

Cheltenham Borough Homes Limited

Report and Financial Statements

For the year ended 31 March 2023

CONTENTS OF THE FINANCIAL STATEMENTS

	Page
Chief Executive Report	3
Strategic Report	4
Value for Money Statement	12
Financial Review	21
Directors' Report	23
Independent Auditor's Report	27
Consolidated Statement of Comprehensive Income	33
Consolidated Statement of Changes in Reserves	34
Company Statement of Changes in Reserves	34
Consolidated Statement of Financial Position	35
Company Statement of Financial Position	36
Consolidated Statement of Cash Flows	37
Notes to the Financial Statements	38
Registered Office and Professional Advisers	67

CHIEF EXECUTIVE'S REPORT

2023 marks 20 years in the life of Cheltenham Borough Homes (CBH). Over this time the organisation has evolved from a traditional landlord to a people-focused organisation embedded and trusted in communities across the town. With the support of Cheltenham Borough Council (CBC), CBH has continued to support its customers and communities throughout the most challenging of recent times whilst at the same time supporting CBC's wider aspirations for the town.

We are proud of our consistent delivery of high-quality and well-received services to our customers. Despite our past successes, we will not rest on our laurels as we endeavour to continue growing and improving the services and support we offer. To this end, we have just completed a thorough consultation with customers, and all other key stakeholders, in order to develop the next five-year Business Plan. The plan highlights the challenging environment in which we will be working with many competing priorities for finite resources.

There are economic and environmental challenges for people and organisations, and significantly increased scrutiny and regulation placed on social housing from government that applies to both CBH and CBC, which will require proactive work to ensure we remain compliant. However, there are significant opportunities ahead of us, such as our focus on supporting CBC in meeting its affordable housing and net zero carbon targets.

We have a solid foundation to support us through what continues to be volatile times and our strong relationship with CBC will enable the right decisions to be made at the right time. This will ensure challenges are overcome and opportunities taken without long-term negative impacts on financial plans, or short-term damage to reputation all while meeting evolving customer needs.

Understanding customers' needs is fundamental to the continuing success of CBH. The need to give customers opportunities to talk to us, for us to listen, and then act on that feedback appropriately is at the heart of our approach so that CBH keeps pace and evolves to meet customer needs and ensures we play our part in building a better future for Cheltenham.



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 2023. The group comprises the parent company, Cheltenham Borough Homes Limited (the company), and its subsidiary undertaking Cheltenham Borough Homes Services Limited.

Our purpose

Our purpose is to build a better future for Cheltenham by providing great homes and stronger communities through managing CBC's homes, as well as CBH homes, and Housing Revenue Account (HRA).

This is reflected in CBC's new five year HRA Business Plan developed with CBH and in partnership with other key stakeholders through a collaborative, consultation approach. This plan will ensure that there are more affordable and increasingly sustainable homes available, that Council tenants will live in high quality homes with excellent services, and that communities are supported to increase opportunity and resilience. This is underpinned by the need to ensure the ongoing viability of the HRA, and the Council's ambition for Cheltenham to be CarbonNetZero by 2030.

Successful delivery of this plan will be demonstrated through:

- Increasing delivery of affordable homes
- Providing higher quality homes that are safe and well maintained
- Providing cost of living support and life opportunities for customers
- Supporting strong and socially sustainable communities
- Ensuring existing communities benefit from the economic opportunities generated by the Golden Valley Development
- Embracing technology to enhance people focused, efficient, and accessible services
- Identifying income generation opportunities
- Working with CBC to make Cheltenham carbon net zero by 2030

STRATEGIC REPORT

Our customers and homes

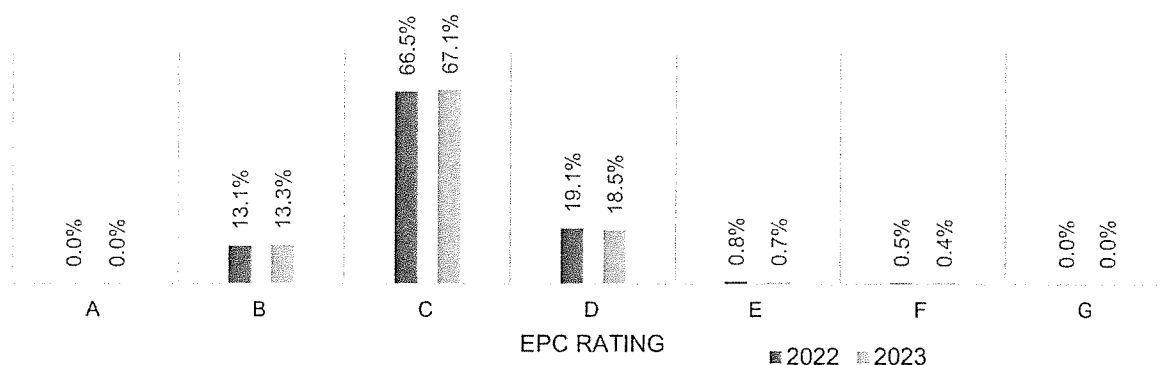
We deliver services to the customers living in the 5,111 homes we manage/own, in addition to managing 671 garages. These homes are made up of approximately 72% traditional and 28% non-traditional build properties, with the majority of the stock built before 1955. The majority are flats, making up 58% of the total with the split by tenure below.

Homes by tenure	CBC	CBH	Total
General needs social rent	3,878	45	3,923
Housing for older people social rent	492	-	492
Affordable rent	147	50	197
Low cost home ownership	35	14	49
Private rented sector	-	13	13
Leasehold	436	1	437
	4,988	123	5,111

Rent by number of beds	% of LHA
1 bed	60%
2 bed	54%
3 bed	50%
4 bed	38%
5 bed	47%

The rent charged on the homes we manage, compared to the Local Housing Allowance is shown opposite, demonstrating the affordability of these homes.

A 'fabric-first' approach is being taken by CBH on energy efficiency improvements to existing homes before low carbon heating technology is installed. The Council and CBH have already been successful in bidding for the Government's Social Housing Decarbonisation Fund for Wave 1 and Wave 2 funding with works in 2022-23 increasing the proportion of homes that are rated EPC 'C' or above.



STRATEGIC REPORT

Our delivery

2022-23 was the final year of our three-year delivery plan to 2023. During this plan we delivered some significant successes during a challenging period as we continued to meet our customers' needs and support those people who needed it the most.

1. Prioritising customer service and engagement

Our priority was to listen to and act on customer feedback, enhancing access to services including our telephone contact centre and improve 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. As part of our 3-year delivery plan we:

- ❖ Transitioned all payments to new methods following cash hall closures
- ❖ Delivered process and policy changes including training and new resource in response to the recent changes in the complaints handling code
- ❖ Enhanced customer portal functionality
- ❖ Delivered portal training at sheltered schemes
- ❖ Refreshed TSIP (Tenant Scrutiny and Improvement Panel) and commenced the evolution of CBH's customer scrutiny function
- ❖ Developed and launched a new Customer Engagement and Involvement plan
- ❖ Invested significantly in the delivery of Damp, Mould and Condensation assurance calls to customers on top of remedial works delivered

2. Delivering our people plan

We focused on retaining and recruiting talented colleagues who share our values and passion for people. We offered development and training opportunities for all and supported managers to maintain a positive culture that puts the mental health and wellbeing of people first whilst enabling innovation and delivery. We:

- ❖ Implemented a new online recruitment system
- ❖ Ran Best Companies and MC³ surveys
- ❖ Maintained 'One to Watch' Best Companies score
- ❖ Developed and implemented a new agile working policy
- ❖ Introduced a new performance lifecycle appraisal process
- ❖ Reviewed and benchmarked a range of roles as a commitment to fair deal
- ❖ Provided wellbeing training, support and activities for colleagues

STRATEGIC REPORT

- ❖ Introduced a new employee assistance programme
- ❖ Introduced the use of Wellness Recovery Action Plans
- ❖ Launched the CBH Menopause Café

3. Supplying new homes

There continues to be significant challenges in bringing forward new sites for development with high-cost inflation and increasing borrowing rates. This reduced the number of new homes that we were able to deliver, however, in partnership with CBC, we still have ambitious plans to supply more high-quality homes for Cheltenham across a variety of tenures. We:

- ❖ Have a pipeline of 340 homes
- ❖ Completed on 45 new affordable homes
- ❖ Delivered our first 13 private rented sector homes
- ❖ Acquired 54 homes as part of our acquisition programme
- ❖ Successfully acquired two large plots of land at 320 Swindon Road & the former Monkscroft School site which will deliver circa 94 homes overall
- ❖ Secured 14 homes with two SME developers
- ❖ Made significant progress in realising CBC and CBH's collective net zero carbon ambitions on sites within CBC control
- ❖ Continued to support CBC to ensure a strong new supply pipeline from Golden Valley Development

4. Focusing on climate change

We continued to support the council to achieve its 2030 carbon net zero goal, by investing 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). We:

- ❖ Supported the development of CBC's Climate Emergency Action Plan: *Pathway to Net Zero*
- ❖ Secured 9 carbon net zero homes through a local developer for delivery in 2023-24
- ❖ Achieved planning for 24 carbon net zero homes at 320 Swindon Road
- ❖ Successfully delivered £800k in grant funding to deliver fabric improvement measures to 59 existing homes

STRATEGIC REPORT

- ❖ Obtained £2.2m in grant funding to deliver retrofit works to a further 187 homes
- ❖ Increased capacity to deliver carbon net zero initiatives through recruitment of a new Climate Change Officer
- ❖ Piloted carbon literacy training at the Centre for Alternative Technology
- ❖ Supplemented the CBH van fleet with 4 green alternative fuel vans

5. Enhancing the quality standard for homes

We continued to invest in the homes we manage to improve safety, security and the quality of these homes. We:

- ❖ Renewed regulations for carbon monoxide and smoke detectors
- ❖ Updated our Fire Safety Policy
- ❖ Completed refurbishments at Popes Close and Coopers Court communal schemes to support community hub development
- ❖ Recruited Estate Compliance officer roles to enhance our service and continue to support tenants being safe in their homes
- ❖ Procured a contract to replace the existing warden call system at our sheltered schemes
- ❖ Revised the Asset Management Plan
- ❖ Delivered the capital investment programme for all 3 years

6. Helping customers and neighbourhoods thrive through partnership working

We continued 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. We:

- ❖ Transitioned our ACE pilot (Adverse Childhood Experiences) into our mainstream CBH offer
- ❖ Supported customers by delivering person-centred services in a virtual environment during COVID lockdowns
- ❖ Obtained £85,000 grant funding from the Levelling up Fund to support communities
- ❖ Worked collaboratively with partners to help improve customer personal skills and life chances
- ❖ Provided targeted support to help tenants into training and employment
- ❖ Supported CBC's Warm Cheltenham campaign

STRATEGIC REPORT

- ❖ Started working closely with the St Pauls community to reduce ASB and regenerate green spaces

7. Preventing homelessness and reducing rough sleeping

We continued to develop a more proactive role, helping people and families secure and sustain a place they can call home for the long term. We:

- ❖ Strengthened our role in supporting rough sleepers
- ❖ Implemented early intervention measures to prevent homelessness
- ❖ Delivered 'Housing First' opportunities with 8 homes let to tenants in need and with further clients identified to receive this support
- ❖ Embedded two new County Domestic Abuse intervention officers
- ❖ Worked with partners to support those fleeing the war in Afghanistan and Ukraine
- ❖ Responded to the Governments' 'Everyone In' 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.*

8. Enhancing our operations

We identified efficiencies and new ways of working to unlock capacity in the business and support cost savings for the HRA. We:

- ❖ Delivered agreed cashable savings in partnership with the Council to support the HRA
- ❖ Enhanced customer portal functionality
- ❖ Successfully embedded the CBH Data Hub to enhance business intelligence reporting
- ❖ Improved regulatory reporting and assurance over compliance data
- ❖ Improved customer insight and provided efficiency gains across multiple teams through automation of reports
- ❖ Launched automated text messaging for repairs appointments, cancellation and reminders

These successes have given us a strong platform as we enter a new 5-year HRA Business Plan period in partnership with CBC.

STRATEGIC REPORT

Our operating environment

Understanding our operating environment and risk management are crucial components for the success of our delivery plan and ongoing viability. At CBH, we maintain a register of fundamental, long-lived risks to the business's ongoing viability. We have established controls and mitigation measures to address these risks. To support risk identification, assessment and management, we regularly assess the operating environment through PESTLE and SWOT analyses, as well as the Sector Risk Profile. These risks undergo regular review by senior leadership, Audit and Risk Committee and the Board. Our Board Risk Champion provides scrutiny and constructive challenge on individual risks and ensures the risk framework remains up to date and appropriate.

Cost of Living Crisis and Inflation

The UK is currently experiencing a "cost of living crisis" due to a combination of inflation, increased energy costs, and the impact of interest rate and tax rises. This situation is putting significant financial pressure on customers, with some facing the risk of homelessness. At CBH, we, together with CBC and other partners, are committed to providing advice and support to our customers to minimise the impact of these factors. Separately we are closely monitoring the effects on areas that impact us as a business such as rent arrears.

Inflationary pressures have particularly affected repairs and maintenance, leading to increased costs for materials and labour. Additionally, we have observed uncertainties and volatility in seeking tenders for our new homes programme meaning delivery of these are less certain on financial viability grounds.

Social Housing Rent Policy

The Government commitment regarding rent levels for the five years post March 2020 provided stability for future planning. However, the recent increase in inflation and capping of rent increases below inflation pose a risk of costs increasing disproportionately to income impacting future investment levels. The situation is being carefully monitored supported by relevant financial modelling.

Access to Labour and Skills

The current labour market is highly competitive, resulting in ongoing pressures in recruitment, particularly for skills which are in high demand in the sector such as building, surveying, IT, and property compliance. Vacancies are taking longer to fill, and the quantity and quality of applications have reduced. To address this challenge, we are continuously adapting our recruitment and retention strategies, developing our offer as

STRATEGIC REPORT

'employer of choice' and working on agile delivery of our People Plan, to attract and retain talented individuals.

Compliance and Health and Safety

We closely monitor new compliance requirements to ensure CBH is well-positioned to react appropriately and comply with regulations. Health and Safety performance is monitored monthly by the Executive Team, and the Board receives additional information via the Audit & Risk Committee where Health and Safety is a standing agenda item.

Quality of the Housing Stock

Our capital investment programme is carefully managed to ensure improvement in the quality of our existing homes across all properties. The long-term financial model of the Housing Revenue Account (HRA) is reviewed annually to ensure sufficient investment in stock maintenance to comply with the decent homes standard. We actively ensure that capital programme spending aligns with stock condition surveys and demonstrates value for money.

At year-end, only a small number of non-traditional construction stock properties failed to meet the decent homes standard, and funded improvement plans are in place for their management. We have allocated significant resources to deliver investment programmes that ensure our properties meet legislative safety standards. The impact of increasing inflation and any emerging outcomes of the review of the decent homes standard will be closely monitored.

Information Technology (IT)

Like many organisations, CBH faces a variety of cyber-related risks, which we manage with the support of our suppliers and partners. We enforce security protocols, regularly patch our systems, and monitor networks, servers and end point devices. We also provide regular communication and training to our colleagues to ensure they are updated on the latest security practices.

Data Quality and Use

Data quality, reporting and usage are key to several risk categories; this continues to be an area of the company that is constantly evolving as systems, skills and data are utilised more, and in new and different ways. We prioritise the development of a framework of reports that provide data-oriented assurance, focusing on providing a one-stop shop for property insight. We leverage new systems and functionality to provide enhanced reporting for property components, repairs (damp and mould), satisfaction surveys, and latterly tenancy management.

STRATEGIC REPORT

Pension Fund

The Pension Fund Valuation presented in these statements is based on the latest accounting valuation of the pension fund. The Board remains committed to monitoring the financial position of the fund and acting 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 based on the latest valuation as at 31 March 2022.

Tenant Satisfaction Measures (TSMs)

In 2020, the government released the "Social Housing White Paper," titled "The Charter for Social Housing Residents," which outlined improvements for individuals residing in social housing. One of these improvements involved the creation and implementation of a set of "tenant satisfaction measures" (TSMs). These measures aim to allow tenants to assess their landlord's performance and provide valuable information to the RSH (Regulator of Social Housing) to identify landlords in need of improvement in specific service areas. CBH is well-positioned to promptly comply with these regulatory requirements.

Starting in 2022-23, CBH began developing a data-driven approach to gathering TSM information, with a significant portion being 'automated' and extracting data directly from our housing and property management system. Tenant perception TSMs were also established during the year and are being successfully collected through quarterly tenant surveys, facilitated by an external research company, Acuity Research And Practice (ARAP). CBH will gather, publish, and submit the data on behalf of CBC (Cheltenham Borough Council) for CBC-owned homes, as well as CBH-owned homes, as applicable. This data will also be supplied to CBC for publication on their own website.

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.

In the following 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. These are then compared with an external peer group (all housing providers in England with 1,000 to 7,500 units of stock) when this benchmarking data is available in the Autumn.

STRATEGIC REPORT

Great Homes

VFM Key Performance Indicators	2021-22 <i>year-end outturn compared to target (as a RAG)</i>	2022-23 <i>year-end outturn compared to target (as a RAG)</i>	2023-24 <i>year-end target</i>
Direct cost per property of Major Works & Cyclical Maintenance	£1,948 (£2,318)	£2,625 (£2,634)	£2,664
% dwellings non-decent at the end of the period	0.11% (0.25%)	0.15% (0.25%)	0%
% dwellings with a valid gas safety certificate	99.95% (100%)	99.91% (100%)	100%
Average SAP rating (2012 methodology)	73 (73)	73.30 (73.20)	73.50
STAR Survey: satisfaction with overall quality of the home	86% (86%)	81% (80%)	82%
Direct cost per property of Responsive Repairs & Void Works	£749 (£698)	£839 (£753)	£906
% of Emergency, Urgent and Routine repairs completed within target	99.61% (99%)	93.74% (99%)	99%
Direct cost per property of Rent Arrears and Collection	£92 (£89)	£95 (£99)	£110
Current arrears as % of rental income (exc. court costs)	2.02% (2.24%)	2.14% (2.25%)	2.48%
Rent collected from current & former tenants as % rent due (exc. arrears b/f)	99.51% (99%)	99.03% (99%)	99%
Direct cost per property of Lettings	£48 (£50)	£52 (£54)	£55
% Rent lost through CBC dwellings becoming vacant excluding temporary furnished	0.93% (0.71%)	0.81% (0.98%)	0.98%
Average time taken to re-let minor void CBC properties (excluding FA and JDC) in days	21.95 (20)	24.86 (21)	24
Complaints closed at stage 1 - % within agreed timescales	97.06% (100%)	82.35% (100%)	100%
Number of complaints per 1000 properties	7.02 (10)	29.31 (40)	40
Contact centre calls answered within 60 seconds	92.14% (90%)	85.56% (90%)	90%
Number of additional affordable homes supplied	61 (60)	19 (25)	55

STRATEGIC REPORT

Major Works and Cyclical Maintenance

Continual investment in our homes is crucial to ensure they are safe and of good quality for our customers. During 2022-23 we invested £10.9m in our existing homes, partnering with contractors working under long term contractual agreements, making improvements to the fabric of the homes and replacing components as they come to the end of their useful lives.

This investment has been made during a year where there has been significant cost inflation and shortages of certain materials and constraints on labour resource which has put pressure on both compliance and improvement programmes. Despite this pressure, performance and satisfaction have remained on or above target for the year.

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. In 2022-23 we invested £1.3m to improve the energy efficiency of homes and secured £800,000 of government funding in support of this programme. In turn the 2022-23 SAP outturn has increased and is expected to place CBH in the top quartile of housing providers in our peer group.

Responsive Repairs and Void Works

During the year 94% of 8,716 emergency, urgent and routine responsive repairs were completed on time, this was an increase of around three thousand repairs on 2021-22 annual figures. 92% of repairs were completed at the first visit with the average time to complete all responsive repairs being 11 days and 15 days to complete void property repairs.

Our rolling quarterly tenant survey includes the Regulator of Social Housing's tenant perception measures relating to responsive repairs. These have returned figures of 81.25% tenant satisfaction with a repair in the last 12months, and 80.71% satisfaction with the time taken to complete a repair.

Our performance in the year has been impacted by significant cost inflation, certain material shortages and resourcing challenges whilst demand for the service has increased both for responsive repairs and due to increased turnover of properties. Whilst we have delivered a good core repairs service we have not been able to meet our own high standards in performance and satisfaction for our customers as reflected in the table above.

STRATEGIC REPORT

In response to this and the heightened focus on DMC (damp, mould and condensation works) we are part way through a change programme to increase capacity and streamline processes whilst reducing our reliance on contractors for routine works. This programme is targeted for completion by the end of 2023-24.

The costs per property to deliver our responsive repairs and void works during 2022-23 increased by 12% from the prior year driven by cost inflation and higher demand. We have worked hard with our material suppliers and contractors to soften the impact of inflation which has been over 20% on certain resources and therefore limiting to a 12% increase is viewed as a good result. When full benchmarking is available in the Autumn this will help direct where further focus is required to ensure continuing value for money of this service for our customers.

Rent Arrears and Collection and Lettings

Despite the challenging environment for our customers and communities we have been able to exceed our targets for both rent collection and current arrears levels by working closely with our customers and supporting partners. This remains a particular area of focus and investment during the cost of living crisis.

The cost per property for Rent Arrears and Collection for 2022-23 was slightly lower than our target due to changes in the team and prioritising our money and benefit service.

Direct CPP for the delivery of our Lettings service was lower than the target set during budget modelling. This area has good performance for reletting minor void properties although average relet times have increased due to higher turnover of tenancies and more complex voids repairs being required on some of these properties. We also continued to undertake additional asbestos removal works on certain properties which became void during the year.

Performance has been maintained whilst also enabling 27 tenancies to successfully 'downsize' as part of our programme which began as a pilot in 2018-19. 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

CBH is committed to providing a high standard of service to customers and we value the feedback from our customers to improve these services. We want to know when we get

STRATEGIC REPORT

it right, so standards can be maintained or improved, and we want to know when someone is not happy with the service they received.

We have responded to the changes in the Housing Ombudsman Complaint Handling Code guidance and have mirrored these changes within our own internal policies and procedures to ensure we are compliant with them. We have implemented a learning framework within CBH to ensure the learning from complaints can be analysed which will allow us to make positive changes for our customers.

We received 149 complaints in 2022/23 and the average number of days taken to investigate and close a complaint was 12.3 days against a target of 10 days. 40 complaints had agreed Stage 1 extensions and 31 of these were responded to within the extended timescale. Complaints numbers have increased following announcements from the ombudsman in October 2022 and the challenge of damp and mould in the latter months of 2022. Complaint numbers are expected to continue to be higher than previous periods into the year ahead and targets have been adjusted accordingly. Resources to address this rise is being put in place during 2023.

Contact centre calls answered within 60 seconds was lower than target at the beginning of the year due to high colleague turnover however following recruitment and team changes this target is now being maintained.

Number of Additional Homes Supplied

We completed on 19 properties as part of our acquisitions programme during the year. This was a shortfall against the target of 25 due to challenges with the high market values experienced in 2022 in Cheltenham.

As part of our new build programme we entered into contract with two SME developers which will deliver 14 new affordable homes as part of wider developments in 2023-24 including 9 net zero carbon homes. We also secured planning consent on the site at 320 Swindon Road to provide 24 new affordable homes.

We also supported CBC in securing £2.36m funding from DLUHC to provide 21 homes in 2023-24 to support households displaced by recent conflicts in Ukraine and Afghanistan and have established a pipeline of 340 affordable homes to be delivered in the next five years.

STRATEGIC REPORT

Stronger Communities

VFM Key Performance Indicators	2021-22 <i>year-end outturn compared to target (as a RAG)</i>	2022-23 <i>year-end outturn compared to target (as a RAG)</i>	2023-24 <i>year-end target</i>
Direct cost per property of ASB	£64 (£71)	£55 (£63)	£57
% closed ASB cases that were resolved	100% (100%)	100% (100%)	100%
STAR Survey: tenants feeling safe in their homes	85% (90%)	80% (83%)	81%
Direct cost per property of Resident Involvement	£28 (£33)	£26 (£30)	£35
STAR Survey: customers satisfied that CBH listens to their views and acts upon them	72% (80%)	76% (75%)	75%
Direct cost per property of Tenancy Management	£88 (£96)	£91 (£87)	£89
STAR Survey: overall customer satisfaction	84% (90%)	82% (90%)	86%
Income generated on behalf of customers year to date	£1,104,282 (£1m)	£1,345,480 (£1m)	£1m
Direct cost per property of Community Investment	£123 (£110)	£124 (£139)	£155

ASB (anti-social behaviour)

Direct cost per property for the delivery of our ASB service is better than target whilst this area continues to demonstrate strong performance and satisfaction. Our rolling STAR survey showed that in 2022-23 80% of respondents felt safe in their homes and although this is below our target this is still expected to place CBH in the upper middle quartile, when compared with our peers.

Resident Involvement, Tenancy Management and Community Investment

The investment in these areas enables CBH to deliver the council's aim set out in the HRA Business Plan 2023-28 for strong, healthy, and socially sustainable communities. This is achieved by working with customers and local partners to bring people together, reduce social isolation, increase resilience, and support all individuals within the community who need it. This will be enabled through improvement initiatives and joint community priorities, delivered through shared community investment plans with CBH which will improve customer and community outcomes.

STRATEGIC REPORT

Last year our community events attracted an estimated 8,644 attendances, with 593 people directly involved in shaping services. We helped 52 people into work and 110 into training receiving 100% satisfaction for this support. We supported 102 individuals and families to remain in their homes or find a place to stay to prevent homelessness, 383 families housed through homeseekerplus and helped 42 people move from supported housing to a place they can live independently.

Overall customer satisfaction with CBH remained high at 82% and 78% of tenants believe that CBH makes a positive difference to their neighbourhood.

Our People

VFM Key Performance Indicators	2021-22 <i>year-end outturn compared to target (as a RAG) where available</i>	2022-23 <i>year-end outturn compared to target (as a RAG) where available</i>	2023-24 <i>year-end target</i>
Average number of working days lost to total sickness	9.34 (7)	9.77 (7)	7
Best Companies	One to Watch (1 Star)	One to Watch (1 Star)	1 Star
Direct cost per property of IT	£44 (£44)	£41 (£42)	£44
Direct cost per property of HR	£12 (£17)	£11 (£15)	£15
Direct cost per property of Finance	£22 (£28)	£21 (£28)	£28
Direct cost per property of Premises	£24 (£37)	£22 (£22)	£21

Average days lost to sickness was higher than our target due to higher long-term sickness for a variety of individual reasons. There has been increased turnover in colleagues during the year than forecast due to both retirements and increased activity in the sector. This is expected to reduce in 2023-24 following an increased amount of recruitment activity which is also expected to reduce the level of sickness.

In our March 2022 Best Companies survey CBH achieved 'One to Watch' which means that we have 'good' levels of workplace engagement which is below our target for the year. We are currently awaiting the results of the June 2023 Best Companies Survey.

STRATEGIC REPORT

During the year we focused heavily on recruitment and retention due to a higher than normal level of colleague turnover. This included salary benchmarking and reviewing roles across the business to ensure we remain competitive in the sector from a whole package point of view. We also focused on wellbeing of our colleagues including a number of mental health initiatives, Employee Assistance Programme and personal wellbeing plans.

At CBH we focus on the person when it comes to recruiting and are committed to attracting and retaining individuals who share our values and passion for people. We understand that happier colleagues, who love working at CBH because they are listened to and have a great work-life balance, will continue to put our customers and their families first providing the vital and valued services our customers need.

Return on Assets

In addition to our primary function of managing and maintaining the Council's housing stock, the Company is also a Registered Provider (RP) and manages 110 units of its own social housing stock and 13 units for market rent. 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 in 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 above.

STRATEGIC REPORT

Value for Money Metrics	2021-22	2022-23
Reinvestment %	3%	0%
New supply delivered (social housing units) %	0%	0%
New supply delivered (non-social housing units) %	0%	0%
Gearing %	57%	56%
EBITDA %	122%	126%
Headline social housing cost per unit	£1,963	£2,272
Operating margin (social housing lettings only) %	36%	31%
Operating margin (overall) %	35%	31%
Return on capital employed (ROCE) %	2%	2%

The increase in the headline cost per unit reflects inflationary pressures in particular high inflation on repair and maintenance costs during the year.

STRATEGIC REPORT

Our finances

These financial statements reflect the activities of the CBH group exclusively and do not include the Council's HRA. Therefore, the results presented here pertain only to the CBH specific portion of the activities outlined in the Strategic Report above.

CBH recovers the costs of its management and maintenance services for Cheltenham Borough Council properties, through management fees and repairs and maintenance charges. Charges to the Council account for 95% of CBH's annual turnover.

At the end of the financial year, CBH owned a total of 123 properties, including 1 leasehold, 14 shared ownership, 45 homes for social rent, 50 homes for affordable rent and 13 homes for market rent.

CBH has secured long-term debt facilities to adequately finance its housing schemes. These debt facilities can be serviced while fulfilling commitments to its parent undertaking Cheltenham Borough Council.

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

Income and Expenditure

Turnover for the year was £14,569,000, representing an increase of £828,000 compared to the previous year. This increase can be attributed to higher maintenance costs recharged to the Council due to inflation and increased customers' demand.

The operating result for the group for the year ended 31 March 2023 was a deficit of £1,306,000, an improvement from the deficit of £1,520,000 in the previous year. The decrease in the deficit was primarily driven by a reduction in the pension scheme's current service cost, resulting from a decrease in the opening net liability position for the scheme.

The underlying operating result, before loan interest and the FRS 102 pension current service cost adjustment, was a surplus of £388,000, compared to a surplus of £406,000 in the previous year. The decrease in the surplus is mainly attributed to the absence of a gain on disposal of housing properties experienced in the previous year.

Financing costs increased from £559,000 to £567,000 due to a full year's worth of interest on CBH's market rent scheme at St Georges Place.

STRATEGIC REPORT

Pensions

Under Financial Reporting Standard 102 ("FRS102"), the group is required to include the financial position of the pension fund in the balance sheet. As at 31 March 2023 the deficit position improved by £16m, resulting in a net surplus, primarily driven by an increase in the discount rate at year end. Whilst the actuaries have calculated a surplus position of £6,485,000 this does not directly result in a reduction in contributions or refund from the scheme and therefore under the accounting rules this has been derecognised from the balance sheet. For further details, please refer to note 20.

The most recent actuarial triennial valuation of the fund as at 31 March 2022, indicated that CBH's portion of the fund was 122% funded. CBH is responsible for the payment of employer contributions and we are confident in our ability to make the necessary contributions, as recommended by the Actuary, to meet all future liabilities.

Reserves

The statement of financial position for the group as at 31 March 2022 shows total reserves of £2,426,000, following derecognition of the pension fund surplus of £6,485,000 and an income and expenditure reserve of £2,426,000. The income and expenditure reserve increased by £76,000 during the year.

Financial Position

The balance sheet at the end of March 2023 included fixed assets at depreciated cost of £14,213,000, long-term loans of £8,149,000 and capital grants of £4,157,000. Net current assets increased by £40,000, reflecting the surplus during the year.

Cash flow

At the year end, cash and cash equivalents amounted to £777,000, an increase from £755,000 in the previous year. This increase reflects the timing of payments and receipts at year end. Within the debtors balance there is an amount of £1,074,000 due from Cheltenham Borough Council, the company's parent undertaking. This represents a current account balance that can be drawn down in cash as required.

The Strategic Report was approved by the Board on 26th July 2023 and signed on its behalf by:



Adam Waller
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 subsidiary company, Cheltenham Borough Homes Services Limited, did not trade during the year.

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. The following directors served during the year:

M Surl	Chair	Appointed 26 October 2022
J Langley	Chair	Retired 26 October 2022
G Andrews		Appointed 15 July 2022
P Blain	Chair of Remuneration and Nominations Committee	
D Clowes		
S Godfrey		
C Gore		
B Grimster		
C Mason		Retired 8 May 2022
I Mason		Appointed 27 July 2022
R Pineger		
J Rawson	Chair of Audit and Risk Committee	

Tenant and independent Board members are remunerated at the following levels annually: Non Executive Director £2,500; Vice Chair of the Board/Chair of a Committee £4,500; Chair of the Board - £7,500. Total remuneration paid during the year was £28,066. Non-executive directors appointed by CBC who are also Councillors and co-opted board

DIRECTORS' REPORT

members are not remunerated. A Parfitt served as a co-optee on the Board during the year.

Company Secretary

A Waller Appointed 29 June 2022

Audit and Risk Committee

The Audit and Risk Committee, formed of 5 non-executive directors, 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 the company's corporate risks, wellbeing, safety and health activities and compliance 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.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee, formed of 4 non-executive directors, reviews the skills, development and performance of the Board and Executive Team to ensure that CBH continues to be led effectively. They regularly review recruitment, succession planning and learning and development needs. The agreed minutes of every Remuneration & Nominations 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 day-to-day activities.

S Slater	Chief Executive
E Wall	Executive Director – Property & Communities
A Dzido	Executive Director – Finance & Resources

DIRECTORS' REPORT

Governance: Annual Statement of Compliance

As a registered provider and, in accordance with regulatory requirements, CBH adopted the National Housing Federation's NHF Code of Governance (2020) 'Equipping for excellence' in June 2021. An assessment of compliance against this Code is undertaken each year and the review relating to the financial year 2022-23 demonstrated compliance with the code, with no areas of non-compliance.

In accordance with the requirements of the Accounting Direction 2022, 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.

DIRECTORS' REPORT

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.

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

A resolution to reappoint Bishop Fleming as the Company's external auditor will be proposed at the forthcoming Annual General Meeting.

The Directors' Report was approved by the Board on 26th July 2023 and signed on its behalf by:



Adam Waller
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 2023, 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 2023 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 2022.

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

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

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 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

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

- 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.

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:

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

- 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.

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;

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

- 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/auditors-responsibilities. 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**

Bishop Fleming LLP

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: 27 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2023 £'000	2022 £'000
Turnover	3	14,569	13,741
Operating expenditure		(15,875)	(15,323)
Gain on disposal of housing properties	6	-	62
Operating deficit	3	(1,306)	(1,520)
Interest receivable	0	-	-
Interest and financing costs	8	(567)	(559)
Deficit before tax		(1,873)	(2,079)
Taxation	10	(32)	(23)
Deficit for the year		(1,905)	(2,102)
Actuarial gain in respect of pension schemes	20	11,550	6,758
Total comprehensive income for the year		9,645	4,656

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 2021	2,216	(14,091)	(11,875)
Surplus/(Deficit) for the year	134	(2,236)	(2,102)
Other comprehensive loss for the year	-	6,758	6,758
Balance at 31 March 2022	2,350	(9,569)	(7,219)
Surplus/(Deficit) for the year	76	(1,981)	(1,905)
Other comprehensive gain for the year	-	11,550	11,550
Balance at 31 March 2023	2,426	-	2,426

COMPANY STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000	Pension reserve £'000	Total £'000
Balance at 1 April 2021	2,288	(14,091)	(11,803)
Surplus/(Deficit) for the year	131	(2,236)	(2,105)
Other comprehensive loss for the year	-	6,758	6,758
Balance at 31 March 2022	2,419	(9,569)	(7,150)
Surplus/(Deficit) for the year	76	(1,981)	(1,905)
Other comprehensive gain for the year	-	11,550	11,550
Balance at 31 March 2023	2,495	-	2,495


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	11	562	621
Tangible fixed assets – housing properties	12	13,376	13,594
Tangible fixed assets – other	13	275	175
		<u>14,213</u>	<u>14,390</u>
Current assets			
Trade and other debtors	15	1,269	1,655
Cash and cash equivalents		777	755
		<u>2,046</u>	<u>2,410</u>
Creditors: amounts falling due within one year	16	1,739	2,143
Net current assets		<u>307</u>	<u>267</u>
Total assets less current liabilities		<u>14,520</u>	<u>14,657</u>
Creditors: amounts falling due after more than one year	17	12,094	12,307
Pension provision	20	-	9,569
Total net assets/(liabilities)		<u>2,426</u>	<u>(7,219)</u>
Reserves			
Income and expenditure reserve		2,426	2,350
Pension reserve		-	(9,569)
Total reserves		<u>2,426</u>	<u>(7,219)</u>

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 26th July 2023.

Director
M Surl




Director
J Rawson

Company number: 04587658


COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	11	562	621
Tangible fixed assets – housing properties	12	13,425	13,644
Tangible fixed assets – other	13	275	175
Investment in subsidiaries	14	-	-
		<u>14,262</u>	<u>14,440</u>
Current assets			
Trade and other debtors	15	1,290	1,676
Cash and cash equivalents		<u>776</u>	<u>754</u>
		<u>2,066</u>	<u>2,430</u>
Creditors: amounts falling due within one year	16	1,739	2,144
Net current assets		<u>327</u>	<u>286</u>
Total assets less current liabilities		<u>14,589</u>	<u>14,726</u>
Creditors: amounts falling due after more than one year	17	12,094	12,307
Pension provision	20	-	9,569
Total net assets/(liabilities)		<u>2,495</u>	<u>(7,150)</u>
Reserves			
Income and expenditure reserve		2,495	2,419
Pension reserve		-	(9,569)
Total reserves		<u>2,495</u>	<u>(7,150)</u>

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 26th July 2023.

Director
M Surl




Director
J Rawson

Company number: 04587658

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023 £'000	2022 £'000
Net cash generated from operating activities	22	351	186
Cash flow from investing activities			
Purchase of tangible fixed assets		(155)	(487)
Purchase of intangible fixed assets		(30)	(4)
Proceeds from sale of tangible fixed assets		-	141
Grants repaid		-	(60)
		<u>(185)</u>	<u>(410)</u>
Cash flow from financial activities			
Repayments of borrowings		(144)	(139)
New long term loans		-	-
Issue of loan notes		-	535
		<u>(144)</u>	<u>396</u>
Net change in cash and cash equivalents		22	172
Cash and cash equivalents at beginning of the year		755	583
Cash and cash equivalents at end of the year		<u>777</u>	<u>755</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 2022.

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 financial model 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.

The cashflows for CBH's housing and management activities have been modelled through to March 2025 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 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.

NOTES TO 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 £1,873,000 (2022: deficit of £2,080,000).

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 2023 was £273,000 and amortisation of intangible assets was £89,000.

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 increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 20).

The asset calculated by the actuaries at 31 March 2023 was £6,485,000. This net pension asset has not been recognised on the grounds that it is not directly recoverable as a refund or

NOTES TO THE FINANCIAL STATEMENTS

reduction in contributions. The triennial valuation which determines the cash contribution rates required uses a different methodology and assumptions to the accounting treatment.

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

NOTES TO THE FINANCIAL STATEMENTS

income/charges. Actuarial gains and losses are recognised in total comprehensive income for the year.

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. This 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.

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.

Loan notes

Unsecured loan notes issued to Cheltenham Borough Council with a profit share obligation are deemed a complex financial instrument. They are initially recognised at fair value and subsequently measured at fair value with any changes in the fair value recorded in the statement of comprehensive income for the year.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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

Group – continuing activities

	Turnover	2023 Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings	570	(376)	194
Amortisation of capital grant	64	(64)	-
	<u>634</u>	<u>(440)</u>	<u>194</u>
Other social housing activities:			
Management and maintenance services for Cheltenham Borough Council	13,824	(15,360)	(1,536)
Gain on disposal of housing properties	-	-	-
Activities other than social housing:			
Market rent lettings	111	(75)	36
	<u>14,569</u>	<u>(15,875)</u>	<u>(1,306)</u>

Group – continuing activities

	Turnover	2022 Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000
Social housing lettings	584	(348)	236
Amortisation of capital grant	64	(64)	-
	<u>648</u>	<u>(412)</u>	<u>236</u>
Other social housing activities:			
Management and maintenance services for Cheltenham Borough Council	13,079	(14,891)	(1,812)
Gain on disposal of housing properties	-	62	62
Activities other than social housing:			
Market rent lettings	14	(20)	(6)
	<u>13,741</u>	<u>(15,261)</u>	<u>(1,520)</u>

NOTES TO THE FINANCIAL STATEMENTS

Particulars of social housing lettings

	2023	2022
	£'000	£'000
Rent receivable net of identifiable service charges	564	578
Service charge income	6	6
	<u>570</u>	<u>584</u>
Void losses	<u>29</u>	<u>1</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	
	2023	2022
	No.	No.
General social housing	95	95
Affordable home ownership	14	14
Total owned	<u>109</u>	<u>109</u>
Market rented homes	<u>13</u>	<u>13</u>
Leasehold	<u>1</u>	<u>1</u>

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

	Group and Company	
	2023	2022
	No.	No.
Local Authority general social housing	4,025	4,032
Local Authority housing for older people	492	491
Local Authority leasehold and shared ownership	471	476
	<u>4,988</u>	<u>4,999</u>
CBH general social housing	95	95
CBH leasehold and shared ownership	15	15
CBH market rent	13	13
Total in management	<u>5,111</u>	<u>5,122</u>

NOTES TO THE FINANCIAL STATEMENTS

5. Operating (deficit)/surplus

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

	Group and Company	
	2023	2022
	£'000	£'000
Depreciation of housing properties	225	205
Depreciation of other tangible fixed assets	48	67
Amortisation of intangible assets	89	163
Operating lease rentals		
- land and buildings	177	210
- vehicles and other equipment	166	168
Auditors' remuneration (excluding VAT)		
- audit fee	18	13
- tax administration	1	1
- other services	-	2

6. Gain on disposal of housing properties

	Group and Company	
	2023	2022
	£'000	£'000
Disposal proceeds	-	141
Carrying value of fixed assets	-	(82)
Other costs of sale	-	(1)
	-	58
Capital grant already recognised	-	(8)
Capital grant released to income	-	12
	-	62

During the year there was one shared ownership staircasing transaction and one outright sale of a shared ownership property.

NOTES TO THE FINANCIAL STATEMENTS

7. Interest receivable and other income

There was no interest or similar income received during the year or previous year.

8. Interest and financing costs

	Group and Company	
	2023 £'000	2022 £'000
Defined benefit pension charge	286	308
Loan interest (note 19)	275	280
Loan note financing (note 19)	6	-
Interest capitalised on housing properties under construction	-	(29)
	<u>567</u>	<u>559</u>

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	
	2023 No.	2022 No.
Administration and operational:		
Total number of Employees	188	192
Full Time Equivalents	<u>179</u>	<u>182</u>

NOTES TO THE FINANCIAL STATEMENTS

Employee costs

	Group and Company	
	2023	2022
	£'000	£'000
Wages and salaries	6,199	5,836
Social security costs	652	590
Other pension costs	2,778	2,982
Redundancy costs	10	-
	<u>9,639</u>	<u>9,408</u>

Fees paid to non-executive directors during the year amounted to £28,066 (2022: £nil).

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:

	2023	2022
	No.	No.
£60,000 to £70,000	3	2
£70,001 to £80,000	6	7
£90,001 to £110,000	1	-
£110,001 to £120,000	1	2
£140,001 to £150,000	-	1
£150,001 to £160,000	<u>1</u>	<u>-</u>

The emoluments of the chief executive (the highest paid executive team member), excluding pension contributions, were £129,086 (2022: £126,875). Cheltenham Borough Homes is a 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 £310,669 (2022: £380,469).

NOTES TO THE FINANCIAL STATEMENTS

10. Tax on surplus on ordinary activities

	Group and Company	
	2023	2022
	£'000	£'000
Current tax		
UK corporation tax on deficit for the year	22	23
Adjustments in respect of prior years	10	-
Tax on deficit for the year	<u>32</u>	<u>23</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK at 19% (2022: 19%). The differences are explained as follows:

	Group and Company	
	2023	2022
	£'000	£'000
Tax reconciliation		
Deficit on ordinary activities before tax	<u>(1,873)</u>	<u>(2,079)</u>
Theoretical tax at UK corporation tax rate 19% (2022: 19%)	(356)	(395)
-exempt activities	378	418
-adjustments to tax charge in respect of prior periods	10	-
Total tax charge	<u>32</u>	<u>23</u>

NOTES TO THE FINANCIAL STATEMENTS

11. Intangible assets

Group and Company

	Software costs £'000	Total £'000
Cost		
At 1 April 2022	939	939
Additions	30	30
Disposals	-	-
At 31 March 2023	<u>969</u>	<u>969</u>
Amortisation		
At 1 April 2022	318	318
Charged in year	89	89
Disposals	-	-
At 31 March 2023	<u>407</u>	<u>407</u>
Net book value		
At 31 March 2023	<u>562</u>	<u>562</u>
At 31 March 2022	<u>621</u>	<u>621</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Fixed assets – housing properties

Group – housing properties

	Social housing properties held for letting	Leasehold housing properties	Shared ownership housing properties	Market rent properties for letting	Total housing properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	11,617	555	872	2,233	15,277
Additions	-	7	-	-	7
Disposals	-	-	-	-	-
At 31 March 2023	<u>11,617</u>	<u>562</u>	<u>872</u>	<u>2,233</u>	<u>15,284</u>
Accumulated depreciation					
At 1 April 2022	1,519	40	117	7	1,683
Charged in year	175	10	13	27	225
Disposal	-	-	-	-	-
At 31 March 2023	<u>1,694</u>	<u>50</u>	<u>130</u>	<u>34</u>	<u>1,908</u>
Net book value					
At 31 March 2023	<u>9,923</u>	<u>512</u>	<u>742</u>	<u>2,199</u>	<u>13,376</u>
At 31 March 2022	<u>10,098</u>	<u>515</u>	<u>755</u>	<u>2,226</u>	<u>13,594</u>

Social housing assistance

	Group and Company	
	2023	2022
	£'000	£'000
Social housing grant		
Total received or receivable at 31 March	4,245	4,245
Total released to income at 31 March	(536)	(481)
Total repaid or repayable at 31 March	(212)	(212)
	<u>3,497</u>	<u>3,552</u>
Other capital grant		
Total received or receivable at 31 March	2,339	2,339
Total released to income at 31 March	(1,680)	(1,670)
Total repaid or repayable at 31 March	-	-
	<u>659</u>	<u>669</u>

NOTES TO THE FINANCIAL STATEMENTS

Company – housing properties

	Social housing properties held for letting	Leasehold housing properties	Shared ownership housing properties	Market rent properties for letting	Total housing properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	11,673	555	872	2,233	15,333
Additions	-	7	-	-	7
Disposals	-	-	-	-	-
At 31 March 2023	<u>11,673</u>	<u>562</u>	<u>872</u>	<u>2,233</u>	<u>15,340</u>
Accumulated depreciation					
At 1 April 2022	1,525	40	117	7	1,689
Charged in year	176	10	13	27	226
Disposal	-	-	-	-	-
At 31 March 2023	<u>1,701</u>	<u>50</u>	<u>130</u>	<u>34</u>	<u>1,915</u>
Net book value					
At 31 March 2023	<u>9,972</u>	<u>512</u>	<u>742</u>	<u>2,199</u>	<u>13,425</u>
At 31 March 2022	<u>10,148</u>	<u>515</u>	<u>755</u>	<u>2,226</u>	<u>13,644</u>

Housing properties book value net of depreciation

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Freehold land and buildings	12,864	13,079	12,913	13,129
Leasehold buildings	512	515	512	515
	<u>13,376</u>	<u>13,594</u>	<u>13,425</u>	<u>13,644</u>

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 2022	4	233	741	537	129	58	1,702
Additions	90	3	44	-	-	11	148
Disposals	-	(67)	(495)	(314)	-	(13)	(889)
At 31 March 2023	<u>94</u>	<u>169</u>	<u>290</u>	<u>223</u>	<u>129</u>	<u>56</u>	<u>961</u>
Depreciation							
At 1 April 2022	4	222	703	536	14	48	1,527
Charged in year	5	5	29	1	1	7	48
Disposals	-	(67)	(495)	(314)	-	(13)	(889)
At 31 March 2023	<u>9</u>	<u>160</u>	<u>237</u>	<u>223</u>	<u>15</u>	<u>42</u>	<u>686</u>
Net book value							
At 31 March 2023	<u>85</u>	<u>9</u>	<u>53</u>	<u>-</u>	<u>114</u>	<u>14</u>	<u>275</u>
At 31 March 2022	<u>-</u>	<u>11</u>	<u>38</u>	<u>1</u>	<u>115</u>	<u>10</u>	<u>175</u>

Grant assistance – freehold land and buildings

	Group and Company	
	2023	2022
	£'000	£'000
Other capital grant		
Total received or receivable at 31 March	17	17
Total released to income at 31 March	<u>(17)</u>	<u>(17)</u>
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

14. Investments in subsidiaries

Company

	2023 £	2022 £
Cost and net book value	<u>1</u>	<u>1</u>

At 31 March 2023 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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due within one year				
Rent and service charges receivable	27	21	27	21
Less: provision for bad and doubtful debts	(16)	(8)	(16)	(8)
	<u>11</u>	<u>13</u>	<u>11</u>	<u>13</u>
Amount due from Cheltenham Borough Council	1,074	1,541	1,074	1,541
Amount due from subsidiary undertaking	-	-	21	21
Other debtors	73	29	73	29
Prepayments and accrued income	111	72	111	72
	<u>1,269</u>	<u>1,655</u>	<u>1,290</u>	<u>1,676</u>

NOTES TO THE FINANCIAL STATEMENTS

16. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Debt (note 19)	148	143	148	143
Trade creditors	102	467	102	467
Rent and service charges received in advance	18	33	18	33
Amount due to Cheltenham Borough Council	68	200	68	200
Deferred capital grant (note 18)	64	64	64	64
Corporation tax	22	22	22	22
Other taxation and social security	600	735	600	735
Unpaid contributions for retirement benefits	-	138	-	138
Other creditors	53	45	53	46
Accruals and deferred income	664	296	664	296
	<u>1,739</u>	<u>2,143</u>	<u>1,739</u>	<u>2,144</u>

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

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Debt (note 19)	8,001	8,150	8,001	8,150
Deferred capital grant (note 18)	4,093	4,157	4,093	4,157
	<u>12,094</u>	<u>12,307</u>	<u>12,094</u>	<u>12,307</u>

18. Deferred capital grant

	2023	2022
	£'000	£'000
At 1 April	4,221	4,349
Grant received in the year	-	-
Grant repayable in the year	-	(64)
Released to income in the year	(64)	(64)
At 31 March	<u>4,157</u>	<u>4,221</u>

NOTES TO THE FINANCIAL STATEMENTS

	2023 £'000	2022 £'000
Amounts to be released within one year	64	64
Amounts to be released in more than one year	4,093	4,157
At 31 March	<u>4,157</u>	<u>4,221</u>

19. Debt analysis

Borrowings

	Group and Company	
	2023 £'000	2022 £'000
Due within one year		
Local authority loans	148	143
Due after more than one year		
Local authority loans	7,466	7,615
Loan notes	535	535
	<u>8,001</u>	<u>8,150</u>
Total borrowings	<u>8,149</u>	<u>8,293</u>

Security

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

Terms of repayment and interest rates

The outstanding balance on the loan relating to the Brighton Road Project as at 31 March 2023 was £1,280,924 (2022: £1,293,463). 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 2023 was £1,744,820 (2022: £1,775,008). 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.

NOTES TO THE FINANCIAL STATEMENTS

The outstanding balance on the loan relating to the Garage Site Project as at 31 March 2023 was £1,251,960 (2022: £1,271,287). 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 2054.

The outstanding balance on the loan relating to the St Paul's Phase 2 Project as at 31 March 2023 was £1,794,169 (2022: £1,850,487). 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.

The outstanding balance on the loan relating to 24 St Georges Place as at 31 March 2023 was £1,543,228 (2022: £1,568,379). 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 2054.

On 31 March 2022 the company issued an unsecured loan note of £535,000 to Cheltenham Borough Council as part funding for 24 St Georges Place. The loan note is repayable on sale of the relevant dwellings and requires a profit share to be paid each year equivalent to the sum of 5% of the gross rent received on those dwellings. This unsecured loan note has been accounted for as a complex financial instrument and included at fair value in the balance sheet.

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

	Group and Company	
	2023	2022
	£'000	£'000
Within one year or on demand	148	143
One year or more but less than two years	154	148
Two years or more but less than five years	493	478
Five years or more	7,354	7,524
	<u>8,149</u>	<u>8,293</u>

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 2023 were £1,083,000 (2022: £1,055,000).

The most recent actuarial valuation of the fund was as at 31 March 2022. This valuation showed the fund was 122% funded. This valuation determines the contribution rates for the 2023/24 year onwards. The employer's current service contribution rate is 18%, the contribution rate for 2023/24 will be 19.7%.

The actuary has estimated that employer's contributions for the year ending 31 March 2024 will be approximately £1,187,000.

Financial assumptions

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

	2023 % per annum	2022 % per annum
Rate of increase in salaries	3.45	3.45
Rate of increase in pensions in payment	2.95	3.15
Discount rate	4.75	2.75
Inflation assumption (CPI)	<u>2.95</u>	<u>3.20</u>

NOTES TO THE FINANCIAL STATEMENTS

Mortality assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. This assumption has changed from last year (a 10% weighting parameter has been applied) to approximately reflect the higher than expected observed deaths in 2022. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2023 No. of years	2022 No. of years
Current Pensioners		
Males	21.5	21.7
Females	24.8	24.1
Future Pensioners (figures assume members aged 45 as at the last formal valuation date)		
Males	22.1	22.6
Females	26.0	25.8

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

	2023 £'000	2022 £'000
Amounts charged to operating costs		
Current service cost	2,716	2,982
Past service cost	62	-
	<u>2,778</u>	<u>2,982</u>
Amounts charged to other finance costs		
Interest income on pension scheme assets	(1,251)	(858)
Interest cost on pension scheme liabilities	1,537	1,166
	<u>286</u>	<u>308</u>

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation to the consolidated statement of financial position

	2023 £'000	2022 £'000
Fair value of pension scheme assets	44,138	45,164
Present value of pension scheme liabilities	(37,653)	(54,733)
Derecognition of surplus	(6,485)	-
	<u>-</u>	<u>(9,569)</u>

The asset calculated by the actuaries at 31 March 2023 was £6,485,000. This net pension asset has not been recognised on the grounds that it is not directly recoverable as a refund or reduction in contributions.

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

	2023 £'000
Opening fair value of scheme assets	45,164
Interest income	1,251
Return on scheme assets (excluding amounts included in net interest)	(2,091)
Contributions by employer	1,083
Contributions by employees	394
Other experience gains and losses	(916)
Benefits paid	(747)
Derecognition of surplus	(6,485)
Closing fair value of scheme assets	<u>37,653</u>

	2023 £'000	2022 £'000
Actual return on scheme assets	<u>(840)</u>	<u>2,917</u>

NOTES TO THE FINANCIAL STATEMENTS

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

	2023 £'000
Opening scheme liabilities	54,733
Current service cost	2,716
Past service cost	62
Interest cost	1,537
Contributions by employees	394
Remeasurements	(21,042)
Benefits paid	(747)
Closing scheme liabilities	<u>37,653</u>

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

	2023 %	2022 %
Equities	66	71
Bonds	21	19
Property	12	9
Cash	<u>1</u>	<u>1</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

22. Cash flow from operating activities

	2023 £'000	2022 £'000
Deficit for the year	(1,905)	(2,102)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	273	272
Amortisation of intangible fixed assets	89	163
Amortisation of capital grant	(64)	(64)
Interest and financing costs	567	559
Corporation tax expense	32	23
Decrease/(Increase) in trade and other debtors	387	(717)
(Decrease)/Increase in trade and other creditors	(410)	488
Pension costs less contributions payable	1,695	1,927
Adjustments for investing or financing activities:		
Net gain on disposal of housing properties	-	(62)
Interest paid	(281)	(280)
Corporation tax paid	(32)	(21)
Net cash generated from operating activities	<u>351</u>	<u>186</u>

Analysis of Changes to Net Debt

	At 1 April 2022 £'000	Cash Flow £'000	Other non-cash changes £'000	At 31 March 2023 £'000
Cash and Cash Equivalents				
Cash	<u>755</u>	<u>22</u>	<u>-</u>	<u>777</u>
	755	22	-	777
Borrowings				
Due within 1 year	(143)	143	(148)	(148)
Due after 1 year	<u>(8,150)</u>	<u>-</u>	<u>149</u>	<u>(8,001)</u>
	(8,293)	143	1	(8,149)
Net debt	<u>(7,538)</u>	<u>165</u>	<u>1</u>	<u>(7,372)</u>

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments

The carrying value of financial liabilities includes:

	Group and Company	
	2023	2022
	£'000	£'000
Liabilities measured at fair value through income statement (loan note)	535	535
Liabilities measured at amortised cost (housing loans)	7,614	7,758
	<u>8,149</u>	<u>8,293</u>

Financial liabilities at fair value are calculated on a discounted cash flow basis.

24. Contingent assets/liabilities

At year end, the company had a contingent liability of £32,892 (2022: £32,892). 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.

25. Operating lease commitments

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

	Group and Company			
	Buildings		Other	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	74	124	171	162
Between one and five years	158	131	236	384
In more than five years	278	260	-	-
	<u>510</u>	<u>515</u>	<u>407</u>	<u>546</u>

NOTES TO THE FINANCIAL STATEMENTS

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 £13,749,527 (2022: £12,651,913). The Company purchased goods and services of £545,477 (2022: £1,192,073) from the Council during the year.

Balances outstanding at the year-end were as follows:

	2023	2022
	£'000	£'000
The Council owed the Company	1,074	1,541
The Company owed the Council	(8,218)	(8,493)
	<u>(7,144)</u>	<u>(6,952)</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.

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

