

Cheltenham Borough Homes Limited

Report and Financial Statements

For the year ended 31 March 2021

Company Registration No. 04587658

CONTENTS OF THE FINANCIAL STATEMENTS

	Page
Chief Executive Report	3
Strategic Report	4
Value for Money Statement	14
Financial Review	21
Directors' Report	23
Independent Auditor's Report	27
Consolidated Statement of Comprehensive Income	32
Consolidated Statement of Changes in Reserves	33
Company Statement of Changes in Reserves	33
Consolidated Statement of Financial Position	34
Company Statement of Financial Position	35
Consolidated Statement of Cash Flows	36
Notes to the Financial Statements	37
Registered Office and Professional Advisers	64

CHIEF EXECUTIVE'S REPORT

Despite the immense challenges we have all faced (and are still facing), I did not hesitate to accept the role of CEO this year following the retirement of Paul Stephenson; it is an honour to lead such a wonderful and caring organisation, and the decision was made even easier knowing the amazing people we have working for us.

People are the beating heart of Cheltenham Borough Homes (CBH), whether they are customers or colleagues. Our colleagues are professional, skilled, and highly committed and, most importantly, are trusted and valued by our customers because we always see the person and not a tenancy.

Our customers have a major say in shaping the services they receive, listening to and acting on customers' feedback means we continue to provide excellent services and develop in ways to make a difference to the lives of people and families.

Our future is really exciting: building on the solid platform of excellent people, strong performance and high satisfaction levels, and the recent external review which validated CBH as a strong and valued partner of Cheltenham Borough Council (CBC), we will continue to grow the CBH offer. Working closely with CBC we will understand how best to build on our existing partnership to do even more for our customers and communities and support the wider aims for Cheltenham.

We have a fantastic opportunity to enhance our collaboration with CBC and to continue to support the economic recovery in Cheltenham, including working closely with them to support their ambitious Golden Valley Development project. A key element of this recovery will be driven by an increase in the supply of new homes: as part of the council's £180m housing investment plan we will deliver a range of high-quality affordable homes across a variety of tenures. In addition, we will support the council in achieving their target of carbon neutrality by 2030, and will continue to modernise our services, increasing their efficiency and ensuring we meet customers' needs.

Our plans provide us with clarity and the focus to deliver this whilst also meeting the challenges emerging in the housing sector, including the Draft Building Safety Bill and Social Housing White Paper, both of which will usher in a period of significant change and challenge across the whole sector.

CBH already delivers strong services and changes lives for the better, but I am excited by the potential for us to do even more and I am confident that CBH colleagues, working together with CBC colleagues, with our customers, and with an array of trusted partners will really deliver on the aspiration to make Cheltenham a place where everyone thrives.



Steve Slater
Chief Executive Officer

STRATEGIC REPORT

The Directors submit their strategic report and financial statements of the Cheltenham Borough Homes Group for the year ended 31 March 2021. The group comprises the parent company, Cheltenham Borough Homes Limited (the company), and its subsidiary undertaking Cheltenham Borough Homes Services Limited.

Our purpose

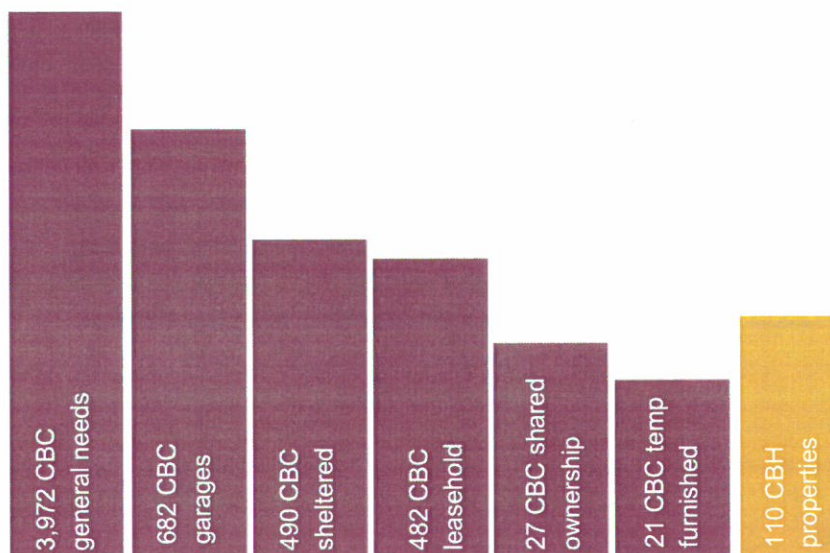
CBH has at its heart a tradition of putting people first, treating them well, and making a positive difference to their lives, by providing families with safe and secure homes, creating strong and supportive neighbourhoods, and inspiring people to go beyond what is expected and deliver what can be imagined.

Cheltenham Borough Homes (CBH) is a strategic partner of Cheltenham Borough Council (CBC) working collaboratively with our inspired people to provide great homes and support strong communities where all our people and the communities they live in thrive. Our three jointly held aims and priority areas of investment are:

- Building and maintaining homes that support strong, sustainable communities
- Providing modern, efficient services that meet the needs of our customers
- Achieving carbon neutrality by 2030

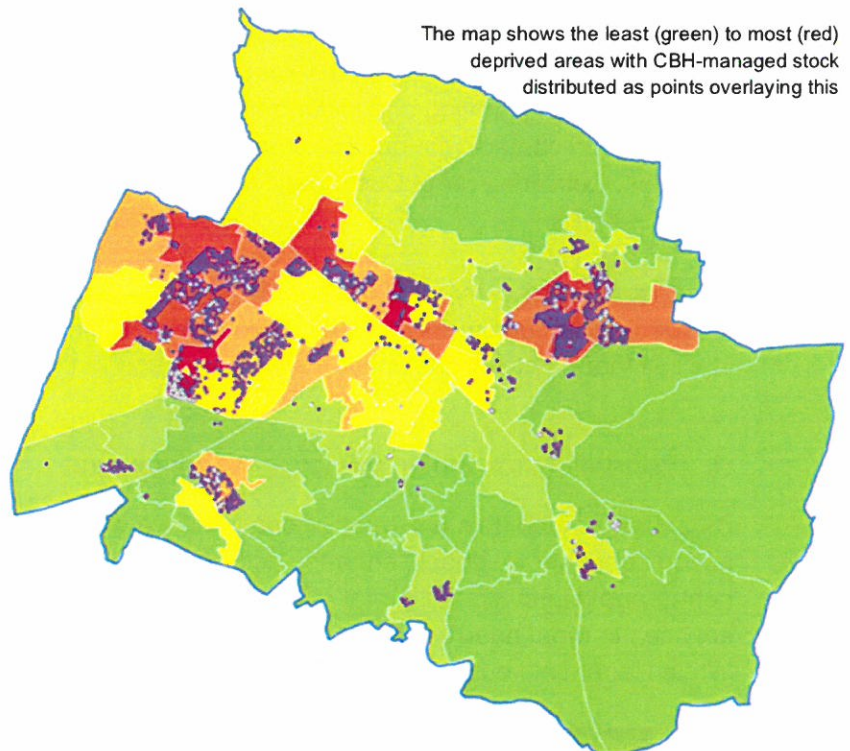
Our customers

We deliver services to the tenants and leaseholders living in the 5,102 homes we manage, in addition to managing 682 garages. These homes are made up of approximately 72% traditional and 28% non-traditional build properties, with the majority of the stock built before 1955. The majority are flats, making up 53% of the total with the split by tenure and ownership shown below.



STRATEGIC REPORT

This map demonstrates the strong correlation between the most deprived communities in Cheltenham, using 2019 IMD (Indices of Multiple Deprivation), and CBH-managed homes. We operate within the most deprived communities across Cheltenham. Our customers tell us what is important to them and with our knowledge of national and local pressures we provide enhanced services that make a positive difference to people's lives.



The vast majority of tenants are satisfied with the services provided by CBH (85%). The rating for the year is 5% lower than the rating from last years' surveys in 2019/20. Sheltered tenants are a little more satisfied (91%) than general needs tenants (84%). Fewer sheltered tenants are dissatisfied with the service (4%), compared with 9% general needs.

As the chart on the right shows, satisfaction with the overall services has been rising over the past three completed STAR surveys, and the fall in 2020-21 is against trend.



Clearly last year was an exceptional year and a fall in satisfaction levels was experienced by the majority of companies for which Acuity, our survey partner, carry out surveys. Acuity's analysis of results from its customers has shown a decrease of around 7% per landlord. This fall in satisfaction level happened almost immediately after Lockdown 1 (at the beginning of 2020-21). By comparison overall satisfaction with CBH fell by 5%, demonstrating that CBH fared better than some.

STRATEGIC REPORT

Our business plan

The top priority of our three-year business plan to 2023 is Customer Service and Engagement delivered through the continued investment in our inspired people. We will be aiming to keep improving and looking at how we can deliver great service on every occasion we come into contact with our customers – day in, day out, and across all areas of the business. Delivering great Customer Service is the responsibility of each and every one of our colleagues.

Every quarter we carry out a telephone survey to get a better idea of how we are doing. The feedback from customers plays a crucial role in helping us shape and improve our services in ways that meet our customers' needs and support those people who need it the most.

1. Prioritising customer service and engagement

As already stated, this is our top priority, and we will ensure that we continue to listen to and act on customer feedback, enhance access to services including our telephone contact centre and improving our digital offer and make best use of the data we hold to tailor our services to meet need whilst meeting the challenges that the Government Social Housing White Paper sets out.

Year 1 - delivery	Looking forwards
<ul style="list-style-type: none">• Developed customer portal services to support more digital contact• Refreshed our contact centre processes resulting in 91% of calls being answered within 60 seconds• Supported customers to new payment methods following closure of cash halls• Used data to drive operational performance e.g. our support for high contact customers• Reviewed complaints policy and procedures• Focused on listening & acting	<ul style="list-style-type: none">• Focus on improving repairs customer satisfaction• Develop initiatives to improve digital access• Use data to further understand customer behaviour and focus actions• Review approach to damp and condensation

2. Delivering our people plan

We will retain and recruit talented people who share our values and passion for people. We will offer development and training opportunities for all and support managers to maintain a positive culture that puts the mental health and wellbeing of people first whilst enabling innovation and delivery.

STRATEGIC REPORT

Year 1 - delivery	Looking forwards
<ul style="list-style-type: none"> Achieved One star status (very good engagement) in our second year of Best Companies accreditation Focused on providing additional support for managers – who in turn were better placed to support colleagues Developed new agile working policy Provided wellbeing training, support and activities for colleagues Implemented new online recruitment system 	<ul style="list-style-type: none"> Modernise & improve the recruitment experience (phase 2) Review & investigate 'personal growth' and 'fair deal' actions arising from Best Companies survey feedback Implement performance management into our online learning system Deliver ongoing wellbeing support and activities

3. Supplying new homes

In partnership with CBC, we have ambitious plans to supply more high-quality homes for Cheltenham across a variety of tenures, including affordable and private rented homes. We have a growing pipeline of new homes, are starting to plan two regeneration schemes to improve the quality of life for residents and will continue to support the Golden Valley development.

Year 1 - delivery	Looking forwards
<ul style="list-style-type: none"> Delivered 37 additional affordable homes Grown our future homes pipeline to 368 additional affordable homes Completed our first private rented sector acquisition to deliver 13 town centre homes Commenced planning for initial community regeneration projects 	<ul style="list-style-type: none"> Grow pipeline of additional homes to 500 Deliver 60 homes in 2021/22 Identify additional private rented sector opportunities

4. Focusing on climate change

We are focussed on playing a key role in supporting the council to achieve its 2030 Carbon Neutral goal, by developing a strategy that invests appropriately in the new and existing homes we manage, to make them more energy efficient whilst maintaining long term viability of the Council's Housing Revenue Account (HRA). This work will go beyond the physical homes and support changed behaviours of tenants and colleagues alike, in addition to positively impacting upon the sustainability of all aspects of our current operations.

STRATEGIC REPORT

Year 1 - delivery	Looking forwards
<ul style="list-style-type: none"> Completed carbon impact assessment to determine baseline position for housing stock and our operations Drafted carbon management plan Engaging with CBC to co-ordinate approach and make best use of resources Successfully bid for government funding to pilot 2 deep retrofitted homes 	<ul style="list-style-type: none"> Commence delivery of carbon reduction action plan in conjunction with CBC Deliver 2 deep retrofitted homes under the Social Housing Decarbonisation Fund Demonstrator pilot Progression of carbon neutral pilot for 4 new homes

5. Enhancing the quality standard for homes

Our desire to narrow the quality gap between new and existing homes is driving us to develop an enhanced quality standard that means homes are safe and secure, that takes into account measures to support the Carbon Neutral agenda and improves communal areas in schemes. We will understand and meet the emerging requirements around building and fire safety and ensure compliance across the stock.

Year 1 - delivery	Looking forwards
<ul style="list-style-type: none"> Reviewed known new compliance requirements and associated costs relating to the Fire Safety Act and Building Safety Bill Continuing investment in existing homes – including windows, doors, fob management system, communal lighting, external works Progressing delivery of phase 2 for sheltered housing communal upgrades – Coopers Court and Popes Close 	<ul style="list-style-type: none"> Consider changes to our Cheltenham Quality Standard Monitor and implement new compliance requirements and associated costs Deliver sheltered communal upgrades Replace sheltered warden call system

6. Helping customers and neighbourhoods thrive through partnership working

We will continue to work proactively and collaboratively with CBC and local partners to help direct resources to the right place at the right time and provide people with the skills, opportunities, and resilience to improve their quality of life and tackle inequality.

STRATEGIC REPORT

Year 1 - delivery	Looking forwards
<ul style="list-style-type: none"> • Worked collaboratively with partners to help improve customer personal skills and life chances • Supported customers by delivering person-centred services during lockdown • Delivered successful outcomes as part of the Adverse Childhood Experiences (ACEs) pilot project • Delivered employment and training initiatives and maximised benefit and money advice services during lockdown • Forged new relationships and maintained existing partnerships with various partners across Cheltenham and Gloucestershire 	<ul style="list-style-type: none"> • Continue to maximise social value outcomes • Deliver support programmes for 18–24 year-olds • Deliver work clubs and online support • Expand ACEs programme • Map strategic and operational partner relationships to maximise benefit and support customers

7. Preventing homelessness and reducing rough sleeping

In March 2020 the government launched its 'Everyone In' campaign, asking local authorities to offer accommodation immediately to all rough sleepers and those at risk of being on the streets, due to the health risks posed by the pandemic. Following the success of this campaign during the summer we will continue to develop a more proactive role, helping people and families secure and sustain a place they can call home for the long term. Working with local partners we will collaborate to provide more holistic solutions to prevent homelessness including under the Housing First initiative.

Housing First is a housing and support approach which:

- Gives people who have experienced homelessness and chronic health and social care needs a stable home from which to rebuild their lives.
- Provides intensive, person-centred, holistic support that is open-ended.
- Places no conditions on individuals; however, they should desire to have a tenancy.

Year 1 - delivery	Looking forwards
<ul style="list-style-type: none"> • Successfully dealt with 125 cases under the Government's "Everyone in" scheme during the pandemic • Managed 1,369 homeless approaches • Completed 6 homes ready to let under Housing First Initiative – 4 homes let • Obtained funding for additional roles to 	<ul style="list-style-type: none"> • Review outcomes of Housing First Initiative and action recommendations • Continue Domestic Abuse Interventions role, monitor impacts and explore further funding • Agree and implement CBH presence into Housing Pathway HUBs

STRATEGIC REPORT

support early intervention measures

- Recruited our new countywide Domestic Abuse Interventions Officer

8. Enhancing our operations

The world has changed a lot over the past year, and we are re-visiting our accommodation needs to reflect this. We will align our thoughts with CBC and ensure decisions are right for our customers and colleagues in delivering a solution which is flexible, a 'safe place', supports collaboration and creativity, and delivers cost savings.

Following the recent successful investment in our IT infrastructure and housing management software our colleagues will be refining how we work to unlock the full potential of these to get the best outcomes for our customers.

Year 1 - delivery	Looking forwards
<ul style="list-style-type: none"> • Identified opportunities to rationalise our current office space to support 'agile' working and deliver cost savings • Allowed the business to deliver remotely from Day 1 of lockdown • Streamlined access to applications – with particular focus on remote and mobile access • Developed CBH Data Hub • Enhanced customer portal functionality 	<ul style="list-style-type: none"> • Manage 'return to offices' once lockdown measures have been fully eased • Enhance the layout of existing offices to support agile working • Development of further hand-held housing management and asset management forms • Further development of CBH Data Hub, reporting and analysis • Enhance customer portal functionality • Extend leasehold and private rented sector customer functionality

Our operating environment

Understanding our operating environment and risk management are essential components in the successful delivery of our business plan and ongoing viability. CBH maintains a register of the most fundamental, long-lived risks to the ongoing viability of the business, with accompanying controls and mitigation measures. The regular assessment of the operating environment through PESTLE and SWOT analyses and the Sector Risk Profile supports the identification, assessment and management of these risks. These risks are subject to regular review by senior leadership, Audit and Risk Committee and the Board. Our Board Risk Champion helps to provide scrutiny and positive challenge on individual risks and helps to ensure the risk framework is up to date and appropriate.

STRATEGIC REPORT

COVID-19

CBH managed the impact of COVID-19 effectively throughout 2020-21. We ensured that core business processes and essential services continued to be delivered and compliance activities were maintained during 'lockdowns'. This included emergency repairs, essential gas safety checks, cleaning of communal areas, emergency lettings and benefit and money advice. This was achieved due to the flexibility of IT, systems and our colleagues; developments undertaken partly due to previous risk management reviews.

The senior management team maintained a very close watch on government guidelines to enable timely and well-informed responses and maintained communication with key partners, ensuring that CBH was well positioned to be able to support them appropriately.

The safety of colleagues and customers was our primary consideration and risk assessments were developed and maintained for all areas of the business. These concerned the delivery of services in safe, alternative ways and for preparation for the gradual return to offices for colleagues.

We quickly identified those tenants who needed extra support, and in response we enhanced some existing services and set up several temporary new ones. These new services included: helping customers and residents across the town who are vulnerable or shielding from the virus, working closely with our partners at Cheltenham Borough Council and Gloucestershire County Council to support the Gloucestershire Community Help Hub to co-ordinate and deliver prescriptions across Cheltenham; joining forces with P3 and the Springbank Community Food Bank to deliver food parcels and hot meals prepared by the Long Table; and carrying out welfare calls to identify tenants without a strong support system in place and who needed help with accessing food, prescriptions, emergency repairs and benefit and money advice.

As the situation eased and following careful assessment, we brought paused, or reduced services back online in a planned and safe way. Thorough risk assessments have been conducted to understand and put in place adaptations needed to minimise risks to customers and colleagues. We are also taking advantage of opportunities to retain changes that have delivered improved efficiencies and effectiveness. This return to a 'better normal' roadmap reflects the easing of Government restrictions and is being regularly communicated to customers. This roadmap is also concerned with the gradual move back into offices: we recognise that this is a continuing period of change for our colleagues and will continue to provide support in these challenging and unsettling times.

Further work is continuing as we review the impact of the virus and gradual easing of restrictions on our programmes of work and the impact on our partners and contractors.

Social Housing White Paper

The Social Housing White Paper seeks to provide transformational change, establishing a new Charter for social housing residents. The new Tenants Charter sets out what every social housing resident should be able to expect through seven key commitments.

STRATEGIC REPORT

We have always had a tradition of putting customers first, treating them well and making a positive difference to our resident's lives. This, together with our current business plan focussed on providing families with safe and secure homes and creating strong and supportive neighbourhoods echo what the paper sets out to achieve.

We have self-assessed our strategies, services and processes against the White Paper and this assessment has taken into account the proactive and positive work already well underway and identified further activities which will be planned over a period of time.

Climate Change

CBC declared a Climate Emergency in July 2019 and set a target for Cheltenham to become carbon neutral by 2030. CBH fully supports this declaration and its ambitious carbon neutral target and in 2020 undertook a Carbon Impact Assessment on existing homes and CBH operational business emissions to set a benchmark and enable development of a Carbon Management Plan, considering options and opportunities for reducing carbon emissions.

This plan will include:

- Solutions for existing homes
- Standards to be achieved for new homes supplied
- Reduction of the carbon impact of business operations

This is a complex area of work and will include the impacts and related risks on other planned programmes of work, the availability of external funding that may become available, resourcing requirements both within CBH and from suppliers and the impact on current and future budgets.

Strategic Housing Review

Covid-19 has challenged Cheltenham in a way that has not been seen for decades and has had far reaching implications for how residents, businesses and customers interact with and access services from CBH and the Council. CBC continues to have ambitious plans for the future to ensure the recovery from the pandemic has a transformational and positive impact for everyone in Cheltenham.

Housing services have an integral part to play in this recovery and therefore an independent housing service review was commissioned by CBC in 2020 to determine whether CBH, as the strategic housing delivery partner for CBC, enables the Council to best meet its current and future ambitions. This review was undertaken independently by Campbell Tickell and it concluded that CBH is recognised as delivering a high quality and well regarded service by its customers and should be retained as the Council's Arms-Length Management Organisation (ALMO). This conclusion was supported unanimously by the Council's Cabinet at a meeting in January 2021.

CBH and CBC are now embarking on a programme that will explore and implement potential opportunities identified within the Campbell Tickell report to evolve and strengthen this partnership to achieve shared ambitions, drive better outcomes and help everyone to thrive.

STRATEGIC REPORT

Housing Investment Plan

This plan is linked to two areas of growth: one concerned with establishing a new area of work to provide homes in the private rented sector and for private sale, and the other concerned with the escalation of existing plans for the provision of affordable homes. Both will deliver on the Council's ambitious plans for housing in Cheltenham across a range of tenures.

Health and Safety

In the aftermath of the Grenfell Tower tragedy, there has been a significant increase in health and safety risk awareness and compliance nationally with a particular focus on fire safety measures and building regulations. New compliance requirements are monitored closely to ensure CBH is well positioned as early as possible to react appropriately.

Health and safety performance is monitored by the Executive Team monthly and the Board receives additional information via the Audit & Risk Committee where health and safety is a standing agenda item. The Board benefits from having a Board Champion for health and safety who works closely with officers to ensure this key area gets the attention it requires both at Board and business level.

Brexit

CBH has not been directly impacted by Brexit with no direct trading exposures to the EU however the business is exposed to indirect risks such as the supply and cost of building materials. We are seeing some increases in costs and shortages in supply, due partly to Brexit but also Covid-19 related issues and global supply chain impacts. CBH continues to monitor this as it progresses.

Social Housing Rent Policy

The commitment provided by Government with regards to rent levels for the five years post March 2020 provides stability for future years. There continues to be threats in the operating environment for CBH and other housing providers which could impact on rental income levels and arrears levels and these are monitored carefully. We have contingency plans at our disposal to cope with various magnitudes of future impact and feel confident that we can maintain a financially viable HRA which delivers against the key needs of our customers.

Quality of the Housing Stock

The capital investment programme is closely managed to ensure that we improve the quality of existing homes each year across all units of stock. The HRA business plan is reviewed annually to confirm our ability to invest in the stock sufficiently to maintain decency. The only properties failing to meet this standard at year end were a small number of non-traditional construction stock which are being managed with funded improvement plans in place. Significant provision is in place to deliver programmes of investment to ensure homes meet legislative safety standards, particularly in connection with fire safety and asbestos compliance. Significant improvements to the energy performance of homes, in line with our carbon neutral aspirations, will be achieved through a number of the investment work streams.

STRATEGIC REPORT

Information Technology (IT)

CBH, like many organisations, faces a variety of cyber related risks which are managed with the support of our suppliers and partners. Security protocols are enforced, systems are regularly patched, networks, servers and end point devices are regularly monitored and communication and training for colleagues are regularly updated.

Data Governance

The benefit of having efficient and effective systems can be negated somewhat should there be a lack of data accuracy and integrity. Good information management reduces the probability of this happening while increasing better informed decision making and efficient working. Good information practises also reduce the probability of privacy breaches and failure to meet legal obligations.

Pension Fund

The Pension Fund Valuation recognised in these statements reflects the latest accounting valuation of the pension fund. The Board will continue to monitor the financial position of the fund and act based on actuarial advice to ensure the long-term viability of the scheme. The latest triennial valuation of CBH's portion of the Fund shows a small surplus position as compared to the accounting valuation shown in these financial statements. This triennial actuarial valuation drives the funding requirement for CBH for the next two years.

Our performance

Demonstrating excellent customer services at the right cost is crucial and ensures that CBH is delivering value for money (VFM); it is about understanding the need to spend and managing that effectively to maintain strong core services and continue to achieve positive change and outcomes for our customers. This ensures that the rent that is paid into the Housing Revenue Account (HRA) delivers high quality services whilst maintaining and improving existing homes and building more affordable homes.

CBH maintains a suite of Key Performance Indicators (KPIs) demonstrating the balance across costs, performance and satisfaction, where costs relate to both CBH and the HRA. It makes use of Housemark's benchmarking model to arrive at an understanding of annual costs per property (CPP) for service areas: it is used to look back at the year just completed and, importantly, to 'look forward' during the annual budget process. This has informed discussions about spend and enabled CPP 'targets' for the financial year ahead to be set. This suite is regularly monitored by the Executive and Leadership Teams and reported to our Board and key stakeholders.

In these tables outturn is shown as a 'RAG' statement, comparing outturn to our own internal targets, generated each year as part of the annual budget and target setting process, where: **Green** = on or better than target, **Amber** = slightly off target and **Red** = off target. The following section includes comparisons with the following external peer group: all housing providers in England with 1,000 to 7,500 units of stock, using the latest data available at the time of writing this document.

STRATEGIC REPORT

Great Homes

VFM Key Performance Indicators	2019-20 year-end outturn compared to target (as a RAG)	2020-21 year-end outturn compared to target (as a RAG)	2021-22 year-end target
Direct cost per property of Major Works & Cyclical Maintenance	£2,123 (£2,250)	£1,730 (£2,366)	£1,718
% dwellings non-decent at the end of the period	0.09% (0.35%)	0.07% (0.25%)	0.25%
% dwellings with a valid gas safety certificate	99.81% (100%)	99.81% (100%)	100%
Average SAP rating (2009 methodology)	72.80 (72.20)	72.96 (72.90)	73.1
STAR Survey: satisfaction with overall quality of the home	85% (90%)	80% (85%)	86%
Direct cost per property of Responsive Repairs & Void Works	£642 (£580)	£650 (£660)	£698
% of Emergency, Urgent and Routine repairs completed within target	99.57% (99%)	99.76% (99%)	99%
Direct cost per property of Rent Arrears and Collection	£93 (£93)	£90 (£93)	£89
Current arrears as % of rental income (exc. court costs)	2.14% (2.65%)	2.07% (2.24%)	2.24%
Rent collected from current & former tenants as % rent due (exc. arrears brought forward)	99.71% (97%)	100.69% (98%)	99%
Direct cost per property of Lettings	£41 (£41)	£43 (£45)	£50
% Rent lost through CBC dwellings becoming vacant excluding temporary furnished	0.55% (0.70%)	0.71% (0.77%)	0.71%
Average time taken to re-let minor void CBC properties (excluding FA and JDC) in days	18.84 (19)	29.26 (19)	20
Complaints closed at stage 1 - % within agreed timescales	96.15% (96%)	90% (100)	100%
Number of complaints per 1000 properties	9.68 (12)	5.89 (12)	10
Contact centre calls answered within 60 seconds	91.56 (90%)	93.18 (90%)	90%
Number of additional homes supplied	27 (50)	37 (50)	60

Major Works and Cyclical Maintenance

CBH maintained appropriate capital investment in our stock, based on data sourced from stock surveys, enabling us to maintain safe, and high-quality homes. Page 8 of this report details some of the work undertaken to improve existing homes.

Even during a year significantly affected by the pandemic performance remained strong across KPIs. Gas servicing remained high, with a robust approach taken to ensure access through legal means where this is necessary, whilst a more measured approach is taken

STRATEGIC REPORT

when the situation demands this, for example working closely with other local agencies to support tenants who are resistant to volunteering access due to mental health issues.

SAP (standard assessment procedure) figures are an approved system for assessing the energy rating for a home. This has increased as a consequence of planned investment, 2020-21 outturn places CBH in the top quartile of housing providers in our peer group. We regularly seek opinion from tenants via quarterly surveys which provide us the opportunity to obtain sector feedback on sector-specific 'STAR' survey questions. This shows that satisfaction with the quality of the home fell to 80%, a fall in levels of satisfaction has been experienced by the majority of providers over the past year. At the time of writing the number of providers that have submitted data into the benchmarking system for STAR questions is not sufficient to enable comparisons to be made.

Responsive Repairs and Void Works

The costs per property to deliver our responsive repairs and void works during 2020-21 were slightly lower than forecast. When full benchmarking is available CBH's CPP is likely to be lower than our peer group average, and place CBH in the upper middle quartile.

Repairs performance has been maintained at above target levels with almost 100% of Emergency, Urgent and Routine repairs completed on time. The average number of days to complete repairs at the end of 2020-21 is low at just under 7 days, placing CBH in the top quartile when compared with our peers.

Our rolling STAR survey shows that satisfaction with the repairs and maintenance has fallen slightly to 78%, a fall in levels of satisfaction has been experienced by the majority of providers over the past year. At the time of writing the number of providers that have submitted data into the benchmarking system for STAR questions is not sufficient to enable comparisons to be made.

Rent Arrears and Collection and Lettings

The Direct CPP for Rent Arrears and Collection for 2020-21 was lower than the figure that was modelled during the annual budget setting process. When compared with the peer group it is likely that this will be higher than the sector average and place CBH in the lower middle quartile. This additional investment has proven to be time well spent in terms of arrears performance which is significantly better than target. Both rent collection and current arrears levels are in the top and upper quartile, respectively, when compared with our peer group. This remains a particular area of focus and investment as the roll out of Universal Credit continues across the town and due to the impact of the coronavirus crisis.

Direct CPP for the delivery of our Lettings service was lower than the target set during budget modelling. This area has maintained very strong void rent loss performance which was better than target and which equates to top quartile performance when compared with our sector peer group. Our re-let performance was severely impacted by the effects of the pandemic meaning we did not meet our internal target, which was set to reflect a 'normal' financial year. However, this performance compared to the sector is very strong and our

STRATEGIC REPORT

outturn places us firmly in the top quartile, the average for our peer group at time of writing is 50days. This has been achieved whilst also enabling 25 tenancies to successfully 'downsize' as part of our programme which began as a pilot in 2018/19, and which is so successful will continue into 2021-22. This programme makes better use of existing stock by supporting people in households with three or more bedrooms to 'downsize' into more appropriately sized homes, freeing up larger properties for those people more in need.

Complaints

Customers can contact CBH to make a complaint through several routes and these were maintained during the year. Although the closure of Stage 1 complaints within agreed timescales did fall slightly short of the target this related to just three complaints. The reasons for the delays were identified and, where possible, processes have been improved to reduce the likelihood of similar delays occurring again.

Contact centre calls answered within 60 seconds was better than target and future targets reflect the desire to maintain this high figure. This was a new tenant-approved performance indicator to replace the older indicator in this suite. Our new Customer Service and Engagement Strategy will focus efforts in this area over the coming years to drive up performance and maintain high satisfaction levels.

Number of Additional Homes Supplied

CBH supplied 37 additional homes, including both newly built homes and acquisitions, falling short of our target of 50 for 2020-21. Although the challenge of identifying and acquiring land for development remains a significant one in Cheltenham, we have now built a pipeline of 370 homes to be delivered over 5 years to provide much needed housing and support the economic recovery in Cheltenham. We expect to expand this pipeline to 500 homes in the coming 12 months to meet our target of delivering 500 additional homes over five years.

Of the 37 additional homes 26 were acquisitions, demonstrating excellent use of funds received from Right to Buy (RTB) sales, and the remaining 11 homes are newly built on two different schemes. This additionality offset the loss of 15 Council homes which were sold under the RTB scheme, meaning that there was again a net gain in the number of homes available. Our 2021-22 target reflects our continued ambition within this programme of work.

STRATEGIC REPORT

Stronger Communities

VFM Key Performance Indicators	2019-20 year-end outturn compared to target (as a RAG)	2020-21 year-end outturn compared to target (as a RAG)	2021-22 year-end target
Direct cost per property of ASB	£57 (£58)	£63 (£63)	£71
% closed ASB cases that were resolved	100% (99%)	100% (99%)	100%
STAR Survey: tenants feeling safe in their homes	92% (100%)	88% (90%)	90%
Direct cost per property of Resident Involvement	£31 (£35)	£29 (£32)	£33
STAR Survey: customers satisfied that CBH listens to their views and acts upon them	76.8% (70%)	73% (80%)	80%
Direct cost per property of Tenancy Management	£89 (£91)	£96 (£96)	£96
STAR Survey: overall customer satisfaction	90% (90%)	85% (90%)	90%
STAR Survey: satisfaction with value for money of the rent	93% (90%)	90% (90%)	90%
Income generated on behalf of customers year to date	£1,026,470 (£1m)	£1,289,750 (£1m)	£1,000,000
Direct cost per property of Community Investment	£105	£98 (£107)	£110

ASB (anti-social behaviour)

Direct CPP for the delivery of our ASB service was on the target and this area demonstrated strong performance and satisfaction. When compared with the sector it is likely that Direct CPP will place CBH in the bottom quartile however it is an area of important investment to support the building of safe and strong neighbourhoods. Our rolling STAR survey showed that in 2020-21 89% of respondents felt safe in their homes and although this is now a benchmarkable figure, at the time of writing the number of providers that have submitted data into the benchmarking system is not sufficient to enable comparisons to be made. Early indications are, however, suggesting that this level will place CBH in the upper middle quartile, when compared with our peers.

Resident Involvement and Community Investment

Direct CPP for Resident Involvement is lower than target. We are committed to investing in numerous community and engagement activities as set out in our Strategic Report. When compared with the peer group CPP for Resident Involvement is likely to place CBH in the lower middle quartile. This reflects our desire to invest appropriately to involve our tenants and leaseholders to ensure they can scrutinise and shape CBH services to best meet their needs. Our regular STAR surveys showed that in 2020-21 73% of tenants agree that CBH listens to their views and acts upon them, this is likely to place CBH in the upper middle quartile, when benchmarking becomes available.

The CPP for community investment initiatives is less than expected due to the restrictions of the pandemic. This investment enables CBH to improve the life chances of our tenants and

STRATEGIC REPORT

reduce the stigma associated with social housing. It includes, for example, benefit and money advice (which generated over £1.2m of income for tenants) and employment and training (which helped 43 people into work and 68 into training) plus broader community development and support work such as regular activities at our Community Hubs seeking to promote healthy eating, digital inclusion and boosting IT skills and personal confidence.

Overall customer satisfaction with CBH remained high at 85% and this outturn is likely to position CBH in the upper middle quartile when compared to other housing providers in our peer group. 90% of tenants considered that the rent they pay provides Value for Money and this is likely to place CBH in the top quartile.

Our People

VFM Key Performance Indicators	2019-20 year-end outturn compared to target (as a RAG) where available	2020-21 year-end outturn compared to target (as a RAG) where available	2021-22 year-end target
Average number of working days lost to total sickness	9.45 (7)	6.95 (7)	7
Best Companies	One to watch (one to watch)	1 Star (one to watch)	1 Star

Days lost to sickness is better than the target set and is better than our peer group average, placing CBH in the upper middle quartile. We continue to support colleagues through our Wellbeing Programme, which includes regular health MOTs and 'flu jabs'. Managers continue to monitor and address unsatisfactory levels of absences.

We are now officially 'a very good place to work' after demonstrating our commitment to colleagues and workplace engagement over the past year. Our colleagues have had their say and we have moved from 'One to Watch' to achieving 'One Star' with the Best Companies accreditation and are now 24th in the top 25 Best Housing list.

With the ongoing coronavirus crisis, we have continued to support our colleagues with their wellbeing and home/work pressures and this is to be celebrated as we experienced a 7% increase in 'wellbeing' in the Best Companies survey results.

Our Attendance Management System was updated and now also includes direct links to the Employee Assistance Programme (EAP) and a new NHS Wellbeing Hub. The benefits of the EAP and BUPA Health Cash Plan, including Anytime Healthline, have continued to be promoted. We also took a more active approach with monitoring annual leave allowances and usage to ensure that colleagues were taking regular breaks and appropriate levels of annual leave for their health and wellbeing.

To ensure that we are ready for a 'better normal' following the pandemic we have a new 'Agile Working' approach that places value on outcomes rather than hours worked. Teams are able to adopt a greater level of remote and home working that suits the members of the

STRATEGIC REPORT

team whilst also delivering on agreed outcomes and performance measures. This has allowed the business to reduce the amount of office space required whilst investing in the equipment and systems colleagues need to deliver for our customers.

Return on Assets

In addition to our prime function of managing and maintaining the Council's housing stock, the Company is also a Registered Provider (RP) and manages 111 units of its own housing stock, with 13 in development for the Private Rental Sector (at the end of March 2021). CBH stock has been funded using a balance of grant (from Homes England and Cheltenham Borough Council) and long-term borrowing (from Cheltenham Borough Council). All schemes have been delivered within budget, are forecast to deliver budgeted surpluses for future years and provide valuable additional homes for Cheltenham.

Value for Money Metrics

The Regulator of Social Housing has issued seven VFM metrics that allow housing providers to compare like with like, while at the same time recognising that the housing sector is diverse, encompassing a wide range of legitimate social missions. The seven metrics are shown in the table below.

VFM is taken seriously by CBH, and we have taken the 'sector scorecard' methodologies and applied relevant data relating solely to our operations as a small registered provider, i.e. discounting our role as the local authority's ALMO to match our balance sheet position. The table below displays outturn for the current and previous years. We consider that the outturn of these metrics can support the more detailed information in the VFM statement.

Value for Money Metrics	2019/20	2020/21
Reinvestment %	0%	13%
New supply delivered (social housing units) %	0%	0%
New supply delivered (non-social housing units) %	0%	11%
Gearing %	53%	56%
EBITDA %	144%	148%
Headline social housing cost per unit	£1,764	£1,836
Operating margin (social housing lettings only) %	36%	36%
Operating margin (overall) %	36%	36%
Return on capital employed (ROCE) %	2%	2%

The reinvestment percentage rose from 0% to 13%; in 2020/21 CBH purchased its first Private Rented Sector (PRS) block comprising 13 dwellings. All additional affordable homes were delivered for the Council's HRA.

The increase in the headline cost per unit reflects the timing of cyclical external painting works at two schemes.

STRATEGIC REPORT

Our finances

The accounting policies of the group are set out in note 2 to the financial statements.

The results included in these financial statements relate to the activities of the CBH group only and not the Council's HRA. The results shown here therefore only cover the CBH specific portion of the activities set out in the Strategic Report above.

CBH recharges the cost of its management and maintenance services, for Cheltenham Borough Council properties, to the Council via management fees and repairs and maintenance charges. This makes up 95% of CBH's annual turnover.

At the end of the financial year, CBH owned 111 properties: 1 leasehold, 15 shared ownership with the remaining 95 made up of 45 social rent and 50 affordable rent homes. CBH also completed the purchase of 13 apartments within one block which will be refurbished for letting at market rent.

CBH has in place long-term debt facilities which provide adequate resources to finance its housing schemes along with the group's day to day operations. The group is able to service these debt facilities whilst continuing to comply with its commitments to its parent undertaking Cheltenham Borough Council.

Income and Expenditure

Turnover for the year was £12,619,000, £22,000 higher than the previous year. This relates to the increase in rents on CBH's existing housing properties with management and maintenance service charges for the Council consistent with the previous year.

The operating result for the group for the year ended 31 March 2021 was a deficit of £553,000 compared to a deficit of £1,645,000 for the previous year. The main change year on year was the decrease in the pension scheme current service cost due to the decrease in the opening net discount rate (discount rate less pension increase rate at the beginning of the year).

The underlying operating result, before loan interest and the FRS 102 pension current service cost adjustment, was a surplus of £292,000 against an operating deficit of £41,000 in the previous year. The deficit in the previous year was due to investment in one off project costs agreed by the Board during the year for example SIP and expanding community services such as the ACEs programme and Thrive.

The surrender of the lease for one of our office locations has been completed post year end which will deliver approximately £200,000 of annual savings which will be passed back to the HRA through the management fee.

STRATEGIC REPORT

Pensions

Under Financial Reporting Standard 102 ("FRS102"), the group is required to include the financial position of the pension fund within the balance sheet. For the year ended 31 March 2021 the deficit position deteriorated due to the increase in the salary and pension increase rates and the fall in the discount rate. See note 20 for further details.

The most recent actuarial triennial valuation of the fund as at 31 March 2019 showed CBH's element of the fund was 120% funded. Responsibility for both the pension fund and the payment of employer contributions lies with CBH. CBH is confident in its ability to make the necessary contributions, as recommended by the Actuary, to ensure that there are sufficient pension fund assets to settle all liabilities as and when they fall due.

Reserves

The statement of financial position for the group as at 31 March 2021 shows total negative reserves of £11,875,000, comprising a pension fund liability of £14,091,000 offset by an income and expenditure reserve of £2,216,000. The income and expenditure reserve increased by £26,000 during the year.

Financial Position

The balance sheet at the end of March 2021 included £14,386,000 of fixed assets at depreciated cost, £7,898,000 of long-term loans and £4,349,000 of capital grants. Net current assets increased by £14,000 due to the small surplus in the year.

Cash flow

At year end, cash and cash equivalents totalled £583,000, having increased from £251,000 at the previous year end. This increase reflects the timing of payments and receipts at year end. Included within debtors is a balance of £741,000 due from the company's parent undertaking Cheltenham Borough Council. This is a current account balance and can be drawn down in cash as required.

The Strategic Report was approved by the Board on 28th July 2021 and signed on its behalf by:



Stafford Cruse
Company Secretary

DIRECTORS' REPORT

Principal Activities

The principal activities of the company during the year were the management and maintenance of Cheltenham Borough Council (CBC) and Cheltenham Borough Homes (CBH) homes in Cheltenham and the development of new social housing for CBC and CBH. The principal activity of the subsidiary company, Cheltenham Borough Homes Services Limited, during the year was the supply of construction services to Cheltenham Borough Homes Limited.

The parent company, Cheltenham Borough Homes Limited, is a company limited by guarantee and is governed by its memorandum and articles of association. The liability in respect of the guarantee is set out in the memorandum of association and is limited to £1 per member of the company, the sole member being Cheltenham Borough Council. Cheltenham Borough Homes Services Limited is a limited company, the sole shareholder being Cheltenham Borough Homes Limited.

Directors

The non-executive Board of Directors of the company, which includes Borough Councillors, tenants and independent professionals, oversees and directs strategy. All Board members act in an unpaid, voluntary capacity. The following directors served during the year:

J Langley	Chair
P Blain	
S Brimfield	
W Britton-Lewis	
D M Clowes	Chair of Remuneration and Nominations Committee
A C Foster	Chair of Audit and Risk Committee
C M Mason	
U Pearce-Lynch	
R Pinegar	Appointed 13 July 2021
J Rawson	
S Williams	Retired 13 July 2021

Company Secretary

S Cruse

DIRECTORS' REPORT

Audit and Risk Committee

The Audit and Risk Committee reviews the annual internal and external audit plans and reports and meets with the internal and external auditors both in meetings and privately to satisfy themselves that the company's internal control systems are operating effectively. The Audit and Risk Committee reviews a report on the company's corporate risks at every meeting. The agreed minutes of every Audit and Risk committee meeting are presented to Board in order to inform all Board members of the decisions and actions taken. Key issues are fed back to Board by the Chair of the Committee.

Executive Team

An Executive Team of three senior officers, led by the Chief Executive, is responsible for the strategic management of the group and also manages a team of operational managers responsible for the day-to-day activity. During the year Paul Stephenson (Chief Executive) retired after 15 years with CBH. The Board of Directors, on behalf of the whole organisation, recognise and appreciate the effective leadership of Paul Stephenson over the last 8 years as Chief Executive Officer up until his retirement in August 2020.

Steve Slater was appointed Chief Executive on an interim basis in August 2020 and then permanently on 1st April 2021.

S Slater	Chief Executive
E Wall	Executive Director – Property & Communities
S Cruse	Interim Executive Director – Finance & Resources

Governance: Annual Statement of Compliance

As a registered provider and, in accordance with regulatory requirements, CBH adopted the National Housing Federation's "Excellence in Governance" code of governance in 2011. The Code was reviewed and re-issued in February 2015.

An assessment of compliance against this Code is undertaken each year and the review relating to the period 2020-21 demonstrates full compliance. CBH has adopted the new NHF Code of Governance 2020: equipping for excellence, in 2021-22 and will report compliance against this code in next year's financial statements.

DIRECTORS' REPORT

In accordance with the requirements of the Accounting Direction 2019, the Board certifies that the Company has complied with the requirements of the Regulator's Governance and Financial Viability Standard. The Board has reviewed the Company's compliance against each of the required outcomes within the Standard and has ensured appropriate action was taken during the year to meet these outcomes.

A process to review the company's compliance with the Governance and Financial Viability Standard is in place and will be followed annually.

Statement of Board Responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Ensure that UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

DIRECTORS' REPORT

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Following the completion of Bishop Fleming's five year term as the company's external auditor the company will begin a new tender process in the Autumn to appoint external auditors for a new five year term in advance of the year end.

The Directors' Report was approved by the Board on 28th July 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Stafford Cruse', with a long, sweeping horizontal line extending to the right.

Stafford Cruse
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CHELTENHAM BOROUGH HOMES LIMITED

OPINION

We have audited the financial statements of Cheltenham Borough Homes Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Reserves, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CHELTENHAM BOROUGH HOMES LIMITED

is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Board Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CHELTENHAM BOROUGH HOMES LIMITED

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment, business performance and key drivers for directors' remuneration and performance targets;
- We have considered the results of enquiries with management in relation to their own identification and assessment of the risk of irregularities within the entity;
- We have reviewed the group's documentation of their policies and procedures relating to:
 - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As group auditors, our assessment of matters relating to non-compliance with laws and regulations and fraud encompassed all entities within the group.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut off and significant estimates such as the pension assumptions used in valuing the year end pension deficit. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102, the Accounting Direction for private registered providers of social housing in England, the Housing Statement of Recommended Practice and UK tax legislation. In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or avoid a material penalty, including landlord health and safety laws and regulations covering fire risks, gas safety, water hygiene, electrical safety and asbestos.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CHELTENHAM BOROUGH HOMES LIMITED

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing Board meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations or areas of non-compliance with laws and regulations;
- Performing detailed testing in relation to the recognition of revenue, with a particular focus around year-end cut off, including the agreement of year end balances with Cheltenham Borough Council;
- Performing a benchmarking summary of the assumptions used by the actuary and comparing to local government pension schemes across various counties and across different actuaries;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CHELTENHAM
BOROUGH HOMES LIMITED**

Nathan Coughlin FCA (Senior statutory auditor)
for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay, Sutton Harbour

Plymouth

PL4 0BN

Date:

25 August 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2021 £'000	2020 £'000
Turnover	3	12,619	12,597
Operating expenditure		13,172	14,241
Loss on disposal of fixed assets	6	-	1
Operating deficit	3	<u>(553)</u>	<u>(1,645)</u>
Interest receivable	7	-	-
Interest and financing costs	8	426	525
Deficit before tax		<u>(979)</u>	<u>(2,170)</u>
Taxation	10	19	18
Deficit for the year		<u>(998)</u>	<u>(2,188)</u>
Actuarial (loss)/gain in respect of pension schemes		(5,618)	5,087
Total comprehensive (loss)/income for the year		<u><u>(6,616)</u></u>	<u><u>2,899</u></u>

The consolidated results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000	Pension reserve £'000	Total £'000
Balance at 1 April 2019	2,500	(10,658)	(8,158)
Deficit for the year	(310)	(1,878)	(2,188)
Other comprehensive gain for the year	-	5,087	5,087
Balance at 31 March 2020	2,190	(7,449)	(5,259)
Surplus/(Deficit) for the year	26	(1,024)	(998)
Other comprehensive loss for the year	-	(5,618)	(5,618)
Balance at 31 March 2021	2,216	(14,091)	(11,875)

COMPANY STATEMENT OF CHANGES IN RESERVES

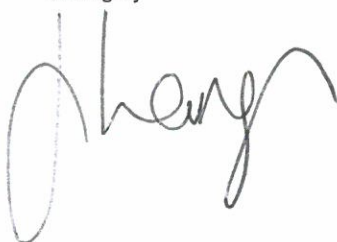
	Income and expenditure reserve £'000	Pension reserve £'000	Total £'000
Balance at 1 April 2019	2,570	(10,658)	(8,088)
Deficit for the year	(310)	(1,878)	(2,188)
Other comprehensive gain for the year	-	5,087	5,087
Balance at 31 March 2020	2,260	(7,449)	(5,189)
Surplus/(Deficit) for the year	28	(1,024)	(996)
Other comprehensive loss for the year	-	(5,618)	(5,618)
Balance at 31 March 2021	2,287	(14,091)	(11,803)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	11	780	870
Tangible fixed assets – housing properties	12	13,419	11,865
Tangible fixed assets – other	13	187	250
		14,386	12,985
Current assets			
Trade and other debtors	15	941	1,128
Cash and cash equivalents		583	251
		1,524	1,379
Creditors: amounts falling due within one year	16	1,651	1,520
Net current liabilities		(127)	(141)
Total assets less current liabilities		14,259	12,844
Creditors: amounts falling due after more than one year	17	12,043	10,654
Pension provision	20	14,091	7,449
Total net liabilities		(11,875)	(5,259)
Reserves			
Income and expenditure reserve		2,216	2,190
Pension reserve		(14,091)	(7,449)
Total reserves		(11,875)	(5,259)

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 28th July 2021.

Director
J Langley



Director
A Foster

Company number: 04587658

 Page | 34

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	11	780	870
Tangible fixed assets – housing properties	12	13,471	11,917
Tangible fixed assets – other	13	187	250
Investment in subsidiaries	14	-	-
		14,438	13,037
Current assets			
Trade and other debtors	15	964	1,150
Cash and cash equivalents		582	250
		1,546	1,400
Creditors: amounts falling due within one year	16	1,653	1,523
Net current liabilities		(107)	(123)
Total assets less current liabilities		14,331	12,914
Creditors: amounts falling due after more than one year	17	12,043	10,654
Pension provision	20	14,091	7,449
Total net liabilities		(11,803)	(5,189)
Reserves			
Income and expenditure reserve		2,288	2,260
Pension reserve		(14,091)	(7,449)
Total reserves		(11,803)	(5,189)

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 28th July 2021.

Director
J Langley



Director
A Foster

Company number: 04587658

 Page | 35

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021 £'000	2020 £'000
Net cash generated from operating activities	22	860	911
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,765)	(137)
Purchase of intangible fixed assets		-	(329)
Grants received		-	-
Grants repaid		-	-
Interest received		-	-
		<u>(1,765)</u>	<u>(466)</u>
Cash flow from financial activities			
Interest paid		(246)	(250)
Repayments of borrowings		(122)	(106)
New long term loans		1,605	-
		<u>1,237</u>	<u>(356)</u>
Net change in cash and cash equivalents		332	89
Cash and cash equivalents at beginning of the year		251	162
Cash and cash equivalents at end of the year		<u>583</u>	<u>251</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

The company is registered under the Companies Act 2006 and is a registered provider of social housing.

2. Accounting policies

Basis of accounting

The financial statements of the group and the company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

Going concern

The group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The group has in place long-term debt facilities and a working capital facility which provide adequate resources to finance its recently built housing projects along with the group's day to day operations. The group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with its commitments to its parent undertaking Cheltenham Borough Council.

During the year, CBH purchased its first private rented sector property, comprising 13 apartments. This has reduced CBH's liquidity and increased fixed assets. This was mainly funded by a fixed rate loan from Cheltenham Borough Council, with additional funding available in 2021-22 once the refurbishment works have been completed in the Autumn.

Coronavirus had a significant impact on our operations during the first lockdown at the start of the year and limited us to completing only urgent repairs and essential services for tenants. The following two lockdowns during the year, added to this disruption, but to a lesser extent. CBH did not utilise the furlough scheme, instead redirecting the work of our colleagues to support other services which were able to continue during lockdown. Since lockdown measures have eased, CBH colleagues have worked hard to reinstate non-essential services whether face to face or through electronic means. There has not been a significant impact on our financial resilience to date as a result of the structure of the funding agreement with the Council. The Board are satisfied that the financial impact of any further restrictions or similar scenarios can be absorbed within existing cash reserves.

The cashflows for CBH's housing and management activities have been modelled through to March 2023 which shows sufficient resources are available throughout this period. These cashflow forecasts will continue to be monitored closely over this period. CBH has also conducted Stress Testing, modelling scenarios including increases to rent arrears, changes to

NOTES TO THE FINANCIAL STATEMENTS

rent policy and inflationary pressures to assess the impact on the financial viability of the business. Our funding is at fixed rates covered by future income streams. Mitigations have been identified through this stress testing process to deal with adverse impacts should they arise.

On this basis, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The group accounts consolidate the accounts of Cheltenham Borough Homes Limited and Cheltenham Borough Homes Services Limited at 31 March using the purchase method. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of Section 408 of the Companies Act 2006. The deficit for the year before taxation for the parent company was £978,000 (2020: deficit of £2,170,000).

Investment in subsidiaries

Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of Cheltenham Borough Homes Services Limited during the year are included in total comprehensive income using accounting policies consistent with those of the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Depreciation charged for the year ended 31 March 2021 was £274,000 and amortisation of intangible assets was £94,000.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary

NOTES TO THE FINANCIAL STATEMENTS

increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 20). The liability at 31 March 2021 was £14,091,000.

Turnover and revenue recognition

Turnover primarily comprises management fees chargeable to Cheltenham Borough Council, invoiced quarterly in arrears and charges made to Cheltenham Borough Council for the repair and maintenance of Council owned homes, invoiced in arrears and recognised on an accruals basis.

In addition, turnover includes rental income receivable in the year and grants for donated land recognised in revenue in the year. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Value Added Tax

The group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Employee Benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

Pensions

The Company operates a contributory pension scheme, of the defined benefit type, for employees. The scheme is administered by Gloucestershire County Council and is independent of the company finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary in order that the benefits accruing in respect of current and future service can be met.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return of the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in total comprehensive income for the year.

NOTES TO THE FINANCIAL STATEMENTS

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit, are recognised in full and presented on the face of the balance sheet.

Interest payable

Interest payable is charged to income and expenditure in the year.

Intangible Assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Software configuration and implementation costs for the company's new core operating software QL have been recognised as an intangible asset. The intangible asset is being amortised over 10 years from 'Go-live' date in 2019-20.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs. During the year, CBH purchased its first property for market rent comprising 13 apartments and is due to be ready for letting in the Autumn of 2021.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation of housing properties

The group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value on a straight line basis, over its estimated useful economic life.

The group depreciates the major components of its housing properties at the following annual rates:

Housing	Over 75 years
Roofs	Over 60 years
Windows & Doors	Over 30 years
Plumbing	Over 30 years
Kitchens & Bathrooms	Over 20 years
Boilers	Over 15 years
Solar Panels	Over 25 years

Freehold land is not depreciated.

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. The terms of the donation are deemed to be performance related conditions. A grant that imposes specified future performance-related conditions is recognised in revenue only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

NOTES TO THE FINANCIAL STATEMENTS

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	2%
Long leasehold property	over the life of the lease
Furniture, fixtures and fittings	33%
Computers and office equipment	33%
Motor vehicles and plant	20%
Tools and operational equipment	33%

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Government grants

Government grants include grants receivable from Homes England (formerly the Homes and Communities Agency, the HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised over the useful life of the housing property structure under the accruals model.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of a property may be repayable and are included in the statement of financial position in creditors.

If there is no requirement to repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for repayment purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the group is required to repay these proceeds and recognise them as a liability.

NOTES TO THE FINANCIAL STATEMENTS

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs.

Loans

Loans received from Cheltenham Borough Council for development of new social housing are treated as public benefit entity concessionary loan arrangements. The loans are initially recognised at the amount received and are subsequently adjusted for accrued interest payable. Loans received for development of new market rent properties are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS

Provision for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the period it arises.

The group recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 3 months. The accrual is measured at the salary cost payable for the period of absence.

3. Particulars of turnover, cost of sales, operating costs and operating surplus

Group – continuing activities

	Turnover	2021 Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings	571	341	230
Amortisation of capital grant	65	65	-
	<u>636</u>	<u>406</u>	<u>230</u>
Recognition of government grant	-	-	-
Management and maintenance services for Cheltenham Borough Council	11,983	12,766	(783)
	<u>12,619</u>	<u>13,172</u>	<u>(553)</u>

NOTES TO THE FINANCIAL STATEMENTS

Group – continuing activities

	Turnover	2020 Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings	554	329	225
Amortisation of capital grant	65	65	-
	<u>619</u>	<u>394</u>	<u>225</u>
Recognition of government grant	-	-	-
Management and maintenance services for Cheltenham Borough Council	11,978	13,848	(1,870)
	<u>12,597</u>	<u>14,242</u>	<u>(1,645)</u>

4. Accommodation in management and development

At the end of the year the number of properties owned for each class of accommodation was as follows:

	Group and Company	
	2021 No.	2020 No.
General social housing	95	95
Affordable home ownership	15	15
Total owned	<u>110</u>	<u>110</u>
Non-social housing		
Market rented homes in development	<u>13</u>	<u>-</u>
Leasehold	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS

At the end of the year the number of properties in management for each class of accommodation was as follows:

	Group and Company	
	2021	2020
	No.	No.
Local Authority general social housing	3,996	3,977
Local Authority housing for older people	490	490
Local Authority garages	668	679
Local Authority leasehold and shared ownership	490	500
	<hr/> 5,644	<hr/> 5,646
CBH general social housing	95	95
CBH leasehold and shared ownership	16	16
Total in management	<hr/> 5,755	<hr/> 5,757

5. Operating (deficit)/surplus

The operating (deficit)/surplus is arrived at after charging/(crediting):

	Group and Company	
	2021	2020
	£'000	£'000
Depreciation of housing properties	199	198
Depreciation of other tangible fixed assets	75	145
Amortisation of intangible assets	94	61
Operating lease rentals		
- land and buildings	309	216
- vehicles and other equipment	140	119
Auditors' remuneration (excluding VAT)		
- audit fee	17	12
- tax administration	1	1
- other services	1	1
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

6. Deficit on sale of fixed assets

	Group and Company	
	2021 £'000	2020 £'000
Disposal proceeds	-	-
Carrying value of fixed assets	-	1
Other costs of sale	-	-
	-	1
Capital grant released to income	-	-
	-	1

7. Interest receivable and other income

	Group and Company	
	2021 £'000	2020 £'000
Interest receivable and similar income	-	-
	-	-

8. Interest and financing costs

	Group and Company	
	2021 £'000	2020 £'000
Defined benefit pension charge	180	275
Loan interest	246	250
	426	525

NOTES TO THE FINANCIAL STATEMENTS

9. Employees

Average monthly total number of employees and average monthly number of employees expressed as full time equivalents (calculated based on a standard working week of 37 hrs):

	Group and Company	
	2021	2020
	No.	No.
Administration and operational:		
Total number of Employees	191	191
Full Time Equivalents	179	180

Employee costs

	Group and Company	
	2021	2020
	£'000	£'000
Wages and salaries	5,660	5,428
Social security costs	561	528
Other pension costs	1,855	2,597
	8,076	8,553

The non-executive company directors received no remuneration during the year.

Executive team

The full-time equivalent number of staff who received remuneration (including employer pension contributions) of £60,000 or more (excluding company directors and including the executive team) was as follows:

	2021	2020
	No.	No.
£60,000 to £70,000	1	4
£70,001 to £80,000	4	4
£80,001 to £90,000	1	-
£90,001 to £110,000	1	-
£110,001 to £120,000	-	1
£130,001 to £140,000	1	1

The emoluments of the chief executive (the highest paid executive team member), excluding pension contributions, were £115,283 (2020: £119,924). Cheltenham Borough Homes is a

NOTES TO THE FINANCIAL STATEMENTS

scheduled employer within the Gloucestershire Local Government Pension Scheme. The scheme is asset backed and funded by employer and employee contributions.

The chief executive is an ordinary member of the scheme and no enhanced or special terms apply to their pension.

The aggregate remuneration of the Executive Team, including pension contributions but excluding payments for loss of office, amounted to £375,416 (2020: £332,792).

10. Tax on surplus on ordinary activities

	Group and Company	
	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on deficit for the year	21	21
Adjustments in respect of prior years	(2)	(3)
Tax on deficit for the year	19	18

The tax assessed for the year is lower than the standard rate of corporation tax in the UK at 19% (2020: 19%). The differences are explained as follows:

	Group and Company	
	2021	2020
	£'000	£'000
Tax reconciliation		
Deficit on ordinary activities before tax	(979)	(2,170)
Theoretical tax at UK corporation tax rate 19% (2020: 19%)	(186)	(412)
-exempt activities	207	433
-adjustments to tax charge in respect of prior periods	(2)	(3)
Total tax charge	19	18

NOTES TO THE FINANCIAL STATEMENTS

11. Intangible assets

Group and Company

	Software costs £'000	Total £'000
Cost		
At 1 April 2020	931	931
Additions	4	4
Disposals	-	-
At 31 March 2021	935	935
Amortisation		
At 1 April 2020	61	61
Charged in year	94	94
Disposals	-	-
At 31 March 2021	155	155
Net book value		
At 31 March 2021	780	780
At 31 March 2020	870	870

The intangible asset relates to software configuration and implementation costs for the company's new core operating software QL. The intangible asset is being amortised over 10 years from the 'Go-live' date in 2019-20.

NOTES TO THE FINANCIAL STATEMENTS

12. Fixed assets – housing properties

Group – housing properties

	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Leasehold housing properties £'000	Shared ownership housing properties £'000	Total housing properties £'000
Cost					
At 1 April 2020	11,636	-	555	964	13,155
Additions	-	1,772	-	-	1,772
Schemes completed	-	-	-	-	-
Disposals	(19)	-	-	-	(19)
At 31 March 2021	11,617	1,772	555	964	14,908
Accumulated depreciation					
At 1 April 2020	1,169	-	20	101	1,290
Depreciation charged in year	175	-	10	14	199
Released on disposal	-	-	-	-	-
At 31 March 2021	1,344	-	30	115	1,489
Net book value					
At 31 March 2021	10,273	1,772	525	849	13,419
At 31 March 2020	10,467	-	535	863	11,865

The addition to Housing Properties relates to the purchase of a block of 13 apartments for market rent.

Social housing assistance

	Group and Company	
	2021	2020
	£'000	£'000
Social housing grant		
Total received or receivable at 31 March	4,245	4,245
Total released to income at 31 March	(454)	(390)
Total repaid or repayable at 31 March	(152)	(152)
	3,639	3,703
Other capital grant		
Total received or receivable at 31 March	2,339	2,339
Total released to income at 31 March	(1,628)	(1,628)
Total repaid or repayable at 31 March	-	-
	711	711

NOTES TO THE FINANCIAL STATEMENTS

Company – housing properties

	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Leasehold housing properties £'000	Shared ownership housing properties £'000	Total housing properties £'000
Cost					
At 1 April 2020	11,692	-	555	965	13,212
Additions	-	1,772	-	-	1,772
Schemes completed	-	-	-	-	-
Disposals	(19)	-	-	-	(19)
At 31 March 2021	11,673	1,772	555	965	14,965
Accumulated depreciation					
At 1 April 2020	1,174	-	20	101	1,295
Depreciation charged in year	175	-	10	14	199
Released on disposal	-	-	-	-	-
At 31 March 2021	1,349	-	30	115	1,494
Net book value					
At 31 March 2021	10,324	1,772	525	850	13,471
At 31 March 2020	10,518	-	535	864	11,917

The addition to Housing Properties relates to the first purchase of 13 Dwellings for the Private Rental Sector.

Housing properties book value net of depreciation

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Freehold land and buildings	12,894	11,330	12,946	11,382
Leasehold buildings	525	535	525	535
	13,419	11,865	13,471	11,917

Impairment

The group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting 102 and SORP 2018. There was no impairment in the carrying value of property fixed assets during the year.

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible fixed assets – other

Group and Company

	Vehicles and plant	Fixtures and fittings	Computer systems and equipment	Leasehold buildings	Freehold buildings	Tools and other equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2020	4	220	725	537	129	47	1,662
Additions	-	2	8	-	-	2	12
Disposals	-	-	-	-	-	-	-
At 31 March 2021	4	222	733	537	129	49	1,674
Depreciation							
At 1 April 2020	4	200	626	536	10	36	1,412
Charged in year	-	14	53	-	2	6	75
Disposals	-	-	-	-	-	-	-
At 31 March 2021	4	214	679	536	12	42	1,487
Net book value							
At 31 March 2021	-	8	54	1	117	7	187
At 31 March 2020	-	20	99	1	119	11	250

Grant assistance – freehold land and buildings

	Group and Company	
	2021	2020
	£'000	£'000
Other capital grant		
Total received or receivable at 31 March	17	17
Total released to income at 31 March	(17)	(17)
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

14. Investments in subsidiaries

Company

	2021 £	2020 £
Cost and net book value	1	1

At 31 March 2021 the Company held more than 20% of the allotted share capital of the following undertaking:

	Country of incorporation	Class of share capital	Proportion held	Nature of business
Cheltenham Borough Homes Services Limited	UK	Ordinary	100%	Property development services

15. Debtors

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due within one year				
Rent and service charges receivable	19	19	19	19
Less: provision for bad and doubtful debts	(9)	(9)	(9)	(9)
	10	10	10	10
Amount due from Cheltenham Borough Council	741	954	741	954
Other debtors	52	40	75	62
Prepayments and accrued income	138	124	138	124
	941	1,128	964	1,150

NOTES TO THE FINANCIAL STATEMENTS

16. Creditors: amounts falling due within one year

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Debt (note 19)	139	110	139	110
Trade creditors	257	183	257	165
Rent and service charges received in advance	6	9	6	9
Amount due to Cheltenham Borough Council	134	167	134	167
Amount owed to subsidiary undertaking	-	-	2	21
Deferred capital grant (note 18)	65	65	65	65
Government grant received in advance	-	-	-	-
Corporation tax	21	21	21	21
Other taxation and social security	580	493	580	493
Unpaid contributions for retirement benefits	116	102	116	102
Other creditors	61	7	61	7
Accruals and deferred income	272	363	272	363
	1,651	1,520	1,653	1,523

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Debt (note 19)	7,759	6,305	7,759	6,305
Deferred capital grant (note 18)	4,284	4,349	4,284	4,349
	12,043	10,654	12,043	10,654

NOTES TO THE FINANCIAL STATEMENTS

18. Deferred capital grant

	2021 £'000	2020 £'000
At 1 April	4,414	4,479
Grant received in the year	-	-
Grant repayable in the year	-	-
Released to income in the year	(65)	(65)
At 31 March	4,349	4,414

	2021 £'000	2020 £'000
Amounts to be released within one year	65	65
Amounts to be released in more than one year	4,284	4,349
At 31 March	4,349	4,414

19. Debt analysis

Borrowings

	Group and Company	
	2021 £'000	2020 £'000
Due within one year		
Local authority loans	139	110
Due after more than one year		
Local authority loans	7,759	6,305
Total loans	7,898	6,415

Security

The local authority loans relate to amounts due to Cheltenham Borough Council. Each loan is secured against the related social housing stock developed.

NOTES TO THE FINANCIAL STATEMENTS

Terms of repayment and interest rates

The outstanding balance on the loan relating to the Brighton Road Project as at 31 March 2021 was £1,305,453 (2020: £1,316,920). It has a fixed rate of interest of 4.52%. Repayments, including interest, are £35,431 six monthly on 30 September and 31 March. Final repayment is due on 31 March 2061.

The outstanding balance on the loan relating to the St Paul's Phase 1 Project as at 31 March 2021 was £1,804,050 (2020: £1,831,989). It has a fixed rate of interest of 3.91%. Repayments, including interest, are £49,649 six monthly on 20 September and 20 March. Final repayment is due on 20 March 2053.

The outstanding balance on the loan relating to the Garage Site Project as at 31 March 2021 was £1,289,823 (2020: £1,307,602). It has a fixed rate of interest of 4.22%. Repayments, including interest, are £36,387 six monthly on 30 September and 31 March. Final repayment is due on 20 March 2053.

The outstanding balance on the loan relating to the St Paul's Phase 2 Project as at 31 March 2021 was £1,905,110 (2020: £1,958,089). It has a fixed rate of interest of 3.08%. Repayments, including interest, are £56,442 six monthly on 30 September and 31 March. Final repayment is due on 31 March 2045.

A new loan of £1,605,000 was taken out on 9 December 2020 to support the purchase of 24 St Georges Place. The outstanding balance relating to this loan as at 31 March 2021 was £1,592,938. It has a fixed rate of interest of 2.4%. Repayments, including interest, are £31,321 six monthly on 30 September and 31 March. Final repayment is due on 31 March 2060.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group and Company	
	2021	2020
	£'000	£'000
Within one year or on demand	139	110
One year or more but less than two years	143	114
Two years or more but less than five years	461	369
Five years or more	7,155	5,822
	7,898	6,415

NOTES TO THE FINANCIAL STATEMENTS

20. Pensions

Group and Company

All employees are employed by the parent company. The Company participates in the defined benefit Local Government Pension Scheme (LGPS), administered by Gloucestershire County Council. This is a funded scheme, meaning that both employer and employees pay contributions into the fund, calculated at a level that is estimated to balance the pension liabilities with investment assets.

A qualified actuary using the "projected unit" method performs the triennial actuarial valuations and the valuation relates to the whole fund.

Contributions

The employer's contributions to the LGPS by the Company for the year to 31 March 2021 were £1,012,000 (2020: £893,000).

The most recent actuarial valuation of the fund was as at 31 March 2019. This valuation showed the fund was 120% funded. This valuation determines the contribution rates for the 2020/21 year onwards. The employer's current service contribution rate is 18%.

The actuary has estimated that employer's contributions for the year ending 31 March 2022 will be approximately £1,014,000.

Financial assumptions

The major assumptions used by the Actuary in assessing scheme liabilities on a FRS102 basis were:

	2021 % per annum	2020 % per annum
Rate of increase in salaries	3.1	2.1
Rate of increase in pensions in payment	2.8	1.8
Discount rate	2.1	2.3
Inflation assumption (CPI)	1.9	1.9

NOTES TO THE FINANCIAL STATEMENTS

Mortality assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2021 No. of years	2020 No. of years
Current Pensioners		
Males	21.9	21.7
Females	24.3	23.9
Future Pensioners		
(figures assume members aged 45 as at the last formal valuation date)		
Males	22.9	22.4
Females	26.0	25.3

The amounts recognised in the surplus/(deficit) for the year are as follows:

	2021 £'000	2020 £'000
Amounts charged to operating costs		
Current service cost	1,855	2,514
Past service cost	-	83
	<u>1,855</u>	<u>2,597</u>
Amounts charged to other finance costs		
Interest income on pension scheme assets	(746)	(825)
Interest cost on pension scheme liabilities	926	1,100
	<u>180</u>	<u>275</u>

Reconciliation to the consolidated statement of financial position

	2021 £'000	2020 £'000
Fair value of pension scheme assets	41,480	32,073
Present value of pension scheme liabilities	(55,571)	(39,522)
	<u>(14,091)</u>	<u>(7,449)</u>

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of opening and closing balances of the fair value of scheme assets

	2021
	£'000
Opening fair value of scheme assets	32,066
Interest income	746
Return on scheme assets (excluding amounts included in net interest)	7,874
Contributions by employer	1,012
Contributions by employees	372
Benefits paid	(590)
Closing fair value of scheme assets	41,480

	2021	2020
	£'000	£'000
Actual return on scheme assets	8,620	(2,539)

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2021
	£'000
Opening scheme liabilities	39,522
Current service cost	1,855
Past service cost	-
Interest cost	927
Contributions by employees	372
Remeasurements	13,485
Benefits paid	(590)
Closing scheme liabilities	55,571

NOTES TO THE FINANCIAL STATEMENTS

Major categories of scheme assets as a percentage of total scheme assets

	2021	2020
	%	%
Equities	70	64
Bonds	20	26
Property	7	9
Cash	3	1

21. Share capital

Cheltenham Borough Homes Limited is a company limited by guarantee and therefore has no share capital. The liability in respect of the guarantee is set out in the memorandum of association and is limited to £1 per member of the company, the sole member being Cheltenham Borough Council. Cheltenham Borough Homes Services Limited is a company limited by shares, the sole shareholder being Cheltenham Borough Homes Limited.

22. Cash flow from operating activities

	2021	2020
	£'000	£'000
Deficit for the year	(553)	(1,645)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	275	343
Amortisation of intangible fixed assets	94	61
Decrease in trade and other debtors	188	931
Increase/(Decrease) in trade and other creditors	97	(294)
Utilisation of government grant received in advance	-	-
Pension costs less contributions payable	843	1,602
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed assets	-	-
Social housing grants utilised in the year	(65)	(65)
Corporation tax paid	(19)	(22)
Net cash generated from operating activities	860	911

NOTES TO THE FINANCIAL STATEMENTS

Analysis of Changes to Net Debt

	At 1 April 2020	Cash Flow	Other non- cash changes	At 31 March 2021
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents				
Cash	251	332	-	583
	<u>251</u>	<u>332</u>		<u>583</u>
Borrowings				
Due within 1 year	(110)	110	(139)	(139)
Due after 1 year	(6,305)	(1,593)	139	(7,759)
	<u>(6,415)</u>	<u>(1,483)</u>	<u>-</u>	<u>(7,898)</u>
Net debt	<u>(6,164)</u>	<u>(1,151)</u>	<u>-</u>	<u>(7,315)</u>

23. Capital commitments

	Group and Company	
	2021	2020
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	-	-
	<u>-</u>	<u>-</u>

The above commitments will be financed primarily through use of reserves.

24. Contingent assets/liabilities

At year end, the company had a contingent liability of £38,039. The liability relates to the shared ownership element of the Homes England (formerly the Homes and Communities Agency) grant for St Paul's Phase One. This amount represents the attributable grant on the initial equity purchase where the share exceeded 50%. This liability will crystallise if and when the relevant shared owners buy a further share in their homes.

NOTES TO THE FINANCIAL STATEMENTS

25. Operating lease commitments

The company and group's future minimum operating lease payments are as follows:

	Buildings		Group and Company Other	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Within one year	257	216	73	119
Between one and five years	824	755	140	158
In more than five years	347	501	-	-
	<u>1,428</u>	<u>1,472</u>	<u>213</u>	<u>277</u>

Since the year-end, the lease at Cheltenham House has been surrendered. This has reduced the Buildings lease obligations from June 2021 by £820k (£149k less than 1 year, £596k between 1 and 5 years and £75k over 5 years).

26. Related parties

Cheltenham Borough Homes Limited (the Company), is a not-for-profit arm's length management company that manages and maintains Cheltenham Borough Council's homes.

During the year the Company supplied goods and services to Cheltenham Borough Council totalling £12,144,480 (2020: £12,249,914). The Company purchased goods and services of £1,012,088 (2020: £468,702) from the Council during the year.

Balances outstanding at the year-end were as follows:

	2021 £'000	2020 £'000
The Council owed the Company	741	954
The Company owed the Council	(8,031)	(6,582)
	<u>(7,290)</u>	<u>(5,628)</u>

Cheltenham Borough Council is considered the ultimate parent undertaking, by virtue of its 100% controlling interest in the Company. The Company has taken advantage of the exemptions conferred by FRS102 in not disclosing related party disclosures between group companies which are wholly owned.

NOTES TO THE FINANCIAL STATEMENTS

Registered Office

Oakley Community Resource Centre,
113a Clyde Crescent,
Cheltenham,
GL52 5QL

Auditors

Bishop Fleming
Stratus House
Emperor Way
Exeter Business Park
Exeter
Devon
EX1 3QS

Bankers

Lloyds Bank PLC
130 High Street
Cheltenham
GL50 1EW

Lawyers

Trowers & Hamlins
3 Bunhill Row
London
EC1Y 8YZ