



Sustainable Bond Allocation
and Impact Report 2023/24

Contents

Executive summary	3
Bond overview	4
Allocation summary	6
Impact	6
Accountant’s Report	9
Important information	9

Executive summary

Beyond Housing is a registered Community Benefits Society (CBS) with a group turnover of £93.7m in 2023/24. We own and manage 15,354 homes across six local authorities in the north-east, housing over 30,000 customers. We employ 726 people (full time equivalents FTE), and we offer housing for rent and sale, including shared ownership.

Our five-year strategy to March 2025 is based on four strategic objectives:

- Provide quality services to our customers – increase customer satisfaction, grow our independent living business, and have 65% of our customers using digital services.
- Build new homes and keep our existing home in good condition – build circa 2,750 new homes, increase Tenant Satisfaction measures (TSM) customer satisfaction with the quality of our homes and repairs satisfaction and improve the Energy Performance Certificate (EPC) ratings for all our homes to EPC C or better by 2030.
- Invest in our communities/neighborhoods to create a great place to live and work – offer the best information and advice to customers, be a leading training provider and create neighborhoods our customers are proud of.
- A great place to work for our people – achieve Investors in People (IIP) accreditation, deliver an agile working environment, increase colleague satisfaction, and improve the health and wellbeing of our staff.

In May 2021 Beyond Housing issued its first sustainable Environmental, Social & Governance (ESG) bond. The issuance, of £250m notional value, had a day-1 draw down of £165m, with net proceeds of £161.3m. In November 2022 £40m of the retained bond was issued through a forward purchase agreement with proceeds in November 2023. The retained portion, totalling £45m, makes up the balance of the notional value.

The bond, links to Beyond Housings strategic objectives with a key focus and eligible projects identified in relation to refinancing of existing social and affordable housing, development of new social and affordable housing and the renovation of existing homes to improve EPC ratings.

At March 2024, the full balance of the drawn bond has been allocated, with no plans to draw the retained £45m. As such, this is anticipated to be the final bond allocation and impact report. As we have a continued commitment through our Sustainable Bond Framework to adopt the Sustainability Reporting Standards (SRS), we will continue to report our Environmental, Social and Governance (ESG) performance through our annual ESG report.







Bond overview

Beyond Housing bond details at 31 March 2024.

Notional Value	£250million
Currency	Pound Sterling
Maturity	2051 (30 years)
Format	Secured, senior, bearer
Repayment	Bullet
Moody's Rating	A2 stable (October 2024)
Coupon	2.125%
Listing	International Securities Market (ICMA) of the London Stock Exchange

The amount equivalent to the net proceeds raised under this bond will be used to finance and/or refinance in whole or in part new or existing Eligible Projects, subject to the ICMA principles. The Eligible Projects identified under our Sustainable Bond Framework are as follows:

ESG Impact and Allocation Report

Impact	ICMA Category ⁷	Description ⁹	Reference financial line item	SDG ₁₀ alignment
A. Social	Affordable housing	Construction of new Social and Affordable Housing in the United Kingdom	Capex	 No poverty
		Re-financing of existing Social and Affordable Housing in the United Kingdom	Asset value	 Sustainable cities and communities
Impact	ICMA Category ⁶	Description ⁹	Reference financial line item	SDG ₁₀ alignment
B. Environmental	Green buildings	Construction of new homes with an EPC (Energy Performance Certificate) Rating of B or above	Capex	 Climate action
		Re-financing of existing homes – subject to a minimum EPC rating of B or above	Asset value	 Sustainable cities and communities
		Renovation of existing homes that improve unit EPC ratings by two notches	Opex Carpex	 Affordable and clean energy  Industries, innovation and infrastructure

Allocation summary

The proceeds from the issuances have been allocated in line with our Sustainable Bond Framework, including refinancing of existing assets as well as a proportion allocated to new developments and environmental renovation. Assets refinanced by the proceeds of the Sustainable Bond were identified according to the criteria in our framework. Refinancing accounted for almost 80% of net-proceeds of the initial issuance.

The table below outlines the areas the allocation of the bond issuance to date:

Year	Bond issuance (£m's)	Refinancing of existing social and affordable housing (£m's)	Net social development expenditure (£m's)	Renovation of new homes that improve EPC ratings by 2 notchs or more (£m's)	Unallocated expenditure (£m's)
2021/22	165.00	(130.00)	(17.85)	-	17.15
2022/23	40.00	-	(25.56)	-	31.59
2023/24	-	-	(40.34)	(0.04)	(8.79)
	205.00	(130.00)	(83.75)	(0.04)	(8.79)

Based on the allocations shown above, all proceeds of the bond issuance to date have been fully allocated. £45m has been deferred and is due to expire in May 2026. It is not anticipated that this funding will be drawn and as such the £8.79m of expenditure that hasn't been allocated will be held to mitigate the potential removal of any allocated units.

Impact

Our full approach to Environmental, Social and Governance (ESG) can be found in our annual report which can be accessed here <https://beyondhousing.co.uk/environmental-social-and-governance-esg-report-24-25> This report summarises the impacts associated directly with the allocations detailed above as follows:

Rent levels of social and affordable homes

Overall rent levels of our social and affordable housing, including those re-financed and developed during the period is as follows at March 2024.

Social general needs	Hambleton		Scarborough		Teesside	
	Beyond Housing	LHA	Beyond Housing	LHA	Beyond Housing	LHA
1 Bed			£82.12	£86.30	£88.97	£86.30
2 Bed	£109.94	£115.07	£95.57	£111.62	£98.57	£99.65
3 bed	£120.92	£136.93	£103.06	£128.88	£108.87	£115.00
4 Bed			£111.54	£149.59	£121.19	£155.34

Affordable general needs	Darlington		Hambleton		Scarborough		Hull & East Riding		Teesside	
	Beyond Housing	LHA	Beyond Housing	LHA	Beyond Housing	LHA	Beyond Housing	LHA	Beyond Housing	LHA
1 Bed	£103.34	£76.15			£94.32	£86.30			£93.57	£86.30
2 Bed	£109.50	£92.05	£113.48	£115.07	£112.24	£111.62	£116.84	£92.05	£116.53	£99.65
3 bed	£116.99	£113.92	£122.79	£136.93	£128.87	£128.88	£121.41	£109.32	£123.94	£115.00
4 Bed	£130.34	£151.89			£144.40	£149.59	£165.42	£138.08	£134.96	£155.34

New Development

Key developments to highlight are as follows:

Loftus Development - during the year, Beyond Housing delivered the final £18.7m phase of our £42m development in Loftus. The development includes 116 homes for affordable rent and 12 homes for rent to buy.

Homelessness - Beyond Housing formed a partnership with Scarborough Borough Council, North Yorkshire County Council, to tackle homelessness in Scarborough. The scheme has a total cost of £599,149, with funding of £345,000 secured from Homes England. Two groups of apartments in Scarborough, were completed to support homeless people in the area. Reducing Exclusion for Adults with Complex Housing Needs (REACH) is a three-year project supporting homeless people into housing and providing them with the tools they need to establish independent living. The Scarborough-based project aims to identify the most vulnerable people whose complex life circumstances and needs are preventing them from finding a home on the same-day basis as everyone else, often because they need extra support. Alongside housing, the project team provides support and guidance about alcohol or substance misuse, mental health needs, and the reduction of anti-social behaviour and criminal activity – all of which can be barriers to sustaining a tenancy and can limit employment prospects.

Middlesbrough - Development of 30 new two-bedroom apartments at the Boho Village development in Middlehaven. The apartments were delivered in partnership with Middlesbrough Development Company Ltd (MDC) and contractor, Equans. The purchase was

supported by Homes England with grant funding totaling £1.2m. All the apartments are equipped with air source heat pumps, efficiently reducing carbon emissions by extracting renewable heat from the environment to generate hot water and heating in the home. This project supports Middlesbrough Borough Council’s commitment to restoring and regenerating Middlehaven as the centre of thriving businesses and homes that it once was. With the multi-million-pound investment, the council’s ambitious Middlehaven Development Framework has included bold ideas providing education, housing, retail and leisure facilities.

EPC Impact

Distribution of EPC rating of existing homes

Year	EPC Rating					Total
	A	B	C	D	E (or below)	
2023/24	0.4%	5.3%	80.7%	12.9%	0.7%	100.0%
2022/23	0.4%	5.0%	80.7%	12.9%	1.0%	100.0%
2021/22	0.0%	3.2%	80.7%	14.4%	1.7%	100.0%

86% of our housing stock has achieved an energy efficiency rating of EPC C or above, an increase of 226 properties during 2023/24. The average SAP rating is 72.6 and we have targets to meet the Government’s target of 100% EPC C or above by 2030. We install only energy ‘A’ rated boilers, and our annual capital works program includes insulation, double glazing, kitchens and bathrooms, ensuring c100% of our homes meet decency standards every year.

In 2023 Beyond Housing secured a further £1.12m of grant from the Social Housing Decarbonisation Fund, through the Tees Valley Combined Authority consortium. The grant, supported by additional match funding of £2.5m from Beyond Housing will improve the EPC ratings and carbon emissions of 97 homes across our communities in the Redcar and Scarborough areas. The proposed projects include energy efficiency measures installed at 65 dispersed properties throughout the region, including insulation, upgraded heating controls, solar PV and Air Source Heat Pumps to some properties. The second project is the installation of a shared ground loop system, solar PV, external wall insulation and energy efficient windows to a block of 32 flats in Hunmanby.

During the period, there were 3 properties that had increased EPC ratings of 2 notches or more, with the net expenditure associated with these being allocated against the bond.

All properties built during the allocation period have achieved an EPC rating of B.

Accountant's Report (RSM)

This report has been submitted to RSM UK Audit LLP (the external auditors of Beyond Housing) who have performed an agreed-upon procedures engagement in accordance with the *International Standard on Related Services ISRS 4400 (Revised) – Agreed-Upon Procedures Engagements*. *The findings of this report will be provided to the Board and M&G Trustee Company Limited.*

Important Information

This report:

- Has been prepared by Beyond Housing for information purposes only
- It does not form a legal investment, tax, accounting or other financial advice
- Is intended to provide non-exhaustive, indicative and general information it is not intended to be full comprehensive
- Should be read in conjunction with the Annual Report and Accounts 2023/24.

This report has been prepared based on reviews and analysis of our loan and data statistics. The report contains backward and forward-looking information. Information has been provided by third parties and the borrower. The information is relevant only on the respective dates.

Beyond Housing makes no representation, warranty, assurance of any kind, expressed or implied, or takes no responsibility or liability as to the fairness, accuracy, reliability, reasonableness, correctness or completeness of any opinions or conclusions in the report.

The report offers no security or investment advice.

Beyond Housing is not liable for any loss, damage, liability or expense incurred or suffered that is claimed to have resulted from the use of this report by the recipients, including without limitation and direct, indirect, special or consequential damages.