



## **Directors' Report and Financial Statements**

**Year ended 31 March 2021**

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

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## Board of Directors, Executives and Advisors

<p><b>Board of Directors</b> David Yates (Chair) Liz Petch (Vice Chair) Sue Lyons Allan Ramsay Michelle Allott Ann Djordjevik (Resigned 1<sup>st</sup> October 2020) Jonathan Saksena Jennifer Mein (Resigned 20th May 2021) Pam Watson Phil Parramore Julie Lynch (Appointed 19<sup>th</sup> November 2020, Co-optee from 18<sup>th</sup> July 2019) David Brown (co-optee appointed 11<sup>th</sup> March 2021)</p> <p>Zafar Coupland (Appointed 1st June 2021)</p> <p><b>Executive Officers</b> Rob Wakefield (Chief Executive) Louise Mattinson (Deputy Chief Executive and Executive Director of Customers &amp; Communities) Craig Garner (Executive Director of Resources and Company Secretary)</p>	<p><b>Advisors</b></p> <p><b>Statutory Auditor</b> Beever and Struthers Chartered Accountants &amp; Statutory Auditor St George's House, 215-219 Chester Road, Manchester, M15 4JE</p> <p><b>Internal Auditor</b> BDO 3 Hardman Street, Spinningfields Manchester M3 3AT</p> <p><b>Banker</b> Barclays Bank PLC 1<sup>st</sup> Floor 3 Hardman Street Spinningfields Manchester M3 3HF</p>
<p><b>Registration Details</b></p> <p><b>Registered Office:</b> Harbour House, Portway, Ashton on Ribble, Preston, PR2 2DW</p> <p><b>Registered by the Regulator of Social Housing (RSH):</b> Number L4457</p> <p><b>Registered Community Benefit Society Number:</b> Number IP29838R</p>	

## **Strategic Report for the year ended 31 March 2021**

The Board is pleased to present its report and consolidated statements for the year ended 31 March 2021. The information contained in this report together with the Board Report, Value for Money Statement, Compliance Statement, Internal Control and Risk Management Report complies with the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Board of Directors of CGA are the Board of Management, as defined by the Accounting Direction for Private Registered providers of Social Housing 2019. The Board of Management's responsibilities are as stated on pages 21 to 22 below.

### **Principal activities and review of business**

Community Gateway Association (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.

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 2020/21. The accounts of PVC, PDL and CHL have been consolidated into the Group Accounts.

The principal activity during the year was the management and maintenance of CGA's properties. CGA is the main provider of social housing in Preston and was the first social landlord created using the community 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.

# Strategic Report for the year ended 31 March 2021

## Principal activities and review of business (continued)

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.

## Operating Context

The current economic environment in which we operate continues to be an uncertain and challenging one. As Covid-19 restrictions are eased in line with the Government's Roadmap we anticipate the longer-term impact of the Covid-19 pandemic will emerge.

It is likely that this will impact on the delivery of our Corporate Plan, our tenant's incomes and the housing market generally. Following the UK's exit from the European Union (EU) on 31<sup>st</sup> December 2020, there is also the potential risk of continued uncertainty as the UK transitions to new trading arrangements with the European Union (EU).

In addition, welfare reform continues to present a range of challenges for both CGA and our tenants.

CGA continues to perform strongly despite a challenging operating environment and has delivered some significant results during 2020/21.

## Impact of Covid-19

The outbreak of Covid-19 and the lockdown measures introduced throughout the year presented both operational and financial risks that have been successfully managed. Following the lockdown measures first introduced on 23 March 2020, prior to the start of the 2020/21 financial year, we reduced front line services to essential health and safety services with all other services working remotely where possible.

With the gradual easing of the lockdown measures we commenced the re-introduction of services where it was safe to do so within the social distancing guidelines issued by the Government. Our service delivery model was reviewed and adapted as lockdown measures were subsequently tightened by the Government following increases in the infection rate.

## Strategic Report for the year ended 31 March 2021

### Impact of Covid-19 (continued)

Our approach has centred on pragmatism, following the principles of the Covid-19 restrictions applied at the time and the specific guidance issued. We have retained a clear focus on the health, safety and wellbeing of our colleagues and customers whilst continuing to provide as many services as possible by tailoring services to specific needs and requirements where appropriate.

We developed a comprehensive Covid-19 response plan based on our risk assessments and Government guidance that could be flexed in line with restrictions being faced at the time. As lockdown measures have changed during the year, we adjusted our service delivery in line with our response plan.

We also carried out an assessment of the impact of the financial risks, such as a reduction in rent collected and an increase in void rent loss combined with a one-off increase in costs. The tests demonstrated that the financial impact could be managed within our approved Business Plan and that we had sufficient liquidity to manage the risks.

As noted below, it is evident that despite the pandemic, we have managed the potential impact and performed strongly.

### A Review of the Year

2020/21 was the second year of our 2019-24 Corporate Strategy 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 2020/21:

- The Board remains suitably skilled, and effective – we completed a review of Board effectiveness as part of our Board appraisal process, with only minor recommendations being incorporated into our Governance Action plan;

## **Strategic Report for the year ended 31 March 2021 (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 regulator's recent "In Depth Assessment" (IDA), which confirmed CGA's continued highest governance and viability rating, i.e. G1 and V1;
- We completed our planned refinancing process in July 2021. This resulted in a strengthened liquidity position and enhanced long-term Business Plan. In doing this we increased our loan facility from £115m to £175m and secured £95m long term funding (for 30 to 35 years) through a Private Placement;
- Overall satisfaction with CGA's services has ended the year strongly with nearly 90% of customers satisfied with the service provided by CGA;
- The percentage of customers satisfied with the overall quality of their home is over 85% and satisfaction with our neighbourhoods is 83%. Whilst we retain high levels of satisfaction we realise that they have declined slightly from previous years and 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 almost 100% and current tenant arrears at a record low of 0.59%;
- Performance on maintaining our homes remains strong. The percentage of responsive repairs 'right first time' is almost 99% and customer satisfaction with the repairs service is almost 90%. We are engaging with customers to understand what we can do to improve this measure;
- Key compliance indicators remain strong i.e. Decent Homes Standard remains at 100%; gas servicing is 99.7% and compliance with electrical inspections is 99.97%. The drop below 100% being due to the Covid-19 pandemic; the outstanding inspections have now all been completed and 100% compliance is currently being achieved.
- We improved our customers' financial wellbeing by securing additional benefits of £3.4m, white goods for 188 tenants and putting in place a new service "The Purple Pantry" to ensure customers can access affordable food;
- We continued to deliver tailored one to one support to 149 individuals through our Gateway2Employment initiative and European Funded projects, with 52% of those supported reaching a positive destination, including employment, gaining a qualification, entering education or becoming a volunteer;

## **Strategic Report for the year ended 31 March 2021 (continued)**

### **A review of the year (continued)**

- We reduced the feeling of isolation amongst our older customers and in addition to the 200 regular daily monitoring calls we made over 28,500 welfare calls to our older customers. We also organised 'stay at home' events to celebrate VE day, the Queen's Birthday and Christmas;
- We delivered 15 community projects including schemes to reduce anti-social behaviour and criminal activity; to improve access to nutritional meals; to provide essential school uniform items to 534 children across Preston; and to raise awareness of the impact of knife crime;
- We supported local organisations to deliver food and provide wellbeing support to their communities, assisting them with funding and access to wider partnerships such as Preston food hubs;
- We secured over £1.2m external funding to enhance the homelessness provision and develop new properties. We are also in the process of converting two hard to let pavilion sheltered schemes into single and family homeless accommodation;
- We remain on track to exceed our 640 new homes target by 2023/24 and have a development programme that is forecast to deliver 900 homes by 2026. The majority of these will be Affordable Rented Homes but will also include some shared ownership homes. We developed and acquired 88 new homes and brought back into management 12 re modelled homes during the year and have a further 669 new homes approved of which 161 (25%) are contractually committed and a further 231 new homes where sites have been identified;
- Our flagship Extra Care scheme, The Courtyards opened in February 2021 and welcomed its first 30 customers to their new homes. We have planning permission for a second Extra Care scheme which will assist Preston with the provision it requires;
- 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 Gateway Property Care (GPC) completing a large proportion of investment works.

# **Strategic Report for the year ended 31 March 2021 (continued)**

## **Future Prospects**

We have achieved some notable successes during 2020/21 (Year 2) of our 2019-24 Corporate Plan. Following a review of performance during the year and an assessment of the impact of Covid-19 on our service delivery we have refined and clarified our measures of success / Key Performance Indicators for 2021/22.

We will look to build on the outcomes achieved during the first two 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 good quality homes;
- Continue to invest in the look and feel of our neighbourhoods and work with local partners to tackle crime and reduce anti-social behaviour in our communities
- Review our Supported Housing Services to help prevent/reduce homelessness and reduce loneliness and social isolation;
- Work with our tenants to help them improve their financial wellbeing;
- Improve the financial wellbeing of our customers by providing Support for welfare benefit claims.

## **Summary Financial Results**

### **Financial Headlines**

We have continued to deliver solid financial performance in 2020/21. 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 £3.938m for the Group. Performance was better than the budget due to improved operational performance alongside efficiency savings made. A summary of CGA's Statement of Comprehensive Income over the past five years is shown below.

## Strategic Report for the year ended 31 March 2021 (continued)

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>CGA</b>	<b>CGA</b>	<b>Group</b>	<b>Group</b>	<b>Group</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover	31,103	29,420	29,002	31,258	31,810
<b>Operating Surplus</b>	<b>9,945</b>	<b>9,115</b>	<b>9,118</b>	<b>9,427</b>	<b>8,341</b>
Net Interest & financing costs	(3,439)	(3,404)	(3,487)	(4,044)	(4,403)
Movement in Investment Properties	-	(241)	(500)	-	-
<b>Surplus</b>	<b>6,506</b>	<b>5,470</b>	<b>5,131</b>	<b>5,382</b>	<b>3,938</b>
Actuarial gains/(losses) on pensions	(1,834)	1,375	2,467	1,554	(5,352)
<b>Comprehensive Income for Year</b>	<b>4,672</b>	<b>6,845</b>	<b>7,598</b>	<b>6,936</b>	<b>(1,414)</b>
<b>Reserves at 31 March</b>	<b>33,135</b>	<b>39,980</b>	<b>47,615</b>	<b>54,551</b>	<b>53,136</b>

*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 2016/17 to 2017/18*

- Turnover has increased by £552k (1.8%) during the year, principally due to impact of the 2.7% rent increase, an increase in property numbers by 30 offset by a reduction in letting and other non social income
- Operating surplus has reduced by £1.1m during the year as a result of:
  - an increase in investment in the housing stock through Routine Maintenance and Major Repairs combined with an increase in employee costs principally due to an increase in employee numbers required to deliver programmes of work;
  - an increase in depreciation costs (£206k) due to the increase in the property asset value as a result of investment in the stock and the completion of homes on the Development programme;

## **Strategic Report for the year ended 31 March 2021 (continued)**

### **Statement of Comprehensive Income (continued)**

- Net Interest and financing costs increased by £359k (8.9%) during the financial year as our borrowings increased by £21m following the refinancing exercise undertaken to fund the development programme;
- A gain of £0.285m was generated following the sale of 19 units during the year;
- An actuarial loss of £4.061m (2020: actuarial gain of 1.621m) on the Local Government defined benefit pension scheme (LGPS) and an actuarial loss of £1.291m (2020: actuarial loss £0.067m) on the Social Housing Pension Scheme (SHPS). Whilst pension assets have increased due to equity values increasing (after the fall the previous year due to the impact of Covid-19) the value of liabilities has increased by more than the value of assets. This is due to the impact of the lower discount rate, increase in CPI assumptions, salary growth and an increase in life expectancy rates.

### **Statement of Financial Position**

The value of our housing properties at historic cost totalled £191.78m (2020: £181.970m). This increase reflects the ongoing development and capital improvement work during 2020/21, where we developed a further 88 homes and remodelled a further 12 homes. As a result, the value of our housing properties increased by £9.81m.

As at 31 March 2021 drawn loans totalled £105m of our £175m facilities and this is detailed under note 16 'Creditors: amounts falling due after more than 1 year'.

Our revenue reserve (including pension liability) now stands at £53.136m a reduction of £1.415m as a result of the deficit on the Statement of Comprehensive Income arising due to the actuarial losses on the Defined Benefit Pension Schemes.

### **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.

## **Strategic Report for the year ended 31 March 2021 (continued)**

### **Pension Costs (continued)**

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 10 in the year, generating total receipts of £0.366m of which £0.253m has been paid to PCC under the RTB sharing agreement. There were 9 property sales under the Right to Acquire scheme generating receipts of over £0.840m. 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 99.87% and arrears standing at 0.59% at the 31 March 2021. 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.

### **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.

## **Strategic Report for the year ended 31 March 2021 (continued)**

### **Treasury Management (continued)**

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 £105m (100% of gross debt) at 31 March 2021 as shown in Note 17 of the Financial Statements.

#### *Loan Facilities*

In July 2020 we completed the final stage of our refinancing process to secure a £60m increase in our loan facility from £115m to £175m. This provided further capacity within our Business Plan to support our growth ambitions.

The £175m provides £95m long-term funding through a Private Placement (including £30m equally split deferred sums after 12 and 24 months), with maturity dates of 30 to 35 years and £80m medium-term security, with the loan maturity ranging from approximately 3 to 7 years.

#### *Cash Flow and Liquidity*

The net cash inflow from operating activities before interest costs was £6.988m. bank balances and short-term investments were £14.181m at the year-end and borrowing totalled £105m.

### **Principal Risks and Uncertainties**

As highlighted in the Report of the Board we have developed a robust risk management framework that enables the identification, assessment and active management of a range of strategic and operational risks. This framework, led by the Board and overseen by the Audit & Risk Committee, seeks to ensure that the corporate objectives can be successfully delivered and any impact on the organisation is minimised.

The key risk areas include:

- Financial and operational risks arising from Covid-19;
- Pressures on our income streams through the continued implementation of welfare reform and the reduction in grant funding for development and supported housing services;
- The risk of a 'no-deal Brexit' resulting in price increases and a reduction to our income due to the economy going into recession and tenants unable to pay their rent;

# Strategic Report for the year ended 31 March 2021

(continued)

## Principal Risks and Uncertainties (Continued)

- 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 company;
- 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 Regulator for Social Housing standards.

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.

## The Board

The Board is committed to achieving the highest standards of corporate governance. The term 'corporate governance' generally refers to the supervision of how an organisation is run and how the risks to its business are managed. It embraces compliance with all laws and regulations and fosters a culture of openness and integrity.

The Board of Management meets on a on a bi-monthly basis with planning events held twice yearly. Additional meetings may be called by notice as required. The Board is responsible for exercising all the powers of CGA and it directs CGA's affairs by setting strategies and policies. Day-to-day management is delegated to CGA's Executive Officers, who are appointed by the Board.

All Board members have responsibility for its decisions. Each Board member acts only in the interest of CGA and not on behalf of any constituency or interest group.

The members of the Board have a range of skills, experience and qualities required to take decisions and monitor CGA's performance. The Board currently consists of 4 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.

## **Strategic Report for the year ended 31 March 2021 (continued)**

### **The Board (continued)**

An Independent Review of Board Effectiveness was conducted in 2020/21 and this 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.

As noted above following the RSH's recent IDA confirming CGA's rating G1, V1 rating this also confirms Board effectiveness.

The Chair and Vice Chair of the Board also carry out annual performance appraisals for each individual Board Member. Following this, individual development requirements are fed into a Board Development Programme, designed to further improve CGA's corporate governance.

CGA continues to follow best practice regarding corporate governance and fully complies with the National Housing Federation's Excellence in Governance – Code for Members 2015.

### **Delegation**

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.

### **Corporate Governance**

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.

## **Strategic Report for the year ended 31 March 2021 (continued)**

### *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 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 Officer's hold no financial interest in CGA and are not members of the Board.

### **Remuneration**

The Board members at CGA do not receive a salary but do receive reimbursement expenses.

### **Pensions**

None of the Board members receive any pension benefits from CGA.

### **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 SORP for Registered Social Housing Providers. The Board/Strategic Report was approved on 22<sup>nd</sup> July 2021 and signed by order of the Board.



**Craig Garner**  
**Company Secretary**

## Report of the Board

As at 31 March 2021 CGA owned 6,672 homes (2020: 6,642). All of the stock is located in Preston with the exception of a small number of properties (107) in the surrounding boroughs.

CGA has an active development programme and during the year we acquired and developed 88 new homes. This was partially offset through a reduction in stock through Right to Buy (10 units), Right to Acquire (9 units), and the disposal of assets following the remodelling of a scheme/the termination of some leased units (39 units) resulting in a net increase in stock of 30 units.

### Employee Engagement

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. 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.

### Equal Opportunities

CGA is committed to an active equal opportunities policy 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 will be 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.

In the last year the percentage of female colleagues was 47.5%, the percentage of colleagues from a black or minority ethnic background was 10.07% and the percentage of disabled colleagues was 7.19%.

As an employer with almost 260 FTE employees, CGA carried out Gender Pay Reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Based on data from the

## **Report of the Board (continued)**

### **Equal Opportunities (continued)**

Office for National Statistics in 2020, it is pleasing to note that our results for the snapshot date of 5 April 2021 indicate that our gender pay gap is significantly lower than the UK average gender pay gap of 15.5% for all employees at 10.75%.

### **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 (11 consecutive Gold's). 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.

### **Qualifying third party indemnity provisions**

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

### **Governance and Viability Standard**

Our robust governance arrangements have recently been assessed by the Regulator of Social Housing (RSH) following an "In Depth Assessment" (IDA) carried out on CGA over the period March to Jun 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.

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.

## **Report of the Board (continued)**

### **National Housing Federation's (NHF) Code of Governance 2015**

CGA's Board have also adopted the National Housing Federation's (NHF) Code of Governance 2015. In summary, of the 66 'Provisions' within the 2015 Code requiring a statement of compliance, CGA is able to evidence full compliance with all 66 provisions.

The NHF published a new Code of Governance in November 2020. We plan to carry out a full assessment of the code and CGA's compliance with it during the coming year.

### **Going concern**

The Board of Directors confirms that it is a reasonable expectation that CGA has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it has adopted the going concern basis in preparing CGA's financial statements. The going concern expectation takes into account the longer-term impact of the Covid-19 pandemic as noted throughout the notes in these accounts and the continued risk and uncertainty arising from the longer-term implications of the pandemic.

### **Internal control and risk management**

The Board has overall responsibility for the system of internal control and risk management and for reviewing its effectiveness. The Audit & Risk Committee is responsible to the Board for monitoring this system and reporting on its effectiveness.

### **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;

## Report of the Board (continued)

### Review of internal controls (continued)

- Adopting and complying with the principal recommendations of the National Housing Federation's (NHF's) 2015 Code of Governance and accepting this as our code of good practice, (with a review of compliance against the NHF's 2020 code currently being undertaken);
- Audit & Risk Committee assurance – the Committee meets quarterly to review our corporate risks, alongside receiving reports which provide assurance over compliance matters and 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 all 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 2020/21 Internal Audit Programme included an audit reviewing and confirming the effectiveness of the Risk Management framework in place at CGA;
- 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, Gas Compliance, Electrical Installation, Development Programme, the Support-line service, Cyber Security arrangements and VAT compliance;
- 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;
- 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;

## **Report of the Board (continued)**

### **Review of internal controls (continued)**

- 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.

### **Review of risk management**

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.

CGA has a fully embedded Risk Management Strategy setting out our strategic approach to managing risk. The 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.

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 bi-monthly 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.

## Report of the Board (continued)

### Review of risk management (continued)

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 2021 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.

The directors are responsible for preparing the Report of the Board which incorporates the Value for Money Statement, and the 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 Association and of the income and expenditure for the period of account.

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

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

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable 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.

## Report of the Board (continued)

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

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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 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.

### Donations

During the year CGA made some small charitable donations and colleagues of CGA provided a range of support to individuals throughout the pandemic, with food provision through the Purple Pantry proving hugely successful. We also delivered a wide range of community projects which have been delivered to over 1,100 beneficiaries, with many of these supporting communities to manage the impact of the pandemic. In addition we have worked closely with local charities and community groups, providing support, grant funding, and in some cases accommodation, to enable them to continue delivering their services.

### Annual General Meeting (AGM)

The AGM will be held on 9<sup>th</sup> September 2021.



**Rob Wakefield - Chief Executive**

## 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 establish an assessment of our achievements against year 2 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;

## **Report of the Board (continued)**

### **Value for Money Statement**

- 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;
- 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 and Gateway Central 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 2020/21 against our suite of Corporate Plan and Business Health KPI targets compared to our peers is set out below.

When comparing our performance against our peers, we use HouseMark's North West, Yorkshire and Humberside, North East and Midlands benchmarking group for Large Scale Voluntary Transfer organisations with more than 2,500 units. This consists of 31 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 the Midlands to provide the most meaningful and useful comparisons.

## Report of the Board (continued)

### Value for Money Statement

Table 1 - Key Performance Indicators				20-21 Target	20-21 Performance	Quartile	Upper Quartile		
<b>Invest</b>									
Properties meeting the Decent Homes Standard (%)				100	100				
Homes in Band C and above energy rating (%)				77.50	78.11				
Responsive repairs that were 'right first time' (%)				97.50	99.58		93.35		
Properties with a Valid Landlord Gas Safety Record (LGSR) (%)				100	99.94		100		
Gas servicing completed by the annual service date (%)				100	99.70		100		
Properties with a current Electrical Installation Condition Report (EICR) (%)				100	99.97				
Customer satisfaction with the quality of their home (Biennial; %)				89.00	85.17		89.08		
Customer satisfaction with their neighbourhood as a place to live (Biennial; %)				86.00	83.05		86.51		
Number of new homes built (Corp Plan cumulative)				185	176				
Rent loss through voids (%)				0.85	0.96		0.67		
Colleagues satisfied with the IT tools to do their job (%)				60.00	78.97				
Customer satisfaction with online services (Biennial; %)				50.00	85.65				
Average number of days lost to absence (per colleague)				8.70	6.61		7.15		
Colleague E&D measures meeting their respective targets (%)				80.00	80.00				
Staff satisfaction with CGA as a place to work (Biennial; %)				80.00	95.41		86.00		
<b>Support</b>									
Tenancies ending with 12 months (%)				8.50	5.06		TT/O		
Tenancy Turnover (%)				8.00	7.52		6.24		
Customers leaving their home due to affordability issues (%)				7.50	3.38				
Supported customers helped into employment, training to gain a qualification, apprenticeship or placement of 4+weeks (%)				35.00	51.68				
Customers leaving their home due to dissatisfaction with community/neighbourhood (%)				6.00	9.74				
Colleagues that live locally (%)				75.00	78.42				
Level of spend in PR post code (incl. staff and suppliers)				£8.5m	£9.1m				
Lettings to people provided with secure accommodation who are at risk of becoming homeless (as proportion of lettings) (Biennial; %)				15.00	32.24				
<b>Evolve</b>									
Customer satisfaction with the overall service provided (%)				92.00	89.72		92.42		
Customers willing to recommend CGA (Net Promoter Score) (Biennial; %)				70.00	55.61		53.18		
Occupancy rate General needs (GN) accommodation (Biennial; %)				99.50	99.43		99.49		
Occupancy rate Sheltered (SH) accommodation (Biennial; %)				98.00	98.50				
Customer satisfaction with the opportunities to get involved (Biennial; %)				74.00	55.07				
Accepted tenant scrutiny recommendations implemented within agreed timescales (%)				100	80.00				
Compliance with all loan covenants (%)				100	100				
RIDDOR reportable incidents (employees and non-employees) (No)				0	1				
Net rent collected (%)				98.00	99.87				
Current arrears as a percentage of net rent debit				1.50	0.59		2.70		
Achieve annual VfM targets (%)				100	57.14				
Quartile Key	Upper Quartile		Middle Lower		Performance Key	Target Met		Slightly off Target	
	Middle Upper		Lower Quartile			Off Target			

## Report of the Board (continued)

### Value for Money Statement

**Table 2 – Benchmarking Peer Group**

Acis Group Limited	Gentoo Group Limited	Rochdale Boroughwide Housing Limited
Aspire Housing Limited	Greatwell Homes	South Lakes Housing
Believe Housing	The Housing Plus Group	Trafford Housing Trust Limited
Bolton at Home Limited	Livin Housing Limited	Trent & Dove Housing Limited
Bromsgrove District Housing Trust Limited	Livv Housing Group	WATMOS Community Homes
Beyond Housing Limited	Magenta Living	Wakefield And District Housing Limited
Cobalt Housing Limited	One Manchester Limited	Weaver Vale Housing Trust Limited
Community Gateway Association Limited	One Vision Housing	Walsall Housing Group Limited
The Community Housing Group Limited	Ongo Homes Limited	The Wrekin Housing Group Limited
First Choice Homes Oldham Limited	Peaks & Plains Housing Trust	
Futures Housing Group Limited	Progress Housing Group Limited	

#### Commentary on KPI's

We have a suite of KPI's linked to the nine themes within the Corporate Plan as shown in Table 1 above. During year 1 of our Corporate Plan (2019-20) we established a baseline position for three of our KPI's and this baseline has been used to set future targets. We have not reported on these KPI's for 2020/21 as we will measure them on a biannual basis (with the next measure being taken during year 3 of the plan, this being 2021/22).

As indicated, in the table above, some of the KPI's are measured on a biannual basis, with the next measure due to be taken in 2021/22 and therefore reported KPI performance is consistent with that reported in 2019/20.

Table 1 shows that despite the challenges the Covid-19 pandemic has presented, there have been a number of positive areas of performance with 19 out of the 34 targets being achieved (54%). Of the 14 that are benchmarked 7 (50%) are in the middle to upper quartile, including 3 where we didn't achieve our targets. Table 1 highlights some notable achievements including 100% compliance against the minimum "Decent Homes Standard" and 77.11% of our homes being at a band C and above energy rating (exceeding our target of 77.5%). "Gateway Home Care" (our in house repairs service) also performs to a high standard with 99.58% of jobs being right first time (exceeding our target of 97.5%). 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

## Report of the Board (continued)

### Value for Money Statement

satisfaction from both colleagues (78.97%) and customers (85.65%). Our investment in creating sustainable tenancies has helped achieve a low level (5.06%) of tenancies ending in 12 months against a target of 8.5% and a low level of tenancy turnover of 7.52% against our target of 8%. We again achieved excellent rent collection performance with 99.87% of rent collected for the year; this demonstrates the impact of the financial wellbeing support we provide and this is further evidenced with just 3.38% 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”** - KPI's are measured on a bi-annual basis and performance will be updated following the next STAR (Survey of Tenants and Residents) assessment in 2021/22. As reported last year, both KPI's were below the target set. To combat this, the new “Home Care Repair” approach to maintaining the quality of homes and to facilitate the delivery of a more targeted investment and repairs services continues. Due to the Covid -19 pandemic, the delivery of the programme was reviewed with internal works being slowed down while external works continued.

We have obtained feedback from customers via transactional surveys and this information together with our own insight has started to shape plans for an 'External Spaces' project, due to commence in 2021/22 We will engage with our tenants throughout the process ensuring that, in line with our Corporate Plan objective, we 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 is planned to proceed during 2021/22.

## Report of the Board (continued)

### Value for Money Statement

We have an ongoing regeneration programme that targets lower performing areas of stock. Following Board approval, we have almost completed the re-modelling of one of our hard to let sheltered schemes (12 of the 26 remodelled homes were handed over during 2020/21 with the remaining 14 units handed over in 2021/22) and work is due to commence on a second scheme during 2021/22.

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.

**"Percentage of Properties with a valid LGSR" and "Percentage of gas Services Completed by the annual service date"** - We narrowly missed our target of 100% on both these KPI's achieving 99.94% and 99.70% respectively. There were only 4 LGSRs outstanding at year end with all properties subsequently being completed during April. A total of 20 LGSRs were not completed by the annual service date of which 19 were due to Covid-19 circumstances (e.g. shielding) and 1 was due to exhausting the 'no access' procedure and legal proceedings were commenced, leading to access being granted by the customer.

**"Percentage of Properties with a current Electrical Installation Condition Report (EICR)"** – Similarly, we also narrowly missed our target of 100% here achieving 99.97%. A current EICR was not obtained for 2 properties within the 5-year anniversary/renewal date; both properties were inspected during April.

**'No. of new homes built/acquired'** – performance is just under target predominantly due to delays on site on the remodelled sheltered scheme with 12 of the 26 units handed over. This means that despite our best efforts the target was not achieved. Covid-19 continues to impact progress in some areas; social distancing on site and some material shortages and lead times are causing issues for contractors.

**"Percentage of Rent loss through voids"** Performance is below target due a combination of factors including, (a) longer than average void periods due to the restrictions on lettings during the initial period of the pandemic, (b) properties being held vacant to allow residents to be relocated from schemes being re-modelled; and (c) the phased letting of our new 60 unit extra care scheme "The Courtyards" to allow residents to move into the scheme in a Covid-safe way.

## Report of the Board (continued)

### Value for Money Statement

It is important to note that whilst the operational target was not achieved, we remained within the Business Plan provision of 1.1% for void rent loss. We also saw a positive trend in the second half of the year with void rent loss dropping below 1% and maintaining that position to year end.

We achieved our **"Tenancies ending within 12 months" and "tenancy turnover"** targets for the year and pleasingly void turnaround times improved month on month during the second half of the year.

**"Customers leaving their home due to dissatisfaction with community/neighbourhood"** The Covid-19 lockdown periods appears to have significantly impacted performance in this area; neighbourhood disputes and ASB/environmental nuisance have been highlighted by residents.

During the year, we continued to provide much needed support with a range of community projects delivered to over 1,100 beneficiaries. Many of these were aimed at supporting communities to manage the impact of the pandemic. In addition, we have worked with local charities and community groups, providing support, grant funding and in some cases accommodation, to enable them to deliver their services.

**"Customer satisfaction with the overall service provided"** - We chose not to conduct any transactional surveys earlier in 2020/21 due to the lockdown restrictions. However, colleagues had extensive contact with our customers during the period to offer/provide support. All 2020/21 transactional surveys were undertaken in Quarter 4.

We retained a high level of satisfaction, with 89.72% of survey respondents satisfied with the overall service. This places us in the middle-upper quartile when compared to our peer group. This performance was however below our stretching target of 92% and shows a 1.84% decrease on 2019/20. Additional work will be undertaken to understand the change in transactional satisfaction, alongside the work that commenced last year on 2019/20 STAR survey results. Over the next 12-18 months, we will also undertake a 'Customer Journey' mapping exercise to help improve processes and the general customer experience.

Similarly, we also measure **"Customers willing to recommend CGA (Net Promoter Score)"** and this is measured on a biannual basis, with the next remeasurement due to be taken in 2021/22. As reported previously, whilst we were below our stretching target of 70% at 55.61%,

## Report of the Board (continued)

### Value for Money Statement

we achieved upper quartile performance when compared to our peer group. The work we are undertaking as noted above should also impact positively on this KPI.

**"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. We reported previously an outturn of 55.07% compared to a target of 74%. The next remeasurement will be undertaken in 2021/22.

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 increased the number of actively engaged members from 230 at the start of the year to 334, exceeding our target of 288.

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 full customer profiling exercise to continue to better tailor our services.

**"Number of Riddor Reportable Incidents (Employees and Non-Employees)"** - Whilst we always strive for no reportable incidents, we review each event to ensure we learn and improve where an incident occurs.

**"Achieve annual VfM targets"** - We achieved our 4/7 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 regulator, alongside how that performance compares to peers.

Table 3 below provides VfM performance in 2020/21 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 2020 VfM Global Accounts)

## Report of the Board (continued)

### Value for Money Statement

Table 3	18-19	19-20	20-21 Target	20-21 Actual Group	Comparison to CGA's Peer Group median (Based on 2020 data)		Comparison to Sector Consolidated median (Based on 2020 data)	
					Peer Group Median	CGA Quartile	Sector Median	CGA Quartile
<b>Metric 1 - Reinvestment %</b> Investment in properties (existing stock as well as New Supply) as a % of the value of total properties held.	9.3%	10.9%	12.4%	8.32% 	9.4%		7.2%	
<b>Metric 2a - New supply delivered (Social Housing Units)</b> No. of new as a % of total units.	0.9%	1.03%	1.7%	1.32% 	1.3%		1.5%	
<b>Metric 2b New supply delivered (Non-Social Housing Units)</b> No. of new units as a % of total units.	0.1%	0%	0%	0%	0%	n/a	0%	n/a
<b>Metric 3 - Gearing %</b> The proportion of assets that are made up of debt.	42.0%	43.4%	46.9%	46.9% 	51.2%		44.0%	
<b>Metric 4 - EBITDA MRI %</b> Measurement of liquidity.	240%	220%	218%	221% 	179%		170%	
<b>Metric 5 - Headline Social Housing Cost per Unit £</b> Cost per unit for social housing activities.	£2,649	£2,930	£2,878	£2,921 	£3,470		£3,830	
<b>Metric 6a - Operating margin % (Social Housing Lettings)</b> Measurement of financial efficiency.	32.5%	29.1%	27.0%	27.4% 	23.3%		25.7%	
<b>Metric 6b - Operating margin % (Overall Margin)</b> Measurement of financial efficiency.	29.3%	26.0%	26.6%	25.3% 	21.1%		23.1%	
<b>Metric 7 - Return on Capital Employed %</b> Measurement of efficiency of investment.	5.1%	4.9%	3.8%	3.9% 	5.0%		3.4%	

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 the sector and places us in the upper quartile. However, it compares less favourably when compared to our peer group and places us in the lower-middle quartile

## Report of the Board (continued)

### Value for Money Statement

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 1.32% in 2020/21 and places us in the middle-upper quartile of our peer group and the middle-lower quartile when compared to the sector. Unfortunately, we missed our target due to the timing of completion of schemes due to the impact of Covid-19.

We currently have 669 new homes approved of which 161 (24%) are contractually committed. We also have a further 231 new homes where sites have been identified. This means we are anticipating exceeding our 2021/22 new homes target.

**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 46.9% meaning we have more borrowing capacity than the median of our peer group but only the lower-middle quartile of the sector. During the year, in accordance with our Treasury Strategy, we secured £95m Private Placement funding (with a coupon rate of 2.47%) increasing our loan facility by 52% from £115m to £175m. 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 and generally compare favourably against our peer group and the sector.

This strong position reflects our income maximisation, with excellent rent collection performance of 99.87% and low level of arrears at 0.59%, combined with effective cost control.

## Report of the Board (continued)

### Value for Money Statement

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

This reflects our tight control of costs, delivery of savings and organic growth (a 5% increase in stock since 1 April 2018). We continue to deliver efficiency savings through a combination of procurement efficiencies and carrying out a greater proportion of work in-house. 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 89.72%.

**Metric 7 – Return on Capital Employed %:** Our **Return on capital employed** of 3.9% compares favourably to the sector, being in the middle upper quartile. However, we compare less favourably when compared to our peer group being in the lower-middle 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.

It is worth noting the figures below include prudent assumptions to reflect the uncertainty around Covid-19; welfare reform and Brexit. Should we continue to operate at existing levels and manage these risks, we would expect to out-perform these forecasts.

## Report of the Board (continued)

### Value for Money Statement

Table 4 – VfM Metrics Business Plan Forecasts

	20-21 Actual	21-22 Forecast	22-23 Forecast	23-24 Forecast	24-25 Forecast	25-26 Forecast	Peer Group Median	Sector Consolidated Median
<b>Metric 1 - Reinvestment %</b>	8.32%	17.81	20.26	13.59	9.64	5.48	9.4%	7.2%
<b>Metric 2a - New supply delivered (Social Housing Units)</b>	1.32%	1.24%	3.96%	1.14%	3.53%	2.03	1.3%	1.5%
<b>Metric 2b New supply delivered (Non-Social Housing Units)</b>	0%	0%	0%	0%	0%	0%	0%	0%
<b>Metric 3 - Gearing %</b>	46.9%	51.5%	57.5%	59.6%	57.8%	54.5	51.2%	44.0%
<b>Metric 4 - EBITDA MRI %</b>	221%	171%	160%	158%	192%	202%	179%	170%
<b>Metric 5 - Headline Social Housing Cost per Unit £</b>	£2,921	£3,225	£3,296	£3,527	£3,384	£3,387	£3,470	£3,830
<b>Metric 6a - Operating margin % (Social Housing Lettings)</b>	27.4%	27.1	27.9	30.3	33.9	33.9	23.3%	25.7%
<b>Metric 6b - Operating margin % (Overall Margin)</b>	25.3%	22.7%	22.6%	24.7%	25.4%	25.9%	21.1%	23.1%
<b>Metric 7 - Return on Capital Employed %</b>	3.9%	3.1%	3.0%	3.5%	3.8%	3.8%	5.0%	3.4%

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 3.53% in 2024-25, demonstrating strong upper quartile performance when compared to our peer group and the sector (based on 2019-20 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.

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 2022-23 reflects the interest costs of the additional £30m funding drawn and split equally between July 2021 and July 2022.

## Report of the Board (continued)

### Value for Money Statement

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 2020/21, due to these assumptions.

2020/21 was the second 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 2021/22 include:

- Responding effectively from the Covid-19 pandemic.;
- Continuing to develop new homes, with a range of tenures;
- Improving satisfaction across the business by for example reviewing the delivery of our "GreenCare" Service, improving the "External Spaces" we manage and reviewing our SupportLine/Older Persons Services and introducing a new model of service delivery to provide greater choice for our customers;
- Developing a medium to long-term strategic direction to guide business planning, fully assessing the financial implications arising from the "2050 Carbon Neutral requirement."

As we approach the mid-year point of our 5-year corporate plan we will review our plans for the remainder of the 2019-24 Corporate Plan and build on this plan to develop a strategic focus for our plans beyond 2024/25. In doing so we will consider how we recover from the longer-term impact of the Covid-19 pandemic. 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 Regulator of Social Housing (RSH) 2018 Value for Money standard.



**David Yates**

**Chair of the Board**

# **Independent auditor's report to the members of 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 2021 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Equity (Reserves), Association Statement of Changes in Equity (Reserves), Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. 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 2021 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 2019.

## **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,

## **Independent auditor's report to the members of Community Gateway Association Limited (continued)**

and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Strategic 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.

## **Independent auditor's report to the members of Community Gateway Association Limited (continued)**

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the 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 set out on page 21 to 22, the Board to 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

## **Independent auditor's report to the members of Community Gateway Association Limited (continued)**

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](http://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 Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations 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 the members of 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*  
Beever and Struthers  
Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

Date:

## Consolidated and Association Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
<b>Turnover</b>	2	31,810	31,258	31,578	31,180
Operating Costs	2	(23,754)	(23,118)	(23,479)	(23,083)
Gain on disposal of property	4	285	1,287	285	1,287
<b>Operating surplus</b>		<u>8,341</u>	<u>9,427</u>	<u>8,384</u>	<u>9,384</u>
Other interest receivable and similar income	5	12	21	12	21
Interest and financing costs	6	(4,415)	(4,065)	(4,415)	(4,065)
Movement in fair value of investment properties		-	-	-	-
<b>Surplus before taxation</b>		<u>3,938</u>	<u>5,383</u>	<u>3,981</u>	<u>5,340</u>
Taxation on surplus from ordinary activities	8	-	(1)	-	-
<b>Surplus for the financial year</b>		<u><u>3,938</u></u>	<u><u>5,382</u></u>	<u><u>3,981</u></u>	<u><u>5,340</u></u>
Actuarial losses on SHPS defined benefit pension scheme	24	(1,291)	(67)	(1,291)	(67)
Actuarial (losses) / gains on LGPS defined benefit pension scheme	25	(4,061)	1,621	(4,061)	1,621
<b>Total comprehensive income for year</b>		<u><u>(1,414)</u></u>	<u><u>6,936</u></u>	<u><u>(1,371)</u></u>	<u><u>6,894</u></u>

The Consolidated and Association's results relate wholly to continuing activities and the notes on pages 45 to 75 form an integral part of these financial statements'

These financial statements were approved by the Board of Directors on 22<sup>nd</sup> July 2021 and were signed on its behalf by;



Chair



Board Member



Secretary

## Consolidated and Association Statement of Financial Position

As at 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
<b>Fixed assets</b>					
Tangible fixed assets - housing properties	12	191,773	181,967	191,773	181,970
Tangible fixed assets - other	13	8,425	8,100	8,407	8,085
Investment properties	14	1,065	1,065	1,065	1,065
		<u>201,263</u>	<u>191,132</u>	<u>201,245</u>	<u>191,120</u>
<b>Current assets</b>					
Stocks		1,494	-	1,494	-
Debtors - receivable within one year	15	6,408	2,019	6,348	1,894
Cash at bank and in hand		14,181	4,550	13,973	4,440
		<u>22,083</u>	<u>6,569</u>	<u>21,815</u>	<u>6,334</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(7,129)</u>	<u>(5,746)</u>	<u>(6,935)</u>	<u>(5,635)</u>
<b>Net current assets/(liabilities)</b>		<u>14,954</u>	<u>823</u>	<u>14,880</u>	<u>699</u>
<b>Total assets less current liabilities</b>		<b>216,217</b>	<b>191,955</b>	<b>216,125</b>	<b>191,819</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(156,469)</u>	<u>(136,220)</u>	<u>(156,469)</u>	<u>(136,220)</u>
Pension liability	24,25	<u>(6,612)</u>	<u>(1,184)</u>	<u>(6,612)</u>	<u>(1,184)</u>
<b>Net assets</b>		<b><u>53,136</u></b>	<b><u>54,551</u></b>	<b><u>53,044</u></b>	<b><u>54,415</u></b>
<b>Capital and reserves</b>					
Income and expenditure reserve		59,748	55,735	59,656	55,599
Pension reserve		<u>(6,612)</u>	<u>(1,184)</u>	<u>(6,612)</u>	<u>(1,184)</u>
		<b><u>53,136</u></b>	<b><u>54,551</u></b>	<b><u>53,044</u></b>	<b><u>54,415</u></b>

The notes on pages 46 to 75 form an integral part of these financial statements

These financial statements were approved for issue by the Board of Directors on 22<sup>nd</sup> July 2021 and were signed on its behalf by;



Chair



Board Member



Secretary

## Consolidated 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)	54,551
Surplus for the year	3,938	-	3,938
Actuarial gain recognised in the pension scheme	(5,353)	-	(5,353)
<b>Other comprehensive income for the year</b>	<b>54,320</b>	<b>(1,184)</b>	<b>53,136</b>
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	5,428	(5,428)	-
<b>Balance at 31 March 2021</b>	<b>59,748</b>	<b>(6,612)</b>	<b>53,136</b>

### 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 gain recognised in the pension scheme	(5,352)	-	(5,352)
<b>Other comprehensive income for the year</b>	<b>54,228</b>	<b>(1,184)</b>	<b>53,044</b>
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	5,428	(5,428)	-
<b>Balance at 31 March 2021</b>	<b>59,656</b>	<b>(6,612)</b>	<b>53,044</b>

The notes on pages 46 to 75 form an integral part of these financial statements

## Consolidated Statement of Changes in Reserves for the year ended 31 March 2020

<b>Group</b>	<b>Income and expenditure reserve</b>	<b>Pension reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance as at 1 April 2019	49,678	(2,063)	47,615
Surplus for the year	5,382	-	5,382
Actuarial gain recognised in the pension scheme	1,554	-	1,554
<b>Other comprehensive income for the year</b>	<b>56,614</b>	<b>(2,063)</b>	<b>54,551</b>
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	(879)	879	-
<b>Balance at 31 March 2020</b>	<b>55,735</b>	<b>(1,184)</b>	<b>54,551</b>

## Consolidated Statement of Changes in Reserves for the year ended 31 March 2020

### Association

	<b>Income and expenditure reserve</b>	<b>Pension reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance as at 1 April 2019	49,584	(2,063)	47,521
Surplus for the year	5,340	-	5,340
Actuarial gain recognised in the pension scheme	1,554	-	1,554
<b>Other comprehensive income for the year</b>	<b>56,478</b>	<b>(2,063)</b>	<b>54,415</b>
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	(879)	879	-
<b>Balance at 31 March 2020</b>	<b>55,599</b>	<b>(1,184)</b>	<b>54,415</b>

## Consolidated Statement of Cash Flows for the year ended 31 March 2021

<b>Cash flow from operating activities</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
<b>Surplus for the financial year</b>		3,938	5,382
Adjustments for:			
Depreciation of fixed assets - housing properties	12	5,554	5,465
Depreciation of fixed assets - other	13	460	383
Amortised grant	3	(2,257)	(2,475)
Interest payable and finance costs	6	4,415	4,020
Interest received	5	(12)	(21)
Difference between net pension expense and cash contribution		(96)	(96)
Surplus on the sale of fixed assets - housing properties	4	(285)	(1,287)
Decrease in trade and other debtors and stocks	15	(6,856)	562
Increase in trade and other creditors	16	2,127	4
<b>Net cash generated from operating activities</b>		<b>6,988</b>	<b>11,938</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets - housing properties	12	(15,870)	(20,044)
Purchase of tangible fixed assets - other	13	(784)	(545)
Net proceeds from sale of fixed assets - housing properties	4	455	2,737
Grants received	17	2,269	1,690
Interest received	5	12	21
<b>Net cash generated from investing activities</b>		<b>(13,918)</b>	<b>(16,141)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(4,415)	(4,071)
Capital element of lease repaid		(13)	(26)
Interest element of lease repaid		(11)	(23)
New loans - bank		21,000	11,000
<b>Net cash generated from financing activities</b>		<b>16,561</b>	<b>6,880</b>
<b>Net increase in cash and cash equivalents</b>		<b>9,631</b>	<b>2,677</b>
Cash and cash equivalents at beginning of year		4,550	1,873
<b>Cash and cash equivalents at end of year</b>		<b>14,181</b>	<b>4,550</b>

The notes on pages 46 to 75 form an integral part of these financial statements

## Notes to the Financial Statements for the year ended 31 March 2021

### 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 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

### 1. Principal Accounting Policies

The financial statements have been prepared in accordance with the applicable Accounting Standards in the United Kingdom 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 2019.

#### a) Going Concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The going concern expectation takes into account the Covid-19 pandemic noted throughout the notes in these accounts and highlighted as a principal risk and uncertainty.

#### b) Basis of accounting

The financial statements are prepared on the Historical Cost Basis, with the exception of investment properties which are held at fair value.

#### c) Critical accounting judgements and key sources of estimation uncertainty.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts in the financial statements:

**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.

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

**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. Details of these assumptions and the carrying value of assets and liabilities are disclosed in notes 24 and 25.

### Other key sources of estimation and assumptions

**Depreciation** – this is based on the useful economic life of the assets as disclosed in the accounting policies set out in notes 1(i) and 1(j).

### Impairment

**Housing Stock** - As our stock is performing strongly as demonstrated by the low level of void rent loss (0.96%) combined with the fact that there are no anticipated future rent reductions or increases in management costs associated with our properties there is no evidence to suggest that an impairment of our housing properties is required as detailed in note 1(h).

**Investment Properties** - the Investment properties valuation carried out in accordance with note 1(g) 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 2021.

**Provision for bad debts** – this is calculated as disclosed in the accounting policies set out in note 1(p);

### d) Turnover

Turnover represents rental and service charge income, fees, revenue-based grants receivable (except where such grants are reimbursement of specific items of expenditure) and other income.

### e) Valuation of housing properties

Housing properties have been valued on a Historic Cost Basis. The properties transferred from Preston City Council were transferred at nil value under the transfer agreement. Properties acquired since the transfer agreement are held at cost. Improvement costs associated with the properties have been capitalised in accordance with FRS 102.

### f) Improvements to housing properties

CGA capitalises repairs expenditure on housing properties which results in an enhancement of the economic benefit of the housing properties. This could include:

- an increase in rental income.
- a reduction in maintenance costs.
- a significant extension to the life of the property.

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### g) Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business, such as shops. Prior to the adoption of FRS 102 Investment properties were measured at a nil historic cost. Following the adoption of FRS 102, Investment properties are carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable tertiary units within Preston, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

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.

### h) Impairment of housing properties

All properties are reviewed for impairment annually and where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking into account any relevant capital grants. As our stock is performing strongly as demonstrated by the low level of void rent loss (0.96%) combined with the fact that there are no anticipated future rent reductions or increases in management costs associated with our properties there is no evidence to suggest that an impairment of our housing properties is triggered.

### i) Depreciation of housing properties

Freehold land is not depreciated. CGA's policy is to capitalise all major improvements expenditure.

All capitalised major improvements expenditure has been categorised into the following components and useful economic lives:

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

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### j) Depreciation of other fixed assets

Depreciation is charged on all assets on a straight-line basis over the expected useful economic life of the asset at the following annual rates.

Offices	5 to 80 years
Office Fixtures and Fittings	15 years
Office Furniture	5 years
Computers/Photocopiers/Faxes	3 to 10 years
Plant and Machinery	3 years

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

### k) Sales of housing properties

Sales of housing properties are taken into account on completion of contracts. The net book value of housing properties on the Statement of Financial Position is held at individual property levels.

### l) 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.

### m) Social Housing Grant (SHG)/Affordable Housing Grant (AHG) / Other capital grants in advance/in arrears

Upon adoption of FRS 102 Grants 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 housing property 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 relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

### n) 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 2021 (continued)

### o) 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.

### p) Bad and doubtful debts provisions

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%

### q) 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.

### r) Value Added Tax (VAT)

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the financial statements are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

### s) Cash and cash equivalents

The Group has £5m invested in a 32 day notice account with the remaining £9.181m 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.

### t) 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 2021 (continued)**

### **u) Pension cost**

CGA participates in two funded multi-employer defined benefit pension schemes.

- The Lancashire County Council Scheme (LGPS)
- The Social Housing Pension 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.

The difference between the fair value of the assets held in CGA's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in CGA's Statement of Financial Position as a pension scheme asset or liability as appropriate.

The carrying value of any resulting pension scheme asset is restricted to the extent that CGA is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by CGA are charged to the Statement of Comprehensive Income in accordance with FRS 102.

For both schemes there is sufficient information available to account for them as defined benefit plans. The present value of the deficit contributions for both schemes has been recognised as a liability in the Statement of Financial Position with a resulting expense charged to the Statement of Comprehensive Income

CGA also operates a defined contribution scheme whereby contributions are charged to the Statement of Comprehensive Income in the year in which they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

### **v) Holiday pay accrual**

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

### **w) Consolidation of Preston Vocational Centre Ltd (PVC), Patterdale Developments Ltd (PDL) and CGA Homes Ltd (CHL) Subsidiaries**

The consolidated financial statements incorporate the results of Community Gateway Association Ltd and all of its subsidiary undertakings. PVC and PDL were operational during the financial year however CHL remained dormant. All subsidiaries are consolidated as part of the Group accounts.

### **x) Pension reserve**

CGA's Pension Reserves of (£6.612m) 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 24 and the Lancashire County Council Pension Fund as set out in Note 25.

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 2. Particulars of Turnover, operating costs and operating surplus

Group	Turnover	2021 Operating Costs	Operating (Deficit)/ Surplus
	£'000	£'000	£'000
<b>Social Housing Activities</b>			
Income and expenditure from lettings	31,013	(22,530)	8,483
<b>Other Social Housing Activity</b>			
Community Regeneration	127	(648)	(521)
Development costs not capitalised	-	-	-
<b>Non-Social Housing Activities</b>			
Lettings income and expenditure	351	(271)	80
Other	319	(305)	14
<b>Total</b>	<b>31,810</b>	<b>(23,754)</b>	<b>8,056</b>
Group	Turnover	2020 Operating Costs	Operating (Deficit)/ Surplus
	£'000	£'000	£'000
<b>Social Housing Activities</b>			
Income and expenditure from lettings	30,356	(21,529)	8,827
<b>Other Social Housing Activity</b>			
Community Regeneration	82	(796)	(714)
Development costs not capitalised	18	(92)	(74)
<b>Non-Social Housing Activities</b>			
Lettings income and expenditure	376	(318)	58
Other	426	(383)	43
<b>Total</b>	<b>31,258</b>	<b>(23,118)</b>	<b>8,140</b>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 2. Particulars of Turnover, operating costs and operating surplus

Association	Turnover	2021 Operating Costs	Operating (Deficit)/ Surplus
	£'000	£'000	£'000
<b>Social Housing Activities</b>			
Income and expenditure from lettings	31,013	(22,530)	8,483
<b>Other Social Housing Activity</b>			
Community Regeneration	127	(648)	(521)
Development costs not capitalised	-	-	-
<b>Non-Social Housing Activities</b>			
Lettings income and expenditure	351	(271)	80
Other	87	(30)	57
<b>Total</b>	<b>31,578</b>	<b>(23,479)</b>	<b>8,099</b>

Association	Turnover	2020 Operating Costs	Operating (Deficit)/ Surplus
	£'000	£'000	£'000
<b>Social Housing Activities</b>			
Income and expenditure from lettings	30,356	(21,529)	8,827
<b>Other Social Housing Activity</b>			
Community Regeneration	82	(796)	(714)
Development costs not capitalised	18	(92)	(74)
<b>Non-Social Housing Activities</b>			
Lettings income and expenditure	376	(318)	58
Other	348	(348)	-
<b>Total</b>	<b>31,180</b>	<b>(23,083)</b>	<b>8,097</b>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 3. Income and Expenditure from Social Housing Activities

Group & Association	General Needs	Supported Housing	Low Cost Home	2021	2020
	Housing £'000	£'000	Ownership £'000	£'000	£'000
Rents receivable	25,232	1,954	6	27,192	26,630
Service charge income	421	913	2	1,336	1,117
Amortised government grants	2,080	177	-	2,257	2,475
Government grants taken to income	19	5	-	24	-
Other Income	35	169	-	204	134
<b>Total income from lettings</b>	<b>27,787</b>	<b>3,218</b>	<b>8</b>	<b>31,013</b>	<b>30,356</b>
<b>Expenditure</b>					
Management	(5,186)	(1,059)	(3)	(6,249)	(5,888)
Service costs	(1,283)	(884)	-	(2,167)	(1,951)
Routine maintenance	(5,001)	(277)	-	(5,278)	(4,969)
Cyclical Maintenance	(1,822)	(46)	-	(1,868)	(2,096)
Major Works	(1,226)	(14)	-	(1,239)	(1,026)
Bad debts	(175)	-	-	(175)	(134)
Depreciation on housing properties:					
- annual charge	(4,615)	(392)	-	(5,007)	(4,801)
- accelerated on disposal of components	(542)	(5)	-	(547)	(664)
<b>Total expenditure on lettings</b>	<b>(19,850)</b>	<b>(2,677)</b>	<b>(3)</b>	<b>(22,530)</b>	<b>(21,529)</b>
<b>Operating surplus on lettings activities</b>	<b>7,937</b>	<b>541</b>	<b>5</b>	<b>8,483</b>	<b>8,827</b>
Void losses	201	84	-	285	281

## Notes to the Financial Statements for the year ended 31 March 2020 (continued)

### 4. Gains on disposal of property

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Sale proceeds	1,207	4,273	1,207	4,273
Carry value of fixed assets	(498)	(1,807)	(498)	(1,807)
Less share of proceeds due to Preston City Council	(253)	(549)	(253)	(549)
Cost of Sales	(65)	(500)	(65)	(500)
Recycled Capital Grant Fund	(106)	(130)	(106)	(130)
	<u>285</u>	<u>1,287</u>	<u>285</u>	<u>1,287</u>

### 5. Interest receivable and other income

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	12	21	12	21
	<u>12</u>	<u>21</u>	<u>12</u>	<u>21</u>

### 6. Interest payable and similar charges

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
On loans repayable in more than five years	(4,279)	(3,944)	(4,279)	(3,944)
Finance leases	(5)	(10)	(5)	(10)
Amortisation of Loan Fees	(107)	(51)	(107)	(51)
LGPS interest	(11)	(45)	(11)	(45)
SHPS interest	(13)	(15)	(13)	(15)
	<u>(4,415)</u>	<u>(4,065)</u>	<u>(4,415)</u>	<u>(4,065)</u>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 7. Surplus on ordinary activities before taxation

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
Surplus on ordinary activities is stated after charging:				
Depreciation of housing properties:				
- annual charge	5,007	4,801	5,007	4,801
- accelerated depreciation on replaced components	597	664	597	644
Depreciation of other tangible fixed assets	460	383	449	377
Operating lease charges - Vehicles	226	190	226	190
Statutory Auditor (Group & Subsidiaries)	43	42	36	35
Internal Auditor	26	22	26	22
Defined contribution pension cost	313	259	313	259

### 8. Taxation

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
<b>UK Corporation Tax</b>				
Current Tax	-	(1)	-	-

### 9. Residential accommodation owned and managed

#### Group and Association

	<b>2021 Units</b>	<b>2020 Units</b>	<b>Units in Development as at 31<sup>st</sup> March 21</b>
General Needs - Social Rent	5,484	5518	-
General Needs - Affordable Rent	578	557	79
Housing for older People/ Supported Housing (Social Rent)	532	562	-
Housing for older People/ Supported Housing (Affordable Rent)	73	-	14
Market Rent	4	4	-
Low Cost Home Ownership	1	1	54
	<b>6,672</b>	<b>6,642</b>	<b>147</b>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 9. Residential accommodation owned and managed

<b>Group and Association</b>	<b>2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Other</b>	<b>2021</b>
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>Social housing</b>					
General Needs - Social Rent	5,518	-	(13)	(21)	5,484
General Needs - Affordable Rent	557	15	(25)	31	578
Housing for older People/Supported Housing (Social Rent)	562	-	(20)	(10)	532
Housing for older People/Supported Housing (Affordable Rent)	-	73	-	-	73
Market Rent	4	-	-	-	4
Low Cost Home Ownership	1	-	-	-	1
	<b>6,642</b>	<b>88</b>	<b>(58)</b>	<b>0</b>	<b>6,672</b>

### 10. Directors emoluments

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments payable to Directors (excluding pension contributions and including benefits in kind)	419	411	419	411
Pension contributions	55	47	55	47
Aggregate emoluments payable to Directors (including pension contributions and benefits in kind)	<b>474</b>	<b>458</b>	<b>474</b>	<b>458</b>

Key management personnel comprise the executive and non-executive directors. Total remuneration amounted to £474k (2020: £458k). CGA adopts the NHF Code of Governance 2015, however, there are no payments to non-executive board members in the year to disclose.

Remuneration payable to the Chief Executive (the highest paid director) in relation to the period of account amounted to £174k (2020: £166k) including pension contributions.

The Chief Executive is a member of the Local Government Pension Scheme (LGPS) on normal scheme terms.

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

The number of Directors, including the highest paid Director who received emoluments (including pension contributions) in the following ranges were as follows:

### 10. Directors emoluments (continued)

		<b>Group 2021</b>	<b>Group 2020</b>	<b>Association 2021</b>	<b>Association 2020</b>
£Nil (Board)		11	11	11	11
£Nil	£59,999	-	-	-	-
£60,000	£69,999	-	-	-	-
£70,000	£79,999	-	-	-	-
£80,000	£89,999	-	-	-	-
£90,000	£99,999	-	-	-	-
£100,000	£109,999	-	-	-	-
£110,000	£119,999	1	1	1	1
£120,000	£129,999	-	-	-	-
£130,000	£139,999	1	1	1	1
£140,000	£149,999	-	-	-	-
£150,000	£159,999	-	-	-	-
£160,000	£169,999	-	1	-	1
£170,000	£179,999	1	-	1	-
		<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>

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

3

3

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
Expenses payable to members of the Board who were neither officers nor employees of the Company	1	3	1	3

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 11. Employee Information

	<b>Group 2021 Average Number</b>	<b>Group 2020 Average Number</b>	<b>Association 2021 Average Number</b>	<b>Association 2020 Average Number</b>
Chief Executive Team	17	16	17	16
Resources Team	28	26	28	26
Neighbourhoods Team	60	60	60	60
Customer Services (Gateway Direct)	17	17	17	17
Homelessness Initiative	8	4	8	4
Maintenance Team	108	102	108	102
Development Team	3	3	3	3
Community Investment Team	19	17	10	8
	<b>260</b>	<b>245</b>	<b>251</b>	<b>236</b>

The staff 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.

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
Wages and salaries	8,004	7,327	7,779	7,090
Social security costs	765	713	745	693
Other pension costs	660	580	648	568
Compensation for loss of office	-	67	-	67
	<b>9,429</b>	<b>8,687</b>	<b>9,172</b>	<b>8,418</b>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 11. Employee Information (continued)

The aggregate number of full-time equivalent staff whose remuneration (including pension contributions) exceeded £60,000 in the period:

		<b>Group 2021</b>	<b>Group 2020</b>	<b>Association 2021</b>	<b>Association 2020</b>
£60,000	£69,999	3	3	3	3
£70,000	£79,999	2	3	2	3
£80,000	£89,999	2	1	2	1
£90,000	£99,999	-	-	-	-
£100,000	£109,999	-	-	-	-
£110,000	£119,999	1	1	1	1
£120,000	£129,999	-	-	-	-
£130,000	£139,999	1	1	1	1
£140,000	£149,999	-	-	-	-
£150,000	£159,999	-	-	-	-
£160,000	£169,999	-	1	-	1
£170,000	£179,000	1	-	1	-
		<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

Note: The figures above include the 3 Directors reported in Note 10 above.

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 2021 (continued)

### 12. Housing Properties

Group & Association	Held for letting		Low cost home ownership	Total
	Completed 2021 £'000	Under construction 2021 £'000	Completed 2021 £'000	Housing properties 2021 £'000
<b>Cost</b>				
At 1 April 2020	203,060	19,766	4	222,830
Additions:				
- construction costs	529	13,403	-	13,932
- replaced components	2,030	-	-	2,030
Change of Tenure	-	-	-	-
Completed schemes	15,406	(15,406)	-	-
Disposals:				
- Property Sales	(780)	-	-	(780)
- replaced components	(735)	-	-	(735)
<b>At 31 March 2021</b>	<b>219,511</b>	<b>17,763</b>	<b>4</b>	<b>237,277</b>
<b>Less: Depreciation</b>				
At 1 April 2020	(40,860)	-	-	(40,860)
Charged for the year	(5,008)	-	-	(5,008)
Eliminated on disposals:				
- property sales	176	-	-	176
- replaced components	188	-	-	188
<b>At 31 March 2021</b>	<b>(45,504)</b>	<b>-</b>	<b>-</b>	<b>(45,504)</b>
<b>Net book value at 31 March 2021</b>	<b>174,007</b>	<b>17,763</b>	<b>4</b>	<b>191,773</b>
<b>Net book value at 31 March 2020</b>	<b>162,200</b>	<b>19,766</b>	<b>4</b>	<b>181,970</b>

The costs relating to component replacements are capitalised. All other major works costs / cyclical maintenance is expensed to revenue.

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 13. Other Tangible Fixed Assets

#### Group

	<b>Freehold Buildings</b>	<b>Plant, machinery, &amp; fixtures</b>	<b>Computer, hardware &amp; software</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 April 2020	5,654	2,429	5,364	13,447
Additions	-	239	545	784
Disposals	-	-	-	-
<b>At 31 March 2021</b>	<u>5,654</u>	<u>2,668</u>	<u>5,909</u>	<u>14,231</u>
<b>Less:</b>				
<b>Depreciation</b>				
At 1 April 2020	(448)	(1,339)	(3,560)	(5,347)
Charge for the period	(85)	(159)	(215)	(459)
<b>At 31 March 2021</b>	<u>(533)</u>	<u>(1,498)</u>	<u>(3,775)</u>	<u>(5,806)</u>
<b>Net Book Value at 31 March 2021</b>	<u><b>5,121</b></u>	<u><b>1,170</b></u>	<u><b>2,134</b></u>	<u><b>8,425</b></u>
<b>Net Book Value at 31 March 2020</b>	<u>5,206</u>	<u>1,090</u>	<u>1,804</u>	<u>8,100</u>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 13. Other Tangible Fixed Assets (continued)

#### Association

	Freehold Buildings £'000	Plant, machinery, & fixtures £'000	Computer, hardware & software £'000	Total £'000
<b>Cost</b>				
At 1 April 2020	5,654	2,404	5,364	13,422
Additions	-	225	545	770
Disposals	-	-	-	-
<b>At 31 March 2021</b>	<u>5,654</u>	<u>2,629</u>	<u>5,909</u>	<u>14,192</u>
<b>Less: Depreciation</b>				
At 1 April 2020	(448)	(1,329)	(3,560)	(5,337)
Charge for the period	(85)	(148)	(215)	(448)
<b>At 31 March 2021</b>	<u>(533)</u>	<u>(1,477)</u>	<u>(3,775)</u>	<u>(5,785)</u>
<b>Net Book Value at 31 March 2021</b>	<u><b>5,121</b></u>	<u><b>1,152</b></u>	<u><b>2,134</b></u>	<u><b>8,407</b></u>
<b>Net Book Value at 31 March 2020</b>	<u>5,206</u>	<u>1,075</u>	<u>1,804</u>	<u>8,085</u>

### 14. Investment Properties (Group and Association)

	Commercial £'000	Total £'000
At 1 April	1,065	1,065
Additions	-	-
Disposals	-	-
Revaluations	-	-
<b>At 31 March</b>	<u><b>1,065</b></u>	<u><b>1,065</b></u>

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 1(g).

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

15. Debtors	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
<b>Amounts receivable within one year:</b>				
Arrears of rent and service charges	168	228	168	228
Former tenant arrears	433	365	433	365
Housing other debt	31	75	31	75
Less: Provision for bad and doubtful debts - Housing	(515)	(610)	(515)	(610)
	<u>117</u>	<u>58</u>	<u>117</u>	<u>58</u>
Grants receivable	-	15	-	15
Other debtors	3,871	544	655	419
Amounts due from group undertakings	-	-	3,156	-
Prepayment and accrued income	2,605	1,555	2,605	1,555
Less: Provision for bad and doubtful debts - Non housing	(185)	(153)	(185)	(153)
<b>Total Debtors</b>	<b><u>6,408</u></b>	<b><u>2,019</u></b>	<b><u>6,348</u></b>	<b><u>1,894</u></b>
<b>16. Creditors</b>				
	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
<b>Amounts falling due within one year:</b>				
Pre-paid rent	913	937	913	937
Loan Interest	538	166	538	166
Accruals and deferred income	1,749	1,651	1,642	1,435
Taxation and social security	164	14	200	61
Corporation Tax	-	1	-	-
Trade creditors	1,590	1,090	1,467	1,064
Deferred capital grant (see note 20)	2,144	1,846	2,144	1,846
Amounts due to group undertakings	-	-	-	86
Obligations under finance leases	-	20	-	20
Leaseholders fund	31	21	31	21
	<u>7,129</u>	<u>5,746</u>	<u>6,935</u>	<u>5,635</u>
<b>Amounts falling due after more than one year:</b>				
Housing loans (see note 17)	103,982	83,475	103,982	83,475
Disposal Proceeds Fund (see note 18)	-	-	-	-
Recycled Capital Grant Fund (see note 19)	133	90	133	90
Obligations under finance leases	-	-	-	-
Deferred capital grant (see note 20)	52,354	52,655	52,354	52,655
	<u>156,469</u>	<u>136,220</u>	<u>156,469</u>	<u>136,220</u>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 17. Debt Analysis

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Due within one year</b>				
Loans	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Due after more than one year</b>				
Loans	105,000	84,000	105,000	84,000
Less: issue costs	(1,018)	(525)	(1,018)	(525)
Total loans	<u><b>103,982</b></u>	<u><b>83,475</b></u>	<u><b>103,982</b></u>	<u><b>83,475</b></u>

#### Loan Facility, Terms of repayment and interest rates

Total loan facilities are £175m, of which £95m has been secured via a Private Placement (split equally between Rothesay and MetLife) and £80m from Barclays. £105m of the facility has been drawn leaving £70m available to be drawn, of which £40m is available to be drawn immediately and £30m is deferred until 1<sup>st</sup> July 2021 and 1<sup>st</sup> July 2022 (split in equal instalments).

As at 31 March 2021 £105m (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:

	<b>Group</b>	<b>Group</b>	<b>Association</b>	<b>Association</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	-	-	-	-
One year or more but less than two years	-	12,000	-	12,000
Two years or more but less than five years	-	32,000	-	32,000
Five years or more	105,000	40,000	105,000	40,000
Less: Issue cost	(1,018)	(525)	(1,018)	(525)
	<u><b>103,982</b></u>	<u><b>83,475</b></u>	<u><b>103,982</b></u>	<u><b>83,475</b></u>

## Notes to the Financial Statements for the year ended 31 March 2020 (continued)

### 18. Disposal proceeds fund

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
At 1 April	-	30	-	30
Net sale proceeds recycled	-	-	-	-
Acquisition of dwellings for letting	-	(30)	-	(30)
At 31 March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 19. Recycled capital grant fund

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
At 1 April	90	-	90	-
Net sale proceeds recycled	133	130	133	130
Interest accrued	1	-	1	-
Acquisition of dwellings for letting	(91)	(40)	(91)	(40)
At 31 March	<u><b>133</b></u>	<u><b>90</b></u>	<u><b>133</b></u>	<u><b>90</b></u>

### 20. Deferred capital grant

	<b>Group 2021 £'000</b>	<b>Group 2020 £'000</b>	<b>Association 2021 £'000</b>	<b>Association 2020 £'000</b>
At 1 April	54,501	55,425	54,501	55,425
Grants received during the year	2,269	1,611	2,269	1,611
Grants recycled from the disposal proceeds fund	-	30	-	30
Grants recycled from recycled capital grant fund	91	40	91	40
Grants recycled into the capital grant funds	(106)	(130)	(106)	(130)
Released to income during the year	(2,256)	(2,475)	(2,256)	(2,475)
	<u><b>54,499</b></u>	<u><b>54,501</b></u>	<u><b>54,499</b></u>	<u><b>54,501</b></u>

The total accumulated amount of Financial Assistance and other government grant received or receivable at 31 March 2021 is £74,365k (2020: £72,192k) (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.

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 21. Total of future minimum lease payments under finance leases

#### Amounts payable as Lessee

Office equipment, expiring:	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Within one year	-	24	-	24
One to five years	-	-	-	-
Beyond five years	-	-	-	-
	<u>-</u>	<u>24</u>	<u>-</u>	<u>24</u>

### 22. Capital Commitments

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Capital expenditure that has been contracted but has not been provided for in the financial statements	21,803	30,786	21,803	30,786
Capital expenditure that has been authorised but has not yet been contracted for	94,587	21,714	94,587	21,714
	<u>116,390</u>	<u>52,500</u>	<u>116,390</u>	<u>52,500</u>

This will be funded through a combination of existing cash balances, future revenues, grant funding, sales income and loan borrowings if required, the exact split is to be confirmed as at 31 March 2021.

### 23. 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 had minimum lease payments under non-cancellable operating leases as set out below:

#### Vehicles, offices and office equipment, expiring:

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Within one year	273	296	273	273
One to five years	327	553	327	553
Beyond five years	-	-	-	-
	<u>600</u>	<u>849</u>	<u>600</u>	<u>826</u>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 24. 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.

CGA has agreed to a deficit funding arrangement and a liability is recognised for this obligation measured at the present value of the contributions payable that arise from the deficit recovery agreement.

<b>Actuarial assumptions</b>	<b>At 31 March 2021</b>	<b>At 31 March 2020</b>
Discount rate assumption	2.00%	2.40%
Inflation (RPI) assumption	3.20%	2.70%
Inflation (CPI) assumption	2.60%	1.70%
Pensionable earnings increase assumption	2.90%	2.00%
Life expectancy of a - current pensioner aged 65	21.4 (21.3) years	21.3 (23.1) years

#### Reconciliation of fair value of plan assets

<b>Value of Assets</b>	<b>At 31 March 2021 £'000</b>	<b>At 31 March 2020 £'000</b>
Global Equity	668	491
Absolute Return	231	175
Distressed Opportunities	121	65
Credit Relative Value	132	92
Alternative Risk Premia	158	235
Fund of Hedge Funds	-	2
Emerging Market Debt	169	102
Risk Sharing	153	113
Insurance-Linked Securities	101	103
Property	87	74
Infrastructure	279	250
Private Debt	100	68
Opportunistic Illiquid Credit	107	81
High Yield	125	-
Opportunistic Credit	115	-
Corporate Bond Fund	248	192
Liquid Credit	50	1
Long Lease Property	82	58
Secured Income	174	127
Liability Driven Investment	1,065	1,115
Net Current Assets	25	14
<b>Total value of assets</b>	<b>4,190</b>	<b>3,358</b>
Present value of liabilities	(6,016)	(3,957)
<b>Net Pension Liability</b>	<b>(1,826)</b>	<b>(599)</b>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 24. 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.

<b>Reconciliation of present value of plan liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	(3,957)	(3,608)
Current service cost	(123)	(135)
Expenses	(6)	(6)
Interest cost	(97)	(97)
Member contributions	(108)	(100)
Actuarial gains / (losses)	(1,750)	(41)
Benefits paid	25	30
	<b>(6,016)</b>	<b>(3,957)</b>

<b>Reconciliation of fair value of plan assets</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	3,358	3,020
Interest income on plan assets	84	82
Experience on plan assets	459	(26)
Member contributions	108	100
Employer contributions	206	212
Benefits paid and expenses	(25)	(30)
At the end of the year	<b>4,190</b>	<b>3,358</b>

Fair value of plan assets	4,190	3,358
Present value of plan liabilities	(6,016)	(3,957)
Net pension scheme liability	<b>(1,826)</b>	<b>(599)</b>

<b>Amounts recognised in other comprehensive income are as follows</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Included in administrative expenses		
Current service cost	(123)	(135)
Administration expenses	(6)	(6)
	<b>(129)</b>	<b>(141)</b>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 24. Retirement Benefits – Social Housing Pension Scheme (continued)

<b>Amounts included in other finance costs</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Net interest cost	(13)	(15)
	<u>(130)</u>	<u>(15)</u>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of actuarial Gain recognised in Other Comprehensive Income</b>		
Experience on plan assets (excluding amounts included in net interest cost) - (loss) / gain	459	(26)
Experience gains and losses arising on the plan liabilities - (loss) / gain	12	(44)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(19)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss) / gain	(1,743)	3
	<u>(1,291)</u>	<u>(67)</u>
Total amount recognised in other comprehensive income – (loss)	<b>(1,291)</b>	<b>(67)</b>

### 25. 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 2020 by a qualified actuary:

Valuation date	31 March 2020
Valuation method	Projected Unit
Market value of assets	£23.809 million
Current Employer Contribution rate	17.8%
Investment return per annum:	6.6%

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 25. 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;

<b>Actuarial assumptions</b>	<b>At 31 March 2021</b>	<b>At 31 March 2020</b>
Discount rate	2.00%	2.40%
Salary increase rate	2.90%	2.00%
Pension increase rate	2.60%	1.70%
Rate of inflation	2.60%	1.70%
Life expectancy of a male (female)		
- future pensioner aged 65 in 20 years' time	22.5 (25.2) years	22.5 (25.1) years
- current pensioner aged 65	21.7 (24.3) years	21.7 (24.2) years
<b>Value of Assets</b>	<b>At 31 March 2021 £'000</b>	<b>At 31 March 2020 £'000</b>
Equities	12,470	12,962
Government bonds	-	-
Other bonds	-	611
Property	3,776	2,079
Cash/liquidity	585	685
Other	9,758	8,119
<b>Total value of assets</b>	<b>26,589</b>	<b>24,456</b>
Present value of liabilities	(31,375)	(25,041)
<b>Net pension liability</b>	<b>(4,786)</b>	<b>(585)</b>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 25. 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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	(25,041)	(25,872)
Current service cost	(357)	(399)
Interest cost	(592)	(637)
Member contributions	(105)	(109)
Actuarial (gain) / loss	(6,121)	1,312
Benefits paid	841	558
Past service gain	-	106
Curtailments	-	-
	<u>(31,375)</u>	<u>(25,041)</u>
At the end of the year	<u>(31,375)</u>	<u>(25,041)</u>

#### Reconciliation of fair value of plan assets

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	24,456	23,809
Interest income on plan assets	581	592
Member contributions	105	109
Employer contributions	236	203
Actuarial gains/(losses)	2,060	309
Administration expenses	(8)	(8)
Benefits paid	(841)	(558)
	<u>26,589</u>	<u>24,456</u>
At the end of the year	<u>26,589</u>	<u>24,456</u>
Fair value of plan assets	26,589	24,456
Present value of plan liabilities	<u>(31,375)</u>	<u>(25,041)</u>
Net pension scheme liability	<u>(4,786)</u>	<u>(585)</u>

**Notes to the Financial Statements for the year ended 31 March 2021 (continued)**

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

**Amounts recognised in other comprehensive income are as follows**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Included in administrative expenses		
Current service cost	(357)	(399)
Past service gain	-	106
Administration expenses	(8)	(8)
Curtailement loss	-	-
	<u>(365)</u>	<u>(301)</u>

**Amounts included in other finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Net interest cost	<u>(11)</u>	<u>(45)</u>
	<u>(11)</u>	<u>(45)</u>

**Analysis of actuarial gains recognised in Other Comprehensive Income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Changes in assumptions underlying the present value of the scheme liabilities	<u>(4,061)</u>	<u>1,621</u>
	<u>(4,061)</u>	<u>1,621</u>

## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 26. 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 £17,706 (2020: £30,600 for the 7 tenants who were Board Members during the previous year), and the tenants had a combined credit balance of £263.35 (2020: credit balance of £541.14).

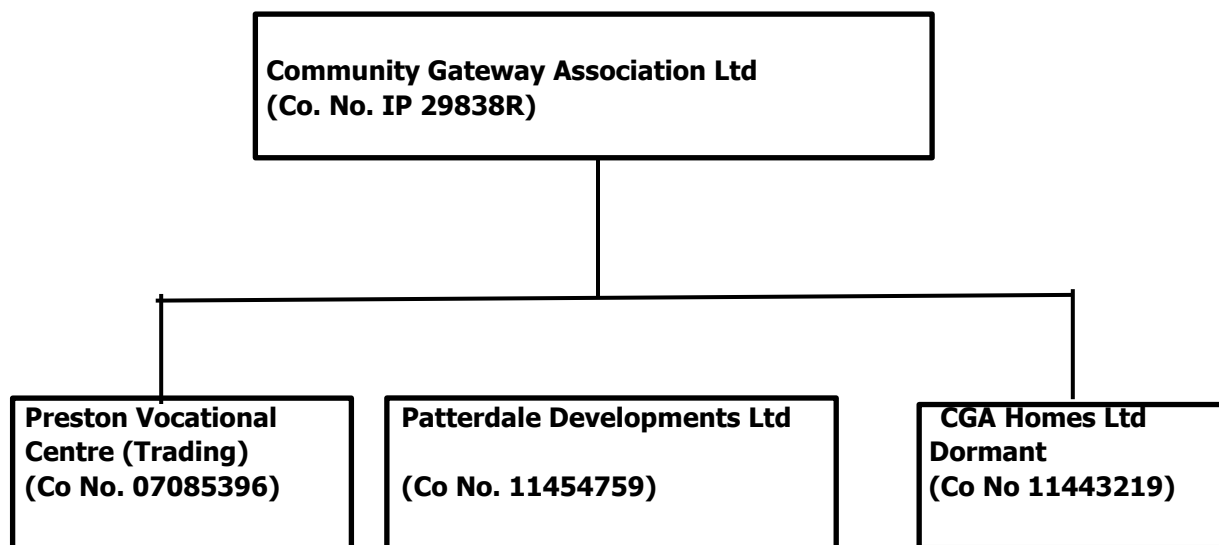
The Board of Management also includes two Directors who are elected members of Preston City Council. As at 31 March 2021 these are:

Jonathan Saksena  
Jennifer Mein

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 24 and 25.

CGA has 3 non-registered subsidiaries as follows:



## Notes to the Financial Statements for the year ended 31 March 2021 (continued)

### 26. 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 2020 to 31 March 2021 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 £30k (2020: £45k). As at 31 March 2021 the amount outstanding was £22k (2020: £29k).

#### **Patterdale Developments Ltd (PDL)**

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

Patterdale Developments Ltd commenced trading during 2019/20. The accounts of PDL for the period 1 April 2020 to 31 March 2021 have been consolidated into CGA's Group accounts

CGA's Executive officers form the Board of Patterdale Developments Ltd.

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

#### **CGA Homes Ltd (CHL)**

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

CHL remained dormant during 2020/21 but is ready to commence trading.

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