and other property income is recognised over the period to which it relates and is invoiced in line with the terms of the lease. Invoices are payable upon issue.

Income from homeowner fees is recognised in the period to which it relates and is paid monthly in arrears. The fee accrues daily after the financial instrument reaches a defined maturity and the income is recognised to the extent that it has accrued at the reporting date.

Income from projects where the Agency acts as developer, where external contractors manage build and sales on behalf of the Agency, is recognised when a performance obligation in the contract is met. This is normally at legal completion and measured at the fair value of the consideration received or receivable for the property. Where income is based on a contract and recognised over time, it is recognised by reference to the stage of completion of the contract activity at the Statement of Financial Position date. This is normally measured by compliance inspector reports of work performed to date. A contract asset is recognised when the Agency has completed a proportion of the contract activity prior to payment being received. A contract liability is recognised where cash has been received in advance of the contract activity being completed. The only income stream through which the Agency acts as a developer is Direct Commissioning sales, as reflected in Note 5.

All of the income reflected in the Statement of Comprehensive Net Expenditure, with the exception of increases in fair value above initial cost of financial assets measured at fair value through profit or loss, interest income and gains on the disposal of financial assets, arises from contracts with customers.

k) Income tax

The income tax charge represents the sum of current tax and deferred tax, both of which are wholly in relation to UK corporation tax. Both current and deferred tax are recognised in the Statement of Comprehensive Net Expenditure except to the extent that they relate to items recognised directly in taxpayers’ equity, in which case they are recognised in taxpayers’ equity.

Current tax is the expected tax payable on the taxable surplus for the year, based on tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated at the tax rates expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable surpluses will be available against which the temporary differences can be utilised.

l) Land and property assets

Valuation

Land and property assets are shown in the Statement of Financial Position at the lower of cost and net realisable value (NRV). Cost comprises direct costs that have been incurred in bringing the land and property assets to their present location and condition, including the capitalisation of staff time where appropriate. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, including marketing, legal and panel solicitor fees. NRV is an entity specific valuation methodology which reflects Homes England's circumstances, the purpose for which the asset is held and the future disposal strategy for the asset. This is different from fair value methodology which is a market based measurement and which establishes a value based on a price that would be received to sell an asset in an orderly transaction between market participants.

A NRV at each reporting period will be obtained for land and property assets if there is evidence of a change in NRV, brought about by certain trigger events and in all cases, where the NRV of the asset was more than or equal to £5m in the preceding year. Such trigger events include the receipt of planning permission, significant capital expenditure or a change in expected disposal strategy. If no trigger event occurs and the NRV of the asset was less than £5m in the preceding year, the asset will retain the NRV from the last assessment. This is subject to a requirement for each asset to be revalued at least once in every five year period.

However, last year, in light of the economic environment in the period leading to the valuation date (increases in base rates, below average buyer demand for new build homes, inflationary pressures), the decision was made to revalue all assets, even where no trigger events had occurred.

An estimate of the NRV at the reporting period is obtained in accordance with the current edition of RICS Valuation – Global Standards, effective from 31 January 2022 and the RICS Valuation – Global Standards 2017 UK national supplement, (collectively known as 'The Red Book'), as amended, extended or updated from time to time. In establishing a NRV for each asset, the following will be taken into account: there is a willing buyer and seller; the transaction is at arm's length; each party has acted knowledgeably, prudently and without compulsion; the reasons for Homes England holding the asset and future disposal plans for the asset.

Following the determination of NRV at the reporting period, each asset is individually assessed to calculate a write-down expense/reversal of write-down expense. A reversal of a write-down expense for previously written-down assets may occur where the NRV increases. Increases are limited to an amount which results in assets being carried at their historic cost. Any movements in the valuation of land and property assets are shown in the Statement of Comprehensive Net Expenditure as a write-down expense/credit.

The valuation of land on which the Agency acts as developer, where external contractors manage build and sales on behalf of the Agency, is based on the value of the contract and progress to date. The contract value is adjusted to reflect any costs expended and any sales achieved in year.

Disposal of land and property assets

Where proceeds are receivable over a period of more than 12 months after the end of the reporting period, the proceeds are discounted at a rate prescribed by HM Treasury to reflect the net present value of the receipt. The rate applied during the year was 2.15% (2023/24: 2.05%), in accordance with HM Treasury's PES (Public Expenditure System) (2024) 9, Discount Rates for General Provisions, post-employment benefits, financial instruments and leases (under IFRS 16); Announcement of rates. This paper was issued by HM Treasury on 3 December 2024.

Some land sale agreements contain overage clauses, which is where the seller can become entitled to additional sale proceeds, in addition to the agreed purchase price, if certain conditions relating to the disposed asset are met at a later date. Where a land sale agreement includes an overage clause, IFRS 9 requires that any associated receivable is measured (discounted to reflect the net present value of the receipt as described above) and disclosed as a financial asset at fair value through profit or loss (FVTPL). Over time, the initial discount unwinds through the Statement of Comprehensive Net Expenditure as a valuation gain. The associated overage clause is measured and disclosed separately as a financial asset at FVTPL (Level 3 hierarchy).

Where no overage clause exists, the receivable is measured and disclosed as a financial asset at amortised cost. Accounting policy n) financial assets, under sub-heading Impairment, sets out the factors to be considered when measuring financial assets at amortised cost. Over time, the initial discount unwinds through the Statement of Comprehensive Net Expenditure as interest income.

m) Provisions

Provisions are made for environmental liabilities where the Agency is under a statutory, contractual, or constructive obligation to remediate land to relevant standards. The amounts provided are the best estimate of the expenditure required to settle the obligation, based on circumstances existing at the reporting date. Expenditure expected to be incurred in future years is discounted in accordance with HM Treasury's PES (Public Expenditure System) (2024) 9, Discount Rates for General Provisions, post-employment benefits, financial instruments and leases (under IFRS 16); announcement of rates. This paper was issued by HM Treasury on 3 December 2024. The rates applied during the year for short, medium and long-term provisions were 4.03%, 4.07% and 4.81% respectively (2023/24: 4.26%, 4.03% and 4.72%).

Provisions are recognised for other liabilities as appropriate and discounted in line with the HM Treasury's guidance if applicable.

n) Financial assets

Recognition and derecognition

Financial assets are recognised in the Statement of Financial Position when the Agency becomes a party to the contractual provisions of the instrument (this is usually when cash is initially advanced to the counterparty, but for home equity assets this is at the point of legal completion of the underlying property purchase) and are measured at fair value on recognition.

Where differences between the fair value at initial recognition, as calculated using the methods described in Note 12d and Note 13, and the price paid by the Agency to acquire the instrument are significant, they are either:

- recognised as grant expenditure where fair value is estimated to be below cost, in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance; or
- deferred and released over the expected life of the instrument, in accordance with IFRS 9.

The Agency fully derecognises a financial asset only when the contractual rights to the cash flows for the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. Partial derecognition occurs where parts of the contractual cash flows are received – for example where a homeowner chooses to partially redeem their equity loan. Here, the element of the asset which relates to the repayment is derecognised.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Third party cash comprises cash held by solicitors at year end in relation to deals which were in progress and cash received by the Agency's mortgage administrator for home equity redemptions. This cash is under the control of the Agency at the year end and only in the custody of third parties due to the timing of deals in progress and the processing of onward transfers of cash to the Agency by the mortgage administrator. The Agency has no cash equivalents.

Trade and other receivables

Trade and other receivables may be measured at fair value or amortised cost depending on the nature of the individual balance. Where the balance is measured at amortised cost, the carrying value is subject to an expected credit loss calculation. Land sale agreements that contain clauses for the recovery of overage are measured at FVTPL.

Financial asset investments

The Agency follows IFRS 9 for all investments, subject to interpretations and adaptations for the public sector context as defined in the FReM.

Classification and measurement of financial assets

Two criteria are used to determine how financial assets should be classified and measured under IFRS 9:

- the business model for managing the asset; and
- the contractual cash flow characteristics of the financial asset.

The measurement categories reflect the nature of the cash flows and the way they are managed. The three categories are:

- financial assets measured at amortised cost (AC);
- financial assets measured at fair value through other comprehensive income (FVTOCI); and
- financial assets measured at fair value through profit or loss (FVTPL).

The contractual cash flow characteristics are either:

- financial assets held to collect cash flows only; or
- the assets are held to collect cash flows and to sell.

Financial assets are measured at AC if they are held within a business model whose objective is to hold financial assets to collect contractual cash flows and their contractual cash flows represent solely payments of principal and interest. The Agency's loan agreements which do not contain an equity element fall under this category.

Financial assets are measured at FVTOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest. Currently, the Agency has no assets which meet the requirements to be recognised under this classification.

All other financial assets are measured at FVTPL. All of the Agency's other financial assets, excluding loan agreements which do not contain an equity element, are therefore measured at FVTPL. This comprises home equity loans, loans receivable with an equity element and various other investments as presented in Note 12d.

Business models are determined on initial application. The Agency assesses the business model at a portfolio level. Information that is considered in determining the business model includes:

- policies and objectives for the relevant portfolio; and

- how the performance and risks of the portfolio are managed, evaluated, and reported to management.

Financial assets managed on a fair value basis are held at FVTPL with no elections made to classify as FVTOCI.

In assessing whether contractual cash flows are solely payments of principal and interest, terms that could change the contractual cash flows so that it would not meet the condition for solely payments of principal and interest are considered, including:

- contingent and leverage features;
- non-recourse arrangements; and
- features that could modify the time value of money.

Assets measured at fair value

Most of the Agency's financial assets are measured at fair value. Under IFRS 9 the Agency is required to value assets in accordance with IFRS 13. The practical application of this standard is explained with reference to the Agency's asset portfolios in Notes 12d and 13, with detail regarding the key assumptions which support the Agency's most significant fair value estimate set out in Note 15a.

When determining the fair value hierarchy level under which a financial asset should be disclosed under the requirements of IFRS 13, the Agency considers the observable inputs used within the valuation of the asset.

The Agency considers relevant factors as outlined in IFRS 13 in determining whether there have been any transfers between levels of the fair value hierarchy. These factors include changes in the availability of observable inputs or it becoming necessary to adjust observable inputs with unobservable inputs. These factors are considered at least annually for particular asset groups or where there has been a contractual change for an individual asset. There were no transfers between levels in 2024/25 (2023/24: none).

Assets measured at amortised cost

Assets are valued by applying effective interest rates, calculated to recognise interest in accordance with IFRS 9 requirements to capitalise transaction costs and recognise fee income as finance income, spread over the life of the investment. Valuation of assets is subject to the impairment requirements of IFRS 9 for recognising write-off adjustments, modification adjustments and expected credit loss allowances.

Recognition of gains and losses on financial assets

For all categories of financial assets measured at fair value through profit or loss (as presented in Note 12), gains and losses are determined as follows:

- valuation gains or losses arise due to the change in the fair value between the reporting date and the prior year reporting date, and;
- for assets that are disposed during the year, gains or losses on disposal arise, being the difference between the value of proceeds received and the carrying value at the point of disposal.

For all categories of financial assets measured at amortised cost (as presented in Note 12), gains and losses are determined as follows:

- Write-offs and write-backs result in the recognition of losses and gains, and;
- Movements in expected credit loss allowances between the reporting date and the prior year reporting date give rise to gains and losses, and;
- Modification gains or losses arise as a result of adjusting the gross carrying amounts of assets where there has been a renegotiation of contractual cash flows.

Impairment

IFRS 9 requires the Agency to recognise expected credit losses anticipated within the next 12 months based on unbiased forward-looking information. Where a significant increase in credit risk is identified, the Agency is required to recognise total lifetime expected credit losses.

The measurement of expected credit loss involves increased complexity and judgement including estimation of probabilities of default, loss given default, a range of future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing significant increases in credit risk.

Key concepts and management judgements

The impairment requirements are complex and require management judgements, estimates and assumptions. Key concepts and management judgements include:

Determining a significant increase in credit risk since initial recognition

As aforementioned, IFRS 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (Stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

The Agency assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments for individual investments. These assessments can include the monitoring of counterparty financial performance, monitoring to identify the occurrence of an event of default or breach of covenants, and identifying any insolvency events of the counterparty or its key customers or suppliers.

Where term loans are issued, it is often sensible to apply an assumption that any missed monthly repayments which are not remedied within a 30-day timeframe are indicative of a significant increase in credit risk. However, because the Agency does not issue term loans with monthly repayment terms and loans are usually repayable either on development milestones or in full at a contractual long-stop date, the 30-day measure is not considered to be helpful as an indicator of significant increases in credit risk for the Agency's loan portfolio.

Default

Default is deemed to have occurred when a borrower has materially defaulted on their obligations and / or there is evidence that a counterparty is experiencing financial difficulty and their ability to repay is impaired. Homes England rebuts the presumption that exposures where payments past due exceed 90 days results in default. This is rebutted on the basis Homes England primarily advances development loans where interest is accrued and capitalised and repayment primarily comes from the sale of developed collateral (dwellings or land) and a delay in a sale or repayment is not always reflective of a significant increase in credit risk (SICR) or default.

In determining whether a counterparty and resultantly a financial asset is classified as being in default, Homes England assesses a range of factors including, but not limited to:

- whether a significant breach of lending terms and obligations has occurred i.e. a breach in financial covenants, legalisation or litigation has occurred;
- the availability of 'Cure', 'Remedy' or 'Standstill' periods and whether these have lapsed. These provisions, where agreed with the borrower at the outset, provide an opportunity (during a restricted time period) for the borrower to rectify a default before enforcement action is taken. These provisions are commonly used by lending institutions;
- whether there is a realistic prospect for any distress to be remedied by the counterparty or beneficial owners without significant lender intervention and contract modification; and
- where relevant, if another lender to the counterparty has recognised a default resulting in a SICR regardless of whether this triggers cross default provisions.

As Homes England's loans and advances which meet the requirements to be measured at amortised cost are broadly consistent in nature, all being commercial loans and advances to companies involved in housing investment and development, a consistent approach to default is taken across the organisation.

Counterparties and associated financial assets which are deemed to be in default are only considered to have cured and returned to Stage 2 or Stage 1 following completion of a restructure which has resulted in the counterparty's ability to repay their obligations no longer being impaired. Any restructure which consequently results in Homes England absorbing a loss will result in the financial asset being classified as in default.

Homes England does not utilise probation periods when assessing the staging of a financial asset and therefore assets can move upwards through the stages without restriction. The approach reflects the nature of Homes England's activities which are heavily concentrated in development finance and whereby distress and default is ordinarily only reversed through significant intervention or modification or a fundamental change in economic conditions. In the absence of these factors our expectation is that defaulted assets will remain in default until exited.

Forward-looking information

Credit losses are cash shortfalls from what is contractually due over the life of the financial instrument. Expected credit losses are a measure of unbiased probability-weighted credit losses which might reasonably be expected, determined by evaluating a range of possible outcomes and considering future economic conditions. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, a range of forward-looking economic scenarios, currently expected to be a minimum of three, will be considered. This is to ensure a sufficient unbiased representative sample of the complete distribution is included in determining the expected loss.

Homes England assigns a CRR to all counterparties with whom the organisation has provided financial assets that are measured at amortised cost. The CRR utilises a combination of qualitative and quantitative information including previous financial performance and strength, projected cash flows and leverage alongside more qualitative factors such as management experience. This assessment culminates in a single CRR figure and associated probability of default being applied based on the overall credit assessment of the given counterparty. This rating takes into consideration past financial performance (where evident), expected performance of a given counterparty and, critically, the underlying project.

The probability of default values associated with each CRR under the most likely central scenario have been determined by Homes England by adjusting the average probability of default values, which have been established using methodology applied in previous years by MHCLG using macroeconomic indicators. Prior to 2024/25, this methodology was also combined with an overall subjective opinion to produce estimates of the final adjusted probability of default values. In 2024/25, a Vasicek approach has been implemented to calculate the adjusted probability of default values. This moves the approach for calculating PDs from a predominately judgement-based methodology to a more quantitative approach.

To ensure compliance with IFRS 9, Homes England has adopted an additional probability weighted assessment of expected credit losses, utilising two plausible alternative economic scenarios. As Homes England operates in a single sector (housing) the loans and advances made are greatly concentrated, and as a result, defaults may be more greatly correlated in comparison to a loan portfolio which benefits from sector diversification.

The alternative economic scenarios adopted during 2024/25 are derived from the macroeconomic forecast scenarios provided by the Office for Budget Responsibility. Sensitivity analysis regarding this judgement is provided in Note 15b.

The decision on how to weight these scenarios against the central scenario is primarily derived from expert judgement within Homes England. Alternative scenarios and weightings are reviewed on a minimum of a six-monthly basis and are scrutinised through the Agency's forums and committees.

Expected life

Lifetime expected credit losses must be measured over the expected life of individual agreements. For modelling purposes, this is restricted to the maximum contractual life of investments. Potential future modifications of contracts are not considered when determining the expected life or exposure at default until they occur.

Discounting

Expected credit losses are discounted at the effective interest rate at initial recognition, or an approximation thereof. For loan commitments, the effective interest rate is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. For variable / floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques

Expected credit losses are calculated at the individual financial instrument level by multiplying three main components, being the probability of default, loss given default and the exposure at default, discounted at the original effective interest rate. The methodology and key assumptions are outlined in detail in Note 15b.

Write-offs

Homes England manages distressed financial assets through a specialist team with experience in restructuring and insolvency.

Most of Homes England's loans and advances have the benefit of security. Write-offs take place once all such security has been realised or there is no realistic prospect of recovery and the amount of the loss has been determined.

Events that typically result in a write-off ahead of security being fully realised include, but are not limited to:

- the financial asset is subject to insolvency proceedings and the only funds that will be received are the amounts estimated by the Insolvency Practitioner;
- security (typically property) is disposed of and a decision is made that no further funds will be received;
- independent professional advice (typically third party valuations or assessments) shows a significant shortfall with limited evidence that any shortfall will be recouped.

Any further recoveries of amounts previously written off are generally considered fortuitous gains and reduce the amount of impairment losses recorded in the Statement of Comprehensive Net Expenditure.

o) Financial liabilities

Financial liabilities are recognised in the Statement of Financial Position when the Agency becomes a party to the contractual provisions of the instrument.

All of the Agency's financial liabilities are non-derivative and are measured initially at fair value and subsequently at amortised cost.

Financial liabilities consist of trade and other payables. Financial liabilities are classified as current liabilities unless the Agency has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The Agency derecognises a financial liability only when the Agency's obligations are discharged, cancelled or they expire.

p) Pension costs

The Agency accounts for pension costs in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). During the year the Agency's participating employees were members of one of the following contributory pension schemes: The Homes and Communities Agency Pension Scheme, The City of Westminster Pension Fund or the West Sussex County Council Fund. All three schemes are multi-employer defined benefit schemes as described in paragraph 8 of IAS 19.

Plan assets are measured at fair value. Liabilities are measured on an actuarial basis and discounted to present value. The net asset or obligation is recognised within pension assets or liabilities, respectively, in the Statement of Financial Position. The operating and financing costs of the schemes are recognised separately in the Statement of Comprehensive Net Expenditure. Service costs are spread over the working lives of employees and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised in full in taxpayers' equity.

q) Financial commitments

The Agency records a financial commitment when it is legally or constructively committed to pay another body in relation to a specific matter and the commitment hasn't yet been recognised as a liability in the Agency's Statement of Financial Position (as the Agency is not currently liable based on past events but has contracted to be or will be constructively liable in the future if the counterparty reaches certain triggers or milestones). It is legally committed when it is subject to statute or is contractually bound. It is constructively committed when it has created a valid expectation in others, via its policies, conduct or established pattern of practice, for example, that it will be bound by certain obligations. The value of the financial commitment is determined by the amount which is still to be paid at the reporting date and profiled with reference to cash flow forecasts.

r) Impact of new standards and interpretations in issue

International Financial Reporting Standard 17 Insurance Contracts (IFRS 17)

IFRS 17 Insurance Contracts replaced IFRS 4 Insurance Contracts and became effective for entities reporting under the Government Financial Reporting Manual (FReM) on 1 April 2025. The new standard applies more standardised and rigorous requirements on accounting for insurance contracts, setting out clearer expectations on the recognition, classification and measurement of assets and liabilities in relation to insurance contracts.

As IFRS 17 only became effective for the Agency on 1 April 2025 (post year end), it had no impact on these Financial Statements. The Agency does not anticipate the standard will have a significant impact on its Financial Statements going forward as it does not hold material insurance contracts within the scope of the standard.

International Financial Reporting Standard 18 Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements. It aims to improve financial reporting by requiring that items of income and expenditure in the statement of profit or loss be categorised and presented in defined categories (operating, investing, financing, tax and discontinued operations). It also mandates the presentation of new subtotals in the statement of profit or loss, outlines new principles for the aggregation and disaggregation of items and requires disclosures over certain management-defined profit and loss performance measures.

The implementation of IFRS 18 for entities reporting under the FReM is not planned until 2028 and it may require further adaptation for the public sector.

The Agency anticipates that the structure and presentation of its Statement of Comprehensive Net Expenditure will change accordingly following implementation of the standard, although it is less likely to be affected by the disclosure requirements regarding management-defined profit and loss performance measures, given its KPIs are not profit and loss orientated.

International Financial Reporting Standard 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19)

IFRS 19 will permit reduced disclosure requirements for certain subsidiary entities and is planned to become effective for private sector entities in 2027, although as at the time of writing this report, it has not yet been endorsed for use in the UK by the UK Endorsement Board and it is not yet known when it will become effective for entities reporting under the FReM.

As the Agency does not meet the criteria of a subsidiary without public accountability, it does not anticipate that IFRS 19 will have a significant impact on its Financial Statements.

s) Retrospective restatement applied to the Financial Statements

The Agency's policy for correcting known errors once discovered is to follow International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) and to correct all material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery.

Nature of the restatement

The Agency has assets and liabilities under three pension schemes, all of which are multi-employer defined benefit schemes as described in paragraph 8 of IAS 19 Employee Benefits.

At each year end actuaries prepare valuation reports for each scheme in accordance with IAS 19. These reports value the Agency's assets and liabilities in each scheme based upon several assumptions. The reports determine whether each scheme is in a surplus or deficit position and whether the Statement of Financial position would show a net pension asset or liability respectively.

When schemes are in a surplus position, IFRIC Interpretation 14 (IFRIC 14) clarifies that a defined benefit pension asset can only be recognised to the extent an entity expects to obtain economic benefit from the surplus. Economic benefit can be realised through an entity receiving an unconditional right to a refund or a reduction in future contributions. Where a surplus exists but the entity does not expect to receive equivalent future economic benefit from it, an asset ceiling adjustment is applied to ensure that the carrying value of the net pension asset doesn't exceed the economic benefit that will flow to the entity.

During the year ended 31 March 2019, the Agency received actuarial advice that it was reasonable to stop applying asset ceiling adjustments in respect of the three schemes as changes had been made to government pension scheme regulations (LGPS Regulation 2013) allowing exit credits to be paid from schemes.

During the current period (the year ended 31 March 2025), Homes England commenced a review of this topic and determined that revised LGPS (Amendment) Regulations 2020 came into force on 20 March 2020 and took effect from 14 May 2018. The amended regulations essentially cancelled the previous changes where restrictions on payment of surpluses were removed and meant that the distribution of any surplus was dependent on the scheme rules. This dependence on the scheme to distribute a surplus removed the Agency's unconditional right to a refund. Consequently, relevant asset ceiling adjustments have been retrospectively applied to reduce the carrying value of net pension assets recognised. The restated net pension assets reflect only the economic benefit to the Agency of reduced contributions.

As the movement in the asset ceiling between 01 April 2023 and 31 March 2024 amounts to a restated actuarial loss for 2023/24, which is reflected in other comprehensive expenditure, in accordance with International Accounting Standard 12 Taxes (IAS 12) the associated deferred tax credit must be recognised within other comprehensive expenditure, with the offsetting tax charge recognised within net expenditure for the year.

Financial statement line items affected

In respect of the Group Statements of Financial Position as at 31 March 2024 and 01 April 2023:

	Originally presented 31 March 2024 £'000	Prior period adjustment 31 March 2024 £'000	Restated 31 March 2024 £'000	Originally presented 01 April 2023 £'000	Prior period adjustment 01 April 2023 £'000	Restated 01 April 2023 £'000
Non-current assets						
Pension assets	**318,460**	**(316,907)**	**1,553**	233,226	(231,431)	1,795
Total assets	**21,458,944**	**(316,907)**	**21,142,037**	23,297,256	(231,431)	23,065,825
Non-current assets plus net current assets	**20,963,218**	**(316,907)**	**20,646,311**	22,737,914	(231,431)	22,506,483
Assets less liabilities	**20,934,357**	**(316,907)**	**20,617,450**	22,701,911	(231,431)	22,470,480
Reserves						
Income and expenditure reserve	**20,934,357**	**(316,907)**	**20,617,450**	22,701,911	(231,431)	22,470,480
Taxpayers' equity	**20,934,357**	**(316,907)**	**20,617,450**	22,701,911	(231,431)	22,470,480

In respect of the Agency Statements of Financial Position as at 31 March 2024 and 01 April 2023:

	Originally presented 31 March 2024 £'000	Prior period adjustment 31 March 2024 £'000	Restated 31 March 2024 £'000	Originally presented 01 April 2023 £'000	Prior period adjustment 01 April 2023 £'000	Restated 01 April 2023 £'000
Non-current assets						
Pension assets	**318,460**	**(316,907)**	**1,553**	233,226	(231,431)	1,795
Total assets	**21,513,825**	**(316,907)**	**21,196,918**	23,305,939	(231,431)	23,074,508
Non-current assets plus net current assets	**20,961,776**	**(316,907)**	**20,644,869**	22,730,880	(231,431)	22,499,449
Assets less liabilities	**20,932,915**	**(316,907)**	**20,616,008**	22,694,877	(231,431)	22,463,446
Reserves						
Income and expenditure reserve	**20,932,915**	**(316,907)**	**20,616,008**	22,694,877	(231,431)	22,463,446
Taxpayers' equity	**20,932,915**	**(316,907)**	**20,616,008**	22,694,877	(231,431)	22,463,446

In respect of the Group Statement of Net Comprehensive Expenditure for the year ended 31 March 2024:

	Originally presented 2023/24 £'000	Prior period adjustment 2023/24 £'000	Restated 2023/24 £'000
Net expenditure before tax	**2,840,294**	**-**	**2,840,294**
Income tax (credit)/charge	**(14,962)**	**21,369**	**6,407**
Net expenditure for the year	**2,825,332**	**21,369**	**2,846,701**
Other comprehensive expenditure			
Actuarial loss/(gain) from pension fund	**(77,037)**	**85,476**	**8,439**
Income tax charge/(credit) on items in other comprehensive expenditure	**19,259**	**(21,369)**	**(2,110)**
Total comprehensive expenditure for the year	**2,767,554**	**85,476**	**2,853,030**

In respect of the Group and Agency Statements of Changes in Taxpayers' Equity for the year ended 31 March 2024:

	Group			Agency		
	Originally presented 2023/24 £'000	Prior period adjustment 2023/24 £'000	Restated 2023/24 £'000	Originally presented 2023/24 £'000	Prior period adjustment 2023/24 £'000	Restated 2023/24 £'000
Balance at 1 April	**22,701,911**	**(231,431)**	**22,470,480**	22,694,877	(231,431)	22,463,446
Net expenditure for the year	**(2,825,332)**	**(21,369)**	**(2,846,701)**	(2,819,740)	(21,369)	(2,841,109)
Actuarial gain/(loss) from pension fund	**77,037**	**(85,476)**	**(8,439)**	77,037	(85,476)	(8,439)
Income tax on items in other comprehensive expenditure	**(19,259)**	**21,369**	**2,110**	(19,259)	21,369	2,110
Total comprehensive expenditure for the year	**(2,767,554)**	**(85,476)**	**(2,853,030)**	(2,761,962)	(85,476)	(2,847,438)
Grant in Aid from sponsor department	**1,000,000**	**-**	**1,000,000**	1,000,000	-	1,000,000
Balance at 31 March	**20,934,357**	**(316,907)**	**20,617,450**	20,932,915	(316,907)	20,616,008

There was no impact on the Group Statement of Cash Flows.

See Note 18 for a breakdown of the 2023/24 asset ceiling amounts for each of the three individual pension schemes.

2. Operating Segments

a) Operating segment analysis

The Agency's operational performance is managed by reference to financial and non-financial targets, within the constraints of programme and operational expenditure limits set by MHCLG. These programmes are managed with Directorates which therefore form the basis of the Agency's operating segments as defined by IFRS 8 Operating Segments.

All of the Agency's activities, and therefore its income, expenditure, assets and liabilities, occur within the UK. An analysis of the various types of income which the Agency receives is shown in the Statement of Comprehensive Net Expenditure.

As many of the Agency's programmes do not generate their own revenue, and are financed by Grant in Aid, the financial measure used by the Board to assess the Agency's operating performance and manage its resources is programme and administrative expenditure and receipts against Departmental Expenditure Limits (DEL). The programme and administrative expenditure and receipts information below is presented on the basis of the information presented to the Board.

	2024/25			2023/24 (re-presented)**		
Programme	**Expenditure £m**	**Receipts £m**	**Total £m**	**Expenditure £m**	**Receipts £m**	**Total £m**
Help to Buy**	**4.0**	**-**	**4.0**	20.6	-	20.6
Investment**	**594.1**	**(402.0)**	**192.1**	420.3	(537.0)	(116.7)
Housing Infrastructure Grants**	**657.7**	**(1.2)**	**656.5**	470.3	-	470.3
Development**	**242.7**	**(158.6)**	**84.1**	180.1	(187.7)	(7.6)
Markets, Partners and Places	**21.2**	**-**	**21.2**	15.9	-	15.9
Affordable Housing**	**2,405.2**	**(6.6)**	**2,398.6**	2,011.3	(4.9)	2,006.4
First Homes	**-**	**-**	**-**	40.7	-	40.7
Building Safety and Remediation	**162.8**	**-**	**162.8**	41.4	-	41.4
Evolve Transformation Change Programme	**34.3**	**-**	**34.3**	25.6	-	25.6
Brownfield, Infrastructure and Land	**184.9**	**(0.4)**	**184.5**	32.9	-	32.9
Programme Administration	**1.5**	**-**	**1.5**	2.0	-	2.0
Total programme expenditure and receipts	**4,308.4**	**(568.8)**	**3,739.6**	3,261.1	(729.6)	2,531.5
Administration**	**129.3**	**(274.5)**	**(145.2)**	128.8	(232.6)	(103.8)
Total expenditure and receipts reported to Board	**4,437.7**	**(843.3)**	**3,594.4**	3,389.9	(962.2)	2,427.7
DEL not reported to the Board in respect of expected credit loss charges, write-off charges and DEL impairments*	**(29.7)**	**-**	**(29.7)**	66.8	-	66.8
Total net DEL	**4,408.0**	**(843.3)**	**3,564.7**	3,456.7	(962.2)	2,494.5

* Whilst expected credit losses, write-off charges and DEL impairments are not reported to Board as part of the monthly performance management information, they are sighted through reporting through various committees.

** The Agency receives RDEL (resource DEL) income on a number of programmes which, from a budgeting perspective, is treated as administration income. In the 2023/24 Annual Report, £232.6m of such RDEL income was originally presented in the receipts column against the programmes through which it arose; £83.1m for Help to Buy, £147.3m for Investment, £0.1m for Housing Infrastructure Grants, £0.4m for Development, and £1.7m for Affordable Housing. To better align this Note with the categorisation used internally by the Agency, for 2024/25 all such income has been presented in the 'Administration' line. To allow comparison with the 2024/25 disclosure, the £232.6m for 2023/24 has been re-presented from the programmes to the 'Administration' line.

b) Reconciliations to net expenditure

Net DEL expenditure, the financial measure used to report the Agency's performance to the Board, excludes certain items which are disclosed separately in the Statement of Comprehensive Net Expenditure such as provisions for impairment, movements in other provisions, depreciation and income tax. It also includes items of expenditure which, for statutory reporting purposes, are capitalised in the Statement of Financial Position. Such items include additions to and disposals of non-current assets, loans and land and property assets. In addition, there are instances where there are timing differences between income and expenditure recognised for statutory reporting purposes and for DEL reporting, such as a restriction on recognising income on certain disposals until cash is received. For statutory reporting purposes income is recognised when the Agency is contractually entitled to receive the income. These rules are prescribed by HM Treasury.

A reconciliation of total DEL expenditure to net expenditure before tax as shown in the Statement of Comprehensive Net Expenditure is as follows:

	Note	2024/25 £m	2023/24 £m
Total net DEL expenditure above		**3,564.7**	2,494.5
Reconciling items:			
Increase in write-down of land assets	16	**178.3**	130.6
Decrease/(reversal of decrease) in fair value below cost of assets measured at fair value passing through the SOCNE	12g	**(141.3)**	181.2
Reversal of increase/(increase) in fair value above initial cost of financial assets measured at fair value passing through the SOCNE		**(264.0)**	48.9
(Decrease)/Increase in provisions		**(1.1)**	(2.6)
Utilisation of provisions		**(0.1)**	(0.4)
Share of losses/(profits) of associates and joint ventures	11b	**7.7**	5.3
Impairment of investments in associates and joint ventures	11b	**6.7**	-
Investment in joint ventures	11b	**(12.1)**	(2.7)
Pension movements		**(2.9)**	(10.8)
Book value of land and property assets disposed	16	**52.8**	72.8
Book value of assets measured at fair value disposed	12g	**2,048.1**	1,396.3
Help to Buy and FirstBuy receipts not included within net DEL expenditure*	12g	**(1,924.1)**	(1,358.6)
Loan repayments (for loans measured at amortised cost)	12f	**312.6**	494.5
Capital items recorded as programme expenditure:			
Additions to assets measured at fair value	12e	**(120.0)**	(74.1)
Additions to land and property assets	16	**(322.5)**	(202.3)
Loans advanced, including interest added to loans measured at amortised cost	12f	**(510.7)**	(326.1)
Additions to PPE and Intangible assets		**(23.9)**	(15.6)
Disposals of PPE and Intangible assets		**1.6**	-
Additions to long-term receivables		**4.5**	-
Recovery of long-term receivables recorded as programme income		**1.7**	9.4
Net expenditure before tax as stated in the Statement of Comprehensive Net Expenditure		**2,856.0**	2,840.3

* Help to Buy and FirstBuy receipts are not reported to the Agency's Board as they are outside the scope of budgets delegated to the Agency to be managed. Cash received is transferred as Consolidated Fund Excess Receipts via the Ministry of Housing, Communities and Local Government to HM Treasury.

All of the income reflected in the Statement of Comprehensive Net Expenditure, with the exception of increases in fair value of financial assets measured at fair value through profit or loss, interest income and gains on disposal of financial assets arises from contracts with customers and is accounted for in line with International Financial Reporting Standard 15 Revenue from Contracts with Customers (IFRS 15). Programme and administration receipts reported to the Board materially comprises the proceeds from the disposal of land and property assets, interest income and the bulk of other operating income, which are income streams arising from contracts with customers and accounted for under IFRS 15, together with certain capital receipts, such as loan repayments, which are not reflected in the Statement of Comprehensive Net Expenditure and are not within the scope of IFRS 15. The vast majority of gains on the disposal of financial assets arise on the disposal of Help to Buy equity loans. These disposal receipts are not included in the Board reporting as they are outside of the scope of budgets delegated to the Agency to be managed.

A reconciliation of programme receipts as shown above to income as stated in the Statement of Comprehensive Net Expenditure is as follows:

	Note	2024/25 £m	2023/24 £m
Total receipts reported to the Board		**843.3**	962.2
Reconciling items:			
Clawback of grants recorded as income but shown net within expenditure in Board reporting		**48.8**	49.5
Other income shown net within expenditure in Board reporting		**1.1**	1.6
Valuation gains on financial assets held at FVTPL not reported to Board		**264.0**	(48.9)
Recovery of long-term receivables recorded as programme income		**(1.4)**	(6.5)
Receipts from disposal of capital items recorded as programme income:			
Proceeds from the disposal of financial asset investments measured at fair value	12g	**(2,048.1)**	(1,396.3)
Loan repayments (for loans measured at amortised cost)	12f	**(312.6)**	(497.2)
Joint venture disposal proceeds	11b	**(4.4)**	(12.6)
Help to Buy and FirstBuy receipts not included within DEL receipts*	12g	**1,924.1**	1,358.6
Income as stated in the Statement of Comprehensive Net Expenditure		**714.8**	410.4

* Help to Buy and FirstBuy receipts are not reported to the Agency's Board as they are outside the scope of budgets delegated to the Agency to be managed. Cash received is transferred as Consolidated Fund Excess Receipts via the Ministry of Housing, Communities and Local Government to HM Treasury.

c) Impairment charges / (reversals) by operating segment

The impairment charges / (reversals) reflected in the Statement of Comprehensive Net Expenditure are attributed to the Agency's operating segments as follows:

	2024/25			2023/24		
Programme	**Impairment of intangible assets* £m**	**Impairment of financial assets measured at amortised cost £m**	**Total £m**	**Impairment of intangible assets £m**	**Impairment of financial assets measured at amortised cost £m**	**Total £m**
Investment	-	**(30.3)**	**(30.3)**	-	63.1	63.1
Development	-	**(0.2)**	**(0.2)**	-	0.5	0.5
Brownfield, Infrastructure and Land	-	**0.8**	**0.8**	-	-	-
Evolve Transformation Change Programme	**6.3**	**-**	**6.3**	-	-	-
Total	**6.3**	**(29.7)**	**(23.4)**	-	63.6	63.6

*The £6.3m impairment of intangible assets under Evolve has been recognised within programme costs in the Statement of Comprehensive Net Expenditure (please see Note 6).

d) Major customers

During the year, income from individual customers did not exceed 10% of total income (2023/24: nil).

3. Principal/Agent Relationships

Homes England is party to a number of significant arrangements where it acts as an Agent for another entity. In these arrangements, Homes England uses its skills and expertise to help bring forward programmes and initiatives. These programmes and initiatives are in addition to the core business of the Agency. It therefore would not be appropriate to show income or expenditure in respect of these transactions or to report on assets and liabilities. The below sets out these arrangements.

Managing programmes for MHCLG

The Agency has agreements with MHCLG for the management and delivery of their Cladding Fund, Building Safety Fund, Next Steps Accommodation, Rough Sleepers Accommodation and Single Homelessness Accommodation programmes:

Cladding Fund: the fund was set up to replace aluminium composite material (ACM) cladding panels on large-scale residential social housing and this has been extended to the private sector. During the year, grants totalling £12.0m (2023/24 £17.7m) were paid out by the Agency and reimbursed by MHCLG.

Building Safety Fund: This fund is focused on unsafe non-ACM cladding systems – high pressure laminates, other metal composite materials etc. – on both social and private sector buildings over 18m in height. The Fund opened to new applications in July 2022 for eligible buildings. During the year, grants of £138.7m (2023/24:

£350.0m) were paid out by the Agency and reimbursed by MHCLG.

Next Steps Accommodation: Homes England is supporting MHCLG, leading housing associations and local authorities to deliver the ambitious plans which will fast-track thousands of long-term homes for rough sleepers. During the year, grants of £6.6m (2023/24: £6.6m) were paid out by the Agency and reimbursed by MHCLG.

Rough Sleepers Accommodation: Homes England is supporting MHCLG, leading housing associations and local authorities to deliver the ambitious plans which will fast-track thousands of long-term homes for rough sleepers. During the year, grants of £6.3m (2023/24: £17.6m) were paid out by the Agency and reimbursed by MHCLG.

Single Homelessness Accommodation: Homes England is supporting MHCLG, providing supported housing, Housing First and housing-led accommodation for two target groups: adults experiencing multiple disadvantages who may have a history of rough sleeping and require high levels of support, and young people at risk of or experiencing homelessness or rough sleeping. During the year, grants of £64.6m (2023/24: £21.9m) were paid out by the Agency and reimbursed by MHCLG.

Managing assets for third parties

The Agency manages home equity portfolios on behalf of the Greater London Authority (GLA), Ministry of Defence (MoD) and multiple housing developers via our mortgage administrator. At the year end the Agency managed 4,814 (2023/24: 5,204) assets on behalf of these parties. During the year the Agency also collected 390 (2023/24: 343) disposal receipts with total proceeds of £11.0m (2023/24: £9.2m). The mortgage administrator collects and distributes disposal receipts to the GLA and housing developers on behalf of the Agency. The Agency receives disposal receipts on behalf of the MoD and subsequently transfers the receipts to the MoD. At the year end the Agency held £0.9m (2023/24: £0.2m) which is due to be paid to the MoD.

The Agency manages one science park on behalf of the Department for Science, Innovation and Technology (DSIT). During the year the Agency incurred expenditure of £0.5m (2023/24: £0.4m) and collected income of £0.4m (2023/24: £2.0m) as a result of day-to-day management of the sites. The net expenditure of £0.1m is due to the Agency from DSIT.

MHCLG guarantee programmes

Homes England acts as licence or concession manager on behalf of MHCLG for a number of guarantee programmes:

Affordable Housing Guarantee Scheme 2013 - a £3.5bn programme to support the delivery of additional new-build affordable homes by enabling registered providers to borrow on a long-term fixed rate basis. The loans carry a government guarantee and the benefit of the guarantee is passed through to borrowers in the form of a lower cost of borrowing. This scheme is closed to new applications.

Private Rented Sector Guarantee Scheme - a £3.5bn programme to support the building of new homes for the private rented sector by enabling developers or investors to raise low cost debt to refinance development funding on a long-term basis. The scheme reopened in March 2025.

Affordable Homes Guarantee Scheme 2020 - this is a £6bn successor programme to the 2013 scheme and also provides low cost long-term loans to registered providers of homes for affordable social rent, affordable rent and shared ownership. It funds new homes and quality and energy efficiency improvements to existing homes.

Provision of shared services

In addition, the Agency continues to have a close working relationship with the Regulator of Social Housing (RSH). A service level agreement sets out the services provided by Homes England to RSH. Services provided may include, but are not limited to, the provision of accommodation or facilities, the provision of staff time and expertise and the provision of technical resources. During the year, Homes England has charged RSH a fee of £0.8m (2023/24: £1.0m) for these services, credited to other operating income. Invoices are raised and paid monthly. In addition, due to this close working relationship, the systems and processes of Homes England are an important part of the control environment of RSH, and as such, the annual statutory audit of RSH covers a review of the systems and processes. Further disclosure regarding this relationship is provided in the Fees and Charges section of the Annual Report.

4. Grants

Payments were made to registered providers of social housing, local authorities and other public and private sector partners under the following programmes:

	2024/25 £'000	2023/24 £'000
Affordable Housing:		
Strategic Partnerships	**1,780,027**	1,529,396
Affordable Housing	**673,783**	528,518
Housing Infrastructure Fund	**596,263**	427,737
Cladding Safety Scheme	**150,599**	28,247
Brownfield, Infrastructure and Land	**67,771**	5,000
Other	**8,922**	21,127
City Growth Deals	**8,761**	13,172
First Homes	**-**	41,248
Local Authority Accelerated Construction	**-**	73
	3,286,126	2,594,518

The Agency's largest grant programme is the Affordable Housing Grant programme. This aims to increase the supply of new affordable and shared ownership homes in England. Strategic Partnerships is part of the Affordable Housing Grant Programme; these partnerships provide additional support to registered providers for the construction of affordable homes.

The Housing Infrastructure Fund aims to unlock house building by funding local authorities to build vital physical infrastructure projects, including the construction of roads, bridges, energy networks and other utilities.

The Cladding Safety Scheme allows eligible building owners or their representative to come forward and apply for grant to help them pay for the costs associated with making a building safe in relation to fire risk. The scheme will focus its effort on making buildings safe from risk caused by unsafe cladding – providing funding for remediation of buildings over 11 metres (11-18 metres in London) with unsafe cladding.

Brownfield, Infrastructure and Land (BIL) is a £1 billion programme which will span Homes England's land, grant and equity activities so it can better support the needs of places, partners and their projects. The primary objective of BIL is to bring forward strategic sites and housing-led opportunities which support economic growth and long-term housing supply, with at least 60% of activity focused on brownfield land (land that has been previously used and is now vacant, derelict and sometimes contaminated).

Other includes Markets, Partners and Places revenue grants to local authorities and land grants.

The First Homes scheme offers discounts to first time buyers, which means they may be able to buy a home for 30% less than the market value. The home can be a new home built by a developer, or a home you buy from someone else who originally bought it as part of the scheme. This is subject to eligibility criteria. Homes England was operating the pilot scheme which closed in September 2023. First Homes is still available through developers and local authorities.

The Local Authority Accelerated Construction programme closed in 2022/2023. The small amount of spend in 2023/24 relates to some legacy schemes that delivered spend/outputs in 2023/24.

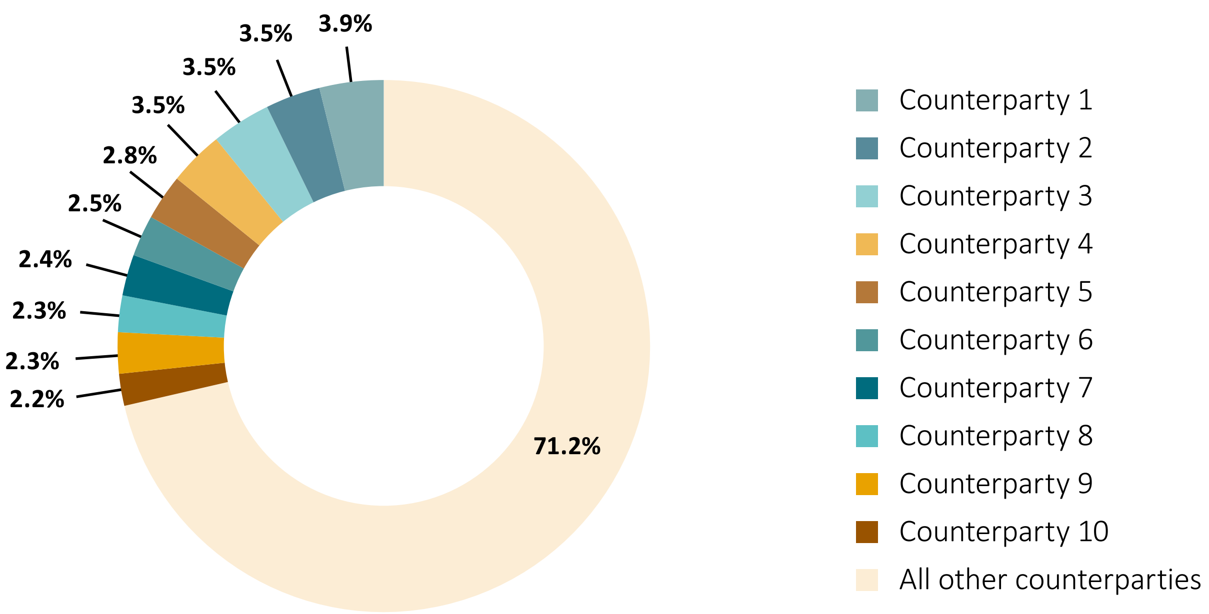
Affordable Housing grant

Within the Affordable Homes Programme there are two routes to access funding. Providers can apply for funding on a scheme-by-scheme basis bidding through continuous market assessment, or providers can become a strategic partner and access grant for a longer-term development programme through a multi-year agreement. Both types are paid to partners across England.

Top 10 recipients of funding in the year ended 31 March 2025

Analysis of top 10 recipients of funding by counterparty in the year ended 31 March 2025	Exposure £'000	Percentage of total grant payments
Counterparty 1	**126,944**	3.9%
Counterparty 2	**115,631**	3.5%
Counterparty 3	**114,842**	3.5%
Counterparty 4	**114,131**	3.5%
Counterparty 5	**90,484**	2.8%
Counterparty 6	**82,282**	2.5%
Counterparty 7	**80,209**	2.4%
Counterparty 8	**75,155**	2.3%
Counterparty 9	**74,067**	2.3%
Counterparty 10	**73,720**	2.2%
Total top 10 counterparties in the year ended 31 March 2025	**947,465**	**28.8%**
Remaining grant payments in the year ended 31 March 2025	**2,338,661**	**71.2%**
Total grant payments in the year ended 31 March 2025	**3,286,126**	**100.0%**

Percentage of top 10 recipients of funding



5. Disposal of Land and Property Assets

	Note	2024/25 £'000	2023/24 £'000
Proceeds from disposals		**104,338**	119,632
Cost of disposals:			
Book value of disposals	16	**52,756**	72,757
Direct costs of sale		**3,015**	2,325
		55,771	75,082
Gain on disposal		**48,567**	44,550

The proceeds from disposals can be further analysed as follows:

	2024/25 £'000	2023/24 £'000
Disposals of land (freehold disposal/building lease)	**100,957**	106,225
Direct Commissioning (market sales)	**3,381**	11,332
Direct Commissioning (affordable housing contracts)	**-**	2,075
Proceeds from disposals	**104,338**	119,632

Income from the disposals of land (freehold disposal/building lease) is recognised when there is a legally binding sale agreement, which has become unconditional and irrevocable by the end of the reporting period. The income is recognised at the unconditional date and measured at the fair value of the consideration received or receivable for the disposal of land. The income is from contracts with customers.

Income in relation to Direct Commissioning (market sales) is recognised at legal completion and measured at the fair value of the consideration received or receivable for the property.

Income in relation to Direct Commissioning (affordable housing contracts) is recognised over time by reference to the stage of completion of the contract activity at the Statement of Financial Position date. This is normally measured by compliance inspector reports of work performed to date. A contract asset is recognised when the Agency has completed a proportion of the contract activity prior to payment being received. A contract liability is recognised where cash has been received in advance of the contract activity being completed.

6. Programme Costs

	2024/25 £'000	2023/24 (re-presented)* £'000
Land	**22,075**	20,551
Evolve Transformation Change Programme	**17,593**	10,145
Markets, Partners and Places*	**12,292**	6,551
Cladding Safety Scheme	**9,015**	8,350
Financial Investment Programmes	**8,331**	7,950
Brownfield, Infrastructure and Land*	**5,750**	857
Managing programmes on behalf of MHCLG	**3,751**	5,679
Help to Buy	**2,763**	7,386
Housing Infrastructure Fund	**2,529**	2,276
Organisational Blueprint*	**2,434**	1,320
Strategy Research Analysis Sponsorship	**932**	1,154
Affordable Homes	**179**	1,918
	87,644	74,137

*Brownfield, Infrastructure and Land (BIL) and Organisational Blueprint (OB) are now presented separately. Previously, BIL and OB amounts were presented within Markets, Partners and Places. The 2023/24 comparatives have been re-presented accordingly.

Programme costs are the operational costs incurred by Homes England to run the various programmes. They are typically professional fees to cover activities such as due diligence, legal advice, financial investigation, administration of payments, and property servicing.

The Evolve Transformation Change Programme was a specific programme funded by MHCLG to support the Agency in meeting its mission and objectives by creating new, more efficient services, teams, infrastructure and ways of working. In the current year there has also been £14.3m (2023/24: £14.1m) of capital expenditure incurred in relation to Evolve. Evolve costs includes a £6.3m impairment in relation to intangible assets.

Note 3 details the programmes that Homes England manages for MHCLG and other government departments. The costs included within programme costs above are the staff costs and professional fees associated with these programmes.

7. Staff Costs

The costs of salaried staff for the year, excluding Board members, were as follows:

a) Total staff costs

	2024/25 £'000	2023/24 £'000
Staff costs charged to net expenditure comprise:		
Staff costs	**74,338**	79,831
Pension costs	**14,185**	21,177
Total staff costs	**88,523**	101,008

The costs can be further analysed as follows:

	2024/25 £'000	2023/24 £'000
Salaries and wages	**85,961**	79,472
Social security costs	**10,096**	8,984
Pension costs - current service cost*	**11,562**	18,595
Pension costs - past service cost and losses on curtailments and settlements	**-**	7
Pension costs - expenses	**2,623**	2,575
	110,242	109,633
Temporary staff	**10,930**	14,265
Seconded staff	**410**	249
	121,582	124,147
Less staff costs capitalised: land and property	**(11,337)**	(12,104)
Less staff costs transferred to programme costs	**(21,722)**	(11,035)
	88,523	101,008
Non-Executive Board member expenses	**-**	-

* The current service pension cost does not include costs relating to early retirements, which are included within administration expenditure, Note 8.

During the year, £11.3m of staff costs were capitalised (2023/24: £12.1m) against Land and property assets. The costs relate to direct labour involved in the enhancement of land and property assets.

In addition, the below staff costs were reclassified to programme costs. These programmes are partly funded by the Agency's programme budget.

	2024/25 £'000	2023/24 £'000
Markets, Partners and Places	**7,310**	-
Evolve Transformation Change Programme	**5,724**	6,174
Cladding Safety Scheme	**2,986**	-
Building Safety Fund	**2,692**	3,839
Brownfield, Infrastructure and Land	**681**	-
Next Steps Accommodation Programme	**609**	830
Organisational Blueprint	**612**	-
Housing Infrastructure Fund	**506**	-
Financial Investment Programmes	**289**	-
Private Sector Cladding	**161**	192
Help to Buy	**95**	-
Affordable Homes	**57**	-
	21,722	11,035

b) Staff bonuses

Staff members who are direct employees of the Agency benefit from a performance related pay scheme whereby any bonuses are determined with reference to performance against agreed objectives during the year. Performance related pay accrued but not yet paid during the year totalled £0.4m (2023/24: £0.3m).

During the year, executive directors received bonuses of £35k (2023/24: £32k). The bonuses received during the year relate to 2023/24 performance. The Accountability section of the Annual Report includes further details of bonuses, the average number of staff employed by the Agency, staff numbers by pay band and exit packages.

c) Staff composition

The average number of staff employed by the Agency (full time equivalents) over the course of the year is as follows:

	2024/25 Number	2023/24 Number
Permanent UK staff	**1,332**	1,259
Fixed term UK staff	**78**	89
Temporary staff	**95**	142
Board members	**12**	9
Seconded staff	**4**	3
	1,521	1,502

d) Loans to employees

The Agency has provided travel season ticket loans, cycle scheme loans and electric vehicle charge point loans to employees during the year. The total amount outstanding in respect of these at 31 March 2025 was £67k (2023/24: £44k). There were no other loans to employees.

8. Administration Expenditure

	2024/25 £'000	2023/24 £'000
Accommodation and office running costs	**11,118**	9,999
Depreciation and amortisation	**8,062**	5,111
Travel and subsistence	**3,729**	3,876
Professional fees	**3,590**	3,508
Staff welfare, learning and development	**2,397**	1,917
Taxation not recoverable	**1,463**	2,676
Other	**810**	631
Auditor's remuneration (Statutory Audit)	**630**	575
	31,799	28,293

Included within Other is £nil (2023/24: £305k) relating to restructuring costs (payment in lieu of notice, enhancements, redundancy). The Accountability section of the Annual Report includes further details of exit packages.

9. Other Operating Income

	Note	2024/25 £'000	2023/24 £'000
Homeowner fees	**12g**	**129,326**	87,579
Grant clawback		**59,420**	51,442
Other		**6,051**	7,698
Rent and property income		**4,708**	4,770
		199,505	151,489

Homeowner fees represent income due from homeowners who have acquired a home via the Help to Buy equity loan scheme or other historic equity loan schemes. In relation to the Help to Buy equity loan scheme, from the fifth anniversary of ownership, interest is due, calculated as 1.75% of the loan outstanding (applied monthly). The interest rate increases each year by RPI +1%.

Grant clawback mostly comprises grant recovered from registered providers of social housing via the Affordable Homes Programme. Clawback may arise where the recipient of grant funding does not meet the conditions set out in the grant agreement resulting in recovery.

Other includes income from investments, income charged to the Regulator of Social Housing in respect of services provided, planning windfall income (where a developer buys land which subsequently receives planning permission, increasing its value and the Agency shares in this uplift in value) and other windfall income (where the legal restriction on land sold is varied resulting in income to the Agency).

10. Share of Profits and Losses of Associates and Joint Ventures

The aggregated amounts of the Group's share of results of associates and joint ventures (JVs) included in the Statement of Comprehensive Net Expenditure is as follows:

	2024/25 £'000	2023/24 £'000
Share of results of associates	**(3,785)**	(4,089)
Share of results of joint ventures	**(3,982)**	(1,228)
Share of profits/(losses) of associates and joint ventures	**(7,767)**	(5,317)

The aggregate share of results is the net profit or loss from continuing operations. There was no profit or loss from discontinued operations and no other comprehensive income was recognised in the year.

11. Investments in Subsidiaries, Associates and Joint Ventures

a) Subsidiary undertakings - Agency

Cost	2024/25 £'000	2023/24 £'000
At 1 April	**100,000**	50,000
Investments in the year	**-**	50,000
Redemptions	**-**	-
At 31 March	**100,000**	100,000

The Agency invested an additional £50m in its wholly owned subsidiary, English Partnerships (LP) Ltd, in January 2024.

During the year, the Agency held interests in the following subsidiaries, each of which are registered in England and Wales and are wholly owned by the Agency:

Name of undertaking	Share capital	Nature of business
English Partnerships (LP) Ltd	£100,000,000	Investment holding company
AWM (Subsidiary) Ltd	£1	Investment holding company
Norwepp (NWDA subsidiary) Ltd	£500	Investment holding company
ONE NorthEast General Partner Ltd	£100	Investment holding company
The Estuary Management Company Ltd	£1	Property management company
Blandford Brewery Estate Management Company Limited	£0	Property management company
Cambridge Growth Company Limited	£0	Property management company

The property management companies are held as non-profit making entities to manage shared costs. Other than English Partnerships (LP) Ltd, all of the remaining investment holding companies are dormant.

As of May 2025, both AWM (Subsidiary) Ltd and ONE NorthEast General Partner Ltd are subject to active proposals to be struck off the register at Companies House due to prolonged inactivity.

Cambridge Growth Company Limited, a company limited by guarantee, was incorporated on 15 May 2024.

Homes England's subsidiary undertakings are exempt from the requirements of the Companies Act 2006 relating to audit of individual financial statements by virtue of Section 479A of the Act.

Only English Partnerships (LP) Ltd is consolidated into these Group Financial Statements. The transactions and balances for all other subsidiaries are wholly immaterial.

b) Associated undertakings and joint ventures - Group and Agency

The aggregated movements in the Group's share of net assets of associates and joint ventures are as follows:

Cost or valuation	Note	Group 2024/25 £'000	Group 2023/24 £'000	Agency 2024/25 £'000	Agency 2023/24 £'000
At 1 April		**59,303**	61,932	**14,184**	20,615
Investments in the year		**16,464**	15,325	**2,722**	19
Redemptions		**(4,374)**	(12,637)	**(3,000)**	(6,450)
Share of (losses)/profits of associates and joint ventures	**10**	**(7,767)**	(5,317)	**-**	-
Impairment of investments in associates and joint ventures		**(6,678)**	-	**-**	-
At 31 March		**56,948**	59,303	**13,906**	14,184

In 2024/25, £3.0m (2023/24: £9.7m) was received in dividends from group companies and treated as redemptions under the equity method per IAS 28.

In January 2024, the Agency committed an additional £50m of funding to English Cities Fund, via the subsidiary English Partnerships (LP) Ltd. This included an additional capital payment of £5k. The Agency is committed to the English Cities Fund up to December 2036.

In 2024/25, £13.7m (2023/24: £15.3m) of committed funding was invested by English Partnerships (LP) Ltd, our wholly owned subsidiary, into English Cities Fund. There have been £1.4m (2023/24: £2.9m) of repayments of funding made during the year.

In 2024/25 an impairment of £6.7m was recognised on a joint venture investment following an updated assessment of the recoverable value.

The aggregated amounts of the Group's share of net assets and liabilities of associates and JVs are as follows:

	2024/25 £'000	2023/24 £'000
Group share of net assets of associates	**52,091**	40,786
Group share of net assets of joint ventures	**4,857**	18,517
Group share of net assets of associates and joint ventures	**56,948**	59,303

During the year, the Group had interests in the following associated undertakings and joint ventures, all of which are registered or resident in England and Wales:

Name of undertaking	Group/Agency	Interest	Nature of business
English Cities Fund Limited Partnership	Group	48%	Property development
Tilia Community Living LLP ^	Agency	26%	Property development
Newton Development Partners LLP ^	Agency	25%	Property development
MADE Partnership LLP ^*	Agency	33%	Property development
Habiko LLP ^**	Agency	33%	Property development
Juniper JVCO Limited ^***	Agency	20%	Property development
Countryside Maritime Limited ^	Agency	50%	Development of land
Temple Quay Management Limited	Agency	24%	Property management company
Kings Waterfront (Estates) Limited	Agency	50%	Property management company
Pride in Camp Hill	Agency	33%	Regeneration of Camp Hill area of Nuneaton
Bristol Temple Quarter LLP ^	Agency	33%	Regeneration of Bristol Temple Quarter

^ Joint venture

* During the year, the Agency entered into a partnership agreement to invest equity funding in a joint venture, MADE Partnership LLP. At the year end, the joint venture had been established and £1 had been invested by the Agency. The carrying value of the investment at the year end reflects the discounted future cash flows associated with the interest free loan.

** During the year, the Agency entered into a partnership agreement to invest equity funding in a joint venture, Habiko LLP. At the year end, the joint venture had been established and £61k had been invested by the Agency.

*** During the year, the Agency entered into a partnership agreement to invest equity funding in a joint venture, Juniper JVCO Ltd. At the year end, the joint venture had been established and £1.8m had been invested by the Agency.

c) Commitments for associated undertakings and joint ventures - Group and Agency

In 2023/24, the Group committed to invest a further £50.0m into English Cities Fund. During 2024/25, £13.7m (2023/24: £15.3m) has been drawn down from the total commitment. As a result of the net drawdowns and repayments at 31 March 2025 there is a balance of £24.3m available to be drawn.

In 2022/23, the Agency committed £50.0m of funding to Newton Development Partners LLP. During 2024/25, £nil (2023/24: £19k) was drawn down. As a result of drawdowns at 31 March 2025 there is a balance of £50m available to be drawn.

In 2024/25, the Agency committed £50.0m of funding to MADE Partnership LLP. At 31 March 2025 £1 had been drawn down in equity funding and £3.4m had been drawn down in loan funding. As a result of drawdowns at 31 March 2025 there is a balance of £46.6m available to be drawn.

In 2024/25, the Agency committed £18.0m of funding to Habiko LLP. At 31 March 2025 £61k had been drawn down. As a result of drawdowns at 31 March 2025 there is a balance of £17.9m available to be drawn.

In 2024/25, the Agency committed £50.0m of funding to Juniper JVCO Ltd. At 31 March 2025 £1.8m had been drawn down in equity funding and £7.4m had been drawn down in loan funding. As a result of drawdowns at 31 March 2025 there is a balance of £40.8m available to be drawn.

12. Financial Assets

		2024/25			2023/24		
	Note	Fair value £'000	Amortised cost £'000	Total £'000	Fair value £'000	Amortised cost £'000	Total £'000
Cash and cash equivalents	a)	**-**	**388,501**	**388,501**	-	166,687	166,687
Trade and other receivables	b)	**219,890**	**114,621**	**334,511**	254,906	172,157	427,063
Financial asset investments	d)	**16,712,231**	**1,416,852**	**18,129,083**	18,204,988	1,187,074	19,392,062
		16,932,121	**1,919,974**	**18,852,095**	18,459,894	1,525,918	19,985,812

a) Cash and cash equivalents - Group and Agency

	2024/25 £'000	2023/24 £'000
Cash held with Government Banking Service	**275,636**	74,388
Cash held with commercial banks	**114**	93
Cash held with third parties	**112,751**	92,206
	388,501	166,687

The Agency draws Grant in Aid from MHCLG on a monthly basis which is received on the eighth working day. At 31 March the Agency held cash balances to enable it to meet its short-term cash requirements until receipt of the next instalment of Grant in Aid.

The cash figure takes account of BACS payments initiated by 31 March 2025 to settle short-term liabilities, but not cleared by 31 March 2025. These payments totalled £62.3m (2023/24: £87.9m) and cleared the bank in early April 2025. There were no cash equivalents at any of the reporting dates shown.

Cash held with third parties covers amounts retained by external legal firms and the Agency's mortgage administrator for home equity investments. Cash is held to Homes England's order.

b) Trade & other receivables - Group and Agency

	2024/25			2023/24		
	Non-current assets £'000	Current assets £'000	Total £'000	Non-current assets £'000	Current assets £'000	Total £'000
Fair value						
Land sale receivables	**108,599**	**89,990**	**198,589**	132,405	108,951	241,356
Other receivables and prepayments	**-**	**21,301**	**21,301**	-	13,550	13,550
Total trade and other receivables measured at fair value through profit or loss	**108,599**	**111,291**	**219,890**	132,405	122,501	254,906
Amortised cost						
Gross balances						
Land sale receivables	**2,611**	**3,826**	**6,437**	-	4,787	4,787
Direct Commissioning	**-**	**-**	**-**	-	59,585	59,585
Taxes and social security	**-**	**21,473**	**21,473**	-	2,624	2,624
Other receivables and prepayments	**11,012**	**75,927**	**86,939**	8,369	97,247	105,616
	13,623	**101,226**	**114,849**	8,369	164,243	172,612
Expected credit loss allowances	**-**	**(228)**	**(228)**	-	(455)	(455)
Total net trade and other receivables measured at amortised cost	**13,623**	**100,998**	**114,621**	8,369	163,788	172,157
Total trade and other receivables	**122,222**	**212,289**	**334,511**	140,774	286,289	427,063
Of which:						
Fair value						
Balances with private sector counterparties	**108,599**	**111,291**	**219,890**	132,405	122,108	254,513
Balances with public sector counterparties	**-**	**-**	**-**	-	393	393
	108,599	**111,291**	**219,890**	132,405	122,501	254,906
Amortised cost						
Balances with private sector counterparties	**13,268**	**32,702**	**45,970**	8,369	98,014	106,383
Balances with public sector counterparties	**355**	**68,296**	**68,651**	-	65,774	65,774
	13,623	**100,998**	**114,621**	8,369	163,788	172,157

Land sale receivables

Land sale receivables are measured with reference to the underlying agreement. As highlighted in Note 1l, in most cases the inclusion of an overage clause within the land sale agreement requires the receivable to be measured at fair value through profit or loss (FVTPL). Where the contractual terms give rise to cash flows that are solely payments of the principal amount these are measured at amortised cost.

Direct Commissioning

Direct Commissioning receivables represent amounts due from unit sales and accrued income due under contracts to develop multi-unit properties from projects managed under the Direct Commissioning programme. They are measured at amortised cost. Direct Commissioning receivables and payables were fully settled in 2024/25.

Other receivables and prepayments

Other receivables held at FVTPL relate to home equity management fees and interest. The remainder of other receivables are held at amortised cost and include amounts due from MHCLG for programmes delivered on their behalf, utility prepayments, trade receivables and other smaller balances.

Credit risk of receivables classified to FVTPL

The Agency is exposed to credit risk in relation to receivables measured at FVTPL. The credit risk exposure at the year end is £232.8m (2023/24: £267.8m).

c) Movements in trade and other receivables measured at fair value - Group and Agency

	Level 3		
	Land sale receivables £'000	Other receivables and prepayments £'000	Total £'000
Balances as at 1 April 2023	**269,791**	**12,179**	**281,970**
Additions	66,216	87,579	153,795
Disposals	(99,294)	(83,113)	(182,407)
Increase in fair value above initial cost	4,643	-	4,643
Decrease in fair value below initial cost	-	(3,095)	(3,095)
Balances as at 31 March 2024	**241,356**	**13,550**	**254,906**
Additions	57,898	129,326	187,224
Disposals	(104,478)	(121,344)	(225,822)
Increase in fair value above initial cost	3,813	-	3,813
Decrease in fair value below initial cost	-	(231)	(231)
Balances as at 31 March 2025	**198,589**	**21,301**	**219,890**

d) Financial asset investments - Group and Agency

		2024/25			2023/24		
	Fair value hierarchy	Non-current assets £'000	Current assets £'000	Total £'000	Non-current assets £'000	Current assets £'000	Total £'000
Financial asset investments measured at fair value through profit or loss							
PRS REIT	Level 1	**24,539**	**10,000**	**34,539**	23,754	-	23,754
Help to Buy equity loans	Level 2	**15,917,039**	**-**	**15,917,039**	17,441,103	-	17,441,103
Other legacy equity loans	Level 2	**180,556**	**-**	**180,556**	183,804	-	183,804
Infrastructure loans	Level 3	**298,859**	**14,104**	**312,963**	258,011	11,223	269,234
Development loans	Level 3	**2,048**	**21,765**	**23,813**	17,684	23,500	41,184
Other loans	Level 3	**13,186**	**539**	**13,725**	7,691	293	7,984
Development and infrastructure equity	Level 3	**82,277**	**15,587**	**97,864**	63,457	59,555	123,012
Managed funds	Level 3	**83,501**	**5,545**	**89,046**	69,280	8,170	77,450
City Growth Deals	Level 3	**28,288**	**945**	**29,233**	29,011	1,018	30,029
Other equity	Level 3	**2,168**	**6,434**	**8,602**	2,250	186	2,436
Overage	Level 3	**1,005**	**3,846**	**4,851**	1,441	3,557	4,998
Total financial asset investments measured at fair value through profit or loss		**16,633,466**	**78,765**	**16,712,231**	18,097,486	107,502	18,204,988
Financial asset investments measured at amortised cost							
Infrastructure loans		**605,021**	**196,068**	**801,089**	618,951	45,245	664,196
Development loans		**42,121**	**325,064**	**367,185**	98,524	303,557	402,081
Other loans		**226,496**	**22,082**	**248,578**	115,256	5,541	120,797
Total financial asset investments measured at amortised cost		**873,638**	**543,214**	**1,416,852**	832,731	354,343	1,187,074
Total financial asset investments		**17,507,104**	**621,979**	**18,129,083**	18,930,217	461,845	19,392,062
Of which:							
Financial asset investments measured at fair value through profit or loss							
Balances with private sector counterparties		**16,576,249**	**68,216**	**16,644,465**	18,046,793	92,259	18,139,052
Balances with public sector counterparties		**57,217**	**10,549**	**67,766**	50,693	15,243	65,936
		16,633,466	**78,765**	**16,712,231**	18,097,486	107,502	18,204,988
Financial asset investments measured at amortised cost							
Balances with private sector counterparties		**868,130**	**540,482**	**1,408,612**	828,658	352,680	1,181,338
Balances with public sector counterparties		**5,508**	**2,732**	**8,240**	4,073	1,663	5,736
		873,638	**543,214**	**1,416,852**	832,731	354,343	1,187,074

Investments measured at fair value

Financial assets measured at fair value through profit or loss are stated at fair value in accordance with International Financial Reporting Standard 13 Fair Value Measurement (IFRS 13) and relate to the following:

- PRS REIT: An investment in shares issued by the PRS REIT plc, supporting the launch of the first quoted Real Estate Investment Trust to focus purely on the private rented sector;

- Help to Buy and other legacy equity loans: The Agency's entitlement to future income arising from financial assistance provided to homebuyers to enable them to buy homes, the majority of which arises from the Help to Buy scheme. Other legacy equity loans consist of amounts due from homebuyers in relation to the following legacy equity schemes - First Buy: £40.9m (2023/24: £41.7m), Home Buy Direct and Kickstart Home Buy Direct: £79.3m (2023/24: £81.1m), FTBI: £57.5m (2023/24: £58.2m), and amounts due in relation to deferred land charges of £2.9m (2023/24: £2.8m);
- Infrastructure, development, and other loans: There are a number of loans which are measured on a fair value basis under the Level 3 hierarchy as they do not clearly meet the requirements under International Financial Reporting Standard 9 Financial Instruments (IFRS 9) to be described as basic lending arrangements. Development loans have been made to private sector developers in order to bring forward the development of housing under the Home Building Fund. Infrastructure loans have been made to private sector developers and local authorities in order to fund infrastructure on stalled sites, or to unlock potential development sites under the Home Building Fund. Other loans mainly relate to commercial non-site specific loans, such as corporate type facilities;
- Development and infrastructure equity, City Growth Deals and other equity: Investments in development and infrastructure projects under which the Agency benefits from variable returns based on income generated by the project funding, including projects with both the private sector and local authorities, some of which have arisen under City Growth Deals entered into to support the Government's aim of promoting localism. The Agency has also invested capital into funds and has invested as a minority shareholder, and will receive returns from these investments based on the performance of the underlying investments or vehicle;
- Managed funds: Investments in Housing Growth Partnership, operated by Lloyds Banking Group;
- Overage: Future receipts due from the disposal of land to third parties, where the Agency includes contractual provisions in line with Managing Public Money to protect the public interest by requiring additional overage payments to be made where developments are more profitable than envisaged when the initial disposal consideration was agreed.

Assets measured at fair value through profit or loss are carried at fair value, using the valuation methods described in Note 13. Following initial recognition, all movements in the fair value of these assets are recognised in net expenditure. On disposal of the related assets, the net difference between proceeds and the carrying value of the asset is recognised in net expenditure.

Investments measured at amortised cost

These assets are measured at amortised cost where they meet the criteria of solely payments of principal and interest (SPPI) and therefore meet the requirement to be described as a basic lending arrangement under IFRS 9.

Development loans have been made to private sector developers in order to bring forward the development of housing under the Agency's programmes, including the Home Building Fund and the Levelling Up Home Building Fund. These loans are repayable during periods ranging up to 2033. Infrastructure loans have been made to private sector developers and local authorities in order to fund infrastructure on stalled sites, or to unlock potential development sites. These loans are repayable during periods ranging up to 2034. Other loans include £22.9m of loans made to utility companies (2023/24: £23.9m) in respect of water infrastructure for new town developments (due for redemption by 2053), and £4.4m of loans made to local authorities (2023/24: £4.3m) which are repayable during periods ranging up to 2036. Other loans also include amounts due to the Agency in relation to loans provided under the Home Building Fund, the Levelling Up Home Building Fund and the Brownfield, Infrastructure and Land Fund totalling £219.7m (2023/24: £94.4m) and mainly relate to commercial non-site specific loans, such as corporate type facilities. These loans are due over periods up to 2035. Loans made of £2.4m in respect of City Growth Deals (2023/24: £nil) are repayable up to 2025.

Current and non-current split

For most financial asset investment classes, the Agency provides a best estimate of the portion of the total balance expected to be settled within twelve months of the year end based on cash flow forecasts. These cash flow forecasts take into account contractual terms, including repayment dates.

For home equity assets (being Help to Buy equity loans and other legacy equity loans), the proportion that will be redeemed within twelve months depends on when homeowners choose to sell their properties or make staircasing payments. The Agency cannot know what choices homeowners will make in advance of them being made. While the Agency internally estimates redemptions for the following financial year using historic data and trends, these estimates can be materially different to the redemptions that actually occur. As a result, the Agency opts to present all of its home equity assets as non-current, which also reflects the contractual final redemption dates for all outstanding home equity loans.

e) Movements in financial asset investments measured at fair value - Group and Agency

	Level 1	Level 2		Level 3		
	Shares held in The PRS REIT plc £'000	Help to Buy equity loans £'000	Other legacy equity loans £'000	Loans at FVTPL* £'000	Other investments £'000	Total £'000
Balances as at 1 April 2023	**24,172**	**18,934,182**	**195,791**	**344,787**	**233,415**	**19,732,347**
Additions	-	9,731	-	41,088	23,256	74,075
Disposals	-	(1,318,848)	(10,956)	(36,154)	(30,434)	(1,396,392)
Increase/(reversal of increase) in fair value above initial cost	-	(51,628)	(1,039)	17,661	14,769	(20,237)
(Decrease)/reversal of decrease in fair value below initial cost	(418)	(132,334)	8	(48,980)	(3,083)	(184,807)
Balances as at 31 March 2024	**23,754**	**17,441,103**	**183,804**	**318,402**	**237,923**	**18,204,986**
Additions	-	628	-	73,452	45,896	119,976
Disposals	-	(1,925,504)	(13,598)	(46,540)	(62,454)	(2,048,096)
Increase/(reversal of increase) in fair value above initial cost	4,538	235,079	10,344	34,898	8,985	293,844
(Decrease)/reversal of decrease in fair value below initial cost	6,247	165,733	6	(29,711)	(754)	141,521
Balances as at 31 March 2025	**34,539**	**15,917,039**	**180,556**	**350,501**	**229,596**	**16,712,231**

* Loans measured at FVTPL because the contractual terms of the loan do not give rise to cash flows on specified dates which are solely payments of principal and interest on the principal amount outstanding. This category includes Development, Infrastructure and Other Loans, the nature of which is described in Note 12d.

Other investments include development and infrastructure equity, overage and other equity, the nature of which is defined within Note 12d.

Movements in fair value on Help to Buy equity loans are mainly a result of the increase in house prices observed since March 2024.

Sensitivity of the valuation of assets held at fair value under the Level 2 and Level 3 hierarchy

The valuation of the Agency's equity loan mortgage portfolio is highly sensitive to changes in assumptions, in particular about market prices. Analysis showing the sensitivity of the portfolio valuation of these assets to market prices is shown in Note 15a. The sensitivity of the Help to Buy valuation to the Agency's modelling assumptions is analysed in Note 15a. As described in Note 12d, the investments categorised under the Level 3 fair value hierarchy are not homogeneous in nature, therefore the underlying inputs used within the calculation of fair value vary depending on the nature of the asset. This category of assets is therefore sensitive to a range of underlying inputs which are not necessarily common across the Level 3 portfolio. A sensitivity analysis has been performed in Note 14a to demonstrate the impact of an increase or decrease in development returns.

Using economic scenarios produced by the Agency which account for the key economic risks and macroeconomic uncertainty facing the Agency, further analysis has been undertaken in the Performance Report section of the Annual Report in relation to the impact of these scenarios on the valuation of the Agency's assets which are held at fair value under the Level 2 and Level 3 hierarchy.

Credit risk of loans classified to FVTPL

The Agency is exposed to credit risk in relation to loans classified as FVTPL. The credit-risk exposure at 31 March 2025 in relation to these investments is £640.7m (2023/24: £574.8m).

f) Movements in financial asset investments measured at amortised cost - Group and Agency

	Development loans £'000	Infrastructure loans £'000	Other loans £'000	Total £'000
Gross balances as at 1 April 2023*	**500,245**	**883,587**	**97,282**	**1,481,114**
Additions	170,711	36,463	30,946	238,120
Repayments	(240,613)	(246,871)	(7,027)	(494,511)
Interest added to loans	40,605	44,318	3,054	87,977
Amounts (written-off)/written back, including modification gains and losses	(40,801)	(10,501)	(1,589)	(52,891)
Gross balances as at 31 March 2024*	**430,147**	**706,996**	**122,666**	**1,259,809**
Interest accrued but not yet added to loans at 31 March 2024**	1,596	4,087	415	6,098
Expected credit loss allowances	(29,662)	(46,887)	(2,284)	(78,833)
Net balances as at 31 March 2024	**402,081**	**664,196**	**120,797**	**1,187,074**

* Gross balances exclude expected credit loss allowances and interest accrued but not yet added to loans, but include the effect of amounts which have been considered to have been written-off as irrecoverable or which have been recognised as modification gains or losses where an agreement has been varied. Net balances include the effect of applying expected credit loss allowances.

**Interest accrued but not yet capitalised of £nil was written off during 2024/25 (2023/24: £nil).

	Development loans £'000	Infrastructure loans £'000	Other loans £'000	Total £'000
Gross balances as at 1 April 2024*	**430,147**	**706,996**	**122,666**	**1,259,809**
Additions	182,113	100,806	139,781	422,700
Repayments	(249,598)	(45,520)	(17,446)	(312,564)
Interest added to loans	32,611	50,907	4,474	87,992
Amounts (written-off) / written back, including modification gains and losses	(23,977)	203	-	(23,774)
Gross balances as at 31 March 2025*	**371,296**	**813,392**	**249,475**	**1,434,163**
Interest accrued but not yet added to loans at 31 March 2025**	3,272	3,194	1,677	8,143
Expected credit loss allowances	(7,383)	(15,497)	(2,574)	(25,454)
Net balances as at 31 March 2025*	**367,185**	**801,089**	**248,578**	**1,416,852**

* Gross balances exclude expected credit loss allowances and interest accrued but not yet added to loans, but include the effect of amounts which have been considered to have been written-off as irrecoverable or which have been recognised as modification gains or losses where an agreement has been varied. Net balances include the effect of applying expected credit loss allowances.

**Interest accrued but not yet capitalised of £nil was written off during 2024/25 (2023/24: £nil).

It is a requirement of International Financial Reporting Standard 7 Financial Instruments: Disclosures (IFRS 7) that for each class of financial instruments the fair value of these assets is disclosed. For assets held at amortised cost, it is considered that the amortised cost carrying value after adding back the expected credit loss allowance is an appropriate proxy for fair value. This value was £1,442m at 31 March 2025 (£1,266m at 31 March 2024).

Sensitivity of expected credit losses to modelling assumptions

IFRS 9 requires an expected credit loss allowance calculation to be performed with reference to the level of credit risk and performance of each investment. The determination of the risk associated with each asset is a key judgement by management as the result determines whether a 12 month loss allowance or a lifetime loss allowance is calculated for that asset. The expected credit losses are calculated by comparing the estimated balance at the time of default against moderated security values (calculated by applying modified security value percentages (MSVs) to gross security values to estimate the likely value which might be realised from a sale of security in distressed circumstances). A minimum loss on default value of 35% is applied (see accounting policies - Loss given default (LGD) floor). This is then multiplied against an associated probability of default percentage value (PD) for the relevant loss calculation period. The PD value applied is determined based on the credit risk rating of the associated asset using industry metrics for default.

In addition to calculating either 12 month or lifetime loss allowances, IFRS 9 also requires consideration of how the calculation would vary under alternative economic scenarios. The Agency achieves this by varying the application of PD assumptions to the same base loan data. In addition, the Agency varies the MSVs applied to the ECL allowance calculation performed under each economic scenario, to reflect the relative expected discount on gross security values in a distressed situation for each economic scenario. The results calculated for each scenario are then used to calculate an unbiased, weighted-average loss allowance. This is done by using the relative likelihood of each scenario, based on the Agency's view of their relative probability.

The expected credit loss model is highly sensitive to these modelling assumptions, which are therefore considered to be a key judgement of management. To analyse the impact of the key assumptions applied at 31 March 2025, a sensitivity analysis has been performed in Note 15b, which also provides an overview of the key modelling assumptions and how they are applied.

g) Summary of movements recognised in consolidated net expenditure in relation to financial assets

	Note	2024/25 £'000	2023/24 £'000
Movements in net expenditure in relation to assets held at fair value			
Increase/(reversal of increase) in fair value above initial cost on financial asset investments held at FVTPL	12e	**293,844**	(20,237)
Increase in fair value above initial cost on receivables held at FVTPL	12c	**3,813**	4,643
(Decrease)/reversal of decrease in fair value below initial cost on financial asset investments held at FVTPL	12e	**141,521**	(184,807)
Decrease in fair value below initial cost on receivables held at FVTPL	12c	**(231)**	(3,095)
Gain/(loss) on disposal against fair value		**(6,047)**	36,735
Monthly fees recognised on Help to Buy equity loans		**125,328**	81,778
Monthly fees recognised on other legacy equity loans		**3,998**	5,801
Movements in net expenditure in relation to assets held at amortised cost			
Interest on loans		**119,329**	117,799
Interest on receivables		**-**	333
Credit impairment loss (charges)/reversals, including modification (losses)/gains		**29,714**	(63,645)
Net (expenditure)/income recognised in consolidated net expenditure		**711,269**	(24,695)

There have been reversals of previous valuation decreases and increases in fair value above cost for financial assets measured at FVTPL.

The movements in fair value of financial assets held at FVTPL are primarily caused by movements in fair value on the Help to Buy portfolio which has benefited from an increase in house prices in 2024/25.

Gain/(loss) on disposal of financial asset investments

2024/25	Help to Buy equity loans £'000	Other legacy equity loans £'000	Loans at FVTPL £'000	Other investments £'000	Total £'000
Proceeds from disposals	1,919,304	13,751	46,540	62,454	2,042,049
Fair value of assets disposed	1,925,504	13,598	46,540	62,454	2,048,096
Gain/(loss) on disposal against fair value	**(6,200)**	**153**	**-**	**-**	**(6,047)**

2023/24	Help to Buy equity loans £'000	Other legacy equity loans £'000	Loans at FVTPL £'000	Other investments £'000	Total £'000
Proceeds from disposals	1,355,373	11,166	36,154	30,434	1,433,127
Fair value of assets disposed	1,318,848	10,956	36,154	30,434	1,396,392
Gain/(loss) on disposal against fair value	**36,525**	**210**	**-**	**-**	**36,735**

Credit impairment loss charges to net expenditure in relation to assets held at amortised cost

	2024/25 £'000	2023/24 £'000
Net movements in expected credit loss allowances	**(53,606)**	9,865
Amounts written-off/(written-back) loan balances	**21,634**	49,663
Modification losses/(gains)	**2,140**	3,228
Amounts written-off on receivable balances	**118**	889
Total credit impairment loss charges/(credits)	**(29,714)**	63,645

h) Write-offs at the reporting date

Movement in write-off allowances during 2024/25

	Allowances at 1 April 2024 £'000	Recognised £'000	Written-back £'000	Utilised £'000	Allowances at 31 March 2025 £'000
Financial asset investments at amortised cost	85,077	22,209	(575)	(122)	**106,589**
Trade & other receivables	1,487	118	-	(102)	**1,503**
	86,564	**22,327**	**(575)**	**(224)**	**108,092**

Further details of how the Agency identifies assets for which a write-off is required are disclosed in the Parliamentary Accountability section of the Annual Report. This also includes details of loan balances over £300k which have been considered to be irrecoverable and which are written-off in accordance with IFRS 9, or where the Agency has received authorisation from HM Treasury during the current year to cease pursuing the debt.

Movement in write-off allowances during 2023/24

	Allowances at 1 April 2023 £'000	Recognised £'000	Written-back £'000	Utilised £'000	Allowances at 31 March 2024 £'000
Financial asset investments at amortised cost	37,485	58,814	(9,151)	(2,071)	**85,077**
Trade & other receivables	668	889	-	(70)	**1,487**
	38,153	**59,703**	**(9,151)**	**(2,141)**	**86,564**

i) Movement in ECL allowances during the reporting period

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Simplified approach £'000	Total £'000
Position as at 1 April 2023	**34,216**	**17,571**	**17,411**	**225**	**69,423**
New credit-risk exposures in the reporting period	6,501	274	-	-	6,775
Movements from Stage 1 to Stage 2***	(5,621)	8,306	-	-	2,685
Movements from Stage 1 to Stage 3***	(490)	-	757	-	267
Movements from Stage 2 to Stage 1***	-	-	-	-	-
Movements from Stage 2 to Stage 3	-	-	-	-	-
Movements from Stage 3 to Stage 1	-	-	-	-	-
Movements from Stage 3 to Stage 2	-	-	-	-	-
ECL utilised when written-off*	(1,591)	(2,215)	(16,524)	-	(20,330)
Movements as a result of modifications*	-	(2)	-	-	(2)
Released on repayment	(1,820)	(9,996)	-	-	(11,816)
Changes in risk parameters and risk models**	(13,571)	44,602	1,030	225	32,286
Net movements in expected credit loss allowances	**(16,592)**	**40,969**	**(14,737)**	**225**	**9,865**
Expected credit loss allowance as at 31 March 2024	**17,624**	**58,540**	**2,674**	**450**	**79,288**

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Simplified approach £'000	Total £'000
Position as at 1 April 2024	**17,624**	**58,540**	**2,674**	**450**	**79,288**
New credit-risk exposures in the reporting period	8,962	-	-	-	8,962
Movements from Stage 1 to Stage 2***	(837)	1,070	-	-	233
Movements from Stage 1 to Stage 3***	-	-	-	-	-
Movements from Stage 2 to Stage 1***	1,191	(1,427)	-	-	(236)
Movements from Stage 2 to Stage 3	-	-	-	-	-
Movements from Stage 3 to Stage 1	-	-	-	-	-
Movements from Stage 3 to Stage 2	-	-	-	-	-
ECL utilised when written-off*	(9)	(1,467)	(800)	-	(2,276)
Movements as a result of modifications*	-	(4)	-	-	(4)
Released on repayment	(2,425)	(12,341)	(1,874)	-	(16,640)
Changes in risk parameters and risk models**	(9,672)	(33,642)	-	(331)	(43,645)
Net movements in expected credit loss allowances	**(2,790)**	**(47,811)**	**(2,674)**	**(331)**	**(53,606)**
Expected credit loss allowance as at 31 March 2025	**14,834**	**10,729**	**-**	**119**	**25,682**

* Where amounts are considered to be irrecoverable, they are written-off (or expensed as modification losses where this arises as the result of changes to contractual terms) and the associated expected credit loss allowance is released. As a result, the charge to net expenditure at this time is limited to the difference between the actual amount written-off and the expected credit loss allowance carried at the point of write-off.

** For reasons of practicality and efficiency, all movements in the ECL allowance for short-term receivables (which are calculated by applying a simplified approach based on historic losses observed in the population, as allowed under IFRS 9) are disclosed in a single line. For all other investments, the following input and assumption changes are reflected within this line: credit risk rating (CRR) inputs; changes in loss given default assumptions (including movements in existing asset security balances and exposures); and changes in modelling assumptions including probability defaults (PDs), economic scenario weightings, moderated security value (MSV) rates and the profile of forecast expenditure and receipts across each year.

*** The movements in the ECL between stages are determined firstly by removing the prior year ECL from the column associated with the prior year allocated stage. The opening ECL position is then recalculated using the stage allocated in the closing position. This is then added to the column associated with the new stage. The differences noted in the total column are therefore the difference between these two positions.

j) Expected credit loss allowance analysed for disclosure against loan categories

2024/25	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Simplified approach £'000	Total £'000
Development loans	4,754	2,629	-	-	7,383
Infrastructure loans	7,397	8,100	-	-	15,497
Other loans	2,574	-	-	-	2,574
Trade and other receivables	109	-	-	119	228
Total ECL allowances at 31 March 2025	**14,834**	**10,729**	**-**	**119**	**25,682**

2023/24	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Simplified approach £'000	Total £'000
Development loans	8,393	18,595	2,674	-	29,662
Infrastructure loans	6,942	39,945	-	-	46,887
Other loans	2,284	-	-	-	2,284
Trade and other receivables	5	-	-	450	455
Total ECL allowances at 31 March 2024	**17,624**	**58,540**	**2,674**	**450**	**79,288**

During 2024/25, the economic scenarios, weightings and probability of default values applied in the Agency's expected credit loss model were revised with reference to current market conditions and future expectations. The change in assumptions, including probability of default values, economic scenario weightings, MSVs, and cash flow profiles has resulted in a decrease in the expected credit loss allowance of £36.3m during the year (2023/24: decrease of £19.31m). Details of the assumptions adopted are set out in the Performance Report section of the Annual Report.

k) Expected credit losses on loan commitments

The Agency's total expected credit loss (ECL) allowance, as analysed in Notes 12i and 12j, arises on existing financial assets (i.e. where drawdowns have already been made) and on undrawn loan commitments. Undrawn loan commitments arise under both contracts relating to existing financial assets (open loans) and under contracts in which no drawdowns have yet been provided at all. Almost all of the expected credit loss allowance on undrawn loan commitments is in relation to undrawn but committed amounts on existing, open loans, where some drawdowns have already been made. The ECL element arising on loan commitments under contracts in which no drawdowns have yet been made is immaterial.

In line with section B8E of International Financial Reporting Standard 7 Financial Instruments: Disclosures (IFRS 7), the Agency recognises the element of the ECL allowance arising on undrawn loan commitments on open loans against its financial assets, rather than recognising it separately within provisions, as it is not possible to readily identify this element separately from the ECL allowance arising on existing financial assets. This is because the Agency's ECL calculation uses forward-looking cash flows in which it is often not possible to accurately determine how much of any given future loan repayment or interest receipt is in relation to amounts already drawn or in relation to committed amounts expected to be drawn in the future.

13. Financial Assets and Financial Liabilities: Fair Value and Amortised Cost

The fair values of financial assets are assessed at least annually to meet the reporting requirements of IFRS 9 and are determined as follows:

Level 1	The fair value of the Agency's shareholding in the PRS REIT plc is calculated with reference to prices quoted on the London Stock Exchange and is therefore categorised as Level 1 in the fair value hierarchy as defined by IFRS 13.
Level 2	The fair values of assets held at fair value through profit or loss relating to the Agency's equity loan mortgage portfolio are calculated with reference to movements in the Office for National Statistics (ONS) house price index (HPI) at a regional level, being the most relevant available observable market data. This is supplemented by adjustments for experience of actual disposals which have occurred in the final three months of 2024/25 which consider geography, age, property type and transaction type. The price achieved on disposal can differ depending on whether a disposal occurs through a staircasing or a sale transaction. Actual disposals which have occurred in the final six months of 2024/25 have been used to determine the expected proportion of redemption transactions which could occur by a staircasing or a sale transaction for each category of experience adjustment (e.g. geography, age and property type). A weighted average valuation is then calculated which reflects the probability of each redemption option occurring. These experience adjustments are observable as they are developed using publicly available market and transaction data. Therefore, these fair values are categorised as Level 2 in the fair value hierarchy as defined by IFRS 13.
Level 3	The fair values of assets held at fair value through profit or loss relating to managed funds, equity investments in development / infrastructure projects and overage follow the income approach under IFRS 13. The fair value of Level 3 assets are calculated using project-level cash flow forecasts, discounted at rates set by HM Treasury, or the effective interest rate of the underlying loan agreement for loans at FVTPL if higher. This approach is as prescribed by the Government Financial Reporting Manual, issued by HM Treasury. This reflects the valuation methodology which would be employed by market participants when pricing the assets and, since the inputs which inform the calculation of fair value are unobservable to users of the accounts, the assets are categorised as Level 3 in the fair value hierarchy as defined by IFRS 13. The nature of the investments disclosed within this category vary in nature, as the Agency tailors the type of support or funding available to the individual situation. The nature of investments categorised within the Level 3 category is summarised in Note 12d. In addition, the mechanism by which the Agency obtains returns on these investments is specific to the asset. For example, the Agency may be due a share of returns from a development project, or the Agency may be due a share of profit which is determined based on the underlying performance of an investment. As a result of this, the inputs used to determine the fair value of each individual asset vary in nature. Input data can include project-level cash flows which are either provided by counterparties and moderated by the Agency's project managers or are obtained via independent valuation or monitoring reports from professional advisers (for individually significant assets).
	The fair value of other financial instruments (including liabilities, where significant and long-term) are similar in nature to other Level 3 assets and are calculated by discounting their future cash flows using discount rates set by HM Treasury, or the rate intrinsic to the financial instrument if higher. For financial assets, this results in classification as Level 3 in the fair value hierarchy as defined by IFRS 13.

No financial assets have moved between categories during 2024/25 (2023/24: None).

Measuring fair value on recognition

Where differences between the fair value at initial recognition and the price paid by the Agency to acquire the instrument are considered to be significant they are either:

- recognised as grant expenditure where fair value is considered to be below cost, in accordance with IAS 20 Government Grants; or
- deferred and released over the expected life of the instrument in accordance with IFRS 9.

The cumulative value of gains deferred and yet to be recognised in net expenditure is £nil (2023/24: £nil).

Comparison of cost and carrying value (Group and Agency)

The original cost and carrying values of the Agency's financial assets, by classification, are as follows:

		2024/25	2024/25	2023/24	2023/24
	Note	Original cost £'000	Carrying value £'000	Original cost £'000	Carrying value £'000
Assets measured at amortised cost					
Cash and cash equivalents	12a	**388,501**	**388,501**	166,687	166,687
Trade and other receivables		**82,159**	**80,428**	157,886	155,944
Financial asset investments	12d	**1,548,895**	**1,416,852**	1,350,984	1,187,074
Assets measured at fair value					
Trade and other receivables		**232,766**	**219,890**	258,683	254,906
Financial asset investments	12d	**15,534,166**	**16,712,231**	17,257,636	18,204,988
Total financial assets		**17,786,487**	**18,817,902**	19,191,876	19,969,599

Prepayments, tax and social security balances are excluded from the preceding table as these are non-financial assets.

There are no differences between the carrying values and fair values of the Agency's financial liabilities, which are as follows:

	Note	2024/25 £'000	2023/24 £'000
Other financial liabilities			
Trade and other payables	17	**482,612**	506,809
Total financial liabilities		**482,612**	506,809

Deferred income, tax, social security and certain provisions are excluded from the preceding table as these are non-financial liabilities.

14. Financial Risk Management

The Group and Agency's financial assets and liabilities are detailed in Notes 12 and 17. The statements in this Note apply to both the Agency itself and the Group, except where indicated.

The exposure to financial risk arising from financial assets is a key focus for management. In order to mitigate this risk, the Agency adopts the following approach to transactions with developers:

- potential exposure to credit risk is subject to a level of analysis which would be seen in UK financial institutions, which includes the consideration of aggregated exposures where applicable;
- for existing recoverable investments, cash flows are managed monthly based on client's agreed cash flows for drawdowns;
- when selling property, the Agency is normally secured by use of a building lease giving the right to retake possession of the disposed property in the event of a default by the buyer;
- loan and equity agreements are generally backed by a charge on land, parent company guarantees or other available security as appropriate to the individual circumstances. These are subject to individual review and structuring.

a) Market price risk

The Agency's results and equity are dependent upon the prevailing conditions of the UK economy, especially UK house prices, which significantly affect the valuation of the Agency's assets.

In particular, the Agency is exposed to significant market price risk in its equity loan mortgage portfolio and land portfolio. Any market price movements are reflected in net expenditure for the period.

The Agency accepts market price risk as an inherent feature of its operation of Help to Buy and other home equity schemes. It therefore does not attempt to directly mitigate this risk, for example via hedging, but monitors the exposure at a strategic level using a range of scenario analysis techniques.

The Agency has performed a sensitivity analysis that measures the change in fair value of the financial assets held for hypothetical changes in market prices. The sensitivity analysis is based on a proportional change to all prices applied to the relevant financial instrument balances existing at the year end. Stress testing is performed which looks at exposure to adverse scenarios to ensure that the financial risks are understood.

Home equity portfolio

The following table shows the effect on net expenditure arising from movements in the fair value of these portfolios at 31 March 2025, before the effects of tax, if UK house prices had varied by the amounts shown and all other variables were held constant. This illustrates the impact of the mortgage providers' first charge, which disproportionately affects the estimated fair value when house prices reduce.

Modelled change in house prices (%)	Estimated portfolio value (£m)	Incremental change in fair value recognised in net expenditure (£m)	% Incremental change in fair value (recognised in net expenditure)
20.0%	19,330.2	3,232.6	20.1%
10.0%	17,714.2	1,616.6	10.0%
0%	16,097.6	-	0.0%
-5%	15,287.9	(809.7)	-5.0%
-10.0%	14,456.4	(1,641.2)	-10.2%
-20.0%	12,399.6	(3,698.0)	-23.0%
-30.0%	9,542.5	(6,555.1)	-40.7%

Private sector developments, overage and infrastructure

At 31 March 2025, if development returns had been 10% higher/lower and all other variables were held constant, the effect on the Agency's net expenditure arising from movements in investments in private sector developments and infrastructure projects, before the effects of tax, would have been an increase/decrease of £26.4m/£26.4m from that stated.

Land portfolio

The following table shows the effect on net expenditure at 31 March 2025, before the effects of tax, if at 31 March 2025 average land and property prices had varied by the amounts shown and all other variables were held constant. This illustrates the lower of cost and NRV principle whereby write-downs will only be recognised when an asset falls below its cost base and write-down reversals will only be recognised to the extent the asset has previously been written-down.

Modelled change in land and property values (%)	Estimated portfolio value (£m)	Incremental change in land and property write-downs recognised in net expenditure (£m)	% Incremental change in land and property value (recognised in net expenditure)
20.0%	1,288.4	(132.3)	11.4%
10.0%	1,227.5	(71.4)	6.2%
0%	1,156.1	-	0.0%
-5%	1,117.0	39.1	-3.4%
-10.0%	1,074.0	82.1	-7.1%
-20.0%	976.6	179.5	-15.5%
-30.0%	876.3	279.8	-24.2%

b) Interest rate risk

The Agency's income is exposed to interest rate risk on its financial assets classified as loans and receivables, where these pay interest at a variable rate. For the majority of the Agency's loan portfolio, the variable element is the EC Reference Rate, which was 5.35% as at 31 March 2025 (5.65% as at 31 March 2024).

If interest rates on the Agency's variable rate loans had been 1% higher/lower throughout the year ended 31 March 2025, the Agency's net expenditure for the year, before the effect of tax, would have been £14.6m/£14.6m higher/lower. The Agency does not undertake any specific measures to mitigate against the risk of changes in variable interest rates.

c) Liquidity risk

Liquidity risk is the risk that the Agency will be unable to meet its liabilities as they fall due.

To the extent that the Agency's liabilities cannot be met from its own sources of income, they may be met by future grants or Grant in Aid from the Agency's sponsoring department, MHCLG. Such grants are paid on a monthly basis to fund net liabilities as they are expected to fall due. Short term liquidity is managed through the investment of any cash surpluses with the Government Banking Service.

The Agency does not allow the use of more complex financial instruments, which could result in increased financial liabilities, such as derivatives.

Substantially all of the Agency's financial liabilities (as described in Note 17) are contractually due within one year of the reporting date.

d) Currency risk

The Agency's dealings are almost entirely sterling denominated, and therefore the Agency has no material exposure to currency risk.

e) Credit risk

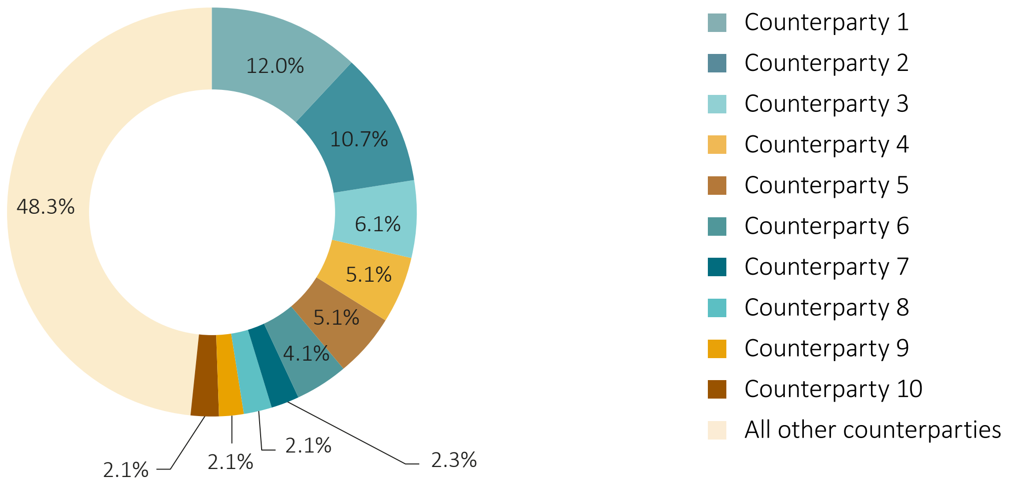
Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. The Agency's maximum exposure to credit risk, without taking into account any security held, is the same as the carrying amount of financial assets recorded in the Financial Statements, as disclosed in Note 12.

The nature and concentration of the credit risk arising from the Agency's most significant financial assets is demonstrated in the following tables.

Financial asset investments measured at fair value relate mainly to amounts receivable individually from proceeds generated when the equity-loan mortgage portfolio properties are sold or staircased, or amounts receivable from various private sector developers, resulting in a broad spread of credit risk for these assets. Amounts receivable from the owners of homes are secured by a second charge over their property.

Analysis of total loan exposure by counterparty at 31 March 2025	Exposure £'000	Percentage of total loans
Counterparty 1	227,307	12.0%
Counterparty 2	204,262	10.7%
Counterparty 3	115,219	6.1%
Counterparty 4*	97,251	5.1%
Counterparty 5*	97,251	5.1%
Counterparty 6	77,099	4.1%
Counterparty 7	44,376	2.3%
Counterparty 8*	40,755	2.1%
Counterparty 9*	40,755	2.1%
Counterparty 10*	40,755	2.1%
Total exposure of top 10 counterparties at 31 Mar 2025	**985,030**	**51.7%**
Total loans balance at 31 Mar 2025**	**1,901,037**	

Percentage of total loans

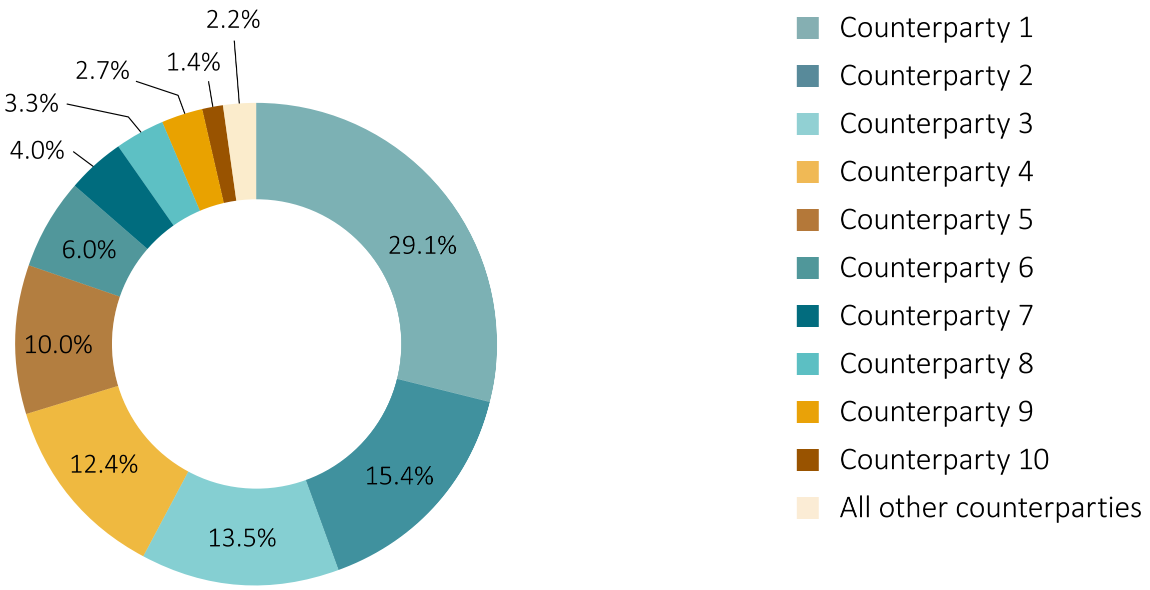


*The Agency has funding agreements in relation to investments or developments owned by multiple counterparties with equal ownership. As a result, the Agency's exposure to different counterparties can be identical.

**The balances analysed above include both loans measured at amortised cost and loans measured on a fair value basis. The exposures are before the application of the expected credit loss allowance and accounting write-off and impairments. The balances do not include capitalised fees and the effects of unwinding deferred income in relation to fees recharged to developers, with a net effect of £15.0m (2023/24: £15.6m).

Analysis of receivables due from disposal of land and property exposure by counterparty at 31 March 2025	Exposure £'000	Percentage of total land and property receivables
Counterparty 1	57,086	29.1%
Counterparty 2	30,276	15.4%
Counterparty 3	26,416	13.5%
Counterparty 4	24,274	12.4%
Counterparty 5	19,691	10.0%
Counterparty 6	11,730	6.0%
Counterparty 7	7,804	4.0%
Counterparty 8	6,417	3.3%
Counterparty 9	5,278	2.7%
Counterparty 10	2,840	1.4%
Total exposure of top 10 counterparties at 31 Mar 2025	**191,812**	**97.8%**
Total receivables due from disposal of land and property balance at 31 Mar 2025	**196,398**	

Percentage of total land and property receivables



Of the Agency's loans exposures and receivables exposures due from the disposal of land and property totalling £1,972.4m, £1,962.5m (99.5%) related to investments made to private sector counterparties.

The Agency's cash is generally held with the Government Banking Service, except where commercial reasons necessitate otherwise, for example when cash is held by solicitors around completion of property sales or purchases or by the Agency's mortgage administrator pending allocation to accounts.

There are no significant concentrations of credit risk in the Agency's other financial instruments.

For all financial assets excluding cash, the maximum exposure to a single counterparty at 31 March 2025 was £227.3m (2023/24: £210.5m), and the five largest counterparties accounted for 4.02% of the total financial assets balance of £18,429m (2023/24: 3.5% of £19,803m).

Credit policies

Credit policies are developed which set the context of the appetite for risk, requirements for risk assessment (both at the outset and through the cycle of facilities provided) and the operational aspects of managing the overall risk profile. Details are provided in the Agency's accounting policies (Note 1).

Assessment of significant increases in credit risk

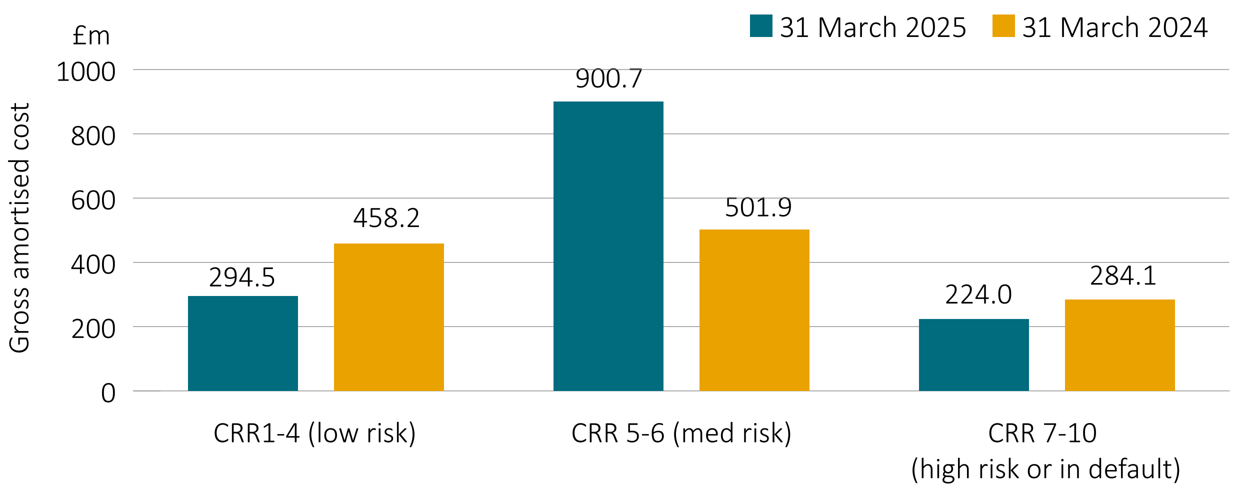
Individual loans are actively managed by dedicated project managers and are subject to ongoing review, enabling the Agency to react to early warning signs and to continually assess the relevant IFRS 9 stage for expected credit loss (ECL) allowances. This enables the Agency to consider the need for more intensive management to protect the exposure or if needed undertake a structure review to consider whether a write-off allowance is required. Forbearance is considered as part of any assessment and review of the customer risk rating during the term of facilities. This ensures that data which informs the ECL allowance calculation appropriately reflects current credit risk characteristics of the portfolio of investments.

All assessments and approvals are operated within a structured approval delegation matrix from HM Treasury and MHCLG.

Credit profile of investments

Of the total gross amortised loans cost exposures of £1,419m in 2024/25 (2023/24: £1,244m) excluding capitalised fees and the effects of unwinding deferred income, with the net effect of £15.0m (2023/24: £15.6m), £295m (2023/24: £458m) were categorised with a credit risk rating (CRR) between 1 to 4 (low risk), with £901m (2023/24: £502m) of exposures being categorised as CRR 5 to CRR 6 (medium risk). £224m (2023/24: £284m) of loan exposures were categorised as CRR 7 or above (high risk or in default).

Chart: Credit profile of investments



Collateral held as security for financial asset investments

Collateral is usually obtained as security against default. The primary sources of collateral are often land which is being developed with the aid of the investment finance, but they can be other land assets within the control of our counterparties or their parent groups. Parent company guarantees are also employed. For the expected credit loss calculation, only land and property security values have a moderated security value (MSV), with an average base MSV adjustment of 56% for land and property applied to reflect reduced values which might reasonably be expected in a distressed sale. Because security values often relate to land under development, security values are modelled based on up-to-date information to take account of factors such as site expenditure and realised sales.

The Agency held gross collateral values against loans totalling £4,598m in 2024/25 (2023/24: £4,575m), the majority of which related to security over land and property assets held by third parties of £4,320m (2023/24: £4,352m). The modified value of this security value after applying MSV adjustments under the central economic scenario was £2,476m in 2024/25 (2023/24: £2,441m).

Of the total exposures relating to loans measured at amortised cost (excluding accounting write-offs) of £1,526m (2023/24: £1,329m), £1,211m (2023/24: £1,088m), 73.9% of agreements (2023/24: 79.4%), were fully covered by gross land and property security values held in relation to those investments. There were 35 exposures (2023/24: 27 exposures), 26.1% of agreements (2023/24: 20.6%), totalling £314m (2023/24: £242m) where gross security values held were less than the unimpaired exposure at that date. The total gross security values held for these investments was £39m (2023/24: £101m). This is £22m after applying MSV adjustments under the central economic scenario (2023/24: £51m). Of these 35 investments, there were 22 investments (2023/24: 12 investments), 16.4% of agreements (2023/24: 9.2%), with a gross exposure value of £217m (2023/24: £105m) where no security is held.

The total gross value (after adding back accounting write-offs) of loans measured at amortised cost which were credit impaired was £133.9m (2023/24: £110.8m). The Agency held gross land and property security values of £35.7m (2023/24: £100.0m) against these 19 assets at 31 March 2025 (2023/24: 14 assets). This is £20.7m (2023/24: £55.3m) of net security values after applying MSV adjustments under the central economic scenario. Of the 22 investments where no security is held, 11 of these are credit impaired investments (2023/24: 4 assets) with a gross pre-write-off exposure value of £80.0m (2023/24: £4.5m).

The Agency held total gross land and property security values of £582.1m (2023/24: £673.4m) against loan assets measured at fair value at 31 March 2025. This is £355.5m (2023/24: £398.3m) of net security values after applying MSVs under the central economic scenario.

Collateral held as security actively being realised

As at 31 March 2025 the Agency was actively in the process of holding or realising collateral in relation to 9 investments that were in administration or receivership. The collateral in all 9 cases relates to land and development assets. The cash flow forecasts that underpin the Agency's 2024/25 carrying values for these investments include expected receipts from the realisation of the collateral held as follows:

- For 6 of the investments, the Agency does not deem it probable that it will receive funds from the future realisation of collateral. As such, these investments have a 2024/25 carrying value of £nil.
- The Agency's portfolio of infrastructure loans measured at amortised cost (2024/25 total carrying value of £801.1m) includes one investment which is currently in administration or receivership and through which the Agency is currently holding or realising collateral. The cash flow forecast underpinning the 2024/25 carrying value for this investment includes the projected realisation of collateral and shows total forecast receipts of £4.1m (prior to discounting).

- The Agency's portfolio of development loans measured at amortised cost (2024/25 total carrying value of £367.2m) includes one investment which is currently in administration or receivership and through which the Agency is currently holding or realising collateral. The cash flow forecast underpinning the 2024/25 carrying value for this investment includes the projected realisation of collateral and shows total forecast receipts of £0.8m (prior to discounting).
- The Agency's portfolio of infrastructure loans measured at fair value through profit or loss (2024/25 total carrying value of £313.0m) includes one investment which is currently in administration or receivership and through which the Agency is currently holding or realising collateral. The cash flow forecast underpinning the 2024/25 carrying value for this investment includes the projected realisation of collateral and shows total forecast receipts of £0.1m (prior to discounting).

15. Sensitivity of Significant Valuation Modelling Assumptions

a) Help to Buy

Homes England models the fair value of Help to Buy on the basis of the estimated proceeds that would be achieved were all homeowners to redeem their equity loans on the reporting date. Homes England considers these estimated proceeds to be a significant accounting estimate, because the fair value of the portfolio is highly sensitive to market price risk as set out in Note 14. In addition, the estimate is sensitive to significant assumptions that Homes England makes within the valuation model. In the following disclosure, we have shown the individual impact of the assumptions that currently have a material impact on the estimates. Other assumptions within the valuation model, including estimated rates of first charge mortgage arrears and discount to sales on repossession, do not have a material impact at present, but could do if there was a significant decrease in house prices.

Assumptions of market adjustments

Office for National Statistics House Price Indices – which are used by Homes England to estimate the effect of house price inflation over time – are based on all market activity. Help to Buy is only available on new-build properties purchased with a mortgage, and redemptions can occur via staircasing as well as by sale. This means that the market price of the property on redemption may differ from that estimated by HPI alone. Homes England therefore makes regional market adjustments using its accumulated experience of gains and losses on disposals across different redemption transaction types to allow for these differences. These assumptions have a significant effect on the fair value because they modify the expected market price of properties from which Homes England's percentage share is calculated.

The table considers how the portfolio valuation would vary with 1% changes in the adjustments applied

	Fair value (£m)	Movement from base assumption (£m / %)	
2% increase in market adjustment (decrease in house prices)	15,571.6	(345.4)	-2.2%
1% increase in market adjustment (decrease in house prices)	15,744.4	(172.6)	-1.1%
Base assumption	15,917.0	-	0.0%
1% decrease in market adjustment (increase in house prices)	16,089.7	172.7	1.1%
2% decrease in market adjustment (increase in house prices)	16,262.3	345.3	2.2%

Assumptions of expected proportions of transaction types

Help to Buy is redeemed at the earlier of the sale of the property, or when the homeowner staircases the equity loan with a payment equivalent to Homes England's share of the current estimated value of the property (as determined by a Chartered Surveyor). Homes England applies regional assumptions based on its accumulated experience to estimate the proportion of its portfolio that will be redeemed by each of these two redemption types. These assumptions have a significant effect on the estimated fair value because the proceeds recovered via a sale may be reduced by the balance due to the first charge mortgage lender and because different transaction types are observed to generate differing returns (as reflected in the regional market adjustments applied).

The table considers how the portfolio valuation would vary with changes in the expected proportions of transaction types

	Fair value (£m)	Movement from base assumption (£m / %)	
All redemptions are staircasing transactions	15,665.9	(251.1)	-1.6%
10% increase in the rate of staircasing	15,872.5	(44.5)	-0.3%
Base assumption (a blend of sales and staircasing)	15,917.0	-	0.0%
10% increase in the rate of sales	15,961.6	44.6	0.3%
All redemptions are sales	16,111.3	194.3	1.2%

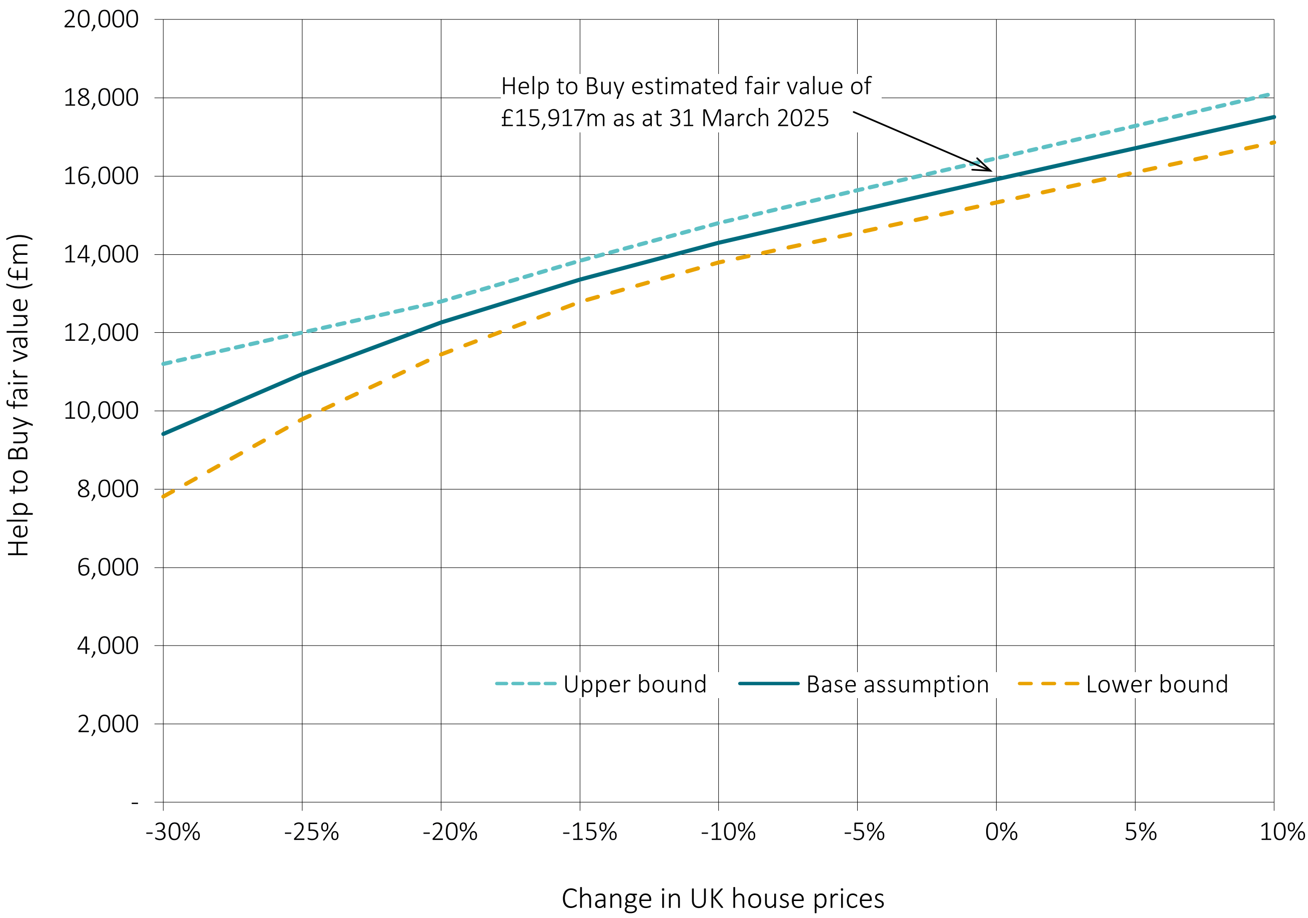
Combined impact of assumptions

The following graph illustrates a potential spread of fair value from the combined impact of assumptions at different market prices. The upper and lower bounds correspond to assumptions within the following ranges:

- market adjustments between 2% lower and 2% higher than the base assumptions
- proportion of transaction types between 100% sales and 100% staircasing
- mortgage arrears rates ranging from no arrears to a 7.5% increase on the base assumption
- discounts on repossession between 15% lower and 15% higher than the base assumption

For example, the lower bound corresponds with a 2% increase in market adjustment, a 7.5% increase in accounts in arrears, and 15% increase in discount on repossession. Each bound has been calculated by selecting the value which is furthest from the base assumption for each of the 100% sales and 100% staircasing scenarios.

The combined impact of assumptions generates a spread in estimated fair value of £1.1bn at current market prices. This spread would increase in a falling market, reaching approximately £3.4bn should market prices fall by 30%. The combined impact of assumptions is therefore more sensitive in a falling market. This is primarily due to the impact of the mortgage providers' first charge, which disproportionately affects the estimated fair value when house prices reduce.



b) Expected credit loss allowance

Following the requirements of IFRS 9, the Agency is required to calculate an expected credit loss allowance for financial assets measured at amortised cost. A summary of the calculation is provided in Note 12i. Due to the complex nature of the expected credit loss methodology, the calculation is highly sensitive to some key judgements and assumptions.

The impact of the assumptions applied in the expected credit loss calculation has been considered and the different assumptions have a varying impact on the results of the calculation.

There are two assumptions which have a trivial impact on the expected credit loss allowance which are summarised as follows:

- **Timing of default events:** The calculation of the expected loss allowance at 31 March 2025 assumes that default events would occur at a mid-point of the year for each future calculation date, to build in an unbiased assumption that a default could happen at any point during a future year. This creates variation in the estimate because of the effect of discounting, which will be greater for losses modelled at a later point in the year. If a default event were assumed to occur at the beginning or end of a year, this would increase or decrease the loss allowance by £1.0m (3.9%) / £1.0m (3.9%) respectively.
- **Profile of forecast expenditure and receipts within years:** Forecast loan balances must be calculated into the future to determine the LGD of each asset (calculated as exposure at default less modified security values). Expenditure and receipts data is available at an annual level for future years within the Agency's systems, whereas future balances are calculated at quarterly intervals. As a result, an assumption has been applied within the model to apportion spend and receipts over all future quarters using historic data on actual expenditure and receipt profiles. If it had been assumed expenditure and receipts were to be profiled equally over the year, this would have decreased the loss allowance by £715k (2.8%) at 31 March 2025.

Estimates of the impact of key assumptions on the expected credit loss allowance calculation at 31 March 2025 are provided as follows:

Economic scenarios and scenario weighting assumptions

IFRS 9 requires the Agency to consider alternative economic scenarios in the calculation of the expected credit loss allowance. For each identified economic scenario, variations are made to the probability of default values applied based on an individual investment's credit risk rating. Weightings are applied to the expected credit loss calculation for each scenario, determined in relation to the probability of each scenario occurring, with reference to current market and credit risk expectations. At 31 March 2025, the Agency applied three economic scenarios: a base case central scenario, a downside scenario and an upside scenario. Further details in relation to these scenarios are summarised in Note 1. At 31 March 2025, a 55% weighting was applied to the base case scenario, a weighting of 35% to the downside scenario and a 10% weighting to the upside scenario calculation. The impact of varying these weightings is analysed below:

The table considers how the expected credit loss allowance would vary with alternative scenario weightings applied:

	Expected credit loss £'000	Movement from base assumption £'000 / %	
Weighting of 65% : 25% : 10% applied	24,127	(1,436)	-5.6%
Weighting of 60% : 30% : 10% applied	24,845	(718)	-2.8%
Base assumption of 55% : 35% : 10% applied	25,563	-	0.0%
Weighting of 60% : 35% : 5% applied	25,741	178	0.7%
Weighting of 55% : 40% : 5% applied	26,459	896	3.5%

Probability of default (PD) assumptions

PD values are determined with reference to current economic conditions; however for alternative scenarios the PD values are migrated to adjust the PD % values against each credit risk rating. The PD values are applied to each asset in relation to their CRR. The PD values applied to alternative scenarios have a significant impact on the calculation of the expected credit loss allowance. To illustrate the sensitivity of the estimate to this data, the impact of a one level downgrade / upgrade in PD values assigned to each credit risk rating value across each of the scenarios is analysed as follows:

The table considers how the expected credit loss allowance would vary with a change to the probability of default assumptions

	Expected credit loss £'000	Movement from base assumption £'000 / %	
PD values downgraded one level	67,224	41,661	163.0%
Base assumption	25,563	-	0.0%
PD values upgraded one level	8,057	(17,506)	-68.5%

Moderated security value (MSV) assumption

To reflect the expected value which might reasonably be realised from the sale of security in the event of default, MSV percentages are applied to gross security values to determine a measure of loss given default (when compared against the estimated exposure on default). The MSVs are varied depending on the type of security held. A lower MSV percentage results in a higher discount applied to the determined security values. The following analysis illustrates the sensitivity of the estimate to a decrease/increase in MSV values determined for each economic scenario by 10%. At present, this only has a limited impact on the ECL allowance due to the effect of the loss floor assumption applied in the Agency's modelling methodology.

The table considers how expected credit loss allowance would vary with changes to the MSV values

	Expected credit loss £'000	Movement from base assumption £'000 / %	
MSV percentages decreased by 10%	26,430	867	3.4%
Base assumption	25,563	-	0.0%
MSV percentages increased by 10%	25,417	(146)	-0.6%

Loss floor

A minimum percentage value has been applied to the loss given default (LGD) calculation with reference to individual investments (see accounting policies - Loss given default (LGD) floor). At 31 March 2024 and 31 March 2025 the LGD floor applied was 35%. In order to demonstrate the sensitivity of the calculation of expected credit loss allowances to the LGD floor assumption, alternative floors of 0%, 50% and 75% have been applied to the calculations with results summarised as follows:

The table considers how the expected credit loss allowance would vary with a change in the loss floor

	Expected credit loss £'000	Movement from base assumption £'000 / %	
Increase in loss floor to 75%	47,531	21,968	85.9%
Increase in loss floor to 50%	33,663	8,100	31.7%
Base assumption of 35%	25,563	-	0.0%
Reduction in loss floor to 0%	8,171	(17,392)	-68.0%

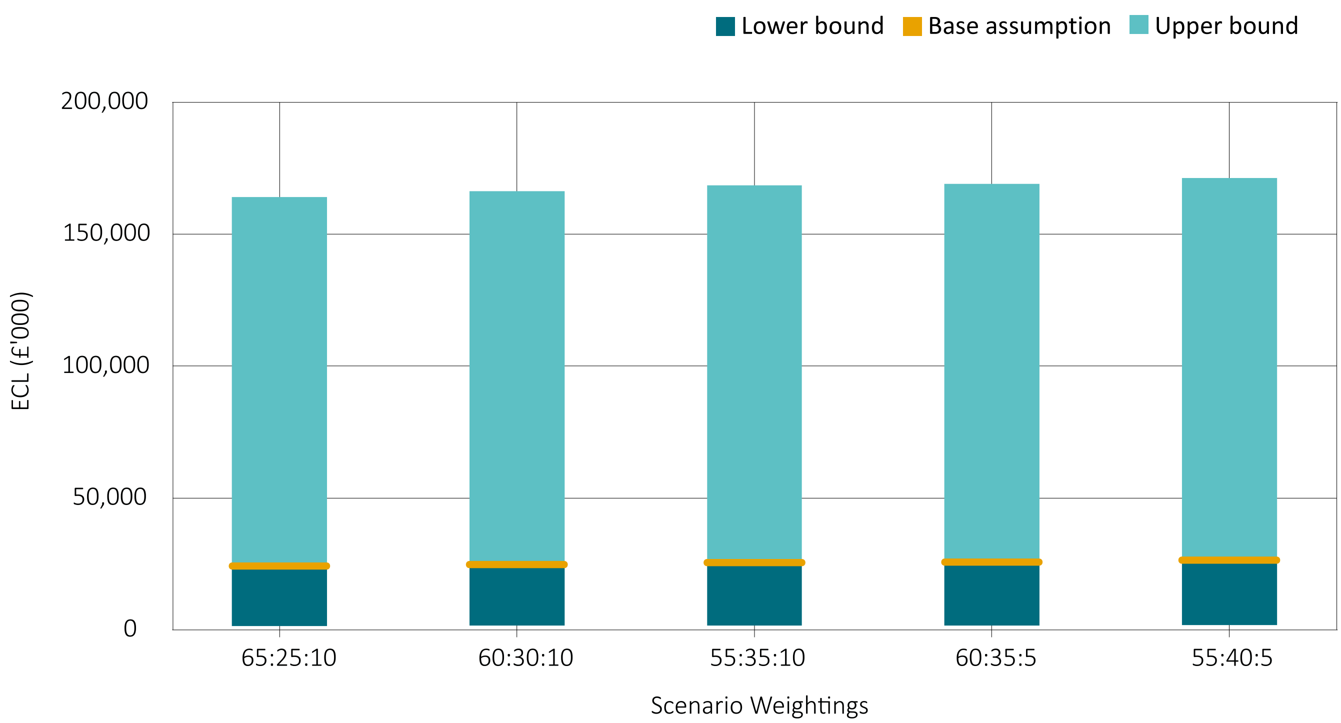
Combined impact of assumptions

The preceding sensitivity analysis has focused on changing one assumption in turn, with all other metrics remaining in line with the assumptions applied in determining the expected credit loss allowance as at 31 March 2025.

However, to consider the impact of several assumptions changing, an analysis has been performed to establish the impact if the key assumptions (excluding scenario weightings) were changed within reasonable limits to consider the highest and lowest possible expected credit loss allowance. The upper and lower bounds correspond to assumptions within the following ranges:

- PDs downgraded by one level (upper bound) and upgraded by one level (lower bound).
- MSVs decreased by 10% (upper bound) and increased by 10% (lower bound) across all three scenarios.
- Increase in loss floor to 75% (upper bound) and decrease in loss floor to 0% (lower bound).
- Assuming default events occur at the beginning of the year (upper bound) and at the end of the year (lower bound).
- Assuming all spend occurs at the beginning of the year and all receipts at the end of the year (upper bound) and assuming all spend occurs at the end of the year and all receipts at the beginning of the year (lower bound).

A variation has then been applied to the scenario weightings against the highest and lowest expected credit loss positions in order to consider the impact of these variations in combination with all other assumptions changing.



16. Land and Property Assets - Group and Agency

	Note	2024/25 £'000	2023/24 £'000
Net book value at 1 April		**1,064,633**	1,069,359
Additions		**322,476**	202,273
Disposals	5	**(52,756)**	(72,757)
Write-downs		**(178,264)**	(134,242)
Net book value at 31 March		**1,156,089**	1,064,633

The preceding table includes land and property assets with a net book value of £nil (2023/24: £2.3m), managed under the Direct Commissioning programme where the Agency acts as a developer. Under this arrangement, external contractors manage build and sales on behalf of the Agency. The Direct Commissioning programme concluded during the year.

The net book value at 31 March includes land and property assets expected to be realised in more than one year of £967.5m (2023/24: £859.6m).

Write-downs of land and property assets

Write-downs include charges of £221m (2023/24: £161m) and reversals of £43m (2023/24: £27m).

Homes England's land and property portfolio is complex and comprises many different assets with different features and challenges. Assets may have specific challenges in terms of access, topography and profile, remediation of polluted land or the rectification of the negative impact of prior uses. The Agency may therefore need to incur expenditure in relation to the construction of roads, bridges or other significant infrastructure and this may extend to regeneration of the land asset area. During the year, the Agency spent £88m (2023/24: £55m) in relation to assets in need of significant regenerative capital expenditure, as described above, and recognised £55m (2023/24: £47m) of write-downs in relation to these assets.

Whilst write-downs arise for a variety of different reasons, common themes relevant to the net write-down expense include: increases in build and infrastructure costs combined with relatively flat sales expectations, increases in the scope of development costs and in the cost of finance, and other regulatory impacts such as continuing implementation of the Future Homes Standard and the mandated minimum requirements for biodiversity net gain.

Following the determination of net realisable value at the reporting period, each asset is individually assessed in order to calculate a write-down/reversal of write-down. The valuation applied reflects the specific intentions Homes England has for the site and its particular disposal strategy as at the reporting date. As the portfolio includes many assets which may be deemed unviable without the intervention of Homes England, it is not unusual for assets to be written down. Some assets may require significant investment which may not readily translate to increased value, at least in the short-term. Valuations are highly sensitive to changes in input assumptions - especially the larger schemes to be delivered over long timescales - some of which are subjective in nature and small changes can therefore lead to write-downs or reversals. Write-downs may be temporary in nature and values may increase in following years, resulting in reversals of write-downs.

Valuation

Land and property assets had a combined net realisable value of £1,422m (2023/24: £1,448m).

As described in Note 1l, the estimated valuation at the reporting period of the portfolio of land and property assets is obtained in accordance with the current edition of RICS Valuation - Professional Standards published by the Royal Institution of Chartered Surveyors. The information provided to the valuers, and the assumptions and valuation models used by the valuers are reviewed internally in accordance with the Agency's ALVVE (Annual Land Validation and Valuation Exercise) guidance.

The valuation models used by the external valuers will vary depending on the Agency's objectives and conditions for each asset. However, they will typically include a mixture of the following:

- Residual method - the residual method is based on the concept that the value of land or property with development potential is derived from the value of the land or property after development minus the cost of undertaking that development, including a profit for the developer.
- Market approach - the market approach uses comparable evidence of similar assets, normally in a similar type of location or geographical area.
- Where disposal processes are well advanced e.g. bids received, preferred bidder identified or conditional agreements entered into, the valuer would be expected to have regard to these. The valuer will make a judgement as to the appropriate weight to apply on a case-by-case basis depending on how advanced the process is and the considered likelihood of the transaction completing as currently structured.

In all cases, further allowances for risk will be applied as appropriate, for example planning risk. The net realisable value of each asset includes a deduction for expected costs to realise the forecast receipt including de-risking/enabling works where required and expected disposal fees (i.e. estimated marketing and legal costs). The net book value is the lower of cost and net realisable value.

Sensitivity of the valuation of land and property assets

As described in Note 1l, the land and property asset portfolio is not homogeneous in nature as the valuation methodology reflects the Agency's objectives and conditions for each individual asset. Therefore, the underlying inputs used within the calculation for the net realisable value of each asset will vary depending on the nature of the asset, the Agency's objectives in respect of the asset and the conditions of the asset. This category is therefore sensitive to a range of underlying inputs which are not necessarily common across the land and property assets portfolio. A sensitivity analysis has been performed in Note 14a to provide an indication of the potential effect of a range of variations in land and property prices on the financial statements.

Market uncertainty

During the year, build cost inflation has continued (although it reduced marginally from 2023/24 and substantially from 2022/23). On larger schemes where significant infrastructure is required, the Agency is seeing more significant increases in costs.

The housing market varies significantly across the country, but the national picture suggests that house prices have settled into a steady but low rate of growth. New build demand remains similar to last year.

17. Trade and other payables - Group and Agency

	Group 2024/25 £'000	Group 2023/24 £'000	Agency 2024/25 £'000	Agency 2023/24 £'000
Trade payables	**448,941**	424,268	**448,941**	424,268
Direct Commissioning	**-**	54,738	**-**	54,738
Deferred income	**10,875**	8,811	**10,875**	8,811
Taxes and social security	**8**	-	**8**	-
Due to subsidiary	**-**	-	**44,552**	56,323
Other	**33,671**	27,803	**33,672**	27,803
Balance at 31 March	**493,495**	515,620	**538,048**	571,943
Of which:				
Current liabilities	**466,521**	495,425	**511,074**	551,748
Non-current liabilities	**26,974**	20,195	**26,974**	20,195
Balance at 31 March	**493,495**	515,620	**538,048**	571,943

18. Pension Arrangements and Liabilities - Group and Agency

During the year the Agency's employees were able to participate in one of the following contributory pension schemes:

- The Homes and Communities Agency Pension Scheme (HCAPS)
- The City of Westminster Pension Fund (LGPS)
- The West Sussex County Council Pension Fund (LGPS)

All three schemes are multi-employer defined benefit schemes as described in paragraph 8 of IAS 19 Employee Benefits. The Homes and Communities Agency Pension Scheme is the only scheme open to new employees. The scheme was originally established as a final salary scheme, however this changed to career average for benefits accruing from 1 April 2024. From 1 September 2019, new members accrue benefits on a career average basis. The other schemes are local government schemes which changed from a final salary to career average basis for benefits accruing from 1 April 2014. Further information on the funding arrangements for the schemes is contained within Note 18k.

Valuations of the Agency's assets and liabilities in each scheme as at 31 March 2025 have been prepared in accordance with IAS 19 and the results are disclosed in Note 18a. Note 18b shows the weighted average of the key assumptions used by each of the scheme actuaries in preparing the valuations, weighted according to each scheme's liabilities. Other information below is shown on a consolidated basis for all three schemes.

a) Pension assets/(liabilities)

	HCA Pension Scheme £'000	Westminster £'000	West Sussex £'000	Total £'000
2024/25				
Fair value of employer assets	390,783	458,555	83,803	933,141
Present value of funded liabilities	(329,306)	(177,851)	(39,818)	(546,975)
Net funded scheme assets	**61,477**	**280,704**	**43,985**	**386,166**
Impact of asset ceiling	(61,477)	(280,704)	(43,796)	(385,977)
Adjusted net funded scheme assets	**-**	**-**	**189**	**189**
Present value of unfunded liabilities	(778)	-	(1,932)	(2,710)
Adjusted net scheme assets/(liabilities)	**(778)**	**-**	**(1,743)**	**(2,521)**
Total of net pension assets				**189**
Total of net pension liabilities				**(2,710)**
2023/24 (restated*)				
Fair value of employer assets	400,139	448,881	85,710	934,730
Present value of funded liabilities	(364,356)	(205,941)	(45,973)	(616,270)
Net funded scheme assets	**35,783**	**242,940**	**39,737**	**318,460**
Impact of asset ceiling (restated*)	(35,783)	(242,940)	(38,184)	(316,907)
Adjusted net funded scheme assets (restated*)	**-**	**-**	**1,553**	**1,553**
Present value of unfunded liabilities	(876)	-	(2,347)	(3,223)
Adjusted net scheme assets/(liabilities)	**(876)**	**-**	**(794)**	**(1,670)**
Total of net pension assets (restated*)				**1,553**
Total of net pension liabilities				**(3,223)**

* The 2023/24 Financial Statements have been restated to report an asset ceiling restriction which limits the recognition of net pension assets as per IAS 19. See Note 1s for details relating to the retrospective restatement applied to the 2023/24 Financial Statements.

Funded schemes with net assets as shown in the preceding table are disclosed within non-current assets in the Statement of Financial Position. Unfunded schemes with net liabilities are disclosed within non-current liabilities in the Statement of Financial Position.

All schemes have reported an asset ceiling restriction in 2024/25, and in the 2023/24 restated position. This asset ceiling limits the recognition of further increases in net pension assets as per IAS19, paragraph 64. This ceiling is determined by the maximum benefit obtainable through a refund or reduction in employer contributions. Details of the asset ceiling movements are provided in Note (h). Details of the retrospective restatement applied to the 2023/24 Financial Statements are provided in Note 1s.

As principal employer of the HCA Pension Scheme, the Agency continues to monitor the scheme and has a good working relationship with the trustees. The trustees review the scheme's investment portfolio on a regular basis. At 31 March 2025, the scheme had a target allocation of 30% of assets to be held in a liability driven investments mandate, which aim to better match the scheme's liabilities and partially hedge the scheme against changes in inflation and interest rates. A further 20% (2023/24: 20%) of the scheme's strategic asset allocation is held in corporate bonds. The liability hedging is managed through Insight Investment (one of the HCA Pension scheme's investment managers) via a segregated mandate which allows Insight to invest directly in gilts, index linked gilts, gilt repurchase agreements, gilt and index linked gilt total return swaps, interest rate and inflation swaps and various cash instruments. As at 31 March 2025, the scheme had a target interest rate hedge ratio of 65% (2023/24: 65%) and a target inflation hedge ratio of 65% (2023/24: 64%) relative to the gilts-flat liabilities. Post year end, the trustees agreed to de-risk the investment strategy of the scheme, by reducing the strategic weighting to equities by 5%, and increase the strategic allocation to liability driven investments by 5% (to 35%). This is currently being implemented. The target interest rate and inflation hedge ratios will remain unchanged.

b) Actuarial assumptions

The weighted average of the key assumptions used by the actuaries of the pension schemes are as follows:

i) Financial assumptions

	2024/25	2023/24
Inflation and pension increases rate (CPI)	**2.7%**	2.8%
Salary increases	**3.5%**	3.5%
Discount rate	**5.9%**	4.9%

ii) Mortality assumptions

Based on actuarial mortality tables, the average future life expectancies at age 65 are summarised below:

	2024/25 Year	2023/24 Year
Male - current pensioners	**22.1**	22.1
Male - future pensioners	**23.2**	23.2
Female - current pensioners	**24.1**	24.0
Female - future pensioners	**25.6**	25.6

c) Fair value of employer assets

	2024/25 £'000	2023/24 £'000
Equities - quoted	**408,119**	405,404
Equities - unquoted	**2,650**	2,595
Bonds - quoted	**222,733**	230,662
Bonds - unquoted	**-**	-
Property	**61,354**	59,447
Other assets - quoted (incl cash)	**145,325**	147,892
Other assets - unquoted	**92,960**	88,730
Total	**933,141**	934,730
Actual return/(loss) on employer assets	**5,786**	70,810

Some of the funds in which the Agency's pension assets are invested permit the use of derivatives for the purposes of achieving their investment aims. In all cases, funds are managed by professional investment managers.

d) Charge to net expenditure

	2024/25 £'000	2023/24 £'000
Amounts charged to net operating expenditure		
Current service costs	**11,153**	18,563
Past service costs and losses on curtailments and settlements	**-**	7
Expenses	**2,623**	2,575
	13,776	21,145
Amounts charged to finance (income)/costs		
Interest charged on liabilities	**29,493**	29,944
Expected return on assets	**(45,078)**	(41,259)
Interest on asset ceiling	**15,247**	-
	(338)	(11,315)
Total recognised in Statement of Comprehensive Net Expenditure	**13,438**	9,830

The total expected employer contributions to these schemes in the year ending 31 March 2026 are £17.7m.

e) Amounts recognised in the income and expenditure reserve

	2024/25 £'000	2023/24 (restated)* £'000
Actuarial gains/(losses)	**(3,784)**	(8,439)

f) Reconciliation of fair value of employer assets

	2024/25 £'000	2023/24 £'000
Opening fair value of employer assets	**934,730**	865,082
Expected return on assets	**45,078**	41,259
Contributions by members	**5,038**	4,689
Contributions by the employer	**16,134**	20,430
Contributions in respect of unfunded benefits	**237**	232
Actuarial (losses)/gains	**(39,292)**	29,551
Expenses	**(2,764)**	(2,717)
Unfunded benefits paid	**(237)**	(232)
Benefits paid	**(25,783)**	(23,564)
Closing fair value of employer assets	**933,141**	934,730

g) Reconciliation of defined benefit obligation

	2024/25 £'000	2023/24 £'000
Opening defined benefit obligation	**619,493**	637,714
Current service cost	**11,153**	18,563
Past Service costs and losses on curtailments and settlements	**-**	7
Interest cost	**29,493**	29,944
Contributions by members	**5,038**	4,689
Actuarial (gains)/losses - demographic	**(1,157)**	(27,055)
Actuarial (gains)/losses - financial	**(84,502)**	(13,489)
Actuarial (gains)/losses - experience	**(3,672)**	(6,942)
Expenses	**(141)**	(142)
Unfunded benefits paid	**(237)**	(232)
Benefits paid	**(25,783)**	(23,564)
Closing defined benefit obligation	**549,685**	619,493

h) Reconciliation of asset ceiling

	2024/25 £'000	2023/24 £'000
Opening asset ceiling	**316,907**	231,431
Interest costs	**15,247**	-
Actuarial (gains)/losses	**53,823**	85,476
Closing asset ceiling	**385,977**	316,907

i) Sensitivity analysis

The primary assumptions used in calculating the defined benefit obligation are: discount rate, salary increases, inflation and pension increases and mortality expectations. The assumptions used are specified in Note 18b. The assumptions are determined by independent professional actuaries whose work is compliant with Technical Accounting Standard 100: Principles for Technical Actuarial Work as issued by the Financial Reporting Council.

IAS 19 sets out the principal underlying the setting of assumptions, that they should be based on the best estimate of future experience, and also gives a clear direction on the basis for calculating the discount rate. Assumptions should also reflect market conditions at the reporting date, including demographic assumptions and the mix of membership of Homes England's schemes.

The key assumptions are considered to be the discount rate and the rate of future inflation. The discount rate is important in determining the value of liabilities and is based on high-quality corporate bonds at the year end. The rate is in line with the AA corporate bond yield curve at the year end. Inflation expectations inform the rate at which current and future pensioners' benefits accrue. It is based on CPI at the year end with an inbuilt allowance for an insurance risk premium. Demographic assumptions, including mortality expectations can also have a bearing on the valuation of liabilities, as can the specific membership mix of our schemes.

To assess the defined benefit obligation, assumptions are used in a forward looking financial and demographic model to present a single scenario, using financial assumptions that comply with IAS 19. The valuation of the obligation at 31 March 2025 is a snapshot in time; actual experience over time may differ and the total cost of a scheme will depend on a number of factors including the amount of benefits paid, the number of people who benefits are paid to, scheme expenses and the amount earned on assets. These factors aren't known for certain at the valuation date. The calculation of liabilities is sensitive to movements in assumptions and even small changes to individual assumptions can have significant impacts. If they were to change, the impact would be as follows:

Adjustment to discount rate

	+0.25% £'000	Current £'000	-0.25% £'000
Present value of total obligation	531,406	549,685	568,648
Movement	(18,279)	-	18,963

Adjustment to inflation

	+0.25% £'000	Current £'000	-0.25% £'000
Present value of total obligation	568,138	549,685	531,743
Movement	18,453	-	(17,942)

Adjustment to life expectancy

	+0.25% £'000	Current £'000	-0.25% £'000
Present value of total obligation	566,021	549,685	533,349
Movement	16,336	-	(16,336)

j) Maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation of the pension schemes is 14 years.

Pension benefits, including insurance premiums, are expected to be paid over time as follows:

	£'000
Within 5 years	140,801
5-10 years	159,025
After 10 years	249,859
Total defined benefit obligation	**549,685**

k) Funding arrangements

Contribution rates for each of the three schemes are reviewed at least every three years following a full actuarial valuation. The funding strategy in each case is set to target a fully funded position, except for those liabilities which are intentionally unfunded within each of the schemes. Any underfunding is restored to a fully funded position via additional contributions over an appropriate period of time. The estimate of contributions to 31 March 2026 is £17.7m.

The HCA scheme is a multi-employer scheme that does not operate on a segregated basis. Therefore the assets and liabilities are not separately identified for individual participating employers. Benefit obligations are estimated using the projected unit credit method.

Both Homes England and the Regulator of Social Housing (RSH) are members of the HCA Pension Scheme although Homes England is the only significant contributing employer and accounts for the vast majority of the HCA scheme's liabilities. Based on actuarial data at 31 March 2025, the share of the HCA scheme's assets and liabilities attributed to RSH is approximately 5% (2023/24: 5%) with the remainder attributed to Homes England. All assets are pooled and a single employer contribution rate is determined as part of the actuarial valuation for the whole scheme. This contribution rate applies for the principal employer, Homes England, along with any other participating employers, including RSH. RSH ceased contributions to the HCA Pension Scheme, effective from 30 Septemeber 2024.

Homes England and RSH record the cost of employer contributions in their own financial statements and account for their proportionate share of the scheme's asset and liabilities separately. The assets and liabilities disclosed in Homes England's Financial Statements relates only to its share of the scheme's assets and liabilities and not to the assets and liabilities of the entire scheme.

There are no formal arrangements in place for the allocation of a deficit or surplus on the wind-up of the HCA Pension Scheme or the Agency's withdrawal from the scheme. Under both scenarios, exit debts would become payable under Section 75 of the Pensions Act 1995.
The Westminster and West Sussex schemes are members of the Local Government Pension Scheme (LGPS). Assets and liabilities for all employers in LGPS funds are identifiable on an individual employer basis. There are no minimum funding requirements or winding up provisions in the LGPS. On withdrawal from the scheme, any deficit is calculated by the administering authority and must be settled by the withdrawing employer. In the case of a surplus, it would be for the fund to determine whether any refund is provided to the employer.

l) McCloud judgement

In December 2018, the Court of Appeal ruled against the government in two cases: Sargeant and others v London Fire and Emergency Planning Authority [2018] UKEAT/0116/17/LA and McCloud and others v Ministry of Justice [2018] UKEAT/0071/17/LA. The cases related to the Firefighters' Pension Scheme (Sargeant) and to the Judicial Pensions Scheme (McCloud). For the purposes of the LGPS, these cases are known together as 'McCloud'. The court held that transitional protections, afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. On 27 June 2019 the Supreme Court denied the government's request for an appeal, and on 15 July 2019 the government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS. On 13 May 2021, the government issued a written ministerial statement outlining proposals to address the specific discrimination in the LGPS. The LGPS rules changed from 1 October 2023 because of the McCloud remedy. An allowance for the McCloud judgment was incorporated into the latest funding valuation results and as this is used as a basis for the IAS19 reports an allowance is included within the above disclosure. The additional liabilities created are estimated to be from c0.1% of total liabilities based on the 2022 scheme valuation. The judgement does not affect HCAPS.

m) Virgin Media

In October 2023, the High Court and Court of Appeal delivered judgments in the Virgin Media case, addressing amendments to private sector pension schemes and the requirement for section 37 certificates under the Pensions Act 1995. As a private sector scheme, HCAPS is reviewing the potential implications of the Virgin Media litigation with legal advisors. The Agency continues to monitor developments, liaising with HCAPS trustees and adhering to any guidance issued by DWP/HMT. At present no benefit adjustments have been made. No allowances have been made for the Virgin Media litigation in the LGPS valuation this is because the ruling applies to private sector pension schemes.

19. Contingent Assets and Liabilities

Contingent assets

The Agency has in certain instances disposed of land or made grant payments with certain conditions attached, which if no longer fulfilled will result in a payment to the Agency. Examples include where there is a subsequent change in use of land sold which materially increases the return to the purchaser, or if the conditions of a grant payment are no longer met. The normal term during which this arrangement remains in force is 21 years. For affordable housing and other community related schemes the term is more usually 35 years. By its nature this income is variable and the timing of receipt is uncertain, therefore it is not possible to quantify the likely income which may ultimately be received by the Agency.

Contingent liabilities

a) The West Sussex County Council Pension Fund

At 31 March 2025, the Agency had 11 employees (31 March 2024: 11 employees) who were active members of the West Sussex County Council Pension Fund. When the Agency's last active member leaves the scheme, the obligation to pay an exit debt will be crystallised. The timing and value of any exit debt due in the future is not yet known.

b) Other contingent liabilities

The Agency is potentially liable for miscellaneous claims by developers, suppliers, contractors and individuals in respect of costs and claims not allowed for in development agreements, construction contracts, grants and claims such as compulsory purchase orders. Payment, if any, against these claims may depend on lengthy and complex litigation and potential final settlements cannot be determined with any certainty at this time. As claims reach a more advanced stage they are considered in detail and specific provisions are made in respect of those liabilities to the extent that payment is considered probable.

20. Financial Commitments

	2024/25 £'m	2023/24 £'m
Not later than one year	**3,281**	3,619
Later than one year and not later than five years	**1,787**	2,733
Later than five years	**29**	62
Total commitments at 31 March	**5,097**	6,414

The Agency has made financial commitments in relation to programmes for investments in loan and equity assets, and infrastructure grants, which had become unconditional at the reporting date, but which had yet to be drawn down by that date. The value of these commitments, excluding those disclosed in Note 11c, was £2,834m at 31 March 2025 (31 March 2024: £2,885m). The profiling of the commitments reflects the Agency's best estimate of when cash flows will arise, however the actual timing may vary based on factors not wholly within the Agency's control.

The Agency has entered into financial commitments in relation to affordable housing grant programmes totalling £1,627m at 31 March 2025 (31 March 2024: £3,391m). None of these grants are individually material (31 March 2024: one individually material grant totalling £211m).

The Agency has entered into financial commitments in relation to the Cladding Safety Scheme totalling £488m at 31 March 2025 (31 March 2024: £nil).

In addition, the Agency has entered into financial commitments in relation to land development of £145m (31 March 2024: £136m), leases of £3m (31 March 2024: £2m) and software licenses of £1m (31 March 2024: £nil).

21. Related Party Transactions

Homes England is an executive non-departmental public body of the Ministry of Housing, Communities and Local Government (MHCLG). MHCLG is regarded as a related party. During the year, Homes England has had a number of material transactions with MHCLG and with other entities for which MHCLG is regarded as the parent department. These entities include HM Land Registry and the Regulator of Social Housing.

In addition, Homes England has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with local authorities (including Stoke-on-Trent City Council, of which a Board member is a local councillor), the Government Property Agency and the Ministry of Justice.

The Agency has also had a number of transactions with its associated undertakings, joint ventures and other related parties as follows:

2024/25	Capital invested in/ (redeemed from) entity £'000	Grants and other payments £'000	Loans/ equity advanced/ (repaid) £'000	Loan interest / dividends received £'000
Payments out				
English Cities Fund Limited Partnership	13,743	-	-	-
MADE Partnership LLP	-	-	3,365	-
Habiko LLP	61	-	-	-
Juniper JVCO Limited	1,848	-	7,392	-
Home Group Limited	-	1,329	-	-
Sanctuary Housing Association	-	32,339	-	-
Grosvenor Hart Homes Limited	-	1,484	-	-
Receipts in				
English Cities Fund Limited Partnership	(1,374)	-	-	-
Tilia Community Living LLP	-	-	(12,403)	-
Countryside Maritime Limited	-	-	-	(3,000)

2023/24	Capital invested in/ (redeemed from) entity £'000	Grants and other payments £'000	Loans/ equity advanced/ (repaid) £'000	Loan interest / dividends received £'000
Payments out				
English Cities Fund Limited Partnership	15,306	-	-	-
Home Group Limited	-	594	-	-
Hyde Housing Association	-	26,500	-	-
Midland Heart Housing Limited	-	7,313	-	-
Newton Development Partners LLP	19	-	-	-
Receipts in				
English Cities Fund Limited Partnership	(2,913)	-	-	(3,274)
Home Group Limited	-	(8,770)	-	-
Tilia Community Living	-	-	(8,432)	-
Countryside Maritime Limited	-	-	(3,725)	(6,450)

In addition, the Agency holds £44.6m (2023/24: £56.3m) on behalf of English Partnerships (LP) Ltd, the Agency's wholly owned subsidiary.

Transactions between the Agency and its pension schemes are disclosed in Note 18.

The transactions with the joint ventures Tilia Community Living LLP and Countryside Maritime Limited, disclosed in the preceding table, relate to loan funding provided under the Short Term Fund, Single Land Programme and Levelling Up Home Building Fund, respectively.

The balance of the loan to Tilia Community Living LLP at 31 March 2025 was £14.3m (2023/24: £24.2m) and this will be settled in cash and is secured by a debenture and a second charge over land and property assets of the company.

Countryside Maritime Limited repaid its loan in the prior year and therefore had a balance of £nil at 31 March 2025 (2023/24: £nil).

The transactions with the joint ventures MADE Partnership LLP and Juniper JVCO Limited relate to a combination of equity and loan funding provided under the Home Building Fund: Infrastructure Loans and the Brownfield, Infrastructure and Land funds, respectively.

As at 31 March 2025, the outstanding balance of the loan to the MADE Partnership LLP is £3.4m. During the year, the Agency made a £1 equity investment in the partnership. The carrying value of the investment, as presented in Note 11, reflects the discounted future cash flows associated with the interest free loan. The application of discounting results in a difference between the cost of the investment disclosed in Note 11 and the amounts presented in this Note.

The balance of the loan to Juniper JVCO Limited at 31 March 2025 is £7.4m. The Agency also made a £1.8m equity investment during 2024/25.

The transaction with the joint venture, Habiko LLP, relates to equity funding of £61k provided during 2024/25 under the Levelling Up Home Building Fund.

The prior year transaction with the joint venture, Newton Development Partners LLP, related to equity funding provided during 2023/24 under the Levelling Up Home Building Fund.

Outstanding commitments for associated undertakings and joint ventures are disclosed in Note 11c.

During the year, Homes England entered into transactions with Home Group Limited, Sanctuary Housing Association, and Grosvenor Hart Homes Limited. These entities are considered related parties due to members of the Agency's Board holding directorships at the respective organisations. The transactions in the year relate to grants and other payments provided by the Agency and have been disclosed in the preceding table.

In the prior year Homes England entered into transactions with Hyde Housing Association and Midland Heart Housing Limited. The related party relationships ceased to exist during the prior year.

One of the Agency's Board members, who left during the year, was also a non-executive director of NatWest plc. The Agency uses NatWest for some of its banking services. These relationships pre-date the Board member joining the NatWest plc Board and are on arm's length terms.

The Agency's internal approval procedures are established so that members of staff nominated to act as directors or officers of associated undertakings and joint ventures do not have delegated authority with regard to the relevant undertaking.

There were no other material transactions in which related parties had a direct or indirect financial interest.

None of the senior managers or related parties have undertaken any material transactions with the Agency during the year.

For details of compensation paid to management please see the Remuneration Report.

22. Events After the Reporting Period

Date of authorisation for issue

The Agency's Financial Statements are laid before the Houses of Parliament by the Secretary of State for Housing, Communities and Local Government. IAS 10 Events After the Reporting Period requires the Agency to disclose the date on which the accounts are authorised for issue. The certified accounts were authorised for issue by the Chairman and the Chief Executive and Accounting Officer on the same date as the Certificate and Report of the Comptroller and Auditor General.

Establishment of a national housing bank

On June 17 2025, the government announced the creation of a national housing bank, operating as a wholly owned subsidiary of Homes England. The bank will provide £16 billion of new public investment alongside £6 billion of existing finance and is expected to become operational from 1 April 2026.

The bank will support the delivery of over 500,000 homes by acting as a long-term investment partner to the housing sector, providing government guarantees, flexible lending, equity and infrastructure finance. It has the potential to unlock up to £53 billion of private sector investment.

As this event was announced after the reporting date and does not reflect conditions existing at year end, it is treated as a non-adjusting event in accordance with IAS 10. No changes have been made to the Financial Statements as a result.

Once operational, the bank will be consolidated into the Group's Financial Statements in accordance with IFRS 10 Consolidated Financial Statements. Its financial position, results of operations, and cash flows will be presented as part of the Group. The Group will assess the specific classification, recognition, and measurement of any transferred assets and liabilities in line with relevant IFRS at that time.

Decrease in house prices in April 2025

On 1 April 2025, changes to Stamp Duty Land Tax rates came into effect. The nil-rate threshold, which had been £250,000, returned to the previous level of £125,000, and the nil-rate threshold for first-time buyers also decreased, from £425,000 to £300,000. HM Land Registry's UK House Price Index publication commentary showed that in April 2025, on average, house prices in England fell by 3.7% compared to March 2025.

As this event took place after the reporting date and does not reflect conditions existing at year end, it is treated as a non-adjusting event in accordance with IAS 10. No changes have been made to the Financial Statements as a result. However, the sensitivity analysis undertaken in Note 14a demonstrates how a movement in house prices could impact on the fair value of the Agency's home equity portfolio.

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