

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

Annual report and financial statements for the year ended 31st March 2021

Registered number: 4603611

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COMPANY INFORMATION

EXECUTIVE DIRECTORS

Mark Robertson CPFA MBA (Chief Executive)
Graeme Anderson BSc Hons MCIH (Director of Housing & Communities)
Abigail Holland ACMA CGMA (Director of Finance and ICT)
Barry Stevens (Director of Asset Management and Development)

BOARD MEMBERS

Alison Fisher
Vikki Holloway
Mary Miller (Chair)
Liz Nembhard
Hannah Purdie
Mohan Sandhar
Adam Wagner
Rachel Ward
Emma Windsor

SECRETARY

Mark Robertson CPFA MBA

REGISTERED OFFICE

Buntsford Court
Buntsford Gate
Bromsgrove
B60 3DJ

REGISTERED UNDER THE COMPANIES ACT 2006: 4603611

REGISTERED CHARITY: 1111423

RSH REGISTRATION: LH4415

AUDITORS & TAX ADVISORS

Mazars LLP
Two Chamberlain Square
Birmingham
B3 3AX

SOLICITORS: Trowers & Hamlins and Anthony Collins

BANKERS: Barclays Bank

HMRC CHARITY REFERENCE: XR92206

VAT REGISTRATION: 833 9760 00

Chair's Statement

In terms of review the pandemic has created unprecedented challenges for both our customers and the business alike. At the time of writing this statement, the final covid related restrictions look set to be ended in the coming weeks and bdht is very much in a business almost as normal position.

The Strategic Report provided with the financial statements shows that our performance over the 12 months to 31st March 2021 when measured by the usual financial and business indicators was truly remarkable given the operating circumstances and uncertainties faced by bdht over the period. However to judge our performance in this way is to miss the real success stories that explain how we achieved this.

We were clear from the start of the pandemic that the safety and welfare of our customers, staff and contractors was the number one priority. When many sectors were retreating due to lockdown, bdht as a provider of essential services to often vulnerable customers had a duty to carry on. This created a significant challenge when balancing the needs of customers with those of our staff (and their families) and contractors. Our staff and contractors were clearly impacted by the virus in the same way as our customers (and the rest of society) however the challenge was to reconcile this with the duties that come with being a social housing landlord. There was no guide or rule book to deal with this. The Chief Executive and the managers put in place a strong range of responsive health and safety measures together with 2-way communication channels and operational responses which sought to address all staff concerns and anxieties as they arose.

The outcome of this I am very proud to say is that bdht continued to deliver all emergency and essential repairs as well as all health and safety checks throughout this period. We did not let our customers down. I would like to personally thank all those staff and contractors involved in delivering this and who have been out and about, in the homes of customers, day and night, throughout the pandemic.

There were many other success stories from the front-line of customer service delivery such as:

- New and innovative ways of working to provide key services such as rent payment support, the lettings service and homelessness support.
- Continued contact and support for our elderly and most vulnerable customers and the introduction of a new magazine to keep these customers updated on news and key contact points.
- Completion of the home improvements programme by reassuring customers of our safe ways of working to allow access to their homes to our staff and contractors.
- Covid safe ways of working at our building sites allowed the completion of 86 new affordable homes.

Clearly front-line services can only operate with the support of back-office functions. The Head of ICT and his team supported all office-based staff to work from home, incredibly in a matter of weeks to allow service continuity, customer calls to be handled and contractors to be paid promptly.

On behalf of the Board I would also like to recognise the contribution of the Chief Executive, who has led from the front throughout and the magnificent senior management team in what they have achieved in supporting our staff and safely guiding the business without serious lasting detriment.

Although coronavirus will continue to have an impact on daily lives for some time yet it is important we look forward and not forget the other challenges that exist such as the housing crisis in Bromsgrove particularly acute overcrowding and that bdht plays its part in improving opportunities to the disadvantaged and invests both in estates and communities.

Finally I would like to thank my fellow board members who have provided valued leadership support over the last 12 months and moved to the virtual world of governance very effectively. I am confident that bdht can meet the challenges that lie ahead and continue to build excellent communities with passion and pride.

Mary Miller - Chair of the Board

19th July 2021

Principal Activities

bdht has principal activities which include the development and management of affordable housing in Bromsgrove and Redditch and the surrounding areas.

bdht is a company limited by guarantee and a registered charity. Its main business streams consist of the management of housing for people in need of affordable housing and a number of related services.

bdht develops new affordable housing both with and without grant from Homes England.

Objectives and Strategy

Our mission is “Building excellent communities with passion and pride”.

The achievement of this mission is underpinned by outcomes against the four following Corporate Themes. Under each theme we have highlighted some of the key targets from our Corporate Plan. For 2020/21 we state our achievement against this. For 2021/22 these are the targets approved by the Board.

- **Governance and Value for Money**

We aim to deliver our Corporate plan through effective governance and use of resources. We identify, manage and mitigate risk through strong systems. Our people are one of our greatest assets and we will support future success through maintaining our cultures and values. We will continue to operate with Value for Money embedded in our organisation, to achieve maximum results from available resources. We embrace Equality and Diversity, and will work to continually do better.

Key targets 2020/21:

- Triennial Review of Governance Arrangements – *Postponed to 2021/22*
- Board review of Risk Management - *Completed*
- Implement Resident Involvement Action Plan - *Implemented*
- Operating Margin >25% - *Achieved 32.3%*

Key targets 2021/22:

- Triennial Review of Governance Arrangements
- ED&I Recruitment Strategy in Place
- Updated VfM Strategy
- Operating Margin >25%

- **Housing & Communities**

We will engage with customers and partners to build successful communities by helping customers to sustain their homes and create genuine pathways to employment. We focus on core, customer-centred activities. We will continue to embed a Rent First culture to manage arrears. We will increase our visibility in our communities.

Key targets 2020/21:

- Implement partnership and stakeholder working action plan – *Implemented*
- Implement Star Survey Action Plan - *Implemented*
- Achieve the overall arrears target - *Achieved*
- Implement Financial Inclusion Initiatives - *Implemented*

Key targets 2021/22:

- Develop Housing First model for homelessness
- Provide specialist accommodation
- Achieve the overall arrears target
- Gain DAHA Accreditation

- Service Excellence

We will deliver service excellence to support customer retention and help sustain communities. We will put customers first, respecting their rights and understanding their needs and views.

Key targets 2020/21:

- Revised Framework for resident engagement in service design – *In progress*
- Compliance across all Health & Safety strands 100% - *Narrowly missed*
- Implement Customer Service Team Scrums - *Implemented*
- Completing gas repairs “Right First Visit” 90% - *Missed 82%*
- Completing non-gas repairs “Right First Visit” 90% - *Missed 89%*

Key targets 2021/22:

- Implement Responsive Repairs action plan
- Compliance across all Health & Safety strands 100%
- Implement Electronic Document Management
- Develop anti-stigmatisation training

- Housing Solutions

We will offer a range of housing solutions to meet our customer housing needs and will provide high quality homes for the communities we work in. We will develop and acquire new homes. We will work to reduce homelessness and support sustainable communities. We will provide homes of choice.

Key targets 2020/21:

- Number of new homes developed or acquired 100 – *Missed 88*
- Housing Needs Preventions 95 per annum - *Missed 40*
- All homes meeting the Decent Homes Standard – *100%*

Key targets 2021/22:

- Number of new homes developed or acquired 105
- Housing Needs Preventions 95 per annum
- All homes meeting the Decent Homes Standard

The delivery against these themes is monitored by the Board as part of its overall Corporate Plan.

Business and Financial Review

It is clear that 2020/21 has been a difficult year for many of bdht’s customers and other stakeholders. The health and safety of our team members, contractors and customers has been of the utmost importance, as has the needs of our customers in this difficult time. In managing the our usual financial and business indicators we have balanced these issues with the need to maintain our strong financial position, so that we may continue to build communities for many years to come. Success can be measured in many way, and the business and

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financial review is just one part of this.

Despite the difficulties that have been faced the Board is pleased to report a surplus for the year of £5.8 million (2020: £5.6 million) in what has been a financially successful year. This success is important to ensure that bdht can continue its upper quartile performance in reinvestment, both through new homes and improved homes and communities.

We have continued to invest in our existing housing stock in order to maintain homes at and above the Decent Homes Standard. The cost of this investment during the year was approximately £2.5 million. A further £1.4 million was spent on non-Decent Homes Standard improvements, to enhance or protect our existing properties and communities.

During the year we completed 86 new affordable homes, and commenced on site or are in contract with another 92 new homes at a cost of £11.3 million.

During the year our in-house repairs and maintenance operations (day to day repairs, roofing, voids and gas) performed well in terms of customer satisfaction, target times and efficiency measures.

The support services provided for more vulnerable tenants including the Sheltered Living Service, Tenancy Sustainment Service and 360 Support have demonstrated really positive results for our customers.

The Association produces 30 year financial forecasts which are reviewed on an annual basis. The following table sets out the position for the next 5 years:

Forecast Financial Performance	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
<u>Statement of Comprehensive Income</u>					
Turnover	24.7	24.0	26.2	28.3	29.3
Operating Surplus	6.8	6.6	7.2	8.1	8.4
Transfer to Reserves	4.3	3.9	4.0	3.6	3.5
<u>Statement of Financial Position</u>					
Total Assets less Current Liabilities	187.6	191.7	207.1	220.0	229.5
Creditors over one year	116.3	116.5	128.0	137.2	143.2
Reserves/Provisions	64.8	68.7	72.6	76.3	79.8

Strategic Performance Indicators

bdht monitors and benchmarks its on-going performance using a Strategic Balanced Scorecard presented monthly to Board and scrutinised on a quarterly basis by the Compliance Committee. This enables us to identify areas for improvement and take corrective action where necessary. The following results were achieved in 2019/20 and 2020/21:

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Indicator	2019/20			2020/21		2021/22
	Target	Performance	Top Quartile	Target	Performance	Target
Rent Collected	99.81%	99.38%	No	100.55%	100.90%	100.55%
Rent Loss	0.60%	0.73%	No	0.70%	1.10%	1.00%
Decent Homes	100%	100%	Yes	100%	100%	100%
Valid Gas Certificate	100%	100%	Yes	100%	100%	100%
Valid EICR	100%	99.84%	No	100%	99.92%	100%

The target of 100% for valid Electrical Inspection Condition Reports was missed by just 3 properties, with one inspection complete but certificate not yet received and the remaining 2 in the relevant proceedings.

The rent collected was above target, despite the Covid-19 pandemic, due to the positive approach of the Income Team, in conjunction with the wider organisation, in supporting customers during a difficult period, with a focus on support and guidance. The rent loss indicator was adversely affected throughout the year by a number of difficult void properties that required extensive work and were therefore out of letting for longer periods.

The Covid-19 pandemic brought challenges to the business in being able to achieve our objectives, due to being unable to access all customers' homes at the required time. The combination of customer self-isolation, illness and anxiety around works made the process more difficult, requiring additional effort, but the right results were achieved.

Risk Management

bdht has a comprehensive system of risk management. During the year, the Board reassessed its risk appetite position. This resulted in a clear level of risk appetite being assigned to business activities and a set of risk appetite metrics are in place to monitor the position. The highest risks in terms of their impact and probability are discussed quarterly by the Compliance Committee and reported through to the Board. The report identifies action taken to manage the risks as well as new and emerging risks.

The latest assessment of the major risks to successful achievement of the Association's objectives is set out below:

Strategic Risk	Controls and Actions
<p>1. Covid-19 Pandemic</p> <p>The business is unable to operate on a business as normal basis due to the Covid-19 pandemic</p>	<ul style="list-style-type: none"> • KPI monitoring • Increased use of technology and homeworking • Office reorganisation • Increased staff and customer communication • Risk Assessments and Safe Systems of Working practices in place • Increased and improved communication
<p>2. Welfare Reform</p> <p>The reforms including Universal Credit create a risk to increased arrears, bad debts and extra cost of support, rent collection and tenancy failure</p>	<ul style="list-style-type: none"> • Embedded Rent First Culture • Welfare Reform Action Plan • Regular reports to Board and SMG • Budget Coaches to support customers • Good relationship with local authority and DWP • Internal and external audit

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<p>3. Economic and Political Risk</p> <p>Economic Risk results in an adverse macro-economic environment at the same time as Brexit implementation</p>	<ul style="list-style-type: none"> • Business Plan reviewed in line with latest economic forecasts • VFM embedded within the business • Stress testing and contingency planning • Treasury strategy and advice provided by external advisors • NHF provide political interface for the sector
<p>4. Government policies create unsupportive environment for the social housing sector</p>	<ul style="list-style-type: none"> • Monitoring of emerging issues through the Business Assurance Report • Board review of the annual sector risk profile published by the RSH • Annual strategic event to review positioning and plans • Policy response to White Paper • Strategic discussions at each Board meeting
<p>5. ICT Risk</p> <p>Ineffective ICT plans, project delivery and operations could lead to reduced business effectiveness & potential disruption.</p>	<ul style="list-style-type: none"> • Head of ICT appointment • KPI monitoring • Penetration Testing • Annual strategy review • Office 365 implemented • SharePoint implementation in progress
<p>6. Customer Voice</p> <p>Safety of tenants and service quality could be at risk if the Tenant's Voice is not heard by Board</p>	<ul style="list-style-type: none"> • Resident Scrutiny Panel (RSP) • RSP Chair attends all board meetings • Move to more frequent surveying underway • External review • Engagement in NHF Together with Tenants • Focus Groups • Mystery Customer scheme
<p>7. Pensions</p> <p>The increase in costs and increased regulatory burden</p>	<ul style="list-style-type: none"> • External health-check review • 6-monthly Governance Report covering key risks. • Reporting to Remuneration & Resources Committee • Attendance at seminars • Pension policy review at Remuneration Committee
<p>8. Health & Safety Landlord Responsibilities</p> <p>There is a risk to tenants where landlord responsibilities are not up to date or in place</p>	<ul style="list-style-type: none"> • Monthly report to Board and SMG • Full landlord Health & Safety policies and procedures reviewed • Exception Reports • EICR Action Plan • Internal Audit • External scrutiny
<p>9. Changes to the system and structure of Regulation</p> <p>Not responding appropriately to the approach for the sector could lead to intervention and possible sanctions</p>	<ul style="list-style-type: none"> • Action plan in response to the White Paper • Monthly updates to Board and SMG • Attendance at seminars and webinars • Engagement with external experts • Staff and Board training • EMT and Committees oversee our compliance with regulatory matters • Monitoring of RSH releases
<p>10. Decent Homes Standard</p> <p>Not maintaining DHS due to inadequate data and investment priorities</p>	<ul style="list-style-type: none"> • Asset Management strategy approved by Board • KPIs for Stock Condition Surveys and all Health and Safety Strands • External review and validation • SMG and Board Reporting • Cloned data reduced to less than 1% • Programmes rephased to account for Covid-19 delays • Increased in investment in the 2021 Business Plan

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<p>11. Controlling Operating Costs</p> <p>Operating costs being significantly higher than other RPs could indicate resources are not being effectively deployed</p>	<ul style="list-style-type: none">• Culture of VFM embedded within the organisation• Budget review and monitoring• VFM metrics reported as KPIs• Compliance Committee oversight of VFM targets and performance• Housemark benchmarking reported to Board• Global Accounts analysis
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The risks above are the present risks, that are being actively managed or mitigated by the Executive and the Board.

A key part of the Risk Management process is scanning for emerging risks, so that early management or mitigation may be taken. Current emerging risk areas such as decarbonisation, consumer regulations, development legislation and changes to Health & Safety regulation are being closely monitored by the Board.

Covid-19 Pandemic

The risks presented by the pandemic continue to be of concern with regards to the financial risks, staff and customer safety and business continuity. While the vaccination programme and the restriction easing has signalled a return to normality, the risk is still present as indicated by the Delta variant.

The ongoing uncertainty presents a risk to wider businesses and therefore with regards to the financial risks we believe there is still some potential financial impact due to reduced income and customers' ability to pay.

Additional stress-testing has been carried out testing a range of scenarios that could occur over the coming periods. Currently while we expect there to be a level of impact this is within the headroom of our Business Plan. The situation is being monitored closely by the Board and the Executive on an ongoing basis.

bdht has been responsive in adapting to the current situation and ensuring the safety of staff and customers alike throughout the pandemic. The leadership has been agile in managing incoming issues as well as horizon scanning and have had additional meetings, alongside additional reporting measures, to monitor the impact of the pandemic and mitigate additional costs that may be incurred. Human resource has been focused onto gaining access to homes for health and safety checks, in a safe and respectful way, to ensure that these critical tasks are carried out to keep our customers safe.

For business continuity the risk is around our ability to carry out normal day to day business. Significant technological advances have been made within bdht to allow us to break away from the office. The staff have adapted well and home working has become a norm within our business. The use of technology has ensured that we have kept all critical services operating in some way, and we are focussed upon bringing all services back into action.

We believe that we are currently operating in a flexible and agile way that will weather any challenges over the coming months.

Value for Money

Role of the Board

The Board is fully committed to delivering Value for Money (VFM) in support of delivering the organisation's approved objectives. The Board appraises VFM performance throughout the year and performance reports are scrutinised by the Compliance Committee. The year-end position for 2020/21 was scrutinised by the Compliance Committee at its meeting on 23rd June 2021 and approved by Board at its meeting on 19th July 2021. The Board is compliant with the Regulator's VFM Standard.

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Regulator's VFM Metrics

The Regulator of Social Housing requires registered providers to report their performance against a suite of metrics with the intention of facilitating sector-wide comparisons. The table below sets out the position, together with some comparators and followed by a brief commentary.

VFM Metric	bdht Target 2021/22	bdht Target 2020/21	bdht Actual 2020/21	bdht Actual 2019/20	Sector Scorecard Median 2019/20*	Global Accounts Median 2019/20**
Reinvestment %	13.86%	13.9%	10.1%	10.7%	6.1%	7.2%
New Supply Delivered %:						
• Social Housing Units	2.6%	3.3%	2.14%	2.7%	1.3%	1.5%
• Non-social Housing Units	-	-	-	-	0.0%	0.0%
Gearing %	50.6%	51.4%	47.7%	48.15%	33.8%	44.0%
EBITDA MRI Interest Cover %	159%	120%	228%	253%	196%	170%
Headline Social Housing Cost per unit (excludes leaseholder units)	£4,280	£4,277	£3,789	£3,491	£4,023	£3,830
Operating margin %:						
• Overall	29.1%	30.3%	32.3%	30.6%	21.5%	23.1%
• Social Housing Lettings only	24.4%	25.8%	26.8%	26.1%	23.6%	25.7%
Return on Capital Employed (ROCE)	4.0%	4.1%	4.4%	5.4%	2.8%	3.4%

* Housemark Sector Scorecard

** RSH Global Accounts Report

Reinvestment – Reflects £10.5m invested in the development of 88 new properties (including 2 buybacks) and £4.3m expended on major improvements of existing properties. This has reduced from 2019/20 as there were less new properties delivered during the year, but this is in line with the corporate objectives.

New supply delivered – Reflects 86 new social housing units delivered which is below the internal target of 100 per annum due to the impact of the Covid-19 pandemic. There were no non-social housing units developed or acquired during the year.

Gearing – Reflects the higher gearing position of being both a LSVT and developer. This gearing ratio is deemed appropriate in the context of bdht's other financial indicators, priorities and future commitments.

EBITDA MRI Interest Cover – Reflects robust financial position and good capacity to secure future additional loan funding for development and to cope with uncertainties such as rising interest rates.

Headline Social Housing Cost per Unit – Reflects continued position of being placed just outside the lowest cost quartile for the sector. During 2020/21 cost pressures continued in some areas. In contrast to the upward cost pressures, there were reductions in spend on major repairs and improvements as well as reinvestment works. These reductions alongside reduced management costs spend explain the favourable position of the

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cost per unit against the target. In 2021/22 there is an expected increase in cost due to further planned investment in homes and communities.

Operating Margin % - Overall this reflects a robust financial position for bdht. The Social Housing Lettings margin and overall margin % were both achieved, reflecting the overall positive position with costs.

Return on Capital Employed - Reflects the utilisation by bdht of capital and debt to generate healthy financial returns.

Bespoke bdht VFM Metrics

To enhance our approach to VFM, the Board have set a suite of bespoke VFM metrics linked to the delivery of the approved corporate objectives in the Corporate Plan. The table below sets out the position, followed by a brief commentary.

Strategic Objective	Measures of Success	Target 2021/22	Target 2020/21	Actual 2020/21	Actual 2019/20
Excellence in Governance	Governance and Viability ratings from regulator	G1/V1	G1/V1	G1/V1	G1/V1
	90% Attendance at meetings	90%	90%	96%	87%
Importance of culture and values in promoting staff engagement, driving business performance and customer satisfaction	% of staff responding to the quarterly pulse survey	=>80%	n/a	75%	n/a
	Gender pay gap reduction	Reduction	n/a	n/a	n/a
	% of managers receiving Mental Health Skills training	100%	n/a	n/a	n/a
Delivering VFM, compliance with the regulator's VFM Standard and transparency to tenants and other stakeholders	Current rent arrears as a % of rent debit	1.90%	4.1%	2.28%	2.68%
	Income collection as a % of debit raised	100.55%	100.55%	100.90%	99.38%
	Void rent loss as a % of debit raised	1.00%	1.03%	1.1%	0.79%
	ICT efficiency projects/systems delivered	3	n/a	n/a	n/a
	Cost savings annual target	£30,000	£145,000	£149,000	£150,000
Mitigate the impact of Universal Credit and supporting customers into employment	% of customers with an improved rent arrears status	80%	80%	80%	8.4% decrease
	Number of people helped into paid employment	30	30	11	23

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Supporting the elderly and vulnerable	% of households engaging with the Independent Living Service	>=83%	>=80%	85%	80%
	Number of homelessness preventions	95	95	40	82
	Number of New Affordable Homes	108	100	86	109
Customer satisfaction with overall services provided by bdht	The % of tenants “very satisfied” with the overall service provided by bdht	65%	65%	86%	94%
	Repairs Right First Visit	n/a	n/a	n/a	n/a
	bdht’s Net Promoter Score	+40	+40	+42	+88
The health and safety of our tenants	% of homes meeting the Decent Homes Standard	100%	100%	100%	100%
	% of homes with a valid Gas Safety Certificate	100%	100%	100%	100%
	% of homes with a valid Electrical Inspection Condition Report	100%	100%	99.92%	99.84%

Overall, the table above demonstrates fair performance against bdht’s bespoke VFM metrics. Strong governance is important to the bdht Board. To this end we have a diverse Board with varied backgrounds and other roles, which may sometimes affect Board attendance. During the 2020/21 year a number of meetings were missed due to maternity leave, which has affected the attendance result by 2%. Only one meeting was missed due to a Covid-19 case. The result of 96% is a significant increase on the 2019/20 result.

The Covid-19 pandemic played a part in several the metrics where targets have been missed. An explanation of all misses is below:

Void Rent Loss – The Void Rent Loss performance reflects that while void and lettings processes continued throughout the Covid-19 pandemic, there were times when operations slowed down, as processes were adapted and safety was maintained.

Homelessness Preventions – This is a difficult area in which to aim for a target, as the result is affected by the cases presented to us. We set a target of 90, but only achieved 40. This is due to the impact of the private rental market reducing and a reduction of turnover in bdht properties. A range of other KPI’s around Housing Options are tracked such as the number of households in temporary accommodation. If the temporary accommodation KPI was to rise it would suggest that there is a failure in homelessness preventions. In 2020/21 the average number of households in temporary accommodation remained consistent with 2019/20 and also well within KPI performance. Therefore, we can be comfortable with the outcome of the homelessness preventions metric.

Number of people helped into employment - were also adversely impacted by the Covid-19 pandemic. The opportunities to support customers into paid employment were reduced because of both the impact of restrictions and a worsening economic position.

Number of New Affordable Homes - With the number of new homes this was reduced due to the movement of developer building programme, in part due to the pandemic.

The % of Tenants “very satisfied” with the Overall Service Provided by bdht - bdht continues to hold a high target for customer satisfaction. For services delivered we achieved reduced % for “very satisfied”, but still met our target. The performance is measured on a transactional basis and in 2020 the number of surveys was

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reduced due to the Covid-19 pandemic, which may have adversely affected the result. Focus groups have been carried out and a range of actions are in progress, to make positive moves forward on this target.

% of homes with a valid Electrical Inspection Condition Report - The 0.08% miss on the EICR target represents just 3 properties, where we have been unable to gain access.

Non-Social Housing

As part of a “landlord of choice” approach approved by the Board in 2016, two market rent schemes have been purchased with a total of 87 homes. For 2020/21 the operating margin generated for non-social housing was 55% compared to 28% for social housing respectively.

Looking forward to 2021/22

The Board recognises the challenges it faces in delivering an ambitious repairs and regeneration programme together with providing excellent services to tenants and delivering a good supply of new affordable homes. Overlaying the ambition set in the business plan are the additional challenges that Covid-19 pandemic has brought. For 2021/22 bdht will focus on VFM deliverables in the following key areas:

- Delivery of the Business Plan;
- Increased monitoring and review of the arrears position.
- Detailed workforce planning to ensure roles are operating effectively
- Further develop the measurement of performance against the Regulator’s VFM metrics;
- Increased engagement in benchmarking exercises, especially understanding the impact of the Covid-19 pandemic;
- Maximising the repairs service to bring further efficiencies and improve customer satisfaction;
- Capture additional business efficiencies from the QL Housing Management System;
- Implementation of systems to aid efficiency and effectiveness, such as SharePoint and P2P;
- Continue to assist tenants into paid employment and support the elderly and vulnerable in line with bespoke bdht VFM metrics;
- Investment of £6m and £18m in the Home Improvements and Affordable Homes Programmes respectively in 2021/22, with a planned delivery of 108 new homes; and
- Continuous improvement of daily checks and automated exception reporting to ensure all Health and Safety Landlord responsibilities are carried out effectively and on time and follow-up repairs are completed in a timely manner.

RSH Governance and Financial Viability Standard

The Compliance Committee in June 2021 considered a detailed compliance self-assessment in respect of the Governance and Financial Viability Standard. The Committee reported its findings to Board at its July 2021 meeting and at which Board approved a compliance position statement.

The Board’s oversight and control of the business is enhanced by the monthly Strategic Balanced Scorecard which contains a number of financial and other trigger points which have been designed to act as an early warning system for the Board. The Board has approved a Trigger Point process which would determine the route of response if a trigger point is reached.

NHF Code of Governance and NHF Code of Conduct

bdht complies with the recommendations of the NHF Code of Governance (2020) and a self-assessment was scrutinised in late 2020 and reported to the Board in January 2021. bdht has adopted the NHF Code of Conduct (2012) and a self-assessment confirming compliance was presented to the Board in November 2020.

Future Priorities

The Board has developed a number of key priorities as part of the review of the Corporate Plan. These include:

- Driving forward the Equality, Diversity and Inclusivity Policy;
- Continued improvement to Resident Involvement Structures;
- Steering the business through the continued impact of the Covid-19 pandemic and resulting impact;
- Delivering and demonstrating continued Value for Money;
- Mitigating the impact of Universal Credit to the business and customers;

- Supporting the achievement of the 95% customer satisfaction target;
- Improving the communities we operate in;
- Ensuring the homes we provide are safe;
- Making services easier to access;
- Delivering over 500 new homes by 2025;
- Continued investment in our community activities.

These key priorities have been broken down into action plans and their performance will be tracked through the year by the Board.

Finally the Board has approved plans to spend more than £18 million during the next financial year to complete much needed homes in Bromsgrove and Redditch and the surrounding areas.

Statement of Compliance

In preparing this Strategic Report (incorporating Operating and Financial Review) and Board Report, the Board has followed the principles set out in the Housing SORP 2018.

The Strategic Report (incorporating the Operating and Financial Review) was approved by the Board on 19th July 2021 and signed on its behalf by:



Mary Miller
Chair of the Board

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

REPORT OF THE BOARD

The Board is pleased to present its report together with the audited financial statements for the year ended 31 March 2021.

Principal Activities, Business Review and Future Developments

Details of the Association's principal activities, its performance during the year and future development are contained within the Strategic Report, which precedes this report.

Board Members

The Board of bdht consists of 9 members appointed on a skills and experience basis. Additionally the Chair of the Resident Scrutiny Panel has an open invitation to attend. The Board has overall responsibility for the control and direction of the Association. The Board relies upon the Compliance Committee to scrutinise audit, risk and internal controls assurance and report thereon.

The following Board Members have served office during the year:-

Mary Miller (Chair)
Alison Fisher
Vikki Holloway
Liz Nembhard
Hannah Purdie
Mohan Sandhar
Adam Wagner
Rachel Ward
Emma Windsor

The following Board Members received payment from the Association during the year:-

Alison Fisher (£3,400), Vikki Holloway (£3,400), Mary Miller (£9,690), Liz Nembhard (£3,400), Hannah Purdie (£3,400), Mohan Sandhar (£3,400), Adam Wagner (£4,580), Rachel Ward (£4,580) and Emma Windsor (£3,400).

In addition the Chairs of the Resident Scrutiny Panel received payments during the year: Edwina Evans (£535) and Patricia Horseley (£2,397).

Total payments made to Board Members from the Association during the year were £42,182.

Board Members (and officers) are indemnified through insurance against liability when acting for the Association.

Board Member Interests

In compliance with the Code of Governance and good governance practice, board member declarations are a standing item for all governance meetings and these are recorded in a publicly available register held by the Company Secretary. This is scrutinised by the Chair of the Compliance Committee on a quarterly basis and reported annually to the Board.

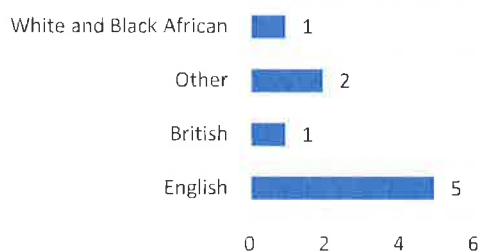
Diversity, Skills and Attributes of the Board Members

The Board considers that diversity of membership together with the right balance of skills and attributes is key to sustaining a high performing governance team. The most up to date data for the Board was presented to Board on the 19th July 2021 and a number of headlines (but not all) are presented below.

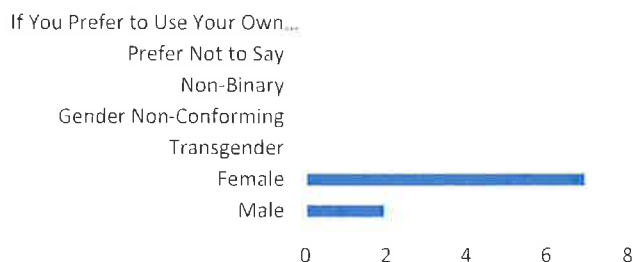
BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

REPORT OF THE BOARD

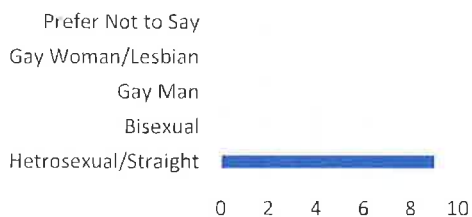
bdht Board Demographics -
Ethnicity 01.07.2021



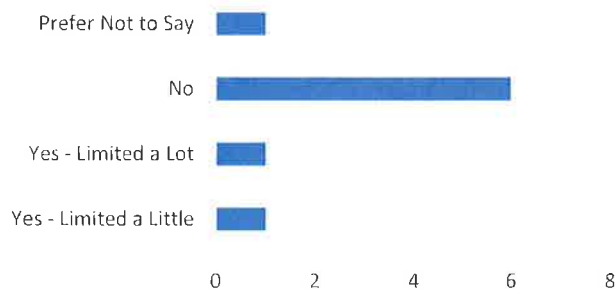
bdht Board Demographics - **Gender**
 01.07.2021



bdht Board
 Demographics - **Sexual
 Orientation**
 01.07.2021



bdht Board Demographics -
Disability 01.07.2021



bdht has in place a Board “Skills Statement” setting out the collective skills and knowledge required by members of the Board based on the current and future needs of the business, taking into account :

- Size of the organisation
- Scale of the organisation
- Business Complexity
- Business Objectives, and
- Business Risks.

The Statement is reviewed annually by the Board following an annual self-assessment of Board Member skills, knowledge and experience. This is used to identify training and development needs as well as succession and recruitment planning. The 2020 assessment identified that the current Board has “expert” or “strong” knowledge in all of the 33 assessment areas. The assessment did identify the need to strengthen skills in regard to response repairs and asset management as well as a future need to recruit to replace the loss of financial skills on retirement of a current Board Member in 2022. The assessment also identified specific training and development needs and these are incorporated into the board member training programme.

Equality, Diversity & Inclusivity (EDI) Progress

The Code of Governance quite rightly puts issues around Equality, Diversity and Inclusivity front and centre and it is vital that Board and the Executive Team work closely together on awareness and action to

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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REPORT OF THE BOARD

improve the current situation. We also recognise that there isn't a fixed point to get to and that there will always be new initiatives and changing priorities. Some of these can simply be changed by awareness and understanding. As an organisation, we want to provide excellent customer service, continue to support thriving communities, and be an employer of choice. Our commitment to EDI can help us to achieve these goals.

During 2020/21, our achievements included:

- The regular use of Equality Impact Assessments (EIAs) on core services.
- Progress made on health inequalities in partnership with Bromsgrove District Council and Public Health.
- Commitment to targets to improve the gender pay gap (GPG) position at bdht.
- Initiatives such as the use of preferred pronouns by bdht staff.
- Public reporting of wider Board demographics.

Looking forwards to 2021/22 we plan to:

- To use the 2021 census data to improve the quality of demographic data for bdht's customers and communities.
- Trial the Rooney Rule, to try and improve the racial diversity of the workforce.
- The introduction of the Halo Code.

Going Concern

The Association's business activities, its current financial position and future development are set out within the Operating and Financial Review. The Association has adequate resources to finance committed development schemes, along with day to day operations. The Association also has a long-term business plan which shows that it is able to service its debt facility.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements. While the Covid-19 pandemic has brought additional challenge, the board has stress tested the cash flows of the business and are confident that in light of this exercise, the company remains a going concern.

Internal Controls Assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This is set out in the Internal Control Framework adopted by the Board and overseen by the Compliance Committee.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved.

It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls that are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

REPORT OF THE BOARD

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

- *Identification and evaluation of key risks*

The Board has clearly set out its Risk Appetite position in respect of governance, regulation and operational activities and this is reviewed at least once a year. Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and on-going process of management review in each area of the Association's activities. The executive team regularly reports to the Compliance Committee and Board any significant changes affecting key risks.
- *Monitoring and corrective action*

Regular management reporting on control issues provides assurance to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.
- *Control environment and control procedures*

The Board retains responsibility for issues such as strategic, operational, financial and new investment projects. During the financial year the Board has adopted the NHF's *Code of Governance 2020*. This sets out policies with regard to the quality, integrity and ethics. It is supported by a framework of policies and procedures with which employees must comply covering issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data protection and fraud prevention and detection. The Board had previously adopted the NHF's *Code of Governance 2015*.
- *Sources of Assurance*

The Board has adopted a "3-lines of assurance" approach in order to categorise assurances and source. The 3-lines of assurance are: People, Policy and Procedures; Internal Quality Checks, and; External Expert Reviews. These lines of defence are supported by good cultural and corporate leadership. The Compliance Committee are responsible for assessing the reliability and any limitations to sources of assurance on an annual basis.
- *Information and financial reporting systems*

Financial reporting procedures include detailed budgets for the year ahead and 30 year forecasts in the Business Plan. These are reviewed and approved by the Board on an annual basis. Quarterly management accounts are reported to the Board. The Board also monitors key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. The Board has adopted a Stress Testing approach and developed a system of early-warning triggers and a response plan.

The internal control framework and the risk management process are subject to regular review by Internal Audit who are responsible for providing independent assurance to the Board via the Compliance Committee. The Compliance Committee considers internal control and risk at each meeting.

The Board has received the Executive Management Team's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there has been in place for the year under review, and up to the date of approval of the annual report and accounts, an on-going process for identifying, evaluating and managing the significant risks faced by the Association.

The annual review by the Board at its meeting on 19th July 2021, is conducted following the receipt of reports from the Executive Management Team, Internal Auditor, External Auditor and the Compliance Committee.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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REPORT OF THE BOARD

Statement of the Board's Responsibilities

The Board is required by legislation to prepare financial statements for each financial year, which give a true and fair view of the state of the Association as at the end of the financial year. In preparing these financial statements, suitable accounting policies have been used to the best of the Board's knowledge and belief, by reference to reasonable judgements and estimates and applied consistently. In doing so, applicable accounting standards have been followed. The Board is also required to indicate where the financial statements are prepared other than on the basis that the Association is a going concern.

The Board is responsible for ensuring that arrangements are made for keeping proper books of account with respect to the transactions and assets and liabilities and for maintaining a satisfactory system of control over the books of account and transactions. The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board has reviewed the effectiveness of the system of internal control, and in addition, established a three year internal audit plan based on a risk assessment. The Board has established a Risk Strategy and implemented a comprehensive Risk Management approach.

Disclosure of Information to Auditors

In the case of each of the persons who are Board Members of the Association at the date when this report was approved:

- So far as each of the Board Members is aware, there is no relevant audit information of which the Association's auditors are unaware; and
- Each of the Board Members has taken all the steps that they ought to have taken as a Board Member to make them aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The report of the Board was approved by the Board on 19th July 2021 and signed on its behalf by:


Mary Miller
Chair

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMSGROVE DISTRICT HOUSING TRUST

Opinion

We have audited the financial statements of Bromsgrove District Housing Trust (the 'trust') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the 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 FRS 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 trust's affairs as at 31 March 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMSGROVE DISTRICT HOUSING TRUST

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The board is responsible for the other information contained within the annual report. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Board Report.

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

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

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMSGROVE DISTRICT HOUSING TRUST

Responsibilities of Board

As explained more fully in the Statement of the Board's responsibilities set out on page 18, the board 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 board 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 board are responsible for assessing the trust'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 board either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 the 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. Based on our understanding of the trust, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

We evaluated the boards' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the board and management their policies and procedures regarding compliance with laws and regulations;

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMSGROVE DISTRICT HOUSING TRUST

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the trust which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

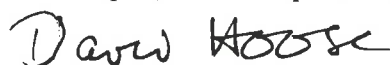
- Making enquiries of the board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the trust's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the trust's members those matters we are required to state to them in an auditor's 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 trust and the trust's members as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Two Chamberlain Square

Birmingham

B3 3AX

Date 12 AUGUST 2021

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March 2021

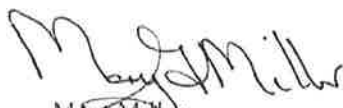
	Note	2021 £'000	2020 £'000
Turnover	3	24,809	25,809
Operating expenditure	3	(16,785)	(17,158)
Operating surplus	3	8,024	8,651
Finance income	7	21	53
Interest and financing costs	6	(2,873)	(3,000)
Surplus on revaluation of investment properties	15	801	50
Other finance costs	20	(151)	(167)
Surplus for the year	8	5,822	5,587
Actuarial gain/(loss) in respect of pension schemes - LGPS	20	(291)	593
Actuarial gain/(loss) in respect of pension schemes - SHPS	20	(643)	367
Total comprehensive income for the year		4,888	6,547

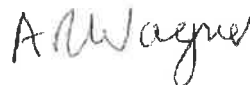
BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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STATEMENT OF FINANCIAL POSITION
As at 31st March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	12	544	580
Housing properties	13	146,189	137,080
Other property, plant and equipment	14	1,835	1,904
Investment properties	15	10,595	9,719
		<u>159,163</u>	<u>149,283</u>
Current assets			
Inventories	16	1,169	1,110
Debtors	17	1,960	1,893
Cash	23	23,500	11,120
		<u>26,629</u>	<u>14,123</u>
Creditors: Amounts falling due within one year	18	<u>(4,026)</u>	<u>(3,346)</u>
Net current assets		<u>22,603</u>	<u>10,777</u>
Total assets less current liabilities		181,766	160,060
Creditors: Amounts falling due after more than one year	19	(114,314)	(98,627)
Defined benefit pension liability	20	(7,686)	(6,555)
Net assets		<u>59,766</u>	<u>54,878</u>
Capital and reserves			
Revenue reserve		<u>59,766</u>	<u>54,878</u>
Total reserves		<u>59,766</u>	<u>54,878</u>

The financial statements of Bromsgrove District Housing Trust Limited were approved by the Board on 19th July 2021 and signed on its behalf by:


 Mary Miller
 Member


 ADAM WAGNER
 Member


 Mark Robertson
 Secretary

Company number: 4603611

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES
For the year ended 31st March 2021

	2021	2020
	Revenue	Revenue
	reserve	reserve
	£'000	£'000
At 1st April	54,878	48,331
Surplus for the year	5,822	5,587
Actuarial gain/(loss) in respect of pension schemes - LGPS	(291)	593
Actuarial gain/(loss) in respect of pension schemes - SHPS	(643)	367
Initial recognition of multi-employer defined benefit scheme	-	-
At 31st March	<u>59,766</u>	<u>54,878</u>

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

STATEMENT OF CASH FLOWS
For the year ended 31st March 2021

	Note	2021		2020	
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	23	11,778		11,526	
Cash flows from investing activities					
Purchase of property, plant and equipment		(13,438)		(14,963)	
Purchase of investment property		(75)		(127)	
Proceeds from sale of property, plant and equipment		1,117		1,702	
Grants received		893		1,033	
Interest received	7	17		48	
Net cash flows from investing activities			(11,486)		(12,307)
Cash flows from financing activities					
Interest paid	6	(2,882)		(3,010)	
New loans		14,970		4,959	
Loan issue costs		-		(3)	
Repayments of borrowings		-		-	
Net cash flows from financing activities			12,088		1,946
Net increase in cash and cash equivalents			12,380		1,165
Cash and cash equivalents at beginning of year			11,120		9,955
Cash and cash equivalents at end of year			23,500		11,120

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Bromsgrove District Housing Trust Limited is a company limited by guarantee (registered number: 4603611) and also a registered charity incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business are as disclosed on page 1 of these financial statements. The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) (March 2018) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019. Bromsgrove District Housing Trust Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The March 2018 edition of FRS 102 includes amendments arising from the Financial Reporting Council's triennial review of the standard. There is no material effect on the amounts recognised in these financial statements as a result of adopting these amendments.

Statement of compliance

The Company has prepared its financial statements in accordance with FRS 102.

Going concern

The company's business activities, its current financial position and factors likely to affect its future development are set out within the report from the board. The company has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the company's day to day operations. The company also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

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

While the Covid-19 pandemic has brought additional challenge, the board has stress tested the cash flows of the business and are confident that in light of this exercise, the company remains a going concern.

Property, plant and equipment - housing properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, and development costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated.

New build 100 years

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure 100 years
Roofs 70 years
Windows 30 years

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

Doors	25 years
Kitchens	20 years
Bathrooms	30 years
Boilers	15 years
Heating systems	30 years
Electrical systems	30 years

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any work to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold office buildings	25 years
Furniture, fixtures & fittings	3 years
Computer equipment	4 years

Intangible assets

Intangible assets are stated at historic cost or valuation, less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	3 years
Housing management system	8 years

Amortisation of intangible assets is charged to operating expenditure within the Statement of Comprehensive Income.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

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For the year ended 31st March 2021

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made.

After assessing for indicators of impairment, it is considered that no impairment provision is required.

Social Housing Grant and other Government grants

Where grants are received from government agencies such as Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership stair-casing sales, when full stair-casing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and need not be recognised as a provision. On subsequent stair-casing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

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For the year ended 31st March 2021

Taxation

The Trust has charitable status therefore its charitable activities are not subject to corporation tax.

Pensions

Defined Benefit Pension Schemes

The Company participates in defined benefit pension schemes which are multi-employer schemes where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension schemes. For these schemes the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liabilities) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Defined contribution scheme - Social Housing Pension Scheme (SHPS)

The Company participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids), grants from local authorities, amounts invoiced in respect of the provision of services, and other income, such as shared ownership first tranche sales. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Inventories

Inventories are stated at the lower of cost and net realisable value and consist of raw materials and consumables, held as van stock, and an element of first tranche shared ownership costs, including those under construction, that are initially recognised as current assets. The cost element initially recognised as a current asset is determined by the percentage of the property to be sold under the first tranche disposal.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognised in the financial statements.

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For the year ended 31st March 2021

Impairment of social housing properties

The Company has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Reviews for impairment of housing properties are undertaken when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. After undertaking a review of prevailing conditions, the Company concluded that no conditions existed that would trigger a full impairment review.

Estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Tangible fixed assets.

Tangible fixed assets are depreciated over their estimated useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of the company's tangible fixed assets, and the prior year comparatives, can be found in notes 13 and 14 of the financial statements.

Impairment of rent arrears and other short-term debtors

Rent arrears and other debtors, with no stated interest rate and receivable within one year, are recorded at their estimated transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses. An estimate of the collectible number of debtor is made when collection of the full amount is no longer probable. For amounts which are individually significant, this estimate is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a general provision applied according to the length of time past due, based on historical recovery rates. A 100% provision rate is applied to former tenant arrears and general provision rates of between 0% and 75% are applied to current tenant rent arrears. General provision rates of between 60% and 100% are applied to current tenant other lettings arrears. The carrying value of the company's rent arrears and other short-term debtors and the prior year comparatives, can be found in note 17 of the financial statements.

Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on several factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. The carrying value of the company's defined benefit pension schemes, and the prior year comparatives, can be found in note 20 of the financial statements.

Investment properties

The company carries its investment properties at fair value and engages independent valuers to determine fair value using a valuation technique based on a discounted cash flow model. The calculated fair value of the investment property uses assumptions which are subject to judgement, such as the estimated yield and the long-term vacancy rate. The carrying value of the company's investment properties, and the prior year comparatives, including details of the key assumptions adopted in the valuation can be found in note 15 of the financial statements.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2021

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

	2021			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 4)				
- General needs	12,278	-	(9,116)	3,162
- Supported housing	5,023	-	(4,054)	969
- Affordable rent	1,626	-	(941)	685
- Shared ownership	739	-	(276)	463
	19,666	-	(14,387)	5,279
Other social housing activities				
- 1 st tranche property sales	2,613	(1,563)	(37)	1,013
- Other social housing activities	407	-	(304)	103
	22,686	(1,563)	(14,728)	6,395
Activities other than social housing activities				
- Market rent	634	-	(221)	413
- Other activities	157	-	(48)	109
- Lettings (garages)	215	-	(9)	206
Surplus on disposal of PPE (note 5)	1,117	(158)	(58)	901
Total	24,809	(1,721)	(15,064)	8,024

	2020			
	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings (note 4)				
- General needs	11,689	-	(8,651)	3,038
- Supported housing	4,884	-	(4,027)	857
- Affordable rent	1,574	-	(916)	658
- Shared ownership	631	-	(284)	347
	18,778	-	(13,878)	4,900
Other social housing activities				
- 1 st tranche property sales	3,848	(2,166)	(68)	1,614
- Other social housing activities	487	-	(319)	168
	23,113	(2,166)	(14,265)	6,682
Activities other than social housing activities				
- Market rent	609	-	(240)	369
- Other activities	148	-	(41)	107
- Lettings (garages)	237	-	(13)	224
Surplus on disposal of PPE (note 5)	1,702	(384)	(49)	1,269
Total	25,809	(2,550)	(14,608)	8,651

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

4. Particulars of income and expenditure from social housing lettings

	General needs housing	Supported housing and housing for older people	Affordable rent	Shared ownership	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rents receivable	11,747	3,978	1,612	578	17,915	17,077
Service charge income	401	998	0	149	1,548	1,502
Amortised government grant	130	47	14	12	203	199
Turnover from social housing lettings	12,278	5,023	1,626	739	19,666	18,778
Expenditure						
Service charge costs	367	813	31	28	(1,239)	(1,365)
Management	3,135	1,620	483	154	(5,392)	(5,102)
Routine maintenance	2,029	395	111	0	(2,535)	(2,657)
Planned maintenance	885	257	36	4	(1,182)	(862)
Development	28	1	0	5	(34)	(16)
Bad debts	81	29	9	0	(119)	(183)
Depreciation of housing properties	2,591	939	272	84	(3,886)	(3,693)
Operating costs	9,116	4,054	942	275	(14,387)	(13,878)
Operating surplus social housing lettings	3,162	969	684	464	5,279	4,900
Void losses	115	87	5	0	207	133

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

5. Surplus on disposal of property, plant and equipment

	2021	2020
	£'000	£'000
Sale of subsequent tranche shared ownership properties	160	384
RTB sales proceeds	627	975
Voluntary property/land sale proceeds	330	343
Costs of sale (administration – legal and valuation)	(58)	(49)
Net book value of disposals	(158)	(384)
Surplus on disposal	<u>901</u>	<u>1,269</u>

6. Interest and financing costs

	2021	2020
	£'000	£'000
Bank loans and overdrafts	2,883	3,010
Amortisation of Premium on Issuance	(116)	(116)
Amortisation of borrowing costs	106	106
	<u>2,873</u>	<u>3,000</u>

7. Finance income

	2021	2020
	£'000	£'000
Bank interest receivable	<u>21</u>	<u>53</u>
	<u>21</u>	<u>53</u>

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For the year ended 31st March 2021

8. Surplus on ordinary activities

	2021	2020
	£'000	£'000
Surplus on ordinary activities is stated after charging/(crediting):		
Depreciation of housing properties	3,833	3,693
Depreciation of plant and equipment	250	203
Amortisation of intangible assets	142	141
Government grants	(203)	(197)
(Gain) on disposal of fixed assets	(901)	(1,269)
Audit fees:		
- for audit services	25	20
- other services	0	1
Operating lease rentals	120	100

9 Staff costs

	2021	2020
	£'000	£'000
Wages and salaries	4,494	4,138
Social security costs	462	421
Pension costs	583	602
	<u>5,539</u>	<u>5,161</u>

Pension costs represent total payments made during the year, including SHPS deficit payments of £64,000 (2020: £62,000), SHPS closed scheme surcharges of £2,000 (2020: £3,000), SHPS expense charge of £12,000 (2020: £9,000) and LGPS service deficit contributions of £59,000 (2020: £140,000).

In addition, FRS 102 non-cash pension adjustments of £46,000 (2019: £259,000) were charged to the Statement of Comprehensive Income.

Employee numbers by department

	2021	2020
	Number	Number
Administration	28	26
Operational services		
- Office based	69	64
- Sheltered Living team	13	12
- Community repairs team	21	17
- Voids repairs team	12	12
- Gas servicing team	6	6
Total	<u>149</u>	<u>137</u>

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For the year ended 31st March 2021

10. Directors' remuneration and transactions

The Directors are defined as the Executive Management Team which includes the Chief Executive and 3 other posts. The aggregate amount of emoluments (including pension contributions with respect to service as a Director) paid to or receivable by the Directors of the Company during the year was £430,000 (2020: £419,000). The aggregate amount of emoluments (excluding pension contributions) was £410,000 (2020: £400,000). In addition to the aggregate amount of emoluments (excluding pension contributions) cash payments in lieu of pension contributions were made of £22,000 (2020: £21,000).

Key management personnel remuneration

	2021	2020
	£'000	£'000
Directors who are executive staff members		
Wages and salaries	410	400
Social security costs	55	53
Pension costs	20	19
Cash payment in lieu of pension contributions	22	21
Board members		
Wages and salaries	42	41
Social security costs	-	-
Other pension costs	-	-
	<u>549</u>	<u>534</u>

As at 31st March 2021, there is 1 director (2020: 1) for whom benefits are accruing under a defined benefit scheme and 2 directors (2020:2) for whom benefits are accruing under a defined contribution pension scheme.

	2021	2020
	£'000	£'000
Remuneration of the highest paid director, excluding pension contributions:		
The emoluments paid during the year to the Chief Executive who was the highest paid Director were:		
Emoluments	<u>133</u>	<u>130</u>
	<u>133</u>	<u>130</u>

The Employer and the Chief Executive made no contributions to the pension scheme during the year to 31st March 2021 and instead the Chief Executive received a cash payment in lieu of pension contributions of £22,135 (2020: £21,472). The number of full-time equivalent staff (based on 37 hours per week and including the Chief Executive) whose remuneration falls within each band of £10,000 from £60,000 upwards (excluding pension contributions and cash payment in lieu of pension contributions) is as follows:

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2021

10. Directors' remuneration and transactions (continued)

	2021	2020
	Number	Number
£60,000-£69,999	6	4
£70,000-£79,999	-	-
£80,000-£89,999	-	3
£90,000-£99,999	3	-
£100,000-£109,999	-	-
£110,000-£119,999	-	-
£120,000-£129,999	-	-
£130,000-£139,999	1	1

11. Tax on surplus on ordinary activities

On 6th September 2005 the Company was accepted by the Charities Commission and HMRC as a charity for tax purposes. The Company is therefore not liable to tax charges on its charitable activities.

12. Intangible fixed assets

	Computer software
	£'000
Cost	
At 1st April 2020	1,256
Additions	107
Disposals	(1)
As at 31st March 2021	<u>1,362</u>
Amortisation	
At 1st April 2020	676
Charge for the year	142
Eliminated on disposals	-
As at 31st March 2021	<u>818</u>
Net book value	
As at 31st March 2021	<u>544</u>
As at 31st March 2020	<u>580</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2021

13. Tangible fixed assets – housing properties

	Completed properties £'000	Under construction £'000	Completed Shared ownership £'000	Shared ownership under construction £'000	Total £'000
Cost or valuation					
At 1st April 2020	156,403	1,597	12,360	290	170,650
Additions	3,936	3,699	1,089	223	8,947
Works to existing properties	4,204	-	-	-	4,204
Disposals	(281)	-	(75)	-	(356)
Transfers	3,036	(3,036)	545	(545)	-
At 31st March 2021	<u>167,298</u>	<u>2,260</u>	<u>13,919</u>	<u>(32)</u>	<u>183,445</u>
Depreciation					
At 1st April 2020	33,054	-	516	-	33,570
Charge for the year	3,645	-	188	-	3,833
Eliminated on disposals	(143)	-	(4)	-	(147)
At 31st March 2021	<u>36,556</u>	<u>-</u>	<u>700</u>	<u>-</u>	<u>37,256</u>
Net book value					
At 31st March 2021	<u>130,742</u>	<u>2,260</u>	<u>13,219</u>	<u>(32)</u>	<u>146,189</u>
At 31st March 2020	<u>123,349</u>	<u>1,597</u>	<u>11,844</u>	<u>290</u>	<u>137,080</u>

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For the year ended 31st March 2021

14. Property, plant and equipment - other

	Freehold office building £'000	Computer hardware £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost				
At 1st April 2020	3,035	885	204	4,124
Additions	10	129	45	184
Disposals	-	(3)	-	(3)
At 31st March 2021	<u>3,045</u>	<u>1,011</u>	<u>249</u>	<u>4,305</u>
Depreciation				
At 1st April 2020	1,433	601	186	2,220
Charge for the year	105	129	16	250
Disposals	-	-	-	0
At 31st March 2021	<u>1,538</u>	<u>730</u>	<u>202</u>	<u>2,470</u>
Net book value	1,507	281	47	1,835
At 31st March 2021	<u><u>1,507</u></u>	<u><u>281</u></u>	<u><u>47</u></u>	<u><u>1,835</u></u>
At 31st March 2020	<u>1,602</u>	<u>284</u>	<u>18</u>	<u>1,904</u>

Freehold land and buildings with a carrying amount of £90.4 million (2020: £90.4 million) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

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15. Investment Properties

	Investment properties £'000
Cost	
At 1st April 2020	8,667
Additions	75
Disposals	-
Adjustments	-
	<u>8,742</u>
At 31st March 2021	<u>8,742</u>
Revaluation	
At 1st April 2020	1,052
Revaluation for the year	801
	<u>1,853</u>
At 31st March 2021	<u>1,853</u>
Net book value	
At 31st March 2021	<u>10,595</u>
At 31st March 2020	<u>9,719</u>

Investment properties with a carrying value of £9.719 million at 1st April 2020 were revalued in April 2021 to a fair value of £10.595 million. The additions of £0.075 million relate to major improvement works undertaken during the financial year.

The valuation was carried out by Jones Lang LaSalle Limited using the Market Value Subject to Tenancies (MV-ST) methodology.

16. Inventories

	2021 £'000	2020 £'000
First tranche shared ownership – completed	1,159	764
First tranche shared ownership – under construction	(32)	290
Raw materials and consumables	42	56
	<u>1,169</u>	<u>1,110</u>

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17. Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Rent arrears	584	608
Provision for bad debts	(362)	(359)
Other debtors	352	405
Prepayments	453	478
Accrued Income	333	195
	<u>1,360</u>	<u>1,327</u>
Amounts falling due after more than one year:		
THFC Interest Service Reserve Fund	600	566
Total Debtors	<u>1,960</u>	<u>1,893</u>

18. Creditors – amounts falling due within one year

	2021	2020
	£'000	£'000
Rents received in advance	613	490
Other lettings prepayments	70	65
THFC Loan Premium on Issuance	116	116
Trade creditors	303	291
VAT	25	38
Government grants (note 19)	197	197
Other taxation and social security	131	117
Other creditors	653	496
Accruals	1,918	1,374
Deferred Income	0	162
	<u>4,026</u>	<u>3,346</u>

19. Creditors – amounts falling due after more than one year

	2021	2020
	£'000	£'000
Other creditors		
Loans	93,300	78,300
Capitalised refinancing costs	(1,063)	(1,170)
THFC loan premium on issuance	2,530	2,646
Government grants (note 19)	19,547	18,851
	<u>114,314</u>	<u>98,627</u>

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

19. Creditors – amounts falling due after more than one year (continued)

The loans are secured on freehold housing properties. The loan portfolio comprises:

Value	Fix Period	All-in Rate
£5.0 million	10 years	3.33%
£10.0 million	5 years	2.15%
£5.0 million	3 years	2.83%
£3.3 million	3 years	1.92%
£5.0 million	20 years	5.07%
£5.0 million	5 years	1.87%
£30.0 million	30 years	3.60%
£10.0 million	25 years	5.20%
£5.0 million	Variable	1.54%
£5.0 million	Variable	1.55%
£10.0 million	Variable	1.64%
£93.3 million		

A further loan facility of £5 million is in place but has not yet been drawn down.

	2021	2020
	£'000	£'000
Deferred income - Government grants		
At 1st April 2020	19,048	18,211
Grants receivable	899	1,033
Amortisation to Statement of Comprehensive Income	(203)	(196)
At 31st March 2021	<u>19,744</u>	<u>19,048</u>
Due within one year	<u>197</u>	<u>197</u>
Due after one year	<u>19,547</u>	<u>18,851</u>

The total accumulated gross, unamortised amount of capital grant received or receivable at the balance sheet date is £21.5m (2020: £20.6m)

	2021	2020
	£'000	£'000
Recycled Capital Grant Fund		
At 1st April 2020	115	199
Inputs to RCGF	0	68
Recycling of grant	0	(153)
Interest accrued	1	1
At 31 st March 2021	<u>116</u>	<u>115</u>

The Recycled Capital Grant Fund is included within 'deferred income – government grants due after one year' above.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

19. Creditors – amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

	2021 £'000	2020 £'000
Bank loans		
Between one and two years	-	-
Between two and five years	10,000	5,000
After five years	83,300	73,300
	<u>93,300</u>	<u>78,300</u>
Less: transaction costs on issue	(1,063)	(1,170)
THFC loan premium on issuance	2,530	2,646
	<u>94,767</u>	<u>79,776</u>

20. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to Statement of Comprehensive Income in the period ended 31st March 2021 was £142,000 (2020: £119,000).

Defined benefit schemes

The Company operates defined benefit schemes for qualifying employees. Under the schemes, the employees are entitled to retirement benefits based on number of pensionable years' service and an accrual rate of 1/49th (LGPS) and 1/60th (SHPS) of final salary on attainment of a retirement age of 65 (LGPS) or 67 (SHPS). The most recent actuarial valuations of scheme assets and the present value of the LGPS defined benefit obligation were carried out at 31st March 2019 by Fellows of the Institute and Faculty of Actuaries who are employed by Mercer. The present value of the LGPS defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	<u>Valuation at</u>	
	2021	2020
Key assumptions used for LGPS scheme:		
Increase in salaries	4.2%	3.6%
Discount rate	2.1%	2.4%
Future pension increases	2.8%	2.3%
CPI Inflation	2.7%	2.1%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Company's LGPS defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

20. Retirement benefit schemes (continued)

	Valuation at	
	2021 years	2020 years
Retiring today:		
Males	22.7	22.6
Females	25.1	25.0
Retiring in 20 years:		
Males	24.4	24.2
Females	27.1	27.0

Amounts recognised in the Statement of Comprehensive Income in respect of the LGPS defined benefit scheme are as follows:

	2021 £'000	2020 £'000
Current service cost	439	503
Net interest cost	142	148
Administration costs	5	6
Past Service cost	0	172
	<u>586</u>	<u>829</u>
Recognised in other comprehensive income	-	-
Total cost relating to defined benefit scheme	<u>586</u>	<u>829</u>

The amount included in the Statement of Financial Position arising from the Company's obligations in respect of its LGPS defined benefit retirement benefit scheme is as follows:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	(21,600)	(18,147)
Fair value of scheme assets	14,937	12,025
Deficit	<u>(6,663)</u>	<u>(6,122)</u>
Net liability recognised in the Statement of Financial Position	<u>(6,663)</u>	<u>(6,122)</u>

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

20. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations in respect of the LGPS scheme were as follows:

	2021	2020
	£'000	£'000
At 1st April	18,147	18,570
Service cost	439	675
Interest cost	433	446
Actuarial (gain) / loss	2,810	(1,288)
Member contributions	90	96
Benefits/transfers paid	(319)	(352)
	<u>21,600</u>	<u>18,147</u>
At 31st March	<u>21,600</u>	<u>18,147</u>

Movements in the fair value of LGPS scheme assets were as follows:

	2021	2020
	£'000	£'000
At 1st April	12,025	12,300
Actuarial loss	2,519	(695)
Return on plan assets (excluding amounts included in net interest cost)	291	298
Contributions from the employer	336	384
Contributions from scheme participants	90	96
Benefits paid	(319)	(352)
Administration expenses	(5)	(6)
	<u>14,937</u>	<u>12,025</u>
At 31st March	<u>14,937</u>	<u>12,025</u>

The analysis of the LGPS scheme assets at the Statement of Financial Position date was as follows:

	Fair value of assets	
	2021	2020
	£'000	£'000
Equity instruments	12,681	8,490
Government Bonds	0	878
Other bonds	15	601
Property	702	697
Cash/liquidity	0	72
Other	1,539	1,287
	<u>14,937</u>	<u>12,025</u>
	<u>14,937</u>	<u>12,025</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

20. Retirement benefit schemes (continued)

The Pensions Trust – Social Housing Pension Scheme

The Company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30th December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The most recent triennial valuation of the scheme was carried out at 30th September 2020, but we are still awaiting the results of this. Previously, a triennial valuation of the scheme for funding purposes was carried out at 30th September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

	Valuation at	
	2021	2020
Key assumptions used for SHPS:		
Increase in salaries	3.87%	2.50%
Discount rate	2.22%	2.32%
RPI Inflation	3.20%	2.50%
CPI Inflation	2.87%	1.50%

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

20. Retirement benefit schemes (continued)

Mortality assumptions:

The mortality assumptions adopted as at 31st March 2021 imply the following life expectancies:

	Valuation at	
	2021	2020
	years	years
Retiring today:		
Males	21.6	21.5
Females	23.5	23.5
Retiring in 20 years:		
Males	22.9	22.9
Females	25.1	24.5

Amounts recognised in the Statement of Comprehensive Income in respect of the SHPS defined benefit scheme are as follows:

	2021	2020
	£'000	£'000
Current service cost	30	54
Net interest cost	9	19
Administration costs	3	3
Plan introductions, changes, curtailments and settlements	-	-
	<u>42</u>	<u>76</u>
Recognised in other comprehensive income	-	-
Total cost relating to defined benefit scheme	<u>42</u>	<u>76</u>

The amount included in the Statement of Financial Position arising from the Company's obligations in respect of its SHPS defined benefit retirement scheme is as follows:

	2021	2020
	£'000	£'000
Present value of defined benefit obligations	(3,649)	(2,668)
Fair value of scheme assets	2,626	2,235
Deficit	<u>(1,023)</u>	<u>(433)</u>
Net liability recognised in the Statement of Financial Position	<u>(1,023)</u>	<u>(433)</u>

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For the year ended 31st March 2021

20. Retirement benefit schemes (continued)

Movements in the present value of the SHPS defined benefit obligations were as follows:

	2021	2020
	£'000	£'000
At 1st April	2,668	2,889
Service cost	30	54
Expenses	3	3
Interest cost	62	70
Actuarial losses	876	(361)
Member contributions	16	19
Benefits paid and expenses	(6)	(6)
	<u>3,649</u>	<u>2,668</u>
At 31st March	<u>3,649</u>	<u>2,668</u>

Movements in the fair value of the SHPS scheme assets were as follows:

	2021	2020
	£'000	£'000
At 1st April	2,235	2,070
Actuarial gain	233	6
Return on plan assets (excluding amounts included in net interest cost)	53	51
Contributions from the employer	95	95
Contributions from scheme participants	16	19
Benefits paid and expenses	(6)	(6)
Administration expenses	-	-
	<u>2,626</u>	<u>2,235</u>
At 31st March	<u>2,626</u>	<u>2,235</u>

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

20. Retirement benefit schemes (continued)

The analysis of the SHPS scheme assets at the Statement of Financial Position date was as follows:

	Fair value of assets	
	2021	2020
	£'000	£'000
Absolute return	145	117
Alternative risk premia	99	156
Corporate bond fund	155	127
Credit relative value	83	61
Distressed opportunities	76	43
Emerging market debts	106	68
Opportunistic liquid credit	67	54
High Yield	79	0
Opportunistic credit	72	0
Liquid credit	31	1
Fund of hedge funds	0	1
Global equity	418	327
Infrastructure	175	166
Insurance-linked securities	63	69
Liability driven investment	667	742
Long lease property	51	39
Net current assets	16	10
Private debt	63	45
Property	55	49
Risk sharing	96	75
Secured income	109	85
	<u>2,626</u>	<u>2,235</u>

None of the fair values of the assets shown above included any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 2021

21. Financial Instruments

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	2021	2020
	£'000	£'000
Financial Assets		
Measured at undiscounted amount receivable		
• Rent arrears and other debtors (see note 17)	584	608
• VAT (see note 17)	-	-
• Cash at bank	23,500	11,120
	<u>24,084</u>	<u>11,728</u>
Financial Liabilities		
Measured at amortised cost		
• Loans payable (see note 19)	94,767	79,776
Measured at undiscounted amount payable		
• Trade creditors (see note 18)	303	291
• VAT (see note 18)	25	38
• Other taxation and social security (see note 18)	131	117
• Other creditors (see note 18)	653	496
	<u>95,879</u>	<u>80,718</u>

22. Share capital

The Company is limited by Guarantee and therefore does not have any share capital.

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

23. Statement of Cash Flows

	2021	2020
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	5,822	5,587
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	4,083	3,895
Amortisation of intangible assets	142	141
Decrease / (increase) in inventories	(59)	104
Decrease / (increase) in debtors	(33)	(415)
(Decrease) in creditors	680	381
Pension costs less contributions payable	197	426
Revaluation of investment properties	(801)	(50)
Carrying amount of property, plant & equipment disposals	209	410
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	(1,117)	(1,702)
Government grants utilised in the year	(197)	(197)
Interest payable	2,767	2,893
Interest received	(21)	(53)
Amortisation of refinancing costs	106	106
Cash generated by operations	<u>11,778</u>	<u>11,526</u>
Cash and cash equivalents		
Cash at bank and in hand	23,500	11,120
Cash equivalents included in current asset investments	-	-
Cash and cash equivalents	<u>23,500</u>	<u>11,120</u>

Analysis of changes in net debt

	At 1st April	Cashflows	Other non-cash	At 31st March
	£'000	£'000	£'000	£'000
Cash	11,120	12,380	-	23,500
Interest Service Reserve Fund	566	31	3	600
Bank loans due greater than one year	(78,300)	(15,000)	-	(93,300)
Loan premium on issuance	(2,646)	-	116	(2,530)
Total	<u>(69,260)</u>	<u>(2,589)</u>	<u>119</u>	<u>(71,730)</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2021

24. Financial commitments	2021	2020
	£'000	£'000
Capital commitments are as follows:		
Contracted for but not provided for:		
New dwellings	11,255	11,485
Approved by the directors but not contracted for:		
New dwellings	17,952	18,711
Housing improvements	6,179	6,407
	<u>35,386</u>	<u>36,603</u>

The above commitments will be financed from existing undrawn loan facilities that are already in place of £5m, sales receipts of £4.3m, grant of £2.3m and working capital £23.8m.

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£'000	£'000
Payments due: -		
- within one year	123	8
- between one and five years	474	44
- after five years	0	5
	<u>597</u>	<u>57</u>

25. Housing stock

	2021	2020
	Units	Units
Owned:		
General needs housing	2,516	2,465
Supported housing	914	911
Shared ownership	235	210
Leaseholder	172	173
Affordable rent	265	265
Intermediate rent	8	8
Market rent	87	87
Total	<u>4,197</u>	<u>4,119</u>

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For the year ended 31st March 2020

25. Housing stock (continued)

Owned Units	Opening Stock 1 st April 2020	New Build	RTBs	Voluntary Sales	Buy-backs	100% Staircasing	Closing Stock 31 st March 2021
General needs housing	2,465	58	(6)	(1)	-	-	2,516
Supported housing	911	3	-	-	-	-	914
Shared ownership	210	25	-	-	2	(2)	235
Leaseholder	173	-	-	-	(2)	1	172
Affordable rent	265	-	-	-	-	-	265
Intermediate rent	8	-	-	-	-	-	8
Market rent	87	-	-	-	-	-	87
Total Owned	4,119	86	(6)	(1)	-	(1)	4,197

Managed:

General needs housing	41	41
Supported housing	-	8
Shared ownership	30	30
Leaseholder	35	35
Affordable rent	6	6
Intermediate rent	2	2
Total	114	122

Managed Units	Opening Stock 1 st April 2020	New Build	RTBs	Voluntary Sales	Decommissioned	100% Staircasing	Closing Stock 31 st March 2021
General needs housing	41	-	-	-	-	-	41
Supported housing	8	-	-	-	(8)	-	0
Shared ownership	30	-	-	-	-	-	30
Leaseholder	35	-	-	-	-	-	35
Affordable rent	6	-	-	-	-	-	6
Intermediate rent	2	-	-	-	-	-	2
Total Managed	122	-	-	-	(8)	-	114

Total owned and managed

4,311 **4,241**

BROMSGROVE DISTRICT HOUSING TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2020

26. Related party transactions

The names of Board Members who are also tenants or shared owners are shown in the Board report and are listed below. All tenant and shared owner board members rent properties from the Trust under the same terms and conditions as all tenants in similar properties.

Rachel Ward – Hopwood, Bromsgrove

Hannah Purdie – Sidemoor, Bromsgrove

The aggregate amount of rent received during the year, from related parties was £9,292 (2020: £10,016).

There were no rent arrears outstanding in relation to these properties as at 31st March 2021 (2020: £nil).