

SOLIHULL COMMUNITY HOUSING
MINUTES OF THE
ANNUAL GENERAL MEETING HELD ON
MONDAY 28 SEPTEMBER 2020
HELD VIA WEBEX VIDEO CONFERENCING

Present: Andrew Kinsey Solicitor to the Council – SMBC

In attendance: Richard Hyde, David Bell, Ben Burton, Jenny Fletcher, Nigel Page, Patricia Smith, Louise Tubbs, Chris Williams

Officers: Fiona Hughes, Mark Pinnell, Surjit Balu, Kevin Bennett, Sam Gilbert, Sarah Barnes, Mark Wills and Mary Moroney

Annual General Meeting was opened at 6 pm

Andrew Kinsey Solicitor to the Council opened the Annual General Meeting and informed members he was in attendance as the Council's representative to share the views of the shareholder. All items on the agenda were accepted.

DECISION	The Shareholder
(i) RECEIVED	the annual report and accounts for the year ended 31 March 2020.
(ii) AGREED	to re-appoint RSM UK Audit LLP for external audit and tax advice and to authorise the Board to fix their remuneration.
(iii) APPOINTED	Nigel Page as an independent Board member for a period of three years from the AGM.
(iv) APPOINTED	Jenny Fletcher and Louise Tubbs as Tenant Board Members for a period of three years from the AGM.
(v) APPOINTED	Patricia Smith as a Tenant Board Member for an interim period up to the end of March 2021 or such time as a replacement Tenant Board member is appointed if prior to end of March 2021.

The Annual General Meeting was closed at 6.04 pm.

Candidate Details

Richard Hyde

Richard Hyde is the Chairman and Chief Executive of a local business based in Solihull and has a long association with Solihull. Richard is also a Non-Executive Director of HouseMark, Council member of the University of Warwick and a member of the editorial panel of Thinkhouse which gives him a breadth of knowledge of the social housing sector. Richard was first appointed as Chair of the SCH Board in July 2018 and is focused on delivering strong corporate governance. Richard maintains a sense of openness and has embraced the ambitions of SCH becoming a top performing organisation by leading the Board to challenge the setting of key performance indicators in order to get the balance right between 'stretch' and 'achievability'. Richard has indicated a willingness to accept a second term of office as Chair of the Board.

April Halpin

April Halpin has lived all her life in Chelmsley Wood and is married with two adult daughters. April applied to join the SCH Board as she feels she can bring a sense of understanding with her experience of living with a disability and being a carer to reach out to those who are vulnerable within the community and to be a voice for other residents. April is an advocate for equality and compassion and will always strive to keep these values at the heart of every task undertaken.

SOLIHULL COMMUNITY HOUSING LIMITED
("the Company")

Annual General Meeting
to be held on
Monday 27 September 2021 at 6 pm
at Endeavour House, Meriden Drive, Solihull
Meeting to take place prior to the Board Meeting

AGENDA

1. To receive and approve the Annual Report and Accounts for the year ended 31 March 2021.
2. To re-appoint the Auditors, RSM UK Audit LLP and to authorise the Board to fix their remuneration.
3. To appoint Richard Hyde as Chair of the Board for a second term of office (period of three years from the AGM).
4. To appoint April Halpin as a Tenant Board Member for a period of three years from the AGM (first AGM since appointment at end of March 2021).



Solihull Community Housing Limited

Company Limited by Guarantee

Financial Statements

For the year ended 31 March 2021

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Officers and Professional Advisers

Directors ("the Board")	D S Bell K V Blunt (resigned 27 July 2020) B Burton J M Fletcher A S Halpin (appointed 29 March 2021) D E Howell R Hyde N Page P L Smith (resigned 29 March 2021) L Tubbs C Williams
Chief Officers	F Hughes – Chief Executive S C Gilbert CPFA – Chief Financial Officer S Balu – Executive Director of Housing and Communities K Bennett – Executive Director of Customer Transformation and Business Support M Pinnell – Executive Director of Assets and Development
Secretary	M E E Moroney-Barnett
Registered office	Endeavour House Meriden Drive Solihull B37 6BX
Registered number	04462630
Auditors	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham B2 5AF
Bankers	Barclays Bank plc Corporate Business Centre PO Box 333 15 Colmore Row Birmingham B3 2WN

Chair's Introduction

31 March 2021



As the Chair of Solihull Community Housing (SCH), this is the third set of accounts I have introduced and 2020/21 has been a year unprecedented by the impact of the Coronavirus pandemic. I am proud of how SCH have responded to this challenge and our working relationship with Solihull Council (SMBC) has continued to grow and develop particularly with SCH working together with SMBC in the response to Coronavirus for the residents of Solihull.

As a consequence, the Executive Leadership Team (ELT) have had to reprioritise work plans to provide the resources to respond to the evolving situation created by the Coronavirus pandemic throughout this financial year to ensure that we provide appropriate support to the most vulnerable of our tenants and leaseholders.

Throughout this time SCH continued to maintain focus on service delivery and achieving the 2020 – 2025 Strategic Aims:

- Creating Homes
- More than Bricks and Mortar
- Strengthening Communities
- Excellent Customer Services
- Passion in People

When I wrote last year's "Chairs Introduction" and thanked the Executive Team and the whole workforce for their response to what, at that time, was a developing situation I could not have anticipated that a year later we would still be living with Covid 19. However, I am proud to say thank-you again for their continuing hard work and compassion throughout 2020/21 and their unwavering support for our tenants, leaseholders and each other.

Our sympathies and the thoughts of everyone at SCH go out to those affected by this pandemic.

The following pages detail the outturn position and some of the achievements for 2020/21.

A handwritten signature in blue ink that reads "Richard Hyde". The signature is written in a cursive style with a large, looped initial 'R'.

Richard Hyde

Chair

21 June 2021

Strategic Report

31 March 2021

The Company sets out below its strategic report which aims to provide the reader of the accounts with a range of information that includes:-

- *Context for related financial statements*
- *Insight into entity's business model, main objectives and strategy*
- *Descriptions of the principal risks the entity faces and how they affect future prospects*
- *Analysis of past performance*
- *Signposting to complementary information*

BACKGROUND

The global pandemic which emerged towards the end of 2019/20 continued to have serious social and economic consequences throughout the year. The national lockdown restrictions imposed in March 2020 meant that SCH, along with other housing providers, had to suspend non-essential services. Working with the Council, SCH developed a 'Recovery Roadmap' to plot the reinstatement of services through the summer. Regrettably, infections increased significantly moving into the winter months and two further periods of lockdown restrictions were imposed. The work to develop and distribute vaccines and deliver inoculation programmes made it possible for the government to set out a timeline for the gradual easing of restrictions, subject to close scrutiny of data on the prevalence of the virus. SCH teams demonstrated great resilience in adapting to new ways of working and continued to deliver permitted services safely, while also offering support to vulnerable customers.

In terms of meeting housing need, demand for social housing in Solihull remains high as home ownership and private renting is unaffordable for many people. Making the best use of existing housing, developing affordable new homes and preventing homelessness are key activities in managing this mismatch between demand and supply. Solihull has an ageing population and providing suitable homes and services to meet the needs of older and disabled people is increasingly important.

From April 2020, following 4 years of the government's policy to reduce social housing rents by 1% each year, rents increased by an average of 2.7% which was an improvement on the increases forecast in the Council's 30 year plan. However, the roll out of welfare reform to existing tenants under pensionable age continues and will place additional pressure on collecting rents. The level of Right to Buy has reduced in recent years and in 2020/21 the actual number of sales was 33. This was less than the number budgeted for within the HRA of 50 properties.

Following the UK's exit from the European Union, the 12 month transition period ended on 31 December 2020. This had specific implications in relation to eligibility for housing assistance and the relevant SCH teams were fully briefed on the application of the new rules.

2020/21 was the first year of the SCH Strategic Vision 2020-2025: 'Creating better homes and thriving communities which is underpinned by annual Delivery Plans. The 2020/21 Delivery Plan set out the strategic and operational priorities for the year. Improving the customer experience to achieve greater satisfaction as well as a commitment to increasing customer engagement were key areas of focus. Other priorities included a continued emphasis on building safety, joint work with the Council to grow the social housing stock and address the climate change emergency, as well as supporting and developing SCH teams to achieve improved wellbeing, performance and service excellence through the leadership development programme and development of a People Strategy.

SCH strive to deliver core housing management functions to a high standard. Within the constraints necessitated by the coronavirus pandemic, work continued to achieve prudent investment in the housing stock and deliver effective responsive repairs, income collection and estate management services. Delivering services and collaborating with the Council and other partners to reduce homelessness and tackle anti-social behaviour as well as leading on or contributing to wider multi-agency initiatives proved challenging within the context of the pandemic. The introduction of new ways of working supported by technology enabled progress to be made. The commitment of front line teams and business support staff was invaluable.

The charter for social housing residents: social housing white paper was published in November 2020 sets out the actions the government will take to ensure that residents in social housing are safe, are listened to, live in good quality homes and have access to redress when things go wrong.

Strategic Report

31 March 2021

(continued)

SCH is committed to openness and transparency and during the year we published a comprehensive set of revised service standards. The future implementation of the measures set out in the white paper and progress of other legislation, including bills on building safety and domestic abuse, place ever greater emphasis on the priorities which were mapped out for 2020/21. The impact of the coronavirus pandemic has meant that some delivery milestones scheduled for completion this year will carry forward into 2021/22.

GOVERNANCE

Good governance is essential for SCH to achieve its objectives and drive improvement as well as to maintain legal, regulatory and ethical standards. This will become even more important with the strengthening of regulatory standards. SCH is governed by a Board and three committees which report into it: Audit and Risk Committee; Housing Operations Committee; and Human Resources and Remuneration Committee.

In these particularly difficult times, effective governance and a sound financial footing are fundamental requirements. Throughout 2020/21, work continued with our Council colleagues to maintain robust and effective monitoring processes.

ANNUAL PERFORMANCE

SCH sets out its delivery priorities in its Annual Delivery Plan. For 2020/21, these priorities are organised as Strategic Objectives which relate to the Strategic Aims set out in the SCH Strategic Vision. Each Strategic Objective has linked work packages and individual delivery milestones (set out on pages 12 and 13). A set of Key Performance Indicators (KPIs) is included in the Delivery Plan.

In conjunction with the Delivery Plan, SCH operate a balanced three-year budget, with detailed savings plans for 2019/20 through to 2021/22 extended to have a balanced budget up to 2022/23. In 2020/21 SCH delivered savings totalling £313k from across the organisation.

Continuous service improvement still underpins everything SCH does and service performance and delivery is monitored rigorously. A comprehensive performance monitoring framework is in place and progress against key performance indicators and the Delivery Plan priorities is reported to the SCH Board on a quarterly basis. The Council oversees SCH performance by means of a Quarterly Monitoring Board, which is chaired by the Cabinet Member for Adult Social Care and Health. The Delivery Plan is an integral part of the performance monitoring and service improvement process because it details how SCH will deploy the available resources in the most effective way to deliver the priority outcomes for the coming year.

The Revenue Management Fee, paid by the Council increased from £18.199m in 2019/20, to £18.724m in 2020/21, as well as a capital programme of £17.537m (2019/20: £11.815m). No further savings have been made in Revenue with a year-end outturn position of break even.

Performance outcomes against Delivery Plan priorities and KPIs are set out below for each service area.

ASSET MANAGEMENT AND DEVELOPMENT

Strategic Aim: Creating Homes

Strategic Objectives:

Strategic objective 1: Data driven green approach to our managed portfolio

Achieving a deeper understanding of the condition of the housing stock and how it is performing to meet current needs, as well as its sustainability to meet anticipated needs, is critical to inform investment decisions. This area was hampered by the restrictions imposed by the pandemic but progress has been made and will continue next year.

Work to establish a baseline assessment of the performance of SCH stock against a benchmark of zero carbon emissions has been progressed in line with the project plan set out in the newly developed SCH Energy and Environmental Sustainability Strategy framework and this work, together with activity linked to it, will continue into 2021-22.

A two year interim SCH/Solihull Council Asset Management Strategy has been agreed.

Strategic Report

31 March 2021

(continued)

Strategic objective 2: Ensure our homes are safe

The key decision was made to install sprinklers in all high-rise residential buildings, together with further work to replace spandrel panels in 16 of the high rise buildings. The very significant investment in sprinklers and other fire safety measures demonstrates the continued commitment to maximise the safety of tenants.

Work to embed 'Safer Homes' as a core theme integrating tenant engagement continued throughout the year. SCH continued to work closely with the West Midlands Fire Service although it was not possible to proceed with planned community events owing to the pandemic. Instead awareness raising activity was carried out by virtual means and preparations continued in readiness for the new measures to be introduced by the Building Safety Bill.

Strategic objective 3: To provide an efficient and effective Repairs and Voids Service

The provision of an efficient, cost effective and customer focussed repairs service is a core service and a key commitment for SCH. Work on the customer satisfaction improvement project was progressed and will continue into 2021-22. Updated service standards were produced as part of a comprehensive suite of revised SCH service standards.

Strategic objective 4: Growth in social housing in partnership with Solihull Council

SCH continues to work with the Council to utilise opportunities for stock growth. Work to deliver 43 new homes was hampered by the coronavirus pandemic, which has meant that some of these homes will now complete in 2021/22. However, those which were delivered included 14 homes for social rent, of which seven were low energy mobility bungalows. This scheme has been shortlisted for an award in Inside Housing's Best Healthy Homes Development category. Further development will continue into the next year and, in the longer term, SCH will work with the Council to bring forward a supported housing scheme in north Solihull and to develop a housing scheme for the Kingshurst Village Centre.

Key performance indicators

Average void re-let time was 35 days (target 18 days). Covid-19 impacted on performance. The suspension of general letting imposed at the end of 2020-21 extended into the first part of this year and ongoing restrictions around viewings affected the refusal rate. Recovering the situation was challenging but there was some improvement in quarter 4. A rise in the number of lettable voids with a significant increase occurring in March meant that performance on rent loss also suffered: 1.31% (target 0.9%) although this compared favourably within the sector. There was 100% performance on adaptation works completed on time.

Strategic Report

31 March 2021

(continued)

Asset Management and Development			
KPI ref	KPI Description	Target	Actual
AM1	Percentage of properties with valid gas certificate	100.00%	99.95%
AM2	Percentage of repair jobs completed in timescale - All repairs	99.00%	99.07%
AM3	Percentage of appointments made - Response repairs	98.00%	98.16%
AM4	Percentage of appointments kept - Response repairs	98.00%	98.49%
AM7	Percentage of repairs completed right first time	95.00%	95.83%
AM17	Average number of repairs per property	2.50	2.31
VL1	Average re-let time of voids – days	18	35
VL13	Percentage of rent loss due to voids	0.90%	1.31%
VL16	Number of lettable voids	70	131
WB1	Percentage of Minor adaptation works completed on time	99.00%	100.00%
WB2	Percentage of Major adaptation works completed on time	99.00%	100.00%

HOUSING AND COMMUNITIES

Strategic Aim: More than Bricks and Mortar

Strategic Objectives

Strategic objective 1: Delivering excellent core housing management services that are integrated and highly visible

The intention to shift to an approach where more staff were visible to staff out 'on the patch' was not possible in view of the Covid-19 restrictions. Similarly, while some progress was made in introducing digital tools to facilitate more flexible working, testing and implementation was restricted because of Covid-19. This work, together with other customer facing activity, will be reviewed next year, as and when the lifting of restrictions permit.

The procurement and mobilisation of a new cleaning contract was not feasible during the pandemic and so the existing contract was extended by 12 months.

A review of the income collection and arrears recovery service, and related activity to introduce systems and resources to support this area of work, was delayed slightly but was progressed in the year.

Strategic Report

31 March 2021

(continued)

Strategic objective 2: Enhanced service offers to support our wider customer base to achieve positive outcomes

Joint projects with Adult Social Care on a low-level support offer and innovative use of DFG for the benefit of customers was impacted by the demands on services to provide effective and urgent responses to the pandemic. This work will continue into 2021-22.

Similarly, planned work to establish Saxon Court as a community hub for wellbeing services, activities and information was not achievable because of Covid-19 restrictions and will carry forward. The paramount concern was, and continues to be, the protection and welfare of the residents.

The review of the Housing Allocation Scheme was realigned as a consequence of the pandemic and will continue into next year. Progress was made in improving the tenancy sustainment offer with increased use of digital technology and the forging of closer links with other teams and agencies.

Linking in with the CAB and teams at SMBC, some progress was made in strengthening the referral processes for customers to access employment and training opportunities.

Strategic objective 3: Reducing homelessness and risk of homelessness across the borough

A comprehensive Housing Options Development Plan is overseen by a group led by the Executive Director for Housing and Communities. Activities covered by the plan include funding, staffing, training, office accommodation, temporary accommodation units, development of a prevention 'toolkit' and systems and processes.

Delivering this service during the pandemic was very challenging. The customer facing office at Coppice Way was closed and the triage, assessment and consequent duties, including the provision of temporary accommodation and related support, had to be performed by telephone or other 'Covid-19 safe' means. SCH also supported the Council to deliver on the directive to get rough sleepers in from the streets, as well as contributing to the delivery of the Council's Homelessness and Rough Sleeping Strategy, and the Housing First initiative. Progress was also made in broadening the range of temporary accommodation options available and initial work to develop a comprehensive temporary accommodation strategy.

Strategic objective 4: Working collaboratively with partners and stakeholders to create resilient and thriving communities

As a key housing provider, we are committed to creating resilient and thriving communities. Our role in local neighbourhoods and estates extends much further than the homes we manage.

SCH work to lead and support Locality Working was impacted by the pandemic in the first quarter of the year but alternative virtual arrangements were implemented thereafter to facilitate continued multi-agency engagement and tasking meetings.

Alternative methods of service delivery were implemented for responding to reports of anti-social behaviour. Tenancy reviews also continued by means of desktop review and telephone contact. Any instances of alleged tenancy fraud which required escalation were promptly referred to the Council. Estate inspections were suspended for part of the first quarter of the year but were reinstated at the earliest opportunity.

Key performance indicators

The target for the percentage of rent collected of rent was under target at 97.70% (target 98%) in what has been a very challenging year. Performance in March was boosted by a successful year end campaign. The total amount collected was £132,055.25 short of target. However, the target for current rent arrears as a percentage of rent debit (3.5) was exceeded, achieving 3.37. This bettered original and revised forecasts produced by Walsall Housing Group's predictor tool.

Despite the challenges faced due to Covid-19, the average stay in temporary accommodation has remained ahead of target since April 2020 with the exception of December. The challenging 50% performance target for homelessness prevention or relief was not met overall, but it was extremely encouraging to see that the continued efforts of the team resulted in the target being exceeded for February and March.

Strategic Report

31 March 2021

(continued)

The target for net gain in Wellbeing service users was seriously impacted by the Covid-19 pandemic.

Housing and Communities			
KPI ref	KPI Description	Target	Actual
NS1	Percentage of rent collected of rent due	98.00%	97.70%
NS2	Percentage of leaseholder service charges collected	99.00%	99.37%
NS4	Percentage of rent paid by digital means including Direct Debit	70.00%	71.25%
WR3	Reduction in arrears due to Money Advice Team intervention	£350,000	£939,184.08
WR15	Current tenant arrears as % of rent debit	3.5	3.37
NS9	Percentage of flatted blocks passing cleaning inspection	98.00%	99.85%
NS10	Percentage of estate inspections completed	90.00%	96.35%
HO1	Average stay in temporary accommodation (all) - days	112	74
HO3	Average stay in temporary accommodation (Budget hotels) – days	10	22
HO5	Percentage of homeless approaches where prevention or relief achieved	50.00%	42.47%
WB20	Net gain in paying Wellbeing service users	108	-121

CUSTOMER AND BUSINESS SUPPORT

Strategic Aim: Passion in People

Strategic objective 1: Implement a Community Engagement roadmap to empower customers and involve them in the heart of decision making

Delivering a step change improvement in customer satisfaction and engagement is an absolute priority for SCH. Effective engagement is key to ensuring that services are delivered to meet customers need and in the way that they want to receive them.

In common with other SCH services, some of the Customer and Business Support work was adversely impacted by Covid-19. It was not possible to progress TPAS accreditation in view of the additional demands placed on the team, particularly during the initial lockdown when SCH was providing support to vulnerable and shielding tenants. Also, it would not have been possible to carry out some of the activities required to achieve accreditation within the prevailing restrictions.

Despite the difficulties, significant progress was made. The scrutiny function has been refreshed and digital engagement accelerated in the context of the pandemic, with increasing use of the customer portal and important service information communicated via the website and other digital means.

Strategic Report

31 March 2021
(continued)

Strategic objective 2: Delivering services for customers in the way they want and reduce customer effort

Easy access to services by a variety of means for the convenience of our customers is a primary focus and good progress has been achieved. Work on customer journey / process reviews was carried out, with an initial focus on repairs and ASB, and recruitment of a Business Process Analyst to provide a dedicated resource.

Contact centre improvement work started albeit delayed. The team faced very considerable service delivery pressures exacerbated by the pandemic, which impacted on the office base and necessitated remote working arrangements, while maintaining a key first point of contact for customers.

Strategic objective 3: Continuously improving services and processes through customer insight

Effective use of data and technology informs and drives service improvement. Work has been carried out to improve the data capability across SCH including customer surveys, benchmarking and performance dashboards. A Business Process Analyst was also recruited.

An SCH Equality, Diversity and Inclusion Strategy, and associated Action Plan, was developed which will be implemented and embedded in 2021-22.

A range of technological improvements and upgrades were either completed or instigated during the year, some elements of which were accelerated because of increased remote working. In addition, a complete review and business case process was carried out for a workflow solution.

Strategic objective 4: Embedding a clear approach to supporting vulnerable customers across all SCH services

Within the wider context of providing consistently high standards of service to customers, recognising the needs of more vulnerable customers and delivering services to meet individual needs is a priority for SCH. While this was identified as a priority before the pandemic, the spread of the virus and the increased threat posed to older and more vulnerable customers has driven our approach during 2020/21. Significant learning has been gleaned from the work carried out this year to support vulnerable and shielding customers and this will inform the work to further this objective during 2021-22.

The restrictions imposed because of Covid-19 resulted in increased risks for those people experiencing or at risk of domestic or other abuse. While face to face multi-agency meetings could not happen, SCH participated in the alternative virtual arrangements which were put into place. Alternative training options and a wide range of briefings and customer information was made available to SCH and other partner agencies for the benefit of customers and staff. Solihull's All Age Exploitation Reduction Strategy was launched in March and work has begun to embed the relevant processes and procedures during the course of 2021/22.

Strategic objective 5: Supporting and developing our staff

The knowledge, skills and behaviours of our staff are central to achieving our objectives. SCH intends to create a working environment where our staff teams are motivated, empowered and feel supported.

Covid-19 did affect some activity in this area. It was not possible to carry out the considerable amount of work required to attain the Thrive at Work Bronze Award at a time when HR and other business

support resources were required to respond to urgent needs generated by the pandemic. This work will carry forward with a view to achieving the award in the early part of 2021-22.

The planned staff conference could not take place and will shift to next year, when a range of delivery options will be considered to maximise the prospects for a successful event.

However, a considerable amount of progress was made during the year. The Leadership Development programme progressed virtually, the online Learning Pool was introduced, the appraisal process, incorporating a set of SCH HEART behaviour indicators, was embedded, and a dedicated area created on the intranet for 'My Healthy SCH' wellbeing initiatives.

A planned staff awards event was not possible in its intended format but a successful staff recognition week was held. Regular staff engagement surveys were introduced and quarterly EMT 'roadshows' instigated.

A key piece of work was the development of a comprehensive SCH People Strategy, which will drive the key initiatives to further support and develop SCH individuals and teams.

Strategic Report

31 March 2021

(continued)

Finance, Governance and Risk

An internal audit of information governance and a review of the Risk Management Policy were completed. In addition, a new health and safety management system was implemented.

Key performance indicators

To evidence whether our efforts to improve customer satisfaction levels are having a positive impact, the Customer and Business Support team work closely with the other service directorates to monitor key satisfaction metrics relating to repairs, the standard of the homes that we let, and anti-social behaviour case handling.

Satisfaction with individual service elements did not achieve the targets set and efforts to improve satisfaction levels continue. However, overall satisfaction with SCH was 85.69%, exceeding the target of 85%.

At year-end, short term sickness absence was 2.81 days (target 4 days).

Customer Service and Business Support			
KPI ref	KPI Description	Target	Actual
AM19	Satisfaction with response repairs service	92.00%	89.01%
VL19	Satisfaction with new home	87.00%	82.86%
NS6	Satisfaction with ASB case handling	87.00%	54.65%
CR2	Overall satisfaction	85.00%	85.69%
CR1	Percentage of complaints resolved at stage 1	97.00%	98.58%
CR5	Short term staff sickness days	4.00	2.81
CR11	Enquiries resolved at first point of contact (Contact Centre)	85.00%	80.18%
CR28	Percentage of tenants using customer portal	20.00%	28.50%
CR29	Satisfaction with customer service Contact Centre	90.00%	83.70%
CR32	Employee engagement	85.00%	83.02%
CR34	Complaints resolved in timescale	90.00%	81.63%

FUTURE CONSIDERATIONS

Subject to successful control of the Covid-19 virus and consequent gradual lifting of restrictions, SCH will continue with its own recovery roadmap to reinstate services and progress our challenging delivery priorities. However, we have learned a great deal over the last 12 months and the way in which services are delivered will change. Key projects for the coming year include:

Strategic Report

31 March 2021

(continued)

Asset Management and Development:

- Asset Management Strategy Implementation and long term planning
- Building Safety Capital Projects
- Kingshurst Village Centre Regeneration and Housing Development

Housing and Communities:

- Tenure neutral ASB service redesign
- Wellbeing service model including DFG delivery

Customer Service and Business Support:

- Customer Experience Improvement Programme
- Customer Engagement Framework and TPAS Accreditation
- People Strategy and staff support development and wellbeing
- Vulnerable customer priority service register
- Business process mapping and workflow design
- Blended working model

PRINCIPAL RISKS

- Potential continuing impact of Covid-19
- Resurgence of spread of virus / variants impacting on:
 - Repairs
 - Income collection rates
 - Homelessness presentations
 - Void performance and loss of rental income
 - Impact on contractors / supply chains
- Increased demand on services in consequence of lifting of support measures introduced in light of Covid-19
- Readiness to deliver on fire and building safety obligations and any regulatory and performance requirements emerging from the Housing White Paper.

All of these issues will be considered within the SCH risk management process and reviewed on a regular basis.

Strategic Report

31 March 2021

(continued)

The financial performance (separating out the impacts of IAS19 – Pensions and taxation) against budget and the previous year can be summarised as follows:

	2020/21 Actual £'000	2020/21 Budget £'000	2019/20 Actual £'000
Revenue			
Income	22,401	22,365	21,422
Expenditure	(23,172)	(22,365)	(21,697)
Surplus	(771)	-	(275)
Capital			
Income	18,979	21,607	12,837
Expenditure	(18,979)	(21,607)	(12,837)
Surplus	-	-	-
Combined			
Income	41,380	43,972	34,259
Expenditure	(42,151)	(43,972)	(34,534)
Surplus before tax and pension adjustments	(771)	-	(275)
Corporation tax	(10)	-	(12)
Revaluation gain	442	-	-
IAS19 Pension adjustments	(1,515)	-	(1,515)
Loss per Income Statement	(1,854)	-	(1,802)

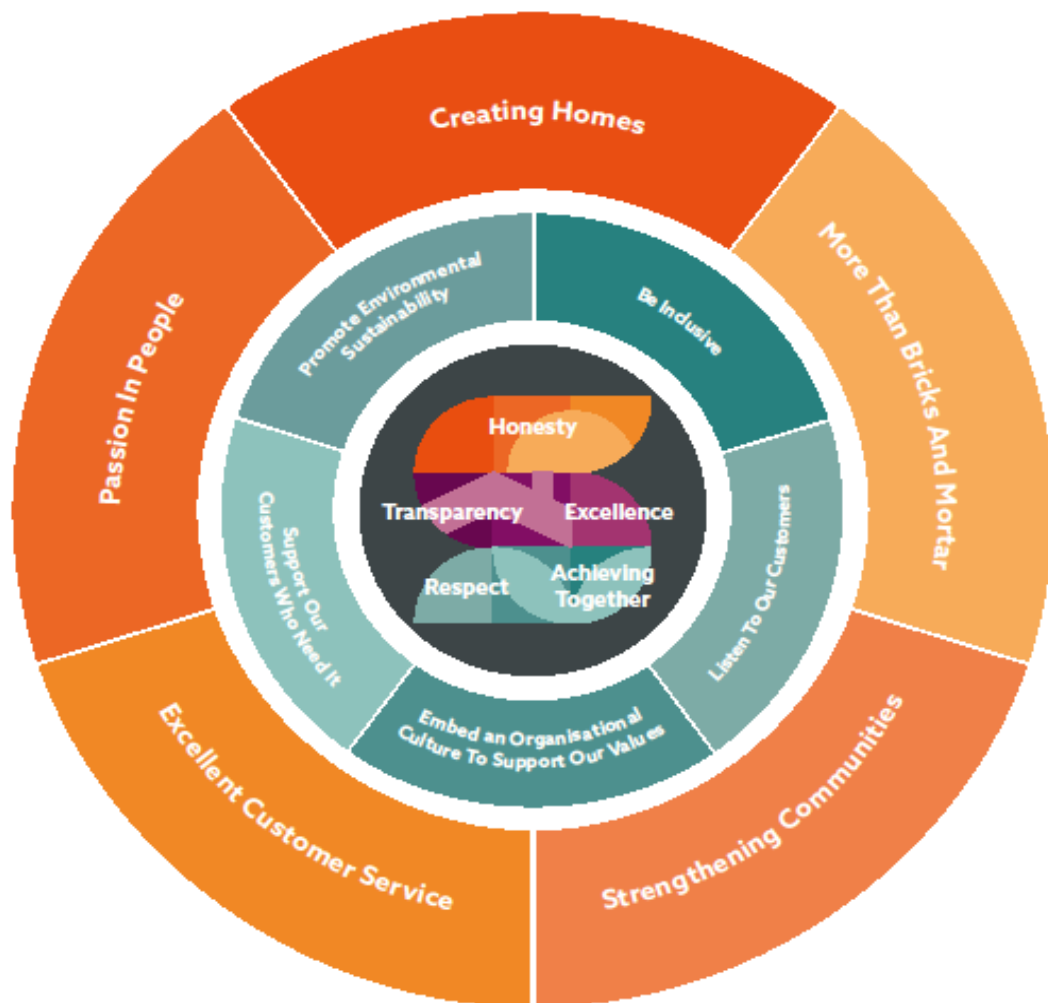
Strategic Report

31 March 2021

(continued)

SCH STRATEGIC VISION: CREATING BETTER HOMES AND THRIVING COMMUNITIES

Strategic Aims
Commitments
Values



Strategic Report

31 March 2021

(continued)

SCH STRATEGIC AIMS AND OBJECTIVES

Strategic Aims	Strategic Objectives
Creating Homes	Data driven approach to manage our stock portfolio in a proactive, green and environmentally sustainable way
	Ensure our homes are safe
	Optimise the value and impact of the property maintenance service
	Growth in social housing in partnership with Solihull Council
More than Bricks and Mortar	Delivering excellent core housing management services that are integrated and highly visible
	Enhanced service offers to support our wider customer base to achieve positive outcomes
	Reducing homelessness and risk of homelessness across the Borough
Strengthening Communities	Working collaboratively with partners and stakeholders to create resilient and thriving communities
	Implement a Community Engagement roadmap to empower customers and involve them in the heart of decision making and further support thriving communities
Excellent Customer Service	Delivering services for customers in the way they want and reduce customer effort
	Continuously improving services and processes through customer insight
	Embedding a clear approach to supporting vulnerable customers across all SCH services
Passion in People	Supporting and developing our staff

Approval

The Strategic Report was approved by the Board on the 21 June 2021 and signed on its behalf by:



Richard Hyde

Chair

21 June 2021

Report of the Directors

31 March 2021

The Directors present their report and the audited financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the management and maintenance of Council social housing stock and other related activities.

DIRECTORS AND CHIEF OFFICERS

The Directors and Chief Officers of the Company during the year and subsequently are set out on page 1.

SCH also has the following Committees who have responsibility for specific areas:

- Audit and Risk Committee
- Human Resources & Remuneration Committee
- Housing Operations Committee

EMPLOYEES

SCH remains committed to ensuring that employees are fully engaged with the work that SCH does and the future plans for the business. There is a clear programme of communication and engagement with all staff including the cascade of Core Brief, regular face to face team briefs, an extensive intranet site as well as team meetings and briefings. There are clear lines of communication and reporting and well documented procedures for staff to raise any concerns and issues. Positive relationships with recognised trade unions (UNITE and UNISON) are in place with regular meetings to discuss changes and new policies that affect staff.

Following the introduction of a new staff appraisal system in 2019, SCH has invested in a staff development programme for all staff to extend their skills and behaviours to better serve our customers. Progress has managed to continue in the latter part of 2020 through the use of virtual tools such as video conferencing, on-line information and learning. This was necessary because of covid restrictions.

2020/21 has been a difficult year where business as usual had to be disrupted to provide capacity to respond to the covid pandemic, particularly from April until July. This was a significant priority to us as a partner of Solihull Council and the need to protect our most vulnerable customers. Our staff have acted above and beyond in trying to tackle the increased challenges our customers face such as homelessness, domestic violence and protecting those that are clinically extremely vulnerable.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors and Chief Officers who were in office on the date of approval of these statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors and Chief Officers have confirmed that they have taken all the steps that they ought to have taken as Directors or Chief Officers in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

AUDITORS

Following an external tender process RSM UK Audit LLP have been confirmed as auditor for the Company for an initial period of 3 years (up until 31 December 2022).

STRATEGIC REPORT

The Company has chosen in accordance with S414C(ii) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Company's Strategic Report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 within the Directors' Report.

Report of the Directors

31 March 2021

(continued)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year, these provisions remain in force at the reporting date.

APPROVAL

The report of the Directors was approved by the Board on the 21 June 2021 and signed on its behalf by:

A handwritten signature in blue ink that reads "Richard Hyde". The signature is written in a cursive style with a large loop at the start of the first name.

Richard Hyde
Chair
21 June 2021

Statement of Directors' Responsibilities for the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Annual Governance Statement

31 March 2021

INTRODUCTION

The SCH Board acknowledges its overall responsibility for establishing and maintaining a system of governance, risk management and internal control to review the company's effectiveness and protect and make the best use of public funds. The board comprises of 10 members and 3 committees, namely the Audit and Risk, Housing Operations and Human Resources and Remuneration committee, who are responsible for the strategic governance of the company.

This Annual Governance Statement covers SCH's significant corporate systems, processes and controls, including in particular those designed to ensure that:

- Laws and regulations are complied with
- Policies are implemented in practice and required processes are adhered to
- High quality services are delivered efficiently and effectively
- The company's values and ethical standards are met
- Performance and financial statements and other published information are reliable
- Human, financial and other resources are managed efficiently and effectively.

The Annual Governance Statement is reviewed by the Audit and Risk Committee prior to its approval by the Board. Once approved, it is signed by the Chair and the Chief Executive before being published on SCH's website.

THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values that SCH is directed and controlled by. It enables the organisation to monitor the achievement of its strategic objectives as set out in the vision and delivery plan, and to consider whether those objectives have led to the delivery of appropriate, cost effective services. The SCH values of **Honesty**, **Excellence**, **Achieving together**, **Respect** and **Transparency** underpin the framework and all the activities undertaken by the organization.

Although there is already a strong framework in place, SCH has continued to refine (as well as monitor) the processes for identifying, evaluating and managing the significant risks faced by the company. These systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

REVIEW OF EFFECTIVENESS

SCH undertakes annually a review of the effectiveness of its governance framework, including the system of internal control. Accordingly, the company has developed a methodology for reviewing its framework and producing this Annual Governance Statement. The outcomes of the review are considered by the Chief Executive with support from the relevant officers, Audit and Risk Committee and the Chair. Once approved, the Annual Governance Statement is published alongside the Statement of Accounts.

ASSURANCE FROM MANAGEMENT

All Executive Directors have provided assurance that they are satisfied that staff within their sphere of control are compliant with the governance framework including Standing Orders, Rules for Contract, Financial Regulations, Health and Safety and Risk Management. Each senior manager has also completed an individual self-assessment of their own area of control, highlighting any areas of concern or requiring further action to strengthen the control measures to safeguard company assets. Following this process a detailed action plan has been developed, to further strengthen areas where Executive Directors highlighted any gaps in the control measures

OTHER INTERNAL ASSURANCE

Audit Services

Audits were carried out throughout the year remotely in accordance with the annual internal audit plan, and recommendations for improvement were made and shared with the ELT and Audit and risk committee. Implementation of audit recommendations were tracked using an online recommendation tracking system and delays in implementation were escalated to senior management.

Annual Governance Statement

31 March 2021

(continued)

No significant governance concerns were identified in the audits undertaken in 2020-21. The latest Procurement audit indicated that the service now provided moderate assurance, work ongoing to improve controls in this area. The Contracts management audit while identifying strengths in certain areas also picked up key improvements needed in its corporate framework; recommendations have been made accordingly.

Risk Management

Responsibility for the strategic oversight of risk lies with the Audit & Risk Committee, with the Chair of the Committee taking responsibility for reporting any issues of concern to the SCH Board.

The Corporate and Team Risk Registers are monitored by the Executive Leadership Team on a quarterly basis and by the Audit & Risk Committee four times per year. The registers detail the identified risks and the mitigating actions in place to deal with them, as well as clearly defined management responsibilities for their identification, evaluation and control.

New risk registers were created during the year to address risks arising out of the Covid-19 pandemic. A joint risk register was developed with SMBC to support the management of the Strategic Housing Framework board.

There is also an annual risk management report presented to the full Board.

Performance Management

There are robust strategic and business planning processes which have included contributions from staff at all levels. An agreed suite of performance indicators (both local and national) at team and corporate level and as part of the quarterly monitoring by SMBC, are monitored quarterly as part of the client function.

Robust KPIs are in place which are reviewed as part of the delivery plan development and there is regular reporting to senior management and the SCH Board of key business objectives, targets and outcomes. The SCH Board have started the process of developing a Self-Assessment Dashboard with key strategic key performance indicators to ensure that they have a focus on measures which impact significantly on the business.

The SCH Board have started the process of developing a Self-Assessment Dashboard with key strategic key performance indicators to ensure that they have a focus on measures which impact significantly on the business.

Both Non-Executive and Executive Directors are developing a strategic dashboard of overarching business critical performance data to provide insight and assurance to the Board on a regular basis. The dashboard was discussed at a recent Board Away Day and followed up at a Board meeting. A further workshop is planned with external challenge and facilitation before the dashboard is due to be approved by the full Board in early June 2021.

The Board have oversight of the skills mix of the Board and review this regularly and tailor recruitment accordingly.

Information Governance

SCH's approach to Information Governance is underpinned by policy, guidance and training. This includes a full suite of policies based upon the information security standard BS ISO/IEC 27002:2013 and mandatory GDPR and Protecting Information training courses which all employees must complete. There are clear management and accountability structures in place, which are outlined in the Information Governance Framework. The SCH Governance Team work closely with the SMBC Information Governance Team to ensure full compliance with Freedom of Information and Data Protection.

Oversight of the internal governance arrangements is provided by both ELT and Board; any failure to comply with statutory compliance with Companies House or Financial Conduct Authority would result in notifications from the relevant authorities.

Annual Governance Statement

31 March 2021

(continued)

Financial Management

Financial monitoring goes to the SCH Board on a quarterly basis so that all members take responsibility for financial oversight.

In September 2020 the SCH Board received a report from the Chief Financial Officer setting out proposals for shaping the 2021/22 to 2023/24 Budget Strategy, which allowed the Board to have a strategic discussion around the 10 year Financial Plan including reviewing costs, inflation assumptions, savings, income generation and financial dashboard. This discussion helped inform the budget planning process.

SCH has detailed financial annual budgets, a 5-year medium term financial plan and a 30- year financial Business Plan, supported by regular monitoring meetings with individual budget holders and at directorate level, as well as formal, scheduled reporting to the Executive Leadership team and the SCH Board.

Procurement

Systems are in place for compliance with the SCH Standing Orders-Rules for Contract and Financial Regulations.

Spend monitoring outcomes are reported on an on-going basis to senior management and/or the Audit and Risk Committee, to ensure appropriate levels of challenge within the monitoring process. A Procurement page has been created on the intranet and is being populated with updated documents. Key risks have been recorded in the Procurement risk registers and are managed according to the risk profile.

Equalities Framework

SCH complies with the Equality Act 2010. Systems for monitoring and assessing compliance are supported by an extensive range of measures, including an Equality, Diversity and Inclusion Policy, Fair Treatment Assessments in key services and making SCH an inclusive service provider by tailoring services to meet individual needs and circumstances wherever possible.

SCH demonstrates performance on equality, diversity and inclusion by:

- Annually publishing information about the diversity of its workforce and gender pay gap information.
- Annually publishing its approach to meeting customer needs under the Public Sector Equality Duty reporting arrangements.
- Signing up to the government's Disability Confident Employer Scheme.

SCH has had no prosecutions or enforcement notices issued against it for breach of the Equality Act 2010.

Health and Safety

Health and safety performance reports are presented on a regular basis to the Executive Leadership Team and the SCH Full Board. The reports provide an overview of key performance, including the number of reported accidents/incidents, commentary on key aspects of health and safety including legislative updates. As such, the reports confirmed that:

- Health and safety arrangements are in place within SCH, but with some areas of improvement required;
- There have been no regulatory interventions or enforcement action taken against the SCH in the last year;
- Following the government review of building regulations and fire safety, changes to the industry are taking place which will affect SCH and SMBC in the future;
- SCH have introduced an online health and safety management system to make improvements to the management of reported accidents and incidents at work, risk assessment and audit;
- Health and safety action plans continue to be maintained to help make improvements to the management of health and safety in the organisation. This is monitored by the Corporate Health and Safety Group.

Annual Governance Statement

31 March 2021

(continued)

Assurance from Customers (Complaints and compliments) and Ombudsman Complaints -

The SCH Customer Engagement Framework gives an opportunity for customers to be involved in the shaping and delivery of services.

A new Housing Ombudsman Code of Guidance for complaint handling has been introduced during 2020/21. A self-Assessment against code was completed as required and reported to Board 30 November 2020. Arrangements are in place to achieve full compliance.

During 2020/21 there was one Ombudsman determination of service failure resulting in a £100 compensation (September 2020) although the service failure had been in the previous year.

Systems are in place for monthly monitoring of complaint handling compliance and follow up and the Executive Directors have monthly reports on complaints within their service areas.

All complaints are monitored by Governance Team and any issues escalated to relevant Executive Director.

ASSURANCE FROM EXTERNAL INSPECTIONS

External Audit

The last "Audit Findings" Report issued by RSM UK Audit LLP was presented to Audit and Risk Committee on 22 June 2020. The Report was positive, did not identify any control weaknesses and made no recommendations for management to consider.

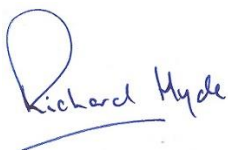
RSM confirmed that in their opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006

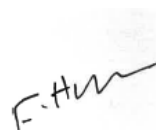
CONCLUSION AND EVALUATION

As Chair and Chief Executive, we have been advised on the results of the review of the effectiveness of the SCH's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We are also satisfied that over the coming year, SCH will take appropriate steps to address any significant governance issues including the impacts from Covid-19 and we will monitor their implementation and operation as part of our next annual review.



Richard Hyde
Chair



F. Hughes
Chief Executive

21 June 2021

Independent Auditor's Report to the Members of Solihull Community Housing Limited

Opinion

We have audited the financial statements of Solihull Community Housing Limited (the 'company') for the year ended 31 March 2021 which comprise Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included a review of the budget prepared and approved by management for the period to 31 March 2024. In addition, we have obtained a confirmation letter from Solihull Metropolitan Borough Council (SMBC) confirming the level of management fee agreed for the year to 31 March 2022. SMBC have also provided a letter of support confirming that the council have no plans to request repayment of the outstanding creditor balance in the period to the end of June 2022.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are 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.

Independent Auditor's Report to the Member of Solihull Community Housing Limited

(Continued)

Other information (Continued)

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

We have nothing to report in this regard.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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 these financial statements.

Independent Auditor's Report to the Members of Solihull Community Housing Limited

(Continued)

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are IFRS/UK-adopted IAS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied.

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

Use of our report

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

Independent Auditor's Report to the Members of Solihull Community Housing Limited

(Continued)

RSM UK Audit LLP

ANNA SPENCER-GRAY (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date 25 June 2021

Statement of Comprehensive Income

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
REVENUE	1	41,380	34,259
Operating expenses	3	(43,362)	(35,672)
(LOSS)/ PROFIT FROM OPERATIONS		(1,982)	(1,413)
Finance costs	4/16	(304)	(377)
LOSS BEFORE TAXATION		(2,286)	(1,790)
Income Tax expense	6	(10)	(12)
LOSS FOR THE YEAR	14	(2,296)	(1,802)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Actuarial (loss)/ gain on defined benefit obligations	17	(8,145)	4,269
Gain on property revaluation	8	442	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(9,999)	2,467

The profit from operations for the year arises from the Company's continuing operations (note 3).

The profit for the year is entirely attributable to its sole member (note 13).

Statement of Changes in Equity

for the year ended 31 March 2021

	Note	Total Equity & Reserves £'000
BALANCE AT 1 April 2019		(4,056)
Loss for the financial year to 31 March 2020		(1,802)
Actuarial gain relating to the pension scheme	17	4,269
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,467
BALANCE AT 31 March 2020		(1,589)
Loss for the financial year to 31 March 2021		(1,854)
Actuarial loss relating to the pension scheme	17	(8,145)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(9,999)
BALANCE AT 31 March 2021		(11,588)

Balance Sheet

at 31 March 2021

	Note	2021 £'000	2020 £'000
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	2,312	1,912
Right of use assets	16	1,070	1,152
CURRENT ASSETS			
Inventories	9	94	162
Trade and other receivables	7/10	2,825	2,784
Cash and cash equivalents	7/15	10,937	12,260
TOTAL ASSETS		17,238	18,270
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7/11	(5,296)	(6,180)
Current tax liabilities	6	(10)	(13)
Lease liabilities	16	(356)	(320)
Borrowings	7/12	(35)	(34)
		(5,697)	(6,559)
NON CURRENT LIABILITIES			
Borrowings	7/12	(448)	(483)
Lease liabilities	16	(719)	(83)
Retirement benefit net obligations	17	(21,884)	(11,980)
Other non-current financial liabilities	7/11	(78)	
TOTAL LIABILITIES		(28,826)	(19,859)
NET LIABILITIES		(11,588)	(1,589)
EQUITY – Attributable to parent			
Retained earnings	14	(11,588)	(1,589)
TOTAL EQUITY – ATTRIBUTABLE TO MEMBER		(11,588)	(1,589)

The financial statements on pages 26 to 51 were approved by the Board and authorised for issue on 21 June 2021 and are signed on their behalf by:



Richard Hyde



N. Hyde

Mr Richard Hyde
Chair

Mr Nigel Page
Chair of Audit and Risk Committee

Statement of Cash Flows

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
OPERATING ACTIVITIES			
Cash (outflow)/inflow from operations	15	(886)	1,227
Interest paid	4	(37)	(38)
Corporation tax paid		(13)	(13)
NET CASH USED IN OPERATING ACTIVITIES		(936)	1,176
FINANCING ACTIVITIES			
Repayments of borrowings	12	(34)	(34)
Repayment of lease liabilities	16	(353)	(288)
NET CASH USED IN FINANCING ACTIVITIES		(387)	(322)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,323)	854
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		12,260	11,406
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	10,937	12,260

Significant Accounting Policies

31 March 2021

BASIS OF ACCOUNTING

The financial statements have been prepared on the historical cost basis other than the revaluation of freehold properties. The principal accounting policies are set out below. The financial statements have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS") and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

GOING CONCERN

The accounts have been prepared on a going concern basis. The Strategic Report sets details of the delivery plan and the five-year Strategic Vision which is the basis on which the directors have been able to make this assumption. This includes consideration of the trading activities of the Company along with the five-year rolling Management Agreement signed on 24 April 2015. The Council, at the Full Cabinet meeting on 11 February 2021, approved the roll-over of this agreement for the period 2021/22 to 2025/26. The Company also has sufficient cash reserves available should it be required to draw upon them.

Due consideration has been given to the current Covid-19 pandemic and it is acknowledged that at the outset services were impacted with staff redeployed to support the Company's response to this global pandemic. Throughout the various lockdown periods services have been reassessed to ensure safe delivery, however, the company is now providing all services, albeit in a continuing Covid-19 safe manner. The Council has provided the Company with a letter of support that confirms the Council has no plans to request repayment of the outstanding creditor balance in the period to the end of June 2022. This added to the ongoing unaffected level of revenue management fee for 2022/23 reinforces the accounts being prepared on a going concern basis.

REVENUE

Revenue consists of the invoiced value (excluding VAT) for goods and services supplied. The revenue taken to the Income Statement reflects the Company's right to consideration in exchange for performance.

Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from services is recognised on a time-apportioned basis by reference to the provision of services set out in the Management Agreement, applicable Service Level Agreement or contract for services.

Sales of goods or property are recognised when goods are delivered and title has passed. Delivery occurs when the risks and rewards of ownership have been transferred to the customer.

PROPERTY

Housing properties were initially recorded at cost less any identified impairment loss until the date of the first revaluation which took place on 31 March 2016. All Housing properties are now included within the accounts at Existing Use Value (Social Housing).

Completed properties are then subject to a full re-valuation every 5 years by an independent valuer who is a member of the Royal Institution of Chartered Surveyors - the market values for the properties being then adjusted to Existing Use Value - Social Housing (EUV-SH).

This method applies a reduction to the market value of the property in order to reflect the service potential of the asset in its delivery of social housing objectives. The percentage reduction applicable to the assets is that defined by the Ministry for Housing, Communities and Local Government. Where a change in the percentage applied to arrive at the EUV-SH value is considered to result in a material change in the value of the Company's assets, this change will be applied immediately as a desktop exercise, even where a full revaluation is not yet due.

The change in the EUV-SH percentage itself is assumed not to materially change the underlying value of the property.

Any amounts arising as a result of revaluation, exceeding the historical cost, are credited to the revaluation reserve.

Significant Accounting Policies

31 March 2021

(continued)

DEPRECIATION

Depreciation is calculated so as to write off the cost or revalued amount of an asset, less its estimated residual value, over the useful economic life of that asset. Depreciation is calculated using the straight line method at rates set out below. A full year's depreciation is charged in the year of acquisition and no depreciation in the year of disposal.

Freehold Land and Assets in the Course of Construction are not depreciated.

In accordance with International Accounting Standard 16 (IAS16), SCH's housing properties are split into their underlying components as defined by the BCIS "Component Life Survey" and each component is depreciated separately. SCH uses the following components with useful lives as shown:

- Substructure (over 50 years)
- Superstructure (over 50 years)
- Internal Finishes (over 40 years)
- Fittings (over 15 years)
- Services (over 25 years)
- External works (over 35 years)

HOUSING PROPERTIES

Depreciation is calculated on each component of the asset so as to write off the cost, less its estimated residual value, over the lower of 50 years or the useful economic life of each component. The useful economic life is determined separately for each development.

Revaluation gains and losses are applied across land and structure as appropriate.

IMPAIRMENT OF PROPERTY

At each reporting date, the Company reviews the carrying amounts of its property assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried above historical cost, in which case the reversal of the impairment loss is treated as a revaluation increase.

SHARED OWNERSHIP PROPERTIES

Properties acquired or constructed for re-sale are recorded as a current asset (within Inventories) at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Where a property is acquired for re-sale on shared ownership terms, the proportion of the asset related to the first "tranche" for sale is recorded as a current asset (as set out above) until it is sold, the balance is held as a non-current asset within Housing Properties and depreciated accordingly. The non-current asset element is revalued in line with the accounting policy (for Property) set out above. Revenue from the initial first "tranche" sales of shared ownership properties is recognised as revenue. Sales of subsequent tranches are recognised

as the disposal of a non-current asset, with the profit or loss on disposal being credited to the Statement of Comprehensive Income.

Significant Accounting Policies

31 March 2021

(continued)

GOVERNMENT GRANTS

Grants in respect of revenue activities are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate, once reasonable assurance has been gained that the Company will comply with the conditions attaching to them and that the funds will be received.

The Company adopts the revaluation model for its housing properties and any related income from government grants is, therefore recognised by crediting the grant to revenue under the performance model.

Government grants released on sale of a property may be repayable but are normally available to be recycled are credited to a Recycled Capital Grant Fund and included in the Balance Sheet as a liability, where applicable.

OTHER GRANTS

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income and included as a liability in the Balance Sheet.

INVENTORIES (excluding Shared ownership properties)

Inventories are stated at the lower of cost and estimated value in use. Cost comprises direct material costs and (where applicable), direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First in First Out (FIFO) method.

LEASES

IFRS 16 is the new Lease Accounting Standard that came into effect from April 2019. The adoption of this new Standard has resulted in SCH recognising a right-of-use asset and related lease liability in connection with all former operating leases with the exception of those leases with a remaining lease term of less than 12 months from the date of initial application.

The new standard has been applied using the cumulative catch-up approach with the right-of-use asset under leases being measured at an amount equal to the lease liability. This new standard includes an optional exemption that can be applied on transition, meaning that leases previously accounted for as an operating lease with a remaining term of less than 12 months can be accounted for on a straight-line basis over the remaining lease term. SCH have applied this exemption to a lease for water units which has a lease end dates during 2020/21.

Depreciation has been applied to right-of-use assets on a straight-line basis from date of transition for existing leases or lease commencement date for leases entered into within the current financial year.

FINANCIAL INSTRUMENTS

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

Financial assets

Receivables: Trade and other receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment.

Significant Accounting Policies

31 March 2021

(continued)

FINANCIAL INSTRUMENTS (continued)

A provision for impairment is made where, in the opinion of the Directors, there is a reasonable likelihood that amounts will not be recovered in accordance with the original terms of the agreement. The level of the provision depends on the nature of the debt and the customer's payment history. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the Income Statement.

Cash and cash equivalents/liquid resources: Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

Bank overdrafts are presented within current liabilities.

Investments: Short-term investments, comprising short term deposits with maturities of three months or more, are stated at cost and classified as current assets.

Borrowings: Interest bearing loans and overdrafts are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the Income Statement over the term of the instrument using an effective rate of interest.

Payables: Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

TAXATION

The relationship between the Company and its parent undertaking has been recognised as non-trading in nature. Consequently, any activities that the Company carries on with its parent under its Management Agreement are not liable to corporation tax.

Where the Company has trading income from outside its parent Company, this may be liable to Corporation Tax. The tax payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date. The tax expense represents the sum of the current tax expense and deferred tax expense.

DEFERRED TAXATION

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the Statement of Changes in Equity, the related taxation is also taken directly to the Statement of Changes in Equity in due course.

At the reporting date, the Company has a potential deferred tax asset in respect of the pensions deficit of £21,884,000. No deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available.

Significant Accounting Policies

31 March 2021

(continued)

PENSIONS

All permanent employees of the Company are entitled to join the local government "defined benefit" pension scheme, the West Midlands Pension Fund, which is administered by Wolverhampton City Council and provides members with defined benefits, related to pay and service. During the year, the Company paid an employer's contribution rate of 16% (2020: 19.9%) into the fund in addition to meeting all pension payments relating to added years benefits awarded during the year, together with any related increases.

In accordance with IAS 19 "Employee benefits" revised, the service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service, and the administration cost is charged to the Income Statement. A net interest charge on the defined benefit liability based on the discount rate at the start of the year is included in the Income Statement under "Finance costs".

The difference between the fair value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet net of any deferred tax. Any difference between the expected return on assets and that actually achieved is recognised in the Statement of Comprehensive Income along with differences arising from experience or assumption (financial and demographic) changes.

Through its defined benefit pension scheme the company is exposed to a number of risks, the most notable being:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can require additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not fluctuate in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

Further information on pension arrangements is set out in Note 17 to the accounts.

STANDARDS ADOPTED EARLY BY THE COMPANY

The Company has not adopted any standards or interpretations early in either the current or the preceding financial year.

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – effective 2023

None of these standards are expected to have a material impact on the Company's financial statements.

Areas of Judgement and Risk Management

31 March 2021

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The Company makes estimates and assumptions concerning the future that are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The Strategic Report set out on pages 3 to 14 of these accounts sets out a commentary on the current and future trading activities of the Company as well as the key risks underlying its operations. The evidence gathered in this exercise forms a key element of the Directors' assessment of whether SCH continues to be a going concern.

The estimates (and related assumptions) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are in relation to the pension scheme and the property revaluations. The detailed assumptions in relation to the pension scheme are set out in Note 17 to the accounts. Solihull Community Housing's ("SCH") parent, Solihull Council confirms on an annual basis that they expect SCH to make best endeavours to maintain a fully funded scheme by complying with any guidance issued by the actuary with regard to contribution levels. In line with the Company's accounting policies its property portfolio is revalued every five years. The first such revaluation took place on 31 March 2016 with the most recent full revaluation taking place on 31 March 2021. Details are set out in Note 8 to the accounts.

FINANCIAL RISK MANAGEMENT

The Board of SCH is responsible for identifying, evaluating and managing the significant risks faced by the Company. The Chair of the Audit and Risk Committee jointly champions risk management (including the management of financial risks) throughout SCH on an ongoing basis together with the Chief Financial Officer

The Chief Executive and SCH's Executive Management Team (EMT) are collectively responsible for managing strategic risks as well as being responsible for managing operational risks in their individual areas of responsibility.

SCH maintains a Corporate Risk register and each Executive Director maintains a supporting Service Risk Register. A series of workshops have been held this year to rebuild these risk registers from the ground up. These registers set out the identified risks and the mitigating actions in place to deal with these risks, as well as clearly defined management responsibilities for their identification, evaluation and control. The Executive Leadership Team (ELT) carry out quarterly formal reviews of the registers and report the strategic risks to the Board twice a year.

Monitoring exposure to financial risks forms a key part of SCH's overall risk management processes. The Annual Governance Statement set out on pages 18 to 21 of these accounts sets out a more detailed explanation of SCH's approach to the management of both financial and operational risk.

Liquidity Risk and Credit Risk

SCH's objective is to meet its liabilities as they fall due whilst maintaining sufficient funds to enable the Company to react to unexpected changes in market conditions.

The Company is largely dependent on its largest customer, Solihull Council. The Capital and Revenue Management Fees and income from Service Level Agreements from Solihull Council represent 96% (2020: 96%) of SCH's income and are receivable monthly in advance. SCH is dependent on Management Fee income in order to maintain the necessary cash flow to operate effectively.

Solihull Community Housing is exposed to liquidity risk principally in the event that the Council were to experience cash flow difficulties in paying the management fee monthly. Despite the recent Coronavirus pandemic and the impact this has had to the Council's revenue finances, it is still considered by the Board that the likelihood of this risk arising is remote.

The Company's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value. All financial assets have a fair value which is equal to their carrying value.

Areas of Judgement and Risk Management

31 March 2021

(continued)

Liquidity Risk and Credit Risk (continued)

Credit risk predominantly arises from trade receivables of the Company's total 2021 financial assets, £1,942,123 (2020: £1,821,000) is owed to the Company by Solihull Council and the SCH Board therefore also consider that the likelihood of this risk arising is remote. The remainder are cash/cash equivalents and amounts due from third parties. Other trade receivables are limited in value.

SCH has joint banking arrangements with Solihull Council but the Company's arrangements reflect its independence (e.g. a separate bank account, bank mandate and signatories).

Solihull Council carries out Treasury Management on behalf of SCH under a Service Level Agreement (SLA). Surplus funds for both Solihull Council and SCH are pooled and deposited overnight and on longer arrangements, under a formal agreement between the two parties. The resulting interest is credited to the Council's Housing Revenue Account (HRA), and thus supplements the Management Fee payable to SCH.

Interest rate risk

SCH's interest rate risk is limited to the following areas:

- The rate that the Housing Revenue Account (HRA) earns on its balances - which directly affects the management fee payable to SCH (see above).
- Solihull Council's Consolidated Rate of Interest (CRI) on the loan to finance SCH's developments and Planned Preventative Maintenance programme

All the Company's 2021 and 2020 Financial Assets are non-interest bearing.

All the Company's 2021 and 2020 Trade and Other Payables are non-interest bearing. The interest rates applicable to the Company's 2021 and 2020 Borrowings are set out in Note 12 to these accounts, where these amounts are analysed by interest type.

Capital Management

The Company's main objective when managing capital is to ensure that it maintains sufficient capital to ensure that the Council's tenants continue to receive an excellent housing management service from the Company. The level of management fee agreed with the Council annually in respect of the Management Agreement and the Company's level of operating efficiency are the principal determinants of the level of equity that the Company is able to retain. As a Company limited by guarantee, the only equity capital of the Company is represented by its retained earnings reserves.

The Company's level of debt is not significant. "Net debt" is defined as including short and long-term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents and represents net positive funds of £9,379,000 at 31 March 2021 (2020: £10,583,000).

The Company does not have any externally imposed capital requirements and has not made any changes to its capital management during the year.

Notes to the Financial Statements

for the year ended 31 March 2021

1. REVENUE

Sales were made wholly in the United Kingdom and derived from the Company's principal activity of housing management, including rental of properties.

2. SEGMENT INFORMATION

IFRS8 requires the provision of segmental information for the Company on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Company considers that the role of chief operating decision-maker is performed by the Company's Board of Directors and all results are reported as a single segment.

3. PROFIT FROM OPERATIONS

Loss/ profit from operations is stated after charging:

	2021	2020
	£'000	£'000
Inventories		
- cost of inventory recognised as an expense	876	966
Depreciation of owned property, plant and equipment	42	39
Depreciation of leased assets	353	294
Auditor's fees:		
- audit services	26	25
- taxation	2	2
Rentals under operating leases	2	52

The following table analyses the nature of expenses:

		2021	2020
		£'000	£'000
Staff costs	5	12,638	12,144
Asset management		24,030	17,451
Housing management		3,594	3,247
Corporate services		3,100	2,830
Total expenditure		43,362	35,672

4. FINANCE COSTS

		2021	2020
		£'000	£'000
Interest on net pension liability	17	(267)	(339)
Prudential borrowing interest		(22)	(23)
Interest on lease liabilities	16	(15)	(15)
		(304)	(377)

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

5. STAFF COSTS

The average monthly number of persons employed by the Company during the year was:

	2021 No	2020 No
Non-executive Directors	9	10
Executive Management Team	4	4
Housing and Communities	122	118
Assets and Development	107	109
Procurement	3	1
Customer Service Transformation and Business Support	54	48
	<u>299</u>	<u>290</u>

Staff costs, including directors:

	2021 £'000	2020 £'000
Wages and salaries	8,404	7,737
Social security costs	769	702
Other pension costs	2,684	2,496
Modernisation and redundancy costs	54	196
Sub-total employed staff costs	<u>11,911</u>	<u>11,131</u>
Agency costs	727	1,013
Total staff costs	<u>12,638</u>	<u>12,144</u>

Remuneration of key management personnel:

The remuneration of the non-Executive directors and the Executive Management Team of the Company in aggregate is as follows:

	2021 £'000	2021 Average per full time equivalent	2020 £'000	2020 Average per full time equivalent
Short term employee benefits (Pay & Employers NI)	481	120	438	117
Post employment benefits (Employers Pension)	64	16	72	19
	<u>545</u>	<u>136</u>	<u>510</u>	<u>136</u>

The role of the Chief Financial Officer in SCH is undertaken by the Council's Assistant Director of Finance and Property Services and spends approximately 50% of her time on SCH business. This 50% costs the Council £60,326 (2020: £59,771). This is not included within the staffing details above as the role forms part of an overall Service Level Agreement (SLA) paid by SCH to the Council at a total cost of £1,217,380 (2020: £1,122,584). The SLA provides the company with support services for Finance, Human Resources, Information Technology, Health and Safety and Equalities.

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

5. STAFF COSTS (continued)

The directors are defined as being the members of the Solihull Community Housing Board.

During 2020/21 the Chair of the Board received remuneration of £8,000 (2019/20: £8,000).

No other directors received any emoluments but all Board Members were entitled to reimbursement of incidental expenses incurred when attending Board meetings and other formal events in their capacity as Board members.

6. INCOME TAX EXPENSE

ANALYSIS OF CHARGE IN YEAR

Current Tax:

UK – Current year

Adjustment in respect of prior year

2021	2020
£'000	£'000
10	14
0	(2)
10	12

Current tax reconciliation:

(Loss) before tax

Depreciation

IAS19 adjustments:

- Other finance income

- Past and present service costs

2021	2020
£'000	£'000
(1,844)	(1,790)
395	333
267	339
2,651	2,469
1,469	1,351

Tax at the standard rate of corporation tax 19% (2020: 19%)

Effect of non-trading activities with member not subject to corporation tax

2021	2020
£'000	£'000
279	257
(269)	(243)
10	14

Where the Company has income related to trading outside of the council, this is taxable. During the reporting year income from the ownership and management of the company's own developments and from the company's 'Better Places' service were subject to Corporation Tax. A taxable profit of £56,000 arose in the year and is reflected in these statements (2020: £75,000).

On the basis that we are not expecting to sell the housing properties owned by the Company, no allowance has been made within these financial statements for deferred taxation as a result of revaluations of housing properties undertaken (last revaluation: 31 March 2021). Any such sales would only be taxable if sold to a party other than the Council.

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

7. FINANCIAL INSTRUMENTS

		2021 £'000	2020 £'000
Assets at amortised cost:			
Current financial assets			
Trade and other receivables	10	2,201	2,205
Liabilities at amortised cost:			
		2021 £'000	2020 £'000
Current financial liabilities			
Trade and other payables	11	5,061	5,927
Borrowings	12	35	34
		5,096	5,961
Non-current financial liabilities			
Borrowings	12	448	483
Retentions on construction projects	11	78	-
Total other financial liabilities		5,622	6,444

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

7. FINANCIAL INSTRUMENTS (continued)

MATURITY ANALYSIS

Financial Assets

The table below analyses the Company's financial assets which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities.

		2021 £'000	2020 £'000
Within 6 Months			
Trade and other receivables	10	2,201	2,205

Financial Liabilities

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at 31 March 2021 up to the contractual maturity date:

		2021 £'000	2020 £'000
Within 6 Months			
Trade and other payables	11	5,049	5,927
Borrowings	12	35	34
6 Months to 1 Year			
Payables due 6 months to 1 year: retentions on construction projects		12	-
1 to 5 Years			
Payables due >1 year: retentions on construction projects		78	-
Borrowings	12	448	483
Total		5,622	6,444

The Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

8. PROPERTY

	Freehold Land	Completed Properties available for letting		Total
		Rented	Shared Ownership	
	£'000	£'000	£'000	£'000
Valuation:				
At 1 April 2019	691	1,416	188	2,295
At 31 March 2020	691	1,416	188	2,295
Gain on revaluation	79	313	50	442
At 31 March 2021	770	1,729	238	2,737
Accumulated depreciation and any recognised impairment losses:				
At 1 April 2019	-	(301)	(43)	(344)
Charged in the year	-	(33)	(6)	(39)
At 31 March 2020	-	(334)	(49)	(383)
Charged in the year	-	(37)	(5)	(42)
At 31 March 2021	-	(371)	(54)	(425)
Net book value:				
At 31 March 2021	770	1,358	184	2,312
At 31 March 2020	691	1,082	139	1,912
At 31 March 2019	691	1,115	145	1,951

The depreciation expense of £42,000 (2020: £39,000) has been charged to operating expenses within the Income Statement.

In line with our accounting policy, all properties owned by Solihull Community Housing were subject to a full revaluation at 31 March 2021 which resulted in a revaluation gain of £442,000. As the value of these assets does not exceed historical cost the revaluation gain has been recognised in the Statement of Comprehensive Income.

The next full revaluation of these properties is due in 2025/26, in line with the current accounting policy.

SCH received a total of £781,000 of Social Housing Grant towards the development of these properties; this sum was recognised as income in 2015/16 in line with the first full revaluation.

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

8. PROPERTY (continued)

Had the Company adopted the Cost Model the carrying value of the assets would be as follows:

	Freehold Land	Completed Properties available for letting		Total
		Rented	Shared Ownership	
	£'000	£'000	£'000	£'000
Historic Cost	613	1,806	163	2,582
Accumulated Depreciation at 31 March 2021	-	(529)	(51)	(580)
Net Book Value Cost Model at 31 March 2021	613	1,277	112	2,002

9. INVENTORIES

	2021	2020
	£'000	£'000
Raw materials and consumables	94	162
	<u>94</u>	<u>162</u>

Raw materials and consumables set out above are carried at the lower of cost and net realisable value. The replacement cost of the above stocks would not be significantly different from the values stated.

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	£'000	£'000
Trade receivables	1,907	1,778
Other receivables including rent	645	589
Other tax and social security	273	417
	<u>2,825</u>	<u>2,784</u>

The average credit period taken on provision of services is 17 days (2020: 14 days).

An allowance has been made for estimated irrecoverable debtors of £83,000 (2020: £70,000). This allowance has been based on the knowledge of the financial circumstances of individual customers at year-end.

The following table provides an analysis of trade and other receivables that were past due at 31 March but not impaired. The Company believes that these balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2021	2020
	£'000	£'000
Up to 3 months	236	246
Up to 6 months	105	50
Greater than 6 months	9	3
	<u>350</u>	<u>299</u>

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

10. TRADE AND OTHER RECEIVABLES (continued)

	2021 £'000	2020 £'000
The movement in the allowance account was as follows:		
Opening balance as at 1 April	70	40
Provision for receivables impairment	22	47
Receivables written off during the year	-	(14)
Unused amounts reversed	(10)	(3)
Closing balance as at 31 March	82	70

At the year end all trade and other receivables were denominated in sterling.

11. TRADE AND OTHER PAYABLES

	2021 £'000	2020 £'000
Amounts payable relating to invoiced amounts	1,488	1,845
Accruals and deferred income	3,077	3,580
Other tax and social security	201	184
Other creditors	530	577
Current trade and other payables	5,296	6,186
Non-current other creditors: retentions on construction projects	78	-
Total trade and other payables	5,374	6,186

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 13 days (2020: 15 days).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

At the year end all trade and other payables were denominated in sterling.

12. BORROWINGS

	2021 £'000	2020 £'000
<u>Less than 1 year</u>		
Prudential borrowing from SMBC	35	34
<u>Greater than 1 year</u>		
Prudential borrowing from SMBC	448	484
	483	518

Interest Rate Summary

	2021 £'000	2020 £'000
Floating rate	483	518
	483	518

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

12. BORROWINGS (continued)

A floating rate loan from Solihull Council to finance SCH's development of properties for rent and shared ownership - £483,000 (2020: £518,000). This is a floating rate loan repayable over 22 years from 2010/11 to 2031/32. Interest is charged at the Council's Consolidated rate of Interest (CRI). The loan is secured on the developed properties.

13. COMPANY LIMITED BY GUARANTEE

The Company is limited by guarantee, incorporated in the United Kingdom, and is governed by its Memorandum and Articles of Association. The guarantor is its sole member, Solihull Metropolitan Borough Council, (see note 18) as listed in the Company's Register of Members. The liabilities in respect of the guarantee are set out in the Memorandum of Association and are limited to £1 per member of the Company.

14. RESERVES

	2021 £'000	2020 £'000
Retained Earnings		
At 1 April	(1,589)	(4,056)
Retained loss for the year	(1,854)	(1,802)
Actuarial loss	(8,145)	4,269
Total Equity and Reserves	(11,588)	(1,589)

Reserves consist of a retained earning reserve which is used to recognise the cumulative profit and loss net of any distributions for future specific activities and the pension reserve which is used to record the current pension fund deficit.

15. CASHFLOWS

	2021 £'000	2020 £'000
Reconciliation of operating profit to net cash inflow/(outflow) from operating activities		
Operating (loss)/ profit before tax	(1,540)	(1,413)
Depreciation and amortisation	395	333
Gain on revaluation of fixed assets	(442)	-
Pension contributions paid in period	(1,211)	(1,335)
Pension contributions (credited)/charged in the period	2,697	2,511
Decrease/(Increase) in inventories	68	(82)
(Increase)/ Decrease in debtors	(41)	(671)
(Decrease)/Increase in creditors	(812)	1,884
Net cash (outflow)/ inflow from operating activities	(886)	1,227

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent:	2021 £'000	2020 £'000
Cash at bank and in hand	10,937	12,260
	10,937	12,260

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

16. COMMITMENTS UNDER LEASES

Right-of-use assets	Land and buildings £'000	Plant and machinery £'000	Total £'000
Balance at 1 April 2020	88	1,064	1,152
Depreciation charge for the year	(39)	(314)	(353)
Lease modifications recognised during 2020/21	-	5	5
Additions to the right of use assets	-	266	266
Balance at 31 March 2021	49	1,021	1,070

	Land and buildings 2021 £'000	Land and buildings 2020 £'000	Plant and machinery 2021 £'000	Plant and machinery 2020 £'000
Total value of lease commitments				
Expiry of lease:				
Within 1 year	40	40	329	299
Between 2-5 years	10	50	722	800
After 5 years	-	-	-	-
Total undiscounted lease liabilities at 31 March 2021	50	90	1,051	1,099
Lease liabilities included in the statement of financial position at 31 March 2021	50	87	1,025	1,070
Current	40	38	316	288
Non-current	10	49	709	782

Amounts recognised in statement of comprehensive income

	2021 £'000
Interest on lease liabilities	15
Expenses relating to short-term leases	2

Amounts recognised in statement of cash flows

	2021 £'000
Total cash outflow for leases	353

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

17. RETIREMENT BENEFIT OBLIGATIONS

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2021 for the purposes of the IAS 19 valuation for inclusion in these financial statements prepared by Barnett Waddingham, a registered actuary engaged by West Midlands Pension Fund. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit method.

	2021	2020
	%	%
Key assumptions used:		
Discount rate	2.00	2.35
Future salary increases	3.80	2.90
Future pension increases	2.80	1.90
CPI increases	2.80	1.90

Mortality rate assumptions are based on publicly available data in the UK.

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2021	2020
Male	87	87
Female	89	89

The average life expectancy for a pensioner retiring at 65, aged 45 at the reporting date:

	2021	2020
Male	88	89
Female	91	91

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in Assumption	Overall Impact on Liability
Discount rate	Increase by 0.1 %	Decrease (£1,969,000)
Short term salary increase	Increase by 0.1%	Increase £192,000
Pension growth rate	Increase by 0.1 %	Increase £1,801,000
Rate of mortality	Increase by 1 year	Increased £4,517,000

Amounts recognised in profit or loss in respect of this defined benefit scheme are as follows:

	2021	2020
	£'000	£'000
Current service cost	2,651	2,469
Net interest on liability	267	339
Administration cost	46	42
Total operating charge	<u>2,964</u>	<u>2,850</u>

Of the charge for the year: £2,697,000 has been charged to operating costs (2020: £2,511,000); £267,000 has been charged to finance costs (2020: £339,000).

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Actuarial gains and losses are reported as other comprehensive income and expense:

Loss recognised is £8,145,000 (2020: £4,269,000);

Cumulative expense is £11,320,000 (2020: £3,175,000).

The actual return on scheme assets was a loss of £12,522,000 (2020: Loss of £2,692,000).

The amounts included in the Balance Sheet arising from the Company's obligation in respect of the defined benefit retirement scheme are:

	2021	2020
	£'000	£'000
Fair value of scheme assets	77,428	64,978
Present value of defined benefit contributions	(99,312)	(76,964)
Liability recognised in the Balance Sheet	(21,884)	(11,986)

Movements in the liability recognised in the Balance Sheet in the current period:

	2021	2020
	£'000	£'000
At 1 April	(11,986)	(14,740)
Current service cost including curtailments	(2,651)	(2,392)
Past service cost	0	(77)
Interest cost	(1,794)	(1,907)
Remeasurement arising from changes in financial assumptions	(19,140)	6,098
Expected return on scheme assets	1,527	1,568
Actuarial gains	10,995	(1,829)
Administration expenses	(46)	(42)
Employer contributions	1,211	1,335
At 31 March	(21,884)	(11,986)

Movement in the present value of defined benefit obligations in the current period:

	2021	2020
	£'000	£'000
At 1 April	76,964	80,133
Current service cost including curtailments	2,651	2,392
Past service cost	0	77
Interest cost	1,794	1,907
Remeasurement arising from changes in financial assumptions	19,140	(6,098)
Contributions by plan participants	489	428
Benefits paid	(1,726)	(1,875)
At 31 March	99,312	76,964

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Movement in the fair value of scheme assets in the current period:

	2021	2020
	£'000	£'000
At 1 April	64,978	65,393
Expected return on scheme assets	1,527	1,568
Actuarial gains/ (losses)	10,995	(1,829)
Administration expenses	(46)	(42)
Employer contributions	1,211	1,335
Employee contributions	489	428
Benefits paid	(1,726)	(1,875)
At 31 March	<u>77,428</u>	<u>64,978</u>

Analysis of the scheme assets and the expected rate of return at the reporting date:

	Expected return		Fair value of assets	
	%	%	£'000	£'000
	2021	2020	2021	2020
Equity instruments	2.0	2.4	45,615	36,989
Debt instruments	2.0	2.4	10,685	10,268
Property	2.0	2.4	5,594	5,779
Alternatives	2.0	2.4	10,906	9,610
Cash	2.0	2.4	4,628	2,332
	<u>2.0</u>	<u>2.4</u>	<u>77,428</u>	<u>64,978</u>

Since 2016 the overall rate of return on scheme assets is calculated with reference to the overall discount rate. These were previously determined by reference to relevant indices.

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

The five year history of experience adjustments are as follows:

At 31 March:	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Fair value of plan assets	77,428	64,978	65,393	63,219	63,179
Present value of defined obligation	(99,312)	(76,964)	(80,133)	(77,624)	(77,971)
Deficit in the plan	(21,884)	(11,986)	(14,740)	(14,405)	(14,792)
Re-measurement on Assets	10,995	(1,829)	731	(1,664)	10,392
Experience adjustments arising on plan liabilities	929	185	-	-	-
Gain/ (loss) on financial assumptions	(17,965)	8,017	(3,520)	3,640	(12,525)
Gain/(loss) on demographic assumptions	(2,104)	(2,104)	4,427	-	-
Total Actuarial gain/ (loss) for year	(8,145)	4,269	1,638	1,976	(2,133)

The estimated amounts of contributions expected to be paid to the scheme during the financial year ending 31 March 2021 is £1,418,000.

18. RELATED PARTY TRANSACTIONS

The Company's parent and ultimate parent is Solihull Metropolitan Borough Council. Their consolidated Financial Statements are available from Solihull Metropolitan Borough Council, The Council House Complex, Manor Square, Solihull, B91 3QB.

Solihull Community Housing Limited is an Arm's Length Management Organisation with a contract from the ultimate parent (Solihull Metropolitan Borough Council) which passes on responsibility for the management and maintenance of the Council's homes and other related buildings.

	2021 £'000	2020 £'000
During the year the Company:		
- supplied goods and services to SMBC	39,780	33,011
- purchased goods and services from SMBC	3,550	3,830
At 31 March		
- included in year-end Debtors owed by SMBC	1,942	1,821
- included in year-end Creditors owing to SMBC	(598)	(1,468)
- included in year-end Borrowings owing to SMBC	(483)	(518)
- included in year-end Deferred Income from SMBC	(27)	(54)
- Net balance due to / (from) SMBC	834	(219)

Included in the above figures is a loan from Solihull Council to fund SCH's own development of properties for rent and shared ownership. Further details are set out in note 12. The loan is secured against the assets that it was used to develop. As at 31 March 2021 the balance outstanding was £483,000 (2020: £518,000).

Notes to the Financial Statements

for the year ended 31 March 2021

(continued)

18. RELATED PARTY TRANSACTIONS (continued)

Apart from this loan the amounts outstanding that are recorded in the accounts are unsecured, carry or bear no interest and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

During the year the company also purchased goods or services from the below companies. Both of whom have current Directors who are also serving Board members of SCH.

	2021	2020
	£'000	£'000
Fletcher Property Rentals Limited		
- purchased goods or services	39	35
	2021	2020
	£'000	£'000
Housemark Limited		
- purchased goods or services	48	16
At 31 March		
- included in year-end Debtors	18	12
- included in year-end Creditors	(3)	-

19. CAPITAL COMMITMENTS

At 31 March 2021 the Company had no capital expenditure commitments (2020: £nil)

20. CONTINGENT LIABILITY

Until 31 March 2018, the Company acted as an agent for Severn Trent Water collecting water charges due from tenants and receives a commission payment for doing so - this contract has now ended. There is currently a case underway in London (Jones v London Borough of Southwark) where a judgement has been made that the Council was acting as a water reseller rather than an agent. Where an organisation is classed as a water reseller the organisation would be subject to the Water Re-Sale Order 2006, which restricts the amount a purchaser of water can charge when reselling water to the end-customer, effectively only allowing for modest administration charges to be passed on.

Any challenge would be strongly defended by the Company and the Council and as such the Company has accepted the Local Government Associations (LGAs) offer of support and advice as part of a combined approach on behalf of a number of organisations.

No allowance has been made in these financial statements for potential costs resulting from any such legal challenge as, not only does the Company believe that the commission income equates to a reasonable administration charge, but the Council has also provided a letter of support confirming that any such losses, as a result of a court judgement, would be funded from the Council's Housing Revenue Account.



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