

Community Gateway Association Limited
Year ended 31 March 2022



Directors' Report and Financial Statements

Year ended 31 March 2022

Community Benefit Society Number IP29838R
Regulator of Social Housing (RSH) Registration Number L4457

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Board of Directors, Executives and Advisors

Board of Directors

Chair	David Yates
Vice Chair	Liz Petch (Resigned 20 November 2021) Michelle Allott (Appointed Vice Chair from 20 November 2021)
Other members	Allan Ramsay Jonathan Saksena Pam Watson Phil Parramore Julie Lynch Zafar Coupland (Appointed 1 June 2021) David Brown (Appointed 4 February 2022, Co-optee from 11 March 2021) Kerri Tucker (Appointed 12 April 2022) Sara Murphy (Appointed 12 April 2022) Jennifer Mein (Resigned 20 May 2021) Sue Lyons (Resigned 31 March 2022) Aimee Law (Appointed co-optee from 12 April 2022)

Executive Officers

Chief Executive	Rob Wakefield
Deputy Chief Executive and Executive Director of Customers & Communities	Louise Mattinson
Executive Director of Resources and Company Secretary	Craig Garner

Registration Details

Registered Office:	Harbour House, Portway, Ashton on Ribble, Preston, PR2 2DW
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Website	www.communitygateway.co.uk
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Regulator of Social Housing (RSH) Number:	L4457
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Community Benefit Society Number:	IP29838R
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External Auditor:
Beever and Struthers
Statutory Auditor
St George's House,
215-219 Chester Road,
Manchester,
M15 4JE

Internal Auditor:
BDO
3 Hardman Street,
Spinningfields
Manchester
M3 3AT

Banker:
Barclays Bank PLC
1st Floor
3 Hardman Street
Spinningfields
Manchester
M3 3HF

Report of the Chair

I am pleased to present the Directors' Report and Financial Statements for the year ended 31 March 2022.

Despite the continued challenges of the Covid-19 pandemic, which inevitably had an impact on the way we deliver services to our customers, we have made significant progress this year with several projects and initiatives making a positive difference to our customers and communities. We have again seen some strong performance and a number of key achievements, which we are all very proud of.

2021/22 saw us deliver year 3 of our 2019-24 Corporate Plan. A key element of our plan is tackling homelessness and the opening of our 26 unit scheme for single people ("The Spires") on 1 October is a big step along that road. The Spires will provide much-needed step up accommodation for homeless people and those at risk of homelessness. It offers a secure tenancy for up to three years for those hoping to get back on the housing ladder. We plan to further expand our homelessness offer by commencing work on a 16 unit homeless prevention scheme for families during 2022/23.

We continued to develop a wider choice of homes and tenures during the year, notably the handover of our first shared ownership home at Lightfoot Lane "Bartle Fields", Fulwood. This development includes 89 homes (53 for affordable rent and 36 shared ownership) with a range of one-bedroom apartments and two, three and four-bedroom homes.

Our Development programme continues at pace and we have funding in place to build a further 800 new homes by 2025/26. Following the success of our first scheme "The Courtyards", this programme includes our second extra care scheme "The Atrium", to be completed during 2023/24. In line with our Corporate Plan this will "Evolve our Older Persons Offer" as we strive to increase our Supported Housing provision.

Community Gateway Association (CGA) was the very first housing association to be founded on the Gateway Model – this is a model centred on the principles of tenant involvement and engagement that seeks to encourage and empower tenants to get involved in what the organisation does and how it does it. Whilst much has changed since we were established in 2005 these founding principles remain as important now as they ever were. As an organisation based on this Model, it is important that we have an effective engagement framework that allows as many people as possible to get involved and help shape our services to ensure that we remain tenant led. We are therefore delighted to have won two Tenant Participatory Advisory Services (TPAS) awards during the year. The awards recognise outstanding engagement with customers and best practice in the housing sector. We were successful in two categories - Outstanding

Report of the Chair (continued)

Tenant Engagement (for organisations with under 10,000 homes) and Excellence in Employment and Skills - for our "Gateway2Engagement" and "Gateway2Employment" programmes. We have worked with customers and colleagues to co-create a brand-new engagement framework, delivering a range of activities at various levels to encourage as many people as possible to get involved. We have seen a large increase in the number of customers engaging with us and have successfully managed to increase the diversity of those taking part in our activities and receiving support. We are excited for the next twelve months as we continue to evolve our engagement whilst supporting individuals, customers and communities.

During the year we also launched our brand-new set of Gateway Promises. These have been co-created with our customers and set out 20 clear commitments across six service areas (replacing our former 47 Service Standards). In creating our Gateway Promises, we directly consulted with more than 280 of our customers. We also listened to what tenants told us when completing surveys, participating in focus groups, or raising complaints if we hadn't got something quite right. This allowed us to consider a further 1,200 views, with the whole process overseen by our tenant body Gateway Central. Gateway Central ensured we listened to and involved our customers every step of the way and we are really proud our new Gateway Promises have been developed by tenants for tenants.

As part of our Gateway Promises and in line with the Government's White Paper, we are committed to keeping our customers regularly informed across a range of channels including the website, social media, and our quarterly newsletter Gateway News.

A key strength of CGA lies in the quality and commitment of its employees. CGA's ability to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution of all our employees.

The Board recognises the importance of employee involvement and engagement for CGA's ongoing success. A key element of our Corporate Plan is "investing in our colleagues and culture to deliver excellence in all we do." Our aim is to recruit, retain and develop the best colleagues and we want all our people to share their passion, confidence, experience and knowledge with their colleagues and customers. There is an embedded culture of empowerment and learning right across CGA. We pride ourselves on identifying and nurturing internal talent by investing in engagement, learning and development. This ensures that our colleagues remain motivated and committed to providing excellent services to our customers. We have recently launched our refreshed Employee Engagement model that focusses on three key themes "Informing, Involving and Investing" in all colleagues at CGA.

Report of the Chair (continued)

In 2021/22 the CGA group generated turnover of £35.0m and a surplus of £8.8m. We achieved 8 out of the 14 (57%) of our Business Health KPI's, with excellent performance in many measures including our compliance KPI's, current tenant rent arrears and getting our responsive repairs right first time. Two targets were only narrowly missed, these being our tenancy turnover and satisfaction with opportunities to get involved targets. We are analysing our performance in areas where our stretching targets were not achieved to identify measures we can put in place to improve performance in these areas.

It is pleasing to note that CGA has had its viability rating confirmed as "V1" and governance rating confirmed as "G1" following the "In Depth Assessment" (IDA) undertaken in Spring 2021 and subsequent annual stability check carried out by the Regulator of Social Housing (RSH) in Autumn 2021. G1 and V1 are the top gradings we can receive from the RSH and means that we meet its stringent governance and viability standards. This provides reassurance that we are managing our risks effectively, despite current operating conditions. It also shows that the RSH remains confident we continue to have strong governance, strategic business planning and stress testing arrangements which confirms we have effective management and financial stewardship arrangements in place.

Looking forward we remain committed to delivering the objectives included in the final two years of our 2019-24 Corporate Plan. Clearly the economic environment in which we operate remains uncertain and this may impact on the delivery of our Corporate Plan. We are however in a strong financial position and have the financial resilience, as evidenced through our detailed business plan stress testing, to manage the financial risks arising from the current operating environment. We also feel we are in a strong place to meet new challenges such as reforms within the Social Housing White Paper and the Carbon Neutral Requirements and we look forward to the future with great optimism.

Finally, I would like to thank Jennifer Mein, Liz Petch and Sue Lyons who have left the Board during the year. They all brought with them a wealth of experience and expertise that has been invaluable in steering the direction of CGA. Over the last few months, we have successfully appointed two new tenant Board Members and a new co-optee to the Board to ensure we continue to have the right skills and experience.. I look forward to working with them and the Board to deliver on our objectives and the provision of services that meet, and indeed, exceed our customers' expectations.



David Yates
Chair of the Board

Strategic Report and Report of the Board

CGA is a Community Benefit Society and a Registered Provider that provides rented social housing accommodation. CGA is registered as a charity for tax purposes. As a charity CGA is exempt from corporation tax on the bulk of its operational activities. CGA has three subsidiaries, Preston Vocational Centre (PVC), Patterdale Developments Limited (PDL) and CGA Homes Limited (CHL).

PVC is a registered Charity that provides a range of vocational training and wider learning and development opportunities to young people and adults of Preston and the surrounding area to assist them in progressing to apprenticeships, employment or further education and to take a positive step to achieving their personal, economic and social potential. PVC's accounts are consolidated into the Group Accounts.

CGA's two other subsidiaries, PDL and CHL, were set up to procure our new build programme in a more efficient way that not only saves on total build costs but allows us to more effectively cross-subsidise development activity. PDL commenced trading in 2019/20 and their accounts are consolidated into the Group Accounts. CHL remains dormant and was not operational during 2021/22 and has therefore not been consolidated into the Group Accounts

Board members and Executive Directors

The Board members and the executive directors of the Group that have served during the period from 1 April 2021 up to the date these statements have been signed are set out on page 2. The Board of Directors of CGA are the Board of Management, as defined by the Accounting Direction for Private Registered providers of Social Housing 2022. The Board of Management's responsibilities are as stated on pages 38 to 39 below.

The Board members are drawn from a wide background bringing together professional, commercial and housing experience and have a range of skills, experience and qualities required to take decisions and monitor CGA's performance.

Remuneration

The Board members at CGA did not receive a salary during 2021/22 but did receive reimbursement of expenses (note 12). However, in recognition of the challenges and responsibilities facing the Board and the time and effort they put into performing their duties, it was approved that Board members should be remunerated with effect from 1 April 2022. None of the Board members receive any pension benefits from CGA.

The Board Members are term-limited to enable the Board to adjust its leadership to suit changing organisational needs. To ensure that Board members have the right skills, the Board has a regularly reviewed succession plan in place.

Strategic Report and Report of the Board (continued)

The focus of the Board is on CGA's strategy, though it also has responsibility for overseeing performance. The Board delegates certain governance responsibilities to committees, which have their own approved terms of reference. Day-to-day performance management is delegated to the Chief Executive, who in turn leads the Executive Leadership Team.

The Executive Officers

The Executive Officers listed on page 2 of this report are responsible for the day-to-day management of CGA and meet on a weekly basis. The Executive Officers hold no financial interest in CGA and are not members of the Board.

Principal activities and review of business

CGA is the main provider of social housing in Preston and was the first social landlord created using the "Gateway" model. Unlike most other housing associations, CGA's membership is open to all of our tenants, leaseholders and other residents living in the community. A key purpose of the organisation is to ensure that its members are involved in decision making processes and gain opportunities to determine the future of their local communities. This approach is designed to improve the quality of decision-making, leading to the delivery of better standards of service and improved value for money. CGA's community empowerment strategy provides opportunities for tenants and communities both to develop community activity locally and to engage with CGA.

CGA's primary activities include:

- Management and development of general needs social and affordable housing for rent, supported housing, extra care, and low-cost home ownership;
- Management of leasehold property;
- Provision of related services such as financial wellbeing support and advice and social investment activities; and
- Regeneration of neighbourhoods and communities.

We are committed to doing our part to help address the national housing shortage. We own or manage more than 6,600 properties and continue to develop new affordable homes for a diverse range of people. Our 2019-24 Corporate Plan has a target to deliver 600 new homes. Over the period we are currently forecast to deliver 779 homes; 179 more than we set out to achieve in this plan. During 2021/22 year we increased our stock by 95 homes, offset by 42 RTB/RTA Sales, a reduction of 28 homes following the remodelling of schemes and the demolition of 15 homes resulting in a net increase of 10 homes. Full details of the movement in unit numbers can be found at note 11.

Strategic Report and Report of the Board (continued)

Operating Context

The current economic environment in which we operate continues to be an uncertain and challenging one. During 2021/22 we continued to be impacted by the Covid-19 pandemic. As in the previous year we continued to follow our established approach, one that adhered to the principles of lockdown and retained a clear focus on the health, safety and wellbeing of our colleagues and customers. We remained up to date with relevant information and guidance relating to Covid-19 and followed the Government's advice and our own "Roadmap out of lockdown". We continued to provide as many services as possible and tailored these services to specific needs and requirements where appropriate. We continued to provide our residents with support and advice through our tenant Support Hub as well as continuing our wellbeing and support activities like our "Purple Pantry" and regular events to reduce social isolation.

Following the ending of Covid-19 restrictions the economic recovery to date remains fragile with significant ongoing disruption to supply chains and the labour market resulting in high cost inflation and ongoing shortages of materials and skills. The war in Ukraine has also further increased this risk. This will impact on delivery of our Corporate Plan, our tenants' incomes, and the housing market. In addition, welfare reform continues to present a range of challenges for both CGA and our tenants. We continue to perform strongly despite a challenging operating environment and have delivered some significant results during 2021/22.

A Review of the Year

2021/22 was the third year of our 2019-24 Corporate Plan which has three overarching strategic themes, being;

- **Invest** in our Homes and Neighbourhoods; Technology; and Colleagues and Culture;
- **Support** Individuals; Communities; and Partners; and
- **Evolve** our Offer to Customers; our Engagement; and our 'Ways of Working'.

Highlighted below are some of the key achievements from 2021/22:

- The Board remains suitably skilled, and effective – we have fully implemented the minor recommendations arising from the independent review of Board effectiveness carried out during the previous financial year (September 2020). In addition, we have completed the annual Board appraisal exercise with actions to improve Board effectiveness incorporated within the 2021-22 Governance Action Plan;

Strategic Report and Report of the Board (continued)

A Review of the Year (continued)

- We have maintained our strong financial management, as demonstrated through our continued compliance with the Financial Viability Regulatory Standard. This was demonstrated through the RSH's "In Depth Assessment" (IDA) and subsequent Stability Check which confirmed CGA's continued highest governance and viability rating, i.e. G1 and V1;
- Overall satisfaction with CGA's services has ended the year strongly with nearly 89% of customers satisfied with the service provided by CGA;
- The percentage of customers satisfied with the overall quality of their home is over 80% and satisfaction with our neighbourhoods is 81%. Satisfaction levels have declined slightly from previous years and we are working hard to understand the reasons for this to inform our plans for improvement;
- We have exceeded our rent performance targets, with our collection rate being over 100% and current tenant arrears at a record low of 0.35% - we believe this performance to be one of the best across the whole social housing sector;
- Performance on maintaining our homes remains strong. The percentage of responsive repairs 'right first time' is just over 99%.
- Key compliance indicators remained at 100% during the year i.e. Decent Homes Standard, gas servicing and compliance with electrical inspections;
- We improved our customers' financial wellbeing by securing additional benefits of £4m; white goods for 93 tenants; and brown goods for 27 tenants who were unable to purchase these items from their existing income due to affordability issues;
- We continued to provide "The Purple Pantry" food provision service; this provided access to affordable, great quality produce and has had a positive impact on both financial health and general wellbeing to ensure customers can access affordable food. The provision has 1,223 households signed up to membership and during the year had 6,620 visits feeding 9,973 adults and 6,228 children;
- We continued to deliver tailored one to one support to 131 individuals through our Gateway2Employment initiative and European Funded projects, with 65% of those supported reaching a positive destination, including employment, gaining a qualification, entering education or becoming a volunteer;
- We delivered 17 community projects, all of which aimed to empower individuals whilst creating safe and secure neighbourhoods where people want to live. One example of this was the redevelopment of the Moor Nook allotment site where we worked in partnership with local organisations to bring back to life the overgrown area, providing the community with an asset to meet their needs.

Strategic Report and Report of the Board (continued)

A review of the year (continued)

- We invested £26,978 through our Community Fund, supporting a total of 35 community activities and events.
- Throughout the year we sought the views of 1,796 individuals through 28 consultation activities including survey and polls to allow us to continue to shape our services to meet the needs of customers.
- We supported our older customers and reduced isolation by holding over 40 events including singalongs and quizzes, delivering 6 interactive 'stay at home' packs and 12 newsletters to all sheltered housing customers. In addition to our standard daily monitoring we also made over 23,000 calls and visits.
- We converted a hard to let pavilion sheltered schemes into single homeless accommodation and have plans in place to convert a second scheme into family homeless accommodation;
- Over the period of our 2019-24 Corporate Plan we remain on track to build 779 new homes exceeding our new homes target of 600. We also have funding in place to deliver a further 295 homes over the following two year period from 2024/25 to 2025/26. The majority of these will be Affordable Rented Homes but will also include some shared ownership homes. We developed and acquired 65 new homes and brought back into management 30 re modelled homes during the year and have a further 559 new homes approved of which 296 (53%) are contractually committed and 263 (47%) where sites have been identified but have not yet been contractually committed. We have also identified land for a further 120 new homes and are currently in the process of designing the schemes;
- We have commenced work on a second Extra Care scheme which will assist Preston with the provision it requires in line with our Board approved Supported Housing offer;
- We have undertaken work to improve our underlying IT infrastructure to enable more flexible working across our business estate, improve information security and pave the way for future introduction of innovative digital technologies to support the management of our homes;
- We have ensured that we continue to operate in a safe and socially responsible way and as such we have put in place robust systems to manage the risks associated with Covid-19 to ensure the ongoing safety of colleagues and tenants;
- We continued the cost effectiveness of the delivery of the Investment Programme with our in-house team, Gateway Property Care (GPC) completing a large proportion of investment works.

Strategic Report and Report of the Board (continued)

Future Prospects

Following a review of performance during the year and an assessment of the impact of the current operating environment on our service delivery we have refined and clarified our measures of success / Key Performance Indicators for 2022/23.

We will look to build on the outcomes achieved during the first three years of our Corporate Plan and focus on the priorities set out below:

- Invest in our existing and new homes to ensure that we provide a range of good quality homes for those who need them;
- Continue to work with our tenants to help them improve their financial wellbeing particularly in the current macro-economic climate where costs are increasing;
- Continue to focus on the look and feel of our neighbourhoods and work with local partners to tackle crime and reduce anti-social behaviour in our communities;
- Continue to evolve our Supported Housing Services to offer a more flexible support package to meet the needs of a growing elderly population, which also looks to reduce loneliness and social isolation;
- Continue to expand our homeless offer to help prevent/reduce homelessness.

Summary Financial Results

Financial Headlines

We have continued to deliver solid financial performance in 2021/22. We recognise the importance of being financially strong and this enables us to continue to invest in our existing homes; build and acquire new homes; and provide a wide range of services to our tenants. By remaining financially strong we also ensure that we have the capacity to manage change and remain resilient to the risks that we face as a housing provider.

Statement of Comprehensive Income

During the year CGA reported a surplus of £3.898m for the Group. Performance was better than the budget due to some notable operational performance such as our strong rent collection and arrears performance combined with management costs being lower than anticipated and an increase in Right to Acquire Sales. A summary of CGA's Statement of Comprehensive Income over the past five years is shown below.

Strategic Report and Report of the Board (continued)

Statement of Comprehensive Income (continued)

	2017/18	2018/19	2019/20	2020/21	2021/22
	CGA	Group	Group	Group	Group
	£'000	£'000	£'000	£'000	£'000
Turnover	29,420	29,002	31,258	31,810	34,995
Operating Surplus	9,115	9,118	9,427	8,341	8,805
Net Interest & financing costs	(3,404)	(3,487)	(4,044)	(4,403)	(4,907)
Movement in Investment Properties	(241)	(500)	-	-	-
Surplus	5,470	5,131	5,382	3,938	3,898
Actuarial gains/(losses) on pensions	1,375	2,467	1,554	(5,352)	6,336
Comprehensive Income for Year	6,845	7,598	6,936	(1,414)	10,234
Reserves at 31 March	39,980	47,615	54,551	53,136	63,370

Note – prior to 2019/20 the accounts have not been produced on a consolidated basis. For comparison purposes 2018/19 has been re-stated to reflect the accounts for the Group. The impact of consolidation would not be material to the summary CGA accounts presented above for 2017/18

- Turnover has increased by £3.185m (10%) during the year, principally due to the impact of the first tranche shared ownership sales (£1.494m), and an increase in Social Housing lettings turnover (£1.468m) due to the 1.5% rent increase, the full year impact of the 88 homes handed over in 2020/21 and the part year impact of the 95 homes handed over during 2021/22, all offset by homes sold/demolished during the year;
- Operating surplus has increased by £0.464m during the year as a result of:
 - A gain of £0.506m generated following the sale of 42 homes during the year; an increase of £221k when compared to 2020/21;
 - an increase in Social Housing lettings turnover of £1.468m as noted above offset by
 - investment in management costs to support the delivery of the 2019-24 Corporate Plan;

Strategic Report and Report of the Board (continued)

Statement of Comprehensive Income (continued)

- investment in the housing stock through Routine Maintenance and Major Repairs combined with an increase in employee and subcontractor costs principally due to greater employee numbers required to deliver programmes of work along with rising material and fuel costs;
- an increase in depreciation costs (£94k) due to growth in the property asset value as a result of investment in the stock and the completion of new homes from our development programme;
- Net Interest and financing costs increased by £504k (11.4%) during the financial year reflecting the additional borrowing to fund the development programme. Following the refinancing exercise undertaken in 2020/21 our borrowings increased by £21m during 2020/21 and a further £15m in 2021/22.
- An actuarial gain of £4.848m (2021: actuarial loss of £4.061m) on the Local Government defined benefit pension scheme (LGPS) and an actuarial gain of £1.488m (2021: actuarial loss £1.291m) on the Social Housing Pension Scheme (SHPS). During the year, pension scheme assets have increased, and the value of liabilities has decreased. This decrease in liabilities is because of changes in the financial assumptions used, in particular, a higher discount rate following rises in corporate bond yields over the year. This has been partially offset by higher CPI and salary growth assumptions. The increase in the pension scheme assets has primarily been driven by strong equity returns.

Statement of Financial Position

The value of our housing properties at historic cost totalled £213.11m (2021: £191.78m). This increase reflects the ongoing development and improvement work during 2021/22, where we developed 65 homes and remodelled a further 30 homes. As a result, the value of our housing properties increased by £21.33m.

As at 31 March 2022 drawn loans totalled £120m of our £175m facilities and this is detailed under note 19 - 'Creditors: amounts falling due after more than 1 year'.

Our revenue reserve (including pension liability) now stands at £63.370m, an increase of £10.234m as a result of the surplus for the financial year and the actuarial gains on the Defined Benefit Pension Schemes.

Strategic Report and Report of the Board (continued)

Pension Costs

CGA participates in three pension schemes, being the Lancashire County Council Local Government Pension Scheme; Social Housing Pension Scheme (SHPS) - Defined Benefit; and SHPS - Defined Contribution. CGA is fully compliant with the requirements of auto-enrolment with all eligible employees enrolling into SHPS - Defined Contribution. We will continue to review our pension provision to ensure it remains affordable and appropriate for CGA and our colleagues.

The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

Right to Buy/Right to Acquire Sales/Other sales

In relation to property sales, a Right to Buy (RTB) sharing agreement exists with Preston City Council (PCC) which was agreed at transfer. RTB sales totalled 23 in the year, generating total receipts of £0.978m of which £0.720m has been paid to PCC under the RTB sharing agreement. There were 19 property sales under the Right to Acquire scheme generating receipts of over £1.396m.

During the year CGA completed its first shared ownership homes with 24 units handed over. Of these, 18 were sold generating receipts of £1.494m.

There were no other sales during the year.

Risk & Regulation

CGA continues to manage its key financial risks during the year, with a clear focus on income recovery, cost control and treasury management. Performance in the year supports this focus with rent collection rates remaining high at 100.15% and arrears standing at 0.35% at 31 March 2022. Similarly, financial control was strong with all loan covenants being comfortably achieved together with strong performance against the VfM Metrics (including our Operating Margin and Headline Social Housing cost per unit). Our proactive approach to treasury management ensured that we retained sufficient cash to fund our activities.

Strategic Report and Report of the Board (continued)

Treasury Management

Treasury Policy & Capital Structure

Our treasury policy is to retain minimum cash whilst ensuring sufficient funds are available to resource our operational management and maintenance activities and support the ongoing improvement and development programmes. Cash projections are used to continually monitor future borrowing requirements.

The borrowing strategy, which is approved annually by the Board, is to aim over time to fix interest rates on a minimum 60% of net debt in order to reduce exposure to any future interest rate increases and to create a degree of guarantee over future interest payments. CGA has fixed rate loans of £120m (100% of gross debt) at 31 March 2022 as shown in Note 20 of the Financial Statements.

Loan Facilities

Our £175m loan facilities provides capacity within our Business Plan to support our growth ambitions. The £175m includes £95m long-term funding through a Private Placement (including a further £15m deferred sum drawn in July 2022), with maturity dates of 30 to 35 years and £80m medium-term security, with the loan maturity ranging from approximately 3 to 7 years. The loan maturity dates are as set out in the table below.

Loan Facility Structure for the year ending 31 March 2022

Maturity	2022	2021
	£m	£m
Less than two years	-	-
Between two and five years	60	60
Between 5 and 10 years	20	20
After 10 years	95	95
Total	175	175

Cash Flow and Liquidity

The net cash inflow from operating activities before interest costs was £12.597m. Bank balances and short-term investments were £14.921m at the year-end and borrowing totalled £120m.

Strategic Report and Report of the Board (continued)

Value for Money Statement

Our Approach

CGA's objectives are set out in our 2019-24 Corporate Plan. The Plan has three strategic themes:

- **Invest** - in Homes and Neighbourhoods; Technology; and Colleagues and Culture;
- **Support** - Individuals; Communities; and Partners; and
- **Evolve** - our Offer; our Engagement; and our Ways of Working

Value for Money (VfM) runs through everything we do and is an integral theme across our corporate plan and objectives. VfM and continuous improvement underpin our "Evolve our ways of working" objective. The Board use our VfM metrics as key measures to assess and understand our performance against our peer group and the sector as a whole.

Across the three strategic themes we have nine main objectives and each of these has clearly defined Key Performance Indicators (KPIs) and targets by which the Board can track progress and ultimately assess delivery. This year's results allow us to assess our achievements against year 3 of this Strategy.

Decision-making framework

Our effective decision-making process supports the delivery of VfM. It is important for us to know the impacts of decisions, whether these are about improvements to services or cost reductions, as this allows priorities to be set and agreement reached. Our decision-making framework includes:

- A robust corporate planning structure involving the Board, tenants, staff and wider stakeholders in the production of our corporate plan;
- Annual team plans are prepared by each service area which focus on service improvements. These provide a forward view of resource requirements, and therefore include VfM targets, alongside wider social and environmental gains;
- The collection of customer satisfaction feedback, coupled with committed tenant involvement ensures that our customers' views are used to shape services;
- Financial performance is reviewed monthly by the Executive Leadership Team and quarterly by the Board. This enables corrective action to be taken in a timely manner, including consideration of short- and medium-term implications;
- Our KPI's provide the Board, management and tenants with an understanding of current performance against target and how they compare to sector and peer group benchmarks;

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

- A project management framework exists to assess and approve new business initiatives. This ensures each has been fully evaluated, appraised against the corporate objectives and is managed in a consistent manner.

Reporting on Performance and VfM

We recognise the importance of measuring how the business is performing and use this knowledge to help us challenge whether the quality of our services could be improved or delivered more cost effectively. We set ourselves challenging targets to sustain or improve year-on-year.

The Board track progress in delivering the Corporate Plan through a bi-annual performance report which includes a number of KPIs across the nine main objectives. Board also receive regular reports throughout the year on our financial position (including the VfM Metric targets) and performance against our overall 'Business Health' Targets. Performance in 2021/22 against our suite of Corporate Plan and Business Health KPI targets compared to our peers is set out below.

In previous years we have used HouseMark's North West, Yorkshire and Humberside, and North East and Midlands benchmarking group for Large Scale Voluntary Transfer organisations with more than 2,500 units. However, despite the widening of the peer group in previous years the sample size was too small for several indicators. The peer group has therefore been revised; the geographical group has been narrowed to exclude the Midlands and the organisation type has now been expanded to include traditional housing associations, which is appropriate given the time since CGA acquired its stock from Preston City Council.

When comparing our performance against peers, we now use HouseMark's North West, North East and Yorkshire & Humberside benchmarking group for all housing associations with more than 2,500 units.

This consists of 25 housing providers (including CGA) and these are listed in Table 2. This peer group was selected to represent similar housing associations, in the North of England and to provide the most meaningful and useful comparisons.

In addition, we also compare ourselves to 'live' performance data compiled by Housemark through their monthly pulse surveys. This helps us understand if sector wide issues are impacting on CGA to a greater or lesser extent. Where we have pulse survey information available we have made reference to this in the commentary.

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

Table 1 - Key Performance Indicators				21-22 Target	21-22 Performance	Quartile	Upper Quartile		
Invest									
Properties meeting the Decent Homes Standard (%)*				100	100	✓			
Homes in Band C and above energy rating (%)**				78.50	78.65	✓			
Responsive repairs that were 'right first time' (%)*				97.50	99.45	✓	94.44		
Properties with a Valid Landlord Gas Safety Record (LGSR) (%)*				100	100	✓	100		
Gas servicing completed by the annual service date (%)*				100	100	✓	100		
Properties with a current Electrical Installation Condition Report (EICR) (%)*				100	100	✓			
Customer satisfaction with the quality of their home (Biennial; %)**				88.00	80.74	⚠	87.15		
Customer satisfaction with their neighbourhood as a place to live (Biennial; %)**				86.00	81.48	⚠	86.98		
Number of new homes built (Cumulative)*				304	256	⚠			
Rent loss through voids (%)*				0.85	1.47	⚠	0.96		
Colleagues satisfied with the IT tools to do their job (%)**				80.00	80.18	✓			
Customer satisfaction with the range of online services provided (Biennial; %)**				Baseline	54.21				
Average number of days lost to absence (per colleague)*				7.70	10.91	⚠	6.65		
Colleague E&D measures meeting their respective targets (%)**				80.00	80.00	✓			
Staff satisfaction with CGA as a place to work (Biennial; %)**				86.00	89.86	✓	89.00		
Support									
Tenancies ending within 12 months (%)**				8.00	9.05	⚠			
Tenancy Turnover (%)*				7.50	7.56	⚠	5.72		
Customers leaving their home due to affordability issues (%)**				7.50	2.18	✓			
Supported customers helped into employment, training to gain a qualification, apprenticeship or placement of 4+ weeks (%)**				35.00	65.65	✓			
Customers leaving their home due to dissatisfaction with community/neighbourhood(%)**				6.00	8.91	⚠			
Colleagues that live locally (%)**				75.00	80.22	✓			
Level of spend in PR post code (incl. staff and suppliers)**				£9.0m	£9.4m	✓			
Lettings to people provided with secure accommodation who are at risk of becoming homeless (as proportion of lettings) (Biennial; %)**				25.00	34.74	✓			
Customers aged 65 and over who feel socially isolated**				19.93	25.00	⚠			
Customers who feel safe and secure in their communities**				86.00	82.85	⚠			
Evolve									
Customer satisfaction with the overall service provided (%)*				92.00	88.72	⚠	88		
Customers willing to recommend CGA (Net Promoter Score) (Biennial; %)**				58.00	39.48	⚠	50.20		
Customers who choose to access services online**				26.38	35.00	✓			
Number of engaged tenant members**				345	293	⚠			
Occupancy rate General needs (GN) accommodation (Biennial; %)**				99.54	99.23	⚠	99.53		
Occupancy rate Sheltered (SH) accommodation (Biennial; %)**				98.50	99.24	✓			
Customer satisfaction with the opportunities to get involved (Biennial; %)*				65.00	64.82	⚠			
Accepted tenant scrutiny recommendations implemented within agreed timescales (%)**				100	100	✓			
Compliance with all loan covenants (%)*				100	100	✓			
RIDDOR reportable incidents (employees and non-employees) (No)*				0	0	✓			
Net rent collected (%)**				98.00	100.15	✓			
Current arrears as a percentage of net rent debit*				2.00	0.35	✓	2.71		
Achieve annual VfM targets (%)**				100	50	⚠			
Quartile Key	Upper Quartile	●	Middle Lower	⚠	Performance Key	Target Met	✓	Slightly off Target	⚠
	Middle Upper	●	Lower Quartile	⚠		Off Target	⚠		

* Business Health KPI **Corporate Plan KPI's

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

Table 2 – Benchmarking Peer Group

Accent Housing Limited	Livin Housing Limited	Salix Homes Limited
Aspire Housing Limited	Magenta Living	South Liverpool Homes Limited
Beyond Housing Limited	Muir Group Housing Association Limited	Southway Housing Trust (Manchester) Limited
Bolton at Home Limited	North Star Housing Group	Together Housing Group Limited
Community Gateway Association Ltd	One Vision Housing Limited	Torus62 Limited
Halton Housing	Onward Group Limited	Weaver Vale Housing Trust Limited
Karbon Homes Limited	Plus Dane Housing Limited	Your Housing Group Limited
Leeds Federated Housing Association Limited	Regenda Limited	
Lincolnshire Housing Partnership Limited	Rochdale Boroughwide Housing Limited	

Commentary on KPI's

We have a suite of KPI's linked to the three themes within the Corporate Plan as shown in Table 1 above. Some of the KPI's are measured on a biannual basis, including various satisfaction results from the recently completed 2022 STAR (Survey of Tenants and Residents) and these are reflected in Table 1 above.

Table 1 shows that despite the ongoing challenges the Covid-19 pandemic presented, there have again been a number of positive areas of performance with 21 out of the 38 targets being achieved (55%), with a further 3 being narrowly missed. Of the 13 that are benchmarked 7 (54%) are in the middle to upper quartile, including 2 where we didn't achieve our targets. Table 1 highlights some notable achievements including all our compliance KPI's remaining on target despite the challenges posed by the pandemic. These include meeting the minimum "Decent Homes Standard"; achieving 100% of "Properties with a valid LGSR" and "current Electrical Installation Condition Report (EICR)"; and 100% of "Gas Services Completed by the annual service date"; 100% compliance with our loan covenants and ending the year with no RIDDOR reportable incidents.

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

Other notable achievements include 78.65% of our homes being at a band C and above energy rating (exceeding our target of 78.5%). Our "Gateway Home Care" approach to delivering our repairs also performs to a high standard with 99.45% of jobs being right first time (exceeding our target of 97.5%).

We again achieved excellent rent collection performance with 100.15% of rent collected for the year resulting in our lowest ever level of arrears as a percentage of net debt at 0.35%; this demonstrates the impact of the financial wellbeing support we provide and this is further evidenced with just 2.18% of customers leaving their tenancy due to affordability issues.

The KPI targets were stretching ones, to ensure that focus was given to areas of strategic priority to sustain or improve current performance. The commentary below will focus on the areas where the targets were missed and the future actions, we plan to take in order to improve performance in these areas.

"Customer Satisfaction with the quality of their home" and "Customer Satisfaction with their neighbourhood as a place to live" – These KPI's are measured on a bi-annual basis and performance has been updated following the STAR (Survey of Tenants and Residents) assessment in 2021/22. Both KPI's were below the target set and satisfaction with quality of home has seen a reduction of 4.43% since 2019/20 and satisfaction with Neighbourhood as a place to live has reduced slightly by 1.57% since 2019/20. Following the STAR survey results we have reviewed key issues/trends from customer comments within the survey and key themes have been identified for further investigation. These include repairs and maintenance/investment works including external works (e.g. roofing) and our communication with customers. These will be actively considered with a view to understanding how we can improve satisfaction with the quality of homes.

We will continue our "Home Care Repair" approach to maintaining the quality of homes in order to facilitate the delivery of a more targeted investment and repairs services.

Further work is also being undertaken to review key issues/trends from neighbourhood related comments and outcomes from subsequent discussions with customers. Further work is being undertaken to link operational data into the STAR results to provide a more holistic view and to help identify areas of focus.

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

We have obtained feedback from customers via transactional surveys and this information together with our own insight shaped plans to improve our “Neighbourhoods as a place to live, thereby creating safer communities that people feel a sense of pride to live in”. We also have a project focused on enhancing communal areas which was deferred due to the pandemic and commenced during 2021/22 and will continue for a further 2 years.

To maintain a focus on our neighbourhoods, we have an ongoing regeneration programme that targets lower performing areas of stock. Following Board approval, we completed the re-modelling of one of our hard to let sheltered schemes (40 remodelled homes were handed over during 2020/21 and 2021/22) and work is due to commence on a second scheme during 2022/23.

We will continue to carry out regular estate visits, liaising with community groups and local schools to support our understanding of the needs of the local community. We will target ‘hot-spots’ for nuisance ASB and fly-tipping to improve the look and feel of our neighbourhoods.

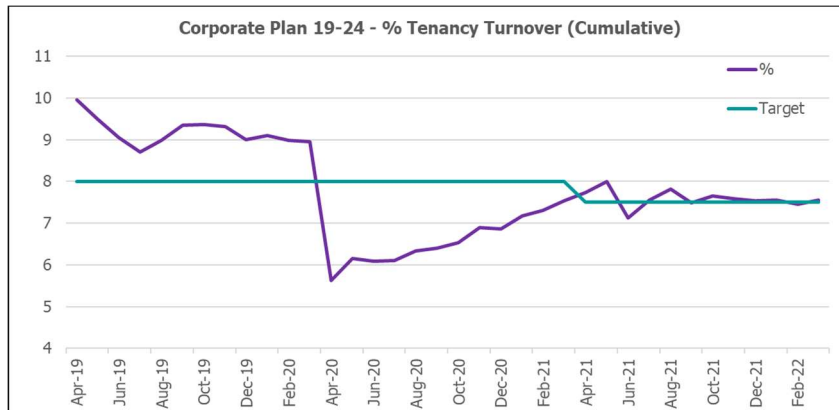
No. of new homes built/acquired – performance is just under target due to the timing of commencing some schemes. Whilst we have finished year 3 of our Corporate Plan marginally below target, a number of development schemes are now on site and we expect to achieve our development target of 600 new homes by the end of the 2024.

Percentage of Rent loss through voids - Performance is below target due a combination of factors including, (a) longer than average void periods due to factors including the Covid-19 safe working systems throughout the financial year; (b) homes at our new extra care scheme, the Courtyards, being allocated slower than anticipated. This was due to external issues with care assessments being undertaken in a timely manner resulting in nominations into the scheme being delayed; and (c) the phased letting of our new 26 unit homeless prevention scheme “The Spires” to allow residents to adjust in a controlled, Covid-19 safe environment, to their new accommodation. Both “The Courtyards” and “The Spires” schemes are close to full occupancy and maintaining high occupancy levels at these schemes will positively impact on performance in the coming year.

We narrowly missed our “**tenancy turnover**” target and also missed our “**Tenancies ending within 12 months**” target for the year. Whilst we narrowly missed our tenancy turnover target of 7.5% with a tenancy turnover of 7.56% for the year our investment in creating sustainable tenancies has helped stabilise tenancy turnover at this level as shown in the graph below.

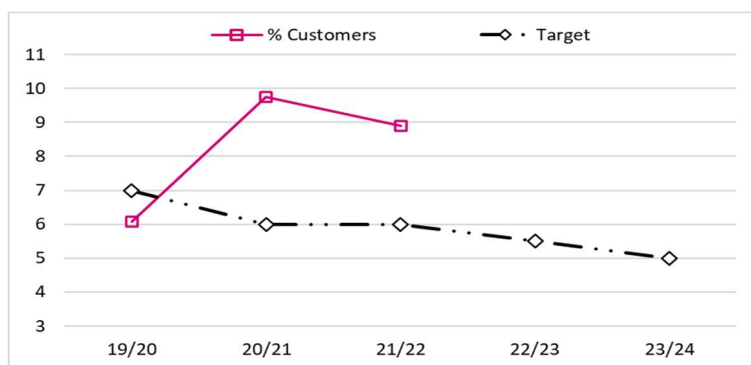
Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)



During the 2019-24 Corporate Plan, turnover dropped significantly following the first Covid-19 lockdown primarily due to restrictions in place and remained low but increased during 2020/21. Positively turnover has stabilised and remained low throughout 2021/22 and has not returned to pre Covid-19 levels, ending the year in an almost identical position to March 2021 (7.54%). Tenancies ending in 12 months was 9.05% exceeding our target of 8.5%. We have analysed the terminations and 79% of customers leaving lived in a flat with 60% being 1 bed flats. Reasons for leaving ranged from moving to another CGA property (26%), death of the tenant (23%) followed by receive/give support from/to family or friends (19%).

“Customers leaving their home due to dissatisfaction with community/neighbourhood” was 8.91% for the year compared to the target of 6.0%. As the graph below shows whilst this has reduced when compared to the previous year it remains outside of the target.



A number of terminations were management supported transfers, with 42% of customers leaving moved to another CGA property. These include customers receiving support from CGA/partner moving for reasons including safeguarding, domestic violence or moves to support significant mental health issues.

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

“Customer satisfaction with the overall service provided” - We retained a high level of satisfaction, with 88.72% of survey respondents satisfied with the overall service. However, our performance was below our stretching target of 92% and shows a 1% decrease on 2019/20. Despite this reduction, this places us in the upper quartile when compared to our peer group. However, it places us in the middle-upper quartile when compared to the latest pulse survey data. The pulse survey indicates that satisfaction across the sector is now starting to improve following the transition into a post Covid-19 environment.

We also measure **“Customers willing to recommend CGA (Net Promoter Score)”** - we were below our stretching target of 58% at 39.48%, which places us in the middle lower quartile and shows a reduction of 2.69% from 42.17% in 2019/20 (our previous STAR survey results). Further analysis is being undertaken to understand the changes.

“Customer satisfaction with the opportunities to get involved” - We seek to ensure all tenants have a voice in shaping our service as tenant involvement is at the heart of everything we do. We measure engagement through the STAR survey, and this is also measured on a biannual basis. Positively performance at 64.82% has improved by almost 10% on the 2019/20 STAR Survey performance of 55.07%. Performance has improved due to the significant amount of work undertaken in this area following our recent ‘Let’s Talk Engagement’ review which increased the range and number of opportunities to get involved and ways we are actively engaging with tenants.

Despite the reduction in active members the number of engagements with tenants was recorded at 480. As part of our new Community Empowerment Strategy and supporting engagement framework we have significantly expanded our digital engagement offer over the last 12 months and this has enabled us to increase the number and diversity of those getting involved. We have 465 tenants registered on the Digital Engagement Portal and 304 on the tenant-only Facebook Group.

We have also co-designed our refreshed service standards (“Gateway Promises”) by gathering views from over 1,000 tenants through various consultation activities. We are also carrying out a full customer profiling exercise to continue to better tailor our services.

As part of our Technology and Digital Transformation Strategy we have invested significantly in IT, and the benefits of this are reflected in high levels of satisfaction from colleagues (80.18%).

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

A new indicator for 2021/22 measures customer satisfaction with the range of online services provided and this is reported at 54.21% and will be used as a baseline to set future years targets.

As we continue to implement this strategy, we anticipate seeing an increase in customer satisfaction in the range of online services.

Unfortunately, our **“average number of days lost to absence (per colleague)”** was 10.91 days per colleague against a target of 7.70 days. During the year we saw an increase of 4.3 days lost compared to 2020/21; however, we saw unusually low levels of sickness in 2020/21 due to the Covid-19 lockdowns. Pleasingly we saw improvements in quarter 4 of 2021/22. In this period, days lost to short-term absence has decreased by 62% impacted by a significant reduction in Covid-19 related illness. Similarly, long-term absence has reduced by 32% due to a more intensive approach to absence management.

The percentage of **“customers aged 65 and over who feel socially isolated”** has increased by 3.07% to 25% when compared to 2020/21 and missing our target of 19.93%. This is due to a 10.94% decrease in customers stating they are “hardly ever”/“never lonely”. Further analysis is being undertaken to understand this change.

The **“percentage of tenants who feel safe and secure in their communities”** has reduced by 0.73% to 82.85% missing our target of 86%. Further analysis is being undertaken to understand this change.

“Achieve annual VfM targets” - We achieved 4 out of 8 targets detailed below.

VfM Regulatory Metrics – our current performance

The VfM Standard and supporting code of practice requires Registered Providers to annually publish evidence to understand the provider’s performance against its own VfM targets and the metrics set out by the RSH, alongside how that performance compares to peers.

Table 3 below provides VfM performance in 2021/22 and provides a comparison against the target for the year, the previous two years and our peer group (detailed in Table 2) - and the sector (based on data provided in the 2021 VfM Global Accounts).

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

Table 3	19-20	20-21	21-22 Target	21-22 Actual Group	Comparison to CGA's Peer Group median (Based on 2021 data)		Comparison to Sector Consolidated median (Based on 2021 data)	
					Peer Group Median	CGA Quartile	Sector Median	CGA Quartile
Metric 1 - Reinvestment % Investment in properties (existing stock as well as New Supply) as a % of the value of total properties held.	10.9%	8.32%	16.70%	13.26%	7.10%		5.8%	
Metric 2a - New supply delivered (Social Housing Units) No. of new as a % of total units.	1.03%	1.32%	1.83%	1.42%	0.80%		1.3%	
Metric 2b New supply delivered (Non-Social Housing Units) No. of new units as a % of total units.	0%	0%	0%	0%	0%	n/a	0%	n/a
Metric 3 - Gearing % The proportion of assets that are made up of debt.	43.4%	46.9%	45.31%	48.83%	45.0%		43.9%	
Metric 4 - EBITDA MRI % Measurement of liquidity.	220%	221%	171%	187%	234%		183%	
Metric 5 - Headline Social Housing Cost per Unit £ Cost per unit for social housing activities.	£2,930	£2,921	£3,112	£3,230	£3,540		£3,730	
Metric 6a - Operating margin % (Social Housing Lettings) Measurement of financial efficiency.	29.1%	27.4%	26.37%	27.37%	25.8%		26.3%	
Metric 6b - Operating margin % (Overall Margin) Measurement of financial efficiency.	26.0%	25.3%	21.89%	23.71%	22.8%		23.9%	
Metric 7 - Return on Capital Employed % Measurement of efficiency of investment.	4.9%	3.9%	2.91%	3.68%	3.60%		3.3%	

Quartile Key	Upper Quartile		Middle-Lower		Performance Key	Target Met		Slightly off Target	
	Middle-Upper		Lower Quartile			Off Target			

Commentary on the metrics

The VfM indicators show a strong position for CGA, with 6 out of the 8 metrics being at or above the median of our peer group and the sector (there is no measure for metric 2b as all the new supply was Social Housing). It is pleasing to note that we have no indicators in the lower quartile when compared to our peer group or the sector.

Metric 1- Reinvestment %: this metric remains consistently strong when compared to our peer group and the sector and places us in the upper quartile.

Strategic Report and Report of the Board (continued)

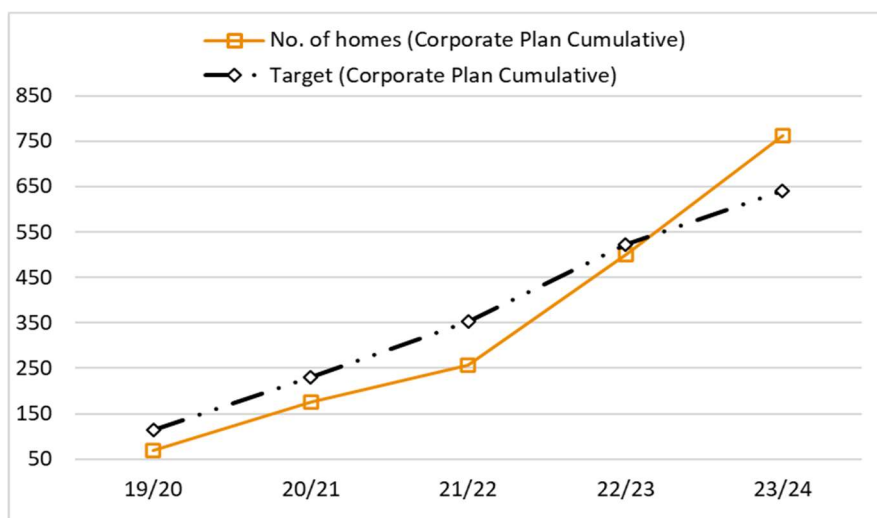
Value for Money Statement (continued)

Unfortunately, we missed our Reinvestment % target due to the re-phasing of schemes within the development programme. However, the number of schemes that we have ready to contractually commit places us in an excellent position to achieve our new homes target of 640 homes by 2024.

Metric 2a - New Supply Delivered (Social housing Units): This metric has increased steadily to 1.42% in 2021/22 and places us in the middle-upper quartile when compared to both our peer group and the sector. Unfortunately, we missed our target due to the timing of completion of schemes.

We currently have 559 new homes approved of which of which 296 (53%) are contractually committed and 263 (47%) where sites have been identified but have not yet been contractually committed. We have also identified land for a further 120 new homes and are currently in the process of designing the schemes.

This means we are anticipating exceeding our 2019-24 Corporate Plan new homes target as shown in the graph below.



Metric 2b - New Supply Delivered (Non-Social Housing Units): No non-social housing units were planned or acquired during the year.

Metric 3 - Gearing % - this ratio is 48.83% meaning we have more borrowing capacity than the middle-lower quartile of the sector. In 2020/21, we secured £95m Private Placement funding (with a coupon rate of 2.47%) increasing our loan facility by 52% from £115m to £175m.

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

Our gearing reflects the increased borrowing capacity. As we draw-down further funding to fund our development programme we expect our gearing ratio to increase.

Metric 4 - EBITDA-MRI & Metric 6 - Operating Margin %: Our **EBITDA-MRI** and **Operating Margin** metrics achieved the targets for the year. Our EBITDA-MRI of 187% places us in middle upper quartile when compared to the sector but the lower middle quartile when compared to our peer group. Our overall Operating margin of 23.71% is marginally below the median for the sector and places us in the middle-lower quartile. We compare more favourably when compared to our peer group and are in the middle-upper quartile of this group.

This strong position reflects our income maximisation, with excellent rent collection performance of 100.15% and low level of arrears at 0.35%, combined with effective cost control. Interestingly our turnover per social housing unit of £4,650 is in the lower quartile of the sector as a result of the low rental values within the Preston area.

This clearly adversely impacts on both our EBITDA-MRI and Operating margin metrics and means that our Headline Social Housing Cost per unit needs to be low in comparison to others to achieve a strong performance in these areas.

Metric 5 - Headline Social Housing Cost: this indicator has remained consistently strong and places us in the middle-upper quartile when compared to our peer group and the sector, despite just missing our target for the year.

This reflects our continued tight control of costs and organic growth (an 8% increase in stock since 1 April 2018). Despite our tight cost control, we continue to deliver effective outcomes, with the percentage of customers satisfied with the service provided in the middle upper quartile at 88.72%.

Metric 7 – Return on Capital Employed %: Our **Return on capital employed** of 3.68% compares favourably to our peer group and to the sector, being in the middle-upper quartile.

VfM Regulatory Metrics – our Business Plan forecasts

We recognise the need to maintain this strong position and the metrics calculated from our future financial plans are shown in Table 4 below.

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

It is worth noting the figures below include prudent assumptions to reflect the uncertainty around the current high inflation operating environment. Should we continue to operate at existing levels and manage these risks, we would expect to out-perform these forecasts.

Table 4 – VfM Metrics Business Plan Forecasts

	21-22 Actual	22-23 Forecast	23-24 Forecast	24-25 Forecast	25-26 Forecast	26-27 Forecast	Peer Group Median	Sector Consolidated Median
Metric 1 - Reinvestment %	14.0%	22.5%	16.2%	8.0%	3.6%	1.2%	9.4%	7.1%
Metric 2a - New supply delivered (Social Housing Units)	1.38%	2.48%	3.96%	3.85%	0.46%	0.96%	1.3%	0.8%
Metric 2b New supply delivered (Non-Social Housing Units)	0%	0%	0%	0%	0%	0%	0%	0%
Metric 3 - Gearing %	48.8%	51.0%	52.4%	51.0%	50.8%	47.6%	51.2%	44.4%
Metric 4 – EBITDA-MRI %	187%	168%	146%	172%	174%	198%	179%	244%
Metric 5 - Headline Social Housing Cost per Unit £	£3,230	£3,478	£3,831	£3,717	£3,819	£3,793	£3,470	£3,550
Metric 6a - Operating margin % (Social Housing Lettings)	27.4%	26.3%	28.4%	32.3%	34.0%	33.8%	23.3%	25.7%
Metric 6b - Operating margin % (Overall Margin)	23.7%	20.7%	23.3%	24.5%	28.4%	25.1%	21.1%	22.6%
Metric 7 - Return on Capital Employed %	3.7%	3.1%	3.1%	3.6%	3.7%	4.0%	5.0%	3.6%

Our latest Business Plan, based on current assumptions, allows us to deliver the target of owning 7,000 homes by March 2024. This will see us increase our **Reinvestment %** to over 20% in 2022-23; and **New supply delivered** metric to a peak of 3.96% in the following year, demonstrating strong upper quartile performance when compared to our peer group and the sector (based on 2020-21 Global Accounts VfM data). The new homes we develop will help us meet a range of housing needs, including those for 'Independent Living' alongside many for families, in a variety of locations in and around Preston.

Strategic Report and Report of the Board (continued)

Value for Money Statement (continued)

We will draw on finances we have secured to deliver a long-term sustained return. This increased level of debt funding means our **Gearing** ratio will begin to rise and our **EBITDA-MRI** reduces in the short-term as a consequence. The reduction in our **EBITDA-MRI** in 2023-24 reflects the interest costs of the additional funding drawn combined with the increase in the Investment Programme in line with the component replacement programme as reflected in the Stock Condition Survey.

As noted above, the approved business plan includes prudent assumptions, which if outperformed, should see us improve this ratio at outturn. This would also have a positive impact on the **Headline Social Housing Cost per unit, Operating margin and Return on Capital Employed**, all of which show a downward trend when compared to 2021/22, due to these assumptions.

2021/22 was the third year of our new five-year Corporate Plan to 2024. Following an analysis of performance to-date, we have reviewed our targets to ensure they remain appropriate and help us to further improve our Business Health.

Our plans for 2022/23 include:

- Responding effectively to the current high inflation macro-economic environment;
- Continuing to develop new homes, with a range of tenures;
- Looking at ways to improve satisfaction across the business by listening to our tenants' views particularly those gained from the recent STAR survey;
- Developing a medium to long-term strategic direction to improve the energy efficiency of our homes and subsequently how we achieve the "2050 Carbon Neutral requirement."

As we enter the final stages of our 5-year Corporate Plan we will review our plans for the period until March 2024 and will look to build upon this as we develop our strategic priorities beyond 2024/25. In doing so we will consider how we manage the cost pressures for both CGA and our customers arising from the high inflation macro-economic environment. We will continue to ensure that our plans remain appropriate and affordable within the Business Plan.

Due to the evidence set out in this report, the Board believes it fulfils the requirements of the RSH's 2018 Value for Money standard.

Strategic Report and Report of the Board (continued)

Profit for purpose

CGA is a housing association with a robust “profit for purpose” model. PDL, our Development Company, generated additional profit of £145k which will be gift aided back to the charitable element of the Group. We aim to be as efficient as possible, striving to be a top-quartile performer and maximise our surplus to invest in the delivery of our 2019-24 Corporate Plan and future Corporate Plans. The more efficient we are as an organisation, the more of the added value work we can carry out to improve our communities and the lives of our customers who live there.

Governance and Viability Standard

Our robust governance arrangements have recently been assessed by the RSH following an IDA carried out on CGA over the period March to June 2021. It is pleasing to note that following the assessment CGA has retained its “G1 / V1” regulatory grading (the highest level of compliance). This rating is reviewed on an annual basis through the annual “Stability Check” review carried out by the RSH and was reaffirmed in December 2021.

A review has also been undertaken to assess CGA’s current level of compliance against the RSH Governance and Financial Viability Standard. In summary, of the 22 areas of the Standard requiring a statement of compliance, CGA is able to evidence compliance in all areas.

CGA carries out a triennial Governance Review, with the last Independent Review of Board Effectiveness being conducted in 2020/21. The review concluded that individual Board Members and the collective Board provide competent and appropriate oversight of the business. There were only very minor recommendations arising from this review, further demonstrating the overall effectiveness of the Board. All actions were fully completed during 2021/22. The Chair and Vice Chair of the Board also carry out annual performance appraisals for each individual Board Member. Following this, individual and collective development requirements are fed into the Governance Action Plan, designed to further improve CGA’s corporate governance.

National Housing Federation’s (NHF) Code of Governance 2020

CGA’s Board has also adopted the National Housing Federation’s (NHF) Code of Governance 2020. A full review of CGA’s compliance against this Code has been completed and in summary, of the 162 requirements within the Code CGA is:

- Fully compliant with 153 (94.4%) requirements;
- Partially compliant with 1 (0.6%) requirements;
- 8 (5%) of the requirements are not applicable to CGA.

Strategic Report and Report of the Board (continued)

National Housing Federation's (NHF) Code of Governance 2020 (continued)

The one requirement where CGA demonstrates partial compliance is minor in nature and relates to section 3.7(5) of the Code. This section requires the Code's requirements on tenure to apply to offices held across all Boards and Committees. Preston Vocational Centre (PVC) does not comply with all the Code's requirements regarding tenure on the basis that it would be in PVC's best interests to retain a maximum tenure of nine years as permitted under the Charity Governance Code for small Charities adopted by PVC.

The CGA Board currently consists of 5 tenant members, 4 independent members, 2 members nominated by Preston City Council and a co-opted member. Tenant members have the same rights and responsibilities as other Board members.

The committees supporting the Board and the governance arrangements during the year under review were the:

Audit and Risk Committee

This committee's primary role is to independently contribute to the Board's overall process for ensuring that an effective internal control system is maintained and to oversee the implementation of the risk management strategy.

Gateway Central

CGA's tenant committee includes up to 12 members including 3 Board members. Its primary focus is the Group's services and assesses standards of delivery, including relevant performance indicators.

Remuneration and Appointments Committee

This committee is responsible for reviewing the Group's policy on employee remuneration and benefits and appraising the performance of the Chief Executive. It also considers matters relating to the remuneration of the Board and Executive Leadership Team.

Key risks

CGA has embedded a culture of risk management. The ongoing process to identify, evaluate and manage the risks faced by CGA has been in place throughout the year up to the date of approval of the report and financial statements.

Strategic Report and Report of the Board (continued)

Key risks (continued)

CGA has a fully embedded Risk Management Strategy (including a refreshed Risk Appetite Statement) setting out our strategic approach to managing risk. Our Risk Management Strategy is supported by a Risk Management Framework.

The Audit and Risk Committee plays a key role in the framework and in seeking assurance that risks are being managed and relevant policies and processes are being followed. Corporate and management risk registers are reviewed by the Audit & Risk Committee at each meeting with all updates and changes to the risk registers reported to the Committee. The Corporate Risk Register is also considered by the Board quarterly including any recommendations from the Audit & Risk Committee. Each of the subsidiaries within the CGA Group also have their own risk registers which are regularly reviewed by the Board of the relevant subsidiary.

In order to provide the ongoing assurance to both Board and Audit & Risk Committee members, that risk is being effectively managed, resourced, and where necessary, mitigated, the corporate and management risk registers are reviewed on a quarterly basis by the Risk Review Group, an officer group chaired by the Executive Director of Resources and consisting of members of the Senior Management Team.

The key risk areas include:

- labour market and supply chain disruption affecting the prices and availability of goods/services together with volatility in inflation which could lead to increased costs, staffing shortages, greater pressure on income collection, service delivery, tenancy sustainability which could reduce CGA's financial resilience;
- Pressures on our income streams through the continued implementation of welfare reform and the reduction in grant funding for development and supported housing services;
- Effectively managing the threats from cyber security attacks as they become increasingly sophisticated;
- Ensuring that we maintain our financial capacity to invest in existing homes and new development whilst not having an overambitious development programme that threatens the financial health of the Association;
- Managing the financial implications arising from the "2050 Carbon Neutral requirements";
- Remaining vigilant on all matters concerning health and safety through the effective maintenance of our stock and having in place appropriate working practices.
- Managing the implications of changes to legislation ensuring that CGA remains fully compliant with the RSH's standards.

Strategic Report and Report of the Board (continued)

Key risks (continued)

Continued strong governance, clear leadership and effective management are essential in order that we can manage the broad range of risks and challenges facing CGA and the wider housing sector. We believe that the Board, working in partnership with our colleagues and tenants, are well placed to meet these challenges and continue to ensure that CGA remains a successful tenant-led organisation.

Internal Controls Assurance

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public assets and money are safeguarded and properly accounted for, and that they are being used economically, efficiently and effectively.

A wide range of internal control mechanisms are in place and being operated to help the organisation meet its strategic objectives, to operate within the law, to make effective use of public money and to report activities accurately. These bring together information from all significant parts of the business and provide assurance to the Board that an effective system of internal controls is in place. The most significant sources are through:

- Our approach to assurance, based around the three lines model;
 - The 1st line describes controls operated by day to day management
 - the 2nd line covers more independent checks carried out by other internal teams
 - the 3rd line incorporates external assurance obtained from auditors or regulators
- The existence of the Audit and Risk Committee, with appropriate terms of reference;
- An independent internal audit function;
- Risk management framework;
- Financial and non-financial performance monitoring and management;
- Appropriate communications structures;
- Effective customer scrutiny arrangements;
- Effective strategies, policies and procedures; and
- External stakeholders, including the RSH and accreditation bodies.

Internal Controls Framework

A comprehensive framework of internal controls is in place consisting of sources of assurance that, when brought together, provide a complete picture of all significant parts of the business. CGA has a system of operational controls in place supported by risk management and compliance checks.

Strategic Report and Report of the Board (continued)

Review of internal controls

The internal control framework is designed to manage and reduce, rather than eliminate the risk of failing to achieve the objectives of the business. It can only provide the Board with reasonable, and not absolute assurance against material misstatement or loss.

The key features of the system of internal control include:

- An established management structure operating across CGA with clearly defined levels of responsibility and delegated authorities. To support this, we have Standing Orders and Financial Regulations that are reviewed annually by the Board;
- A robust risk management system (including health and safety) established by the Board to enable the identification, evaluation and management of the strategic and operational risks we face;
- Adopting and complying with the principal recommendations of the National Housing Federation's (NHF's) 2020 Code of Governance and accepting this as our code of good practice;
- Audit & Risk Committee assurance – the Committee meets quarterly to review our corporate risks, alongside receiving reports which provide assurance over compliance matters and that internal control systems are operating effectively. The Committee also reviews any follow-up action to correct identified weaknesses. All Board members receive the minutes of Audit & Risk Committee meetings;
- Internal audit assurance – the internal audit function is provided by BDO and is based around a three-year risk-based programme linked to our corporate risks. The Audit & Risk Committee review and approve the audit programme and receive regular reports from the internal auditors. This includes an annual review at the end of each programme year. The 2021/22 Internal Audit Programme included an audit reviewing and confirming compliance with Statutory Health and safety requirements, including gas servicing, asbestos legionella and lift maintenance, an audit of our Treasury management processes, Payroll processes, fleet management, commercial leases and Anti-Social Behaviour;
- Other Audit/Specialist Reviews - During the year a number of other audit activities or third-party specialist reviews have taken place which provide additional assurance around Health and Safety, Electrical Installation, Development Programme, the Support-line service and Safeguarding;

Strategic Report and Report of the Board (continued)

Review of internal controls (continued)

- External audit assurance – external auditors provide a management letter and financial controls report identifying any internal control weaknesses. The audit letter is required to report where 'a satisfactory system of control over transactions has not been maintained'. In accordance with best practice, the Audit & Risk Committee and the Board consider this letter;
- Well established procedures that ensure the employment, retention, training and development of suitably qualified colleagues to manage the activities of the business;
- Comprehensive Board member appraisal and training programme to ensure that Board members remain professionally updated and are equipped with the skills to meet the needs of the business;
- A number of steps have been taken to improve the control environment including updating policies and procedures, reviewing the assurance map and associated controls, our risk appetite statement, and stress testing of the business plan;
- The preparation and monitoring of budgets and long-term business plans that enable the Executive Leadership Team and Board to regularly review financial performance throughout the year and investigate and act upon any key variances;
- The Board approve the treasury management policy and strategy on an annual basis and regularly review treasury management activity; we also receive independent advice from specialist advisors;
- A clear process for reviewing all investment decisions – all such major decisions are subject to appraisal and approval of the Executive Leadership Team and, where appropriate, the Board;
- A register of frauds and attempted frauds is in place and is reviewed regularly by the Audit & Risk Committee on behalf of the Board;
- A strong ethical and performance management framework embedded into the culture of CGA with reporting designed and implemented to give the Board a regular and clear picture of performance and facilitate prompt remedial action if necessary.

In their internal audit annual report for 2021/22 which was submitted alongside this report to the July Audit and Risk Committee meeting, BDO state: "The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control."

Strategic Report and Report of the Board (continued)

Internal controls assurance conclusion

The Board have reviewed the effectiveness of the system of internal control, including the sources of assurance agreed by the Board as being appropriate for that purpose. The Board is satisfied that there is sufficient evidence to confirm that adequate systems of internal control have existed and have operated throughout the year, and that those systems have been aligned to the management of significant risks facing the organisation.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within its governance and management processes. This approach includes the regular evaluation of the nature and extent of risks to which CGA is exposed.

The Board has delegated authority to the Audit & Risk Committee to review the effectiveness of internal control and has received regular reports throughout the year through a quarterly risk management update report.

The Audit & Risk Committee has also received the Chief Executive's annual report on the effectiveness of internal controls, together with the annual report from the internal auditor, and reported its findings to the Board.

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2022 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

Health & Safety

CGA is committed to providing a safe working environment to its workforce and aims to lead by example with its partner contractors. The Board is aware of its health and safety responsibilities and has a policy statement in place and receives regular briefings on health and safety matters. The Health and Safety Committee monitors performance, addresses health & safety issues, and reports into the Audit & Risk Committee. Advice and support to colleagues is provided by a Health and Safety Manager. Demonstrating the strength of our Health and Safety culture, systems and processes we have been awarded the internationally renowned Royal Society for the Prevention of Accidents (RoSPA) President's Award (12 consecutive Golds). This is a tremendous accolade and one of the highest awards that RoSPA confer. It recognises over a decade of achievements in ensuring the highest standards of health and safety across the whole business. We also have the highest 5-star health and safety rating, by the British Safety Council.

Strategic Report and Report of the Board (continued)

Qualifying third party indemnity provisions

CGA has insurance policies that indemnify its board members and executive directors against liability when acting for CGA.

Equality, Diversity and Inclusion

CGA is committed to Equality, Diversity and Inclusion from recruitment and selection, through training and development, appraisal and promotion, to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation. All decisions relating to employment practices are objective, free from bias and based solely on work criteria and individual merit. We are responsive to the needs of our employees, residents and the community at large. The Board is aware of its responsibilities in respect of equality and diversity and has approved an Equality Diversity and Inclusion strategy.

We recognise that Equality, Diversity and Inclusion plays an important part in everything we do. We value the unique and diverse communities in which we operate and are committed to ensuring they continue to flourish. We truly believe that an inclusive approach benefits all – it benefits our business but most importantly it benefits our communities, increasing community cohesion, pride and enables people to reach their full potential.

Demonstrating our commitment to this, as part of National Inclusion Week, we proudly launched our Diversity and Inclusion Pledge, to show our commitment to being a diverse and inclusive organisation for our customers and colleagues. This pledge was signed by over 170 colleagues at CGA.

We closely monitor key Equality, Diversity and Inclusion measures. In the last year the percentage of female colleagues was 47.12%, the percentage of colleagues from a black or minority ethnic background was 11.15% and the percentage of colleagues to have a mental or physical disability was 8.63%.

As an employer with almost 280 employees, CGA carried out Gender Pay Reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Based on data from the Office for National Statistics in 2021, it is pleasing to note that our results for the snapshot date of 5 April 2022 indicate that our gender pay gap is significantly lower than the UK average gender pay gap of 15.4% for all employees at 7.37%.

Strategic Report and Report of the Board (continued)

Donations

During the year CGA made some small charitable donations and colleagues of CGA provided a range of support to individuals, with food provision through the Purple Pantry proving hugely successful and free food parcels helping those in financial hardship. We also delivered a wide range of community projects where we have invested £26,978 through our Community Fund supporting a total of 35 community activities and events across our LCA's, and in some cases accommodation, to enable them to continue delivering their services.

Going concern

The Board has a reasonable expectation that CGA has adequate resources to 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. Therefore, the Board continues to adopt the going concern basis in the financial statements.

Annual General Meeting (AGM)

The AGM will be held on Thursday 29th September 2022.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 Statement of Recommended Practice (SORP) for Registered Social Housing Providers and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the Group's and Association's income and expenditure for the year then ended.

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;

Strategic Report and Report of the Board (continued)

Statement of Board's responsibilities in respect of the Board's report and the financial statements (continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association 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 Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

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

Beever and Struthers have been appointed as CGA's External Auditors. A resolution for the re-appointment of Beever and Struthers as auditors of the Group is to be proposed at the forthcoming Annual General Meeting.

The Board/Strategic Report was approved on 21st July 2022 and signed by order of the Board.



Craig Garner
Company Secretary

Independent auditor's report to Community Gateway Association Limited

Opinion

We have audited the financial statements of Community Gateway Association Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2022 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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 Group's and of the Association's affairs as at 31 March 2022 and of the Group's income and expenditure and the Association's 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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 Group and Association 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.

Independent auditor's report to Community Gateway Association Limited (continued)

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 Group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to Community Gateway Association Limited (continued)

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 Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with 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 in respect of the Board's report and the financial statements set out on page 38 to 39, the Board is 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 determines 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 is responsible for assessing the Group's and the Association'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 intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report to Community Gateway Association Limited (continued)

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, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the NHF Code of Governance 2020, the Regulatory Standards, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, 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 was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential


Independent auditor's report to Community Gateway Association Limited (continued)

- for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and 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 Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association 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 Association for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 12 September 2022

Consolidated and Association Statement of Comprehensive Income

For the year ended 31 March 2022

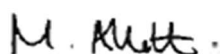
	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Turnover	4	34,995	31,810	34,585	31,578
Operating expenditure	4	(26,696)	(23,754)	(26,326)	(23,479)
Gain on disposal of property	6	506	285	506	285
Operating surplus		<u>8,805</u>	<u>8,341</u>	<u>8,765</u>	<u>8,384</u>
Other interest receivable and similar income	7	20	12	20	12
Interest and financing costs	8	(4,927)	(4,415)	(4,927)	(4,415)
Surplus before taxation		<u>3,898</u>	<u>3,938</u>	<u>3,858</u>	<u>3,981</u>
Taxation on surplus from ordinary activities	10	-	-	-	-
Surplus for the financial year		<u><u>3,898</u></u>	<u><u>3,938</u></u>	<u><u>3,858</u></u>	<u><u>3,981</u></u>
Actuarial gains/(losses) on SHPS defined benefit pension scheme	27	1,488	(1,291)	1,488	(1,291)
Actuarial gains/(losses) on LGPS defined benefit pension scheme	27	4,848	(4,061)	4,848	(4,061)
Total comprehensive income for year		<u><u>10,234</u></u>	<u><u>(1,414)</u></u>	<u><u>10,194</u></u>	<u><u>(1,371)</u></u>

The Consolidated and Association's results relate wholly to continuing activities and the notes on pages 50 to 83 form an integral part of these financial statements.

The financial statements on pages 45 to 83 were approved and authorised for issue by the Board of Directors on 21 July 2022 and were signed on its behalf by;



David Yates
Chair



Michelle Allott
Vice Chair



Craig Garner
Secretary


Consolidated and Association Statement of Financial Position

At 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Fixed assets					
Tangible fixed assets - housing properties	14	213,107	191,773	213,254	191,773
Tangible fixed assets - other	15	8,411	8,425	8,403	8,407
Investment properties	16	1,065	1,065	1,065	1,065
		<u>222,583</u>	<u>201,263</u>	<u>222,722</u>	<u>201,245</u>
Current assets					
Stocks	17	3,216	1,494	3,216	1,494
Debtors - receivable within one year	18	4,809	6,408	4,556	6,348
Cash at bank and in hand		14,921	14,181	14,714	13,973
		<u>22,946</u>	<u>22,083</u>	<u>22,486</u>	<u>21,815</u>
Creditors: amounts falling due within one year	19	<u>(6,287)</u>	<u>(7,129)</u>	<u>(6,098)</u>	<u>(6,935)</u>
Net current assets		16,659	14,954	16,388	14,880
Total assets less current liabilities		<u>239,242</u>	<u>216,217</u>	<u>239,110</u>	<u>216,125</u>
Creditors falling due after more than one year	19	<u>(175,193)</u>	<u>(156,469)</u>	<u>(175,193)</u>	<u>(156,469)</u>
Pension liability	26,27	(679)	(6,612)	(679)	(6,612)
Net assets		<u>63,370</u>	<u>53,136</u>	<u>63,238</u>	<u>53,044</u>
Capital and reserves					
Income and expenditure reserve		64,049	59,748	63,917	59,656
Pension reserve		(679)	(6,612)	(679)	(6,612)
		<u>63,370</u>	<u>53,136</u>	<u>63,238</u>	<u>53,044</u>

The notes on pages 50 to 83 form an integral part of these financial statements

The financial statements on pages 45 to 83 were approved and authorised for issue by the Board of Directors on 21 July 2022 and were signed on its behalf by;



David Yates
Chair



Michelle Allott
Vice Chair



Craig Garner
Secretary

Consolidated and Association Statement of Changes in Reserves for the year ended 31 March 2022

Group	Income and expenditure reserve	Pension reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2021	59,748	(6,612)	53,136
Surplus for the year	3,898	-	3,898
Actuarial gain recognised in the pension schemes	6,336	-	6,336
Total comprehensive income for the year	10,234	-	10,234
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	(5,933)	5,933	-
Balance at 31 March 2022	64,049	(679)	63,370

Association	Income and expenditure reserve	Pension reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2021	59,656	(6,612)	53,044
Surplus for the year	3,858	-	3,858
Actuarial gain recognised in the pension schemes	6,336	-	6,336
Total comprehensive income for the year	10,194	-	10,194
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	(5,933)	5,933	-
Balance at 31 March 2022	63,917	(679)	63,238

The notes on pages 50 to 83 form an integral part of these financial statements

Consolidated and Association Statement of Changes in Reserves for the year ended 31 March 2021

Group

	Income and expenditure reserve	Pension reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2020	55,735	(1,184)	54,550
Surplus for the year	3,938	-	3,938
Actuarial loss recognised in the pension schemes	(5,352)	-	(5,352)
Total comprehensive income for the year	(1,414)	-	(1,414)
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	5,428	(5,428)	-
Balance at 31 March 2021	59,748	(6,612)	53,136

Association

	Income and expenditure reserve	Pension reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2020	55,599	(1,184)	54,415
Surplus for the year	3,981	-	3,981
Actuarial loss recognised in the pension schemes	(5,352)	-	(5,352)
Total comprehensive income for the year	(1,371)	-	(1,371)
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	5,428	(5,428)	-
Balance at 31 March 2021	59,656	(6,612)	53,044

Consolidated Statement of Cash Flows for the year ended 31 March 2022

Cash flow from operating activities	2022 £'000	2021 £'000
Surplus for the financial year	3,898	3,938
Adjustments for:		
Depreciation of fixed assets - housing properties	5,642	5,554
Depreciation of fixed assets - other	653	460
Amortised grant	(2,547)	(2,257)
Interest payable and finance costs	4,927	4,415
Interest received	(20)	(12)
Difference between net pension expense and cash contribution	(390)	(96)
Surplus on the sale of fixed assets - housing properties	(533)	(285)
Decrease / (increase) in trade and other debtors	1,894	(6,856)
Increase in trade and other creditors	794	2,127
Increase in stock	(1,721)	-
Net cash generated from operating activities	12,597	6,988
Cash flows from investing activities		
Purchase of tangible fixed assets - housing properties	(29,763)	(15,870)
Purchase of tangible fixed assets - other	(638)	(784)
Net proceeds from sale of fixed assets - housing properties	2,158	455
Grants received	6,293	2,269
Interest received	20	12
Net cash used in investing activities	(21,930)	(13,918)
Cash flows from financing activities		
Interest paid	(4,927)	(4,415)
Capital element of lease repaid	-	(13)
Interest element of lease repaid	-	(11)
New loans - bank	15,000	21,000
Net cash generated from financing activities	10,073	16,561
Net increase in cash and cash equivalents	740	9,631
Cash and cash equivalents at beginning of year	14,181	4,550
Cash and cash equivalents at end of year	14,921	14,181

The notes on pages 50 to 83 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 March 2022

1. Legal Status

Community Gateway Association Ltd is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a Private Housing Association. The registered office is Harbour House, Portway, Ashton-on-Ribble, Preston PR2 2DW. Community Gateway Association Limited's principal activity is to provide social housing. The group comprises the following entities:

Name	Incorporation	Registered/Non-Registered
Community Gateway Association Ltd	Co-operative & Community Benefit Societies Act 2014	Registered
Patterdale Developments Ltd	Companies Act 2006	Non-Registered
CGA Homes Ltd	Companies Act 2006	Non-Registered
Preston Vocational Centre Ltd	Companies Act 2006	Non-Registered

All subsidiaries within the group are 100% owned by Community Gateway Association Ltd

2. Principal Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and in accordance with FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis of Consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Going Concern

CGA's latest Business Plan including sensitivity analyses and stress testing demonstrates that it has sufficient funding facilities in place that will meet planned development and other expenditure, and that it is fully able to service its debt facilities. After a thorough review including considering all assets, liabilities and commitments the Board are assured that there are sufficient cash reserves and agreed facilities in place to meet liabilities as they fall due. The Group is able to mitigate a worst-case scenario and avoid a covenant breach by reducing expenditure on non-core services combined with managing the timing of development and repairs expenditure. CGA also has access to undrawn loan facilities set out in Note 20.

Notes to the Financial Statements for the year ended 31 March 2022

The Board has a reasonable expectation that CGA has adequate resources to 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. Therefore, the Board continues to adopt the going concern basis in the financial statements.

Income

Income is measured at the fair value of the consideration received or receivable. CGA generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Sales of properties through the Right to Buy or Right to Acquire Scheme;
- Sale of first tranche Low Cost Home Ownership properties;
- Service charge receivable; and
- Revenue grants and amortisation of capital grants.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales and proceeds from the sale of land or property are recognised at completion of the sale.

Rent and service charge agreements

CGA has both fixed and variable service charges for its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

The Group has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Grants

Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income when the conditions for receipt of agreed grant funding are met.

Capital grant is released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected.

Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income in the year.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income in the year.

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Notes to the Financial Statements for the year ended 31 March 2022

VAT

CGA, CHL and PVC are VAT registered as part of the Group's registration. A large proportion of their income, (rents and service charges) are exempt for VAT purposes thus giving rise to a partial exemption calculation. PDL is registered separately for VAT. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Deferred taxation

No corporation tax is payable on the surpluses of charitable activities of CGA as it has charitable status. CGA did not undertake any taxable non-charitable activities in the year.

Tangible Fixed Assets

Housing properties

Housing properties are principally properties which are available for rent and are stated at cost less depreciation and impairment. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised. Works that, over the lives of the properties, result in an increase in net rental income, a reduction in maintenance costs or a significant extension to the life of the property thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Works to existing housing properties

Provision for major repairs is only made where a contractual liability exists for work undertaken. Due to the establishment of regular programmes of repair and maintenance, CGA does not make provision for cyclical repairs, but charges actual cost incurred to the Statement of Comprehensive Income.

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Association disposes of a long lease on low cost home ownership units for a share ranging between 10% and 100% of value. The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset. The remaining element is classed as Property, Plant and Equipment (PPE) and included in completed housing properties at cost, less any provisions needed for depreciation or impairment.

Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Notes to the Financial Statements for the year ended 31 March 2022

Depreciation of housing properties

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Structure 30 to 100 years	Land – n/a
Central Heating Carcass 30 Years	Central Heating Boilers 15 years
Roofs 70 Years	Windows & doors 30 Years
Bathrooms 30 Years	Kitchens 20 Years

Impairment

CGA's housing property portfolio is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or Cash Generating Units (CGUs) for which impairment is indicated to their recoverable amounts. Initially the Association compares the fair value less costs to sell by reference to EUV-SH. If this is lower than the net book value, the CGUs are then assessed for their value in use by calculating a Depreciated Replacement Cost (DRC) for each CGU.

The DRC will be based upon the lower of:

- the cost of constructing an equivalent asset on the same site together with the original land costs; or
- the cost of acquiring an equivalent asset on the open market.

The Association defines CGUs as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger generating units. Where the recoverable amount of an asset or CGU is lower than its carrying value, an impairment is recorded through to the Statement of Comprehensive Income.

As our Housing Stock is performing strongly as demonstrated by the low level of void rent loss (1.47%) combined with the fact that there are no anticipated future rent reductions and any real cost increases in management costs associated with our properties will be offset by corresponding reductions in costs there is no evidence to suggest that an impairment of our housing properties is required as detailed in note 3.

The Investment properties valuation carried out in accordance with the Investment Properties note below confirms no change to the value of these properties.

CGA have considered the impact of Covid-19 not to have a material impact on the value of Housing Stock or Investment properties as at 31 March 2022.

Notes to the Financial Statements for the year ended 31 March 2022

Depreciation of Other tangible fixed assets

Other fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation. Depreciation is provided on a straight-line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

The principal annual rates used for other assets are:

Freehold and leasehold office property	5 to 80 years	Office fixtures and fittings	3 to 15 years
Office Furniture	5 to 10 years	ICT equipment	3 to 10 years
Plant and Machinery	3 years	Scheme Assets	5 to 15 years

Useful economic lives of all tangible fixed assets are reviewed annually.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business.

Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from either Market Value – Vacant Possession (MV-VP) or Market Value – Subject to Tenancies (MV-ST). The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing MV-VP needs to be made. No depreciation is provided.

The valuation has been based on the following assumptions

- the proposed use of the Property is consistent with the current use;
- the Property is in good condition;
- No construction materials have been used that are deleterious, or likely to give rise to structural defects;
- No hazardous materials are present;
- All relevant statutory requirements relating to use or construction have been complied with.

Changes in fair value are recognised in the income statement.

Properties for sale

Shared ownership properties where the first tranche is unsold, and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. They are also reviewed for impairment as part of determining the net realisable value.

Materials stock

Stock is stated at the lower of cost and net realisable value. Costs comprise parts and materials for use by our in-house repairs team for the repair of our housing properties. Stocks are valued at purchase price. Materials stock is held in the van fleet.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable within one year are recorded at transaction price.

Notes to the Financial Statements for the year ended 31 March 2022

Bad and doubtful debts provisions

CGA estimates the recoverable amount of rental and other receivables and a provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

The provision for Bad debts on tenant arrears is calculated as follows:

Former Tenant Arrears – 100% of debt

Housing Benefit Overpayments – 100% of debt

Current Tenant Arrears – on a sliding scale as detailed below:

1 – 4 weeks	Nil
5 – 8 weeks	10%
9 – 12 weeks	25%
13 – 25 weeks	50%
26 weeks and over	100%

The provision for Bad debts on other non-rent debts is calculated as follows based on age of debt:

Less than 121 Days	Nil
121 Days to 180 Days	25%
181 Days to 270 Days	50%
271 Days to 360 Days	75%
Greater than 360 Days	100%

Any losses arising from impairment are recognised in the income statement in other operating expenses.

Provisions for Liabilities and Charges

Provisions are made to the extent that CGA has no discretion to avoid the expenditure provided for. Provisions have been calculated in line with the guidance contained in FRS 102.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

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.

Notes to the Financial Statements for the year ended 31 March 2022

Finance costs

The cost of raising loan finance is initially capitalised and offset against the loan principal and is amortised to the income statement on a straight-line basis over the term of the loan. Any discount or premium realised on the issue of a bond or similar financial asset is capitalised and offset or added to the bond principal and is then amortised to the income statement on a straight-line basis over the term of the asset.

Government Grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Capital Grant received in relation to newly acquired (SHG or AHG) or existing housing properties (Gap Funding) is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the structure has been selected (see table of useful economic lives above).

Where a social housing grant (SHG) or affordable housing grant (AHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Other Government Grant taken to income includes furlough payments received or receivable during the year 2020/21. Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Association adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Derivative instruments and hedge accounting

CGA holds floating rate loans which expose the Group and Association to interest rate risk, to mitigate against this risk CGA uses interest rate swaps. These SWAPS have been assessed as basic financial instruments and therefore do not need to be measured at fair value at each reporting date.

Notes to the Financial Statements for the year ended 31 March 2022

Cash and cash equivalents

The Group has £5m invested in a 32-day notice account with the remaining £9.921m invested in various instant access accounts. Cash and cash equivalents represent the current bank account balance adjusted for un-presented cheques and monies held on deposit.

Pensions

CGA participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Local Government Pension Schemes (LGPS) administered by Lancashire County Council. At 31 March 2022 there were 23 active members of the SHPS scheme and 29 active members of the LGPS scheme.

CGA has fully adopted accounting standard FRS 102 and the recognition, measurement and disclosure requirements for post-employment benefits are in accordance with this standard.

For these schemes, assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and are discounted as appropriate using high-quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

CGA also participates in a defined contribution scheme operated by the Social Housing Pension Scheme with 205 active members. Contributions payable under this scheme are charged in the Statement of Comprehensive Income in the period to which they relate.

Pension Valuations

The Social Housing Pension Scheme (SHPS) and the Lancashire County Council Local Government Pension Scheme (LGPS) – the valuation of assets and liability is dependent on estimates and assumptions. Following receipt of the FRS102 pension cost accounting valuation from The Pensions Trust (tpt) and Mercers (LCC's actuaries), the assumptions used in the valuation have been reviewed in consultation with First Actuarial (CGA's Pension advisor). As a result of the review, the assumptions set out in Notes 26 and 27 below have been used rather than the default SHPS/LGPS assumptions.

Pension reserve

CGA's Pension Reserves of (£0.679m) relates to a reserve to cover the FRS 102 Net Pension Scheme Liability on the Social Housing Pension Scheme's Defined Benefits Fund as set out in Note 26 and the Lancashire County Council Pension Fund as set out in Note 27.

Income Expenditure Reserves

This constitute a free reserve and is not designated for a specific purpose.

Notes to the Financial Statements for the year ended 31 March 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with accounting principles requires the use of certain critical accounting estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events.

- Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. As our Housing Stock is performing strongly as demonstrated by the low level of void rent loss (1.47%) combined with the fact that there are no anticipated future rent reductions and any real cost increases in management costs associated with our properties will be offset by corresponding reductions in costs there is no evidence to suggest that an impairment of our housing properties is required as disclosed in the accounting policies set out in note 2 above. The Investment properties valuation carried out in accordance with the Investment Properties note above confirms no change to the value of these properties. CGA have considered the impact of Covid-19 not to have a material impact on the value of Housing Stock or Investment properties as at 31 March 2022.
- Development Expenditure – The Group capitalises development expenditure. Initial Capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- The recoverability of the rent receivable balances outstanding at year end. A Provision for bad debts is calculated as disclosed in the accounting policies set out in note 2 above.

Notes to the Financial Statements for the year ended 31 March 2022

Key sources of estimation uncertainty

Investment Properties (Note 2)

Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers (as disclosed in the accounting policies set out in note 2 above). The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook of the UK property market. A sensitivity analysis is provided below.

Change in assumption		Change in Value (£'000)
Investment Properties	Increase/decrease of 10%	£107k

Tangible Fixed Assets (notes 2, 14 and 15)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

The table below shows the financial impact to changes to the useful economic lives.

Component	Change in assumption	Increase in annual charge (£'000)
Structure	Component life reduced by 10 years	110
Central Heating Carcass	Component life reduced from 30 years to 25 years	63
Central Heating Boilers	Component life reduced from 15 years to 10 years	313
Roofs	Component life reduced from 70 years to 50 years	159
Bathrooms	Component life reduced from 30 years to 25 years	97
Kitchens	Component life reduced from 20 years to 15 years	505
Windows and Doors	Component life reduced from 30 years to 25 years	126

Pensions

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. The table below shows the financial impact to changes in those assumptions.

Change in assumption	Change in Liabilities LGPS	Change in Liabilities SHPS
Discount Rate – Increase of 0.1%	(540)	(172)
Inflation – Increase of 0.1% per annum	549	82*
Salary Growth – Increase 0.1% per annum	70	26
Life Expectancy – increased by 1 year	901	159

*CPI increase of 0.05% & RPI increase of 0.1%

Notes to the Financial Statements for the year ended 31 March 2022

4. Particulars of Turnover, operating expenditure, and operating surplus

Group	Note	Turnover	2022 Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000
Social Housing Activities				
Income and expenditure from lettings	5	32,481	(23,590)	8,891
Other Social Housing Activity				
Community Regeneration		146	(795)	(649)
Shared Ownership Sales		1,494	(1,521)	(27)
Non-Social Housing Activities				
Lettings income and expenditure		353	(309)	44
Other		521	(481)	40
Total		34,995	(26,696)	8,299
Group				
Group	Note	Turnover	2021 Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000
Social Housing Activities				
Income and expenditure from lettings	5	31,013	(22,530)	8,483
Other Social Housing Activity				
Community Regeneration		127	(648)	(521)
Non-Social Housing Activities				
Lettings income and expenditure		351	(271)	80
Other		319	(305)	14
Total		31,810	(23,754)	8,056

Notes to the Financial Statements for the year ended 31 March 2022

4. Particulars of Turnover, operating expenditure and operating surplus

Association	Note	Turnover	2022 Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000
Social Housing Activities				
Income and expenditure from lettings	5	32,481	(23,590)	8,891
Other Social Housing Activity				
Community Regeneration		146	(795)	(649)
Shared Ownership Sales		1,494	(1,521)	(27)
Non-Social Housing Activities				
Lettings income and expenditure		353	(309)	44
Other		111	(111)	-
Total		34,585	(26,326)	8,259

Association	Note	Turnover	2021 Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000
Social Housing Activities				
Income and expenditure from lettings	5	31,013	(22,530)	8,483
Other Social Housing Activity				
Community Regeneration		127	(648)	(521)
Non-Social Housing Activities				
Lettings income and expenditure		351	(271)	80
Other		87	(30)	57
Total		31,578	(23,479)	8,099

Notes to the Financial Statements for the year ended 31 March 2022

5. Income and Expenditure from Social Housing Activities

Group & Association	General Needs Housing £'000	Supported Housing £'000	Low Cost Home Ownership £'000	2022 £'000	2021 £'000
Rents receivable – net of identifiable service charges	25,877	2,215	7	28,099	27,192
Service charge income	422	1,098	1	1,521	1,336
Amortised government grants	2,370	177	-	2,547	2,257
Government grants taken to income	-	-	-	-	24
Other Income	46	268	-	314	204
Total income from lettings	28,715	3,758	8	32,481	31,013
Expenditure					
Management	(5,558)	(1,139)	(3)	(6,700)	(6,249)
Service charge costs	(1,413)	(1,144)	-	(2,557)	(2,167)
Routine maintenance	(5,298)	(323)	-	(5,621)	(5,278)
Planned maintenance	(1,794)	(36)	-	(1,830)	(1,868)
Major repairs expenditure	(1,153)	(34)	-	(1,187)	(1,239)
Bad debts	(47)	-	-	(47)	(175)
Depreciation of housing properties:					
- annual charge	(4,723)	(460)	-	(5,183)	(5,007)
- accelerated on disposal of components	(448)	(17)	-	(465)	(547)
Total expenditure on lettings	(20,434)	(3,153)	(3)	(23,590)	(22,530)
Operating surplus on lettings activities	8,281	605	5	8,891	8,483
Void losses	230	207	-	437	285

6. Gains on disposal of property

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Sale proceeds	2,552	1,207	2,552	1,207
Carry value of fixed assets	(1,167)	(498)	(1,167)	(498)
Less share of proceeds due to Preston City Council	(720)	(253)	(720)	(253)
Cost of Sales	(56)	(65)	(56)	(65)
Transfer to Recycled Capital Grant Fund	(103)	(106)	(103)	(106)
	506	285	506	285

Notes to the Financial Statements for the year ended 31 March 2022

7. Interest receivable and other income

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Bank interest receivable	20	12	20	12
	<u>20</u>	<u>12</u>	<u>20</u>	<u>12</u>

8. Interest payable and similar charges

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
On loans repayable in more than five years	(4,733)	(4,279)	(4,733)	(4,279)
Finance leases	-	(5)	-	(5)
Amortisation of Loan Fees	(63)	(107)	(63)	(107)
LGPS interest	(94)	(11)	(94)	(11)
SHPS interest	(37)	(13)	(37)	(13)
	<u>(4,927)</u>	<u>(4,415)</u>	<u>(4,927)</u>	<u>(4,415)</u>

9. Surplus on ordinary activities before taxation

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Surplus on ordinary activities is stated after charging/(crediting):				
Depreciation of housing properties:				
- annual charge	5,183	5,007	5,183	5,007
- accelerated depreciation on replaced components	465	547	465	547
Depreciation of other tangible fixed assets	651	460	641	449
Operating lease charges - Vehicles	326	226	326	226
Statutory Auditor (excluding VAT)				
- Audit of the financial statements of the Association	35	34	35	34
- Audit of the financial statement of the subsidiaries	4	4	4	4
- Other services	4	6	3	5
Internal Auditor	34	26	34	26
Defined contribution pension cost	339	313	339	313
Amortised government grants	(2,547)	(2,257)	(2,457)	(2,257)

Notes to the Financial Statements for the year ended 31 March 2022

10. Taxation

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
UK Corporation Tax				

Current Tax	-	-	-	-
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11. Residential accommodation owned and managed

Group and Association	2021 No	Additions No	Disposals/ Demolitions No	Other No	2022 No	Units in Development as at 31st March 22 No
Social housing						
General Needs - Social Rent	5,484	9	(52)	(16)	5,425	-
General Needs - Affordable Rent	578	45	(5)	2	620	144
Housing for older People/Supported Housing (Social Rent)	532	-	-	(14)	518	-
Housing for older People/Supported Housing (Affordable Rent)	73	17	-	-	90	113
Market Rent	4	-	-	-	4	-
Low Cost Home Ownership	1	24	-	-	25	62
	6,672	95	(57)	(28)	6,682	319

12. Directors and Members Emoluments

Aggregate emoluments (including National Insurance and Pension contributions) payable to Executive Directors is as follows:

Executive Directors

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Executive Directors Aggregate emoluments	478	474	478	474

Executive Directors include the Chief Executive and those officers who are executive directors and who report directly to the Chief Executive. Total remuneration of the Executive Directors amounted to £478k (2021: £474k) including National Insurance and Pension contributions.

Remuneration payable to the Chief Executive (the highest paid director) in relation to the period of account amounted to £151k (2021: £149k) excluding National Insurance and Pension contributions.

The Chief Executive is an ordinary member of the Local Government Pension Scheme (LGPS). The scheme is a career average salary scheme funded by contributions from the employer and employee. A contribution of £25k (2021: £25k) was paid by the employer in addition to those made by the Chief Executive himself.

Key management personnel comprise the executive and non-executive directors. Total remuneration amounted to £478k (2021: £474k).

Notes to the Financial Statements for the year ended 31 March 2022

The number of Executive Directors, including the highest paid Director who received emoluments (including pension contributions but excluding National Insurance contributions) in the following ranges was as follows:

Executive Directors emoluments

		Group 2022	Group 2021	Association 2022	Association 2021
£100,000	£110,000	-	-	-	-
£110,001	£120,000	-	1	-	1
£120,001	£130,000	1	-	1	-
£130,001	£140,000	1	1	1	1
£140,001	£150,000	-	-	-	-
£150,001	£160,000	-	-	-	-
£160,001	£170,000	-	-	-	-
£170,001	£180,000	1	1	1	1
		3	3	3	3

Number of Directors to whom retirement benefits are accruing in respect of qualifying services.

3	3	3	3
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Non-Executive Directors emoluments

Board members are the non-executive Board Members of CGA. There are no payments to non-executive board members in the year to disclose. CGA adopts the NHF Code of Governance 2020.

	Group 2022 Number	Group 2021 Number	Association 2022 Number	Association 2021 Number
£Nil (Board)	11	11	11	11

Expenses paid to non-executive members of the Board who were neither officers nor employees of the Association was as follows.

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Expenses paid	1	1	1	1

Notes to the Financial Statements for the year ended 31 March 2022

13. Employee Information

The employee numbers are average Full Time Equivalents (FTE's). The FTE is based on an average 37-hour week calculated on a monthly basis, with the monthly FTE's averaged for the year.

	Group 2022 Average Number	Group 2021 Average Number	Association 2022 Average Number	Association 2021 Average Number
Chief Executive Team	17	17	17	17
Resources Team	29	28	29	28
Neighbourhoods Team	60	60	60	60
Customer Services (Gateway Direct)	17	17	17	17
Homelessness Initiative	11	8	11	8
Maintenance Team	111	108	111	108
Development Team	4	3	4	3
Community Investment Team	21	19	12	10
	270	260	261	251

Aggregate emoluments (including National Insurance and Pension contributions) paid to all employees (including the 3 Executive Directors reported in Note 12 above) is as follows

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Wages and salaries	8,613	8,004	8,389	7,779
Social security costs	831	765	811	745
Other pension costs	677	660	664	648
Compensation for loss of office	60	-	60	-
	10,181	9,429	9,924	9,172

Notes to the Financial Statements for the year ended 31 March 2022

Employee Information (continued)

The aggregate number of full-time equivalent staff employees (including the 3 Executive Directors reported in Note 12 above) whose remuneration (including pension contributions but excluding National Insurance contributions) exceeded £60,000 in the period is as follows

		Group 2022	Group 2021	Association 2022	Association 2021
£50,000	£60,000	-	-	-	-
£60,001	£70,000	2	3	2	3
£70,001	£80,000	4	3	4	3
£80,001	£90,000	1	1	1	1
£90,001	£100,000	-	-	-	-
£100,001	£110,000	-	-	-	-
£110,001	£120,000	-	1	-	1
£120,001	£130,000	1	-	1	-
£130,001	£140,000	1	1	1	1
£140,001	£150,000	-	-	-	-
£150,001	£160,000	-	-	-	-
£160,001	£170,000	-	-	-	-
£170,001	£180,000	1	1	1	1
		10	10	10	10

No loans (other than through the Cycle to Work Scheme) have been made to employees in the year.

Notes to the Financial Statements for the year ended 31 March 2022

14. Housing Properties

Group	Held for letting		Low cost home ownership		Total
	Completed £'000	Under construction £'000	Completed £'000	Under construction £'000	Housing properties £'000
Cost					
At 1 April 2021	219,511	15,389	4	2,373	237,277
Additions:					
- construction costs	813	20,774	-	3,782	25,369
- replaced components	2,882	-	-	-	2,882
Completed schemes	8,920	(8,920)	2,884	(2,884)	-
Disposals:					
- Property Sales	(1,786)	-	-	-	(1,786)
- replaced components	(719)	-	-	-	(719)
At 31 March 2022	229,621	27,243	2,888	3,271	263,023
Less: Depreciation					
At 1 April 2021	(45,504)	-	-	-	(45,504)
Charged for the year	(5,641)	-	(7)	-	(5,648)
Eliminated on disposals:					
- property sales	517	-	-	-	517
- replaced components	719	-	-	-	719
At 31 March 2022	(49,909)	-	(7)	-	(49,916)
Net book value at 31 March 2022	179,712	27,243	2,881	3,271	213,107
Net book value at 31 March 2021	174,007	15,389	4	2,373	191,773

Notes to the Financial Statements for the year ended 31 March 2022

14. Housing Properties (continued)

Association	Held for letting		Low cost home ownership		Total
	Completed £'000	Under construction £'000	Completed £'000	Under construction £'000	
Cost or valuation					
At 1 April 2021	219,511	15,389	4	2,373	237,277
Additions:					
- construction costs	815	20,919	-	3,782	25,516
- replaced components	2,882	-	-	-	2,882
Completed schemes	8,920	(8,920)	2,884	(2,884)	-
Disposals:					
- Property Sales	(1,786)	-	-	-	(1,786)
- replaced components	(719)	-	-	-	(719)
At 31 March 2022	229,623	27,388	2,888	3,271	263,170
Less: Depreciation					
At 1 April 2021	(45,504)	-	-	-	(45,504)
Charged for the year	(5,641)	-	(7)	-	(5,648)
Eliminated on disposals:					
- property sales	517	-	-	-	517
- replaced components	719	-	-	-	719
At 31 March 2022	(49,909)	-	(7)	-	(49,916)
Net book value at 31 March 2022	179,714	27,388	2,881	3,271	213,254
Net book value at 31 March 2021	174,007	15,389	4	2,373	191,773

The costs relating to component replacements are capitalised. All other major works costs/cyclical maintenance is expensed to revenue. The carrying value of secure assets is £120,762k (2021: £123,355k).

Notes to the Financial Statements for the year ended 31 March 2022

15. Other Tangible Fixed Assets

Group

	Freehold Buildings	Plant, machinery, & fixtures	Computer, hardware & software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	5,654	2,668	5,909	14,231
Additions	-	273	364	637
Disposals	-	-	-	-
At 31 March 2022	<u>5,654</u>	<u>2,941</u>	<u>6,273</u>	<u>14,868</u>
Less:				
Depreciation				
At 1 April 2021	(533)	(1,498)	(3,775)	(5,806)
Charge for the period	(86)	(185)	(380)	(651)
At 31 March 2022	<u>(619)</u>	<u>(1,683)</u>	<u>(4,155)</u>	<u>(6,457)</u>
Net Book Value at 31 March 2022	<u>5,035</u>	<u>1,258</u>	<u>2,118</u>	<u>8,411</u>
Net Book Value at 31 March 2021	<u>5,121</u>	<u>1,170</u>	<u>2,134</u>	<u>8,425</u>

Association

	Freehold Buildings	Plant, machinery, & fixtures	Computer, hardware & software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	5,654	2,629	5,909	14,192
Additions	-	273	364	637
Disposals	-	(3)	-	(3)
At 31 March 2022	<u>5,654</u>	<u>2,899</u>	<u>6,273</u>	<u>14,826</u>
Less: Depreciation				
At 1 April 2021	(533)	(1,477)	(3,775)	(5,785)
Charge for the period	(86)	(175)	(380)	(641)
Disposals	-	3	-	3
At 31 March 2022	<u>(619)</u>	<u>(1,649)</u>	<u>(4,155)</u>	<u>(6,423)</u>
Net Book Value at 31 March 2022	<u>5,035</u>	<u>1,250</u>	<u>2,118</u>	<u>8,403</u>
Net Book Value at 31 March 2021	<u>5,121</u>	<u>1,152</u>	<u>2,134</u>	<u>8,407</u>

Notes to the Financial Statements for the year ended 31 March 2022

16. Investment Properties (Group and Association)

	Commercial £'000	Total £'000
At 1 April 2021	1,065	1,065
Additions	-	-
Disposals	-	-
Revaluations	-	-
At 31 March 2022	1,065	1,065

The group's investment properties are valued annually on 31 March at fair value, as determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made are given in note 2.

17. Stock and Work in progress (Group and Association)

	2022 £'000	2021 £'000
Shared Ownership properties		
Completed	508	-
Under Construction	2,708	1,494
	3,216	1,494

18. Debtors

	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Amounts receivable within one year:				
Arrears of rent and service charges	103	168	103	168
Former tenant arrears	449	433	449	433
Housing other debt	23	31	23	31
Less: Provision for bad and doubtful debts - Housing	(487)	(515)	(487)	(515)
	88	117	88	117
Other debtors	2,067	3,871	1,314	655
Amounts due from group undertakings	-	-	664	3,156
Prepayments and accrued income	2,901	2,605	2,737	2,605
Less: Provision for bad and doubtful debts - Non housing	(247)	(185)	(247)	(185)
Total Debtors	4,809	6,408	4,556	6,348

Notes to the Financial Statements for the year ended 31 March 2022

19. Creditors	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Amounts falling due within one year:				
Pre-paid rent	954	913	954	913
Loan Interest	675	538	675	538
Accruals and deferred income	1,270	1,749	864	1,642
Taxation and social security	8	164	-	200
Trade creditors	1,203	1,590	1,183	1,467
Deferred capital grant (see note 22)	2,145	2,144	2,145	2,144
Amounts due to group undertakings	-	-	245	-
Leaseholders fund	32	31	32	31
	6,287	7,129	6,098	6,935
Amounts falling due after more than one year:				
Housing loans (see note 20)	118,971	103,982	118,971	103,982
Recycled Capital Grant Fund (see note 21)	225	133	225	133
Deferred capital grant (see note 22)	55,997	52,354	55,997	52,354
	175,193	156,469	175,193	156,469

20. Debt Analysis & Net Debt Reconciliation

Debt Analysis	Group 2022 £'000	Group 2021 £'000	Association 2022 £'000	Association 2021 £'000
Due within one year				
Loans	-	-	-	-
	-	-	-	-
Due after more than one year				
Loans	120,000	105,000	120,000	105,000
Less: issue costs	(1,029)	(1,018)	(1,029)	(1,018)
Total loans	118,971	103,982	118,971	103,982

Net Debt Reconciliation Group	As at 31st 31 March 21 £'000	Cashflows 2022 £'000	As at 31 March 22 £'000
Cash	(14,181)	(740)	(14,921)
Loans – Bank facility	40,000	-	40,000
Loans – Private Placement	65,000	15,000	80,000
	90,819	14,260	105,079

Notes to the Financial Statements for the year ended 31 March 2022

Net Debt Reconciliation Association	As at 31st March 21	Cashflows 2022	As at 31 March 22
	£'000	£'000	£'000
Cash	(13,973)	(741)	(14,714)
Loans – Bank facility	40,000	-	40,000
Loans – Private Placement	65,000	15,000	80,000
	<u>91,027</u>	<u>14,259</u>	<u>105,286</u>

Loan Facility, Terms of repayment and interest rates

Total loan facilities are £175m, of which £95m has been secured via a Private Placement and £80m from a bank facility. £120m of the available facilities has been drawn leaving £55m remaining to be drawn, of which £40m can be drawn immediately and £15m was deferred until 1st July 2022.

As at 31 March 2022 £120m (100%) of the Group's funding is at fixed rates ranging from a total cost of funds of 2.47% to 6.93%.

Loan Security

Loan Security of up to 110% (EUV-SH) and up to 130% (MV-T) is required on our debt. Loans are secured by specific charges on CGA's individual housing properties.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group 2022	Group 2021	Association 2022	Association 2021
	£'000	£'000	£'000	£'000
Within one year	-	-	-	-
One year or more but less than two years	-	-	-	-
Two years or more but less than five years	20,000	20,000	20,000	20,000
Five years or more	100,000	85,000	100,000	85,000
Less: Issue cost	(1,029)	(1,018)	(1,029)	(1,018)
	<u>118,971</u>	<u>103,982</u>	<u>118,971</u>	<u>103,982</u>

21. Recycled capital grant fund

	Group 2022	Group 2021	Association 2022	Association 2021
	£'000	£'000	£'000	£'000
At 1 April 2021	133	90	133	90
Net sale proceeds recycled	103	133	103	133
Interest accrued	-	1	-	1
Acquisition of dwellings for letting	(11)	(91)	(11)	(91)
At 31 March 2022	<u>225</u>	<u>133</u>	<u>225</u>	<u>133</u>
Amounts 3 years or older where repayment may be required	-	-	-	-

All balances relate to Homes England

Notes to the Financial Statements for the year ended 31 March 2022

22. Deferred capital grant

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1 April 2021	54,499	54,501	54,499	54,501
Grants received during the year	6,293	2,269	6,293	2,269
Grants recycled from the disposal proceeds fund	-	-	-	-
Grants recycled from recycled capital grant fund	-	91	-	91
Grants recycled into the capital grant funds	(103)	(106)	(103)	(106)
Released to income during the year	(2,547)	(2,256)	(2,547)	(2,256)
	58,142	54,499	58,142	54,499
Amounts to be released <1 Year	2,145	2,145	2,145	2,145
Amounts to be released in >1 Year	55,997	52,354	55,997	52,354
	58,142	54,499	58,142	54,499

The total accumulated amount of Financial Assistance and other government grant received or receivable at 31 March 2022 is £81,620k (2021: £74,365k) (based upon properties owned at that date).

In addition, CGA have inherited Grant Liability of £8,492k on the 424 properties acquired following the stock transfers completed in March 2019, which is not included above.

23. Capital Commitments

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Capital expenditure that has been contracted but has not been provided for in the financial statements	36,733	21,803	36,733	21,803
Capital expenditure that has been authorised but has not yet been contracted for	41,538	94,587	41,538	94,587
	78,271	116,390	78,271	116,390

This will be funded through a combination of existing cash balances (£14.9m), future revenues, grant funding (£33.9m), sales income (£8.3m) and loan borrowings (£21.2m).

Notes to the Financial Statements for the year ended 31 March 2022

24. Operating leases

Operating lease costs are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. CGA total had minimum lease payments under non-cancellable operating leases as set out below:

Vehicles and office equipment, expiring:

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	270	245	270	245
One to five years	77	327	77	327
Beyond five years	-	-	-	-
	347	572	347	572

Offices, expiring:

	Group	Group	Association	Association
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	38	28	38	28
One to five years	66	-	66	-
Beyond five years	-	-	-	-
	104	28	66	28

25. Non Equity Share Capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up. Shares in the Association issued to members are not transferable. Upon a shareholder ceasing to be a member, his/her share is forfeited.

Shares of 10p each issued

	2022	2021
At the beginning of the year	2,102	2,240
Shared issued during the year	19	27
Shares surrendered during the year	214	165
At the end of the year	1,907	2,102

Notes to the Financial Statements for the year ended 31 March 2022

26. Retirement Benefits – Social Housing Pension Scheme

Community Gateway Association participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

Actuarial assumptions	At 31 March 2022	At 31 March 2021
Discount rate assumption	2.70%	2.00%
Inflation (RPI) assumption	3.60%	3.20%
Inflation (CPI) assumption	3.00%	2.60%
Pensionable earnings increase assumption	3.30%	2.90%
Life expectancy of a		
- current pensioner aged 65 Male/(Female)	20.9 (23.5) years	21.4 (23.3) years
- Future pensioner aged 65 in 20 years' time Male/(Female)	22.2 (25.0) years	22.7 (24.9) years

Reconciliation of fair value of plan assets

Value of Assets	At 31 March 2022 £'000	At 31 March 2021 £'000
Global Equity	1,051	668
Absolute Return	220	231
Distressed Opportunities	196	121
Credit Relative Value	182	132
Alternative Risk Premia	181	158
Emerging Market Debt	159	169
Risk Sharing	180	153
Insurance-Linked Securities	128	101
Property	148	87
Infrastructure	390	279
Private Debt	140	100
Opportunistic Illiquid Credit	184	107
High Yield	47	125
Opportunistic Credit	19	115
Cash	19	-
Corporate Bond Fund	365	248
Liquid Credit	-	50
Long Lease Property	141	82
Secured Income	204	174
Liability Driven Investment	1,529	1,065
Currency Hedging	(21)	-
Net Current Assets	15	25
Total value of assets	5,477	4,190
Present value of liabilities	(5,875)	(6,016)
Net Pension Liability	(398)	(1,826)

Notes to the Financial Statements for the year ended 31 March 2022

26. Retirement Benefits – Social Housing Pension Scheme (continued)

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and are discounted at the current rate of return on high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges and finance costs in the Statement of Comprehensive Income.

Reconciliation of present value of plan liabilities	2022	2021
	£'000	£'000
At the beginning of the year	(6,016)	(3,957)
Current service cost	(209)	(123)
Expenses	(5)	(6)
Interest cost	(123)	(97)
Member contributions	(99)	(108)
Actuarial gains / (losses)	552	(1,750)
Benefits paid	25	25
	<u>(5,875)</u>	<u>(6,016)</u>
At the end of the year		
	<u>(5,875)</u>	<u>(6,016)</u>
Reconciliation of fair value of plan assets	2022	2021
	£'000	£'000
At the beginning of the year	4,190	3,358
Interest income on plan assets	86	84
Experience on plan assets	936	459
Member contributions	99	108
Employer contributions	191	206
Benefits paid and expenses	(25)	(25)
At the end of the year	<u>5,477</u>	<u>4,190</u>
Fair value of plan assets	5,477	4,190
Present value of plan liabilities	<u>(5,875)</u>	<u>(6,016)</u>
Net pension scheme liability	<u>(398)</u>	<u>(1,826)</u>
Amounts recognised in operating expenditure are as follows	2022	2021
	£'000	£'000
Current service cost	(209)	(123)
Administration expenses	(5)	(6)
	<u>(214)</u>	<u>(129)</u>

Notes to the Financial Statements for the year ended 31 March 2022

26. Retirement Benefits – Social Housing Pension Scheme (continued)

Amounts included in other finance costs	2022	2021
	£'000	£'000
Net interest cost	(37)	(13)
	<u>(37)</u>	<u>(13)</u>
Analysis of actuarial Gain/(Loss) recognised in Other Comprehensive Income	2022	2021
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain	936	459
Experience gains and losses arising on the plan liabilities - (loss)/gain	(324)	12
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	79	(19)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	797	(1,743)
	<u>1,488</u>	<u>(1,291)</u>
Total amount recognised in other comprehensive income –gain/(loss)	1,488	(1,291)

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

27. Retirement Benefits – Lancashire County Council Pension Fund

CGA participates in the Lancashire County Council Pension Fund. It is a funded defined benefit Local Government Pension Scheme (LGPS) where contributions payable are held in a trust separately for CGA. The most recent triennial valuation of the Fund was carried out as at 31 March 2019. This valuation has been updated for FRS 102 assumptions to 31 March 2022 by a qualified actuary:

Valuation date	31 March 2022
Valuation method	Projected Unit
Market value of assets	£30.019 million
Current Employer Contribution rate	17.8%
Investment return per annum:	14.3%

Notes to the Financial Statements for the year ended 31 March 2022

27. Retirement Benefits – Lancashire County Council Pension Fund (continued)

CGA is required to disclose further information on its share of assets and liabilities of the Fund on an FRS 102 market value basis at the end of the accounting period. This information is set out below;

Actuarial assumptions	At 31 March 2022	At 31 March 2021
Discount rate	2.70%	2.00%
Salary increase rate	3.30%	2.90%
Pension increase rate	3.00%	2.60%
Rate of inflation	3.00%	2.60%
Life expectancy of a male (female)		
- future pensioner aged 65 in 20 years' time	22.5 (25.3) years	22.5 (25.2) years
- current pensioner aged 65	21.7 (24.3) years	21.7 (24.3) years
Value of Assets	At 31 March 2022	At 31 March 2021
	£'000	£'000
Equities	31	12,470
Government bonds	240	-
Property	480	3,776
Cash/liquidity	750	585
Other	28,518	9,758
Total value of assets	30,019	26,589
Present value of liabilities	(30,300)	(31,375)
Net pension liability	(281)	(4,786)

Notes to the Financial Statements for the year ended 31 March 2022

27. Retirement Benefits – Lancashire County Council Pension Fund (continued)

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and are discounted at the current rate of return on high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges and finance costs in the Statement of Comprehensive Income.

Reconciliation of present value of plan liabilities	2022	2021
	£'000	£'000
At the beginning of the year	(31,375)	(25,041)
Current service cost	(465)	(357)
Interest cost	(622)	(592)
Member contributions	(101)	(105)
Actuarial gain / (loss)	1,597	(6,121)
Benefits paid	666	841
At the end of the year	<u>(30,300)</u>	<u>(31,375)</u>
Reconciliation of fair value of plan assets	2022	2021
	£'000	£'000
At the beginning of the year	26,589	24,456
Interest income on plan assets	528	581
Member contributions	101	105
Employer contributions	224	236
Actuarial gains	3,251	2,060
Administration expenses	(8)	(8)
Benefits paid	(666)	(841)
At the end of the year	<u>30,019</u>	<u>26,589</u>
Fair value of plan assets	30,019	26,589
Present value of plan liabilities	<u>(30,300)</u>	<u>(31,375)</u>
Net pension scheme liability	<u>(281)</u>	<u>(4,786)</u>

Notes to the Financial Statements for the year ended 31 March 2022

27. Retirement Benefits – Lancashire County Council Pension Fund (continued)

Amounts recognised in operating expenditure are as follows

	2022	2021
	£'000	£'000
Included in administrative expenses		
Current service cost	(465)	(357)
Administration expenses	(8)	(8)
	<u>(473)</u>	<u>(365)</u>

Amounts included in other finance costs

	2022	2021
	£'000	£'000
Net interest cost	(94)	(11)
	<u>(94)</u>	<u>(11)</u>

Analysis of actuarial gains/(losses) recognised in Other Comprehensive Income

	2022	2021
	£'000	£'000
Changes in assumptions underlying the present value of the scheme liabilities	4,848	(4,061)
	<u>4,848</u>	<u>(4,061)</u>

Notes to the Financial Statements for the year ended 31 March 2022

28. Related Party Transactions

The Board of Management includes positions for five Directors who are tenants of CGA. During the year four tenant Board Directors held these positions at various times during the year as follows:

David Yates
Phil Parramore

Susan Lyons
Pam Watson

The terms of their tenancy arrangements are consistent with those offered to other tenants. The combined rent charged for the year was £22,480 (2021: £17,706) and the tenants had a combined credit balance £278 (2021: credit balance of £263).

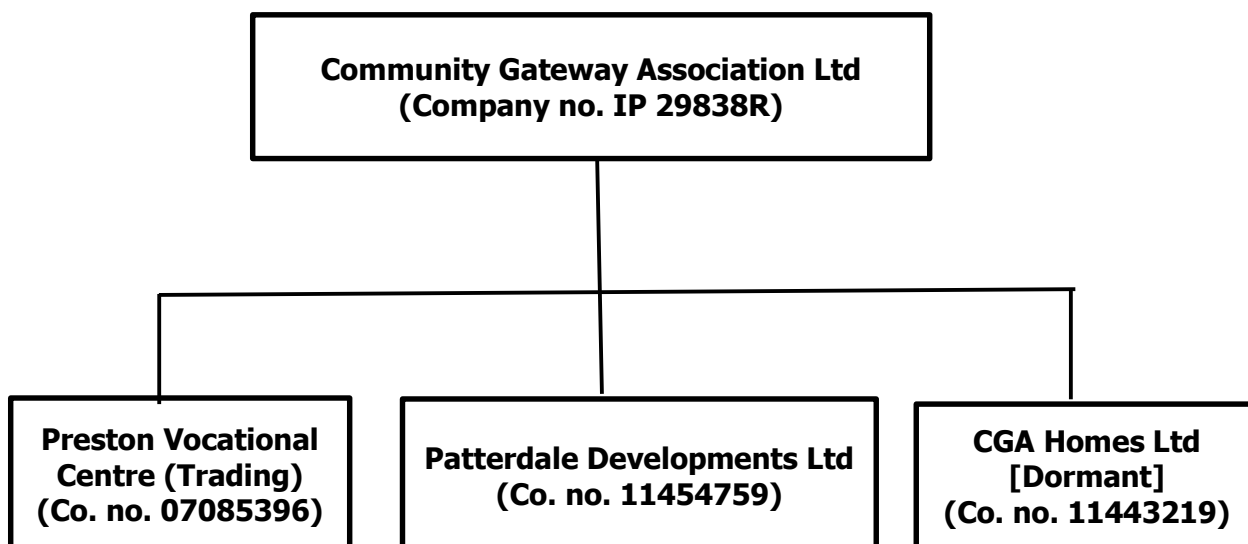
The Board of Management also includes two Directors who are elected members of Preston City Council. As at 31 March 2022 these are:

Jonathan Saksena
Zafar Coupland

CGA undertakes transactions with the Council at arm's length in the normal course of business.

CGA is a member of the Local Government (LGPS) and the Social Housing (SHPS) multi-employer pension schemes. These schemes are fully disclosed in the accounts at notes 25 and 26.

CGA has 3 non-registered subsidiaries as follows:



Notes to the Financial Statements for the year ended 31 March 2022

28. Related Party Transactions (continued)

Preston Vocational Centre

CGA acquired Preston Vocational Centre (PVC) at nil value in August 2013 when PVC became a subsidiary of CGA. The accounts of PVC for the period 1 April 2021 to 31 March 2022 have been consolidated into CGA's Group accounts.

PVC Board consists of 8 members (appointed to the Board following a selection process) plus CGA's Chief Executive. The selection process ensures that PVC has a range of knowledge, skills and expertise, including commercial and educational experience.

Inter Group recharges are received by CGA from PVC to cover the running costs CGA incurs of managing and providing services. The total amount of charges payable by PVC amounted to £17k (2021: £30k). As at 31 March 2022 the amount outstanding was £20k (2021: £22k).

Patterdale Developments Ltd (PDL)

PDL was established during 2018/19 to deliver the Group's Development programme in the most cost-effective way.

PDL commenced trading during 2019/20. The accounts of PDL for the period 1 April 2021 to 31 March 2022 have been consolidated into CGA's Group accounts

CGA's Executive officers form the Board of PDL.

Inter Group recharges are received by PDL from CGA (£23.101m) (2021: £5.886m) to cover the cost of the development schemes (£22.865m) (2021: £5.824m) and a mark-up (£0.237m) (2021: £0.062m) for delivering the schemes. As at 31 March 2022 the amount outstanding was £0.245m (2021: £3.134m).

CGA Homes Ltd (CHL)

CHL was established during 2018/19 to carry out activities that sit outside the charitable remit of CGA.

CHL remained dormant during 2021/22 but is ready to commence trading.

CGA's Chief Executive plus four CGA Board members form the Board of CHL.