



Anchor Hanover Group  
29 July 2022

### **Anchor Hanover Group ('Anchor') – Publication of Financial Statements**

Anchor, the largest operator of social housing for older people and sixth largest residential care home operator in England, announces the publication of its annual report and financial statements for the year ended 31 March 2022.

“Despite a challenging period, we ended the financial year in a strong position. While the restrictions caused by Coronavirus were having a significant impact on many organisations during the year we have continued to provide quality homes for those living in later life and are driving occupancy back to pre-pandemic levels.

Our strategy to build more and better homes in a sustainable way has continued unabated and we are focussed on continually improving the homes we provide. The ongoing cost of living challenges facing individuals across the UK and increasing energy costs facing all organisations are central to our thinking as we consider how to ensure services remain affordable and represent value for money across the range of tenures and service models which we operate.

We are extremely grateful to colleagues who continue to work hard to ensure residents can love living in later life and were pleased to demonstrate our commitment to our workforce by becoming the first large provider of care and housing to pay all our colleagues, whatever their age or wherever they work, at or above ‘the Real Living Wage, as part of a comprehensive and competitive reward and wellbeing offer.”

Sarah Jones, Chief Financial Officer

The financial statements can be accessed at the following link:

<https://www.anchorhanover.org.uk/investors/our-financial-performance>

A copy of this document has been filed with the National Storage Mechanism and will shortly be available for inspection at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

### **Highlights**

- Occupancy levels continue to recover from the lows experienced during the pandemic and consumer demand remains strong
- Revenue for the year ended 31 March 2022 was £526.2m, a decrease of 0.4% on the previous year, with improved income from occupancy rates in housing to let and residential care homes offset by a reduction in proceeds from property sales reflecting the stage of the construction cycle for developments
- Operating surplus before exceptional items was up 12.3% at £53.8m from £47.9m in the previous year with improvements in both housing to let and residential care, including £4.7m increase attributable to a one-off thank you payment to colleagues being included in the prior year comparative
- On track to deliver £22m efficiency savings identified from merger with £14.7m achieved by 31<sup>st</sup> March 2022
- First large provider of care and housing to pay all our colleagues, whatever their age or where they work, at or above ‘the Real Living Wage
- Ahead of plan to provide 5,700 new homes
- Anchor maintains a rating of A+ stable from S&P
- Sarah Jones to be in post as Chief Executive from 1<sup>st</sup> August 2022, and Board and Executive strengthened with new appointments

- As announced to the market on 28<sup>th</sup> July 2022, Anchor acquires Halcyon Care Homes TopCo Limited.

## Financial Highlights

	Figures in £m	31 March 2022	31 March 2021
Turnover		526.2	528.2
Operating surplus before exceptional items		53.8	47.9
<i>Operating margin before exceptional items %</i>		10.2%	9.1%
EBITDA MRI		64.8	56.2

## Commentary

### Operations

Strong underlying demand for our services, our reputation for quality, and effective targeted marketing have resulted in a marked increase in occupancy levels from the lows experienced during the pandemic. Despite ongoing restrictions on admissions for care homes and challenging recruitment environment, Anchor ended the period under review with occupancy levels at 98.5% and 83.9% in our housing and care homes respectively (prior year: 97.7% housing to let, 78.2% care homes)

At the time of the 2018 merger with Hanover Housing Association, the Board set a target of £22.0m in integration savings to reinvest back into the organisation for the benefit of the older people we serve. We have achieved £14.7m of this total by 31 March 2022 and are on target to achieve the remainder by the end of our 2023 financial year.

A proactive approach to reward meant that, in addition to a commitment to becoming a Living Wage Foundation employer, we also implemented the 2022/23 pay review on 1 December 2021 for colleagues who were below the Living Wage Foundation rate, four months ahead of our usual 1 April timeframe. This made us the first large provider of care and housing to pay all our colleagues, whatever their age or wherever they work, at or above 'the Real Living Wage, and is part of a comprehensive and competitive reward and wellbeing offer.

We continue to innovate and, in May 2022, launched our dementia music therapy research project with Anglia Ruskin University's Cambridge Institute for Music Therapy Research, with funding from The Utleay Foundation. The project makes Anchor one of the first care home providers in England to partner with a university to implement music therapy sessions into its dementia care pathway.

Our investment in more and better homes continues to create new opportunities for colleagues and we were very pleased that our commitment to embracing difference and being welcoming to all resulted in us achieving silver status with Inclusive Employers in September 2021 in recognition of our work in the area of Equality, Diversity and Inclusion.

We launched our "Be Well" offer to bring together the range of ways we support residents' wellbeing into an easy-to-understand and easy to access package. As part of this "Be Well", our free service supporting housing residents to claim the benefits they are entitled to and get the best deal on their energy, increased residents' income by £4.4million. The team took 14,000 calls and assisted residents with an average of 360 new cases each month.

Increasing cost of living pressures and energy price rises over the last year have driven the number of calls to our Be Wise service, which increased by 13% on the previous year. Residents truly value this service, with the team continuing to receive compliments and high satisfaction feedback throughout the year from the residents they supported.

### ***Development***

Our 2019 business plan was updated in 2021, committing to provide 5,700 new homes and expanding our care home portfolio alongside ongoing investment in our existing services. Since 2019, we have completed 305 homes, are in construction with 737 and have an approved pipeline of 1,580. This puts us ahead of where we had planned to be by this stage.

In April 2021, along with four other of the UK's largest not-for-profit social housing providers, we launched The Greener Futures Partnership with the core objective of creating sustainable tenancies, homes and communities.

Building on our strong focus on sustainability, we are committed to achieving a minimum Energy Performance Certificate rating of B or above for every new home we develop, and all new homes will have access to sustainable, renewable energy sources.

### ***Liquidity***

Liquidity remains strong following our debut public bond issue in July 2021 with £235.6m in undrawn available loan facilities and cash available to fund the development programme.

Revenue for the year ended 31 March 2022 was £526.2m, a decrease of 0.4% on the previous year. Operating surplus before exceptional items was up 12.3% at £53.8m from £47.9m in the previous year. EBITDA MRI (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) which is a key liquidity indicator for our lenders was £64.8m, compared with the £56.2m generated in the previous year. At the year end, our net assets were £571.9m, net borrowing was £516.1m and the gearing level was 21.4%.

### ***Credit and Regulatory ratings***

*Anchor maintains a rating of A+ stable from S&P which was issued in March 2022. This rating reflects the group's strong balance sheet position and robust business plans set out within a strong risk control framework. The group remains G1/V1 compliant under the Regulator of Social Housing's Governance and Viability assessments.*

Our care homes have continued to see strong quality ratings from the Care Quality Commission; as at 31 March 2022 90.5% of our services were rated Good or Outstanding, and we receive excellent feedback from residents and families through regular surveys and external reviews on websites.

### ***Board and Executive Board Changes***

We announced in June 2022 that Jane Ashcroft was stepping down after more than twenty years at Anchor and twelve of them as Chief Executive. Sarah Jones was appointed to the role, with effect from 1 August 2022, following a thorough and comprehensive search for Jane's successor using external consultants.

We were delighted to welcome Denise Peart, Chief Talent, Diversity and Inclusion Officer at Sky, to the Board in March 2022. Alun Griffiths retired during the year at the end of his term as non-executive director.

Suki Jandu joined the Executive Committee in November 2021 as Executive Director – Housing Services.

Oliver Boundy joined Anchor as Executive Director – Development in January 2022. Oliver replaced Mark Curran who retired at the end of 2021.

In line with our wider commitment to equality, diversity and inclusion, during the year we committed that, through executive and non-executive succession planning, we would maintain Board diversity by ensuring that from 1 April 2022 onwards at least half of all Board and Executive Committee roles are filled by women, members of the LGBTQ+ community, individuals of Black, Asian, Mixed or ethnicities other than White British and/or individuals who identify as having a physical or mental disability or impairment.

## Anchor annual report and financial statements 2022

All comparatives are to Anchor's consolidated audited year end results to 31 March 2021.

### Group Statement of Comprehensive Income

Figures in £m	31 March 2022	31 March 2021
Turnover from ongoing operations	493.5	482.6
Turnover from property sales	32.7	45.6
<b>Turnover</b>	<b>526.2</b>	<b>528.2</b>
Operating costs from ongoing operations	(443.9)	(451.4)
Cost of Sales – property sales	(28.6)	(32.6)
Surplus on disposal of fixed assets	0.3	3.7
<b>Operating Surplus before exceptional items</b>	<b>53.8</b>	<b>47.9</b>
Net interest costs	(28.4)	(17.8)
Refinancing costs	-	(40.3)
Taxation	0.8	(0.2)
<b>Surplus / (deficit) for the period</b>	<b>24.4</b>	<b>(12.0)</b>
Operating margin excluding property contribution	10.1%	6.5%
Operating margin before exceptional items	10.2%	9.1%
Operating margin	9.9%	8.8%
EBITDA MRI <sup>1</sup>	64.8	56.2
EBITDA MRI – Interest cover <sup>2</sup>	2.6x	2.4x

1. Group operating surplus including property proceeds less Amortisation of social housing grant, less Government capital grants taken to income, add back Depreciation and Impairment attributed to Retirement housing to let and Residential care homes, less improvements to existing properties capitalised
2. EBITDA MRI including property proceeds, divided by Interest and financing costs less Interest receivable

## Group Statement of Financial Position

Figures in £m	31 March 2022	31 March 2021
Tangible fixed assets	1,200.5	1,227.4
Other investments	0.8	2.6
<b>Total long-term assets</b>	<b>1,201.3</b>	<b>1,230.0</b>
Properties held for sale	205.2	146.6
Cash	83.9	150.2
Other current assets	44.4	54.0
<b>Total current assets</b>	<b>333.5</b>	<b>350.8</b>
Loans	(501.9)	(538.4)
Finance lease obligations	(98.1)	(99.4)
Grants	(231.9)	(245.3)
Pension liabilities	(8.2)	(12.9)
Other liabilities	(122.7)	(142.8)
<b>Total Liabilities</b>	<b>(962.8)</b>	<b>(1038.8)</b>
<b>Total net assets</b>	<b>571.9</b>	<b>542.0</b>
<b>Reserves</b>	<b>571.9</b>	<b>542.0</b>
Gearing <sup>3</sup>	21.4%	20.5%

3. Net debt divided by historical cost of completed properties

### Anchor Hanover Group

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