

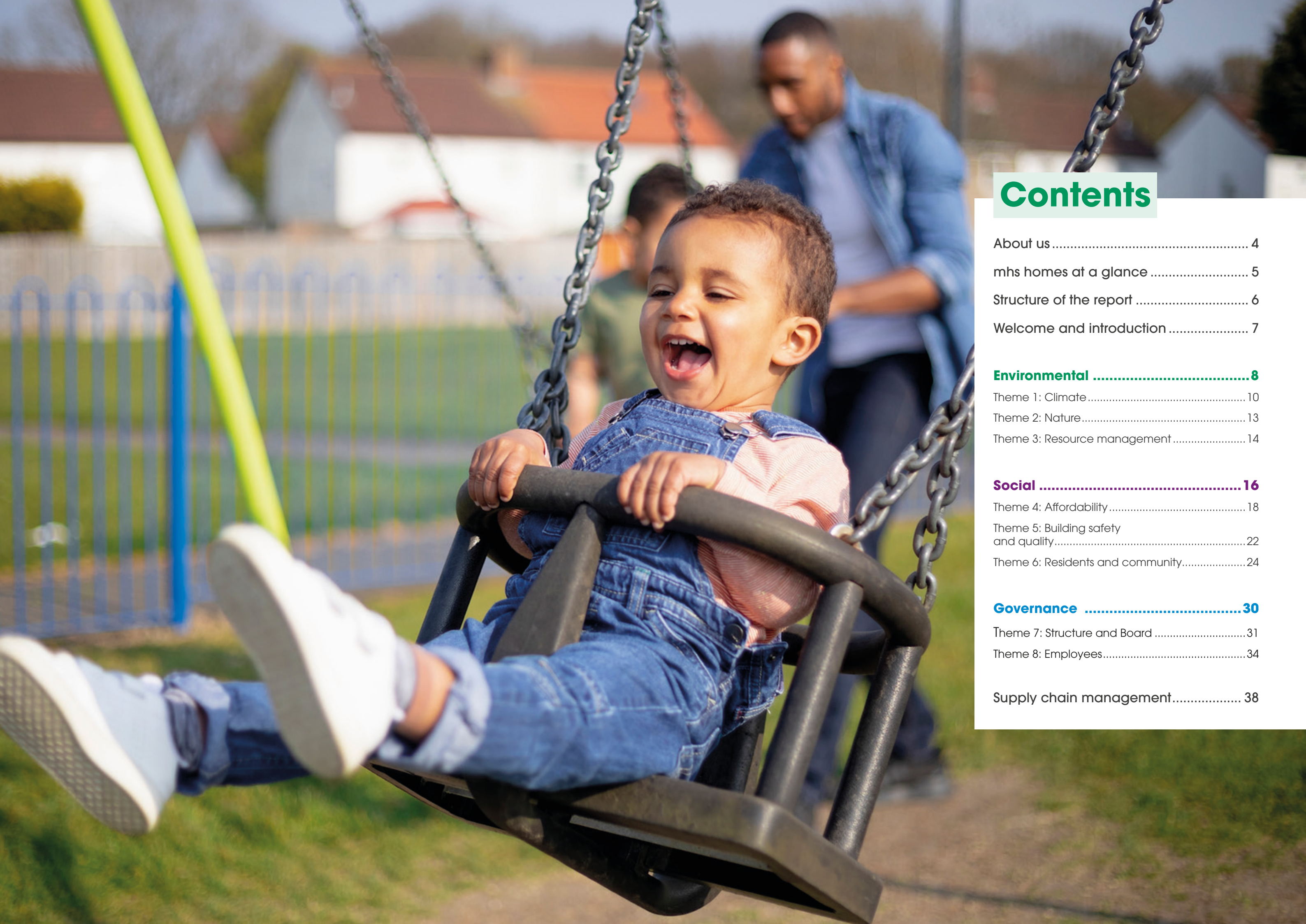


ESG Sustainability

Report 2026

For the year ended 31 March 2026





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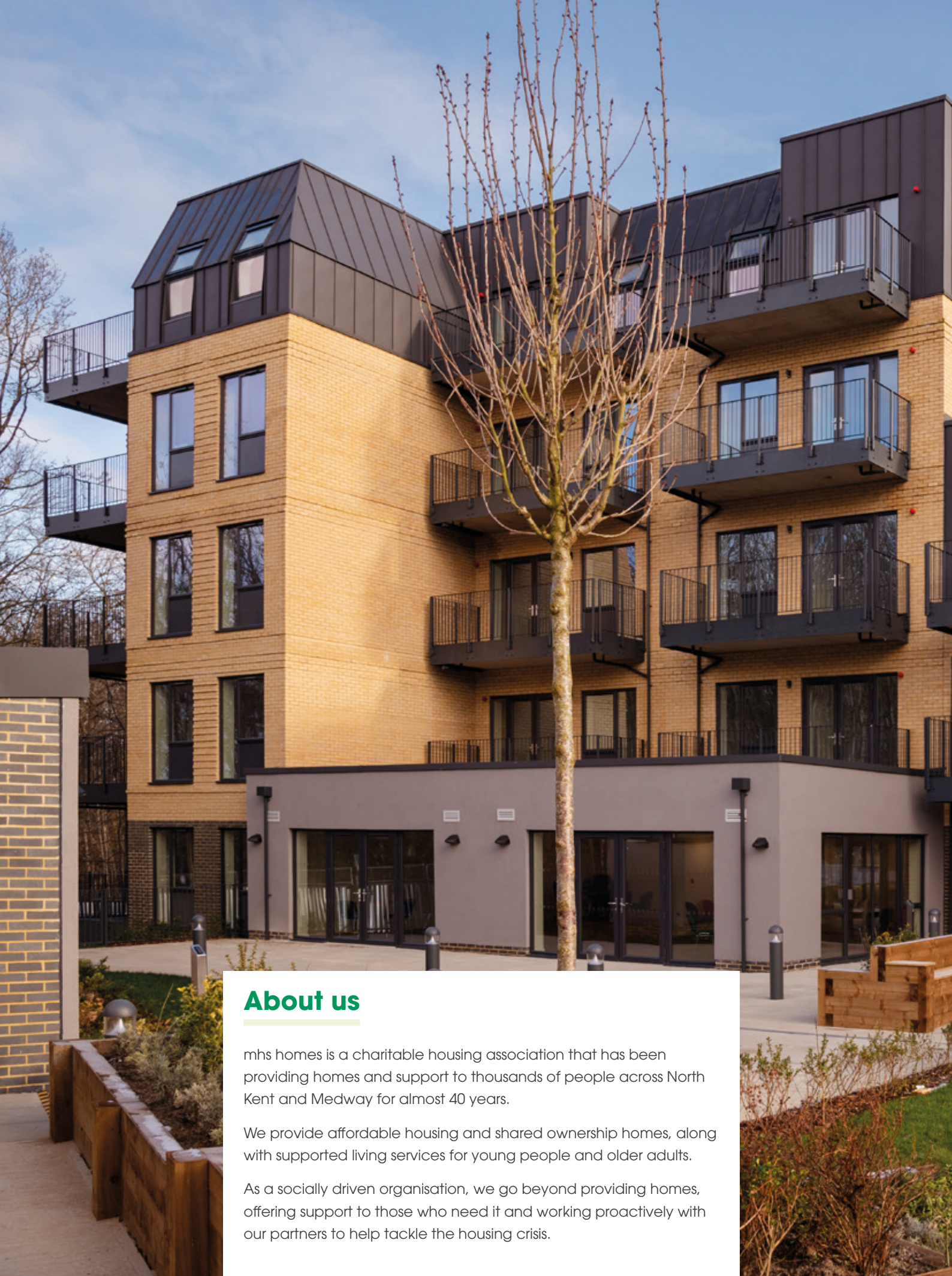
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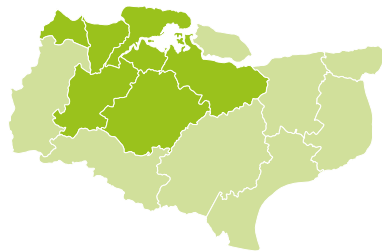
About us

mhs homes is a charitable housing association that has been providing homes and support to thousands of people across North Kent and Medway for almost 40 years.

We provide affordable housing and shared ownership homes, along with supported living services for young people and older adults.

As a socially driven organisation, we go beyond providing homes, offering support to those who need it and working proactively with our partners to help tackle the housing crisis.

mhs homes at a glance



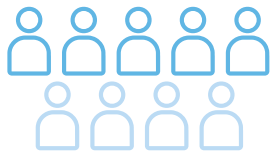
We own and manage **10,160** homes on the south side of the Thames Estuary in North Kent



88% of our customers live in low cost rental homes



This year, we invested **£38 million** in our homes



Over **24,000** people live in our homes



350 staff



We have an annual turnover of **£80 million**



98% homes meet Decent Homes Standard



83% existing homes EPC C and above

Structure of the report

This report reflects our commitment to being a sustainable housing association. It has been structured in line with the Sustainability Reporting Standards, following the 8 themes of the Environmental, Social and Governance pillars.

Environmental	Social	Governance
Theme 1 Climate change Prevents and mitigates the risk of climate change	Theme 4 Affordability Provides affordable and secure housing	Theme 7 Structure and Board Legal structure of the organisation and its approach to governance. High quality Board of trustees
Theme 2 Nature Promotes ecological sustainability	Theme 5 Building safety and quality Tenant safety and building quality are well managed	Theme 8 Employees Supports employees
Theme 3 Resource management Sustainable management of natural resource	Theme 6 Residents and community Supports tenants and the local community	

“I’m proud of what we’ve achieved this year”

This report sets out how we are meeting our responsibilities to the environment, our people and the communities we serve.

This year has been an important step forward in our sustainability journey. We launched our first Sustainability Strategy and action plan, setting out how we will create a more sustainable future for mhs and Heart of Medway homes and communities.

Supporting customers remains our top priority. At a time when many households continue to face financial pressures, improving the quality and affordability of our homes has never been more important. We have continued to invest in energy efficiency and home improvements to help customers reduce energy use and enjoy healthier, more comfortable homes.

During the year, we began delivery of our Warm Homes: Social Housing Fund programme. Through our retrofit programme, more homes achieved EPC Band C, alongside significant upgrades to windows, doors and boilers. These improvements are helping to reduce carbon emissions while making homes more efficient and affordable to run.

However, sustainability is about more than our environmental impact. It is also about creating the conditions for people and communities to thrive. Through our services and partnerships with local organisations, we have supported people to maintain successful tenancies and access the opportunities and networks that help them live well.

Shaping our decisions

Sustainability is increasingly shaping the organisational decisions we make every day, from reducing waste and making responsible purchasing choices to finding new ways to conserve water and use resources more efficiently.

We have also strengthened our commitment to protecting and enhancing the natural environment. During the year, we moved from planning to delivery of our biodiversity programme, helping to improve green spaces and create habitats that support local wildlife.

I am proud of what we have achieved this year. The progress highlighted in this report demonstrates our commitment to creating sustainable homes, supporting thriving communities and building a stronger future for our customers and the places they call home.

Marie-Claire Yuill
Chief Executive



Environmental

Making homes healthier and more affordable is a key priority. Through continued investment in energy efficiency improvements, we're helping customers cut energy bills, improve comfort and reduce carbon emissions.

We're committed to creating more sustainable homes and communities by reducing our environmental impact, improving the energy performance of our properties and supporting a greener future for everyone who lives in them.

During 2025/26, we moved from strategy development into delivery, making significant progress across our housing stock, operations and communities.

Alongside the development of our first Sustainability Strategy and action plan, we began delivery of our Warm Homes: Social Housing Fund programme following the successful award of £2.9 million through Wave 3 of the fund.

The programme has supported energy efficiency improvements in 331 homes, helping to improve EPC performance, reduce carbon emissions and support customers with rising energy costs.

We also secured a further £450,000 of grant funding to support the decarbonisation of 20 homes through the installation of air source heat pumps, solar photovoltaic panels and battery storage technology.

This investment is helping to demonstrate the role that low-carbon technologies can play in improving energy efficiency, reducing reliance on fossil fuels and supporting long-term affordability for our customers.

We're investing in energy efficiency improvements to support customers with rising costs.



Adding value

Our customers and communities value high-quality green spaces that support wellbeing and connect people with nature. During 2025/26, we took an important step forward in enhancing biodiversity by working with The Green Partnership to begin customer consultation and develop plans for our flagship project in Chatham Grove.

We're working to embed sustainability into our everyday decision-making through responsible procurement, improved waste management and initiatives that increase resource efficiency.

As part of this, we're focusing on the sustainability of our fleet. We're continuing to expand the use of electric vehicles and we expect this to increase from 26% to more than 40% under our new fleet procurement plans, supporting our transition to lower-carbon operations.

Cross-sector collaboration remains a key focus for our Sustainability Team. Through active involvement in national groups such as the CIH Net Zero Group, Sustainable Housing Strategy Group, EV Working Group and Biodiversity Lead Network, the team contributes to and benefits from the sharing of expertise, learning and best practice across a broad range of sustainability topics.

The knowledge and partnerships gained through these networks help us strengthen our approach to sustainability, supporting our efforts to reduce environmental impact and create greener homes and communities for future generations.

“ We began delivery of our Warm Homes: Social Housing Fund programme. ”

Theme 1 Climate

Many of the actions and performance measures identified during the development of our Sustainability Strategy are already being put into practice and built into our day-to-day services and planning.

Achieving net zero

Our strategy commits us to achieving net zero carbon emissions by 2050 in line with the UK government’s national targets.

It provides a framework for reducing emissions across our operations and housing stock whilst improving climate resilience and supporting customers through the transition to a low-carbon future.

We’ve built on the foundations of the previous reporting period, continuing to strengthen our approach to carbon reduction, energy efficiency and climate resilience across both our housing stock and operational activities.

Funding received

Grant funding

£450,000

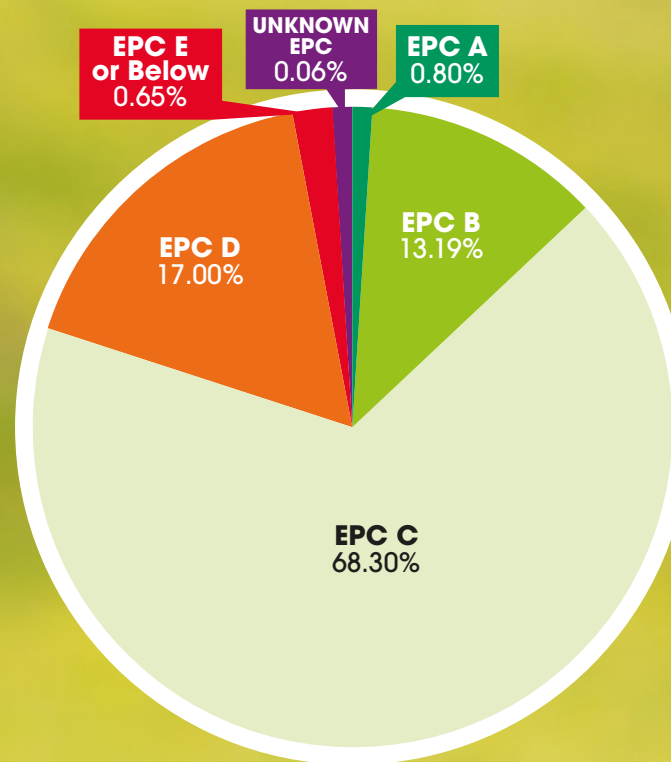
Warm Homes: Social Housing Fund

£2.9 million

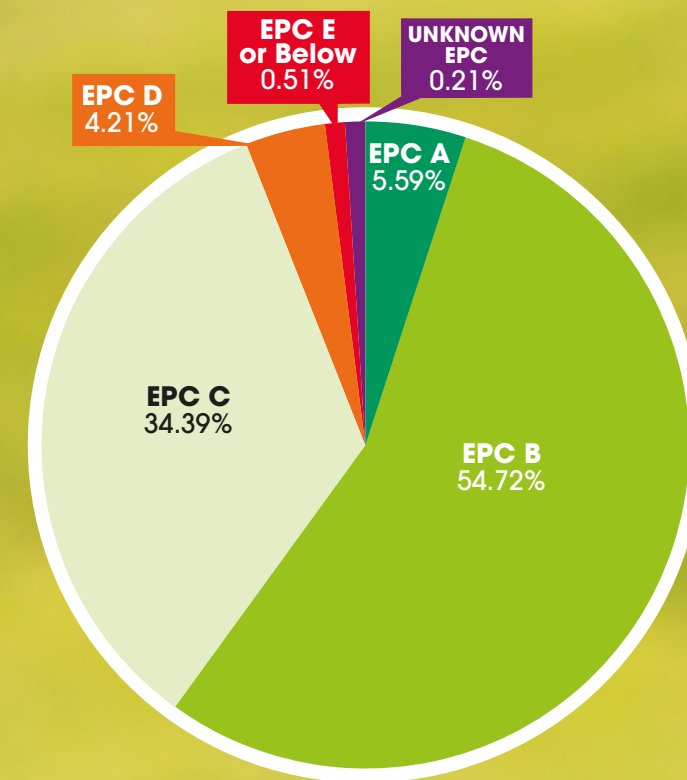
(awarded in previous reporting year)



EPC distribution mhs homes group
(existing homes)



EPC distribution Heart of Medway
(existing homes)



Our progress

During the year, we’ve made significant progress in reducing carbon emissions and improving energy efficiency, including:

- ✓ Replacement of 205 lighting units with LED technology across four sites
- ✓ Started Phase 1 of the Warm Homes programme
- ✓ Retrofit works supporting at least 331 homes to achieve EPC Band C
- ✓ Installation of 227 replacement double-glazed uPVC windows
- ✓ Installation of 267 composite external doors
- ✓ Completion of 449 boiler upgrades
- ✓ Upgrades to our head office building management system to improve energy efficiency and reduce operational energy use.

Greenhouse gas emissions

We continue to monitor and report greenhouse gas (GHG) emissions in line with regulatory requirements and best practice.

Scope 1, 2, and 3 emissions are categories used to measure GHG emissions. Scope 1 are direct emissions from owned or controlled sources, such as company owned facilities and vehicles. Scope 2 are indirect emissions from purchased energy, like electricity. Scope 3 emissions encompass all other indirect emissions that occur in a company's value chain, including the homes we manage and our supply chain.

Emissions source	Tonnes CO ₂ e
Scope 1	1,044.36
Scope 2	418.97
Scope 3	9.13
Total	1,472.46

During 2025/26, natural gas emissions reduced by 17.51% compared with the previous reporting period, totalling 655.62 tCO₂e. This reduction was primarily driven by lower heating demand, including the impact of milder winter conditions during the year.

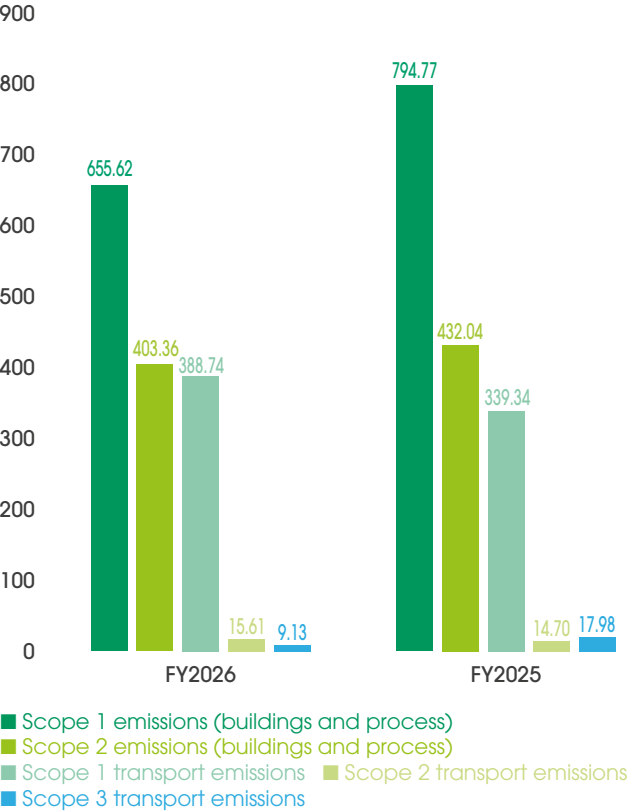
Electricity emissions reduced by 6.64% to 403.36 tCO₂e. While electricity consumption increased due to the addition of new housing schemes with electric heating and higher levels of communal electricity demand, the reduction in the UK grid emissions factor contributed to an overall decrease in emissions.

Transport emissions increased by 11.14% to 413.48 tCO₂e during the year. This increase reflects higher levels of activity from our repairs and estates teams, alongside growth in our leased vehicle fleet, as we continued to invest in frontline service delivery.

Overall, the organisation's emissions intensity metric reduced by 6.24% to 18.00 tCO₂e per £m of turnover. This reduction reflects the overall decrease in operational emissions and demonstrates continued progress towards improving carbon efficiency across the organisation.

We will continue to monitor emissions performance through annual reporting and identify opportunities to reduce operational carbon emissions through energy efficiency improvements, fleet decarbonisation and delivery of our Sustainability Strategy objectives.

Figure 1: Scope 1,2 and 3 emissions (tCO₂e) for this reporting period vs the previous reporting period



Climate adaptation and resilience

Preparing for the impacts of climate change is one of our key commitments. Our Sustainability Strategy sets out clear actions, targets and measures to help us better understand and manage climate-related risks across our homes and services. These include risks such as flooding, overheating, water shortages, changing regulations and the move to a low-carbon economy.

Flood risk

As part of developing our strategy and action plan, we identified flood risk as an important climate-related issue that needs further attention. Our planned actions include assessing flood risk across our homes, identifying properties in higher-risk areas and putting appropriate measures in place to help manage and reduce those risks.

We have also committed to building future homes in areas with a low risk of flooding wherever possible. Where this is not possible, we will make sure suitable flood protection measures are considered as part of development and investment decisions.

Overheating risk

Making homes more resilient to overheating is an important part of both maintaining our existing homes and planning new developments.

Our Sustainability Strategy identifies overheating as a growing climate risk. It includes plans to improve our understanding of where overheating may be an issue by using stock condition surveys, monitoring our homes and considering this risk in future investment decisions.

Water stress and resource resilience

As part of developing our strategy, we identified ways to use water more efficiently in both existing homes and new developments. Planned actions include installing more water-saving fixtures, improving specifications for replacement programmes and gaining a better understanding of how water is used across our organisation.

Governance and monitoring

As we embed our Sustainability Strategy and action plan, we have developed a set of targets and performance measures to help track our progress on climate resilience, resource efficiency and environmental performance.



**Theme 2
Nature**

Improving green spaces, supporting wildlife and enhancing customer wellbeing are important commitments in our Sustainability Strategy.

During 2025/26, we moved from planning to delivering our biodiversity programme. Working with The Green Partnership, we began consulting with customers and developed plans for our flagship biodiversity project in Chatham Grove. This marks an important step forward from the initial research and planning carried out in the previous year.

This programme has brought together colleagues from estates, sustainability, investment, communications and customer engagement teams, along with our contractor partners.

Work on our flagship biodiversity project is due to begin in the next reporting year.

During the year we:

- Partnered with The Green Partnership to help shape our approach to biodiversity
- Developed plans for projects to improve biodiversity across our communities
- Began consulting with customers on our flagship biodiversity project
- Created plans to improve the management of habitats across our estates
- Started building biodiversity knowledge and skills among our teams.

Preventing pollution

We're reducing the environmental impact of our day-to-day operations through a range of practical measures across our estate services and maintenance activities.

During the year, we continued to use environmentally friendly cleaning products in our caretaking services, helping to reduce the impact of routine cleaning and maintenance work.

We also continued to prioritise non-chemical pest control methods wherever possible, working with accredited contractors who use wildlife-friendly approaches.

To help cut carbon emissions, our operational teams reviewed how supplies are ordered and delivered. Materials used by our grounds, caretaking and waste teams are now ordered monthly instead of weekly, reducing the number of deliveries and the emissions associated with transport.

These improvements demonstrate our commitment to continuous environmental improvement and pollution prevention across day-to-day operations. Compared with previous years, greater emphasis is now being placed on reducing environmental impacts through operational decision-making and service delivery practices.

Theme 3

Resource management

Sustainable procurement

We consider environmental sustainability when we're selecting suppliers and contractors. As part of our procurement process, we assess factors such as environmental management systems, carbon reduction plans, sustainability policies and commitments, and recognised environmental accreditations.

This helps ensure we work with organisations that share our commitment to reducing environmental impact and supporting sustainable business practices. Find out more on page 38.

Sustainable materials and product innovation

We continue to work with our suppliers to find products and technologies that improve sustainability, reduce the use of resources and provide better outcomes for our customers.

During the year, we worked with our supply chain partners to identify opportunities to improve the sustainability of our planned maintenance and home improvement programmes. Working with Jewson and manufacturer Methven, our Kitchen and Bathroom Team assessed a range of products for possible use in future investment programmes.

These included water-saving taps and thermostatic shower mixers designed to improve durability, enhance the customer experience and reduce water and energy use.

These product trials are part of our wider commitment to finding more sustainable solutions and reducing the environmental impact of maintaining and improving our homes.

Operational sustainability and resource efficiency

During 2025/26, we continued to make our services more environmentally friendly by reducing energy use, waste and resource consumption.

“ We’re testing new products to reduce water and energy use. ”



“ We’ve invested in water-efficient cleaning equipment. ”

We expanded the range of environmental improvements across our frontline services, helping to lower our environmental impact and support more sustainable ways of working.

This included the continued use of water-efficient cleaning equipment, which helps reduce water consumption while maintaining high service standards across our estates.

We also trialled electric grounds maintenance equipment to explore opportunities to cut fuel use, carbon emissions and noise. The findings will help inform future investment decisions as we work towards lower-carbon services.

Together, these initiatives demonstrate our commitment to reducing the environmental impact of our day-to-day operations and embedding sustainability into operational decision-making.

Waste management

During 2025/26, we developed a range of actions and targets to improve how waste is managed across our maintenance work, offices and neighbourhood services. This includes increasing recycling, reducing the amount of waste sent to landfill, improving contractor reporting and gaining a better understanding of the waste produced by our activities.

We already make sure that maintenance waste that cannot be reused is diverted from landfill through our waste management arrangements. As part of our sustainability plans, we are working to improve monitoring and reporting so we can better track recycling rates and identify opportunities for further improvement.

We have also identified ways to reduce waste in our neighbourhoods, including tackling fly tipping, reviewing communal waste facilities and encouraging residents to recycle and dispose of waste responsibly.

In our offices, we are exploring opportunities to increase the use of recycled materials, improve recycling facilities, reduce single-use items and buy more sustainable products.

Water management

We monitor water use and efficiency, alongside other measures such as waste and recycling performance, to help us understand and improve our environmental impact.

We continue to look for ways to reduce water use across our homes and services, including exploring water-saving technologies and other sustainability initiatives.



📢 We're improving how waste is managed across our maintenance work, offices and neighbourhood services. 📢



Transitioning to a sustainable fleet

We've continued to modernise our fleet of 135 vans that support services across our homes. 26% of our fleet is now fully electric, helping to reduce carbon emissions and support our sustainability goals.

Working with Northgate's Drive to Zero team, we took further steps to decarbonise our fleet through vehicle assessments, colleague engagement and the replacement of older vehicles.

Throughout the year, we held a series of electric vehicle events, including an open day at our depot, giving colleagues the opportunity to test drive electric vehicles, learn about charging options and speak to industry experts.

We also began replacing 36 electric vehicles with newer, higher-performing models following successful trials. These upgrades will improve efficiency and support our long-term carbon reduction ambitions.

Using vehicle data from our petrol and diesel fleet, we worked with Northgate to identify which vehicles could be switched to electric alternatives in the future. This has helped us develop a clear plan for further fleet electrification while maintaining service standards.

We have also continued to explore charging infrastructure and new technologies. During the coming year, we will take part in trials of solar panel technology fitted to electric vehicles to assess its potential to improve battery performance and reduce electricity use.

This builds on the planning and assessment work completed in previous years and reflects our ongoing commitment to reducing emissions through cleaner transport solutions.

📢 26% of our fleet is now fully electric. 📢

Social



Supporting our customers and local communities is central to our purpose.

The cost of living crisis is a stark reality for many of our customers, with rising household costs continuing to place a severe strain on budgets. We are committed to providing support when it is needed most, helping people navigate financial challenges and maintain stable, secure homes.

Through our dedicated services and partnerships with local charities, community groups and support agencies, we help people access the opportunities and networks that help them live well.

Our teams provide practical, person-centred support to help customers maintain their tenancies and live safely and independently in their homes. We support people with a wide range of needs, from managing finances and accessing benefits to finding the right help for their

mental and physical wellbeing.

By taking the time to understand each person's individual circumstances, we can connect them with services and support that help them overcome any challenges and improve their quality of life.

As well as supporting individual customers, we are committed to creating communities where people feel safe. Working closely with local authorities, the police and other partners, we take action to address anti-social behaviour and support safer, more welcoming communities.

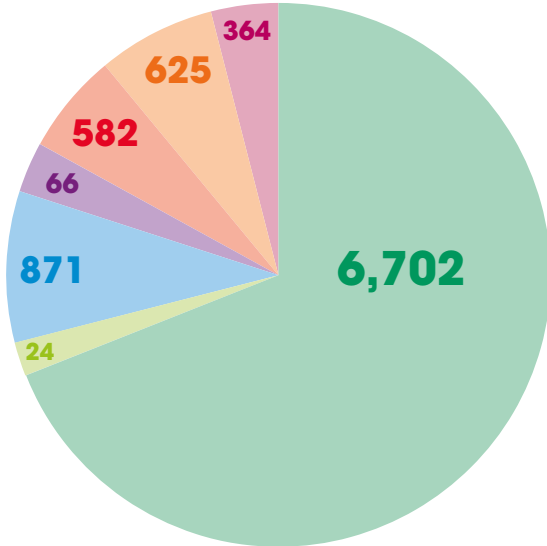
By investing in people as well as homes, we aim to create places where residents feel connected, supported and proud to live.

Theme 4 Affordability

As of 31 March 2026, mhs homes owns and manages 10,160 properties, 88% of which are social and affordable rentals. To better understand the scale and composition of housing tenure types, we've provided a breakdown to illustrate the extent of our accommodation.

TENURE

- Social rent
- Intermediate rent
- Affordable rent
- Supported housing
- Housing for older people
- Shared ownership
- Private rented sector



New homes

mhs homes group delivered 112 new homes in 2025/26 and will invest £30 million in new homes over the next five years.

During the year, we launched two new affordable housing developments for older people, helping to meet growing demand for high-quality homes across Medway.

Thackeray House in Rochester provides 44 modern apartments, while Hallwood House in Lordswood offers 46 one and two-bedroom homes for people aged 55 and over.

Both schemes have been designed to support independent living with safe, secure and energy-efficient homes in well-connected locations, reinforcing our commitment to helping people live well for longer in their communities.





Keeping our homes affordable

To support households who are unable to afford market-rate housing, providing affordable homes remains at the heart of our social purpose. We measure the affordability of our rents against Local Housing Allowance (LHA) rates and average rents in the private rented sector (PRS).

Measure	Our rent as a % of benchmark
Average private sector rent (PRS)	59%
Local Housing Allowance (LHA)	77%

Our rents are significantly below local market levels, helping more people access a safe, secure and affordable home.

Reducing costs for customers

Helping customers manage the rising cost of living remains a key priority for us.

Our Sustainability Team works with colleagues across the organisation to improve the energy efficiency of our homes, make informed decisions about heating systems, and connect customers with specialist partners, including Green Doctors, which provides free energy advice.

The service offers tailored home visits, helps customers make sure they are on the most suitable energy tariffs, and provides practical advice on reducing energy costs.

Our Customer Support Fund provides support to customers experiencing financial hardship, helping people manage essential costs and maintain stable tenancies. During 2025/26, we awarded more than £80,000 through the fund, including £2,000 in emergency grants.

We are focusing investment on homes with lower energy performance ratings to help improve energy efficiency and reduce energy costs for customers. Alongside government-funded retrofit programmes, we continue to look for additional funding opportunities to bring more energy-saving improvements to our homes.

The launch of our Warm Homes retrofit programme is an important step forward, helping us increase the number of homes that benefit from energy efficiency improvements. It builds on previous initiatives and supports our commitment to making homes more affordable to run.



Working to end homelessness

We have three supported housing schemes – or Foyers – which provide accommodation for 18-24 year olds experiencing homelessness.

Together, they are giving hundreds of young people in Medway the safety and security they need to reach their goals.

When Jack first moved in, he felt very isolated. But a work experience opportunity with our caretaking team is helping him turn things around.

Caretaker Jackie has been impressed with Jack’s work ethic. “From the start he was hardworking and engaged, but what’s been lovely to see is the difference in Jack’s confidence.”

Jack’s now making plans for the future and is practicing for his driving theory test with the hope of opening up more work opportunities.

This year, our Sunrise Foyer joined our other two Foyers to achieve Explorer Level accreditation from the Foyer Federation, recognising the quality of support it provides to young people.



In 2025/26, 24% of our lettings went to homeless households

Theme 5

Building safety and quality



Maintaining safe homes

Keeping customers safe in their homes is a top priority, and we continue to perform strongly across the Big Six areas of building safety with robust checks, timely maintenance, and clear communication with customers.

Our compliance performance has remained consistently high throughout the year, reflecting the strong systems and processes we have in place. This demonstrates our ongoing commitment to customer safety and meeting regulatory requirements.



1,181 cases of damp and mould reported in 2025/26

Compliance area	mhs homes	Heart of Medway
Gas safety	99.7%	99.9%
Fire safety	100%	100%
Electrical safety	99.3%	100%
Asbestos managment	100%	100%
Legionella assessments	100%	100%
Lift safety	100%	100%

Percentage of homes for which all required safety checks have been carried out.

Meeting housing standards

The Decent Homes Standard is the government's minimum standard for housing quality and provides an important measure of the condition of our homes.

At the end of 2025/26, 98% of our homes met the Decent Homes Standard. While this is a slight decrease compared with the previous year, we remain focused on achieving our target of 100% compliance.

We monitor all homes that do not meet the standard and report on them regularly. Most non-decent homes require component replacements and have been included within planned investment programmes to bring them up to the required standard.



98% of homes meet the national housing quality standard

Managing the risk of damp and mould

We've listened to customer feedback and continued to improve how we manage damp and mould.

We're using new technology, helping our teams work better together and strengthening how we manage damp and mould cases. This helps us spot problems sooner, respond more quickly and provide better support to customers.

During the year we received 1,181 reports of damp and mould with 585 cases being closed and 119 awaiting post inspection sign off. The remaining cases open have been inspected with works in progress.

How we're improving our service:

- Dedicated case management systems
- Mobile inspection technology
- Risk-based prioritisation
- Integrated repairs management
- Damp and mould monitoring pilots
- Close collaboration between housing, asset management and sustainability teams.



Theme 6

Residents and community

During 2025/26, we continued to strengthen how we engage with customers and focused on gaining a better understanding of their experiences and needs. Customer feedback plays an important role in helping us improve services and learn as an organisation.

One of the ways we do this is through the Tenant Satisfaction Measures (TSMs). These are a set of standards introduced by the Regulator of Social Housing that help us understand how customers feel about the services we provide.

Through annual surveys, customers tell us about their experiences of areas such as repairs, safety, communication, complaints handling and whether they feel their home is well maintained. The results help us identify where we are performing well and where we need to improve.

Tenant Satisfaction Measure	Result
mhs homes overall customer satisfaction	69%
Heart of Medway overall customer satisfaction	67%

Read our full TSM results:

mhs.org.uk/about-us/our-performance



What the TSM results told us

Customers told us they wanted quicker responses, clearer communication and more consistent service, particularly in repairs, customer contact and complaints.

We have used this feedback to shape our improvement plans.

We've brought our customer services and repairs teams closer together, helping to improve satisfaction with repair times. Our next focus is to further improve communication by providing repairs updates through text messages and voice calls, while strengthening quality checks to ensure repairs are completed to a high standard.

Access to our services has also improved. Average call waiting times have fallen from more than seven minutes to less than two minutes, and fewer customers abandon their calls before speaking to us.

While satisfaction with complaints handling remains an area for improvement, performance improved during the second half of the year. In response to customer feedback, we established a Learning from Complaints Group, improved complaint response times and strengthened our processes for identifying and managing complaints.

Customer feedback continues to drive service improvements, influencing changes to our teams, communications, service access, repairs processes and complaints handling, with further improvements planned for the year ahead.



Customer engagement groups

More than 175 engaged customers work with us through focus groups, surveys, service reviews and other feedback opportunities, helping us better understand their needs and experiences.

Customers also play an important role in representing their communities as estate champions, providing feedback on customer communications and helping us improve services such as repairs. Their views and experiences help us make informed decisions and drive positive change across the organisation.

The Customer Scrutiny Panel (CSP) carries out in-depth reviews of our services and makes recommendations for improvements directly to our Board of Trustees. In 2025/26, they reviewed our asset management approach and home improvement plans for homeowners, helping to shape decisions and drive service improvements.





Measure	Result
Stage 1 complaints responses within target	84.5%
Stage 2 complaints responses within target	76.1%

Managing complaints

Complaints provide valuable insight into customer experiences and opportunities for service improvement. During the year we maintained our focus on improving complaint handling processes and making sure learning is captured and acted upon across the organisation.

At the end of 2024/25, complaint feedback highlighted customer concerns around our repair times and communication with shared ownership and leasehold customers.

Learning from this feedback directly informed our service improvement activity during the year, with particular emphasis placed on repairs delivery and communication with homeownership customers.

We’ve delivered continued improvement in repair performance, with the proportion of repair jobs completed within target increasing by 22% over the year. This demonstrates how complaint learning has been translated into operational action through improved monitoring, timeliness and follow-up.

During the year we also restructured the Homeownership Team and introduced dedicated newsletters and performance reporting for homeownership customers. These changes were designed to provide clearer, more relevant communication and improve responses to service charge enquiries.

While it is still too early to assess the long-term impact on customer satisfaction, encouraging improvements have been seen in income collection performance, indicating increased homeowner confidence and a more responsive approach to service charge enquiries.

Overall, complaint themes have played a key role in shaping service improvements, informing changes in our working practices, strengthening communication and contributing to measurable improvements in service delivery.

In the last 12 months, 19 complaints have been identified as maladministration by the Housing Ombudsman. These typically relate to shortcomings in service delivery, repairs delays, communication failures or weaknesses in complaint handling.

While the number of findings remains low in comparison to the volume of services we provide, each case represents an opportunity to learn and improve. The findings reinforce the importance of strengthening our repairs service, improving communication with customers and resolving concerns at the earliest possible stage.

We use Housing Ombudsman decisions as part of our continuous improvement approach, helping us identify recurring themes, address underlying causes and improve outcomes for our customers.

Resident support

Our housing teams are trained to support customers facing financial difficulties, safeguarding concerns, health issues and other urgent situations, including anti-social behaviour and domestic abuse.

We continue to work closely with customers and our partners to provide support that helps people sustain their tenancies, improve wellbeing and access the assistance they need before issues escalate.

This includes proactive home visits, assistance for customers with specific individual needs, management of complex anti-social behaviour cases, safeguarding referrals, and partnerships with the police, social services, community mental health teams, environmental services and local support agencies.

As housing providers, we’re in a unique position to spot the signs of domestic abuse early. We actively support emergency moves through a Kent wide reciprocal agreement which enables survivors to relocate quickly and securely.

 £191 a week average increase in benefit payments for 105 households

Some of the ways we provide practical and financial support include helping customers with HomeChoice applications and access to our welfare support service.

During the year, our welfare team supported 165 households. This included securing more than £153,000 in backdated benefits, helping to reduce £118,000 in rent arrears, and increasing regular benefit payments for 105 households by an average of £191 a week.

Customers have also been able to access support through our Customer Support Fund, helping households obtain essential items and manage periods of financial hardship.

Our Income Team uses data and technology to identify customers who may be struggling financially and offers early support, including payment plans, benefits advice and referrals to specialist services.

And where customers need help with employment, training or developing new skills, we work with colleagues and external partners to connect them with relevant opportunities and specialist support.



For seven years, Steve’s life was shaped by instability. He moved between rough sleeping, temporary accommodation and hospital stays, but struggled to access the support he needed.

Things changed when Steve became an mhs homes customer in late 2024 and was referred to our welfare team. With steady, reliable help from advisor Bea Kusagli, he began to rebuild his confidence, understand his benefits and feel more secure in his home.

“Things are so much better now,” said Steve. “Without Bea’s support, I’d still be on the streets.”

 We awarded £80,000 in grants through our Customer Support Fund.

Aids & adaptations

We want to support our customers to stay independent and safe in their homes. During the year, we completed 274 minor adaptations – such as ramps, handrails, grab rails, showers and higher toilets – and 60 major adaptations, including wet rooms and access ramps, to help make our customers’ homes safer and more accessible.



Placemaking

As a social landlord, we're here to help create stronger communities. By working with local partners and residents we're supporting places where people can thrive.

During the year, we ran a range of activities to support customers and promote sustainability. These included surveys, community roadshows, clean-up events, awareness campaigns, and energy advice and winter readiness sessions.

These activities encouraged customers to get involved and learn more about sustainability. Building



on previous years' work, we continued to create more opportunities for customers to take part in environmental and neighbourhood improvement projects. This is helping to improve local areas and inspire positive action.

As part of one project, we transformed the ball court at Melville Court in Chatham. The court was resurfaced, new line markings were added and drainage was improved. A community-designed mural has made the space more welcoming and given the area a stronger sense of place.



Connecting with the community

Sponsoring local events is one of the ways we support stronger, more inclusive communities and recognise those creating positive change.

The Pride in Medway Awards celebrate the extraordinary individuals, organisations and groups making a meaningful difference to the lives of people across Medway.

Our sponsored category winner was Desiree Nurse. Through her salon, Cleopatra's Legacy, Desiree and her team are bringing health education, cancer support and confidence-building directly into the local community, creating a welcoming space where people feel seen, understood and supported.

We are also proud sponsors of Medway Pride, celebrating diversity, promoting inclusion and standing in solidarity with the LGBTQ+ community.

And as members of the Medway Champions network, we host an annual event to celebrate Medway and the people who make it what it is. The event brings together local community groups, charities, businesses and individuals, united by a shared pride in Medway as a great place to live and work.

Through our support of these important community initiatives, we aim to champion equality, foster a sense of belonging and help create communities where everyone can thrive.

Fundraising heroes

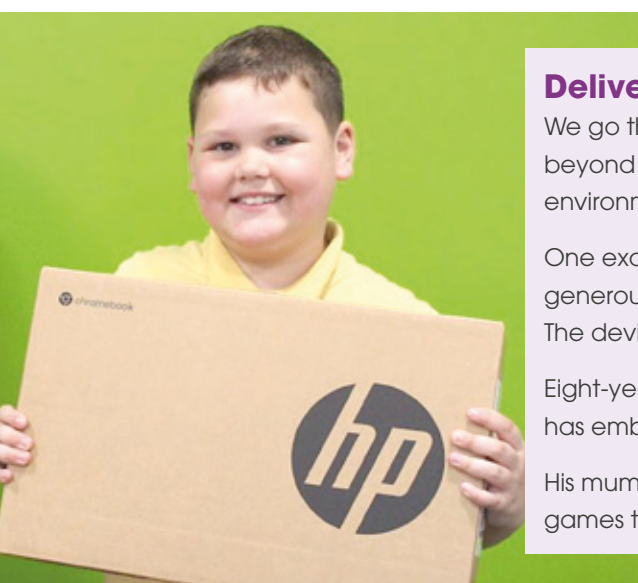
Each year, we raise funds for local charities chosen by our colleagues and customers, supporting causes that matter most to our communities.

In 2025, we raised an incredible £48,000 for Child's Vision, a Kent-based charity supporting children who have witnessed or been affected by domestic abuse. From golf days and dragon boat races to charity football matches and a London-to-Paris bike ride, our colleagues went above and beyond to make every pound count.

We also continued our support for Porchlight, Kent's leading homelessness charity. In March, more than 40 people braved a cold winter's night to take part in the mhs homes Big Sleep Out. Held in partnership with Birketts LLP, the event raised an impressive £7,100 to help tackle homelessness across Kent.



Working with our partners, colleagues and customers, we raised more than £60,000 for local charities and community causes.



Delivering social value

We go the extra mile to deliver social value through our contracts, looking beyond the services we procure to create lasting economic, social and environmental benefits for our communities.

One example of this is the support provided by our partner, 360CTRL, which generously donated five brand-new Chromebooks for a customer competition. The devices are already making a real difference to the winners and their families.

Eight-year-old William, who has autism, dyspraxia and a severe language disorder, has embraced his computer as a tool for learning, communication and creativity.

His mum, Leigh, said: "William is absolutely loving his Chromebook. From playing games to typing his own stories, it's opened up a whole new world for him."



Theme 7

Structure and Board

Governance

Strong governance provides the foundation for delivering our strategic priorities and maintaining the trust of the communities we serve.

During 2025/26, we continued to strengthen oversight of sustainability, risk and organisational performance through effective governance arrangements, robust Board scrutiny and clear accountability. These arrangements support informed decision-making, promote transparency and help us remain focused on delivering long-term value for our customers, communities and stakeholders.

We remained committed to meeting the expectations of the Regulator of Social Housing and complying with all relevant legal and regulatory requirements.

In 2025, Heart of Medway received the highest possible ratings of G1, V1 and C1 from the Regulator of Social Housing. This achievement reflects the strength of our governance, financial resilience and commitment to delivering safe, high-quality services.

Strong governance and assurance arrangements help us manage risk effectively, drive continuous improvement and maintain the high standards our customers and stakeholders expect.

Equality, diversity and inclusion (EDI) are central to our approach. We continue to embed EDI across the organisation, creating an environment where all customers and colleagues feel valued, respected and supported.

We recognise that diverse perspectives drive innovation, strengthen decision-making and enable us to respond more effectively to the housing challenges facing our communities.

To build on our progress, we have enhanced the way we record and analyse EDI data to improve our understanding of the needs and experiences of our customers and colleagues. This helps us identify inequalities, target support more effectively and ensure our services remain inclusive and accessible.

We also continued to review outcomes for customers through analysis of performance data, complaints, customer feedback and service delivery insights.

Our EDI Taskforce holds us to account and maintains a rolling programme of monitoring and review to identify trends and address emerging issues.

To ensure our governance better reflects the communities we serve, we have set targets to diversify our Board through positive action, bringing a broader range of skills, experience and perspectives to our decision-making.

Our Housing Diversity Network accreditation and RACE Equality Code quality mark recognise the progress we are making in equality, diversity and inclusion. While we are proud of these achievements, we know there is more to do and we're committed to continuous improvement.

“Diverse perspectives and skills strengthen our decision-making”

Heart of Medway is registered with the Regulator of Social Housing (RSH) in England. The mhs homes group is registered with the Charity Commission.

We have adopted the National Housing Federation (NHF) Code of Governance which is based on clear requirements and commitments.. This framework enables our Boards to demonstrate best-practice compliance in line with expectations for the housing sector.

mhs homes group is a registered not-for-profit organisation. This means any surplus income is reinvested into our customers' homes and services.

ESG governance

To strengthen oversight of sustainability, we established a Sustainability Working Group to monitor performance, oversee delivery of our Sustainability Strategy and report progress to senior leaders and the Board.

This has improved accountability across the organisation and provides clearer oversight of sustainability priorities, performance and risks.

Regulatory compliance

No adverse regulatory findings resulting in enforcement action were reported during the year.



Customer voice

Customer involvement remains central to how we shape and improve our services. By working closely with customers, we gain valuable insight into what matters most to them and make sure their experiences influence decision-making across the organisation.

Our customers play an important role in holding us to account and helping us deliver better outcomes. Through feedback, scrutiny and collaboration, they challenge us to improve services, identify opportunities for change and ensure we remain focused on customer priorities.

During the year, our Customer Scrutiny Panel continued to carry out detailed reviews of key services, independently assessing performance and reporting their findings and recommendations directly to the Board. Their work helps drive service improvements and provides valuable assurance that the customer voice is being heard at the highest level.

Customer representation is embedded within our governance structure through our three Tenant Board Members, who are elected by fellow residents and share the same legal responsibilities as all Board members. Their insight and lived experience help ensure customer perspectives are considered in strategic decisions and support our commitment to delivering services that meet the needs of our communities.

Increasing diversity in leadership

As part of our EDI action plan, we’re working towards increasing diversity across our workforce and making sure it’s reflected at all levels of the organisation including on our Board and in leadership positions.

Demographics of our Boards	mhs homes group	Heart of Medway
What % of the Board are women?	55.56%	43%
What % of the Board are BAME?	22.22%	42.86%
What % of the Board are residents?	22.22%	16.67%
Average age of the Board	58.5	55.28
Average tenure of the Board	3.33	3.71

56% of mhs group Board are women

22% of mhs group Board are customers

Leadership changes

During the year, we saw some turnover in the mhs group and Heart of Medway Boards and in our senior management team, including the appointment of our first female CEO.

We are committed to ensuring strong leadership through clear succession planning and robust governance practices.

Over the past 12 months, a succession plan has been presented to the Board with ongoing oversight delegated to our People and Culture Committee.

We have taken appropriate steps to prepare for future changes in the senior management team including annual review of term dates at the AGM, and committee-led assessment of recruitment needs.

	mhs homes group	Heart of Medway
Board members that have turned over in the last two years	33.97%	31%
Senior management team that have turned over in the last two years	17.4%	Not applicable as all staff employed by mhs homes

Board oversight

Our non-executive directors bring an independent and impartial view to governance and management decisions. They oversee our financial integrity, provide independent scrutiny and risk management.

All three members of our Audit Committee have recent and relevant financial experience.

Our audit partner – BDO – has been responsible for auditing our accounts for the last 12 years. The contract is due to be retendered following the 25/26 audit.



88.89% of our Board members are non-executive directors for mhs homes, and 100% for Heart of Medway.

Independent review

An independent review of the mhs Board and governance arrangements was undertaken in January 2024. Heart of Medway Board had a board effectiveness review in 2026.

As recommended by the NHF Code of Governance best practice, the Board undertakes externally-facilitated board-effectiveness reviews every three years.

Conflicts of interest

We have a clear policy in place to manage conflicts of interest, and all declarations are published on our website. Each Board and Committee member’s interests are reviewed and presented at the relevant meetings to ensure transparency and accountability.

If a potential conflict arises, the relevant Board member withdraws from the meeting for the duration of the item debate/decision.





Theme 8

Employees

Creating a fair, diverse and inclusive workplace is central to our values and our social purpose.

We are committed to ensuring that everyone has equal opportunities to succeed and to building a workforce that reflects the communities we serve.

During the year, we reached a significant milestone by reporting a 0% gender pay gap, demonstrating fair representation across roles and pay levels.

We also continued to improve ethnicity pay equality, with a low mean ethnicity pay gap and an improving median gap. These achievements reflect our long-term commitment to removing barriers, promoting inclusion and creating opportunities for colleagues to thrive.

We are proud of the progress we have made, but we recognise that equality requires ongoing focus and action. We remain committed to understanding the factors that influence pay equality, supporting career progression and ensuring every colleague has the opportunity to reach their full potential.

Our results

- 0% mean gender pay gap**, down from 0.4% the previous year
- 3.3% median gender pay gap**, well below the national average of 8.6%
- 0.6% mean ethnicity pay gap**, with white colleagues earning slightly more on average, compared with a 2.2% gap in favour of non white colleagues the previous year.

CEO-worker pay ratio

The CEO-worker pay ratio demonstrates the pay dispersion between the CEO and the organisation’s median earner. As at 31 March 2026, our CEO-worker pay ratio is 5.5:1.



“ We’re proud to report a 0% gender pay gap ”

Equality, diversity and inclusion

Creating an inclusive workplace where everyone feels valued, respected and able to succeed remains a key priority for us. We continue to embed equality, diversity and inclusion (EDI) across the organisation through training, awareness raising and a strong focus on understanding the needs of our colleagues and customers.

All new colleagues are introduced to our EDI commitments as part of their induction, helping them understand the important role they play in creating an inclusive culture from day one. Colleagues also complete mandatory training on topics including unconscious bias and sexual harassment, supported by a broader programme of learning and development.

Throughout the year, we continued to equip colleagues with the knowledge and skills needed to deliver inclusive services. Our customer experience training supports teams to recognise and respond to customers’ individual needs, while managers receive guidance on carrying out Equality Impact Assessments to ensure policies, services and decisions are fair, inclusive and accessible.

We also promote understanding and awareness through regular colleague engagement activities, including Lunch & Learn sessions to encourage open conversations, increase understanding and help foster a culture of inclusion across the organisation.

Celebrating diversity remains an important part of our culture. During the year, we recognised a range of awareness events and cultural celebrations, including Pride, Black History Month and International Women’s Day, helping colleagues learn from one another’s experiences and feel a greater sense of belonging.

As a member of Women in Social Housing (WISH), we continue to support initiatives that promote equality and create opportunities for women across the housing sector.

We have also continued our work to improve the quality of our diversity data. By strengthening our understanding of the people we employ and serve, we can identify areas of under-representation, address inequalities and target our efforts where they will have the greatest impact.

Our EDI Taskforce oversees this work, helping to ensure inclusion remains at the heart of our decision-making and continuous improvement across the organisation.

We are building a culture where inclusive behaviours are expected and embedded into everyday working life. Through clear expectations, ongoing learning and strong leadership, we encourage colleagues to speak up and challenge inappropriate behaviour, respect different perspectives and create an environment where everyone feels safe, valued and able to be themselves.

Supporting the physical and mental health of our staff

Staff sickness absence reduced from 3.7% to 3.1% during the year, reflecting continued progress in supporting a healthy, engaged and productive workforce and suggesting a positive impact from the wellbeing support available to colleagues.

As a Disability Confident employer, we are committed to creating an inclusive workplace where people with disabilities or with long-term health conditions are supported to succeed. The accreditation reflects our ongoing efforts to remove barriers, promote equality of opportunity and ensure colleagues can thrive at work.

Mental health is another important area of focus. Colleagues have access to a confidential Employee Assistance Programme, occupational health services and a network of trained Mental Health Champions. Throughout the year, we continued to promote awareness and encourage conversations around mental health through campaigns, resources and colleague engagement activities.

Our staff have access to occupational health services and the Headspace app, and we provide financial support towards osteopath and physiotherapy treatments, glasses and free eye tests and we offer free health and blood pressure checks.

We have two holiday homes that staff can book at a reduced rate, offering an affordable way to relax and recharge.

We believe in a supportive, people-first culture so we offer flexible working hours to support work-life balance and reasonable adjustments to the working environment where needed. We also offer enhanced annual leave above the statutory entitlement.



Staff sickness absence reduced from 3.7% to 3.1%



During 2025/26, we delivered 1,430 learning and development days

Learning and development

Investing in our people is essential to building a skilled, engaged and high-performing workforce. During 2025/26, we delivered 1,430 learning and development days, with colleagues completing an average of 4.2 days of learning and development each.

We are committed to supporting continuous professional growth and helping colleagues develop the skills and knowledge needed to succeed in their roles and progress their careers. To support this, we fund professional memberships and subscriptions, helping colleagues stay connected to their industries and up to date with emerging trends, best practice and regulatory developments.

We also support colleagues to undertake recognised professional qualifications, including those offered by the Chartered Institute of Housing (CIH) and other relevant professional bodies. During the year, around one-third of our training budget was invested in professional qualifications, demonstrating our commitment to developing expertise, strengthening capability and investing in future talent across the organisation

“ This year, around one third of our training budget was invested in professional qualifications. ”

Supply chain management

We're committed to delivering social value in our contracts. For contracts above a defined threshold, we consider more than just cost, assessing how suppliers can contribute to the economic, social and environmental wellbeing of the communities we serve.

We use a credit-based framework to set, measure and monitor social value commitments. As part of the tender process, suppliers select from a range of social value activities and commit to delivering specific outcomes, each with an assigned credit value.

These commitments form part of the tender evaluation and contribute to the overall contract award decision. Once a contract is in place, progress is regularly monitored through our contract management arrangements, with delivery reviewed at monthly and quarterly meetings. Embedding social value requirements within our contracts ensures suppliers are accountable for delivering the commitments they make.

In 2025/26, suppliers delivered 1,378 social value credits, exceeding our target of 1,350 credits and generating additional benefits for our customers and communities.

ff This year, our suppliers delivered 1,378 social value credits. JJ

Our procurement policy requires that all open quotations and tenders over £100,000 will allocate at least 10% of the evaluation score to social value, reinforcing our commitment to meaningful, measurable community impact.

Environmental responsibility in procurement

We are committed to minimising environmental impact through our procurement activities and embedding sustainability considerations throughout our purchasing processes.

Where appropriate, our tender evaluations include a scored environmental and sustainability question, tailored to the nature of the procurement. This enables us to assess suppliers' environmental credentials, policies and proposed approaches, with stronger commitments

and innovative solutions contributing positively to tender outcomes.

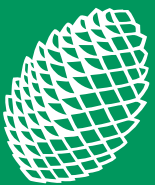
At the selection stage, we also use questions from the Common Assessment Standard to evaluate suppliers' environmental management arrangements, including accreditation to recognised standards such as ISO 14001 and the presence of carbon reduction plans.

Following contract award, suppliers onboarding to our systems are required to complete an environmental and sustainability questionnaire. This captures information on areas such as environmental management systems, relevant accreditations and environmental performance reporting. The information is reviewed and refreshed every three years, helping us monitor suppliers' ongoing environmental commitments and performance.

During 2025/26, we continued to strengthen our understanding of supply chain sustainability performance through supplier engagement and the development of actions within our Sustainability Strategy and action plan. Future activity will focus on improving the collection of environmental performance data from suppliers, increasing visibility of responsibly sourced materials and strengthening understanding of embodied carbon within our supply chain.

By embedding both social value and environmental considerations within procurement processes, we aim to work collaboratively with suppliers to support the delivery of broader sustainability objectives whilst creating positive outcomes for customers and communities.





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