

**BELLE ISLE TENANT MANAGEMENT
ORGANISATION LIMITED**

**Reports and Financial Statements
for the year ended
31 March 2020**

**BELLE ISLE
TENANT MANAGEMENT ORGANISATION LIMITED**

Reports and Financial Statements for the Year Ended 31 March 2020

Contents

| | |
|--|--------------------|
| Management Committee ("the Board") and organisational information | <u>Page</u> |
| Report of the Board (including Statement of Responsibilities) | 1-15 |
| 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 2020

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 | Chair | Elected Member |
| Jean Burton | Secretary/ Vice Chair | Elected Member |
| Ian Liptrot | Treasurer/ Vice Chair | Elected Member (re-elected 26.9.19) |
| Councillor Judith Blake | | Co-opted Member |
| Councillor Paul Truswell | | Co-opted Member |
| Anthony Alexander | | Co-opted Member (co-opted 4.10.19, resigned 20.12.19) |
| Margaret Brown | | Co-opted Member |
| Lisa Caley | | Elected member (elected 26.9.19) |
| Iris Crummack | | Elected Member |
| Debbie Flesher | | Elected Member |
| Rose Hodgkinson | | Elected Member (re-elected from 26.9.19) |
| Ashley Knowles | | Co-opted Member |
| Paula Liptrot | | Elected Member (passed away 12.12.19) |
| Michelle Lyons | | Elected Member |
| Tracey Morris | | Co-opted member (co-opted 4.10.19) |
| Julie Rhodes | | Elected Member |
| Mary Thompson | | Elected Member |
| Beverley Walker | | Elected Member (re-elected 26.9.19) |

Company Secretary

Deborah Kelly

External Audit

Beever and Struthers

Statutory Auditors

St Georges House

215-219 Chester Road

Manchester M15 4JE

Bankers

NatWest Bank PLC

8 Park Row

Leeds

LS1 1QS

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

Belle Isle Tenant Management Organisation
Annual Review 2019-20



Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

The Board of Belle Isle TMO (BITMO) presents its report and the audited financial statements for the year ended 31 March 2020

1. Message from the Chief Executive

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.

In late 2019 BITMO was confirmed as the service provider of choice for the council tenants of Belle Isle. Tenants voted overwhelmingly for a five year continuation of the tenant management organisation and 95% said that they were satisfied with the services provided. This was on a turnout of 48% of the tenant population. The result was an improvement on the previous five year ballot both in terms of the turnout and the affirmative vote. The process was conducted by an independent body, Electoral Reform Services Ltd.

We want to continue to improve the services we provide and are working to better connect with those that did not take part in the vote. Our dedicated staff and volunteers want to ensure that repairs are done faster, that homes are let as soon as possible to the most needy, that rents are collected in an as efficient and fair way as possible and that our outreach services help those in need.

We are working hard to improve the services to tenants and the community, to be the best in the city and to create a stronger and safer Belle Isle. The performance report below details how we are currently performing and highlights what action we are taking where our performance is not as good as we would like it to be.

Alongside our service delivery the work of BITMO is made possible by the service of our volunteers, including Board members. Unfortunately we lost the highly valued contribution of Mrs Paula Liptrot who sadly passed away in December 2019. Paula was one of the longest serving members of the Board and brought much valued skills and energy to the running of so many events.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

At the Inner South Leeds Community Heroes Awards on 22nd October 2019, the Lord Mayor of Leeds presented the following awards:

- Paula Liptrot and Margaret Brown (Board members) were both given individual awards for their long and valuable service to the voluntary sector.
- Tracey Morris and Penny Virdee accepted an award on behalf of the Happy Friday Breakfast Club and Tasty Tuesdays.

In addition, Board members were pleased to receive on behalf of volunteers and staff the National Federation of TMOs (NFTMO) 2019 Award for Effective Partnership Working. The Award was for the establishment of a bursary scheme, funded by a partner body, whereby tenants in need can access an emergency fund to help with gas and electricity costs.

The Board met nine times during 2019-20 to ensure that the organisation continued to provide outstanding service to tenants and the community of Belle Isle.

A programme of service enhancement (Strong Front Line) and staff and volunteer training has been put in place and considerable enhancements have been made to information technology infrastructure, in order to enable people to work more effectively and flexibly.

The Covid19 pandemic struck towards the end of the financial year and the organisation moved fast to cope with a rapidly evolving situation. Home working was introduced and all vulnerable tenants were contacted to ensure that they had access to vital services.

BITMO services were necessarily reduced to those that could be operated safely and remotely, and this was done in close liaison with Leeds City Council. As business starts to become a 'new- normal', BITMO will build on the experiences of the pandemic to ensure that it is as well prepared as possible for any further outbreaks.

2. Performance

Performance continued to be good across the organisation for 2019-20, although there are still areas of challenge and some figures were beginning to be affected by the Covid19 lockdown by the end of March.

| Key Performance Indicator | Target | 2018-19 | 2019-20 | Target Achieved |
|---|---------------|----------------|----------------|------------------------|
| (RR1) Repairs done right first time | 90% | 97% | 98% | Yes |
| (RR2) Repairs completed within target time | 99% | 100% | 99% | Yes |
| (RR3) Repairs appointments made and kept | 99% | 99% | 97% | No |
| Percentage of rent collected | 98% | 96% | 96% | No |
| Annual Home Visits completed | 90% | 80% | 96% | Yes |
| Customer satisfaction - repairs | 95% | 100% | 100% | Yes |
| Number of empty homes at period end | 16 | 11 | 10 | Yes |
| Time taken to relet empty properties - days | 28 | 27 | 26 | Yes |
| Caretaker referrals completed within target | 100 | 98% | 100% | Yes |
| Adaptations completed within target timescales | 95% | 94% | 94% | Close |
| All homes have a gas safety certificate | 100% | 99% | 99% | Close |
| Homes with a gas cert overdue for over 3 months | 0.00 | 0% | 0% | Yes |
| Homes with an electric inspection certificate | 99% | 94% | 91% | No |

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

3. Principle Activities

BITMO's principle activities are the provision, maintenance and management of housing and associated amenities for the benefit of the Belle Isle Estate. During 2019-20 these activities were organised into the following front-line areas of work;

- 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).

Major areas of operation during 2019-20:

(i) Our homes

The table below shows our average weekly rents for all different types and the number that became available to let in the last 12 months. Belle Isle is a very popular area to live in, with high demand and low turnover.

| Tenancy type | No. in Stock | Average Weekly Rents |
|----------------------------|--------------|----------------------|
| All Stock Secure Tenancies | 1,864 | £71.72 |
| One Bedroom Tenancies | 565 | £65.09 |
| Two Bedroom Tenancies | 735 | £71.49 |
| Three Bedroom Tenancies | 430 | £75.91 |
| Four Bedroom + Tenancies | 134 | £81.56 |

(ii) Collecting Rent

We work hard to collect rent on time and to provide support to customers who are struggling financially. We have introduced innovative ways of working in the last year, using call-to-collect services, and training our staff to be more successful. We are pleased to report an improvement in the amount of rent we have collected, which has reduced the number of tenants who are in arrears. We continue to work to improve rent collection levels as it doesn't help anyone to let them stay in debt.

| Rent Statistics | 2017/18 | 2018/19 | 2019/20 |
|------------------|------------|-----------|-----------|
| £ Tenant Arrears | £ 239,606. | £262,304. | £282,744. |
| % Tenant Arrears | 3.31 | 3.71 | 4.08 |
| Evictions | 9 | 7 | 11 |

We provide a wide range of payment options to make rent payments. We also offer independent and confidential free advice on all aspects of welfare benefits through the Citizens Advice Bureau and our in-house Financial Inclusion Officer.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

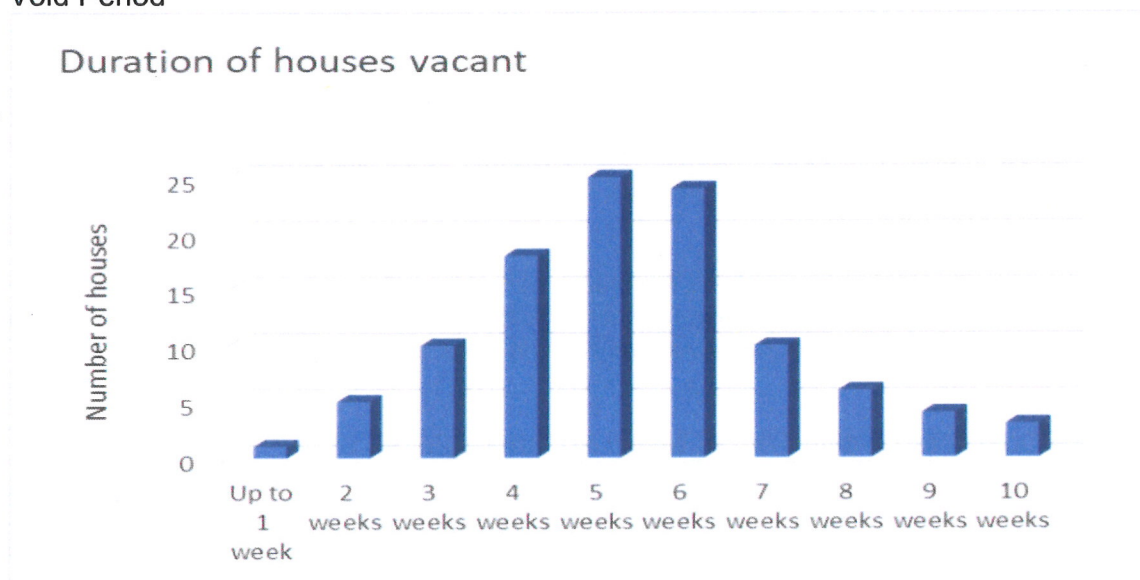
If tenants are experiencing difficulties paying your rent, we ask them to contact us. We can help to make a claim for Universal Credit, access debt counselling and advice services and come to a manageable agreement to pay rent and any arrears.

(iii) Empty Homes

Empty homes benefit no-one. When a property becomes empty, we use Leeds City Council's Choice Based Lettings platform to find a new tenant as quickly as possible. This helps us to not only reduce the number of people waiting for a home but also maximise income for the City which, in turn, helps to pay for the services provided. As at 31st March 2020 there were 13 empty homes (0.69% of stock).

This graph below shows how long properties were empty before we let them:

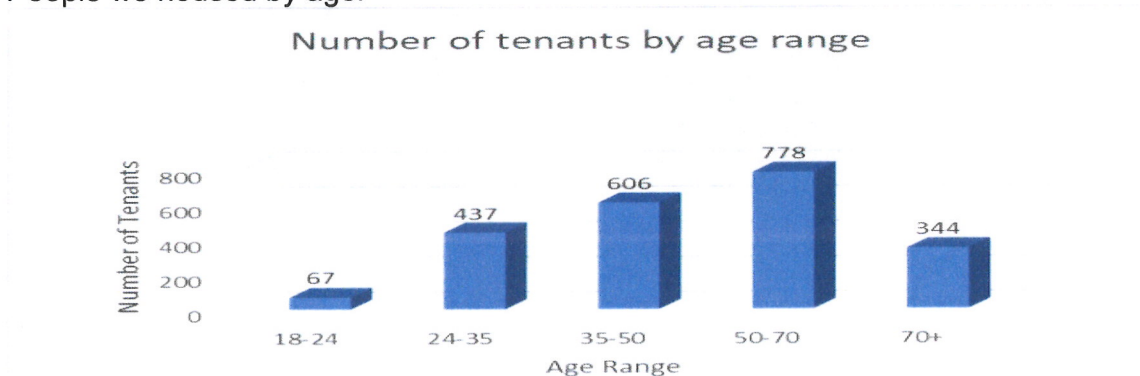
Void Period



(iv) Who did we house?

We continue to work hard to provide a customer centred lettings service that enables home seekers to make informed choices about their housing options. We embrace diversity and promote equality as one of our core principles. We are fully committed to making sure everyone has equal access to all of our services, including access to new homes.

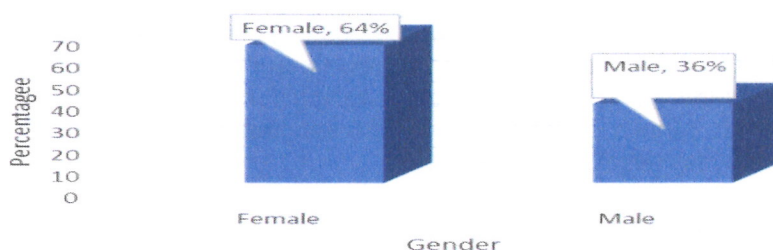
People we housed by age:



Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

People We Housed by Gender

Percentage of tenants by gender



(v) Supporting vulnerable tenants

We understand that many of our tenants are fully independent and not vulnerable, however, we recognise that others will need support and we continue to work successfully with vulnerable tenants, either providing additional help or providing advice on how to access help needed. We provide support for some 115 tenants under our Retirement Life Scheme, including the availability of a warden service.

(vi) Repairs

We have a contractual maintenance partnership with Mears Construction and we work hard at improving all aspects of the maintenance service delivered to our customers. We pride ourselves on the quality of this service as we know it is the service our customers value most of all.

Repairs Completed Within Target Response Times (2019/20):

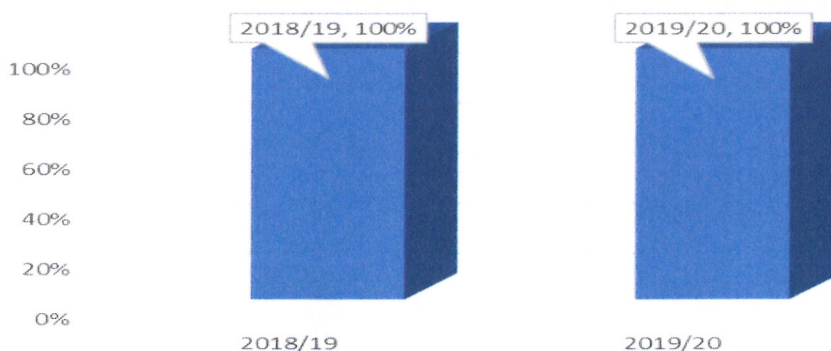
| Category of Repair | Emergency | Urgent | Routine |
|---|-----------|--------|---------|
| No carried out | 1597 | 451 | 3937 |
| No completed on time | 1591 | 450 | 3924 |
| % of repairs completed on time per priority | 99.62% | 99.77% | 99.66% |

*These figures exclude planned work and routine gas servicing.

(vii) Customer Satisfaction

Main contractor satisfaction surveys by year:

% of customers satisfied with repair



Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

(viii) Internal Audit

The internal audit programme produced good results in examining the operational policies, procedures and outcomes relating to Rent Collection.

(ix) Financial Outcome

The financial outcome for the year was a surplus of £157k, as a result of a low level of repair bills towards the year end and some anticipated costs, such as website development being transferred to 2020-21. This compares to an initial budget surplus of £15k at the start of the year and a total allowable potential deficit of £75k when the Board approved certain other expenditures on training, website and systems development. The lower costs relate to slow mobilisation of planned maintenance, failure to deliver the new website in the year, underspends in responsive repairs and latterly the onset of Covid19.

The surplus for year will be added to reserves and will enable further investment in service infrastructure and delivery.

BITMO also manages the Capital Investment programme of Leeds City Council, acting as a agent to assist the spend programme of the Council. Some £1.6m of investment was made during the year in the provision of enhanced roofing, insulation, kitchens, bathrooms, door canopies and footpaths.

It has been a year of challenge and change but the Board believes that BITMO will continue to improve service provision over coming years in anticipation of the next tenant ballot.

3. 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 1,900 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.

4. Strategic Review

A Strategy Review was conducted during 2019-20.

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.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

The review 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 include having:

- Talented, skilled and hardworking people
- A community that believes in us
- Secure funding and unique services

To achieve these continuing 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 will 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 will equip 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 will address issue such as: carbon; paper; plastic as well as energy efficiency and generation.

There will be a planned programme of assessing thermal comfort, of looking at insulation solutions, planting, recycling, upcycling, healthy eating and eliminating plastics.

(iii) Digital Enablement

To digitally enable colleagues and customers through:

- Increasing digital skills in house
- Digital skills courses
- Digital mentors
- Full adoption of LCC IT tools
- A war on paper
- New website and social media presence

(iv) Empowering our Community

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

- Colleagues as Community Champions
- Formal accreditation of The GATE
- Focus on:
 - Work (a focus on unemployed)
 - Money (with a focus on children living in poverty)
 - Health

(v) Developing our People

To ensure that BITMO people are empowered engaged and enabled.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

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.

5. 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. These activities include Computers Classes; Job Clubs; Walking Groups and other Healthy Living sessions; and Ancestry, Art and Guitar Classes. There are also meals provided at the Tuesday Lunch Club and Friday Breakfast Club. Various local voluntary, community and charitable groups also use the meeting facilities given free of charge.

6. Priorities going forward

The principle priority of the organisation since the outbreak of the Covid19 outbreak has been the maintenance of essential 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 services as lockdown restrictions are eased. Flexibility is however needed going forward to allow for the possibility that further outbreaks may occur in future.

The Board has allocated a budget of £150k from general reserves to enable a restructure and refurbishment of the office at Aberfield Gate to be completed.

A new 10 year lease of the office from Leeds CC was agreed in principle by the Board in June 2020. This gives greater security of tenure to the TMO.

A new procurement process is underway to ensure that a main repairs contractor partnership is established going forward for the next five years.

Building on the strong foundations built up over many years, BITMO's will implement its new Strategic Review, in order to provide even more efficient local services which will benefit local tenants, the wider community and the environment.

7. Financial review

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

Operational performance

Total operational income for the year amounted to £3,264k (2018-19 £3,249k), a 0.5% increase.

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 2020

Repair costs encompass both responsive matters as reported to the organisation by tenants, as well as cyclical works such as gas and electrical testing to ensure that homes are safe. Repair costs were £43k lower than the previous year. Lower than expected repairs costs occurred in gas maintenance and stairlift servicing as a move was made to MOT style testing. There were some increases in electricity testing costs for the same reason. There were also significant savings in skip hire as a tipper van was used to aid efficiency.

Overall staff costs stood at £1,278k (2018-19 £1,428k). This represents an overall decrease of £150k (10.5%) which was mainly due to the following factors:

- (i) a decrease in costs because in the prior year there were some restructuring costs in order to create future efficiencies;
- (ii) a vacant senior post during the year, Head of Repairs, Maintenance and Investment;
- (iii) other staff vacancies during the year – in the rents, lettings and GATE teams.

A final annual payment under the current arrangement of some £24k was made during the year to West Yorkshire Pension Fund in order to help mitigate against the liabilities of the pension scheme. A new three year plan has been introduced to start from 2020-21 with similar overall costs, although mainly now bundled into employer contributions rather than separate charges.

Other running costs increased significantly by £118k. This was due to:

- (i) increased costs of agency staff
- (ii) increased training and IT costs to aid front line service delivery
- (iii) interactive phone service costs for rent collection
- (iv) tenant ballot costs
- (v) costs of promotional material
- (vi) design costs for improved office working

The overall result for the year was a £157k surplus, compared to budget of £15k. The surplus for the previous year was £74k. The variance resulted from savings in repair costs and staff costs as outlined above. These amounts have been added to reserves for future spend for the good of the estate and the service.

Some £70k was agreed by the Board post year end as an investment in a revised staff structure. Such costs will be more than recouped in related efficiencies over the course of the next five years. A further £150k was agreed by the Board post year end for a refurbishment of BITMO's office to enable more efficient and healthy working – including some elements which are designed to cater for expected ways of working post Covid19.

7.2 Statement of Financial Position (Balance Sheet)

Total net funds as at 31 March 2020 were £1,171k (2019 £1,014k).

The statement of financial position 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 2020 that liability was identified as £2,729k by the Scheme Actuary (compared to £2,292k as at 31 March 2019). An additional provision (£67k) was provided as at 31 March 2019 to account for expected liabilities arising out of the McCloud Case judgement; following post actuarial report guidance from the Scheme. This mean that the total pension liability

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

recognised in the Statement of Financial Position as at 31 March 2019 was £2,358,800. For the year end 31 March 2020 the Scheme has incorporated expected liabilities of the McCloud Case in its year end disclosure.

- 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.

7.3 Capital programme

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

During the year BITMO staff, acting on behalf of Leeds CC, managed a budget of £1.7m of capital spend (2018-19 £1.7m), equating to the total of the 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 2020, 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.

7.4 Financial outlook

The additions to reserves from the two years to 31st March 2020 have given some scope for a restructure of the staffing profile of the organisation and the opportunity to create a better working environment in the office at Aberfield Gate, in order to further enhance front line services to tenants.

The staff restructure will have a one-off cost of some £70k, which will be more than recouped over the following five years by ongoing staff savings. The office redevelopment has been allocated a budget of £150k and this will be amortised over the ten year life of the lease (i.e. an annual cost of £15k per annum).

The operational budget for 2020-21 give a breakeven position, but costs of the items above may mean a potential overall reduction in reserves of some £83k for the year.

8. 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.

9. 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

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

preparation and reliability of financial and operating information and the safeguarding of BITMO's assets and interests.

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, albeit with a temporarily reduced service.
- 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.

Within the year Leeds City Council undertook the following assurance audit:

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

| Title | Control Environment | Compliance |
|-------------------------|----------------------------|-------------------|
| Rent Arrears Management | Good | Acceptable |

10. 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.

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 2020 the level of free reserves of BITMO stood at £1,171k (2018/19 - £1,014k). Amounts over and above the target level of reserves are held in expectation of investment to improve the Estate or future service delivery.

11. Governance

11.1 Legal Status

Belle Isle Tenant Management Organisation (BITMO) has been registered with and regulated by the Financial Services 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.

11.2 Governing Framework

The organisation is governed by the 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 is currently being revised in conjunction with Leeds City Council, but no major changes are anticipated at present.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

11.3 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 2019 and the first Board meeting following the AGM.

| Status | Full Board Composition | Vacancies filled in September 2019 |
|---|-------------------------------|---|
| Tenant Board members elected at AGM | 12 | 4 |
| Co-opted and Independent Members elected at first Board meeting after AGM | 2 | 4 |
| Nominated by Leeds City Council and ratified by the Board | 2 | 2 |
| Totals | 16 | 10 |

In October 2019 Leon Kirkham was re-elected Chair of the Board. The Board also elected two Vice Chairs, Jean Burton and Ian Liptrot. Mrs Burton was also elected as Secretary and Mr Liptrot was elected Treasurer.

In 2019-20 BITMO continued its Board member appraisal process and provided Board members with opportunities for training and development linked to their individual needs.

11.4 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, subject to any material departures disclosed and explained in the financial statements; 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.

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

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

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.

11.5 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 24th September 2020, any retiring Board members shall be eligible for re-election in accordance with the Organisation's Rule 30.

11.6 Senior management

The senior management team comprised:

- Chief Executive – Deborah Kelly
- Head of Governance & Finance - Peter Olver
- Head of Repairs, Maintenance and Investment – post vacant

11.7 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 2019 | 98 |
| Resignations during the year | (5) |
| New members during the year | 0 |
| Membership as at 31 March 2020 | 93 |

12. Charitable donations

BITMO made a charitable donation to Children in Need of £105 during the year.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2020

13. Auditor

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

A handwritten signature in black ink, appearing to read 'Leon Kirkham', with a long horizontal flourish extending to the right.

Leon Kirkham – Chair:

Date: 3rd September 2020

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 2020 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 2020 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

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

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

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 13, 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 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.

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

Beever and Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE
Date: 23 September 2020

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Statement of Comprehensive Income
(incorporating Income and Expenditure account)
for the year ended 31 March 2020

| | Notes | 2019-20 £ | 2018-19 £ |
|---|-------|--------------|--------------|
| Income | 3 | 3,264,859 | 3,248,557 |
| Expenditure | | (3,282,837) | (3,290,276) |
| Operating deficit | 4 | (17,977) | (41,719) |
| Interest receivable from bank accounts | 7a | 2,188 | 1,377 |
| Interest cost of net defined benefit pension liability | 7b | (53,000) | (47,000) |
| Change in Pension Reimbursement Rights | 12 | 437,000 | 434,000 |
| Surplus on ordinary activities before taxation | | 368,211 | 346,658 |
| Taxation | 8 | (456) | (221) |
| Surplus for the year | | 367,755 | 346,437 |
| Actuarial (losses) on defined benefit pension scheme | 9 | (211,000) | (272,000) |
| Surplus for the financial year | | 156,755 | 74,437 |
| <u>Reconciliation of Changes in Reserves</u> | | | |
| General Fund Balance as at 1 April 2019 | | 1,013,749 | 939,312 |
| Surplus/(Deficit) for the year | | 367,755 | 346,437 |
| Actuarial gains/(losses) on pension scheme | 9 | (211,000) | (272,000) |
| | | 156,755 | 74,437 |
| Balance as at 31 March 2020 | | 1,170,504 | 1,013,749 |

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 21 to 29 form part of these financial statements.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Statement of Financial Position (Balance Sheet)
as at 31 March 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|------------------|------------------|
| Current assets | | | |
| Debtors | 10 | 42,727 | 177,991 |
| Cash | | 1,544,078 | 1,286,304 |
| | | <hr/> 1,586,804 | <hr/> 1,464,295 |
| Creditors: amounts falling due within one year | 11 | (416,300) | (450,546) |
| | | <hr/> | <hr/> |
| Net assets excluding pension liability | | 1,170,504 | 1,013,749 |
| Pension liability | 9 | (2,729,000) | (2,358,800) |
| Pension related asset | 9 | 2,729,000 | 2,358,800 |
| | | <hr/> | <hr/> |
| Net assets including pension liability | | <u>1,170,504</u> | <u>1,013,749</u> |
| Capital and reserves | | | |
| General Fund | 12 | <u>1,170,504</u> | <u>1,013,749</u> |

The financial statements on pages 18 to 29 were approved by the Board on 3rd September 2020 and were signed on its behalf by:

Leon Kirkham - Chair



Jean Burton - Secretary



Deborah Kelly - Company Secretary



BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Cash Flow Statement

for the year ended 31 March 2020

| | Note | 2019-20 £ | 2018-19 £ |
|---|-------------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | Below | <u>256,043</u> | <u>129,407</u> |
| Cash flows from investing activities | | | |
| Interest receivable | 7a | 2,188 | 1,377 |
| Tax paid | 8 | (456) | (221) |
| Net cash provided by investing activities | | <u>1,732</u> | <u>1,156</u> |
| Change in cash in the reporting period | | 257,775 | 130,563 |
| Cash and cash equivalents at 1 April 2019 | | 1,286,304 | 1,155,741 |
| Cash and cash equivalents at 31 March 2020 | | <u>1,544,080</u> | <u>1,286,304</u> |

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

| | | |
|--|----------------|----------------|
| Surplus for the year | 367,755 | 346,437 |
| Tax paid | 456 | 221 |
| Interest received | (2,188) | (1,377) |
| Interest payable and similar charges | 53,000 | 47,000 |
| (Increase)/decrease in debtors | 135,265 | (39,844) |
| (Decrease)/increase in trade and other creditors | (34,246) | 95,970 |
| Pensions costs less contributions payable | 173,000 | 115,000 |
| Provision for past service costs | - | 66,800 |
| Change in pension reimbursement rights | (437,000) | (500,800) |
| Cash flows from operating activities | <u>256,042</u> | <u>129,407</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 2020

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.

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.

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

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 statement of financial position 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 statement of comprehensive income 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 statement of financial position at the amount which is considered to be recoverable within 12 months from the year end.

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 year end.

k) Leases

(i) Operating leases:

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

(ii) Finance leases:

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the Statement of Financial Position 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.

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

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

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 Co-operative and Community Benefit Society with charitable purposes and therefore has no liability to pay corporation tax except on investment income.

| | Year Ended 31.3.2020 | Year Ended 31.3.2019 |
|---|---------------------------------|---------------------------------|
| | £ | £ |
| 3 Income | | |
| Management fee from Leeds City Council | 3,048,360 | 3,024,660 |
| Sheltered accommodation fee | 72,590 | 71,170 |
| Performance incentive payment | 24,701 | 28,338 |
| Welfare Reform contributions | 74,800 | 73,330 |
| Capital Repair staff re-imbursement grant | 35,240 | 32,618 |
| HAP Grant | 3,918 | 14,782 |
| Other income | 5,250 | 3,659 |
| | <u>3,264,859</u> | <u>3,248,557</u> |
| Bank interest | 2,188 | 1,377 |
| | <u>3,267,047</u> | <u>3,249,934</u> |

4 Operating deficit

| | £ | £ |
|---|----------------|----------------|
| The operating surplus (deficit) is stated after charging: | | |
| Auditors' remuneration - audit services | 9,795 | 9,500 |
| The defined benefit pension cost comprising the following | | |
| - current service cost | 283,000 | 284,000 |
| - past service cost | 45,000 | - |
| | <u>327,795</u> | <u>324,500</u> |

5 Operating leases

The Organisation holds office equipment under non-cancellable operating leases.

At 31 March 2020 the Organisation had total future minimum lease payments under these leases as:

| | 2020 | 2019 |
|---|-------------|-------------|
| | £ | £ |
| Leases expiring in less than one year | Nil | Nil |
| Leases expiring later than one year and not later than five years | Nil | Nil |

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

| 6 Staff costs | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries (excluding agency staff payments) | 1,031,563 | 1,114,895 |
| Social security costs | 91,352 | 100,798 |
| Defined benefit pension scheme costs | 154,825 | 170,180 |
| Redundancy & severance pay | - | 12,452 |
| | <u>1,277,740</u> | <u>1,398,325</u> |

Redundancy and severance costs related 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:

| | 2020 | 2019 |
|--|---------------|---------------|
| | Number | Number |
| Repairs, Maintenance and Property Investment staff | 5 | 6 |
| Wardens and Caretakers | 5 | 6 |
| Sheltered Housing | 2 | 2 |
| Office staff | 25 | 24 |
| Total | <u>37</u> | <u>38</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.

| | 2020 | 2019 |
|--------------------|---------------|--------------|
| | £ | £ |
| Agency staff costs | <u>35,976</u> | <u>6,864</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 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| Key management personnel: | | |
| Emoluments for that group of employees | 112,553 | 157,400 |
| Employers National Insurance contributions | 13,151 | 18,042 |
| Employers pension contributions | 19,472 | 27,230 |
| | <u>145,176</u> | <u>202,672</u> |

Key management personnel are defined as the members of the Senior Management Team: Chief Executive, Head of Repairs, Maintenance and Investment and the Head of Governance & Finance. The Head of Repairs, Maintenance and Investment post was vacant during the year.

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

| | 2020 | 2019 |
|-------------------|---------------|---------------|
| | Number | Number |
| £60,001 - £70,000 | <u>1</u> | <u>1</u> |

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 Statement of Financial Position (per Note 11).

| 7 Interest receivable and similar income | 2020 | 2019 |
|--|-----------------|-----------------|
| | £ | £ |
| 7a Bank interest | <u>2,188</u> | <u>1,377</u> |
| 7b Defined benefit pension scheme interest | | |
| (i) Interest income on pension scheme assets | 103,000 | 106,000 |
| (ii) Interest expense on pension scheme obligation | (156,000) | (153,000) |
| | <u>(53,000)</u> | <u>(47,000)</u> |

| 8 Taxation | 2020 | 2019 |
|---|-------------|-------------|
| | £ | £ |
| Tax charge for the year at the small companies rate | <u>456</u> | <u>221</u> |

Only income received from bank deposits is assessable to tax.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Notes to the Accounts

for the year ended 31 March 2020

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.
- (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.

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

9 Pension obligations (continued)

The total contributions made for the year ended 31 March 2020 were £206,000 (31 March 2019 £226,000) of which employer's contributions totalled £155,000 (2018-9 £169,000) and employees' contributions totalled £51,000 (2018-19 £57,000).

The actuaries estimate that the net pension deficit as at 31 March 2019 is £2,729,000 (2019: £2,292,000). The pension liability recognised on the Statement of Financial Position for 2019 of £2,358k included a provision for past service costs in respect of the McCloud judgement of £66,800. The impact of the McCloud case has also been reflected in the pension scheme disclosure as at 31 March 2020.

The financial assumptions used for the purpose of the FRS102 calculation as at 31 March 2020, prepared for the Organisation by AON Hewitt Limited, were as follows:

| | At the end of the year | At the start of the year |
|---------------------------------------|-----------------------------------|-------------------------------------|
| Rate of inflation (CPI) | 2.0% | 2.2% |
| Rate of increase in salaries | 3.25% | 3.45% |
| Rate of increase in pensions | 2.0% | 2.2% |
| Rate of increase in deferred pensions | 2.0% | 2.2% |
| Discount rate | 2.3% | 2.4% |

| | 31 March 2020 | 31 March 2019 |
|---|----------------------|----------------------|
| | £000's | £000's |
| Balance sheet items | | |
| Fair value of plan assets | 4,157 | 4,388 |
| Present value of funded benefit obligations liabilities | (6,886) | (6,680) |
| Interim 2019 provision for past service costs (Re McCloud Case) | - | (67) |
| Net deficit | <u>(2,729)</u> | <u>(2,359)</u> |
| Council Guarantee Asset | <u>2,729</u> | <u>2,359</u> |
| Components of pension cost for year | | |
| (i) Operating costs | | |
| Current service cost | 283 | 284 |
| Expected return on assets | - | (106) |
| Past service cost | 45 | - |
| Effect of curtailments or settlements | - | - |
| (ii) Finance costs | | |
| Interest on net defined benefit pension liabilities | 53 | 153 |
| Total pension cost recognised in Income and Expenditure account | <u>381</u> | <u>331</u> |
| Other Comprehensive Income | | |
| Asset (losses)/gains arising during the period | (159) | 147 |
| Liability (losses) arising during the period | (52) | (419) |
| Actuarial (losses) | <u>(211)</u> | <u>(272)</u> |

The gains/(losses) figure is recognised in the Statement of Comprehensive Income .

| | | |
|---|-------|-------|
| Actuarial (gains)/losses expressed as a % of year end liabilities | 3.06% | 4.07% |
|---|-------|-------|

| | 31 March 2020 | 31 March 2019 |
|---|----------------------|----------------------|
| | £000's | £000's |
| Change in Benefit Obligation during the year | | |
| Benefit obligation at the beginning of the year | 6,680 | 5,907 |
| Current service cost | 283 | 284 |
| Interest on pension liabilities | 156 | 153 |
| Member contributions | 51 | 57 |
| Past service costs | 45 | - |
| Actuarial (gains)/losses on liabilities | 52 | 419 |
| Benefits/transfers paid | (381) | (140) |
| Benefit obligation at the end of the year | <u>6,886</u> | <u>6,680</u> |

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

9 Pension obligations (continued)

| | 31 March 2020 | 31 March 2019 |
|---|----------------------|----------------------|
| | £000's | £000's |
| Change in Plan Assets during the year | | |
| Fair value of plan assets at the beginning of the year | 4,388 | 4,049 |
| Expected return on plan assets | 103 | 106 |
| Actuarial gains/(losses) on assets | (159) | 147 |
| Employer contributions | 155 | 169 |
| Member contributions | 51 | 57 |
| Benefits/transfers paid | (381) | (140) |
| Fair value of plan assets at the end of the year | 4,157 | 4,388 |
| Experience (losses)/gains on assets | (159) | 147 |
| Interest income on assets | 103 | 106 |
| Actual return on plan assets | (56) | 253 |

Split of assets between investment categories

| | Assets at 31 March 2020 | | Assets at 31 March 2019 | |
|------------------|--------------------------------|---------------|--------------------------------|---------------|
| | £000's | % | £000's | % |
| Equities | 3,222 | 77.5% | 3,247 | 74.0% |
| Government bonds | 399 | 9.6% | 206 | 4.7% |
| Other bonds | 212 | 5.1% | 491 | 11.2% |
| Property | 187 | 4.5% | 176 | 4.0% |
| Cash/liquidity | 79 | 1.9% | 101 | 2.3% |
| Others | 58 | 1.4% | 167 | 3.8% |
| | 4,157 | 100.0% | 4,388 | 100.0% |

Life expectancy

| | | |
|--|-------------------|-------------------|
| Male/Female pensioner aged 65 years | 21.8 / 24.6 years | 22.2 / 25.4 years |
| Male(female) future pensioner aged 65 years in 20 years time | 22.5 / 25.7 years | 23.2 / 27.2 years |

Total market value of West Yorkshire Pension Fund

| | £ millions | £ millions |
|--|-------------------|-------------------|
| At date of last actuarial valuation on 31 March 2019 | | 14,306 |
| At 31 March 2020 - bid price | 13,168 | |

Membership

| | 31 March 2020 | 31 March 2019 |
|-------------------|----------------------|----------------------|
| Active members | 27 | 31 |
| Deferred pensions | 12 | 7 |
| Pensioners | 22 | 13 |

The actuarial assumptions used in the calculation of the year end balance sheet liabilities are based on the 2019 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.

10 Debtors: all falling due within one year

| | 2020 | 2019 |
|---------------------------------|---------------|----------------|
| | £ | £ |
| Leeds City Council, amount owed | 40,120 | 115,345 |
| Prepayments | 2,196 | 62,186 |
| Other debtors | 411 | 460 |
| | 42,727 | 177,991 |

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Notes to the Accounts

for the year ended 31 March 2020

| 11 Creditors: amounts falling due within one year | 2020 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| Leeds City Council, net amount due | - | - |
| Trade creditors | 47,223 | 77,262 |
| Accruals | 293,720 | 241,732 |
| Value added tax | 74,053 | 130,182 |
| HMRC - Construction Industry Scheme | - | - |
| Other creditors | 849 | 1,149 |
| Corporation tax | 456 | 221 |
| | <u>416,300</u> | <u>450,546</u> |

| 12 Capital and reserves | 2020 | 2019 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Balance as at 1 April 2019 | 1,013,749 | 939,312 |
| Surplus for the year | 156,755 | 74,437 |
| Defined benefit pension scheme: | | |
| Current service cost | (283,000) | (284,000) |
| Interest on pension liabilities | (156,000) | (153,000) |
| Past service costs | (45,000) | - |
| Actuarial (gains)/losses on liabilities | (52,000) | (419,000) |
| Expected return on plan assets | 103,000 | 106,000 |
| Actuarial gains/(losses) on assets | (159,000) | 147,000 |
| Provision for past service cost (McCloud Case) | - | (66,800) |
| Employer contributions | 155,000 | 169,000 |
| Net cost recognised in Statement of Financial Activities | <u>(437,000)</u> | <u>(500,800)</u> |
| Change in Pension Reimbursement Rights | 437,000 | 500,800 |
| Balance as at 31 March 2020 | <u><u>1,170,504</u></u> | <u><u>1,013,749</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 £3,255,691 (2019: £3,230,116).

The Organisation was also recharged for services provided by the Council and in the year 2019-20 these recharges totalled £328,181 (2018-19: £329,681). 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 £579 in re-imbursement of travel expenses for the year ended 31 March 2020 (£403 2018-19).

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-imbursement of travel expenses amounting to £Nil (2018-19 £Nil).

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

15 Financial instruments

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

| | 2020 | 2019 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Financial instruments that are debt instruments measured at amortised cost; comprising: cash; trade debtors, other debtors, accrued income | 1,584,609 | 1,402,109 |
| Financial liabilities measured at amortised cost; comprising: trade creditors and other creditors | (122,580) | (208,814) |
| Net | <u><u>1,462,029</u></u> | <u><u>1,193,295</u></u> |

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Schedule to the Income and Expenditure Account
for the year ended 31 March 2020

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

| | 2019-20 £ | 2018-19 £ |
|---|------------------|------------------|
| Income | | |
| Management fee | 3,048,360 | 3,024,660 |
| Sheltered accommodation | 72,590 | 71,170 |
| Performance incentive payment | 24,701 | 28,338 |
| Welfare Reform Contribution | 74,800 | 73,330 |
| Capital Schemes staff cost contribution | 35,240 | 32,618 |
| HAP Grant | 3,918 | 14,782 |
| Other income | 5,250 | 3,659 |
| Income before bank interest | <u>3,264,859</u> | <u>3,248,557</u> |
| Bank Interest | 2,188 | 1,377 |
| Total Income | <u>3,267,047</u> | <u>3,249,934</u> |
| Expenditure | | |
| Staff costs | | |
| Payroll costs | 1,214,035 | 1,371,572 |
| Travel and subsistence | 4,202 | 3,788 |
| Essential user lump sum payments | 963 | 1,101 |
| Training, development and conferences | 15,568 | 4,341 |
| Other staff costs | 7,795 | 6,349 |
| | <u>1,242,563</u> | <u>1,387,151</u> |
| Running costs | | |
| Running costs | 157,024 | 176,434 |
| Other hired and contracted services | 179,774 | 41,526 |
| | <u>336,798</u> | <u>217,960</u> |
| Repairs | | |
| Planned repairs | 350,059 | 407,840 |
| Responsive repairs | 977,641 | 940,010 |
| HAP Grant | 3,918 | 14,782 |
| Contribution to Capital Schemes | - | - |
| Decoration vouchers | 1,191 | 1,292 |
| Service level agreements | 85,329 | 97,526 |
| | <u>1,418,138</u> | <u>1,461,450</u> |
| Other costs | | |
| Sheltered housing-staff costs | 63,706 | 62,179 |
| Sheltered housing-other expenditure | 10,295 | 12,557 |
| Other flats | 6,496 | 6,655 |
| BITMO's Gate running costs | 32,297 | 27,546 |
| | <u>112,794</u> | <u>108,936</u> |
| Total expenditure | <u>3,110,293</u> | <u>3,175,497</u> |
| Surplus/(Deficit) | <u>156,754</u> | <u>74,437</u> |

