

Cheltenham Borough Homes Limited

Report and Financial Statements

For the year ended 31 March 2022

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CHIEF EXECUTIVE'S REPORT

At its heart Cheltenham Borough Homes (CBH) has a tradition of putting people first, treating them well, and making a positive difference to their lives, by providing safe and secure homes, supporting strong and vibrant communities, and inspiring people to go beyond what is expected and deliver what can be imagined.

We play a significant role in the lives of thousands of people and families, and we are fully committed to ensure that our customers have more than just a property to live in, they have a home, and the skills to maintain it and be part of the community. How we do things is just as important as what we do, and our colleagues are fully engaged with our purpose and are a trusted presence in customers' lives.

CBH has an excellent track record of success and innovation, of overcoming challenges and taking opportunities, and our future is exciting. Our business is built on solid foundations, strong values and engaged colleagues who have a passion to make a real difference to the lives of people living in Cheltenham. This has enabled us to successfully navigate the pandemic and emerge with both our reputation enhanced and as an agile and responsive company. CBH will continue to respond proactively and effectively to ongoing and significant change and challenge in the housing sector, and to help people through the emerging cost of living crisis.

It will also enable us to support the Council to deliver its ambitious aims for Cheltenham; for example, to continue to increase the supply of affordable homes in the town and contribute to the Council's local net zero target of 2030, through improving homes, driving increased standards for new build, and making changes to company operations.

Underpinning our activities will be our commitment to provide opportunities for feedback and to listen to our customers', colleagues', and partners' voices; and act on this feedback to continually enhance what we do and how we do it. We are committed to remain a high-quality landlord, employer, and partner of choice.



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 2022. The group comprises the parent company, Cheltenham Borough Homes Limited (the company), and its subsidiary undertaking Cheltenham Borough Homes Services Limited.

Our purpose

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

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

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

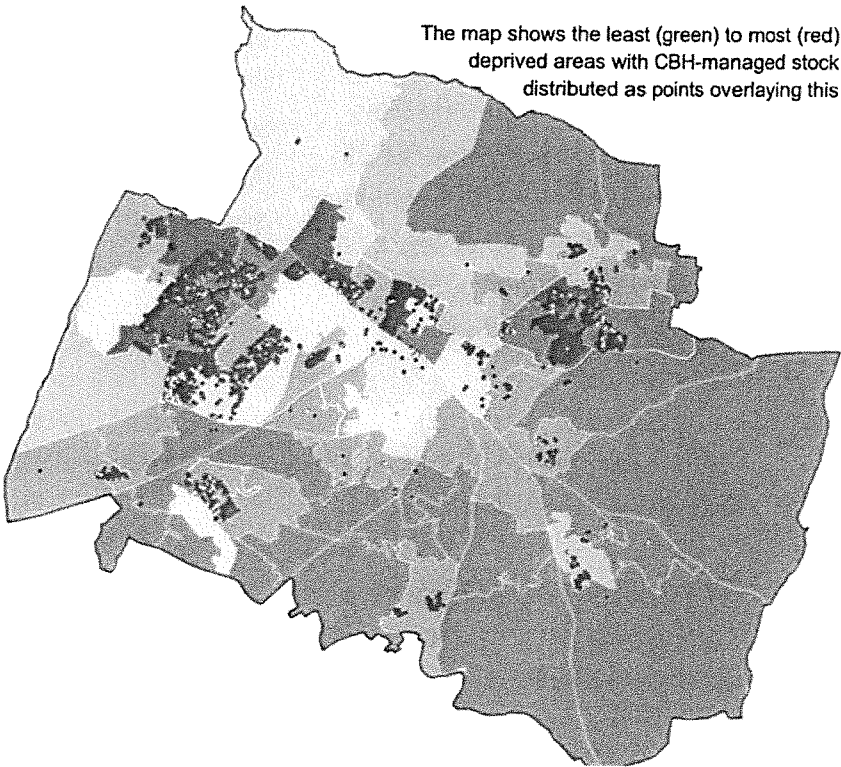
Our customers and homes

We deliver services to the tenants and leaseholders living in the 5,122 homes we manage, 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 53% of the total with the split by tenure and ownership shown below.

Homes by tenure	CBC	CBH	Total
General needs social rent	3,899	45	3,944
Housing for older people social rent	491	-	491
Affordable rent	133	50	183
Low cost home ownership	35	14	49
Private rented sector	-	13	13
Leasehold	441	1	442
	4,999	123	5,122

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



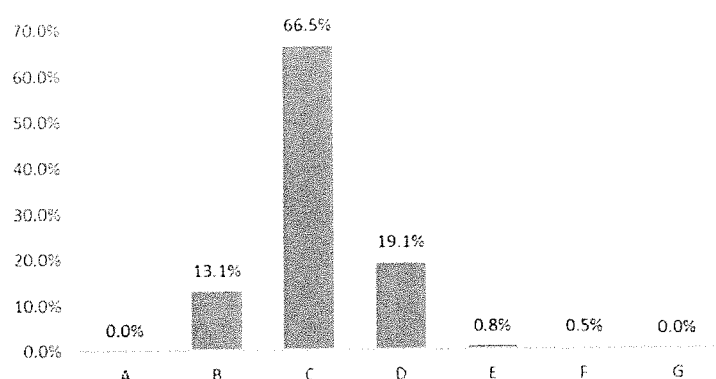
Rent by number of beds	% of LHA
Bedsit	90%
1 bed	57%
2 bed	51%
3 bed	47%
4 bed	36%
5 bed	42%

The rent charged on the homes we manage, compared to the Local Housing Allowance (maximum amount that can be claimed for housing in Cheltenham for claimants with private sector tenancies) 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 a bid to the Government's Social Housing Decarbonisation Fund for a deep retrofit pilot scheme with a further successful bid to Government for 59 homes in 2022/23 as part of Government's Wave 1 funding.

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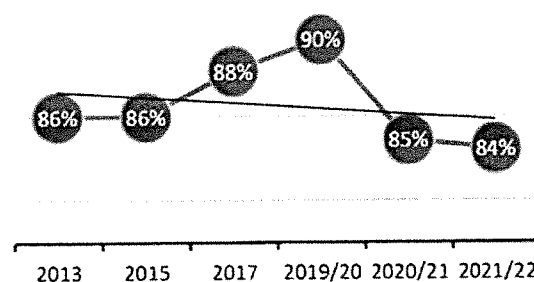
A significant proportion of the new homes to be delivered in future years will be built as net zero carbon buildings on sites controlled by the Council which ensures that these high-quality homes will be warmer and cost less to run and improve the health and wellbeing of our communities.



The distribution of EPC ratings of existing homes is shown here with 80% of homes being EPC C or higher.

The vast majority of tenants are satisfied with the services provided by CBH (84%). The rating for the year is 1% lower than the rating from last year's surveys in 2020-21. Sheltered tenants are a little more satisfied (93%) than general needs tenants (83%).

As the chart on the right shows, satisfaction with the overall services was steadily rising over the past completed STAR surveys, with a fall in 2020-21 and 2021-22 due to the impact of COVID and in line with the trend in the sector.



Customers have told us they want to be involved in different ways with CBH. Some want to be kept informed about what is happening and reassured about the things that matter to them, others want to be more involved and influence how their community or CBH is run.

We undertake quarterly phone surveys based on tenant satisfaction measures, a standard set of questions, which helps us understand where we need to improve and shapes the services we provide to customers. Our shaping services group and Tenant Scrutiny Improvement Panel meet regularly with recommendations shared with management and the CBH Board. In addition, we have three tenant non-executive directors sitting on our Board and committees. This ensures the tenant voice is heard clearly in our current and future plans.

STRATEGIC REPORT

Our delivery plan

The top priority of our three-year delivery plan to 2023 is Customer Service and Engagement. We aim to keep improving and looking at how we can deliver great service on every occasion we come into contact with our customers – day in, day out, and across all areas of the business – ensuring we listen to our customer feedback and act upon what they tell us. Delivering great Customer Service is the responsibility of each and every one of our colleagues and feedback from customers plays a crucial role in helping us shape and improve our services in ways that meet our customers' needs and support those people who need it the most.

1. Prioritising customer service and engagement

Our priority is to listen to and act on customer feedback, enhance 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.

Year 2 - delivery	Looking forwards
<ul style="list-style-type: none">• Enhanced our customer insight data from quarterly surveys to inform service improvements• Added additional features to our customer portal• Encouraged increase in take up of customer portal including awareness and training sessions with sheltered scheme customers• Implemented process and system changes within our repairs service to improve efficiency and customer satisfaction• Improved our approach to damp and condensation concerns from customers with additional advice, monitoring and remedial works	<ul style="list-style-type: none">• Increase capacity and efficiency of repairs service to enable more repairs to be carried out and improve satisfaction• Continue to improve digital access• Enhance customer surveys to include new Tenant Satisfaction Measures (from the Social Housing White Paper) – included as of April 2022

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2. Delivering our people plan

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

Year 2 - delivery	Looking forwards
<ul style="list-style-type: none"> • Achieved 'One to Watch' status (good engagement) in our third year of Best Companies accreditation with improvements in My Manager and My Team factors • Improved our Webrecruit system and launched a recruitment referral scheme • Launched a new 'Learn & Grow with CBH' scheme to support colleagues in their development • Carried out sample pay benchmarking to support review of specific roles • Provided a free Will Writing service • Provided Mental Health Crisis training for colleagues • Provided a new Employee Assistance Programme • Newly launched 'CBH Menopause Café' to support understanding of the impact of the menopause 	<ul style="list-style-type: none"> • Review and implement additional 'personal growth' and 'fair deal' actions arising from the latest Best Companies survey feedback • Roll out our new performance lifecycle approach to performance management, wellbeing and development • Roll out updated manager development training across the business

3. Supplying new homes

The last 18 months has given the housing sector a number of challenges that have temporarily impacted bringing forward new sites for development with increasing challenges on costs in 2022-23. This will reduce the number of new homes that can be delivered next year, however, in partnership with CBC, we still have ambitious plans to

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supply more high-quality homes for Cheltenham across a variety of tenures. We have a strong pipeline and will continue to support the Council on the Golden Valley development.

Year 2 - delivery	Looking forwards
<ul style="list-style-type: none"> Delivered 61 additional affordable homes Grown our future homes pipeline to 370 additional affordable homes Completed our first private rented sector scheme letting 13 town centre homes Acquisition, demolition and approved planning for 24 new carbon net zero homes on 320 Swindon Road site Approved plans that all new sites controlled by CBH/CBC will deliver carbon net zero homes 	<ul style="list-style-type: none"> Grow pipeline of additional homes to 500 Deliver 25 homes in 2022/23 Progress existing and new schemes, continue our acquisition programme, continue to support Golden Valley development and commence the planning of community regeneration projects

4. Focusing on climate change

We are focussed on playing a key role in supporting 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). This work will go beyond the physical homes and support changed behaviours of tenants and colleagues alike, in addition to positively impacting upon the sustainability of all aspects of our current operations.

Year 2 - delivery	Looking forwards
<ul style="list-style-type: none"> Progressed work on 2 deep retrofitted homes under the Social Housing Decarbonisation Fund Demonstrator pilot Successfully bid for £800k of government Wave 1 funding to 	<ul style="list-style-type: none"> Complete SHDF pilot properties Progress works under Wave 1 funding and seek further government funding as it becomes available Progress works on new carbon net zero homes

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Year 2 - delivery	Looking forwards
<p>improve energy efficiency of 59 homes</p> <ul style="list-style-type: none"> Secured 9 new carbon net zero homes, yet to be delivered, through a s106 deal Secured planning for 24 carbon net zero homes through development in the HRA Supported CBC in their development of a Climate Emergency Action Plan: Pathway to Net Zero 	<ul style="list-style-type: none"> Plan other activities to reduce carbon footprint of CBH operations

5. Enhancing the quality standard for homes

Our desire to narrow the quality gap between new and existing homes is driving us to develop an enhanced quality standard that means homes are safe and secure, that takes into account measures to support the carbon net zero agenda and improves communal areas in schemes.

Year 2 - delivery	Looking forwards
<ul style="list-style-type: none"> Reviewed new compliance requirements and associated costs relating to the Fire Safety Act and Building Safety Bill Continuing investment in existing homes – including windows, doors, internal and external property improvements Progressed delivery of sheltered housing communal upgrades 	<ul style="list-style-type: none"> Consider changes to our Cheltenham Quality Standard Complete sheltered communal upgrades Begin replacement of sheltered warden call system Continued investment in major works programmes for existing homes

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6. Helping customers and neighbourhoods thrive through partnership working

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

Year 2 - delivery	Looking forwards
<ul style="list-style-type: none"> Delivered employment and training initiatives and maximised benefit and money advice services for customers Delivered a support programme for 18-24 year-olds Successfully bid for additional funding so we will be able to expand our ACEs programme (responding to Adverse Childhood Experiences) to Housing First customers (see below) Established a bespoke training package for resettled families in partnership with GARAS (Gloucestershire Action for Refugees and Asylum Seekers) and Gloucestershire College Delivered work clubs and support online 	<ul style="list-style-type: none"> Continue to maximise social value outcomes Support expansion of Housing First programme Expand ACEs programme Provide support and advice during cost of living crisis

7. Preventing homelessness and reducing rough sleeping

We will continue to develop a more proactive role, helping people and families secure and sustain a place they can call home for the long term. Working with local partners we will collaborate to provide more holistic solutions to prevent homelessness including under the Housing First initiative.

Housing First is a housing and support approach which:

- Gives people who have experienced homelessness and chronic health and social care needs a stable home from which to rebuild their lives.
- Provides intensive, person-centred, holistic support that is open-ended.

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Year 2 - delivery	Looking forwards
<ul style="list-style-type: none"> Managed 1,299 homelessness approaches including 424 homeless applications Successfully bid to expand our Housing First Initiative by another 6 properties Obtained funding for additional roles to support early intervention measures Secured additional County funding to support our countywide Domestic Abuse Interventions work for a further 2 years 	<ul style="list-style-type: none"> Progress the addition of a further six properties under Housing First programme for entrenched rough sleepers Recruit an additional role to support our countywide Domestic Abuse Interventions work

8. Enhancing our operations

We will continue to develop our IT systems and internal processes to identify efficiencies which will unlock capacity in the business and support cost savings for the HRA.

Year 2 - delivery	Looking forwards
<ul style="list-style-type: none"> Rationalised our office space to support 'agile' working and delivered cost savings for the HRA Managed the 'return to offices' when lockdown measures were fully eased and started to enhance existing office space Enhanced our customer portal functionality Developed CBH Data Hub, reporting and analysis Extended leasehold and private rented sector customer functionality 	<ul style="list-style-type: none"> Transition to a new mobile working platform and expand number of forms and usage across the business Make further changes to office space to make best use of space available and provide town centre location Undertake a number of activities to improve the quality of data available to the business and customers

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Our operating environment

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

Social Housing White Paper

The Social Housing White Paper seeks to provide transformational change, establishing a new Charter for social housing residents. The new Tenants Charter sets out what every social housing resident should be able to expect through seven key commitments. We have updated our self-assessment against the requirements that are currently known which will inform our activities during 2022-23 and beyond.

Embedded throughout almost every commitment in the charter is the need for residents to have their voice heard through strong resident engagement. Throughout the last 12 months we have developed a picture of what excellent customer engagement looks like for CBH through consultation with customers, TSIP, colleagues, CBC and Board. This has formed the basis of our new Customer Involvement & Engagement Plan, which sets out our commitment to listening to and acting on customer feedback and how we will support customers to shape this involvement and engagement work.

Inflation and Cost of Living Crisis

A perfect storm of inflation, increased energy costs, and the impact of interest rate and tax rises is contributing to what is being widely referred to as the 'cost of living crisis' within the UK. This real term cost on customers is pushing many into serious financial difficulties and some even risk homelessness. CBH and our partners will provide advice and support to customers to reduce this impact wherever possible.

CBH will continue to monitor the cost of running day to day operations, maintain the standard of homes and impact on rent arrears. Inevitably to facilitate these rising costs, discretionary investment will be an area of focus for managing budgets, with focus on

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ensuring the scale of investment in new homes and capital improvements remain affordable in the long term.

Social Housing Rent Policy

The commitment provided by Government with regards to rent levels for the five years post March 2020 provides stability for future years. However, the recent increase in inflation means that any rent increase is likely to be capped and there could be a period of costs increasing disproportionately to increases in income thus impacting the level of future investment possible. The emerging picture will be monitored carefully supported by relevant financial modelling.

Loss of Skills and Knowledge

There is increased pressures with the competitiveness of the current external recruitment market. There is the 'great resignation' or 'great reshuffle' following the pandemic that all organisations are facing. Recruitment is therefore challenging and particularly for skills that are in high demand such as building, surveying and compliance. All vacancies are taking longer to fill and the quantity and quality of applications has reduced due to the current competitive nature of recruitment. We continue to adapt our approach to recruitment and retention to ensure we can attract and retain great talent.

COVID-19

CBH managed the effects of COVID-19 effectively throughout 2021-22 with the main impact relating to increased sickness levels for colleagues both in terms of having the virus and the longer-term impact on mental health and stress levels from the pandemic and need to cover colleague roles off with the virus. The safety of colleagues and customers continue to be the priority with certain face to face services continuing to be delivered in safe, alternative ways. These impacts are continuing to ease as colleagues and customers settle into established ways of working.

Climate Change

CBC declared a Climate Emergency in July 2019 and set a target for Cheltenham to become carbon neutral by 2030. CBH fully supports this declaration and its ambitious carbon net zero target. CBH will continue to assess the scale and speed of changes and investment required in order to support delivery of this goal including:

- Solutions for existing homes, government funding available and contractor capacity in order to deliver these solutions
- Delivery of new net zero carbon homes on sites controlled by CBC/CBH
- Reduction of the carbon impact of business operations

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This is a complex area of work with increasing challenges from the rise of inflation and limits on capacity and resources in the construction sector as well as the increasing cost of new borrowings.

Health and Safety

New compliance requirements are monitored closely to ensure CBH is well positioned as early as possible to react appropriately. Health and safety performance is monitored by the Executive Team monthly and the Board receives additional information via the Audit & Risk Committee where health and safety is a standing agenda item.

Brexit

CBH has not been directly impacted by Brexit with no direct trading exposures to the EU however the business is exposed to indirect risks such as the supply and cost of building materials. The impact of Brexit and inflation continues to increase construction related costs and drive shortages in supply of certain materials. CBH continues to monitor this as it progresses.

Quality of the Housing Stock

The capital investment programme is closely managed to ensure that we improve the quality of existing homes each year across all units of stock. The HRA long term financial model is reviewed annually to confirm our ability to invest in the stock sufficiently to maintain decency. The only properties failing to meet this standard at year end were a small number of non-traditional construction stock which are being managed with funded improvement plans. Significant provision is in place to deliver programmes of investment to ensure homes meet legislative safety standards. The impact of increasing inflation and any emerging outcomes of the review of the decent homes standard will be monitored carefully.

Information Technology (IT)

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

Data Governance

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

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Pension Fund

The Pension Fund Valuation recognised in these statements reflects the latest accounting valuation of the pension fund. The Board will continue to monitor the financial position of the fund and act based on actuarial advice to ensure the long-term viability of the scheme. The latest triennial valuation of CBH's portion of the Fund shows a small surplus position as compared to the accounting valuation shown in these financial statements. The next triennial valuation will be available in the Autumn of 2022 and will drive the funding requirements for 2023-24 and the following two years.

Our performance

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

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.

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Great Homes

VFM Key Performance Indicators	2020-21 <i>year-end outturn compared to target (as a RAG)</i>	2021-22 <i>year-end outturn compared to target (as a RAG)</i>	2022-23 <i>year-end target</i>
Direct cost per property of Major Works & Cyclical Maintenance	£1,730 (£2,366)	£1,948 (£2,318)	£2,635
% dwellings non-decent at the end of the period	0.07% (0.25%)	0.11% (0.25%)	0.25%
% dwellings with a valid gas safety certificate	99.81% (100%)	99.95% (100%)	100%
Average SAP rating (2012 methodology)	72.96 (72.90)	73 (73)	73.1
STAR Survey: satisfaction with overall quality of the home	80% (85%)	86% (86%)	86%
Direct cost per property of Responsive Repairs & Void Works	£650 (£660)	£749 (£698)	£752
% of Emergency, Urgent and Routine repairs completed within target	99.76% (99%)	99.61% (99%)	99%
Direct cost per property of Rent Arrears and Collection	£90 (£93)	£92 (£89)	£99
Current arrears as % of rental income (exc. court costs)	2.07% (2.24%)	2.02% (2.24%)	2.24%
Rent collected from current & former tenants as % rent due (exc. arrears brought forward)	100.69% (98%)	99.51% (99%)	99%
Direct cost per property of Lettings	£43 (£45)	£48 (£50)	£54
% Rent lost through CBC dwellings becoming vacant excluding temporary furnished	0.71% (0.77%)	0.93% (0.71%)	0.98%
Average time taken to re-let minor void CBC properties (excluding FA and JDC) in days	29.26 (19)	21.95 (20)	21
Complaints closed at stage 1 - % within agreed timescales	90% (100)	97.06% (100%)	100%
Number of complaints per 1000 properties	5.89 (12)	7.02 (10)	10
Contact centre calls answered within 60 seconds	93.18 (90%)	92.14% (90%)	90%
Number of additional affordable homes supplied	37 (50)	61 (60)	25

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Major Works and Cyclical Maintenance

CBH maintained appropriate capital investment in our stock, based on data sourced from stock surveys, enabling us to maintain safe, and high-quality homes.

The performance for the year continued to be affected by the pandemic for our customers, colleagues and contractors. Contractors have seen a steady upward pressure on prices as well as shortages of certain materials and other resources. Despite this performance remained strong across KPIs. Gas servicing remained high, with a robust approach taken to ensure access through legal means where this is necessary, whilst a more measured approach is taken when the situation demands this, for example working closely with other local agencies to support tenants who are resistant to volunteering access due to mental health issues. In addition, 99.6% of homes had a current electrical inspection certificate and 100% communal blocks had a current fire risk assessment and asbestos survey in place.

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 2021-22 we invested £1.8m to improve the energy efficiency of homes and secured £40,000 of government funding as part of a pilot retrofit project to improve energy efficiency. The 2021-22 SAP outturn is expected to place CBH in the top quartile of housing providers in our peer group.

We regularly seek opinion from tenants via quarterly surveys which provide us the opportunity to obtain sector feedback on sector-specific 'STAR' survey questions. This shows that we met our challenging target for satisfaction with the quality of the home at 86% which was a significant increase on the prior year.

Cost per property is lower than target specifically in the programme of major capital works due to resourcing challenges faced by our contractors. These programmes have been rolled into 2022-23.

Responsive Repairs and Void Works

Repairs performance has been maintained during the year despite the ongoing impact of the pandemic. During the year 99.6% of 5,713 emergency, urgent and routine responsive repairs were completed on time and we dealt with 559 emergency repairs at night or over the weekend. 91% of repairs were completed at the first visit with the average time to complete all responsive repairs being 11.5 days and 14 days to complete void property repairs.

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Our rolling STAR survey shows that satisfaction with repairs and maintenance has fallen slightly to 76% - a fall in levels of satisfaction has been experienced by the majority of providers over the past year.

The costs per property to deliver our responsive repairs and void works during 2021-22 increased to £749 due to the ongoing impact of fewer resources, both labour and materials, for both our in-house repairs team and our sub-contractors. When full benchmarking is available CBH's CPP is likely to be lower than our peer group average, and place CBH in the upper middle quartile.

Rent Arrears and Collection and Lettings

During the year we exceeded our targets for both rent collection and current arrears levels. This remains a particular area of focus and investment as the roll out of Universal Credit continues across the town and due to the impact of the pandemic and rising inflation.

To make sure our most vulnerable customers receive the help they need to thrive, we re-introduced face to face benefit and money advice support and secured more than £31,000 from local partners to help our customers experiencing significant hardship. In total we supported our customers claim £1.1m of additional benefits through this advice and support service.

The cost per property for Rent Arrears and Collection for 2021-22 was slightly higher than our target and this additional investment has proven to be time well spent in terms of arrears performance which is significantly better than target.

Direct CPP for the delivery of our Lettings service was lower than the target set during budget modelling. This area has maintained strong performance for reletting minor void properties although void rent loss has increased during the year. This increase is due to a higher number of major voids following the impact of COVID which reduced the number of lettings as well as a decision to undertake additional asbestos removal works on certain properties which became void during the year.

Performance has been maintained whilst also enabling 26 tenancies to successfully 'downsize' as part of our programme which began as a pilot in 2018-19, and which has continued during 2021-22. This programme makes better use of existing stock by

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supporting people in households with three or more bedrooms to 'downsize' into more appropriately sized homes, freeing up larger properties for those people more in need.

Complaints

Customers can contact CBH to make a complaint through several routes and these were maintained during the year. Although the closure of Stage 1 complaints within agreed timescales was slightly off target this related to just one complaint.

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

Number of Additional Homes Supplied

CBH supplied 61 additional affordable homes and 13 market rented homes, including both newly built homes and acquisitions, exceeding our target for 2021-22. Although the challenge of identifying and acquiring land for development remains a significant one in Cheltenham, we have a pipeline of circa 370 homes to be delivered over 5 years to provide much needed housing and support the economic recovery in Cheltenham. We are aiming to expand this pipeline to 500 homes in the coming 12 months to meet our target of delivering 500 additional homes over five years.

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Stronger Communities

VFM Key Performance Indicators	2020-21 <i>year-end outturn compared to target (as a RAG)</i>	2021-22 <i>year-end outturn compared to target (as a RAG)</i>	2022-23 <i>year-end target</i>
Direct cost per property of ASB	£63 (£63)	£64 (£71)	£64
% closed ASB cases that were resolved	100% (99%)	100% (100%)	100%
STAR Survey: tenants feeling safe in their homes	88% (90%)	85% (90%)	90%
Direct cost per property of Resident Involvement	£29 (£32)	£28 (£33)	£30
STAR Survey: customers satisfied that CBH listens to their views and acts upon them	73% (80%)	72% (80%)	75%
Direct cost per property of Tenancy Management	£96 (£96)	£88 (£96)	£87
STAR Survey: overall customer satisfaction	85% (90%)	84% (90%)	90%
STAR Survey: satisfaction with value for money of the rent	90% (90%)	90% (90%)	90%
Income generated on behalf of customers year to date	£1,289,750 (£1m)	£1,104,282 (£1m)	£1m
Direct cost per property of Community Investment	£98 (£107)	£123 (£110)	£139

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 2021-22 85% 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

On a combined basis the direct cost per property for these areas is on target. This investment supports our passion for creating strong, vibrant and resilient communities where our customers and their families can thrive. We do this by working closely with local partners, including Cheltenham Borough Council, by reducing social isolation and increasing resilience within communities delivering face to face and virtual support, advice and training.

STRATEGIC REPORT

Last year 3,969 people attended our events and we ran 16 Facebook live sessions receiving 2,278 views. We helped 93 people into work and 143 into training receiving 100% satisfaction for this support. We supported 216 individuals and families remain in their homes or find a place to stay to prevent homelessness, 383 families housed through homeseekerplus and helped 37 people move from supported housing to a place they can live independently.

Overall customer satisfaction with CBH remained high at 84% and this outturn is likely to position CBH in the upper middle quartile when compared to other housing providers in our peer group. 90% of tenants considered that the rent they pay provides Value for Money and this is likely to place CBH in the top quartile.

Our People

VFM Key Performance Indicators	2020-21 <i>year-end outturn compared to target (as a RAG) where available</i>	2021-22 <i>year-end outturn compared to target (as a RAG) where available</i>	2022-23 <i>year-end target</i>
Average number of working days lost to total sickness	6.95 (7)	9.34 (7)	7
Best Companies	1 Star (one to watch)	One to Watch (1 Star)	1 Star
Direct cost per property of IT	£44	£44 (£44)	£42
Direct cost per property of HR	£17	£12 (£17)	£15
Direct cost per property of Finance	£24	£22 (£28)	£28
Direct cost per property of Premises	£37	£24 (£37)	£22

Average days lost to sickness was higher than our target due to the impact of COVID related absences during the year as felt across the sector and wider UK economy.

In our March 2022 Best Companies survey CBH achieved 'One to Watch' which means that we have 'good' levels of workplace engagement - this is consistent with the level that we held in 2019 but lower than the 1 star in 2020-21. We saw improvements in the My Manager and My Team factors however Fair Deal continues to be a challenging factor during this period.

STRATEGIC REPORT

During the year we focused on modernising our recruitment and induction processes, launched a Recruitment Referral Scheme, developed new and updated recruitment packs and increased use of advertising and social media. We launched a brand new 'Learn & Grow with CBH' approach to support colleagues with their development and growth at CBH, providing one day per quarter dedicated learning time. We carried out sample salary benchmarking with external advice which is supporting reviews of certain roles around the business, provided a Free Will Writing partnership, undertook ongoing promotion of benefits and discounts and used the 'train the trainer' approach for Mental Health Crisis training for colleagues.

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 prime 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	2020-21	2021-22
Reinvestment %	13%	3%
New supply delivered (social housing units) %	0%	0%
New supply delivered (non-social housing units) %	11%	0%
Gearing %	56%	57%
EBITDA %	148%	122%
Headline social housing cost per unit	£1,836	£1,963
Operating margin (social housing lettings only) %	36%	36%
Operating margin (overall) %	36%	35%
Return on capital employed (ROCE) %	2%	2%

The reinvestment percentage in both years relates to our first market rent scheme comprising 13 homes. All additional homes were delivered within the Council's HRA.

The increase in the headline cost per unit reflects employee cost and in particular repair and maintenance cost increases during the year.

STRATEGIC REPORT

Our finances

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

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

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

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

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

Income and Expenditure

Turnover for the year was £13,741,000, £1,122,000 higher than the previous year. This mostly relates to the increase in maintenance costs recharged to the Council due to increasing costs from COVID and Brexit as well as increased activity due to clearing the backlog of repairs from COVID lockdowns.

The operating result for the group for the year ended 31 March 2022 was a deficit of £1,520,000 compared to a deficit of £553,000 for the previous year. The main change year on year was the increase in the pension scheme current service cost due to the decrease in the opening net discount rate (discount rate less pension increase rate at the beginning of the year).

The underlying operating result, before loan interest and the FRS 102 pension current service cost adjustment, was a surplus of £406,000 against a surplus of £292,000 in the previous year. The increased surplus is mainly due to the gain on disposal of housing properties following staircasing sales of shared ownership properties in the year.

STRATEGIC REPORT

Financing costs have increased from £426,000 to £559,000 due to the higher interest charge on the pension scheme liabilities.

Pensions

Under Financial Reporting Standard 102 ("FRS102"), the group is required to include the financial position of the pension fund within the balance sheet. For the year ended 31 March 2022 the deficit position improved by £4.5m mainly due to the increase in the discount rate at year end. See note 20 for further details.

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

Reserves

The statement of financial position for the group as at 31 March 2022 shows total negative reserves of £7,219,000, comprising a pension fund liability of £9,569,000 offset by an income and expenditure reserve of £2,350,000. The income and expenditure reserve increased by £134,000 during the year.

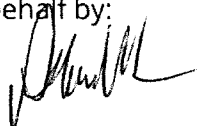
Financial Position

The balance sheet at the end of March 2022 included £14,390,000 of fixed assets at depreciated cost, £8,293,000 of long-term loans and £4,221,000 of capital grants. Net current assets increased by £394,000 due to the final funding being drawn down from the Council for the company's market rent scheme.

Cash flow

At year end, cash and cash equivalents totalled £755,000, having increased from £583,000 at the previous year end. This increase reflects the timing of payments and receipts at year end. Included within debtors is a balance of £1,541,000 due from the company's parent undertaking Cheltenham Borough Council. This is a current account balance and can be drawn down in cash as required.

The Strategic Report was approved by the Board on 28th September 2022 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 principal activity of the subsidiary company, Cheltenham Borough Homes Services Limited, during the year was the supply of construction services to Cheltenham Borough Homes Limited.

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

Directors

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

J Langley	Chair
P Blain	Chair of Remuneration and Nominations Committee
S Brimfield	Resigned 6 August 2021
W Britton-Lewis	Resigned 17 September 2021
D Clowes	
A Foster	Retired 27 October 2021
S Godfrey	Appointed 24 November 2021
C Gore	Appointed 27 October 2021
B Grimster	Appointed 27 October 2021
C Mason	Retired 8 May 2022
U Pearce-Lynch	Resigned 27 October 2021
R Pineger	Appointed 13 July 2021
J Rawson	Chair of Audit and Risk Committee
S Williams	Retired 13 July 2021

DIRECTORS' REPORT

In addition, the following changes occurred post year end:

G Andrews Appointed 15 July 2022

I Mason Appointed 27 July 2022

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 a report on the company's corporate risks at every meeting. The agreed minutes of every Audit and Risk committee meeting are presented to Board in order to inform all Board members of the decisions and actions taken. Key issues are fed back to Board by the Chair of the Committee.

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.

DIRECTORS' REPORT

Executive Team

An Executive Team of three senior officers, led by the Chief Executive, is responsible for the strategic management of the group and also manages a team of operational managers responsible for the day-to-day activity.

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

Governance: Annual Statement of Compliance

As a registered provider and, in accordance with regulatory requirements, CBH adopted the National Housing Federation's NHF Code of Governance (2020) 'Equipping for excellence' in June 2021. An assessment of compliance against this Code will be undertaken each year and the review relating to the period 2021-22 demonstrates compliance with the code apart from one area of non-compliance.

CBH complies with Provision 1.3 *The board demonstrates a clear and active commitment to achieve equality of opportunity, diversity and inclusion in all of the organisation's activities, as well as in its own composition. It has policies and statements which meaningfully demonstrate this commitment and sets priorities and objectives for the organisation to achieve.* However, CBH does not at this time annually publish information about our work to deliver these commitments and objectives and the progress the company has made in doing so and therefore does not comply with Provision 1.3(2).

Reporting against this provision is an area that will be developed by the company in the future.

DIRECTORS' REPORT

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

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

Statement of Board Responsibilities

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

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

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

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

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

In so far as each of the Directors is aware:

DIRECTORS' REPORT

- 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

Following the completion of a tender process during the year, Bishop Fleming has been appointed as the company's external auditor for a new five year term from 2021-22 onwards.

The Directors' Report was approved by the Board on 28th September 2022 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 2022, 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 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt

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

Cheltenham Borough Homes Limited
Report and financial statements for the year ended 31 March 2022

**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: *29th September 2022*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2022 £'000	2021 £'000
Turnover	3	13,741	12,619
Operating expenditure		15,323	13,172
Gain on disposal of housing properties	6	62	-
Operating deficit	3	(1,520)	(553)
Interest receivable	7	-	-
Interest and financing costs	8	559	426
Deficit before tax		(2,079)	(979)
Taxation	10	23	19
Deficit for the year		(2,102)	(998)
Actuarial gain/(loss) in respect of pension schemes		6,758	(5,618)
Total comprehensive income/(loss) for the year		4,656	(6,616)

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 2020	2,190	(7,449)	(5,259)
Surplus/(Deficit) for the year	26	(1,024)	(998)
Other comprehensive loss for the year	-	(5,618)	(5,618)
Balance at 31 March 2021	2,216	(14,091)	(11,875)
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)

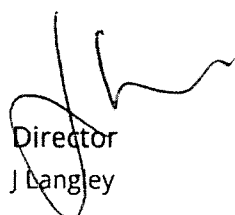
COMPANY STATEMENT OF CHANGES IN RESERVES


	Income and expenditure reserve £'000	Pension reserve £'000	Total £'000
Balance at 1 April 2020	2,260	(7,449)	(5,189)
Surplus/(Deficit) for the year	28	(1,024)	(996)
Other comprehensive loss for the year	-	(5,618)	(5,618)
Balance at 31 March 2021	2,288	(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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	11	621	780
Tangible fixed assets – housing properties	12	13,594	13,419
Tangible fixed assets – other	13	175	187
		<u>14,390</u>	<u>14,386</u>
Current assets			
Trade and other debtors	15	1,655	941
Cash and cash equivalents		755	583
		<u>2,410</u>	<u>1,524</u>
Creditors: amounts falling due within one year	16	2,143	1,651
Net current assets/(liabilities)		<u>267</u>	<u>(127)</u>
Total assets less current liabilities		<u>14,657</u>	<u>14,259</u>
Creditors: amounts falling due after more than one year	17	12,307	12,043
Pension provision	20	9,569	14,091
Total net liabilities		<u>(7,219)</u>	<u>(11,875)</u>
Reserves			
Income and expenditure reserve		2,350	2,216
Pension reserve		(9,569)	(14,091)
Total reserves		<u>(7,219)</u>	<u>(11,875)</u>

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 28th September 2022.


Director
J Langley

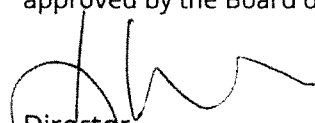
Director 
J Rawson

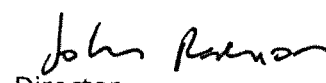
Company number: 04587658

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	11	621	780
Tangible fixed assets – housing properties	12	13,644	13,471
Tangible fixed assets – other	13	175	187
Investment in subsidiaries	14	-	-
		<u>14,440</u>	<u>14,438</u>
Current assets			
Trade and other debtors	15	1,676	964
Cash and cash equivalents		754	582
		<u>2,430</u>	<u>1,546</u>
Creditors: amounts falling due within one year	16	2,144	1,653
Net current assets/(liabilities)		<u>286</u>	<u>(107)</u>
Total assets less current liabilities		<u>14,726</u>	<u>14,331</u>
Creditors: amounts falling due after more than one year	17	12,307	12,043
Pension provision	20	9,569	14,091
Total net liabilities		<u>(7,150)</u>	<u>(11,803)</u>
Reserves			
Income and expenditure reserve		2,419	2,288
Pension reserve		(9,569)	(14,091)
Total reserves		<u>(7,150)</u>	<u>(11,803)</u>

The accompanying notes form part of these financial statements. The financial statements were approved by the Board on 28th September 2022.


Director
J. Langley


Director
J. Rawson

Company number: 04587658

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2022 £'000	2021 £'000
Net cash generated from operating activities	22	186	614
Cash flow from investing activities			
Purchase of tangible fixed assets		(487)	(1,765)
Purchase of intangible fixed assets		(4)	-
Proceeds from sale of tangible fixed assets		141	-
Grants repaid		(60)	-
		<u>(410)</u>	<u>(1,765)</u>
Cash flow from financial activities			
Repayments of borrowings		(139)	(122)
New long term loans		-	1,605
Issue of loan notes		535	-
		<u>396</u>	<u>1,483</u>
Net change in cash and cash equivalents		172	332
Cash and cash equivalents at beginning of the year		583	251
Cash and cash equivalents at end of the year		<u>755</u>	<u>583</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

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

2. Accounting policies

Basis of accounting

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

Going concern

The group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The group has in place long-term debt facilities and a working capital facility which provide adequate resources to finance its recently built housing projects along with the group's day to day operations. The group also has a long-term 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 2024 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

NOTES TO THE FINANCIAL STATEMENTS

signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The group accounts consolidate the accounts of Cheltenham Borough Homes Limited and Cheltenham Borough Homes Services Limited at 31 March using the purchase method. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of Section 408 of the Companies Act 2006. The deficit for the year before taxation for the parent company was £2,080,000 (2021: deficit of £978,000).

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 2022 was £272,000 and amortisation of intangible assets was £163,000.

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

NOTES TO THE FINANCIAL STATEMENTS

annual defined benefit expenses (as analysed in Note 20). The liability at 31 March 2022 was £9,569,000.

Turnover and revenue recognition

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

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

Value Added Tax

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

Employee Benefits

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

Pensions

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

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return of the scheme's assets and the increase during the period in the present

NOTES TO THE FINANCIAL STATEMENTS

value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in total comprehensive income for the year.

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

Interest payable

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

Intangible Assets

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

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

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings and development costs.

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	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>

Group – continuing activities

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

NOTES TO THE FINANCIAL STATEMENTS

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	
	2022 No.	2021 No.
General social housing	95	95
Affordable home ownership	14	15
Total owned	<u>109</u>	<u>110</u>
Non-social housing		
Market rented homes	<u>13</u>	<u>13</u>
Leasehold	<u>1</u>	<u>1</u>

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

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

	Group and Company	
	2022 No.	2021 No.
Local Authority general social housing	4,032	3,996
Local Authority housing for older people	491	490
Local Authority leasehold and shared ownership	<u>476</u>	<u>490</u>
	4,999	4,976
CBH general social housing	95	95
CBH leasehold and shared ownership	15	16
CBH market rent	<u>13</u>	<u>-</u>
Total in management	<u>5,122</u>	<u>5,087</u>

NOTES TO THE FINANCIAL STATEMENTS

5. Operating (deficit)/surplus

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

	Group and Company	
	2022	2021
	£'000	£'000
Depreciation of housing properties	205	199
Depreciation of other tangible fixed assets	67	75
Amortisation of intangible assets	163	94
Operating lease rentals		
- land and buildings	210	309
- vehicles and other equipment	168	140
Auditors' remuneration (excluding VAT)		
- audit fee	13	17
- tax administration	1	1
- other services	2	1
	<hr/>	<hr/>

6. Gain on disposal of housing properties

	Group and Company	
	2022	2021
	£'000	£'000
Disposal proceeds	141	-
Carrying value of fixed assets	(82)	-
Other costs of sale	(1)	-
	<hr/>	<hr/>
	58	-
Capital grant already recognised	(8)	-
Capital grant released to income	12	-
	<hr/>	<hr/>
	62	-
	<hr/>	<hr/>

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

	Group and Company	
	2022	2021
	£'000	£'000
Interest receivable and similar income	-	-
	<u>-</u>	<u>-</u>

8. Interest and financing costs

	Group and Company	
	2022	2021
	£'000	£'000
Defined benefit pension charge	308	180
Loan interest	280	246
Loan note financing	-	-
Interest capitalised on housing properties under construction	(29)	-
	<u>559</u>	<u>426</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	
	2022	2021
	No.	No.
Administration and operational:		
Total number of Employees	192	191
Full Time Equivalents	<u>182</u>	<u>179</u>

NOTES TO THE FINANCIAL STATEMENTS

Employee costs

	Group and Company	
	2022	2021
	£'000	£'000
Wages and salaries	5,836	5,660
Social security costs	590	561
Other pension costs	2,982	1,855
	<u>9,408</u>	<u>8,076</u>

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

Executive team

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

	2022	2021
	No.	No.
£60,000 to £70,000	2	1
£70,001 to £80,000	7	4
£80,001 to £90,000	-	1
£90,001 to £110,000	-	1
£110,001 to £120,000	2	-
£140,001 to £150,000	1	1

The emoluments of the chief executive (the highest paid executive team member), excluding pension contributions, were £126,875 (2021: £115,283). 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 £380,469 (2021: £375,416).

NOTES TO THE FINANCIAL STATEMENTS

10. Tax on surplus on ordinary activities

	Group and Company	
	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on deficit for the year	23	21
Adjustments in respect of prior years	-	(2)
Tax on deficit for the year	<u>23</u>	<u>19</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK at 19% (2021: 19%). The differences are explained as follows:

	Group and Company	
	2022	2021
	£'000	£'000
Tax reconciliation		
Deficit on ordinary activities before tax	<u>(2,079)</u>	<u>(979)</u>
Theoretical tax at UK corporation tax rate 19% (2021: 19%)	(395)	(186)
-exempt activities	418	207
-adjustments to tax charge in respect of prior periods	-	(2)
Total tax charge	<u>23</u>	<u>19</u>

NOTES TO THE FINANCIAL STATEMENTS

11. Intangible assets

Group and Company

	Software costs £'000	Total £'000
Cost		
At 1 April 2021	935	935
Additions	4	4
Disposals	-	-
At 31 March 2022	<u>939</u>	<u>939</u>
Amortisation		
At 1 April 2021	155	155
Charged in year	163	163
Disposals	-	-
At 31 March 2022	<u>318</u>	<u>318</u>
Net book value		
At 31 March 2022	<u>621</u>	<u>621</u>
At 31 March 2021	<u>780</u>	<u>780</u>

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

NOTES TO THE FINANCIAL STATEMENTS

12. Fixed assets – housing properties

Group – housing properties

	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Leasehold housing properties £'000	Shared ownership housing properties £'000	Market rent properties for letting £'000	Total housing properties £'000
Cost						
At 1 April 2021	11,617	1,772	555	964	-	14,908
Additions	-	461	-	-	-	461
Schemes completed	-	(2,233)	-	-	2,233	-
Disposals	-	-	-	(92)	-	(92)
At 31 March 2022	<u>11,617</u>	<u>-</u>	<u>555</u>	<u>872</u>	<u>2,233</u>	<u>15,277</u>
Accumulated depreciation						
At 1 April 2021	1,344	-	30	115	-	1,489
Charged in year	175	-	10	13	7	205
Disposal	-	-	-	(11)	-	(11)
At 31 March 2022	<u>1,519</u>	<u>-</u>	<u>40</u>	<u>117</u>	<u>7</u>	<u>1,683</u>
Net book value						
At 31 March 2022	<u>10,098</u>	<u>-</u>	<u>515</u>	<u>755</u>	<u>2,226</u>	<u>13,594</u>
At 31 March 2021	<u>10,273</u>	<u>1,772</u>	<u>525</u>	<u>849</u>	<u>-</u>	<u>13,419</u>

Social housing assistance

	Group and Company	
	2022	2021
	£'000	£'000
Social housing grant		
Total received or receivable at 31 March	4,245	4,245
Total released to income at 31 March	(485)	(454)
Total repaid or repayable at 31 March	(212)	(152)
	<u>3,548</u>	<u>3,639</u>
Other capital grant		

NOTES TO THE FINANCIAL STATEMENTS

Total received or receivable at 31 March	2,339	2,339
Total released to income at 31 March	(1,683)	(1,628)
Total repaid or repayable at 31 March	-	-
	<u>656</u>	<u>711</u>

Company – housing properties

	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Leasehold housing properties £'000	Shared ownership housing properties £'000	Market rent properties for letting £'000	Total housing properties £'000
Cost						
At 1 April 2021	11,673	1,772	555	965	-	14,965
Additions	-	461	-	-	-	461
Schemes completed	-	(2,233)	-	-	2,233	-
Disposals	-	-	-	(93)	-	(93)
At 31 March 2022	<u>11,673</u>	<u>-</u>	<u>555</u>	<u>872</u>	<u>2,233</u>	<u>15,333</u>
Accumulated depreciation						
At 1 April 2021	1,349	-	30	115	-	1,494
Charged in year	176	-	10	13	7	206
Disposal	-	-	-	(11)	-	(11)
At 31 March 2022	<u>1,525</u>	<u>-</u>	<u>40</u>	<u>117</u>	<u>7</u>	<u>1,689</u>
Net book value						
At 31 March 2022	<u>10,148</u>	<u>-</u>	<u>515</u>	<u>755</u>	<u>2,226</u>	<u>13,644</u>
At 31 March 2021	<u>10,324</u>	<u>1,772</u>	<u>525</u>	<u>850</u>	<u>-</u>	<u>13,471</u>

The addition to Housing Properties relates to the purchase and refurbishment of 13 Dwellings for market rent.

NOTES TO THE FINANCIAL STATEMENTS

Housing properties book value net of depreciation

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Freehold land and buildings	13,079	12,894	13,129	12,946
Leasehold buildings	515	525	515	525
	<u>13,594</u>	<u>13,419</u>	<u>13,644</u>	<u>13,471</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.

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 2021	4	222	733	537	129	49	1,674
Additions	-	11	35	-	-	9	55
Disposals	-	-	(27)	-	-	-	(27)
At 31 March 2022	<u>4</u>	<u>233</u>	<u>741</u>	<u>537</u>	<u>129</u>	<u>58</u>	<u>1,702</u>
Depreciation							
At 1 April 2021	4	214	679	536	12	42	1,487
Charged in year	-	8	51	-	2	6	67
Disposals	-	-	(27)	-	-	-	(27)
At 31 March 2022	<u>4</u>	<u>222</u>	<u>703</u>	<u>536</u>	<u>14</u>	<u>48</u>	<u>1,527</u>
Net book value							
At 31 March 2022	<u>-</u>	<u>11</u>	<u>38</u>	<u>1</u>	<u>115</u>	<u>10</u>	<u>175</u>
At 31 March 2021	<u>-</u>	<u>8</u>	<u>54</u>	<u>1</u>	<u>117</u>	<u>7</u>	<u>187</u>

NOTES TO THE FINANCIAL STATEMENTS

Grant assistance – freehold land and buildings

	Group and Company	
	2022	2021
	£'000	£'000
Other capital grant		
Total received or receivable at 31 March	17	17
Total released to income at 31 March	(17)	(17)
	<u>-</u>	<u>-</u>

14. Investments in subsidiaries

Company

	2022	2021
	£	£
Cost and net book value	<u>1</u>	<u>1</u>

At 31 March 2022 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

NOTES TO THE FINANCIAL STATEMENTS

15. Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	21	19	21	19
Less: provision for bad and doubtful debts	(8)	(9)	(8)	(9)
	<u>13</u>	<u>10</u>	<u>13</u>	<u>10</u>
Amount due from Cheltenham Borough Council	1,541	741	1,541	741
Amount due from subsidiary undertaking	-	-	21	23
Other debtors	29	52	29	52
Prepayments and accrued income	72	138	72	138
	<u>1,655</u>	<u>941</u>	<u>1,676</u>	<u>964</u>

16. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Debt (note 19)	143	139	143	139
Trade creditors	467	257	467	257
Rent and service charges received in advance	33	6	33	6
Amount due to Cheltenham Borough Council	200	134	200	134
Amount owed to subsidiary undertaking	-	-	-	2
Deferred capital grant (note 18)	64	65	64	65
Corporation tax	22	21	22	21
Other taxation and social security	735	580	735	580
Unpaid contributions for retirement benefits	138	116	138	116
Other creditors	45	61	46	61
Accruals and deferred income	296	272	296	272
	<u>2,143</u>	<u>1,651</u>	<u>2,144</u>	<u>1,653</u>

NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Debt (note 19)	8,150	7,759	8,150	7,759
Deferred capital grant (note 18)	4,157	4,284	4,157	4,284
	<u>12,307</u>	<u>12,043</u>	<u>12,307</u>	<u>12,043</u>

18. Deferred capital grant

	2022 £'000	2021 £'000
At 1 April	4,349	4,414
Grant received in the year	-	-
Grant repayable in the year	(64)	-
Released to income in the year	(64)	(65)
At 31 March	<u>4,221</u>	<u>4,349</u>
	2022 £'000	2021 £'000
Amounts to be released within one year	64	65
Amounts to be released in more than one year	4,157	4,284
At 31 March	<u>4,221</u>	<u>4,349</u>

NOTES TO THE FINANCIAL STATEMENTS

19. Debt analysis

Borrowings

	Group and Company	
	2022	2021
	£'000	£'000
Due within one year		
Local authority loans	143	139
Due after more than one year		
Local authority loans	7,615	7,759
Loan notes	535	-
	<u>8,150</u>	<u>7,759</u>
Total borrowings	<u>8,293</u>	<u>7,898</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 2022 was £1,293,463 (2021: £1,305,453). 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 2022 was £1,775,008 (2021: £1,804,050). It has a fixed rate of interest of 3.91%. Repayments, including interest, are £49,649 six monthly on 20 September and 20 March. Final repayment is due on 20 March 2053.

The outstanding balance on the loan relating to the Garage Site Project as at 31 March 2022 was £1,271,287 (2021: £1,289,823). 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.

NOTES TO THE FINANCIAL STATEMENTS

The outstanding balance on the loan relating to the St Paul's Phase 2 Project as at 31 March 2022 was £1,850,487 (2021: £1,905,110). 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 2022 was £1,568,379 (2021: £1,592,938). It has a fixed rate of interest of 2.4%. Repayments, including interest, are £31,321 six monthly on 30 September and 31 March. Final repayment is due on 31 March 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	
	2022	2021
	£'000	£'000
Within one year or on demand	143	139
One year or more but less than two years	148	143
Two years or more but less than five years	478	461
Five years or more	7,524	7,155
	<u>8,293</u>	<u>7,898</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 2022 were £1,055,000 (2021: £1,012,000).

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

The actuary has estimated that employer’s contributions for the year ending 31 March 2023 will be approximately £1,054,000.

Financial assumptions

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

	2022 % per annum	2021 % per annum
Rate of increase in salaries	3.5	3.1
Rate of increase in pensions in payment	3.2	2.8
Discount rate	2.8	2.1
Inflation assumption (CPI)	<u>3.2</u>	<u>2.8</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 0% 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. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2022 No. of years	2021 No. of years
Current Pensioners		
Males	21.7	21.9
Females	24.1	24.3
Future Pensioners		
(figures assume members aged 45 as at the last formal valuation date)		
Males	22.6	22.9
Females	25.8	26.0

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

	2022 £'000	2021 £'000
Amounts charged to operating costs		
Current service cost	2,982	1,855
Past service cost	-	-
	<u>2,982</u>	<u>1,855</u>
Amounts charged to other finance costs		
Interest income on pension scheme assets	(858)	(746)
Interest cost on pension scheme liabilities	1,166	926
	<u>308</u>	<u>180</u>

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation to the consolidated statement of financial position

	2022 £'000	2021 £'000
Fair value of pension scheme assets	45,164	41,480
Present value of pension scheme liabilities	(54,733)	(55,571)
	<u>(9,569)</u>	<u>(14,091)</u>

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

	2022 £'000
Opening fair value of scheme assets	41,480
Interest income	858
Return on scheme assets (excluding amounts included in net interest)	2,059
Contributions by employer	1,055
Contributions by employees	391
Benefits paid	(679)
Closing fair value of scheme assets	<u>45,164</u>

	2022 £'000	2021 £'000
Actual return on scheme assets	<u>2,917</u>	<u>8,620</u>

NOTES TO THE FINANCIAL STATEMENTS

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

	2022 £'000
Opening scheme liabilities	55,571
Current service cost	2,982
Past service cost	-
Interest cost	1,166
Contributions by employees	391
Remeasurements	(4,698)
Benefits paid	(679)
Closing scheme liabilities	<u>54,733</u>

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

	2022 %	2021 %
Equities	71	70
Bonds	19	20
Property	9	7
Cash	<u>1</u>	<u>3</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

	2022 £'000	2021 £'000
Deficit for the year	(2,102)	(998)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	272	275
Amortisation of intangible fixed assets	163	94
Amortisation of capital grant	(64)	(65)
Interest and financing costs	559	427
Corporation tax expense	23	19
(Increase)/Decrease in trade and other debtors	(717)	187
Increase in trade and other creditors	488	97
Pension costs less contributions payable	1,927	843
Adjustments for investing or financing activities:		
Net gain on disposal of housing properties	(62)	-
Interest paid	(280)	(246)
Corporation tax paid	(21)	(19)
Net cash generated from operating activities	<u>186</u>	<u>614</u>

Analysis of Changes to Net Debt

	At 1 April 2021 £'000	Cash Flow £'000	Other non- cash changes £'000	At 31 March 2022 £'000
Cash and Cash Equivalents				
Cash	583	172	-	755
	<u>583</u>	<u>172</u>	<u>-</u>	<u>755</u>
Borrowings				
Due within 1 year	(139)	139	(143)	(143)
Due after 1 year	(7,759)	(534)	143	(8,150)
	<u>(7,898)</u>	<u>(395)</u>	<u>-</u>	<u>(8,293)</u>
Net debt	<u>(7,315)</u>	<u>(223)</u>	<u>-</u>	<u>(7,538)</u>

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments

The carrying value of financial liabilities includes:

	Group and Company	
	2022	2021
	£'000	£'000
Liabilities measured at fair value through income statement (loan note)	535	-
Liabilities measured at amortised cost (housing loans)	7,758	7,898
	<u>8,293</u>	<u>7,898</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 (2021: £38,039). The liability relates to the shared ownership element of the Homes England (formerly the Homes and Communities Agency) grant for St Paul's Phase One. This amount represents the attributable grant on the initial equity purchase where the share exceeded 50%. This liability will crystallise if and when the relevant shared owners buy a further share in their homes.

25. Operating lease commitments

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

	Group and Company			
	Buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	124	257	162	73
Between one and five years	131	824	384	140
In more than five years	260	347	-	-
	<u>515</u>	<u>1,428</u>	<u>546</u>	<u>213</u>

During the year, the lease at Cheltenham House was surrendered reducing the lease obligations.

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 £12,651,913 (2021: £12,144,480). The Company purchased goods and services of £1,192,073 (2021: £1,012,088) from the Council during the year.

Balances outstanding at the year-end were as follows:

	2022 £'000	2021 £'000
The Council owed the Company	1,541	741
The Company owed the Council	(8,493)	(8,031)
	<u>(6,952)</u>	<u>(7,290)</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.

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