

**BELLE ISLE
TENANT MANAGEMENT ORGANISATION LIMITED**

**Report and Financial Statements
for the year ended 31 March 2021**



BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Reports and Financial Statements for the Year Ended 31 March 2021

Contents

	<u>Page</u>
Management Committee ("the Board") and organisational information	1
Report of the Board (including Statement of Responsibilities)	2-15
Auditors Report	16-17
Statement of Comprehensive Income (including Income & Expenditure Account)	18
Statement of Financial Position (Balance Sheet)	19
Cash Flow Statement	20
Notes to the accounts	21-29

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Organisation Information
31 March 2021

Financial Conduct Authority registered number 29817R

Registered Office

Aberfield Gate
Belle Isle
Leeds
LS10 3QH

Management Committee ("the Board")

Board members who served during the year:

Leon Kirkham	Chairperson/Treasurer	Elected Member
Jean Burton	Secretary/ Vice Chair	Elected Member
Ian Liptrot	Treasurer/ Vice Chair	Elected Member to 30.7.2020
Councillor Judith Blake		Co-opted Member
Councillor Paul Truswell		Co-opted Member
Margaret Brown		Co-opted Member
Lisa Caley		Elected Member from 24.9.2020
Iris Crummack		Elected Member
Debbie Flesher		Elected Member to 16.12.2020
Sharafath Ghafiri		Elected Member from 24.9.2020
Rose Hodgkinson		Elected Member to 16.12.2020
Ashley Knowles		Co-opted Member
Michelle Lyons		Elected Member
Tracey Morris		Elected Member
Julie Rhodes		Elected Member
Mary Thompson		Elected Member to 24.9.2020
Beverley Walker		Elected Member

Chief Executive & Company Secretary

Deborah Kelly

External Auditor

Beever & Struthers
St Georges House
215-219 Chester Road
Manchester
M15 4JE

Bankers

NatWest Bank PLC
8 Park Row
Leeds
LS1 1QS



The Board of Belle Isle TMO (BITMO) presents its report and the audited financial statements for the year ended 31 March 2021

BITMO is a unique local provider of quality housing services in Leeds, with a strong community base, exceptional colleagues and customers who want BITMO to add real value to the people who live in Belle Isle.

We are committed to delivering long term sustainable community benefits in Belle Isle and providing Leeds City Council with a cost effective way of delivering services.

1. Message from the Chief Executive

Annual Review 2020/21

This annual review is being written after three national lockdowns, following a year in which we have experienced a global pandemic. Its impact on our ability to deliver services, procure contracts and maintain our position in our community and provide the support that is needed has been profound. Despite this, I am very pleased to be able to look back on this most challenging of years and say with confidence that BITMO has responded to the professional and personal difficulties of lockdown with resilience, fortitude and pace. Not only have we maintained a high level of support for our community, continued to deliver essential services, and improved support and communication internally, we have extended ourselves to find new solutions and develop new services. We have done more, not less.

Operational Performance

Prior to the COVID 19 situation repairs performance month on month has been consistently strong with over 90% of repairs being completed within target and achieving high levels of customer satisfaction.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

Considerable work has been done to maintain our repairs service and we have seen consistent improvement in rent account management that has resulted in increased levels of recovery in the year. Of course, the COVID situation adds in additional complexity to the challenges, but overall performance is good and improving.

Void re-let times have been significantly affected during the pandemic. It will take some time for normal working practice to resume and for teams involved in void management to re-establish successful methods of working, but we have responded to the challenges facing the families we house by improving the quality of our homes by including full redecoration and carpets in the void standard. As soon as circumstances allow we will focus on end to end management of the voids process to ensure the swiftest possible re-let times.

Repairs and maintenance procurement (RAMP)

The process to procure a new responsive repairs and maintenance contract effective from September 2021 has been completed. We will have continuity of quality and performance in our repairs service and can demonstrate value for money as a result.

We took the decision not to re-procure our gas safety and installation contract at this time, but to extend it for a period of two years, this enabled us to manage risk and workloads while maintaining essential services for customers.

BITMO Charity

We have begun the process of establishing a charity which we intend to use as a vehicle to apply to charitable foundations for funds to support the work we do that is over and above our pure housing management function. It is part of an approach to income diversification that will improve our financial viability and enable us to continue to do more to support our community.

Fit for the Future

Our Five Year Plan "Fit for the Future" remains highly relevant and we have made good progress in pushing it forward to strengthen our organisation and continue to make a sustainable difference in our community.

Getting The Basics Right has never been more important. Our singular commitment to simplicity and continuous improvement has in some ways been propelled by the circumstances of the pandemic. We have by necessity, streamlined what we do to focus on the things that have impact.

We have become almost entirely paperless. We have developed investment programmes and work streams around tree planting, insulation and solar energy in support of our **Green Agenda**. Home working has been a necessity, and we will continue to work with agility to reduce our carbon foot print and support colleague work/life balance.

Our focus on being **Digitally Enabled** has gathered pace, as we have rolled out digital devices and tools to digitally excluded members of our community. We will focus over the next year upon providing access to training and becoming a leader in digital health in our community.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

We are involved in supporting 50 households to understand their health priorities, and provide tablets that are pre-loaded with useful and individually relevant health apps and other software to enable them to engage with their health concerns and access services digitally.

Meeting Community Needs is about much more than bricks and mortar. This year, providing a community space, and community projects has proved very difficult indeed. We have used this time to rethink how we can do more for our community and have developed a programme call LIFT OFF to help young people achieve success in school, college, university or work. It focuses on self-development, personal agency and setting and achieving goals. We are offering the programme to our community, and local schools and colleges.

Developing our Organisation has been so important this year. The novelist Proust observed that the true voyage of discovery in life lies not so much in encountering new landscapes but in discovering new eyes. Everyone at BITMO has seen their world, their work and BITMO with new eyes. We have seen that we are capable of far more than we knew and we are determined to maintain that focus and continue to develop our services, our organisation and ourselves to continue to focus on our 3 key aims:

- **Providing high quality services**
- **Building a stronger safer belle isle**
- **Being a well-run TMO**

2. Performance

A programme of service enhancement (Strong Front Line) and staff and volunteer training was put in place prior to the Covid-19 pandemic and these enabled a transition to the alternative form of service provision that has existed during the year.

All areas of operation were affected by the pandemic, as access to properties was restricted and the means of communication with tenants restricted largely to electronic communications. Some statistics remain high although numbers of properties accessed was necessarily reduced. The level of capital investment on the estate was lower than budget, again due to access issues.

Rental income performance saw a continued improvement from the prior year, which was a considerable achievement given the circumstances.

Outreach activities included a major telephone contact project to vulnerable tenants.

In such severe circumstances, overall performance continued to be good across the organisation for 2020-21. BITMO is engaging in remobilisation activity where safe to do so. Like many other organisations it has learned valuable lessons during such challenging times and will make sure they are used to further heighten performance going forward.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

Key performance indicators were as follows:

KPI	Target	2019-20	2020-21
(RR1) Repairs done right first time	90%	98%	97%
(RR2) Repairs completed within target time	99%	99%	89%
(RR3) Repairs appointments made and kept	99%	97%	80%
Capital Investment programme completed	100%	97%	86%
All homes have a current gas safety certificate	100%	100%	100%
Number of properties with a Gas safety certificate overdue for over three months	0.00	0.0%	0.00%
Percentage of rent collected	98%	96%	97%
Number of Household Supported with Financial Hardship	N/A	75	74
Additional income generated for customers	N/A	£37k	£57k
Number of complaints received	N/A	34	27
Number of complaints referred to the Ombudsman	N/A	2	0

3. Principle Activities

Belle Isle Tenant Management Organisation's (BITMO's) principle activities are the provision, maintenance and management of housing and associated amenities for the benefit of the Belle Isle Estate. During 2020-21 these activities were organised into the following front-line areas of work:

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

- Repairs, Maintenance and Investment – ensuring that housing stock is maintained to a high level, that infrastructure works well and that works are done in a timely and efficient manner.
- Lettings, Tenant and Sheltered Services – making sure that vacant properties are kept to a minimum, that tenant queries are dealt with effectively and that residents in sheltered housing are properly cared for.
- Tenancy and Income Management – dealing with tenancy issues and rent collection on behalf of Leeds City Council (Leeds CC).
- Community and Tenant Support – providing outreach services and events to improve the lives of residents (particularly through our Gate community facility).

4. Objects & Mission

Belle Isle Tenant Management Organisation (BITMO) is the largest estate-based TMO in the country, outside of London. It is a locally based organisation, run by tenants for tenants - and is responsible for managing some 1,850 of Leeds City Council houses and other estate management services in the Belle Isle area of Leeds.

Belle Isle has, for over 25 years, been at the forefront of resident-led service delivery in Leeds. It is an independent organisation owned by its 'shareholding members'. That means anyone who is a tenant of a Leeds City Council property in the BITMO management area can be a shareholder - and shares cost just ten pence.

The Objects of Belle Isle TMO (BITMO) are: '*For the benefit of the community in the Belle Isle Estate, to carry on the business of providing, maintaining and managing housing and associated amenities and activities within the area of benefit*'. It is a Public Benefit Entity, in that it provides services for the community of the Estate.

5. Strategic Review

The Strategic Plan 2019-25 is in the process of being implemented and is still considered by the Board to be fit for purpose.

The organisation has long identified with three core aims, which are to:

- Maintain a **well-run organisation** that is led by tenants and is open, transparent and financially viable
- Provide **high quality services** that focus on the organisation's key functions as well as other areas
- Build a **stronger and safer community**

These aims permeate all of BITMO's activities and continue to be applicable.

The Board review in 2019-20 was aimed at a refocus of how these overarching aims are achieved. It was intended to engage with Board colleagues and customers, to co-create ambitions and ideas for the future, to renew focus on our priorities and to gain general consensus around the plan.

The Plan needed to be viewed in light of prevailing circumstances such as: austerity; climate change; crime and disorder levels; 30% of children in poverty; low attainment and school attendance levels and fuel poverty.

BITMO's strengths included having:

- Talented, skilled and hardworking people
- A community that believes in us

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

- Secure funding and unique services

To achieve these aims, work would focus on five main Themes:

(i) Continuous Improvement - Getting the basics right. We will carry out a programme of service reviews to deliver improvement in every aspect of BITMO, enhancing value for our customers.

A series of Ways of Working Groups are looking at all services, including: rents; customer interaction; anti-social behaviour; tenancy support; sheltered; repairs and maintenance; GATE and back office services.

We have been building build leadership and accountability into our service, continually challenging what we do and how we do it to provide the best possible service to our community. We are equipping our staff to act make a difference in our community

(ii) Our Green Agenda - puts our response to the climate emergency front and centre of how we conduct our day to day business and how we invest in our community. It seeks to address issue such as: carbon; paper; plastic as well as energy efficiency and generation.

A planned programme of assessing thermal comfort and looking at insulation solutions has been put in place. Further planting of trees will commence in the autumn following tenant consultation. Discussions continue with partners to further enhance recycling.

(iii) Digital Enablement

To digitally enable colleagues and customers through:

- Increasing digital skills in house (training courses via Leeds CC training platform)
- Digital skills courses (free loan android tablets and training given to residents)
- Digital mentors (participation in the Diana Award mentoring scheme)
- Full adoption of LCC IT tools (new stock management system introduced)
- A war on paper (new online forms and ways of working developed)
- New website and social media presence (launched at 2020 AGM)

(iv) Empowering our Community

Meeting Community needs improving outcomes in health, work, and money:

- Colleagues as Community Champions (via Diana Award and online discussion forum)
- Formal accreditation of The GATE (under investigation)
- Focus on customers re work, money and health (remobilisation of a new suite of tenant services in the summer of 2021).

(v) Developing our People

To ensure that BITMO people are empowered engaged and enabled. Wellbeing has been a central theme of staff development during 2020-21. Mental Aid First Aiders have been appointed and regular consultation conducted during times of changes working. New training facilities have been introduced.

We believe strongly in People, Service and Community. Our leadership is focused on developing vibrant, energetic, solution focused teams working in the best interests of our customers. As an employer we seek to be supportive and caring, listening and empowering.

Work done through 2020-21 has focussed on these main themes, albeit modified and flexed to take account of the worldwide pandemic. Please see the Chief Executives Report above for further implementation.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

6. Volunteers

Belle Isle TMO is very fortunate to be able to utilise the skills and experience of a significant number of volunteers. This includes persons who act in a trustee capacity of the BITMO Board, as well as people who volunteer to help run and support a variety of training courses, sessions and workshops in the GATE.

Many activities had to be adapted during 2020-21 to take account of Covid-19 restrictions.

In the current year 2021-22 we are planning for a remobilisation of volunteer led activities which will give an even greater opportunity for tenants and residents to gain skills for personal development.

7. Priorities going forward

The Chief Executives report above outlines the main strategic work priorities going forward.

Essential front line services remain the focus of attention. These will be aided by the careful remobilisation of more office based services whilst complying with all Government guidance.

Home working has been effective and new ways of working have been implemented to make the organisation more digitally enabled. Plans have been established and risk assessments conducted, for the gradual expansion of office based services as lockdown restrictions are eased, whilst retaining some element of home working as business needs both dictate and allow. Flexibility is however needed going forward to allow for the possibility that further outbreaks may occur in future.

In 2019-20 the Board allocated a budget of £150k from general reserves to enable a restructure and refurbishment of the office at Aberfield Gate to be completed. A reduction in the annual management fee from Leeds City Council has, however, meant that the commitment has had to be reduced. Some adjustments to the office structure are however required for Covid-safe working and these are being put in place post year end.

A major procurement process has been concluded and five year contract awarded, for the main repairs contract. Mobilisation is underway for the start date of 1st October 2021.

Work continues to build provision of even more efficient local services which will benefit local tenants, the wider community and the environment.

8. Financial review

8.1 Statement of Comprehensive Income (including Income & Expenditure Account)

Operational performance

Total operational income for the year amounted to £3,282k (2019-20 £3,265k), an increase of £17k (0.5%).

Income is derived primarily from a management fee from Leeds City Council (LCC) which is agreed in advance each year. Close liaison is maintained with LCC with regular meetings to report operational performance and discuss important issues.

Expenditure falls into two main areas, repair costs and staff costs.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

Repair costs encompass both responsive matters as reported to the organisation by tenants and cyclical works such as gas and electrical testing to ensure that homes are safe.

Responsive repair costs were deeply affected by the impact of Covid19 in the first lockdown which began in March 2020. In the first quarter of the financial year there was a major reduction in repair requests. Urgent health and safety related repairs were undertaken with correct social distancing, cleansing procedures and use of personal protective equipment (PPE). Other repair orders were held in line with government restrictions.

The situation after the first lockdown saw a gradual rise in repair cases and eventually levels came almost back to pre-pandemic numbers. There remained however a substantial amount of unspent repairs budget relating primarily to the first lockdown.

Such unspent repairs budgets have been taken to reserves and designated for future spend on estate enhancement.

Overall staff costs stood at £1,374k. This included £69k of early leavers costs (ELI). The staff cost for 2019-20 was £1,278k (with no ELI costs). This represents an overall increase of £27k in ongoing operating staff costs. This was in part due to the filling of previously vacant staff posts. ELI costs need to cover their outlay over the succeeding five years and are only allowed if they aid efficiencies and enhance staff structure.

The overall result for the year was a £315k surplus (9.6% of income), due to the under-spend on repairs as detailed above. The surplus for the previous year was £156k (4.8% of income), again mainly due to an under-spend of budgeted repairs costs. These amounts have been added to reserves for future spend for the good of the estate and the service.

It should be noted that the defined benefit pension scheme disclosures have a significant effect on the presentation of the Statement of Comprehensive Income. They are however financially neutral overall, because the overall pension liability is matched by a corresponding asset (a guarantee given by Leeds City Council to the Scheme).

8.2 Statement of Financial Position (Balance Sheet)

Total net funds as at 31 March 2021 were £1,485k (2020 £1,171k).

The balance sheet includes the following pension liability and asset:

- Belle Isle TMO participates in the West Yorkshire Pension Scheme and the Organisation's share of assets and liabilities are disclosed as a net liability in the Statement of Financial Position. As at 31 March 2021 that liability was identified as £3,418k by the Scheme Actuary (compared to £2,729k as at 31 March 2020 – subsequently restated to £2,702k by the actuary).
- There exists a guarantee by Leeds CC to Bradford MDC, which administers the Scheme, to underwrite the above liabilities in the event that BITMO is unable to meet its obligations to the Scheme. Leeds CC has confirmed this undertaking directly to BITMO. An asset is disclosed in the financial statements to reflect the nature of the guarantee undertaken by Leeds CC.

8.3 Capital programme

Capital works are managed by BITMO, which acts as agent for Leeds CC as landlord for the estate properties.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

During the year BITMO staff, acting on behalf of Leeds CC, managed the expenditure of some £1.5m of capital spend (2019-20 £1.7m), equating to over 85% of the total capital budget for the year for the Belle Isle Estate. These transactions do not form part of the Statement of Financial Activities for the year ended 31 March 2021, as they relate to the maintenance of freehold assets which are owned by Leeds CC and they correspondingly pass through the bank account of that organisation rather than that of BITMO. The staff cost relating to time spent managing capital spend is reimbursed via the management fee structure.

8.4 Financial outlook

BITMO is primarily reliant for income upon a Management Agreement with Leeds City Council under Right to Manage legislation. In 2019 the Council tenants of Belle Isle estate voted overwhelmingly to continue as a tenant management organisation for a further five years.

The impact of Covid-19 on local government finances has been significant. In late 2020 Leeds City Council informed BITMO that a reduction in the overall level of the Management Fee was necessary to reflect cost reductions required within the Council. As a consequence, a reduction of some £91k has been applied to the overall fees for 2021-22. Such a cut, although representing some 3% of total income, presented considerable challenges to BITMO. The Board established a working group to examine all options to reduce costs and enhance income, in order that front line services are maintained.

Cost reductions have been achieved and further income obtained which mean that the overall budget for 2021-22 is now balanced.

There is some uncertainty as to how cuts within Leeds City Council will impact upon the BITMO Management Fee in future years, but the Board believes that actions already taken by Leeds City Council have done much to mitigate against high levels of future cuts for the immediate future.

9. Going concern

The Board of BITMO has satisfied itself that the Organisation is able to continue as a going concern within the parameters of Financial Reporting Standard 102. The Organisation is satisfied that it has taken the necessary steps needed to manage its operating costs for 2020-21. It is therefore anticipated that BITMO will be able to meet all operating costs from in-year revenues or available free reserves and that the organisation continues to be a going concern.

10. Risk management

The Board has overall responsibility for establishing and maintaining the Organisation's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operating information and the safeguarding of BITMO's assets and interests.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

The over-arching principal risks areas to which the organisation is exposed are:

- CORPORATE COMPLIANCE AND GOVERNANCE. The risk of a failure to deliver against our regulatory or social commitments that would undermine our reputation as a provider of housing and community services and result in legal exposure or regulatory sanctions. The risk is mitigated by ensuring an effective Board and staff structure, clear policies and procedure, good induction and training, quality assurance auditing and continuous improvement initiatives.
- TECHNOLOGY CAPABILITY. A risk of failure to improve our technology capabilities, reduce dependency on legacy systems and enhance digital capability, which could limit our ability to keep pace with customer expectations, frustrate colleagues and create inefficiency. In mitigation, BITMO is fully committed to utilising LCC IT systems, having close business partner liaison with that body, as well as a good training environment both with LCC and third parties.
- BUSINESS CONTINUITY AND RESILIENCE. A major incident that prevented staff from working at the BITMO office may have a significant impact on our ability to meet customer needs and deliver against our aims and business performance goals. The recent Covid19 pandemic has tested that resilience and remote working has proved effective.
- SERVICE FAILURES LEADING TO WINDING UP. This may be initiated by a failure in the five year ballot or with service failures leading to improvement plan requirements. We mitigate this risk by managing all our risks effectively and delivering convincingly and demonstrably against our aims
- FINANCIAL CONCERNS. A failure of financial control or an incident outside of the organisations control. The latter might include funding issues within the LCC authority or a pension fund requirement. Internal procedures are approved by the Board and maintained by management. Close liaison is maintained with LCC and pension fund partners to identify risks at the earliest opportunity.

Key elements of the internal control framework include:

- Board approved delegated authorities;
- A risk management framework with clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- Robust strategic and business planning processes, with detailed financial budgets which are annually reviewed and regular management accounts;
- Regular reporting to the Board on key business objectives, targets, outcomes and service delivery including robust performance metrics and KPI's;
- Formal policy approval mechanisms – utilising HR consultant expertise and underwriting;
- Annual insurance review;
- A programme of internal audit procured from Leeds CC.

11. Reserves policy

BITMO uses the term Reserves to describe that part of the Organisation's income which is freely available for its general purposes. Reserves are therefore the resources not yet spent, committed, designated or invested in fixed assets. This definition might more commonly be referred to as Free Reserves.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

In general, reasons why not-for-profit organisations hold free reserves can be summarised as follows:

- to fund working capital;
- to fund unexpected expenditure, for example when unplanned events occur;
- to fund potential expenditure which is being contemplated but not yet committed;
- funds to be used to cover expenditure in the event of reduced income or changes in circumstances.

A satisfactory level of free reserves is considered to be the equivalent of some 3 months operating costs. This would amount to a target of £750k.

This timescale is considered to be adequate to ensure continuity of service to Belle Isle Estate in the event of a threat of reduced funding, the need to restructure the Organisation or the occurrence of significant unplanned circumstances.

As at 31 March 2021 the level of free reserves of BITMO stood at £1,485k (2019/20 - £1,171k). Amounts over and above the target level of reserves are held in expectation of investment to improve the Estate or future service delivery.

It is anticipated that this future delivery will include the following:

1. Property and Estate Enhancement
2. The Green Agenda
3. Training, development and qualifications for tenants and their families
4. Voluntary Group Initiatives
5. Additional services to vulnerable tenants to improve their living conditions

12. Governance

12.1 Legal Status

Belle Isle Tenant Management Organisation (BITMO) has been registered with and regulated by the Financial Conduct Authority since 27 August 2004. BITMO's registered number is 29817R. BITMO was formally an Industrial and Provident Society. From August 2014 following regulatory changes, the Organisation became a Registered Society under the Co-operative and Community Benefit Societies Act 2014.

12.2 Governing Framework

The organisation is governed by Rules of Belle Isle Tenant Management Organisation in accordance with the Co-operative and Community Benefit Societies Act 2014.

BITMO entered into a Management Agreement with Leeds City Council dated 2nd January 2014, under section 27 of the Housing Act 1985 as substituted by article 2 of the Regulatory Reform (Housing Management Agreements) Order 2003 and the Housing (Right to Manage) Regulations 2004. The Agreement allows BITMO to carry out certain management functions with regard to tenant properties owned by Leeds CC within the Belle Isle Estate. The Agreement has been revised and updated in conjunction with Leeds City Council, with minor alterations only. Sign off is expected shortly.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

12.3 Composition of Board

Unless determined otherwise in a General Meeting, BITMO must have a Board comprising not more than twelve and not less than six elected members plus persons co-opted in accordance with the provisions of these rules of the TMO. The BITMO Board meets on a monthly basis and is supported by a Governance and Finance sub-committee. The table below summarises the position of the Board in terms of membership following the AGM in September 2020 and the first Board meeting following the AGM.

Status	Full Board Composition	Vacancies filled in September 2020
Tenant Board members elected at AGM	12	4
Co-opted and Independent Members elected at first Board meeting after AGM	4	2
Nominated by Leeds City Council and ratified by the Board	2	2
Totals	18	10

In October 2020 Leon Kirkham was re-elected Chair of the Board. The Board also elected Jean Burton as Vice Chair. Mrs Burton was also elected as Secretary and Mr Kirkham was elected Treasurer.

Due to Covid19 restrictions it was not possible to maintain a Board member appraisal process during 2020-21, but this will be resumed in 2021-22 along with a full programme of training events.

The Board met seven times during 2020-21 to ensure that the organisation continued to provide outstanding service to tenants and the community of Belle Isle.

12.4 Statement of Board's responsibilities in respect of the Board's Report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Organisation and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed; and
- assess the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Organisation and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Organisation and to prevent and detect fraud and other irregularities.

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

12.5 The Board

Unless otherwise determined by the Organisation in General Meeting, the Organisation shall have a Board comprising not more than twelve and not less than six elected members plus persons co-opted in accordance with the rules of the Organisation.

Board members who served through the financial year to 31 March 2020 are listed on page 1.

At the Annual General Meeting to be held on 30th September 2021, Board members Jean Burton, Michelle Lyons and Julie Rhodes shall be eligible for re-election in accordance with the Organisation's Rule 30. There will be at least four vacancies including one which is presently unfilled.

12.6 Senior management

The senior management team comprised:

- Chief Executive – Deborah Kelly
- Head of Governance & Finance - Peter Olver
- Head of Repairs, Maintenance and Investment – Andrew Walker (appointed 24.8.2020).

12.7 Membership of the Organisation

The Board shall admit to membership any person aged eighteen years or over, who is a lawful resident of the Belle Isle Estate and who agrees to be bound by the rules of the Organisation. One share to the nominal value of 10p each shall be issued to persons admitted to membership and an appropriate share certificate issued.

A member will not be able to withdraw or transfer the shares and the shares shall carry no right to interest, dividend or bonus. They shall be forfeited and cancelled on cessation of membership and the amount paid shall become the property of the Organisation.

A member may only hold one share in the Organisation and the liability of each member is limited to any amount remaining unpaid on that member's single 10p share.

The number of members at the start and the end of the financial year were as follows-

Membership as at 1 April 2020	93
-------------------------------	----

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2021

Resignations during the year	(2)
New members during the year	0
Membership as at 31 March 2021	91

13. Donations

BITMO donated £200 in total to local schools in the area during the year.

14. Auditors

All of the current Board members have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Board members are not aware of any relevant audit information of which the auditors are unaware.

Signed on behalf of the Board

Leon Kirkham – Chair:



Date:

29th July 2021

Report of the Board (including Statement of Responsibilities) **For the Year Ended 31st March 2021**

Independent Auditor's Report to the Members of Belle Isle Tenant Management Organisation

Opinion

We have audited the financial statements of Belle Isle Tenant Management Organisation "the society" for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income (incorporating Income and Expenditure Account), the Statement of Financial Position (Balance Sheet), the Cash Flow Statement and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 society 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 Board's 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 society'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 Board 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 Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 12, Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

Report of the Board (including Statement of Responsibilities) **For the Year Ended 31st March 2021**

accounting unless the Board either intend to liquidate the society 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.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the society, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the provision of social housing, recognising the nature of the society's activities and the regulated nature of the society's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the society, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society 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 society for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE
Date:

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Statement of Comprehensive Income
(incorporating Income and Expenditure account)
for the year ended 31 March 2021

	Notes	2020-21 £	2019-20 £
Income	3	3,281,746	3,264,859
Expenditure		<u>(3,054,680)</u>	<u>(3,282,837)</u>
Operating surplus/(deficit)	4	227,066	(17,977)
Interest receivable from bank accounts	7a	642	2,188
Interest cost of net defined benefit pension liability	7b	(60,000)	(53,000)
Change in Pension Reimbursement Rights	12	<u>661,000</u>	<u>437,000</u>
Surplus/(Deficit) on ordinary activities before taxation		828,708	368,211
Taxation	8	(122)	(456)
Surplus/(Deficit) for the year		<u>828,586</u>	<u>367,755</u>
Actuarial gains/(losses) on defined benefit pension scheme	9	(514,000)	(211,000)
Surplus/(Deficit) for the financial period		<u><u>314,586</u></u>	<u><u>156,755</u></u>
<u>Reconciliation of Changes in Reserves</u>			
General Fund Balance as at 1 April 2020		<u>1,170,504</u>	<u>1,013,749</u>
Surplus/(Deficit) for the year		828,586	367,755
Actuarial gains/(losses) on pension scheme	9	<u>(514,000)</u>	<u>(211,000)</u>
		<u>314,586</u>	<u>156,755</u>
Balance as at 31 March 2021		<u><u>1,485,090</u></u>	<u><u>1,170,504</u></u>

All income and expenditure relates to continuing activities.

All gains and losses recognised in the year are included in the Statement of Comprehensive Income.

The notes on pages 19 to 29 form part of these financial statements.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Statement of Financial Position (Balance Sheet)
as at 31 March 2021

	Notes	2021 £	2020 £
Current assets			
Debtors	10	13,440	42,727
Cash		2,004,609	1,544,078
		<u>2,018,048</u>	<u>1,586,804</u>
Creditors: amounts falling due within one year			
	11	(532,958)	(416,300)
Net assets excluding pension liability			
		1,485,090	1,170,504
Pension liability			
	9	(3,418,000)	(2,729,000)
Pension related asset			
	9	3,418,000	2,729,000
Net assets including pension liability			
		<u>1,485,090</u>	<u>1,170,504</u>
Capital and reserves			
General Fund	12	<u>1,485,090</u>	<u>1,170,504</u>

The financial statements on pages 18 to 29 were approved by the Board on 29th July 2021 and were signed on its behalf by:

Leon Kirkham - Chair & Treasurer 

Jean Burton - Secretary 

Deborah Kelly - Company Secretary 

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED**Cash Flow Statement****for the year ended 31 March 2021**

	Note	2020-21 £	2019-20 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	Below	<u>460,010</u>	<u>256,043</u>
Cash flows from investing activities			
Interest receivable	7a	642	2,188
Tax paid	8	(122)	(456)
Net cash provided by/(used by) investing activities		<u>519</u>	<u>1,732</u>
Change in cash in the reporting period		460,529	257,775
Cash and cash equivalents at 1 April 2020		1,544,080	1,286,304
Cash and cash equivalents at 31 March 2021		<u><u>2,004,609</u></u>	<u><u>1,544,080</u></u>

Reconciliation of net movement in funds to net cash flows from operating activities

Surplus for the year	828,586	367,755
Tax paid	122	456
Interest received	(642)	(2,188)
Interest payable and similar charges	60,000	53,000
(Increase)/decrease in debtors	29,285	135,265
(Decrease)/increase in trade and other creditors	116,659	(34,246)
Pensions costs less contributions payable	87,000	173,000
Provision for past service costs	-	-
Change in pension reimbursement rights	(661,000)	(437,000)
Cash flows from operating activities	<u>460,010</u>	<u>256,042</u>

The notes on pages 21 to 29 form part of these financial statements.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2021

1 Legal status

Belle Isle Tenant Management Organisation is registered under the Co-operative and Community Benefit Society Act 2014 (formally Industrial and Provident Societies Acts) and is registered with the Financial Conduct Authority (Number 29817R).

2 Accounting policies

a) Basis of accounting

The accounts (financial statements) have been prepared on a going concern basis under the historical cost convention.

They have also been prepared in accordance with:

- (i) United Kingdom Accounting Generally Accepted Accounting practice (UK GAAP);
- (ii) Financial Reporting Standard 102.
- (iii) Statement of Recommended Practice for registered housing providers: Housing SORP 2018
- (iv) Co-operative and Community Benefit Societies Act 2014,

The financial statements have been prepared on the going concern basis, which is considered to be appropriate in the context of the Organisation's ability to meet its obligations as they fall due.

b) Going concern

The Board has a reasonable expectation that the Organisation has adequate resources to continue in operation for the foreseeable future, being a period of at least twelve months after the date on which the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The following judgements (apart from those effecting estimates) have had the most significant effect on amounts recognised in the financial statements:

- estimates of the defined benefit pension obligation is based on a number of underlying assumptions such as the standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit scheme cost.
- an assurance has been received from Leeds City Council that should BITMO cease to exist then the pension liabilities of the defined benefit scheme will be underwritten by that Council.

d) Income

Income mainly represents the management fees received from Leeds City Council (excluding VAT) and other income grants and interest received. It includes Welfare Reform contributions made by Leeds to support salary costs as well as grant monies relating to staff costs for Capital refurbishment of the housing stock.

Income is recognised when the Organisation is entitled to the funds, any performance conditions attached have been met, it is probable that the income will be received and amounts can be measured reliably. Where income conditions have not been met then the income is not recognised but deferred as a liability until it is probable that the terms or conditions imposed can be met.

Investment income is recognised when the Organisations entitlement is irreversible.

Donated volunteer time is highly valued by BITMO as noted in the Board Report, but in accordance with accounting regulation is not recognised as income or related expenditure. Gifts-in-kind of material goods or professional services are, however, recognised as income and expenditure and any associated conditions noted.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2021

e) Expenditure

Expenditure has been charged on the accruals basis.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Organisation to that expenditure, it is probable that settlement will be required and that the amount of the obligation can be measured reliably.

f) Pensions

The Organisation contributes to a defined benefit pension scheme. The assets of the scheme are held separately from the assets of BITMO in independently administered funds.

Defined benefit scheme:

The operating costs of providing retirement pensions to participating employees are recognised in the accounting periods in which the benefits are earned. The related financial costs, administration expenses, interest on plan assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs administration expenses and interest on plan assets, along with any other changes in fair value of assets and liabilities, are recognised in the income and expenditure account. This information is provided using reports prepared by a qualified actuary at the scheme.

The difference between the fair value of the assets held in the Organisation's defined pension scheme and the Scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Organisation's balance sheet as a pension asset or liability as appropriate.

However, there is an agreement between City of Bradford Metropolitan District Council, as administer of the pension fund and Leeds City Council to guarantee BITMO's pensions shortfall. A Pensions Asset has therefore been recognised in the accounts.

Changes to the level of pension liability and associated charge to the income and expenditure account are therefore matched by changes to the pension asset and corresponding matching entry in the income and expenditure account.

g) Fixed assets

No assets have been capitalised in these financial statements. The office premises are leased from Leeds City Council and office equipment and furniture are either owned by Leeds City Council or their cost has been written off as overhead expenditure within these financial statements.

Payments for the utilisation of assets owned by Leeds City Council are made through Service Level Agreements, and these payments are written off as expenditure within these financial statements.

h) Debtors

Debtors include amounts owed to the Organisation for the provision of services or amounts that the Organisation has paid in advance for services that it will receive in future. Debtors are stated in the balance sheet at the amount which is considered to be recoverable within 12 months from the balance sheet date.

i) Creditors

A liability is recognised for the amount that the Organisation anticipates it will pay to settle the debt or the amounts it has received as an advance payment for goods or services it must provide. For creditors due in more than one year, the amount is discounted for the time value of money where material.

j) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

k) Leases

(i) Operating leases:

Rentals payable under operating leases are included in total expenditure in annual instalments over the period of the lease.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED**Notes to the Accounts****for the year ended 31 March 2021****(ii) Finance leases:**

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased asset at the inception of the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of exchange in the remaining balance of the obligations.

l) Provisions

No provision is made for major, planned or routine repairs except to the extent that they represent contractual commitments at the balance sheet date.

The Organisation recognises a provision for the annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary and employment costs payable for the period of absence and is recognised as an accrual within creditors in the statement of financial position.

m) Financial instruments

The Organisation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These are initially recognised at transaction value and may be subsequently measured at their settlement value. Any impairment to financial assets are recognised immediately.

n) Taxation

The Organisation is a VAT registered body - number GB 852 714 620. The Organisation charges VAT on management fees and is able to recover VAT on expenditure. Amounts disclosed in the accounts are net of VAT. BITMO is a Cooperative and Community Benefit Society with charitable purposes and therefore has no liability to pay corporation tax except on investment income.

3 Income	Year Ended 31.3.2021 £	Year Ended 31.3.2020 £
Management fee from Leeds City Council	3,072,536	3,048,360
Sheltered accommodation fee	74,042	72,590
Performance incentive payment	3,696	24,701
Welfare Reform contributions	76,296	74,800
Capital Repair staff re-imburement grant	37,653	35,240
Housing Advisory Panel Fund Grants	8,620	3,918
Other income	8,903	5,250
	<u>3,281,746</u>	<u>3,264,859</u>
Bank interest	642	2,188
	<u>3,282,388</u>	<u>3,267,047</u>

4 Operating surplus (deficit)

	£	£
The operating surplus (deficit) is stated after charging:		
Auditors' remuneration - audit services	10,365	9,795
Board approved expenditure on Leeds City Council	-	
Operating lease payments	12,000	-
The defined benefit pension cost comprising the following		
- current service cost	280,000	283,000
- past service cost	-	45,000
	<u>302,365</u>	<u>337,795</u>

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2021

5 Operating leases

The Organisation holds a property lease under a non-cancellable operating lease (except if the Management Agreement with Leeds City Council is terminated).

At 31 March 2021 the Organisation had total future minimum operating lease payments under this lease as:

	2021	2020
	£	£
Within one year	24,400	-
Between one and five years	101,300	-
After five years	114,300	-
Total	<u>240,000</u>	<u>-</u>

6 Staff costs

	2021	2020
	£	£
Wages and salaries (excluding agency staff payments)	1,044,053	1,031,563
Social security costs	96,253	91,352
Defined benefit pension scheme costs	164,089	154,825
Redundancy & severance pay	69,410	-
	<u>1,373,805</u>	<u>1,277,740</u>

Redundancy and severance costs relate to staff re-structuring which will provide at least equivalent cost savings in future years. They comprise redundancy and pension costs and represent the total of such severance liabilities for the individuals concerned, apart from grouped pension scheme liabilities.

The average number of persons employed during the year was:

	2021	2020
	Number	Number
Repairs, Maintenance and Property Investment staff	4	5
Wardens and Caretakers	6	5
Sheltered Housing	2	2
Office staff	22	25
Total	<u>34</u>	<u>37</u>

In addition to the above the Organisation utilises the services of some employment agency staff to cover for the delivery of services when needed, especially to cover for any long term illness.

	2021	2020
	£	£
Agency staff costs	<u>434</u>	<u>35,976</u>

Neither the Board of Management nor persons connected with them received any remuneration during the year. See Note 13 for amounts reimbursed for travel expenses incurred by Board members during the year (2020/21).

	2021	2020
	£	£
Key management personnel:		
Emoluments for that group of employees	142,959	112,553
Employers National Insurance contributions	16,496	13,151
Employers pension contributions	29,021	19,472
	<u>188,476</u>	<u>145,176</u>

Key management personnel are defined as the members of the Senior Management Team: Chief Executive, Head of Governance & Finance and the Head of Repairs, Maintenance & Investment (started August 2020).

The number of employees whose emoluments exceeded £60,000 was:

	2021	2020
	Number	Number
£60,001 - £70,000	0	1
£70,001 - £80,000	1	0

The requirements of Financial Reporting Standard 102 have been considered in preparing these accounts. Holiday Pay has been accrued as required by Financial Reporting Standard 102 in the wages and salaries amounts for the two years shown above. This accrual is included in the Creditors - amounts falling due within one year shown in the Balance Sheet (per Note 11).

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2021

7 Interest receivable and similar income	2021	2020
	£	£
7a Bank interest	642	2,188
7b Defined benefit pension scheme interest		
(i) Interest income on pension scheme assets	97,000	103,000
(ii) Interest expense on pension scheme obligation	(157,000)	(156,000)
	<u>(60,000)</u>	<u>(53,000)</u>

8 Taxation	2021	2020
	£	£
Tax charge for the year at the small companies rate	122	456

Only income received from bank deposits is assessable to tax.

9 Pension obligations

Local government pension scheme

The Organisation is a scheduled employer of the West Yorkshire Pension Fund. The Organisation entered into the scheme on 1 October 2004 upon TUPE transfer of its staff from Leeds City Council. The scheme is an open scheme with membership available to all employees.

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2016 and the contributions to be paid until 31 March 2020 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, City of Bradford Metropolitan District Council, is responsible for the governance of the Fund.

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the disclosures.

The Fund Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Risks associated with the Fund in relation to accounting:

(i) Asset volatility - The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

(ii) Changes in Bond Yield: A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2021

(iii) Inflation Risk: The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

(iv) Life expectancy: The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

(v) Exiting employers: Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further, the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

The West Yorkshire Pension Fund is a funded benefit scheme, with the assets held in separate trustee administered funds. The date of the last full actuarial valuation was 31 March 2019.

The total contributions made for the year ended 31 March 2021 were £248,000 (31 March 2020 £206,000) of which employer's contributions totalled £193,000 (2019-20 £155,000) and employees' contributions totalled £55,000 (2019-20 £51,000).

The actuaries estimate that the net pension deficit as at 31 March 2021 is £3,418,000 (2020: £2,729,000).

The financial assumptions used for the purpose of the FRS102 calculation as at 31 March 2021, prepared for the Organisation by AON Hewitt Limited, were as follows:

	<u>At the end of the year</u>	<u>At the start of the year</u>
Rate of inflation (CPI)	2.70%	2.00%
Rate of increase in salaries	3.95%	3.25%
Rate of increase in pensions	2.70%	2.00%
Rate of increase in deferred pensions	2.70%	2.00%
Discount rate	2.10%	2.30%
	<u>31 March 2021</u>	<u>31 March 2020</u>
Balance sheet items	<u>£000's</u>	<u>£000's</u>
Fair value of plan assets	5,346	4,157
Present value of funded benefit obligations liabilities	(8,764)	(6,886)
Net deficit	<u>(3,418)</u>	<u>(2,729)</u>
Council Guarantee Asset	<u>3,418</u>	<u>2,729</u>
Components of pension cost for year		
(i) Operating costs		
Current service cost	280	283
Expected return on assets	-	-
Past service cost	-	45
Effect of curtailments or settlements	28	-
(ii) Finance costs		
Interest on net defined benefit pension liabilities	60	53
Total pension cost recognised in Income and Expenditure account	<u>368</u>	<u>381</u>
Other Comprehensive Income		
Asset (losses)/gains arising during the period	1,031	(159)
Liability (losses) arising during the period	<u>(1,545)</u>	<u>(52)</u>
Actuarial gains/(losses)	<u>(514)</u>	<u>(211)</u>
The gains/(losses) figure is recognised in the Statement of Comprehensive Income .		
Actuarial (gains)/losses expressed as a % of year end liabilities	5.86%	3.06%

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2021

9 Pension obligations (continued)

	31 March 2021	31 March 2020
	£000's	£000's
Change in Benefit Obligation during the year		
Benefit obligation at the beginning of the year	6,886	6,680
Current service cost	280	283
Interest on pension liabilities	157	156
Member contributions	55	51
Curtailment cost	28	
Past service costs	-	45
Actuarial (gains)/losses on liabilities	1,545	52
Benefits/transfers paid	(187)	(381)
Benefit obligation at the end of the year	8,764	6,886

	31 March 2021	31 March 2020
	£000's	£000's
Change in Plan Assets during the year		
Fair value of plan assets at the beginning of the year	4,157	4,388
Expected return on plan assets	97	103
Actuarial gains/(losses) on assets	1,031	(159)
Employer contributions	193	155
Member contributions	55	51
Benefits/transfers paid	(187)	(381)
Fair value of plan assets at the end of the year	5,346	4,157
Experience (losses)/gains on assets	1,031	(159)
Interest income on assets	97	103
Actual return on plan assets	1,128	(56)

Split of assets between investment categories

	Assets at 31 March 2021		Assets at 31 March 2020	
	£000's	%	£000's	%
Equities	4,261	79.7%	3,222	77.5%
Government bonds	444	8.3%	399	9.6%
Corporate bonds	246	4.6%	212	5.1%
Property	203	3.8%	187	4.5%
Cash/liquidity	107	2.0%	79	1.9%
Others	85	1.6%	58	1.4%
	5,346	100.0%	4,157	100.0%

	At the end of the year	At the start of the year
Life expectancy		
Male/Female pensioner aged 65 years	21.9 / 24.7 years	21.8 / 24.6 years
Male/Female future pensioner aged 65 years in 20 years time	22.6 / 25.8 years	22.5 / 25.7 years

	£ millions
Total market value of West Yorkshire Pension Fund	
At date of last actuarial valuation on 31 March 2019	14,306
At 31 March 2020 - bid price	13,168
At 31 March 2021 - bid price	16,191

	31 March 2021	31 March 2020
Membership		
Active members	27	27
Deferred pensions	12	12
Pensioners	22	22

The actuarial assumptions used in the calculation of the year end balance sheet liabilities are based on the 2021 actuarial valuation assumptions, other than the financial assumptions which are shown on Page 24 and an updated allowance for mortality improvements.

The expected returns quoted in this note are net of expenses.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2020

10 Debtors: all falling due within one year	2021	2020
	£	£
Leeds City Council, amount owed	-	40,120
Prepayments	885	2,196
Other debtors	12,555	411
	<u>13,440</u>	<u>42,727</u>

11 Creditors: amounts falling due within one year	2021	2020
	£	£
Leeds City Council, net amount due	46,216	-
Trade creditors	40,683	47,223
Accruals	309,250	293,720
Taxation - Value added tax	110,969	74,053
Taxation - Corporation tax	221	456
Deferred income - Creating Digital Access grant	24,770	-
Other creditors	849	849
	<u>532,958</u>	<u>416,300</u>

12 Capital and reserves	2021	2020
	£	£
General Reserves Fund balance as at 1 April 2020	1,170,504	1,013,749
(Deficit)/Surplus for the year	314,586	156,755
Defined benefit pension scheme:		
Current service cost	(280,000)	(283,000)
Interest on pension liabilities	(157,000)	(156,000)
Past service costs	-	(45,000)
Actuarial (gains)/losses on liabilities	(1,545,000)	(52,000)
Expected return on plan assets	97,000	103,000
Actuarial gains/(losses) on assets	1,031,000	(159,000)
Employer contributions	193,000	155,000
Net cost recognised in Statement of Financial Activities	<u>(661,000)</u>	<u>(437,000)</u>
Change in Pension Reimbursement Rights	661,000	437,000
General Reserves Fund balance as at 31 March 2021	<u><u>1,485,090</u></u>	<u><u>1,170,504</u></u>

13 Related parties

The Leeds City Council is a related party by virtue of the Management Agreement between the Organisation and the Council and the Council's right to appoint representatives to the Board.

The Organisation's main source of income is management and related fees for the management of the Leeds City Council's housing and associated amenities and activities within the Belle Isle Estate. During the year these management and related fees amounted to £3,226,570 (2020: £3,255,691).

The Organisation was also recharged for services provided by the Council and in the year 2018-19 these recharges totalled £323,304 (2019-20: £328,181). Balances due to and from Leeds City Council are disclosed in notes 10 and 11.

Certain members of the Board are tenants in properties owned by Leeds City Council. These tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefits as other tenants.

Board members claimed £Nil in re-imburement of travel expenses for the year ended 31 March 2021 (£579 2019-20).

Councillor Board members were elected members of Leeds City Council for the financial year. The only transactions between Belle Isle TMO and the Councillors were the re-imburement of travel expenses amounting to £Nil (2019-20 £Nil).

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2021

15 Financial instruments

The carrying amounts of the Organisations financial instruments may be analysed as follows:

	2021	2020
	£	£
Financial instruments that are debt instruments measured at amortised cost; comprising: cash; trade debtors, other debtors, accrued income	2,017,163	1,584,609
Financial liabilities measured at amortised cost; comprising: trade creditors, accrued costs and other creditors	(223,708)	(122,580)
Net	<u><u>1,793,455</u></u>	<u><u>1,462,029</u></u>

16 Post Balance Sheet Event

Following the end of the financial year the organisation was informed that a reduction in Council Tax charge was to be applied in future. The reduction would increase from 50% to 80% in order to reflect the not-for-profit nature of work undertaken by BITMO.

It was also notified that the saving would be applied retrospectively back to 2005. This has meant that a potential rebate of £196k in total.

It is anticipated that this rebate may be received in 2021-22 or alternatively may be spread over several years.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Schedule to the Income and Expenditure Account
for the year ended 31 March 2021

This page is for information only and does not form any part of the statutory accounts

	2020-21 £	2019-20 £
Income		
Management fee	3,072,536	3,048,360
Sheltered accommodation	74,042	72,590
Performance incentive payment	3,696	24,701
Welfare Reform Contribution	76,296	74,800
Capital Schemes staff cost contribution	37,653	35,240
HAP Grant	8,620	3,918
Other income	8,903	5,250
Income before bank interest	<u>3,281,746</u>	<u>3,264,859</u>
Bank Interest	642	2,188
Total Income	<u>3,282,388</u>	<u>3,267,047</u>
Expenditure		
Staff costs		
Payroll costs	1,345,407	1,214,035
Travel and subsistence	130	4,202
Essential user lump sum payments	375	963
Training, development and conferences	11,830	15,568
Other staff costs	5,865	7,795
	<u>1,363,607</u>	<u>1,242,563</u>
Running costs		
Running costs	155,334	157,024
Other hired and contracted services	72,792	179,774
	<u>228,126</u>	<u>336,798</u>
Repairs		
Planned repairs	307,978	350,059
Responsive repairs	854,764	977,641
HAP Grant	-	-
Contribution to Capital Schemes	-	-
Decoration vouchers	180	1,191
Service level agreements	97,066	85,329
	<u>1,259,989</u>	<u>1,414,220</u>
Other costs		
Sheltered housing-staff costs	68,380	63,706
Sheltered housing-other expenditure	11,733	10,295
Other flats	5,869	6,496
BITMO's Gate running costs	21,478	32,297
Housing Advisory Scheme grants	8,620	3,918
	<u>116,080</u>	<u>116,712</u>
Total expenditure	<u>2,967,802</u>	<u>3,110,293</u>
Surplus/(Deficit)	<u>314,586</u>	<u>156,754</u>