

**BELLE ISLE
TENANT MANAGEMENT ORGANISATION LIMITED**

**Report and Financial Statements
for the year ended 31 March 2023**



BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Reports and Financial Statements for the Year Ended 31 March 2023

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BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Organisation Information

31 March 2023

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:

Sharafath Ghafiri	Chairperson	Elected Member - elected as Chair 29.9.22
Leon Kirkham	Chairperson	Elected Member - retired 29.9.22
Jean Burton	Secretary/ Vice Chair	Elected Member
Harry Austin	Treasurer/ Vice Chair	Elected Member - elected 29.9.22
Councillor Paul Truswell		Co-opted Member - retired 4.5.23
Councillor Sharon Burke		Co-opted Member
Margaret Brown		Co-opted Member
Lisa Caley		Elected Member - re-elected 29.9.22
Iris Crummack		Elected Member - retired 30.6.23
Rose Hodgkinson		Co-opted member - appointed 6.10.22
Ashley Knowles		Co-opted Member
Steven Lamb		Elected Member - elected 29.9.22, retired 2.6.2
Lamin Makalo		Elected Member
Kay-Lee Marshall		Elected Member - retired 29.9.22
Tracey Morris		Elected Member - re-elected 29.9.22
John Oddy		Elected Member
Julie Rhodes		Elected Member

Chief Executive & Company Secretary

Deborah Kelly

External Auditor

Beever & Struthers
One Express
1 George Leigh St
Manchester
M4 5DL

Bankers

NatWest Bank PLC
8 Park Row
Leeds
LS1 1QS

Solicitors

Leeds City Council

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2023



The Board of Belle Isle TMO (BITMO) presents its report and the audited financial statements for the year ended 31 March 2023.

BITMO is the largest estate-based tenant management organisation in the country outside London. It is based in the heart of our community in south Leeds and provides comprehensive social housing services and associated outreach programmes.

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. Messages from the Chair and Chief Executive

Message from our Chair: Sharafath Ghafiri

I'm proud to have been the Chairman of Belle Isle TMO since September 2022. As a BITMO tenant for seven years, I have seen the progress that the organisation has made to support our community through two years of pandemic and the cost-of-living crisis.

We are all feeling the impact of higher inflation, and inflation has had a big impact on the costs of providing services. We haven't sat on our hands. We've been working hard to negotiate with contractors and suppliers so that we can deliver value for the rent you pay.

There have been setbacks. IT issues, construction industry supply issues and a lack of labour have hit our repairs performance, but we are working through the issues to improve our service to you. We are changing the way we resource our tenancy support team to improve how we manage anti-social behaviour, and how we support new and established tenants.

We are increasing the work we do in the community. This is at the core of what BITMO is. We are tenant led and community based.

We are not just tenants. Together, we have the opportunity to lead BITMO to improve life for the people who live in Belle Isle, now and in the future. That is a great opportunity for all of us. I hope you will take the opportunity to get involved and work with us to build a better Belle Isle.

Report of the Board (including Statement of Responsibilities)
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The Board and I want to express our deep appreciation of the people who make our success possible. BITMO staff and volunteers work industriously and effectively to help everyone in the Belle Isle community.



Message from our Chief Executive: Deborah Kelly

Our Annual Report 2023 sets out how we've performed over the last financial year and includes some key figures and information we hope you'll find interesting. You will see from the information that follows that there are lots of areas where we are doing really well to build a better future for Belle Isle, but also opportunities for us to do things even better. As a tenant-led organisation we rely on the commitment of our tenants to tell us what their priorities are, and to provide leadership through our Board. I'm very grateful to the Board for their work over the last twelve months to steer us through some challenging situations, and to support me and the management team to deliver on their behalf. I'd also like to thank our staff for their ongoing commitment to making a difference in Belle Isle.

If you would like to find out more about BITMO or get involved in our volunteering programme or maybe join our Board. Please get in touch via: bitmo.enquiries@belleisleitmo.co.uk or 0113 378 2188. We'd love to hear from you.

(i) Safety

We invest a lot of time and effort into maintaining the safety of the homes we manage. We have effective systems in place to monitor the safety of gas and electrical installations, water, asbestos, and fire safety. We have added the detection and investigation of mould and damp to our arrangements.

Performance statistics for the year to 31st March 2023:

Homes with a current gas safety certificate	98.75% (target 100%)	There were 23 homes that don't have an up-to-date certificate, this is because the tenant has not allowed us access within the year, and we are taking action to gain access.
Homes with a current electric periodic inspection certificate	77.56% (target 100%)	We have plans in place to bring this up to 100% by the end of March 2024.

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Fire safety inspections	100% (target 100%)	We inspect 157 communal areas each year. these inspections are all up to date.
Asbestos safety checks	66% (target 100%)	1206 homes have asbestos records showing that either there is no asbestos in the property, or there is as asbestos and it has been tested and found to be safe. Management surveys planned for remainder in 2023-24.
Water Safety checks	100% (target 100%)	We test communal water supplies every year, and these are all up to date and found to be safe.
Mould and damp	We maintain a register of homes where mould and damp have been reported. We inspect to identify the root cause and rectify any structural defect or provide assistance with ventilation or dehumidification as appropriate.	
Green spaces and footpaths	100% (target 100%)	We carry out and record inspections of green spaces and footpaths every year.

(ii) Engagement and accountability

As a tenant-led, community-based organisation, engagement and empowerment are fundamentally important to BITMO. We provide a range of opportunities for tenants to get involved in reviewing what we do and participate in decision making. In the last year we have met with residents in our flats and improved security and décor in response to comments made. We have improved the cleaning regime, in blocks and provided CCTV. We are running community consultation events over the Spring and Summer, bringing people together to enjoy a BBQ and share with us their priorities and what we can do better. We are always looking out for tenants to get more involved and participate in working groups or our Board, to really influence how we work.

	BITMO	City of Leeds	
Satisfaction that BITMO listens to tenants' views and acts upon them	59%	44%	We have a programme of tenant engagement throughout the year to make sure we are hearing and acting on what is important to you.
Agreement that BITMO treats tenants fairly and with respect	70%	62%	Our Service Code of Conduct requires that everyone is treated equally and fairly.

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(ii) Quality

As a tenant management organisation, it is important to us that the services we provide are of the highest quality, and reflect the priorities of the community, and demonstrate a well-run organisation.

Repairs completed within timescale	55% approximately (target 95%) Increased to 96.64% post year end.	This is uncertain at the moment due to IT issues, but we know the figure is not where we expect it to be. An action plan is in place to improve this. Repair satisfaction levels are given below.
Homes that meet the Decent Homes Standard	100% (target 100%)	As at 31 st March 2023
Number of reactive day-to-day repairs carried out in the year	3925	Approximately 75 reactive repairs per week, with an average cost of £114 each.
Income collection	95.99% (target 98%) We've helped generate £107k additional income for tenants. We have also distributed 3,700 free meals and donated 213 hundred items of clothing for people in financial difficulty,	There is £268k owing in rent arrears. We aim to collect all the rent owing as this is the money that pays for the services we provide. We have carried out 3 evictions for non-payment of rent this year, and served 98 households with notice that we will take them to court if they don't pay their rent.
Capital investment delivered	100% (target 100%)	On behalf of Leeds City Council, we have managed the spend of £1.95m on improvements to homes providing new kitchens, bathrooms, heating systems and new roofs.
Complaints	70% of the 33 Stage 1 complaints received were responded to within our 10 working day target. Some 67% of the nine Stage 2 complaints were responded to within our 15 working day target (the Housing Ombudsman target for Stage 2 is 20 days).	We received 42 complaints in the year, the majority of these were about repairs. We need to get a lot better at responding to complaints within target timescales.

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(iv) Tenancy

We operate open and transparent systems for how we let the properties we manage. We comply with the Leeds City Council property allocation policy and the priorities that they set.

No of homes let		
Number of exchanges	26 formal proposals received	We have approved 14 proposals for mutual exchanges, and all were within the statutory 42 day decision timeframe. The exchanges were between BITMO tenants and other BITMO tenants (6) / other council tenants (4) / housing association tenants (4)
Number of tenancy changes	35 requests received	Nearly half of these requests (16) were as a result of the death of a tenant and the right of succession was then assessed. There were also requests to change names following marriage, divorce, or deed poll.
Evictions for tenancy breaches	3	All tenancies are regulated by a clear tenancy agreement. Where tenants do not comply with the tenancy agreement, we take legal action to ensure compliance or to end the tenancy.

(v) Neighbourhood standard

BITMO's objectives are to build a stronger, safer, greener community. Our ethos is about supporting the community to thrive and develop initiatives that meet local needs. We have a £70,000 Community Fund to support local initiatives and help tenants experiencing hardship.

GATE		
Anti-social behaviour cases	79 cases were opened during the year and solutions were sought. 82 cases were closed during the year.	The number of ASB cases equates to 4.3% of our housing stock. of ASB that we are investigating and seeking solutions to. We have two cases that are currently in the court process.

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Messy garden cases	At any one time we are dealing with approximately 19 messy garden cases.	We are improving our arrangements to recharge tenants and take enforcement action when they refuse to maintain their gardens to an acceptable standard.
Environmental damage	Fly-tipping and damage to Belle Isle Circus by quad and other bikes are being addressed through environmental enforcement action and fencing of the circus.	We have two environmental action notices in place, with tenants being fined for the damage they have caused.

(vi) Transparency

BITMO tenants are invited to become shareholders in the organisation, and to attend Board meetings. We encourage involvement and have a clear programme of tenant engagement opportunities published on our website.

(vii) Outreach

During the year we have conducted many tenant surveys on local issues and responded accordingly. A community garden has been established at Low West Granges and a fruit orchard has been planted behind 58 Belle Isle Circus. We have expanded our free meal provision service and established a school uniform exchange. The total number of food meals provided was some 3,700, including 1,600 cooked breakfasts, 1,000 toasted sandwiches and 650 picnics. Clothing provided included 213 donated school uniform items and 96 donated winter coats.

Our work is now increasingly focused on provision on the estate as well as within our premises. Since the year-end we have engaged an Asset Based Community Development Officer to discover and map the people with volunteering skills and enthusiasm to further help the community.

BITMO continues to be at the heart of our community and aims to enhance the lives of our tenants through excellence of service, improving the housing stock, helping tenants and leaseholders and giving a sense of pride in our surroundings.



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Planting in the Community Garden



2. Performance

Many Key Performance Indicators are detailed in the report above.

This year we are able to show you our new format Tenant Satisfaction Measures results – based upon those required by the Regulator of Social Housing from 1st April 2023.

We work closely with colleagues at Leeds City Council to make sure you get the best service possible from BITMO. Please see the summary below (the total column refers to Leeds as a whole).

Caution should however be exercised as far as the BITMO figures are concerned, as the sample size is small (with a statistical margin of error of +/-9%).

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Tenant Satisfaction Measures (TSM) - Pilot survey full year 2022-23 - Housing Area:

	Bitmo	Total	
Count of Responses	112	2643	
Count of Properties	1849	53950	Diff to City
Statistical accuracy - confidence interval	9.0%	1.9%	
Overall			
Overall satisfaction with services provided	72%	60%	12%
The home			
Percentage of tenants who had a repair in the last 12 months	77%	66%	12%
Satisfaction with overall repairs service received in the last 12 months	76%	66%	9%
Satisfaction with time taken to complete most recent repair	70%	61%	8%
Satisfaction that landlord provides a home that is well maintained	61%	61%	0%
Satisfaction that landlord provides a home that is safe	61%	61%	0%
Satisfaction that your rent provides value for money	74%	67%	6%
Percentage who find energy bills difficult to afford	42%	50%	-8%
Heating and insulation is good at keeping your home warm in the winter	56%	53%	3%
Contact and communication			
Satisfaction that your landlord listens to your views and acts upon them	59%	44%	16%
Satisfaction that you are kept informed about things that matter to you	67%	53%	14%
Percentage of tenants agreeing 'my landlord treats me fairly and with respect'	70%	62%	8%
Percentage who made a complaint in the last 12 months	43%	32%	11%
Satisfaction with your landlord's approach to complaints handling	52%	39%	13%
Satisfaction that your landlord is easy to deal with	71%	56%	15%
Agree that landlord has a good reputation in your area	70%	48%	22%
Agree that landlord has friendly and approachable staff	81%	67%	13%
Agree that the landlord is approachable if need advice and support	70%	59%	11%
Neighbourhood and community			
Satisfaction that communal areas are kept clean and well maintained	69%	56%	13%
Satisfaction with neighbourhood as a place to live / landlord makes a positive contribution	62%	55%	7%
Satisfaction with your landlord's approach to handling anti-social behaviour	45%	42%	3%
Feel safe in the local area	65%	66%	-1%
Satisfaction with overall appearance of neighbourhood	56%	58%	-2%
Other			
Describe their current financial position as fairly or very difficult	28%	26%	2%
Use the internet (at home or via smartphone)	73%	83%	-10%

Based on these figures (and bearing in mind the statistical margin of error outlined above), Belle Isle area still performs better than others in the city for overall satisfaction, and also in the questions around customer services, contact and communication. However, figures are closer to city average on the questions around the quality of the home, the neighbourhood and Anti-Social Behaviour.

Digital access is another area where further work is very much required. BITMO has accomplished considerable outcomes in recent years on this subject – including the distribution of equipment and data to enable access and also running courses to help people get online. The nature of this and other issues is however different to many other areas of Leeds.

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3. Principal Activities

Belle Isle Tenant Management Organisation's (BITMO's) principal activities are the provision, maintenance and management of housing and associated amenities for the benefit of the Belle Isle Estate. During 2022-23 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 Development and 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 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 are a nominal 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 considered by the Board to be fit for purpose. A mid-term review was conducted with staff and Board members during 2022.

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

Maintain	Provide	Build
a well-run organisation that is led by tenants and is open, transparent and financially viable	high quality services	a stronger, safer and greener community

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

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

(i) Continuous Improvement - Getting the basics right. A programme of service reviews has been conducted and an enhanced training plan put in place as part of the development programme for the organisation. We are equipping our staff to act make a difference in our community

(ii) Our Green Agenda – continues to be a major focus of how we conduct our day-to-day business and how we invest in our community. Further trees have been planted around the estate as part of an ongoing programme. Thermal efficiency surveys have been conducted in advance of a major insulation programme.

(iii) Digital Enablement

We continue 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).
- Increased digital communication with service users.

(iv) Empowering our Community

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

- Remobilisation of many outreach activities re work, money and health in the GATE area.
- Launch of our Community Fund programme with help for those needing training or facing hardship as well as enhancing the estate.
- Aid to service users to claim entitlements.
- Increasing focus on the cost-of-living crisis and ways to mitigate its impact.

(v) Developing our People

To ensure that BITMO people are empowered engaged and enabled. Wellbeing continues to be a central theme of staff development during 2022-23. Mental Aid First Aiders have continued to aid well-being through various mechanisms including walks and advice. Training has been provided on new customer care and housing management systems. Staff have been allocated time for development of voluntary activities.

We believe strongly in People, Service and Community.

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 new activities were introduced during 2022-23 as our strategic direction became more proactive and our outreach more estate based.

A formal training programme for volunteers has been developed which gives further opportunities to gain skills at many levels for personal development.

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7. Priorities going forward

Essential front line services remain the focus of attention, fulfilling our main operational objectives in pursuit of the current strategy.

A re-run of the prior year staff survey showed solid improvements in the way that the organisation is operating in all respects. Such surveys will be held at set points going forward to ensure consistency.

The Finance Committee continues to report to the Board on all financial matters. Membership of the Committee has, since the year end, been opened to all Board members who wish to attend.

A major procurement process is underway in order to secure an efficient gas service contact for the next five years.

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 £3,298k (2021-22 £3,416k), an overall decrease of £118k (3.5%). This was due to the exceptional income of the prior year reported below and in Note 16 to the Financial Statements.

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.

An increase in the management fee received from Leeds City Council of £96k for the year 2022-23 followed on from a decrease of £98k for 2021-22 made necessary by enforced funding cuts within the Council. There is a funding formula relating to the Management Agreement between LCC and BITMO.

The prior year had seen a backdated rebate of £196k in non-domestic rates, due to the successful application of the not-for-profit nature of our work and the positive impact of our outreach work in the community.

Funds were also secured to aid our digital enablement programme and to fund some government funded Kickstart employment posts.

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

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 have come in close to budget, which indicates that this work has increased following the pandemic. They are however lower than historic levels. This may

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also be a knock-on effect from continued improvements to estate stock which has led to less demand for repairs.

Overall staff costs stood at £1,492k. This represents an overall increase of £170k in operating staff costs (2021-22 decrease £52k). This is in part due to a lower use of temporary agency staff during 2022-23.

The overall result for the year was a £8.6k deficit (0.3% of income). The surplus for the previous year was £279k (8% of income), mainly due to an under-spend of budgeted repairs costs during the Covid pandemic. 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 2023 were £1,755k (2022 £1,764k).

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 2023 that liability was identified as £291k by the Scheme Actuary (compared to £2,607k as at 31 March 2022).
- 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.

During the year BITMO staff, acting on behalf of Leeds City Council, managed the expenditure of some £1.96m of capital spend (2021-22 £1.70m), equating to 100% 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 2023, 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

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years. The next tenant ballot will take place in September 2024. Current feedback from tenants is positive and there is presently no indication of an adverse result.

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 £98k was applied to the overall fees for 2021-22. Cost reductions were put in place by the Board.

For 2023-24 Leeds CC has been able to increase the management fees by up to £289k (2022-23 increase of £87k), in order to fund some inflationary cost increases.

There is some uncertainty as to how potential future cuts within Leeds City Council will impact upon the BITMO Management Fee in future years, but the Board believes that successful collaboration will mean that front line services will continue to be maintained and enhanced. BITMO has adequate reserves to meet current obligations and has moreover committed £200k for investment in the capital programme for thermal efficiency works to help tenants with the cost-of-living crisis.

9. Going concern

The Organisation's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

The Board has reviewed and considered relevant information in terms of its levels of free reserves and spending and income levels in making its assessment. In particular, the Board has considered any risks to income and the effect of inflation, alongside the measures that they can take to mitigate any negative impact.

Given the strength of the balance sheet and availability and liquidity of assets, totalling £1.75m, as well as the expected continuing Management Agreement with Leeds City Council until at least September 2024, the Board believes that the Organisation is well placed to manage its business risks successfully. It is therefore anticipated that BITMO will be able to meet all operating costs from in-year revenues or available free reserves

Based on these assessments, the Board has a reasonable expectation that the Organisation will continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements within the parameters of Financial Reporting Standard 102.

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.

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

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- Compliance. 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. 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 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 Covid19 pandemic has tested that resilience and remote working has proved effective.
- Service failures. Potentially leading to a break in the Management Agreement with Leeds City Council. 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 incidents and issues. 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 (this has been affected by the pandemic and implementation of new systems but is now fully resumed);
- Formal policy approval mechanisms – utilising HR consultant expertise and underwriting;
- 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.

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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 normal 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 2023 the level of free reserves of BITMO stood at £1,755k (2021/22 - £1,764k). Amounts over and above the target level of reserves are held in expectation of investment to improve the Estate, future service delivery or community enhancement. 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

The above areas of operation have been brought together within a Community Fund. This fund is approved by Board each year and may vary from year to year in light of changing needs of the estate and community. In particular there may be variations arising from the current Cost of Living Crisis. The Board is putting some further measures in place to aid tenants – including the appointment of a further Financial Inclusion Officer to aid financial welfare as well as increased food provision through the GATE service.

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

Report of the Board (including Statement of Responsibilities) For the Year Ended 31st March 2023

Agreement has been revised and updated in conjunction with Leeds City Council, with minor alterations only. The Agreement will be reviewed in 2024.

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 regular 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 2022 and the first Board meeting following the AGM.

Status	Full Board Composition	In post as at September 2022
Tenant Board members as at AGM date	12	11
Co-opted and Independent Members elected at first Board meeting after AGM	4	3
Nominated by Leeds City Council and ratified by the Board	2	2
Totals	18	16

In October 2022 Sharafath Ghafiri was elected Chair of the Board in place of Leon Kirkham, who retired after many years valued service. The Board also re-elected Jean Burton as Vice-Chair and Secretary. Harry Austin was elected as Vice-Chair and Treasurer.

The Board appraisal process was re-introduced after lockdown restrictions were lifted, along with a programme of training events.

The Board met seven times during 2022-23 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;

Report of the Board (including Statement of Responsibilities) **For the Year Ended 31st March 2023**

- 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.

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 2022-23 financial year are listed on page 1.

The Board sincerely thanks retiring members for their most valued service to the tenants and wider community of Belle Isle. Of those serving during 2022-23 the following Board members retired either during or after the year:

- Mrs Iris Crummack (retired 30.6.22)
- Mr Steven Lamb (retired 2.6.23)
- Ms Kay-Lee Marshall (retired 29.9.22)
- Cllr Paul Truswell (retired 4.5.23)

At the Annual General Meeting to be held on 29th September 2023, Board member Sharafath Ghafiri will be eligible for re-election in accordance with the Organisation's Rule 30. At least two other members shall stand down and will be eligible for re-election. There will be at least six tenant vacancies including three which are currently 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 – Alex Orange.

Report of the Board (including Statement of Responsibilities)
For the Year Ended 31st March 2023

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 2022	93
Leavers during the year	(4)
New members during the year	3
Membership as at 31 March 2023	92

13. 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 organisation'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



Sharafath Ghafiri – Chair:

Date: 23rd July 2023

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

Opinion

We have audited the financial statements of Belle Isle Talent Management Organisation "the Society" for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves and the Statement of Cash Flows 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 2023 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, the Housing and Regeneration Act 2008.

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 of Management 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 the Cooperative 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.

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 Cooperative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, 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 construction and 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 it 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
One Express, 1 George Leigh Street, Manchester, M4 5DL
Date: 26/10/2023

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Statement of Comprehensive Income
(incorporating Income and Expenditure account)
for the year ended 31 March 2023

	Notes	2022-23 £	2021-22 £
Income	3	3,297,255	3,219,470
Expenditure		(3,518,569)	(3,351,073)
Operating surplus/(deficit) - pre exceptional items	4	<u>(221,315)</u>	<u>(131,603)</u>
Exceptional item - refund of non-domestic rates	16	0	196,251
Total operating surplus/(deficit)		<u>(221,315)</u>	<u>64,648</u>
Bank Interest received	7a	8,321	192
Interest cost of net defined benefit pension liability	7b	(68,000)	(70,000)
Change in Pension Reimbursement Rights	12	<u>(2,316,000)</u>	<u>(811,000)</u>
Surplus/(Deficit) on ordinary activities before taxation		(2,596,994)	(816,160)
Taxation	8	(1,581)	(39)
Surplus/(Deficit) for the year		<u>(2,598,575)</u>	<u>(816,199)</u>
Actuarial gains/(losses) on defined benefit pension scheme	9	2,590,000	1,095,000
Surplus/(Deficit) for the financial period		<u><u>(8,575)</u></u>	<u><u>278,801</u></u>
<u>Reconciliation of Changes in Reserves</u>			
General Fund Balance as at 1 April 2022		<u>1,763,891</u>	<u>1,485,090</u>
Surplus/(Deficit) for the year		(2,598,575)	(816,199)
Actuarial gains/(losses) on pension scheme	9	<u>2,590,000</u>	<u>1,095,000</u>
Surplus/(Deficit) for the financial period		<u>(8,575)</u>	<u>278,801</u>
Balance as at 31 March 2023		<u><u>1,755,316</u></u>	<u><u>1,763,891</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 25 to 33 form part of these financial statements.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Statement of Financial Position (Balance Sheet)
as at 31 March 2023

	Notes	2023 £	2022 £
Current assets			
Debtors	10	27,363	626,428
Bank		2,090,669	1,916,248
		<u>2,118,032</u>	<u>2,542,676</u>
Creditors: amounts falling due within one year			
	11	(362,716)	(778,785)
Total assets less current liabilities			
Net assets excluding pension liability			
		1,755,316	1,763,891
Pension liability			
	9	(291,000)	(2,607,000)
Pension related asset			
	9	291,000	2,607,000
Net assets including pension liability			
		<u>1,755,316</u>	<u>1,763,891</u>
Capital and reserves			
General Fund	12	<u>1,755,316</u>	<u>1,763,891</u>

The financial statements on pages 22 to 33 were approved by the Board on 27th July 2023 and were signed on its behalf by:

Sharafath Ghafiri

Jean Burton - Secretary

Harry Austin - Treasurer

Deborah Kelly - Company Secretary



Handwritten signatures of J. Burton, H. Austin, and D. Kelly.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Cash Flow Statement

for the year ended 31 March 2023

	Note	2022-23 £	2021-22 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	Below	<u>167,681</u>	<u>(88,514)</u>
Cash flows from investing activities			
Interest receivable	7a	8,321	192
Tax paid	8	<u>(1,581)</u>	<u>(39)</u>
Net cash provided by/(used by) investing activities		<u>6,740</u>	<u>153</u>
Change in cash in the reporting period		174,421	(88,361)
Cash and cash equivalents at 1 April 2022		1,916,248	2,004,609
Cash and cash equivalents at 31 March 2023		<u>2,090,669</u>	<u>1,916,248</u>

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

(Deficit)/Surplus for the year	(2,598,575)	(816,199)
Tax paid	1,581	39
Interest received	(8,321)	(192)
Interest payable and similar charges	68,000	70,000
(Increase)/decrease in debtors	599,066	(612,990)
(Decrease)/increase in trade and other creditors	(416,070)	245,828
Pensions costs less contributions payable	206,000	214,000
Provision for past service costs	-	-
Change in pension reimbursement rights	2,316,000	811,000
Cash flows from operating activities	<u>167,681</u>	<u>(88,514)</u>

The notes on pages 25 to 33 form part of these financial statements.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Notes to the Accounts

for the year ended 31 March 2023

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; and
- (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 2023

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 2023

(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.

	Year Ended 31.3.2022	Year Ended 31.3.2022
	£	£
3 Income		
Management fee from Leeds City Council	3,069,890	2,988,040
Sheltered accommodation fee	71,700	69,100
Performance incentive payment	8,999	-
Welfare Reform contributions	73,870	71,200
Capital Repair staff re-imburement grant	42,898	36,638
Housing Advisory Panel Fund Grants	-	1,500
Kickstart employment scheme grant	6,658	19,144
Grant income - Belle Isle Stories	9,978	-
Other income	13,262	33,848
	<u>3,297,255</u>	<u>3,219,470</u>
Exceptional item - Note 16	-	196,251
Bank interest	8,321	192
	<u>3,305,576</u>	<u>3,415,913</u>
4 Operating surplus (deficit)		
	£	£
The operating surplus (deficit) is stated after charging:		
Auditors' remuneration - audit services	11,780	10,700
Auditors' remuneration - non audit services	525	0
Operating lease payments	25,100	24,400
The defined benefit pension cost comprising the following		
- current service cost	403,000	386,000
- past service cost	0	0
	<u> </u>	<u> </u>

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Notes to the Accounts

for the year ended 31 March 2023

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 2023 the Organisation had total future minimum operating lease payments under this lease as:

	2023 £	2022 £
Within one year	25,400	25,100
Between one and five years	101,600	101,600
After five years	63,500	88,900
Total	<u>190,500</u>	<u>215,600</u>

Staff costs

	2023 £	2022 £
Wages and salaries (excluding agency staff payments)	1,175,439	1,036,443
Social security costs	116,689	99,661
Defined benefit pension scheme costs	195,200	170,709
Redundancy & severance pay	5,093	15,558
	<u>1,492,421</u>	<u>1,322,371</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:

	2023 <u>Number</u>	2022 <u>Number</u>
Repairs, Maintenance and Property Investment staff	4	4
Wardens and Caretakers	5	5
Sheltered Housing	2	2
Office staff	25	24
Total	<u>36</u>	<u>35</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.

	2023 £	2022 £
Agency staff costs	<u>17,384</u>	<u>52,690</u>

Neither the Board of Management, nor persons connected with them, received any remuneration during the year. See Note 14 for amounts reimbursed for travel expenses incurred by Board members during the year (2021/22).

	2023 £	2022 £
Key management personnel:		
Emoluments for that group of employees	174,219	153,839
Employers National Insurance contributions	21,318	17,772
Employers pension contributions	35,367	31,174
	<u>230,903</u>	<u>202,785</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:

	2023 <u>Number</u>	2022 <u>Number</u>
£60,001 - £70,000	0	0
£70,001 - £80,000	1	1

In the prior year £12,573 of agency cost was expended on agency staff, to cover the Head of Repairs, Maintenance and Investment role, whilst that was vacant during the year.

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 2023

7 Interest receivable and similar income	2023	2022
	£	£
7a Bank interest	8,321	192
7b Defined benefit pension scheme interest		
(i) Interest income on pension scheme assets (Note 9)	165,000	113,000
(ii) Interest expense on pension scheme obligation (Note 9)	(233,000)	(183,000)
	<u>(68,000)</u>	<u>(70,000)</u>
8 Taxation	2023	2022
	£	£
Tax charge for the year at the small companies rate	1,581	39

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 2022 and the contributions to be paid until 31 March 2023 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 over the accounting period. The Fund 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 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 at the accounting date. 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.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED

Notes to the Accounts

for the year ended 31 March 2023

(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 (to the extent the Fund invests in corporate bonds).

(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 not perfectly 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 2022.

The total contributions made for the year to 31 March 2023 were £264,000 (31 March 2022 £228,000) of which employer's contributions totalled £197,000 (2021-22 £172,000) and employees' contributions totalled £67,000 (2021-22 £56,000).

The actuaries estimate that the net pension deficit as at 31 March 2023 is £291,000 (2022: £2,607,000).

The financial assumptions used for the purpose of the FRS102 calculation as at 31 March 2023, 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)	2.70%	3.00%
Rate of increase in salaries	3.95%	4.25%
Rate of increase in pensions	2.70%	3.00%
Rate of increase in deferred pensions (revaluation rate)	2.70%	3.00%
Discount rate	4.70%	2.70%
	31 March 2023	31 March 2022
	£000's	£000's
Balance sheet items		
Fair value of plan assets	6,385	5,949
Present value of funded benefit obligations liabilities	(6,676)	(8,556)
Net deficit	<u>(291)</u>	<u>(2,607)</u>
Council Guarantee Asset	<u>291</u>	<u>2,607</u>
Components of pension cost for year		
(i) Operating costs		
Current service cost	403	386
Effect of curtailments or settlements	-	-
(ii) Finance costs		
Interest on net defined benefit pension liabilities	68	70
Total pension cost recognised in Income and Expenditure account	<u>471</u>	<u>456</u>
Other Comprehensive Income		
Asset (losses)/gains arising during the period	73	456
Liability (losses) arising during the period	(2,663)	639
Actuarial gains/(losses)	<u>(2,590)</u>	<u>1,095</u>
The gains/(losses) figure is recognised in the Statement of Comprehensive Income .		
Actuarial (gains)/losses expressed as a % of year end liabilities	38.80%	-12.80%

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2023

9 Pension obligations (continued)

	31 March 2023	31 March 2022
Change in Benefit Obligation during the year	<u>£000's</u>	<u>£000's</u>
Benefit obligation at the beginning of the year	8,556	8,764
Current service cost	403	386
Interest on pension liabilities	233	183
Member contributions	67	56
Actuarial (gains)/losses due to changes in demographic assumption	(3,306)	-
Actuarial (gains)/losses due to changes in financial assumptions	26	-
Actuarial (gains)/losses on liabilities	617	(639)
Benefits/transfers paid	80	(194)
Benefit obligation at the end of the year	<u>6,676</u>	<u>8,556</u>

	31 March 2023	31 March 2022
Change in Plan Assets during the year	<u>£000's</u>	<u>£000's</u>
Fair value of plan assets at the beginning of the year	5,949	5,346
Expected return on plan assets	165	113
Actuarial gains/(losses) on assets	(73)	456
Employer contributions	197	172
Member contributions	67	56
Benefits/transfers paid	80	(194)
Fair value of plan assets at the end of the year	<u>6,385</u>	<u>5,949</u>
Experience (losses)/gains on assets	(73)	456
Interest income on assets	165	113
Actual return on plan assets	<u>92</u>	<u>569</u>

	Assets at 31.3.2023		Assets at 31.3.2022	
	<u>£000's</u>	%	<u>£000's</u>	%
Equities	5,159	80.8%	4,747	79.8%
Government bonds	441	6.9%	440	7.4%
Corporate bonds	294	4.6%	286	4.8%
Property	211	3.3%	238	4.0%
Cash/liquidity	147	2.3%	173	2.9%
Others	134	2.1%	65	1.1%
	<u>6,385</u>	100.0%	<u>5,949</u>	100.0%

Life expectancy	At the end of the year (years)	At the start of the year (years)
Male/Female pensioner aged 65 years	21.6 / 24.6	21.8 / 24.6
Male/Female future pensioner aged 65 years in 20 years time	22.9 / 25.7	22.5 / 25.7

Total market value of West Yorkshire Pension Fund **£ millions**
 At 31 March 2023 - bid price -

Membership	31 March 2023	31 March 2022
Active members	30	27
Deferred pensions	13	12
Pensioners and dependents	28	22

The actuarial assumptions used in the calculation of the year end balance sheet liabilities are based on the 2023 actuarial valuation assumptions, other than the financial assumptions which are shown on Page 30 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 2023

10 Debtors: all falling due within one year

	2023	2022
	£	£
Leeds City Council, amount owed	17,425	624,954
Prepayments	3,891	722
Taxation - Value added tax repayment	3,670	-
Other debtors	2,378	752
	27,363	<u>626,428</u>

11 Creditors: amounts falling due within one year

	2023	2022
	£	£
Leeds City Council, net amount due	0	-
Trade creditors	318,962	314,692
Accruals	42,906	308,119
Taxation - Value added tax	-	155,114
Taxation - Corporation tax	-	-
Deferred income - Creating Digital Access grant	-	-
Other creditors	848	860
	362,716	<u>778,785</u>

12 Capital and reserves

	2023	2022
	£	£
General Reserves Fund balance as at 1 April 2022	1,763,891	1,485,090
(Deficit)/Surplus for the year	(8,575)	278,801
Defined benefit pension scheme:		
Current service cost	(403,000)	(386,000)
Interest on pension liabilities	(233,000)	(183,000)
Past service costs	-	-
Actuarial (gains)/losses due to changes in demographic assumption	3,306,000	-
Actuarial (gains)/losses due to changes in financial assumptions	(26,000)	-
Actuarial (gains)/losses on liabilities	(617,000)	639,000
Expected return on plan assets	165,000	113,000
Actuarial gains/(losses) on assets	(73,000)	456,000
Employer contributions	197,000	172,000
Net cost recognised in Statement of Financial Activities	2,316,000	811,000
Change in Pension Reimbursement Rights	(2,316,000)	(811,000)
General Reserves Fund balance as at 31 March 2023	1,755,316	<u>1,763,891</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 £3,267,357 (2022: £3,164,978).

The Organisation was also recharged for services provided by the Council and in the year 2022-23 these recharges totalled £438,775 (2021-22: £270,236). The increase is primarily due to increased work contracted with Leeds Building Services. Balances due to and from Leeds City Council are disclosed in notes 10 and 11.

A Board member and a member of senior staff are governors of a local school, Clapgate Primary. During the year a grant of £1,000 was made to the school by the Board to help expand the school library. A grant of £1,500 was made to the same school in the prior year to aid development of a school allotment.

The interest of the Board member and member of staff were declared before these matters were discussed and Board members were content for their attendance without contribution during discussions.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Notes to the Accounts
for the year ended 31 March 2023

13 Related parties (continued)

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-imbursement of travel expenses for the year ended 31 March 2023 (2021-22 - Nil). Two Board members received a combined total of £198 for the reimbursement of redecorating costs during the year. These amounts were awarded via an arms length process and as part of grant schemes open to all tenants.

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 (2021-22 £Nil).

14 Financial instruments

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

	2023	2022
	£	£
Financial instruments that are debt instruments measured at amortised cost; comprising: cash; trade debtors, other debtors, accrued income	2,114,142	2,541,954
Financial liabilities measured at amortised cost; comprising: trade creditors, accrued costs and other creditors	(319,810)	(470,666)
Net	<u>1,794,332</u>	<u>2,071,287</u>

15 Exceptional income (prior year)

Following the end of the prior financial year the organisation was informed that a reduction in Non-Domestic rates 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 an actual rebate of £196,251 was received relating to years prior to 2021-22.

Certain compliance and refurbishment works were dedicated to be spent against this income in 2021-22. The residual income has been added to reserves and will be used for estate and community enhancement, in line with the Reserves Policy.

BELLE ISLE TENANT MANAGEMENT ORGANISATION LIMITED
Schedule to the Income and Expenditure Account
for the year ended 31 March 2023

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

	2022-23	2021-22
	£	£
Income		
Management fee	3,069,890	2,988,040
Sheltered accommodation	71,700	69,100
Performance incentive payment	8,999	-
Welfare Reform Contribution	73,870	71,200
Capital Schemes staff cost contribution	42,898	36,638
HAP Grant	-	1,500
Kickstart Grant	6,658	19,144
Exceptional Income - NDR Refund	-	196,251
Grant income - Belle Isle Stories	9,978	-
Other income	13,262	33,848
Income before bank interest	<u>3,297,255</u>	<u>3,415,720</u>
Bank Interest	8,321	192
Total Income	<u>3,305,576</u>	<u>3,415,912</u>
Expenditure		
Staff costs		
Payroll and associated costs (inc temporary)	1,448,607	1,310,113
Training, development and conferences	5,718	6,489
Other staff costs	4,274	2,943
	<u>1,458,599</u>	<u>1,319,545</u>
Running costs		
Running costs	144,994	126,336
Other hired and contracted services	74,058	70,511
	<u>219,053</u>	<u>196,847</u>
Repairs		
Planned repairs	448,768	435,026
Responsive repairs	924,607	952,341
Decoration vouchers	1,072	2,545
Service level agreements	85,623	85,623
	<u>1,460,070</u>	<u>1,475,535</u>
Other costs		
Retirement Life housing-staff costs (inc temp)	89,474	61,249
Retirement Life housing-other expenditure	21,231	27,420
Other flats	9,787	6,636
BITMO's Gate running costs	41,287	49,880
Community Fund and Housing Advisory Panel cost	14,649	-
	<u>176,429</u>	<u>145,185</u>
Total expenditure	<u>3,314,150</u>	<u>3,137,111</u>
Surplus/(Deficit)	<u>(8,575)</u>	<u>278,801</u>