Strategic report continued

Chief Executive Officer's review

> Notwithstanding the operational challenges brought by Covid-19, it is pleasing that the Group made such strong progress against all of its key strategic objectives

David Miles
Chief Executive Officer

£2.6bn

(2019: 2.5bn) – Secured order book

53%

(2019: 39%)) – New bid conversion rate (by value)

0.15

(2019: 0.23) – Accident Frequency rate

Introduction

I am extremely proud of the resilience shown by the Group during a year which has seen unprecedented challenges.

Notwithstanding the fact that much of the energy and focus in 2020 was expended in reacting to the operational challenges brought by Covid-19, it is pleasing that the Group made such strong progress against all of its key strategic objectives as detailed below:

- Having already been included within the Sunday Times list of top 25 Best Big Companies to work for, the staff survey carried out in June 2020 saw our scores reach a new high, reflecting the efforts made on communication and keeping all staff safe, involved and supported. In addition, we saw positive progress on our key workforce measurements in respect of staff retention and diversity.
- The Group completed its exit from standalone Domiciliary Care with the disposal of its England and Wales Domiciliary Care business in January 2020 followed by the disposal of the Scotland business in September 2020. Recognising the sensitivity of completing the sale of a Care business during a pandemic, the Board delayed the completion of the second transaction until the end of the third quarter, whilst providing transitional support to the buyer for an extended period to ensure no negative impact upon service users as a result of this transaction.

- The Group completed the disposal of its planning solutions business ('Terraquest') in November 2020, generating an upfront cash inflow of £52.5m (after transaction costs) and a profit on disposal of £52.8m. Following a strategic review, the Board considered the business activities of Terraquest to be different from the core activities of the Group, and that the prospects of Terraquest would be optimised under new ownership. The disposal contributed to the Board's stated objective of reducing indebtedness of the Group and hence strengthening its balance sheet. A deal arrangement including contingent consideration and continued equity participation provides Mears' shareholders an opportunity to benefit further from future upside
- Despite significant market disruption, the Company has continued to make progress in managing the unwind of the Development part of the business. The working capital absorbed in this area of c.£25.0m was maintained at a similar level to the prior year. Unit sales picked up in the second half and have continued into the new year. Given the relatively low number of outstanding units, and the advanced stage of completion of the two active sites, the risk associated with this area of the business has been much reduced over the last 12-months.
- The Group has reported a significant reduction in its indebtedness, reporting an adjusted net cash at 31 December 2020 of £56.9m (2019: net debt: £51.0m). Importantly, the Group has reported a quarter-on-quarter improvement in its average daily net debt, which for the full year was £97.3m (2019: £114.4m). Restating this average on a pro-forma basis for the impact of the Terraquest disposal and for temporary improvements flowing from Covid-19, gives an adjusted average daily net debt for the year of £66.8m.

COVID-19

Given the year that has been experienced globally, which has impacted all employees and stakeholders, it is inevitable that Covid-19 is a theme running consistently throughout this year-end statement and it has had a significant impact across all the Group's key performance measures. I will initially address this upfront from a Group perspective, whilst leaving the finer detail to be addressed below.

Mears' response to Covid-19 was swift and decisive. Positively, service levels have remained at their traditionally high levels, with many clients directly complimenting the exceptional performance and dedication of the Mears workforce. The Group's IT systems enabled a swift transfer to remote working for many staff. The Group's ability to adapt so quickly to the new methods required for managing the business benefited from the investment made in the core systems over many years, and the customer-centric ethos which has consistently been core to Mears' values. As detailed below, the Group received tremendous support from its clients throughout this period, which would not have been forthcoming without the strong client relationships built over many years. Accordingly, we have been able to retain our key people, infrastructure, clients and capabilities through the pandemic and are well-positioned to make a full recovery once normality returns. The demand for the services the Group provides is undiminished by Covid-19 and a back-log of lower priority maintenance-led jobs now requires swift resolution. The health inequalities that the pandemic has so cruelly exposed, will only add further political pressure to increase and upgrade the affordable and social housing stock in the UK.

In adapting to new ways of working, the primary focus has always been the safety and well-being of our staff and of the individual customers to whom services are provided. As with many of our peers, access to PPE was difficult at times but the established procurement routes, together with the support of many clients, helped to keep staff fully protected.

The Group's success depended upon the commitment and engagement of its workforce. Significant extra effort has been put into workforce management and the Group is pleased to put on record its recognition of the dedication and commitment shown by all our staff and our appreciation for the fundamental role they played.

Financial performance

Group

This review focusses upon the performance of the Group's continuing operations. A detailed analysis of the Group's discontinued operations is included within the Financial review.

The challenges of Covid-19 had a significant impact on the Group's trading results, particularly in the Maintenance-led activities in the first half of the financial year, which were restricted to the delivery of essential and priority services only. However, in the second half, as lockdown restrictions eased our clients and service users adapted to the changing environment and the Group experienced a lesser impact on work volumes, even in subsequent lockdowns. Accordingly, financial performance recovered strongly in the second half, with all areas of our maintenance-led and management-led activities returning to profitability in this period.

Following the disposal of the Group's Domiciliary Care and Planning Solution activities, Mears is a smaller and simpler business with a single strategic focus; to be a leading provider of housing solutions. This single Housing segment reported revenues in the period of £805.8m (2019: £881.5m) and adjusted operating profits (pre IFRS-16) of £0.6m (2019: £37.6m).

The Group's Housing activities have historically between categorised between maintenance-led, management-led and Development. This categorisation remains relevant particularly with respect to Development, but following these disposals, the significant proportion of the contracts allocated between maintenance-led and management-led are similar in nature, being predominantly non-discretionary housing and accommodation services with a public sector customer, enjoying similar risk sharing mechanics, margin structure and contract lengths. From an internal perspective, these two categories are treated as one when it comes to allocating resources and managing performance. It is also important to recognise that our management-led contracts require the delivery of maintenance as part of the service offering, and similarly our maintenance-led contracts include a significant level of tenancy management.

2 Adjusted net cash / (debt) excludes lease obligations. See Financial Review for reconciliation of alternative performance measure.

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Continuing activities	H1 2020 £m	H2 2020 £m	FY 2020 £m	2019 £m
Revenue				
Maintenance-led	**266.9**	**270.0**	**536.9**	660.7
Management-led	**121.2**	**132.6**	**253.8**	181.3
Development	**8.6**	**6.5**	**15.1**	39.5
Total	**396.7**	**409.1**	**805.8**	881.5
Operating profit measures				
Statutory operating (loss)/profit	**(8.8)**	**2.5**	**(6.3)**	28.1
Adjusted operating (loss)/profit (post-IFRS16)[3]	**(3.1)**	**9.7**	**6.6**	41.1
Adjusted operating (loss)/profit (pre-IFRS16)[4]	**(5.9)**	**6.5**	**0.6**	37.6
Profit before tax measures				
Statutory (Loss)/profit before tax	**(13.9)**	**(1.3)**	**(15.2)**	20.3
Adjusted (loss)/profit before tax[5]	**(8.2)**	**4.8**	**(3.4)**	32.4

While disclosure of revenue trends between these 'Management-led' and 'Maintenance-led' contracts remains of relevance, the disposal of the Domiciliary Care and Planning Solutions, together with the withdrawal from Development, makes the split of operating margin against each category of limited value. The Group has a single support function servicing all continuing activities and applying an arbitrary allocation of central overheads against each revenue stream is not reflective of the commercial reality. The continuing maintenance-led and management-led activities are priced to achieve similar operating margins.

The Group reported a statutory loss before tax on continuing activities of £15.2m (2019: profit before tax £20.3m). At the adjusted PBT level the Group returned to profitability in the second half posting a profit of £4.8m (H1 2020: £(8.2m)). The Group's adjusted loss before tax for the full year was therefore (£3.4m) (2019: adjusted profit £32.4m) This outturn for the full year represents a very resilient financial performance given the impact of the pandemic and was in line with the Board's expectations set at the half year of 2020. The disposal of Terraquest in late in 2020 resulted in the Terraquest profit contribution being included within discontinued activities and accordingly continuing adjusted PBT moved to the small loss stated above.

As described in detail below, the Group adapted quickly at the start of the first national lockdown to agree interim operating and financial arrangements with its maintenance-led clients. In the majority of cases, this limited maintenance-led activity in people's homes to an emergency-only service and provided new payment mechanisms which (at a minimum) were sufficient to cover direct costs and local site overheads. These arrangements varied by client, but typically these new arrangement fell short of covering central support costs and a profit margin, in line with central government guidance. This was the principle factor in the significant reduction in profitability in 2020. A small number of maintenance-led clients failed to provide any financial support and those contracts account disproportionately towards the operating loss in the first half.

Positively, notwithstanding the operational challenges, the management-led activities delivered an operating profit which was in line with management expectations at the start of the year.

In respect of the services delivered under the maintenance-led category, the Group saw a significant reduction in work volumes as the UK entered the first national lockdown. Generally, a consistent position was taken across all our Local Authority and Housing Association clients, with activity levels reducing to cover only emergency and priority works which was typically 15-20% of the normal level of activity. The primary focus was ensuring the safety of our workforce and our vulnerable service users. The primary focus was ensuring the safety of our workforce and our vulnerable service users.

The pricing mechanisms attached to the Group's maintenance-led contracts can broadly be split into two types which brought different financial challenges and required different negotiated solutions with clients:

- a lump sum mechanism where Mears receives a fixed amount, irrespective of work volumes. Whilst revenues have been recognised against these works, the pandemic has resulted in some order backlog and costs have been accrued to protect against the unwinding of this backlog when normality returns. In a normal year, around 25% of the Group's maintenance-led revenues fall into this lump sum category.
- a volume linked pricing mechanism where the revenues generated are directly linked to the activities delivered. In a period that saw such a sharp drop in activity, but required the continued provision of emergency cover, these volume-linked mechanisms represented a significant financial risk to the Group. Positively, in most cases, the Group secured interim arrangements with its clients to address these risks and ensure the recovery of direct labour and local overheads ("cost reimbursement models"). Whilst these interim arrangements removed much of the downside financial risk, such arrangements typically provided reduced recovery of central overheads and a limited profit contribution. Around 75% of the Group's maintenance-led contracts fall into this volume linked category.

Whilst the Group's clients took a consistent stance on entering the first national lockdown, there was less consistency in the approach and speed over which lower-priority works started to return. The picture was further complicated by the regional nature of further restrictions through the second half and ultimately the return to national lockdown in November and

3 Adjusted operating (loss)/profit (post-IFRS16) stated on continuing activities before exceptional items, the amortisation of acquired intangibles and the application of IFRS 16 and inclusive of share of profit from associates.

4 Adjusted operating (loss)/profit (pre-IFRS16) stated on continuing activities before exceptional items, the amortisation of acquired intangibles and the application of IFRS 16 and inclusive of share of profit from associates.

5 Adjusted profit/(loss) before tax stated on continuing activities before exceptional items and before the amortisation of acquired intangibles. See Financial Review for reconciliation of alternative performance measure.

December. In addition, the Group recognised early in the pandemic that normality was unlikely to return quickly, and that there remained a risk of further lockdowns; in doing so, the Group chose to take a more conservative approach in managing the return to normality. Whilst it was disappointing to see a second and third national lockdown spanning the year end, it highlighted that the Group's approach has been the right one. Prudently, the Group had retained the majority of its cost reimbursement mechanisms with clients, thereby protecting the Group from further downside risk as work volumes again saw some volatility through the second and third national lockdowns, albeit not the same extremes as the first lockdown.

The Group utilised the job retention scheme ('furlough'), taking guidance from its clients before adopting an approach on a contract by contract basis. Where clients agreed interim arrangements with the Group, the impact of the cost reduction generated from furlough was incorporated into those mechanisms, and ultimately any open book reconciliation will ensure all savings are passed on to clients, within the spirit of the scheme. The Group also utilised furlough in respect of its central support functions to further mitigate financial downside and more importantly the ability to retain exceptional staff. I am pleased to note the Group has also elected to repay its furlough rebate in respect of the first quarter of 2021 amounting to around £1.5m, recognising the improving performance of the Group and reduced uncertainty surrounding Covid-19.

The maintenance-led activities reported revenues of £536.9m (2019: £660.7m), a reduction by 19%. A revenue reduction is inevitable given the impact of Covid-19, although the percentage reduction in revenues in the second-quarter by around 50%, is significantly less than the reduction in work volumes which, during the first national lockdown, non-emergency works reduced by up to 80%. As detailed above, where the Group delivered maintenance-led services under a volume linked pricing mechanism, a significant proportion of those contracts saw temporary arrangements, adopting a short-term cost reimbursement mechanism. Accordingly, there is less of a defined correlation between work volumes, revenues and profitability in this year than in prior years.

Revenue by quarter

2020 Revenue by quarter	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Total £m
Maintenance-led	**173.9**	93.0	131.6	138.4	536.9

2020 Revenue by quarter	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Total £m
Management-led	**61.5**	59.7	65.0	67.6	253.8

2020 Revenue by quarter	Q1 £m	Q2 £m	Q3 £m	Q4 £m	Total £m
Development	**7.1**	1.5	3.2	3.3	15.1

As disclosed previously, in the early part of 2020 and prior to the impact of Covid-19, the Group saw the expiry of a small number of contracts with annual revenues amounting to circa £45m where the Group did not participate in a retender. In addition, the Group had taken action to exit contracts with annual revenues of circa £20m, where the Group identified certain contracts as not fitting the criteria of the Mears way of working. In addition, the Group also terminated several customer relationships, with an annual revenue of £30m, where the Group could not sufficiently mitigate the short-term risk, and the longer-term payback was not sufficiently visible.

In respect of the services delivered under the management-led category, the Group saw increasing demand during the year. This is because the large numbers of key workers and vulnerable service users whose accommodation and other service needs provided by Mears were undiminished (if not increased) by the pandemic. Accordingly, the challenge in this category was not financial but the operational challenge of continuing to support such vulnerable service users whilst adhering to the social distancing and other Covid-19 restrictions. The management activities reported revenues of £253.8m (2019: £181.3m), an increase of 40%. Much of this increase is due to the full year impact of the Asylum Accommodation and Support Contract ('AASC') which mobilised in September 2019.

The Group saw an increase in AASC volumes across the entire process over the course of the year, with new service users entering the system and few exiting. The requirement for additional accommodation was operationally challenging. Covid-19 presented a challenge for those people new to the UK with many lacking language skills and the knowledge to access basic supplies and necessities.
In agreement with the relevant public authorities, it was decided that the safest environment for new service users was to locate them in good quality hotels.
That ensured their protection from Covid-19 infection, the ability to self-isolate if required and that they had access to food and other essentials. Despite recognising that few people want to be in a hotel for an extended period it was agreed that this was absolutely the right approach. It remains the intention to support moving these people into dispersed accommodation as soon as it is safe to do so. Mears' priority throughout and going forward, will be the safety of staff and the service users.

When excluding growth from the AASC contract, the pre-existing Management-led business has reported a revenue reduction. This is in line with management expectations, as the Group reduces its focus on emergency homelessness solutions. The Group's Key Worker housing management contract with the Defence Infrastructure Organisation has performed well through the year, with all major performance KPIs being met. This contract is in re-bid with the result expected shortly. Mears has been shortlisted with one other party.

The 2019 comparative figures for the management-led revenue category have been adjusted to remove the Group's planning solutions activity ('Terraquest'). The figure includes revenues generated by the Group's Extra Care and Supported Living activities

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Development plots

	units
Completed units as at 1 January 2020	29
Units completed during period	43
Units sold during period	(23)
Completed units at 31 December	**49***
Building in progress at 31 December (in addition to completed units)	**43**
Net Working Capital absorbed (average month-end)	**£25.0m** (2019: £24.7m)

* Of the 92 total units (completed and live) at year end; 10 units have been sold since year end and 22 units are subject to reservation

('Housing with Care') and which continues to represent an important value generating opportunity for the future.

The Group made a clear strategic decision in 2019 to reduce its exposure to Development activity and exit from those new build activities which utilised significant amounts of the Group's working capital. These new build sites were developed in conjunction with a number of the Group's existing clients and the Group continues to honour its commitments to deliver and sell-through on the remaining active projects. During the Covid-19 outbreak, the remaining two active building sites were mothballed, and action was taken immediately to reduce the fixed cost base. These sites have subsequently been reopened but the activity maintained at a low level to ensure that working capital cash flows are tightly controlled.

The sales activity in 2020 was restricted to predominantly four remaining sites, and the units completed and sold are detailed above. The Board is taking active steps to accelerate the unwind of the working capital absorbed in this area, and maintain a sensible balance between liquidity and maximising value.

Strategy

We are leaders in the affordable housing market, for which the future demand profile remains positive, given the fundamental shortage and poor quality of affordable housing in the UK. With the non-core disposal programme completed during the year, the Board conducted a strategic review, together with external consultants to refine and enhance the Group's strategy to be the most respected housing specialist outsourced service provider in the UK. Work is continuing, but the fundamental attractions of our existing business and the key drivers of its future growth are already clear. After a period of strategic transition and Covid-19 disruption, Mears has a number of simple market, growth and margin drivers across its Housing solutions businesses:

Market drivers

- Increased government investment in the affordable housing sector given expanding social housing waiting lists and renewed political focus on housing post-Covid
- Social Housing white paper and Government policy towards higher standards for safety and customer engagement
- The commitment to raise the carbon efficiency of all social housing stock by one EPC band by 2030, presents significant investment requirements
- Increasing Local Authority spend on long-term, cost-effective Homelessness solutions
- On-going demographic pressure on the UK housing shortage particularly in Mears core competencies of affordable rental and specialist retirement living

Mears growth drivers

- Leverage our market leading position in housing maintenance to better cross-sell/upsell our broader housing services through more effective client planning
- Continue to evolve our affordable rental, temporary accommodation, and integrated housing offer to meet increasing market demands
- Participation in larger, integrated housing contracts, across Local and Central Government
- Assist new and existing clients to meet their targets for the de-carbonisation of housing stock

Margin drivers

- Fully restore normal charging mechanisms, overhead recovery and operating profit margins as interim Covid restrictions ease and volumes return
- Drive greater operational efficiencies through more centralised administrative and support services such as our regional Hub network
- Continued digital innovation to increase agility of frontline operations whilst continuing to drive improvements to the customers experience
- Operational consistency across the Group and contract rationalisation to improve underperforming contracts

Even with the potential post-Covid economic challenges, Housing is a sector that will be invested in to support economic recovery and indeed to meet longer term challenges, such as those posed by climate change. There is clear opportunity to grow both our maintenance-led and management-led work and indeed we see an increasing number of opportunities that will integrate all of our services. The responsible approach that we have taken to business through Covid and indeed from the start of Mears, has left us really well placed to benefit from these opportunities.

Current trading and guidance

The Board is pleased with the resilient trading and liquidity performance of the Group during the first quarter of FY2021 and is confident of a full recovery as lockdown restrictions are lifted. Accordingly, profitability for the full year is expected to be H2 weighted. Cash and working capital management has remained in-line with expectations in Q1, with average daily net debt of £17.0m.

The Group is confident to re-instate the following guidance:

	Key measures	Guidance FY21
Revenue growth	Annual revenue growth	▶ FY 21 Revenues: £770m-£820m
Profit before tax	Profit before tax before exceptional items and amortisation of acquired intangibles	▶ FY 21 Profit before tax: £21.3m-25.5m
Cash conversion	Operating cash inflow as a % of EBITDA	▶ 100% conversion on the combined 2020/2021 results; taking the two year measure removes the short-term Covid related impacts such as the VAT deferral and client payments received on account
		▶ £25m of Development working capital unwind over 2 years
Capex		▶ c. 1.25% of revenue
Capital allocation	Investment	▶ Not material in FY21 (or FY22)
	Capital structure (adjusted net debt (pre-IFRS-16) / EBITDA (pre-IFRS-16))	▶ Continued average net debt reduction
	Shareholder distributions	▶ Return to dividend list as soon as prudent

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Orderbook and bid pipeline

The order book stands at £2.6bn (2019: £2.5bn), a consistent level over the last twelve months reflecting a number of contract extensions. The Group secured maintenance-led contracts in 2020 valued at over £150m with a win rate (by value) of 53%. The key orders secured are detailed below:

	Base term (years)	Extension option (years)	Annual value £m	Base contract value £m	New/ Retention
Contracts awarded in 2020					
Exeter City Council; repairs and maintenance	10	5	8.5	85.0	Retention
London Borough of Hammersmith and Fulham; repairs and maintenance	5	2	4.2	21.0	Retention
Islington Council; cyclical works	4	6	10.0	40.0	Retention
Sub-total; secured in 2020			**22.7**	**146.0**	
London Borough of Redbridge; repairs and maintenance	7	7	5.2	36.4	Retention
Angus Council	3	2	2.3	6.9	New
Leeds City Council; repairs and maintenance	5	–	12.8	64.0	Retention
Sub-total; secured in 2021 to date			**20.3**	**107.3**	

In addition, Mears was delighted to secure a three-year contract extension with Milton Keynes Council, which will see Mears continue to provide services, with an annual value of around £40m per annum, until at least April 2024. This contract, which mobilised in April 2016, has delivered excellence in respect of service delivery and employee engagement, and it was pleasing to see the efforts of our local team recognised and rewarded with this extension.

Mears has also been confirmed as the preferred bidder by Cornwall Council, to be a strategic partner to deliver to the Council up to 750 new extra care units across the County over the next 7-10 years. As Strategic Partner, and using Council owned land, Mears will deliver the end to end solution to identify funders, and to design, build, manage and maintain the units over a period of up to 30 years. Mears is not required to commit significant working capital. The contract value attached to this contract may be significant but at this stage no value has been assigned to the order book in respect of this opportunity.

The Group has an active bid pipeline. Given the bidding delays across the market as a result of Covid-19, 2020 was a relatively quiet year for bid activity. However, we are now entering a period of increased bid activity. This includes a c.£25m annual revenue contract for the national accommodation management services under the Future Defence Infrastructure Services programme.

There are also a number of existing contracts which are active live tenders, with a combined annual revenue of circa £100m. These are important clients to the Group, and we remain confident that we will retain these key customer relationships. This re-bid activity includes the work we do with the Defence Infrastructure Organisation providing housing management and relocation services to key workers nationally. This contract is worth £60m of revenue per annum. Mears is short-listed in the final two candidates and an outcome is expected shortly.

David Miles
Chief Executive Officer

An interview with the Chief Executive Officer

Q How has Covid 19 changed your business?

A I would say that whilst it has been extremely disruptive for all businesses, we have taken the lessons learnt from 2020 to create a much more streamlined and focused business. Our response from staff has been outstanding and some of the individual stories and team stories of how Mears has supported communities, will live long in the memory. We were able to adapt immediately to the challenges of remote working, given our leading technology platforms and we have managed covid health risks for staff and customers very well. Sadly of course, some of our elderly service users, particularly on the care business, did lose their lives as a result of covid. Our heartfelt commiserations go out to every family impacted.

Our housing maintenance business did see significant volume reductions during the peak lockdown period but this largely recovered by the end of 2020. This meant we did have to use Furlough to protect staff. Our housing management business grew, given the pressures on the Asylum system, which Mears has done everything it can to support.

At the start of 2021 I am proud to report that we have a simple, focussed and resilient business with lots of opportunities for growth.

Q Has Mears engaged with Central Government during the Pandemic?

A Yes, and we are lucky to have the support of our Crown Representative in the Cabinet Office which has enabled us to raise issues of concern direct to the Government – a good example being the supply of PPE to our key workers, where Mears were one of the first organisations to appeal for better support to the care sector and we are obviously pleased to see that there is greater awareness now amongst the public, of the important work that care staff do. Even after the sale of our domiciliary care services, we still have 1000 people employed providing care within Extra Care and Supported Living environments.

Q Do you think you have handled the Asylum contract responsibly?

A Seeing the hard work which goes on to house and care for asylum seekers behind the scenes has made me very proud. This contract has been especially challenging during a pandemic and a national lockdown and we saw the sad event in Glasgow which led to injury of colleagues, police officers and asylum seekers and the loss of life of the perpetrator.

I am confident that beyond this extremely upsetting event we have acted with the care and welfare of our customers as our first thought. We have managed our facilities in such a way which ensured that we were able to provide direct access to healthcare and support and all other amenities.

2021 will see further increases in housing stock which will be managed and maintained to our extremely high standards.

Q How have you helped staff during a very difficult period?

A During a very uncertain year for everyone we knew that as an employer we had a duty to support our workforce, whether financially or by ensuring our welfare offer was right for them. We took the decision to pay 100% of furloughed colleagues pay for those on £20,000 or below and we paid 80% of those salaries above £20,000 without the Government cap. We introduced a hardship fund for colleagues who were struggling and created a new awards programme to celebrate the achievements of those who went above and beyond during lockdown.

As an employer we knew that we had a responsibility to ensure that we were supporting people's mental health and wellbeing and as such we have reviewed and relaunched our wellbeing policy and instituted mental health first aiders as a first point of contact and have begun training managers to support mental health. The Mears policy over this difficult time has and continues to be "Let's keep talking".

Q Are there plans to sell any other parts of the business?

A No. In 2020 we saw the planned disposal of our domiciliary care businesses in England & Wales and Scotland and of Terraquest. These sales were planned and announced in our last annual report to enable us to focus in on what we have always been known for – as a provider of repairs and housing solutions. We remain active in the Supported Living and Extra Care sectors.

Q Do you see the Government continuing to invest in housing?

A Absolutely. The affordable housing sector will form a key plank in the Government's efforts to reduce our national carbon emissions and Mears stands ready to help the Government in this work. The national housing stock works on a constant cycle of repair and maintenance which will continue. We hope that post pandemic we will see Government commit to a new Decent Homes Standard, but I believe the future of housing investment remains very positive.

Q What will happen to Mears given Brexit?

A Mears has limited exposure to Brexit risk, given we do not export to the EU and most of our supplies come from the Far East. We remain ready to act on Government advice as the Brexit process goes on, but I remain very positive about the core affordable housing market in the UK.

Q What does the next 5 years hold for Mears?

A Mears has undertaken a strategy review looking at our markets and possible returns in the next 5 years. We find that we remain the dominant force in repairs and maintenance – and the national leader in reactive works. There is a huge opportunity to help to fulfil the UK's carbon targets and we have ensured that we have the right expertise in place.

We are a large private provider of temporary accommodation in the UK and there is a massive market where we have the opportunity to grow.

Mears has continued to retain and win contracts throughout the pandemic and we have a number of large opportunities in 2021.