



Solihull Community Housing Limited

Company Limited by Guarantee

Financial Statements

For the year ended 31 March 2022

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Officers and Professional Advisers

Directors (“the Board”)	D S Bell B Burton (resigned 30 June 2021) J M Fletcher A S Halpin (appointed 29 March 2021) D E Howell (resigned 7 June 2021) R Hyde N Page D Pinwell (appointed 7 June 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 (resigned 31 January 2022) M Sargeant – Executive Director of Customer Transformation and Business Support (appointed 1 February 2022) M Pinnell – Executive Director of Assets and Development (resigned 7 March 2022) M Brymer – Executive Director of Assets and Development (appointed March 2022)
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 2022



As the Chair of Solihull Community Housing (SCH), this is the fourth set of accounts I have introduced and 2021/22 has again been a year significantly affected by the impact of the Coronavirus pandemic. I am proud of how SCH have continued to respond 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 in 2020/21 the Executive Leadership Team (ELT) have again had to reprioritise work plans to provide the continuing resources 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

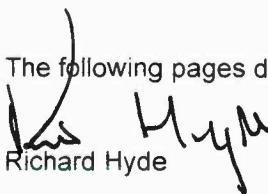
The year has seen some significant developments that impact on the work we do and one of these is Building Safety. I am pleased to see our four-year programme to fit sprinklers into the High Rise Residential Buildings began in earnest during the year and will provide residents who live in them a greater level of safety.

This year has seen us complete two more new housing developments in Solihull and Shirley, providing 22 new homes. Both sites provide much needed affordable housing in those areas. This follows on from our sites at Willow Way, Faulkner Road and Brackleys Way, all completed late last year. We were particularly pleased that the Faulkner Road development received national recognition for its approach to low carbon design and sustainability.

As well as completed sites we have continued to make progress with the next phase of our development pipeline which will provide 51 new homes. In addition, we have been working closely with colleagues at SMBC, planning for the future regeneration of Kingshurst village centre. This is a particularly exciting project for us that will provide new affordable homes as well as community, health and retail facilities.

Once again, I am proud to say thank-you to our staff for their hard work and compassion throughout 2021/22 and their unwavering support for tenants, leaseholders and each other.

The following pages detail the outturn position and some of the achievements for 2021/22.


Richard Hyde

Chair

25/7/22

Strategic Report

31 March 2022

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

While the global pandemic is not over, 2021-2022 saw the country begin to emerge from the constraints imposed to protect the public and ease pressure on the NHS. On 19 July 2021, the Government removed most restrictions in England and subsequently set out an 'Autumn and Winter Plan' for managing the virus over the winter months. A new variant of the virus, Omicron, increased the prevalence of the disease and prompted the re-introduction of some measures aimed at slowing the rate of transmission, including working from home. The vaccine and booster programmes, self-isolation and testing regimes, and the fact that Omicron was generally found to be less severe, meant that hospitalisation rates were lower than in previous waves. In February 2022, the government published 'Covid -19 response: living with Covid-19', which set out how England will move into a new phase of managing the virus. The path that the virus will take is not certain, but SCH has and will continue to navigate the challenges created by Covid-19, seeking to deliver high quality core services and continuous improvement in line with the Strategic Vision 2020-2025.

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 1 April 2021 an average rent increase (excluding service charges) of 1.5% was applied for HRA stock. In 2021/22 the actual number of Right to Buy sales was 53. This was more than the number budgeted for within the HRA of 51 properties.

2021/22 was the second year of the SCH Strategic Vision 2020-2025: 'Creating better homes and thriving communities which is underpinned by annual Delivery Plans. The 2021/22 Delivery Plan set out the strategic and operational priorities for the year, many of which were concerned with embedding and maturing the initiatives introduced in 2020/21. 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, progressing major capital projects to install sprinklers systems and work to spandrel panels in high rise buildings. Joint work with the Council to grow the social housing stock and address the climate change emergency continued. SCH teams were supported to achieve improved wellbeing, performance and service excellence, while embedding blended ways of working.

SCH strive to deliver core housing management functions to a high standard. 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.

At the national level, the Ministry of Housing, Communities and Local Government was rebranded to become the Department for Levelling Up, Housing and Communities. An extensive white paper was published in February, setting out how the government intends to reduce geographic economic, social and health inequalities through 12 policy objectives, all of which have a target end date of 2030.

SCH continued to prepare for the future implementation of the measures set out in the social housing white paper and the building safety bill. The Domestic Abuse Act was enacted in April 2021 and SCH contributed to work to ensure that the Council was able to meet its obligations under the Act, including to provide support to those in domestic abuse safe accommodation. Housing specific requirements to protect the security of tenure

Strategic Report

31 March 2022
(continued)

of victims of domestic abuse and apply automatic priority need status in homelessness situations were also implemented.

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, Equalities and Remuneration Committee.

During the course of 2021/22, the SCH Board approved an action plan to achieve compliance against the National Federation of Housing Code of Governance and the SCH corporate risks were reviewed and refreshed. Throughout 2021/22, work continued with our Council colleagues to maintain robust and effective financial monitoring processes.

ANNUAL PERFORMANCE

SCH sets out its delivery priorities in its Annual Delivery Plan. For 2021/22, 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. A set of Key Performance Indicators (KPIs) is included in the Delivery Plan.

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 Deputy Leader of the Council. 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. During 2021/22 Performance & Partnership Group meetings were established with the Council to review aspects of service delivery.

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 approach to manage our stock portfolio in a proactive, green and environmentally sustainable way

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. Good progress was made with the development of a new 10-year joint Asset Management Strategy (AMS) between SCH and Solihull MBC. A productive stakeholder workshop was held in mid-March, with a draft strategy scheduled for consideration by the SCH Board in May 2022. The strategy will incorporate the shared commitment and ambition in relation to environmental sustainability and carbon reduction through both the existing housing stock and new build

SCH received the Regional Housing Association or Landlord of the Year award in the 2021 West Midlands Energy Efficiency Awards. The development of seven new net zero carbon bungalows demonstrated the commitment to create a net zero future for the borough.

Strategic Report

31 March 2022

(continued)

Strategic objective 2: Ensure our homes are safe

Work continued on the installation of sprinklers in high rise buildings during the year. Taking into account the 2021 British Standard, a revised overall programme plans for completion of the project during the summer of 2023.

An external review of the Asset Management Service resulted in a comprehensive improvement plan. A six-month review of the plan reported that good progress had been made. This work will continue into 2022/23 and links with amended SCH governance arrangements for health and safety, effective from April 2022.

Strategic objective 3: Optimise the value and impact of the property maintenance service

The provision of an efficient, cost effective and customer focussed repairs service is a core service and a key commitment for SCH. There has been a positive increase in transactional customer satisfaction during this financial year. Work has also commenced in developing a performance dashboard that can be used operationally to target on improving timely operational delivery.

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. Two sites delivering 22 shared ownership homes completed in the year, with a development programme of a further 23 net zero homes across four sites. Work also continued 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

Access for gas servicing was hampered in some cases by complex circumstances requiring legal or sensitive housing management interventions. All are proactively managed.

Average void re-let time was 36 days (target 18 days). Much improved performance in March saw a decrease in void relet time to 22 days (from 34 in February). However, the high level of refusals for some properties prevented further improvement to end of year figures overall. There were 137 more lettings compared with 2020/21.

Performance on the average time taken to complete repairs was impacted by Covid. Repairs paused because of Covid have been completed but paused days are counted in the calculation. Peer comparison indicated that average times across the sector increased.

The percentage of major adaptation works completed on time was out of target. However, there was continued improvement in March with all 38 completions on time, 84 completions in Quarter 4 with only one late. The low number of completions make the target difficult to achieve with just one late completion resulting in the target being missed.

Strategic Report

31 March 2022
(continued)

Asset Management and Development			
KPI ref	KPI Description	Target	Actual
AM1	Percentage of properties with valid gas certificate	100.00%	99.88%
AM2	Percentage of repair jobs completed in timescale - All repairs	99.00%	99.14%
AM3	Percentage of appointments made - Response repairs	98.00%	99.06%
AM4	Percentage of appointments kept - Response repairs	98.00%	98.99%
AM7	Percentage of repairs completed right first time	95.00%	96.03%
AM17	Average number of repairs per property	2.50	1.44
AM20	Average time taken to complete a repair - days	7.5	10.73
VL1	Average re-let time of voids – days	18	36
VL13	Percentage of rent loss due to voids	0.90%	1.72%
VL16	Number of lettable voids	85	129
WB1	Percentage of Minor adaptation works completed on time	99.00%	99.02%
WB2	Percentage of Major adaptation works completed on time	99.00%	84.74%

Strategic Report

31 March 2022

(continued)

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

A review of the Neighbourhood Services team commenced in November, after a period of research. This work will continue into 2022/23.

Mobysoft Rentsense went live in December 2021. This system is helping SCH target arrears cases through a prioritised caseload, promoting efficiencies by recommending tenants for contact at the right time.

A new cleaning contract progressed to the final stages of the procurement process with commencement in the early part of the new financial year.

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

All services and partner activities resumed at Saxon Court during the year and plans are in place for 2022/23 to introduce Health and Wellbeing sessions

A review is planned for 2022/23 to determine SCH's Independent Living Services offer,

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

The Housing Options team structure was altered to expand the remit of the temporary accommodation and Solihome teams. This included using Rough Sleeper's Initiative funding to fund an Accommodation Finding Assistant for 12 months.

Homelessness Prevention Grant funding will continue in 2022/23, enabling the Housing Options Team to continue to fund 8 posts.

The temporary accommodation portfolio was diversified by taking on an additional three Private Sector Leasing (PSL) units and the team continued to work closely with nightly rental and supported accommodation providers. However, the nightly rental and supported accommodation providers struggled to increase their portfolios due to the stagnant nature of the private sector.

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 supported and contributed to the Solihull MBC Strategic Environmental Contract (SEC) review, with the new contract commencing in April 2022.

Work progressed with the Council to design and implement a revised tenure neutral anti-social behaviour service and this work will continue into 2022/23.

Key performance indicators

The percentage of rent collected of rent due was 97.95%. There was a successful spring rent campaign but, overall, performance fell short of the 98% by £23,424. Rent Arrears reduced by just under £284k over the rent-free week which improved the overall arrears position significantly.

The cumulative reduction in arrears due to Money Advice Team intervention was £659,541. The rent-free week also helped to improve this KPI which had already been achieved the previous month.

Strategic Report

31 March 2022
(continued)

The average stay in temporary accommodation (all) exceeded the target. The average stay in budget hotel accommodation target was met in January and February 2022, but quarterly performance (Q4) was missed due to two complex cases requiring disabled adaptations. The percentage of homeless approaches where prevention or relief was achieved exceeded the 50% target.

The percentage of estate inspections completed exceeded target.

March 2022 saw the highest number of new customers joining the Wellbeing service during the year (49 in total with 45 of these being self-funders). However, this is offset against an unusually high number of cancellations, some of these being generated as a result of the annual price increase in rent/wellbeing service charge letters being received.

Housing and Communities			
KPI ref	KPI Description	Target	Actual
NS1	Percentage of rent collected of rent due	98.00%	97.95%
NS2	Percentage of leaseholder service charges collected	99.00%	99.20%
NS4	Percentage of rent paid by digital means including Direct Debit	80.00%	80.54%
WR3	Reduction in arrears due to Money Advice Team intervention	£550,000	£659,541
WR15	Current tenant arrears as % of rent debit	3.5	3.40
NS9	Percentage of flatted blocks passing cleaning inspection	98.00%	97.81%
NS10	Percentage of estate inspections completed	98.00%	98.91%
HO1	Average stay in temporary accommodation (all) - days	112	92
HO3	Average stay in temporary accommodation (Budget hotels) – days	10	22
HO5	Percentage of homeless approaches where prevention or relief achieved	50.00%	51.84%
WB20	Net gain in paying Wellbeing service users	108	33

Strategic Report

31 March 2022
(continued)

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 and further support thriving communities

During 2021/22 the Engagement team won the 'Most Innovative Approach to Resident Involvement' category at the national Housing Digital Innovation Awards. This recognised our innovative approach to creating engagement opportunities such as the SCHape Panel, Virtual Improvement Panel and Building Safety Advocates.

The SCH Engagement team also continued to work towards TPAS accreditation with a positive outcome anticipated in early 2022/23.

Work continued throughout the year to further support and develop Locality Working. Also of particular note was the successful work of the SCH Employment Support Officer in assisting customers to secure employment or training opportunities.

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

The Contact Centre Improvement plan was integrated into 'business as usual' activity, providing for weekly reports to review efficiencies and performance. Quality monitoring was aligned where applicable to the SMBC approach. Further service improvements have been set out in the 2022/23 SCH Delivery Plan.

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

Early in the year, SCH established a data partnership with an independent and external organisation to measure customer satisfaction with a range of SCH services. This enables SCH to report an externally verified level of overall customer satisfaction with SCH services. In addition, a quarterly survey tracks the level of wider satisfaction with SCH overall.

Real-time Dashboards are now available to managers and service leads to monitor satisfaction, react in a much timelier way to fluctuations and assess the impact of improvement measures. This allows SCH to measure the quality of service delivery for customers more comprehensively than ever before and have the most mature insight data to date.

In February, the Board approved the Workflow project in principle and preparatory work began, in particular focusing on existing system and process mapping.

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

The SCH Inclusive Services Register was launched in the December, which allows SCH to tailor its service responses to the individual needs of customers where this is needed.

SCH also committed to work towards Domestic Abuse Housing Alliance accreditation in 2022/23.

Strategic objective 5: Supporting and developing our staff

Throughout the year SCH continued to work towards the objectives and projects set out in the People Strategy. Focussing on wellbeing and employee engagement, a new employee engagement survey was introduced using a 'net promoter score' methodology to help with more in-depth organisational understanding. The SCH Staff Engagement Group was tasked to lead on work to develop wellbeing initiatives for employees.

Other key activities included further development of flexible working through the blended ways of working project and work towards achieving foundation status under the Thrive at Work programme in early 2022/23.

Strategic Report

31 March 2022

(continued)

Finance, Governance and Risk

The SCH Board approved an action plan to achieve compliance against the National Housing Federation Code of Governance.

Revised governance arrangements for managing health and safety in SCH were agreed and will begin in April 2022. Health and safety will fall into two distinct areas: occupational health and safety (covering employees and workplace issues) and building and resident safety (covering customers, tenants and residential buildings). Both groups will report into a strategic health and safety leadership group, comprising of ELT and Heads of Service.

With regard to the management of risk, SCH corporate risks were reviewed and revised.

Key performance indicators

In November 2021, the SCH Board approved a recommendation to transition service specific Customer Satisfaction measures to two, overall satisfaction measures (transactional and STAR perceptual) for SCH for the remainder of the financial year.

Owing to the implementation of a new CRM system, it was not possible to continue to provide reliable data on the previously reported CR11 (enquiries resolved at first point of contact – Contact Centre).

Short term sickness absence increased to 4.23 days per employee.

Complaints resolved in timescale was outside the target but there was continued improvement in March with all 19 stage one complaints resolved within timescale.

Customer Service and Business Support			
KPI ref	KPI Description	Target	Actual
CR2	Overall satisfaction (transactional)	85.00%	88.37%
CR31	Overall satisfaction (STAR perceptual)	78%	78.35%
CR1	Percentage of complaints resolved at stage 1	97.00%	98.57%
CR5	Short term staff sickness days	4.00	4.23
CR28	Percentage of tenants using customer portal	20.00%	36.00%
CR32	Employee engagement	8.5	6.95
CR34	Complaints resolved in timescale	90.00%	79.54%

Strategic Report

31 March 2022
(continued)

FUTURE CONSIDERATIONS

A number of reviews commissioned to provide an organisational 'health check' identified some key areas for improvement, particularly around productivity, data, systems, policies and processes. They also reinforced feedback from our own surveys concerning fragmentation of customer journeys and gaps in communications with service users. Key corporate priorities have been established to address these fundamental areas for improvement:

- Improve data and systems
- Deliver an improved customer experience
- Develop the SCH people offer

Service specific priorities include:

Asset Management and Development:

- Asset Management Strategy Implementation and long-term planning
- Building Safety
- Kingshurst Village Centre Regeneration and Housing Development
- Sustainability and minimising the SCH carbon footprint

Housing and Communities:

- Tenure neutral ASB service redesign
- Wellbeing service delivery and use of DFG
- Prevention of homelessness

Customer Service and Business Support:

- Customer engagement and co-design of services
- People Strategy and staff support, development and wellbeing
- Business process mapping and workflow design
- Embedding effective blended ways of working

PRINCIPAL RISKS

- Potential resurgence of Covid-19 variants impacting on:
 - Repairs
 - Income collection rates
 - Homelessness presentations
 - Void performance and loss of rental income
 - Impact on contractors / supply chains
- Readiness to deliver on fire and building safety obligations and requirements emerging from social housing regulation legislation
- Responding to the challenges created by the rising cost of living

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

Strategic Report

31 March 2022

(continued)

FINANCIAL PERFORMANCE

The Revenue Management Fee, paid by the Council increased from £18.712m in 2020/21, to £19.771m in 2021/22, as well as a capital programme of £21.568m (2020/21: £17.989m).

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

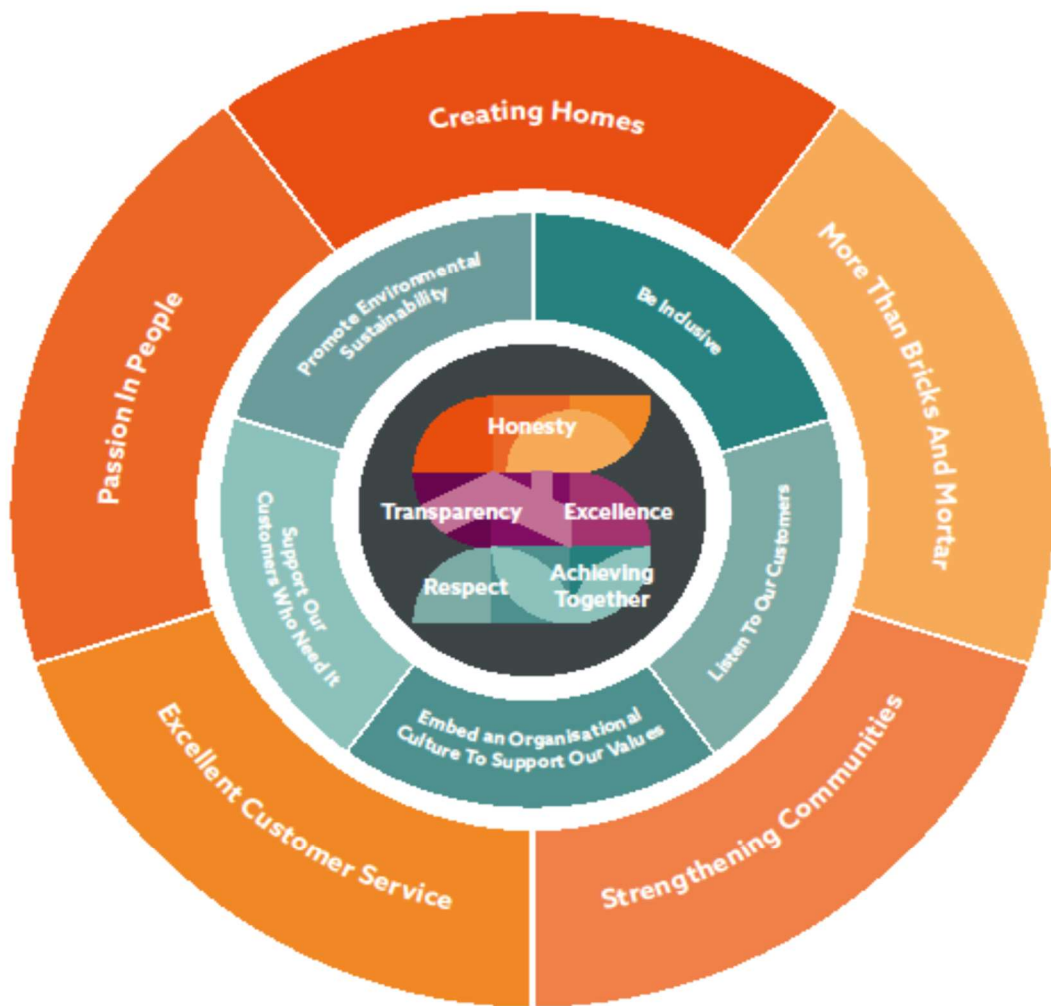
	2021/22 Actual £'000	2021/22 Budget £'000	2020/21 Actual £'000
Revenue			
Income	24,404	23,503	22,401
Expenditure	(25,320)	(23,327)	(23,172)
(Deficit)/ Surplus	(916)	176	(771)
Capital			
Income	22,837	25,095	18,979
Expenditure	(22,837)	(25,095)	(18,979)
Surplus	-	-	-
Combined			
Income	47,241	48,598	41,380
Expenditure	(48,157)	(48,422)	(42,151)
(Deficit)/ Surplus before tax and pension adjustments	(916)	176	(771)
Corporation tax	(1)	-	(10)
Revaluation gain	-	-	442
IAS19 Pension adjustments	(3,254)	-	(1,515)
(Loss)/ Gain per Income Statement	(4,171)	176	(1,854)

Strategic Report

31 March 2022
(continued)

SCH STRATEGIC VISION: CREATING BETTER HOMES AND THRIVING COMMUNITIES

Strategic Aims
Commitments
Values



Strategic Report

31 March 2022
(continued)

SCH STRATEGIC AIMS AND OBJECTIVES

Strategic Aims	Strategic Objectives
Creating Homes	Managing the stock portfolio in a proactive, green and holistic way
	Ensuring our homes and customers are safe
	Excellent delivery of core services
	Build new environmentally sustainable homes
More than Bricks and Mortar	Managing homes and neighbourhoods
	Preventing and reducing homelessness
Strengthening Communities	Services for vulnerable and older people
Excellent Customer Service	Improve data and systems
	Deliver an improved customer experience
Passion in People	Develop the SCH people offer

Promoting the success of the company

The companies Act 2006 provides: a director of a company must act in the way that he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members and stakeholders as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members and stakeholders of the company.

The adherence to these principles has been demonstrated throughout this strategic report within the company's strategic aims and objectives.

Richard Hyde

Chair

25 July 2022

Report of the Directors

31 March 2022

The Directors present their report and the audited financial statements for the year ended 31 March 2022.

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 recognises the importance of its dedicated employees and has introduced a new blended approach to working following the Covid pandemic. This has enabled a clear programme of communication and engagement with all staff including the cascade of Core Brief, regular face to face and virtual team briefs, an extensive intranet site as well as team meetings and briefings to continue. There are also clear lines of communication and reporting. Procedures are well documented 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.

SCH is an equal opportunities employer and it is the purpose of the Recruitment and Selection Policy and the Code of Practice to ensure that SCH selects the most suitable person for the job based on merit, regardless of gender, ethnicity, sexuality, disability, age or religious belief. During any selection process, reasonable adjustments are made for people with disabilities. Prior to the process, disabled candidates are contacted to ascertain if there are any specific requirements or adjustments needed. Applicants with a disability who meet the essential criteria for a post must be offered an interview (Disability Confident Scheme).

SCH's commitment extends to people having equal access to development, as set out in its Learning and Development Policy. This includes ensuring staff working part time or particular shift patterns are also able to receive development that accommodates/considers their needs wherever possible. We ensure that staff who do not have day to day access to computers are not disadvantaged. Staff are given notice of the learning and development available and allocated dedicated work time to carry out any necessary training. The take up of learning and development opportunities is monitored to ensure there are no hidden gender, race or disability barriers to access.

A new staff appraisal system introduced in 2019 is embedded and SCH has invested in a staff development programme known as Passion in People for all staff to extend their skills and behaviours to better serve our customers. Progress has managed to continue throughout the year with the use of virtual tools such as video conferencing, on-line information and learning.

Our staff recognised the Covid pandemic has had an impact on the lives of our customers and this was a significant priority to us. We have worked hard to protect our most vulnerable customers during this time and 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.

Report of the Directors

31 March 2021

(continued)

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.

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 25 July 2022 and signed on its behalf by:



Richard Hyde
Chair

26/7/22

Statement of Directors' Responsibilities for the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. The directors have elected under company law to prepare the financial statements in accordance with UK-adopted International Accounting Standards.

The financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the 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) state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- d) 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 requirements of 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.

Annual Governance Statement

31 March 2022

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 consists of 10 members and three committees, namely the Audit and Risk, Housing Operations and Human Resources, Equalities and Remuneration committees, which 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 SCH governance framework comprises the policies, systems and processes that SCH is directed and controlled by. The SCH values of **Honesty**, **Excellence**, **Achieving together**, **Respect** and **Transparency** underpin the framework and all the activities undertaken by the organisation. The framework also ensures that there are proactive processes for identifying, evaluating and managing 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.

In addition to having a robust governance framework in place, SCH seeks to continuously refine and monitor the effectiveness of its governance arrangements and assurance. To further this approach, the SCH Board adopted the National Housing Federation Code of Governance in September 2021 and has developed an action plan to achieve full compliance with the code. The National Housing Federation is the trade body for Registered Social Landlords rather than ALMOs (trade body National Federation of ALMOs) and therefore some of the requirements of the Code do not apply to SCH.

As a wholly-owned subsidiary of Solihull Metropolitan Borough Council, SCH is guided by the governance principles set out in the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government (2016). Given below are some key highlights of how SCH delivers its governance commitments in line with the principles of the Framework:

Annual Governance Statement

31 March 2022

(continued)

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

- Regulatory compliance to the Financial Conduct Authority regulations.
- Regulatory compliance with the requirements of Companies House.
- Compliance with the gas certification authority, Gas Safe.
- Compliance with the Housing Ombudsman Code of Guidance.
- Processes are in place to ensure we comply with the Right To Repair legislation and that adequate reporting and records are maintained in line with the Habitable Homes Legislation.
- Anti-fraud and corruption policies provide clear guidance and procedures for reporting conflicts of interest and the receipt of gifts and hospitality, including a mandatory annual declaration of interests by all staff and SCH Board Members. At the start of every SCH Board and Committee meeting members are asked to declare any interests arising from items on the agenda.
- A code of conduct for employees, including a disciplinary policy to enable individual cases to be resolved fairly, consistently and in a timely manner.
- A code of conduct for contractors to protect the interests of SCH tenants and leaseholders for whom SCH provides services, and protect contractors who deliver those services on behalf of SCH. The code includes guidance on not only conduct, safeguarding and confidentiality, but also provides clear direction on diversity and inclusion.
- Standing Orders incorporating Rules for Contract and Financial Regulations reviewed annually and made available for all staff on the intranet.

Ensuring openness and comprehensive stakeholder engagement

Engagement with SCH customers and staff:

- A third of the SCH board membership are tenants/ leaseholders
- Multiple channels of communication have been developed, including regular business bulletins sent out via email with key updates and information.
- The customer engagement framework includes virtual improvement panel, SCHape panel and building safety advocates. The outcomes of this engagement shape the Delivery Plan.
- Quarterly keep on track meetings between all senior management teams and line managers.
- The Executive Leadership Team has oversight of significant contracts, performance and contractor satisfaction
- HR, Equalities and Remuneration committee reviews the results of the staff satisfaction surveys and receives reports at each meeting on staff wellbeing and absence trends

SCH as part of its ongoing engagement with SMBC maintains accountability in the following ways:

- Quarterly ALMO monitoring meetings with SMBC and SCH to monitor performance, delivery plan and risk management.
- Annual delivery plan agreed with the Council goes through SMBC scrutiny process and then SMBC cabinet decision-making.
- Rolling 5 year management agreement agreed by the Council.
- Participation in the Strategic Housing board and Building safety group with SMBC colleagues.
- New 10 year joint Asset Management Strategy (AMS) between SCH and SMBC

A new external contractor was appointed (Acuity) to undertake transactional and STAR quarterly tracker surveys. 13 areas are now subject to transactional surveys with 4922 surveys completed in 2021/22. The areas covered are: response repairs (90.01%), new tenants (81.94%), ASB case handling (69.23%), contact centre call handling (86.17%), housing options (69.85%), capital works (91.87%), safer homes (96.89%), aids & adaptations (95.39%), compliant handling (31.82%), money advice (83.33%), sprinkler installation (93.24%), well-being (95.65%) and estate services (83.33%). 12 surveys are undertaken on a monthly basis with estate services being conducted on a quarterly basis. In addition to running the 13 surveys we report overall satisfaction (transactional) based on an amalgamation of the individual service area results.

Defining outcomes in terms of sustainable economic, social, and environmental benefits

- Use of biomass in the high rises for heating and hot water in alignment to SMBC objectives.
- Housing Operations committee reviews services and has oversight of the energy sustainability and environmental strategies, and receives an annual forestry report on the maintenance of trees on land managed by SCH.
- The SCH delivery plan has been developed against a backdrop of capturing the context of the changing housing sector with a key influence being the learning following Grenfell alongside the housing white paper and the proactivity of the Housing Ombudsman Service.

Baseline data collated for the existing housing stock by a specialist company confirms that:

- The average energy performance rating for the whole stock is 70.7, equivalent to EPC Band C.
- There will be significant challenges around achieving net zero in some of the system built construction types managed by SCH.

As a result of the baseline study findings, SCH has approved a new strategy to deliver net zero emissions, to adopt:

- an interim target to get all homes to EPC Band C by 2030.
- a fabric-first approaches combined with renewable technologies.
- super-insulated build systems with better energy performance and air tightness.

SCH has developed a Business Sustainability Plan to achieve the 2030 target by -

- quantifying our existing carbon emissions for business operations.
- measuring the impact on carbon emissions through new blended ways of working.
- agreeing a short term strategy with the Council for electric vehicles, focusing on expanding charging infrastructure as a priority.
- Working to support the Council in the delivery of its Natural Capital Strategy

Determining the interventions necessary to optimise the achievement of the intended outcomes

Interventions aimed at better customer experience and outcomes:

- Customer Experience Improvement Panel (CEIP) is made up of heads of service and senior managers who meet monthly to review data from customer feedback, which leads to improvement projects. Recently, this has included actions on repairs, ASB, customer contact and complaints.
- Social media trends are used to inform customer experience and interaction, for example using customer registration at SCH portal to access self-help and usage to determine further action to improve customer experience.
- Complaint handling training including compliance with new Housing Ombudsman Code of Guidance delivered to all teams.
- Use of Inclusive Services Register (ISR) to ensure that the services we provide are tailored to the needs of the resident, rather than making assumptions based on a resident's particular circumstances, leading to more fair and equitable access for all residents.
- Third-party review of Asset Management has identified further action to improve quality of the data and interrogation of systems to provide assurance, this is now formalised into an action plan.
- Real-time dashboards are now available to managers and service leads to monitor satisfaction, enabling them to react in a more timely way to fluctuations and assess the impact of improvement measures. A summary of the results is captured in the 'Voice of the Customer' (VOC) report.

Interventions aimed at improving staff and stakeholder outcomes:

- A framework of management meetings including Executive Leadership Team and Senior Leadership Teams that take account of improving staff and customer outcomes.
- Frontline managers group is a cross-functional group to improve communication and consistent messaging.
- Developed well-constructed policies around blended ways of working and learning to adapt to post-pandemic challenges.

Developing the entity's capacity, including the capability of its leadership and the individuals within it
<ul style="list-style-type: none"> • Formal recruitment, retention, training and development policies for staff that incorporate annual appraisals of performance against targets that are consistent with the Delivery Plan and corporate objectives. • SCH has a training plan covering both mandatory and optional training for all staff, which includes regular refresher training on key areas such as Protecting Information, Data Protection, Equalities and Inclusion and Safeguarding. • 1-2-1 mentoring for managers to support better performance management. • Access to webinars on various subjects to support learning.
Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<ul style="list-style-type: none"> • Board reports are available for the public to view on the SCH website. • Statutory accounts are published on the website. • Finance publishes expenditure over £250. • Public sector equality duty statement published on the website. • Publish the gender pay gap report annually. • Compliance with the Freedom of Information framework. • Performance information including average wait times for different types of accommodation published on the website. • Compliance with the Housing Ombudsman Code of Guidance published on the website. • Information presented in accessible formats.
Managing risks and performance through robust internal control and strong public financial management
<ul style="list-style-type: none"> • Complete review and refresh of the company's Corporate Risk Register (and supporting service Risk Registers) has been undertaken. 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. • As a part of SCH's risk management approach the Audit and Risk Committee monitors the effective development and operation of risk management and considers compliance with the Risk Management Policy and Procedure. Annual report is presented to full Board on risk management in June each year. • A formal programme of internal audit work, carried out by officers independent of the Executive Leadership Team reports review processes and internal control; the recommendations are agreed by the Executive Leadership Team and are considered in detail by the Audit & Risk Committee. • Financial monitoring goes to the SCH Board on a quarterly basis so that all members take responsibility for financial oversight. • Quarterly financial monitoring reports to the Board to highlight any anticipated unplanned significant expenditure.

REVIEW OF EFFECTIVENESS

SCH undertakes an annual review of the effectiveness of its governance framework, including the system of internal control. The outcomes of the review are considered by the Chief Executive with support from the relevant officers, as well as the 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.

Annual Governance Statement

31 March 2022

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OTHER INTERNAL ASSURANCE

Audit Services

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

There were no serious concerns identified during the audit reviews.

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. Responsibility for operational risk management is owned by the Executive Leadership Team. The corporate and operational risk registers are monitored by both the Executive Leadership Team and the Audit & Risk Committee on a quarterly basis. There is also an annual risk management report presented to the full Board.

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.

A complete refresh of the corporate and operational risk registers was undertaken during the year to ensure that risks are aligned to corporate priorities. The risk refresh process included consultation with key stakeholders (board members, managers and partners) through a survey to capture the risks to the organization and then multiple risk workshops to define the risks and mitigations at both strategic and operational levels.

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) is in place at team and corporate level and these are monitored through regular reporting to management and the SCH Board, as well as by the council on a quarterly basis. Further reporting also takes place against the delivery plan, in respect of objectives, targets and outcomes.

Data integrity has been identified as a key corporate focus area and detailed interventions and actions plans have been put in place to improve the quality of data captured as well as linking multiple data systems to enable easy integration of data to inform better decision-making.

The Board has oversight of the skills mix of its membership and reviews this regularly, tailoring recruitment accordingly. The Board members go through annual appraisals of their own contribution and bi-annual 360 degree feedback is provided to enable a high-performing board.

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 (refresher every 2 years). There are clear management and accountability structures in place, which are outlined in the Information Governance Framework.

The SCH Governance Team works closely with the SMBC Information Governance Team to ensure full compliance with Freedom of Information and data protection requirements. Oversight of the internal governance arrangements is provided by both the Executive Leadership Team and Board, any failure to comply with statutory compliance with Companies House or Financial Conduct Authority would result in notifications from the relevant authorities.

All data breaches were reported and investigated and signed off by the relevant Executive Director. Learning points were identified from breaches, including staff being reminded of the need to be vigilant to avoid data breaches caused due to human error.

Annual Governance Statement

31 March 2022

(continued)

Financial Management

SCH's Standing Orders, Rules for Contracts and Financial Regulations are agreed annually by the Board (last update on 7 Jun 2021). This document incorporates legal requirements and reflects CIPFA guidance. SCH continues to report its budget and savings proposals via SMBC's Budget Strategy Group to ensure Council oversight and challenge of potential changes.

There is a robust financial monitoring process to identify non-compliance. Where this occurs, such as a forecast overspend, there are clear rules for escalation in place. Any forecast overspend is reported to the SCH Board through a quarterly financial monitoring report and a solution is recommended and agreed.

There was a forecast year-end overspend identified in September 2021 as a result of service recovery from Covid (for example, voids, temporary accommodation, backlog on repairs). Mitigating actions were put in place and one-off funding agreed. By quarter 4 the forecast was a small underspend by the year-end.

During 2021/22 it was identified that an agreed price increase for tenants provided with biomass heating agreed earlier in the financial year had not been implemented. This was reported to SCH Board in November 2021, and the price increases actioned.

The 2022/23 budget-setting process also identified areas of financial pressure and solutions have been put in place to ensure a balanced budget.

Procurement

Procurement services are provided to SCH by the council. 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. All procurement approval documents are now reviewed by ELT to maintain tighter financial controls.

A Procurement page has been created on the intranet with online approval processes for justification of needs before entering into any contract or purchasing agreement. 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 through a dedicated Inclusive Services Register. Equality and Diversity training is mandatory for new employees. Reports to the Board and Committees include due regard to equalities as appropriate.

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 (Level 1).
- Publicising major festivals and international days and celebrating diversity events.

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

Annual Governance Statement

31 March 2022

(continued)

Health and Safety

Health and safety performance reports are presented on a regular basis to the Executive Management 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.

A review of the Asset Management Service undertaken in this financial year identified improvements that needed to be made from a health and safety perspective. A plan has now been produced to address this, which will form part of a new building safety implementation plan for the upcoming Building Safety Reforms.

A review of health and safety governance arrangements had also taken place to help improve the management of health and safety throughout the organisation, resulting in a recommendation and action plan to manage health and safety in two distinct areas - occupational health and safety and building/resident safety).

Assurance from Customers (Complaints and compliments) and Ombudsman Complaints

The Housing Ombudsman Code of Guidance for complaint handling was introduced during 2020/21 and a self-assessment against the Code was completed as required and reported to Board in November 2020 and December 2021. Work has now started to comply with the new code issued in April 2022.

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 the Governance Team and any issues escalated to the relevant Executive Director.

Complaints and compliments:

SCH received 265 formal complaints and 196 compliments during 2021-22. The majority of complaints were resolved at stage 1 of the complaints process with only 6 progressing to stage 2.

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 27 June 2022. 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 2022 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.

Annual Governance Statement

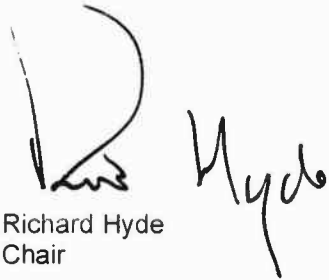
31 March 2022

(continued)

CONCLUSION AND EVALUATION

As Chair and Chief Executive, we have been advised on the results of the review of the effectiveness of 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 have recruited successfully to the two vacant independent board member posts to further strengthen our strategic leadership. We also commit to implementing any outstanding actions identified as part of this annual review of governance.



Richard Hyde
Chair

25/7/22



F. Hughes
Chief Executive

25/7/22

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 2022 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 UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards;
- 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.

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.

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 18, 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.

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.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to building maintenance. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations.

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.

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.

Anna Spencer-Gray

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: 4 August 2022

Statement of Comprehensive Income

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
REVENUE	1	47,241	41,380
Operating expenses	3	(50,912)	(43,362)
LOSS FROM OPERATIONS		(3,671)	(1,982)
Finance costs	4/16	(499)	(304)
LOSS BEFORE TAXATION		(4,170)	(2,286)
Income Tax expense	6	(1)	(10)
LOSS FOR THE YEAR	14	(4,171)	(2,296)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Actuarial gain/ (loss) on defined benefit obligations	17	11,051	(8,145)
Gain on property revaluation	8	-	442
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,880	(9,999)

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

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

Statement of Changes in Equity

for the year ended 31 March 2022

	Note	Total Equity & Reserves £'000
BALANCE AT 1 April 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)
Loss for the financial year to 31 March 2022		(4,171)
Actuarial gain relating to the pension scheme	17	11,051
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,880
BALANCE AT 31 March 2022		(4,708)

Balance Sheet

at 31 March 2022

	Note	2022 £'000	2021 £'000
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	2,274	2,312
Right of use assets	16	782	1,070
CURRENT ASSETS			
Inventories	9	104	94
Trade and other receivables	10	3,530	2,825
Cash and cash equivalents	15	11,479	10,937
TOTAL ASSETS		18,169	17,238
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	(7,550)	(5,296)
Current tax liabilities	6	(1)	(10)
Lease liabilities	16	(345)	(356)
Borrowings	7/12	(37)	(35)
		(7,933)	(5,697)
NON CURRENT LIABILITIES			
Borrowings	7/12	(411)	(448)
Lease liabilities	16	(446)	(719)
Retirement benefit net obligations	17	(14,087)	(21,884)
Other non-current financial liabilities	7/11	-	(78)
TOTAL LIABILITIES		(22,877)	(28,826)
NET LIABILITIES		(4,708)	(11,588)
EQUITY – Attributable to parent			
Retained earnings	14	(4,708)	(11,588)
TOTAL EQUITY – ATTRIBUTABLE TO MEMBER		(4,708)	(11,588)

The financial statements on pages 30 to 55 were approved by the Board and authorised for issue on 2022 and are signed on their behalf by:



Mr Richard Hyde

Chair

25/7/22



Mr Nigel Page

Chair of Audit and Risk Committee

25/7/22

Statement of Cash Flows

for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
OPERATING ACTIVITIES			
Cash inflow/ (outflow) from operations	15	1,087	(886)
Interest paid	4	(33)	(37)
Corporation tax paid		(10)	(13)
NET CASH GENERATED/ (USED) IN OPERATING ACTIVITIES		1,044	(936)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(81)	-
NET CASH USED IN INVESTING ACTIVITIES		(81)	-
FINANCING ACTIVITIES			
Repayments of borrowings	12	(35)	(34)
Repayment of lease liabilities	16	(386)	(353)
NET CASH USED IN FINANCING ACTIVITIES		(421)	(387)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		542	(1,323)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		10,937	12,260
CASH AND CASH EQUIVALENTS AT END OF YEAR		11,479	10,937

Significant Accounting Policies

31 March 2022

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 10 February 2022, approved the roll-over of this agreement for the period 2022/23 to 2026/27. 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 July 2023. 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 2022

(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 2022

(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 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.

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 2022

(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 £14,087,000. 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 2022

(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 16.0% (2021: 16.0%) 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

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – 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 2022

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 15 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 19 to 26 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 94% (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 2022

(continued)

Liquidity Risk and Credit Risk (continued)

Credit risk predominantly arises from trade receivables of the Company's total 2021 financial assets, £2,743,655 (2021: £1,942,123) 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 2022 and 2021 Financial Assets are non-interest bearing.

All the Company's 2022 and 2021 Trade and Other Payables are non-interest bearing. The interest rates applicable to the Company's 2022 and 2021 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 £10,240,000 at 31 March 2022 (2021: £9,379,000).

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 2022

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:	2022	2021
	£'000	£'000
Inventories		
- cost of inventory recognised as an expense	865	876
Depreciation of owned property, plant and equipment	52	42
Depreciation of leased assets	389	353
Auditor's fees:		
- audit services	28	26
- taxation	2	2
Rentals under operating leases	2	2

The following table analyses the nature of expenses:	2022	2021
	£'000	£'000
Staff costs	5	14,612
Asset management		28,693
Housing management		4,574
Corporate services		3,033
Total expenditure		50,912
		43,362

4. FINANCE COSTS

	2022	2021
	£'000	£'000
Interest on net pension liability	17	(466)
Prudential borrowing interest		(20)
Interest on lease liabilities	16	(13)
		(499)
		(304)

Notes to the Financial Statements

for the year ended 31 March 2022

(continued)

5. STAFF COSTS	2022 No	2021 No
The average monthly number of persons employed by the Company during the year was:		
Non-executive Directors	9	9
Executive Management Team	4	4
Housing and Communities	124	122
Assets and Development	123	107
Procurement	2	3
Customer Service Transformation and Business Support	61	54
	323	299

Staff costs, including directors:	2022 £'000	2021 £'000
Wages and salaries	8,753	8,404
Social security costs	836	769
Other pension costs	4,078	2,684
Modernisation and redundancy costs	66	54
Sub-total employed staff costs	13,733	11,191
Agency costs	879	727
Total staff costs	14,612	12,638

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:

	2022 £'000	2022 Average per full time equivalent	2021 £'000	2021 Average per full time equivalent
Short term employee benefits (Pay & Employers NI)	545	136	481	120
Post employment benefits (Employers Pension)	63	16	64	16
	608	152	545	136

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 £62,361 (2021: £60,326). 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 £1,238,670 (2021: £1,217,380). 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 2022

(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 (2020/21: £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

	2022	2021
	£'000	£'000
Current Tax:		
UK – Current year	1	10
Adjustment in respect of prior year	-	0
	<u>1</u>	<u>10</u>

Current tax reconciliation:

	2022	2021
	£'000	£'000
(Loss) before tax	(4,170)	(1,844)
Depreciation	441	395
IAS19 adjustments:		
- Other finance income	466	267
- Past and present service costs	4,034	2,651
	<u>771</u>	<u>1,469</u>

	2022	2021
	£'000	£'000
Tax at the standard rate of corporation tax 19% (2021: 19%)	146	279
Effect of non-trading activities with member not subject to corporation tax	(145)	(269)
	<u>1</u>	<u>10</u>

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 £5,000 arose in the year and is reflected in these statements (2021: £56,000).

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 2022

(continued)

7. FINANCIAL INSTRUMENTS

		2022	2021
		£'000	£'000
Assets at amortised cost:			
Current financial assets			
Trade and other receivables	10	3,147	2,201
Liabilities at amortised cost:			
Current financial liabilities			
Trade and other payables	11	7,202	5,061
Borrowings	12	37	35
		7,239	5,096
Non-current financial liabilities			
Borrowings	12	411	448
Retentions on construction projects	11	-	78
Total other financial liabilities		7,650	5,622

Notes to the Financial Statements

for the year ended 31 March 2022

(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.

		2022	2021
		£'000	£'000
Within 6 Months			
Trade and other receivables	10	3,147	2,201

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 2022 up to the contractual maturity date:

		2022	2021
		£'000	£'000
Within 6 Months			
Trade and other payables	11	7,142	5,049
Borrowings	12	37	35
6 Months to 1 Year			
Payables due 6 months to 1 year: retentions on construction projects		60	12
1 to 5 Years			
Payables due >1 year: retentions on construction projects		-	78
Borrowings	12	411	448
Total		<u>7,650</u>	<u>5,622</u>

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 2022

(continued)

8. PROPERTY

	Freehold Land	Completed Properties available for letting		Total
	£'000	Rented £'000	Shared Ownership £'000	£'000
Valuation:				
At 1 April 2020	691	1,416	188	2,295
Gain on revaluation	79	313	50	442
At 31 March 2021	770	1,729	238	2,737
Additions	-	-	81	81
Loss on revaluation	-	-	(67)	(67)
At 31 March 2022	770	1,729	252	2,751
Accumulated depreciation and any recognised impairment losses:				
At 1 April 2020	-	(334)	(49)	(383)
Charged in the year	-	(37)	(5)	(42)
At 31 March 2021	-	(371)	(54)	(425)
Charged in the year	-	(45)	(7)	(52)
At 31 March 2022	-	(416)	(61)	(477)
Net book value:				
At 31 March 2022	770	1,313	191	2,274
At 31 March 2021	770	1,358	184	2,312
At 31 March 2020	691	1,082	139	1,912

The depreciation expense of £52,000 (2021: £42,000) and the revaluation loss of £67,000 (2021: £nil) have 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 2022

(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 2022	-	(580)	(55)	(635)
Net Book Value Cost Model at 31 March 2022	613	1,226	108	1,947

9. INVENTORIES

	2022	2021
	£'000	£'000
Raw materials and consumables	104	94
	<u>104</u>	<u>94</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

	2022	2021
	£'000	£'000
Trade receivables	2,740	1,907
Other receivables including rent	790	645
Other tax and social security	-	273
	<u>3,530</u>	<u>2,825</u>

The average credit period taken on provision of services is 11 days (2021: 17 days).

An allowance has been made for estimated irrecoverable debtors of £174,000 (2021: £83,000). 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.

	2022	2021
	£'000	£'000
Up to 3 months	144	236
Up to 6 months	-	105
Greater than 6 months	4	9
	<u>148</u>	<u>350</u>

Notes to the Financial Statements

for the year ended 31 March 2022

(continued)

10. TRADE AND OTHER RECEIVABLES (continued)

	2022	2021
	£'000	£'000
The movement in the allowance account was as follows:		
Opening balance as at 1 April	82	70
Provision for receivables impairment	95	22
Receivables written off during the year	(10)	-
Unused amounts reversed	(4)	(10)
Closing balance as at 31 March	163	82

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

11. TRADE AND OTHER PAYABLES

	2022	2021
	£'000	£'000
Amounts payable relating to invoiced amounts	3,683	1,488
Accruals and deferred income	3,013	3,077
Other tax and social security	346	201
Other creditors	508	530
Current trade and other payables	7,550	5,296
Non-current other creditors: retentions on construction projects	-	78
Total trade and other payables	7,550	5,374

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 16 days (2021: 13 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

	2022	2021
	£'000	£'000
<u>Less than 1 year</u>		
Prudential borrowing from SMBC	37	35
<u>Greater than 1 year</u>		
Prudential borrowing from SMBC	411	448
	448	483

Interest Rate Summary

	2022	2021
	£'000	£'000
Floating rate	448	483
	448	483

Notes to the Financial Statements

for the year ended 31 March 2022

(continued)

12. BORROWINGS (continued)

A floating rate loan from Solihull Council to finance SCH's development of properties for rent and shared ownership - £448,000 (2021: £483,000). 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

	2022	2021
	£'000	£'000
Retained Earnings		
At 1 April	(11,588)	(1,589)
Retained loss for the year	(4,171)	(1,854)
Actuarial gain/ (loss)	10,665	(8,145)
Total Equity and Reserves	(5,094)	(11,588)

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

	2022	2021
	£'000	£'000
Reconciliation of operating loss to net cash inflow/ (outflow) from operating activities		
Operating loss before tax	(3,671)	(1,540)
Depreciation and amortisation	441	395
Loss/ (gain) on revaluation of fixed assets	67	(442)
Pension contributions paid in period	(1,285)	(1,211)
Pension contributions charged in the period	4,074	2,697
(Increase)/ Decrease in inventories	(10)	68
Increase in debtors	(705)	(41)
Increase/ (Decrease) in creditors	2,176	(812)
Net cash inflow/ (outflow) from operating activities	1,087	(886)

CASH AND CASH EQUIVALENTS

	2022	2021
	£'000	£'000
Cash and cash equivalents represent:		
Cash at bank and in hand	11,479	10,937
	11,479	10,937

Notes to the Financial Statements

for the year ended 31 March 2022

(continued)

16. COMMITMENTS UNDER LEASES

Right-of-use assets	Land and buildings £'000	Plant and machinery £'000	Total £'000
Balance at 1 April 2021	49	1,021	1,070
Depreciation charge for the year	(39)	(350)	(389)
Lease modifications recognised in year	-	101	101
Balance at 31 March 2022	10	772	782

	Land and buildings 2022 £'000	Land and buildings 2021 £'000	Plant and machinery 2022 £'000	Plant and machinery 2021 £'000
Total value of lease commitments				
Expiry of lease:				
Within 1 year	10	40	345	329
Between 2-5 years	-	10	451	722
After 5 years	-	-	-	-
Total undiscounted lease liabilities at 31 March 2022	10	50	796	1,051
Lease liabilities included in the statement of financial position at 31 March 2022	10	50	781	1,025
Current	10	40	335	316
Non-current	-	10	446	709

Amounts recognised in statement of comprehensive income	2022 £'000
Interest on lease liabilities	13
Expenses relating to short-term leases	2
	-

Amounts recognised in statement of cash flows	2022 £'000
Total cash outflow for leases	386

Notes to the Financial Statements

for the year ended 31 March 2022

(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 2022 for the purposes of the IAS 19 valuation for inclusion in these financial statements prepared by Hymans Robertson LLP, 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.

	2022	2021
Key assumptions used:	%	%
Discount rate	2.70	2.00
Future salary increases	4.20	3.80
Future pension increases	3.20	2.80
CPI increases	3.20	2.80

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:

	2022	2021
Male	86	87
Female	89	89

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

	2022	2021
Male	88	88
Female	90	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 (£1,762,000)
Short term salary increase	Increase by 0.1%	Increase £180,000
Pension growth rate	Increase by 0.1 %	Increase £1,567,000
Rate of mortality	Increase by 1 year	Increase £3,929,000

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

	2022	2021
	£'000	£'000
Current service cost	4,034	2,651
Net interest on liability	466	267
Administration cost	40	46
Total operating charge	<u>4,539</u>	<u>2,964</u>

Of the charge for the year: £4,074,000 has been charged to operating costs (2021: £2,697,000); £466,000 has been charged to finance costs (2021: £267,000).

Notes to the Financial Statements

for the year ended 31 March 2022

(continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

Gain recognised is £11,051,000 (2021: loss of £8,145,000);

Cumulative expense is £269,000 (2021: £11,320,000).

The actual return on scheme assets was a gain of £6,757,000 (2021: £12,522,000).

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

	2022	2021
	£'000	£'000
Fair value of scheme assets	84,139	77,428
Present value of defined benefit contributions	(98,226)	(99,312)
Liability recognised in the Balance Sheet	(14,087)	(21,884)

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

	2022	2021
	£'000	£'000
At 1 April	(21,884)	(11,986)
Current service cost including curtailments	(4,034)	(2,651)
Interest cost	(2,012)	(1,794)
Remeasurement arising from changes in financial assumptions	5,846	(19,140)
Expected return on scheme assets	1,547	1,527
Actuarial gains	5,205	10,995
Administration expenses	(40)	(46)
Employer contributions	1,285	1,211
At 31 March	(14,087)	(21,884)

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

	2022	2021
	£'000	£'000
At 1 April	99,312	76,964
Current service cost including curtailments	4,034	2,651
Administration expenses	40	0
Interest cost	2,012	1,794
Remeasurement arising from changes in financial assumptions	(5,846)	(19,140)
Contributions by plan participants	533	489
Benefits paid	(1,859)	(1,726)
At 31 March	98,226	99,312

Notes to the Financial Statements

for the year ended 31 March 2022

(continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Movement in the fair value of scheme assets in the current period:	2022	2021
	£'000	£'000
At 1 April	77,428	64,978
Expected return on scheme assets	1,547	1,527
Actuarial gains/ (losses)	5,205	10,995
Administration expenses	-	(46)
Employer contributions	1,285	1,211
Employee contributions	533	489
Benefits paid	(1,859)	(1,726)
At 31 March	<u>84,139</u>	<u>77,428</u>

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

	Expected return		Fair value of assets	
	%	%	£'000	£'000
	2022	2021	2022	2021
Equity instruments	2.7	2.0	45,376	45,615
Debt instruments	2.7	2.0	18,895	10,685
Property	2.7	2.0	6,035	5,594
Alternatives	2.7	2.0	10,529	10,906
Cash	2.7	2.0	3,304	4,628
	<u>2.7</u>	<u>2.0</u>	<u>84,139</u>	<u>77,428</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 2022

(continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

The five year history of experience adjustments are as follows:

At 31 March:	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	84,139	77,428	64,978	65,393	63,219
Present value of defined obligation	(98,226)	(99,312)	(76,964)	(80,133)	(77,624)
Deficit in the plan	(14,087)	(21,884)	(11,986)	(14,740)	(14,405)
Re-measurement on Assets	5,205	10,995	(1,829)	731	(1,664)
Experience adjustments arising on plan liabilities	(212)	929	185	-	-
Gain/ (loss) on financial assumptions	5,496	(17,965)	8,017	(3,520)	3,640
Gain/(loss) on demographic assumptions	562	(2,104)	(2,104)	4,427	-
Total Actuarial gain/ (loss) for year	11,051	(8,145)	4,269	1,638	1,976

The estimated amounts of contributions expected to be paid to the scheme during the financial year ending 31 March 2023 is £1,293,000.

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.

	2022	2021
	£'000	£'000
During the year the Company:		
- supplied goods and services to SMBC	44,569	39,780
- purchased goods and services from SMBC	3,134	3,550
At 31 March		
- included in year-end Debtors owed by SMBC	2,744	1,942
- included in year-end Creditors owing to SMBC	(374)	(598)
- included in year-end Borrowings owing to SMBC	(448)	(483)
- included in year-end Deferred Income from SMBC	-	(27)
- Net balance due from SMBC	1,922	834

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 2022 the balance outstanding was £448,000 (2021: £483,000).

Notes to the Financial Statements

for the year ended 31 March 2022

(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. Fletcher Property Rentals Limited and Housemark Limited have current Directors who are also serving Board members of SCH, Savills (UK) Limited occasionally procure the services of a Current Board Member.

	2022	2021
	£'000	Restated * £'000
Fletcher Property Rentals Limited		
- purchased goods or services	44	39
Housemark Limited		
- purchased goods or services	101	48
Savills (UK) Limited		
- purchased goods or services *	37	194
At 31 March		
- included in year-end Debtors	1	18
- included in year-end Creditors *	(14)	(49)

* Figures for 2020/21 have been restated to include transactions with Savills (UK) Limited

19. CAPITAL COMMITMENTS

At 31 March 2022 the Company had no capital expenditure commitments (2021: £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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Freepost RLSS-UEBA-RTUZ
Solihull Community Housing
Endeavour House
Meriden Drive
Solihull B37 6BX

Phone: 0121 717 1515

Typetalk: 18001 0121 717 1515

Text: 07781 474 722

Email: info@solihullcommunityhousing.org.uk

Website: www.solihullcommunityhousing.org.uk

