



Wolverhampton Homes AGM Meeting

9 September 2022

Time 9.30 am **Public Meeting?** YES **Type of meeting** Wolverhampton Homes
Venue WV Active Aldersley, Aldersley Road, Wolverhampton, WV6 9NW

Membership

Derek Allen
Parveen Brigue
Victor Browne
Councillor Jonathan Crofts
Angela Davies
Hajrija Dergic
Steve Finegan
Councillor Asha Mattu
Joy McLaren
Mike Porter
Councillor Rita Potter
Councillor Zee Russell

Information

If you have any queries about this meeting, please contact:

Contact The Business Assurance Team
Tel/Email 01902 552956; WHSBusinessAssurance@wolverhamptonhomes.org.uk
Address WV Active Aldersley, Aldersley Road, Wolverhampton, WV6 9NW

Copies of other agendas and reports are available from:

Website <https://wolverhamptonintranet.moderngov.co.uk>

Agenda

Item No. *Title*

- 1 **Apologies**
- 2 **Declarations of interest**
- 3 **Welcome and introductions**
- 4 **City of Wolverhampton Council - Shareholder Update (Verbal) - John Roseblade, Temporary Director of City Housing and Environment**
- 5 **Wolverhampton Homes - ALMO Update (Verbal) - Shaun Aldis, Chief Executive - Wolverhampton Homes**

EXTERNAL AUDIT ITEMS

- 6 **Audit Findings Report 2021 - 2022 - Bill Devitt, Grant Thornton External Audit Partner (Pages 3 - 24)**

FOR INFORMATION

- 7 **Minutes of previous Annual General Meeting - 03 September 2021 (Pages 25 - 34)**
- 8 **Matters arising**

FOR DECISION

- 9 **Annual Strategic Financial Arrangements - Julie Haydon, Company Secretary (Pages 35 - 102)**
- 10 **Governance Arrangements - Julie Haydon, Director - Corporate Services (Pages 103 - 148)**
- 11 **Confirmation of Board Membership - Nicky Devey, Head of Business Services (Pages 149 - 152)**

DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated DD MMM YYYY



The Audit Findings for Wolverhampton Homes Limited

Year ended 31 March 2022

9 September 2022

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Private and Confidential

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Dear Board Members,

Audit Findings for Wolverhampton Homes Limited for the year ended 31 March 2022

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with the Audit Committee.

As an auditor's we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at www.grantthornton.co.uk/en/about-us/leadership-and-governance/transparency-report/

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Bill Devitt

Director
For Grant Thornton UK LLP

Chartered Accountants

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Contents

Section	Page
1. Executive summary	4
2. Status of the audit and opinion	6
3. Audit findings	8
4. Independence, ethics and non-audit services	15
5. Communication of audit matters	17
Appendices	
A. Grant Thornton at a Glance	20
B. Audit approach	21

Section 1: Executive summary

01. Executive summary

02. Status of the audit and opinion

03. Audit findings

04. Independence, ethics, fees and non-audit services

05. Communication of audit matters

Page 6

Executive Summary

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260.

The contents of this report have been discussed with management. As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Our audit approach was based on a thorough understanding of the company's business and is risk based, and in particular included:

- An evaluation of the company's internal controls environment including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Page 7	<p>Financial Statements</p> <p>Under the International Standards of Auditing (UK) (ISAs), we are required to report whether, in our opinion, the financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended; • have been properly prepared in accordance with IFRSs; and • have been prepared in accordance with the requirements of the Companies Act 2006. <p>These are matters in relation to the ISAs (UK), which require us to report to you where:</p> <ul style="list-style-type: none"> • the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or • the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue. 	<p>Our audit work was completed remotely during June, July and August. Our findings are summarised on pages 8 to 14. We did not identify any adjustments or potential adjustments which impacted the company's loss for the year.</p> <p>We have not had to alter or change our Audit Plan as previously communicated to the Board on 11th May 2022.</p> <p>Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion. These outstanding items are listed on page 7.</p>
	<p>Companies Act 2006</p> <p>We are required to report under the Companies Act 2006 whether we have identified material misstatements in the strategic report or the directors' report.</p>	<p>We have received and reviewed the Strategic and Directors' Report and have no issues to report.</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Section 2: Status of the audit and opinion

01	Executive summary
02	Status of the audit and opinion
03	Audit findings
04.	Independence, ethics, fees and non-audit services
05.	Communication of audit matters

Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

- obtaining confirmation from the auditor of West Midlands Pension Fund with regard to assurances over the assets and liabilities of the fund as a whole
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing our opinion
- review the final going concern conclusion once it has been presented to the Board

Status

- likely to result in material adjustment or significant change to disclosures within the financial statements
- potential to result in material adjustment or significant change to disclosures within the financial statements
- not considered likely to result in material adjustment or change to disclosures within the financial statements

Page 9

Audit opinion

Our anticipated audit report opinion will be unmodified.

Section 3: Audit findings

01	Executive summary
02	Status of the audit and opinion
03	Audit findings
04.	Independence, ethics, fees and non-audit services
05.	Communication of audit matters

Significant Risks

This section repeats the significant risks highlighted in our Audit Plan and provides commentary on our subsequent work and findings.

Risks identified in our Audit Plan	Commentary
<p>1 Improper revenue recognition</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Wolverhampton Homes Limited, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited as the majority of the income is funding received from the Council through contractual arrangements • the culture and ethical frameworks of organisations such as Wolverhampton Homes Limited, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Wolverhampton Homes Limited.</p>	<p>Auditor commentary</p> <p>We rebutted this presumed risk in respect of the management fee because:</p> <ul style="list-style-type: none"> • the management fee does not primarily involve cash transactions • the management fee is an agreed amount from City of Wolverhampton Council, as the parent organisation. <p>For the other revenue we:</p> <ul style="list-style-type: none"> • documented our understanding of the controls in place around revenue recognition • reviewed and tested recognition policies for appropriateness and consistency with the prior year and the IFRS • reviewed income recognised in the year in comparison to the budget and forecasts and sought explanations for significant or unusual variances • selected revenue items for testing to underlying records to ensure that revenue has been appropriately recognised. <p>Findings</p> <ul style="list-style-type: none"> • Our testing did not identify any errors in relation to revenue recognition.

Page 11

Significant risks (continued)

2

Risks identified in our Audit Plan

Management override of controls

- Under ISA 240 (UK) there is a presumed risk that the risk of management over-ride of controls is present in all entities

Commentary

Auditor commentary

We have:

- Reviewed accounting estimates, judgements and decisions made by management and considered their reasonableness
- Assessed the journals control environment and performed testing on a sample of journals, identifying any unusual transactions
- Evaluated the rationale for any changes in accounting policies or significant unusual transactions

Findings

We have not identified any issues in relation to this risk.

3

Pensions

- Actuarial valuations may be incorrectly recorded

Auditor commentary

To address this risk we:

- evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We gained an understanding of the basis on which the valuation was carried out
- undertook procedures to confirm the reasonableness of the actuarial assumptions made
- checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Conclusion

We are waiting for confirmation from the auditor of West Midlands Pension Fund with regard to assurances over the assets and liabilities of the fund as a whole. To date we have not identified any issues in relation to this risk.

Page 12

Other matters identified

We noted in our audit plan that the other matters identified below, whilst not significant risk areas, will receive particular audit focus due to their magnitude and nature.

Other risks

Employee remuneration

- Payroll expenditure represents a significant percentage of WHL's operating expenses.

Auditor commentary

To address this risk we:

- evaluated the accounting policy for recognition of payroll expenditure for appropriateness
- gained an understanding of the system for accounting for payroll expenditure and evaluated the design of the associated controls
- obtained the year-end payroll reconciliation and ensured the amount in the accounts could be reconciled to the ledger and through to payroll reports and investigated significant adjusting items
- undertook analytical review on the monthly payroll
- tested one starter and one leaver from each month to ensure that the staff numbers report and Full Time Equivalent figures are correct
- agreed payroll related accruals to supporting documents and reviewed any estimates for reasonableness.

Conclusion

We have not identified any issues in relation to this risk.

Operating expenses

- Non-pay expenses on other goods and services also represents a significant percentage of the company's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.

Auditor commentary

To address this risk we:

- evaluated the accounting policy for recognition of non-pay expenditure for appropriateness
- gained an understanding of the system for accounting for non-pay expenditure and evaluated the design of the associated controls
- tested a sample of payments immediately prior to and after the year end to ensure that appropriate cut-off had been applied, and therefore that the expenditure has been recognised in the correct period
- performed analytical review to obtain assurance that the amounts disclosed were consistent with our expectations
- selected a sample of transactions throughout the year and verified validity by agreeing to supporting invoices.

Conclusion

We have not identified any issues in relation to this risk.

Going Concern

Going concern commentary

Management's assessment process

Auditor commentary



- The Medium-Term Financial Strategy presented to Board in March 2022 identified that a contribution from reserves of £1m will be required for 2022/23. Management are actively looking for measures which could be implemented to mitigate the impact.
- The annual Management fee from the Council has typically provided around 87% of the Company's income. Payments of the management fee are agreed in advance with the Council each year to ensure that there is sufficient money coming in to cover the obligations to pay staff and creditors as payments become due.
- As noted in the financial statements, the management fees are fixed every twelve months, with the longer term levels of management fee set indicatively within the Council's Housing Revenue Account business plan. The Directors have prepared the financial statements on a going concern basis based on the Government's current housing subsidy levels and forecast future rent income levels as well as the existence of the current management agreement.
- The Company has reserve balances of £5.6m as at 31st March 2022, compared to £6.0m at 31 March 2021 and £9.0m at 31 March 2020 This is still significantly above the minimum reserve level of 3% of revenue budget, as set out in the Reserves Policy.
- Management will be submitting a going concern assessment to the September board meeting, to enable the directors to reach their conclusion on going concern and whether any material uncertainties exist

Work performed




Auditor commentary

- We have reviewed the cash flow forecasts and considered the headroom available at low points to identify that the company can continue its operations.
- We have compared income and expenditure forecasts to underlying information available and the current year results.
- We have assessed the adequacy of disclosures in the financial statements relating to going concern and have concluded that appropriate disclosures have been made. We will reassess the position in September, following the Board's assessment.
- We will obtain the letter of support from City of Wolverhampton Council.
- We will review the formal going concern assessment that is presented to the September Board Meeting.

Accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue from services is recognised on a time-apportioned basis by reference to the provision of services set out in the Management Agreement. Sales of goods are recognised when goods are delivered and title has passed. Delivery occurs when the products have arrived at the specified location, and the risks and rewards of ownership have been transferred to the customer. Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. 	<p>We have considered the following:</p> <ul style="list-style-type: none"> Appropriateness of the policy under the relevant accounting framework Extent of judgement involved, including the range of possible outcomes and potential financial statement impact of different accounting policy choices Adequacy of disclosure of accounting policy <p>We have nothing to bring to the Board's attention in this regard.</p>	<p>Green</p> 
Judgements and estimates	<ul style="list-style-type: none"> Key estimates and judgements include: <ul style="list-style-type: none"> Valuation of pension fund net liability Accruals Deferred income Depreciation charge Expected credit loss allowances 	<p>We have considered the following:</p> <ul style="list-style-type: none"> Appropriateness of policy under relevant accounting framework Extent of judgement involved Potential financial statement impact of different assumptions Range of possible outcomes – including where the Company sits within that range Adequacy of disclosure of accounting policy Benchmark against peers/industry practice <p>We have covered the assumptions in relation to the pension fund liability on page 12. In respect of the other estimates and judgements we have nothing else to bring to the Board's attention.</p>	<p>Green</p> 

Assessment

-  Marginal accounting policy which could potentially be open to challenge by regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

Page 15

Other communication requirements

1	Issue	Commentary
1	Matters in relation to fraud	<ul style="list-style-type: none"> We have not been made aware of any incidents of fraud in the period and no issues have been identified during the course of our audit procedures.
2	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed
3	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidents of non-compliance with relevant laws and regulations and we have not identified any issues from our audit work.
4	Written representations	<ul style="list-style-type: none"> We draw your attention to the draft Letter of Representation which is presented as a separate item to the Board.
5	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests in respect of its bank balances. This permission was granted and the requests were sent. We are yet to receive the confirmation from the bank, if this is not received we will have to undertake further audit procedures. We have asked officers to chase the response from the bank.
6	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements. Our review found a number of disclosures and typographical errors that management agreed to amend.
7	Audit evidence and explanations	<ul style="list-style-type: none"> All information and explanations requested from management was provided, subject to the outstanding matters noted on page 7.
8	Significant difficulties	<ul style="list-style-type: none"> No significant difficulties were encountered.

Page 16

Section 4: Independence, ethics, fees and non-audit services

01. Executive summary

02. Status of the audit and opinion

03. Audit findings

04. Independence, ethics, fees and non-audit services

05. Communication of audit matters

Page 17

Independence and ethics

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The table below sets out the total fees for audit and non-audit services charged from the beginning of the financial year to 31 August 2022, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

	Fees £	Threat identified	Safeguards
Audit of company	30,900	None	N/A
Total audit	30,900	-	-
Total other non-audit services	0	-	-
Total non-audit services	0	-	-

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the company. No non-audit services were identified.

Section 5: Communication of audit matters

01. Executive summary

02. Status of the audit and opinion

03. Audit findings

04. Independence, ethics, fees and non-audit services

05. Communication of audit matters

Page 19

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to **ensure** our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

Page 21
Appendices

Appendix A: Grant Thornton at a glance

Grant Thornton International Ltd

- Fee income \$5 billion
- Over 135 countries
- Over 55,000 people
- Global methodologies, strategy, global brand, global values – consistent global service

Page 29



FTSE 100 are
non-audit clients

51%



People
worldwide

58,000



Independent nominated
advisor of AiM

No.1

UK offices (+
Cayman and British
Virgin Islands)

27



Largest auditor, UK's
top privately-held
companies

6th



Member firms of
Grant Thornton
International Ltd

135



Americas

- Fee income \$2.6 billion
- Over 36 countries, presence in all major financial and economic centres
- Over 17,000 people, including partners

Europe, Middle East and Africa

- Fee income \$2.1 billion
- Over 82 countries, presence in all major financial and economic centres
- Over 22,000 people, including partners

Asia Pacific

- Fee income \$1 billion
- Presence in over 18 countries, in all major financial and economic centres
- Over 18,000 people, including partners

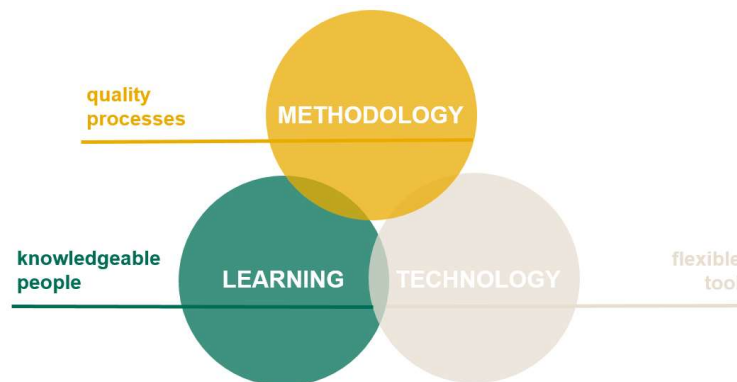
Appendix B: Audit approach

Use of audit, data interrogation and analytics software

LEAP



- A globally developed ISA-aligned methodology that re-engineers our audit approach to focus on quality and effectiveness
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- The LEAP approach allows us to tailor the audit programme to help engagement teams respond quickly to any changes as they occur, keeping quality high through responsiveness and flexibility



IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also use other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Inflo



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST AND SHARE

- Communicate and transfer documents securely
- Extract data directly from client systems
- Work flow assignment and progress monitoring



ASSESS AND SCOPE

- Compare balances and visualise trends
- Understand trends and perform more granular risk assessment



VERIFY AND REVIEW

- Automate sampling requires
- Download automated work papers



INTERROGATE AND EVALUATE

- Analyse 100% of transactions quickly and easily
- Identify high risk transactions for investigation and testing
- Provide client reports and relevant benchmarking KPIs



FOCUS AND ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons



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M I N U T E S



Meeting: Wolverhampton Homes Annual General Meeting
Date: Friday 03 September 2021
Venue: The Mount Hotel, Mount Road, Tettenhall Wood, Wolverhampton, WV6 8HL
Time: 9:30 am

MEMBERS IN ATTENDANCE:-

Angela Davies	-	Chair – Tenant Board Member
Steve Finegan	-	Vice Chair – Independent Board Member
Joy McLaren	-	Tenant
Derek Allen	-	Independent (virtual attendance)
Hajrija Dergic	-	Independent
Parveen Brigue	-	Independent
Councillor Asha Mattu	-	Councillor
Councillor Paul Appleby	-	Councillor
Councillor Rita Potter	-	Councillor
Councillor Zareena Russell	-	Councillor

STAFF IN ATTENDANCE:-

Shaun Aldis	-	Chief Executive
Julie Haydon	-	Assistant Director – Corporate Services (Company Secretary)
Angela Barnes	-	Assistant Director – Housing Options
Darren Baggs	-	Assistant Director – Housing
Ian Gardner	-	Assistant Director – Property
Kevin Manning	-	Assistant Director – Strategic Management
Nicky Devey	-	Head of Business Services
Maya Dhanda	-	Governance Officer

STAFF IN ATTENDANCE – CITY OF WOLVERHAMPTON COUNCIL (CWC):-

Ross Cook	-	Director of City Housing and Environment
Jo McCoy	-	Head Director of City Housing and Environment

EXTERNAL AUDITORS IN ATTENDANCE: -

Neil Preece	-	Grant Thornton, External Audit Partner (virtual attendance)
Bill Devitt	-	Grant Thornton, External Audit Partner (virtual attendance)

OBSERVERS IN ATTENDANCE: -

- Colin Bolshaw - Leaseholder
- Andrew Bryant - Anti-Social Behaviour Team Leader, Wolverhampton Homes
- Lynda Eyton - Client Relationship Manager – Housing Management Agents, City of Wolverhampton Council
- Melissa Green - Client Relationship Manager – Housing Managing Agents, City of Wolverhampton Council

1.0	Apologies	
1.1	<ul style="list-style-type: none"> - Mike Porter – Tenant Member - Victor Browne – Tenant Member 	
2.0	Declaration of Interest	
2.1	<ul style="list-style-type: none"> - Angela Davies – Tenant Member - Joy McLaren – Tenant Member <p>Noted: No specific conflict of interest identified.</p>	
3.0	WH – welcome and introduction	
3.1	Board members were notified of the attendees and observers present.	
4.0	City of Wolverhampton Council – Shareholder Update – Ross Cook, Director of City Housing and Environment	
4.1	<p>Information was shared by the Shareholder regarding the continued positive joint working arrangements between Wolverhampton Homes (WH) and the City of Wolverhampton Council (CWC). Noted areas shared as follows:</p> <ul style="list-style-type: none"> - The management agreement break clause scheduled for 2023 offers the opportunity for CWC to review the arrangements in place with Wolverhampton Homes. Written confirmation was provided during August 2021, that the intention is to continue the shareholder / ALMO relationship with Wolverhampton Homes, until at least 2028 in line with the current management agreement. - Through key areas of focus CWC and WH will ensure a continued approach to sustainability while embedding new ways of working that meet customer needs. The Social Housing sector is facing significant challenges in relation to new and emerging regulation, for example, implementing the reforms of the Social Housing White Paper and ensuring that WH is aligned to, and compliments, the activities of the council. 	

<p>4.2</p>	<ul style="list-style-type: none"> - In order to transform customer experience, social housing landlords will need to identify and meet customer needs and expectations through the modernisation of services, accommodation rationalisation, and new ways of working. - To operate efficiently WH must continue to understand the wider social demographic context and the impact of this upon customers. It is imperative that work is done to innovate and work in new ways that will make a meaningful difference to customers. <p>Further details were shared on the specific priorities that will continue throughout the coming 12 months:</p> <ul style="list-style-type: none"> - <u>Homelessness solutions</u> – work continues to review city wide provision to ensure that the council is in a position to facilitate a holistic approach to those who face homelessness, and for those entrenched in rough sleeping. There is consideration of a city provision, following the positive impact of how Redwings accommodation was utilised during the pandemic, to maximise opportunities arising from the multi-agency partnership approach to improve access to services for those facing this situation. - <u>Safe and healthy homes</u> – the delivery of the Capital Programme which continues to improve the homes our customers live in and providing assurance that their homes meet the requirements against the increasing regulatory demands. - <u>Fire Safety improvements</u> and delivery of the Building Safety bill through the implementation of a fire safety regime to redefine fire safety for staff and customers. This programme of work continues to gain momentum following the impact of Covid-19. The work to retrofit sprinklers has been welcomed by customers and councillors and provides assurance that we are taking our responsibilities seriously. - <u>Estate Redevelopment</u> – the visible transformation of Heath Town has been a long hoped for and much wanted improvement not only to the homes in the area, but to the benefit of the community by way of providing wider improvements to the estate. - <u>More and better homes</u> – the last year saw Wolverhampton Homes acquire 19 properties purchased from WV Living, supporting the increase to the housing offer across the city. Wolverhampton Homes have also taken on a lead role in letting the homes registered under the Help to Own scheme. - <u>Domestic Violence</u> – Wolverhampton Homes continue to work towards the Domestic Violence accreditation which is hoped to be in place during this financial year. - <u>Housing Allocations Policy</u> – the new Housing Allocations policy is in place and will go live at the end of September 2021 – again WH have been integral to this being launched with 	
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	<p>much input from the Housing Solutions and System Development teams at WH to ensure this is fit for purpose, and that the technology is in place to be able to deliver this.</p> <ul style="list-style-type: none"> - <u>Home Improvement Agency</u> – the new Housing Assistance policy was launched earlier this year and WH are delivering this work under the banner of the Home Improvement Agency – with more flexibility now available to utilise the grant process to ensure people are supported to live independently for longer in their own homes. - <u>Lessons learned from Covid-19</u> – the challenges faced by the company during the pandemic, in continuing to deliver critical services to customers, particularly in relation to repairs and housing management, has provided key lessons in responding to disruptive challenge while keep customers safe and secure. - <u>Customer contact and access</u> – this is key to how we deliver services going forward, not only in relation to meeting customer needs and expectations, but also in using this as a platform to modernise services across the council and Wolverhampton Homes. Our customers quite rightly expect more from us, the regulator expects us to hear the customer voice and this is such an important factor in delivering services to our customers that provide an end to end customer journey that is one we can all be proud of. - <u>Digital Agenda</u> – embracing technology to ensure WH has an offer that is easy to use an intuitive for customers and that provides accessibility to all, whether that be via online services or out in the community. - <u>Regulatory challenges</u> - it is by continuing the positive working relationship between the council and the ALMO that sets us in good stead to be able to work together to improve the lives and homes of our customers for many years to come. 	
5.0	Minutes of previous Annual General Meeting – 18 September 2020	
5.1	The minutes of the previous Annual General Meeting – 18 September 2020 were agreed as a true record.	
6.0	Matters arising	
6.1	There were no matters arising.	
External Audit Items		
7.0	Audit Findings Report 2020 - 2021 – Neil Preece and Bill Devitt, Grant Thornton External Audit	
7.1	Board members were provided with an overview of the financial statements for year ended 31 March 2021.	

7.2	It was confirmed that the audit opinion will be unqualified, with a material uncertainty on the value of WH's investment property. Final information is also awaited on the West Midlands pension scheme in order to finalise the accounts.	
For Decision		
8.0	<p>Annual Strategic Financial Arrangements – Julie Haydon, Company Secretary</p> <p>8.1 Board members were provided with details on a number of areas as follows in relation to the:</p> <ul style="list-style-type: none"> - Draft Financial Statements for the year ended 31 March 2021 - Wolverhampton Homes Letter of Representation 2020 - 2021 - Letter of Going Concern – September 2021 - Letter of Support – City of Wolverhampton Council – August 2021 <p>Board Members approved the:</p> <ol style="list-style-type: none"> 1. Financial Statements – 2020 - 2021 2. Wolverhampton Homes (WH) Letter of Representation <p>The Shareholder ratified the following decisions and documents:</p> <ol style="list-style-type: none"> 1. Financial Statements – 2020 - 2021 2. Letter of Representation 3. Letter of Going Concern 4. Letter of Support – City of Wolverhampton Council 5. Confirmation of the appointment of Grant Thornton as the ongoing external auditors for the period to March 2023 	
9.0	<p>Governance Arrangements and Articles of Association – Julie Haydon, Company Secretary</p> <p>9.1 Board members were appraised of the work undertaken to review the company's Articles of Association which have been revised and updated. The amendments noted include, but is not limited to, the removal of gender specific references, removal of reference to the Memorandum of Articles, the updated quorum requirements and the provision for virtual meetings to be held.</p> <p>Resolved: Board members and the Shareholder agreed the:</p> <ol style="list-style-type: none"> 1. revised Articles of Association at appendix 1 <p>Board members agreed the:</p> <ol style="list-style-type: none"> 2. updated Terms of Reference in line with the Wolverhampton Homes Governance Structure: <ul style="list-style-type: none"> • Board • Audit and Business Assurance Committee • Communities and Service Delivery Committee 	

	<p>Board members noted: 3. the company's ongoing Governance arrangements</p>	
10.0	<p>Confirmation of Board Membership – Nicky Devey, Head of Business Services</p>	
10.1	<p>Board members and the Shareholder representative were provided with confirmation of Board member changes that have occurred since the last Annual General Meeting held in September 2020, which were as follows:</p> <ul style="list-style-type: none"> - Councillor Lynne Moran – left WH Board in May 2021 - Councillor Paul Singh - left WH Board in May 2021 - Councillor Asha Mattu – nominated and appointed following the elections in May 2021 - Councillor Paul Appleby – nominated and appointed May 2021 	
10.2	<p>The Shareholder was asked to confirm that membership of the Board, following today's Annual General Meeting shall be:</p> <p><u>Councillor Board Members</u> Councillor Asha Mattu Councillor Paul Appleby Councillor Rita Potter Councillor Zareena Russell</p> <p><u>Tenant Board Members</u> Angela Davies Joy McLaren Michael Porter Victor Browne</p> <p><u>Independent Board Members</u> Derek Allen Hajrija Dergic Parveen Brigue Steve Finegan</p> <p>Resolved: Ross Cook, on behalf of the shareholder confirmed the membership of the Board as detailed in this report</p>	
11.0	<p>Electing the Chair – Nicky Devey, Head of Business Services</p>	
11.1	<p>Angela Davies, Tenant member confirmed her expression of interest in continuing the role of Chair of the Board.</p>	
11.2	<p>This was formally proposed by Councillor Rita Potter and seconded by Councillor Paul Appleby.</p>	


	Resolved: Angela Davies is confirmed as Chair of Wolverhampton Homes Board for 2021 - 2022	
12.0	Electing the Vice Chair – Nicky Devey, Head of Business Services	
12.1	Steve Finegan confirmed his expression of interest in continuing in the role of Vice Chair of the Board.	
12.2	This was formally proposed by Councillor Rita Potter and seconded by Councillor Zee Russell.	
	Resolved: Steve Finegan is confirmed as Vice Chair of Wolverhampton Homes Board for 2021 - 2022	
13.0	Electing the Committee Chairs and Vice Chairs – Nicky Devey, Head of Business Services	
13.1	Electing the Chair of Wolverhampton Homes Audit and Business Assurance Committee	
13.1.2	Steve Finegan, Independent member, confirmed an expression of interest in continuing in the role of Chair of the Audit and Business Assurance Committee.	
13.1.3	This was formally proposed by Parveen Brigue, Independent member and Councillor Zee Russell.	
	Resolved: Steve Finegan confirmed as Chair of the Audit and Business Assurance Committee for 2021 - 2022	
13.2	Electing the Vice Chair of Wolverhampton Homes Audit and Business Assurance Committee	
13.2.1	Angela Davies, Tenant member confirmed an expression of interest in continuing in the role of Vice Chair of the Audit and Business Assurance Committee.	
13.2.2	This was formally proposed by Joy McLaren, Tenant member and seconded by Councillor Asha Mattu.	
	Resolved: Angela Davies confirmed as Vice Chair of Audit and Business Assurance Committee for 2021 - 2022	
13.3	Electing the Chair of Wolverhampton Homes Communities and Service Delivery Committee	
13.3.1	Joy McLaren, Tenant member confirmed an expression of interest in	

<p>13.3.2</p> <p>13.4</p> <p>13.4.1</p> <p>13.4.2</p>	<p>continuing in the role of Chair of the Communities and Service Delivery Committee.</p> <p>This was formally proposed by Councillor Rita Potter and seconded by Councillor Zareena Russell.</p> <p>Resolved: Joy Maclaren confirmed as Chair of Communities and Service Delivery Committee for 2021 - 2022</p> <p>Electing the Vice Chair of Wolverhampton Homes Communities and Service Delivery Committee</p> <p>Derek Allen, Independent member confirmed his expression of interest in continuing in the role of Vice Chair of the Communities and Service Delivery Committee.</p> <p>This was formally proposed by Councillor Zee Russell and seconded by Councillor Asha Mattu.</p> <p>Resolved: Derek Allen confirmed as Vice Chair of Communities and Service Delivery Committee for 2021 - 2022</p>	
<p>14.0</p> <p>14.1</p>	<p>Confirmation of Board Champions</p> <p>Ross Cook, on behalf of the Shareholder was asked to confirm that membership of the Board, detailed as follows:</p> <ul style="list-style-type: none"> - Customer Services: <ul style="list-style-type: none"> o Mike Porter - Tenant member - Equality, Diversity and Inclusion: <ul style="list-style-type: none"> o Joy McLaren - Tenant member - Health & Safety: <ul style="list-style-type: none"> o Victor Browne - Tenant member - Safeguarding & Domestic Violence: <ul style="list-style-type: none"> o Councillor Zareena Russell o Deputy – Councillor Asha Mattu - Carbon Reduction: <ul style="list-style-type: none"> o Hajrija Dergic - Independent member <p>Resolved: Ross Cook on behalf of the Shareholder confirmed the Board champions as detailed.</p>	

15.0	Any other business	
15.1	No items of any other business were raised.	
16.0	Date of next Annual General Meeting	
16.1	September 2022 - date to be confirmed.	

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Board Report

	Agenda Item 9
	<p>09 September 2022 Annual Strategic Financial Arrangements</p>
	AGM Report
Status:	For Decision
Author and job title:	Julie Haydon, Company Secretary
Contact No:	07870 363036
Recommendations:	<p>Board Members are asked to approve the:</p> <ol style="list-style-type: none"> 1. Financial Statements – 2021 - 2022 2. WH Letter of Representation – 2021 - 2022 3. WH Letter of Going Concern – September 2022 <p>and to note the:</p> <ol style="list-style-type: none"> 4. Letter of Support from the City of Wolverhampton Council – September 2022 <p>The Shareholder is being asked to ratify the following decisions and documents:</p> <ol style="list-style-type: none"> 1. Financial Statements – 2021 - 2022 2. WH Letter of Representation – 2021 - 2022 3. WH Letter of Going Concern – September 2022
Key risks and contentious issues:	<p>Failure to approve the company's annual accounts in line with Companies House requirements.</p> <p>The company is limited by guarantee as governed by its Memorandum and Articles of Association and hence is</p>

	<p>required to ensure compliance with appropriate regulation and legislation.</p> <p>The external audit process is a critical element of the company's Business Assurance framework.</p>
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Management Summary

1.0 Purpose

1.1 The purpose of the report is to seek Board and Shareholder approval for the:

- Adoption of the Financial Statements – 2021 - 2022
- Agreement of the WH Letter of Representation – 2021 - 2022
- Agreement of the WH Letter of Going Concern – September 2022

(See Appendices 1, 2 and 3)

and for the Board and Shareholder to note:

- The Letter of Support from the City of Wolverhampton Council

(See Appendix 4)

2.0 Background

2.1 The Company's Articles of Association determines the arrangements for approval of the company's annual accounts at each Annual General Meeting including the associated letter of representation.

2.2 It is also good practice for the Board to consider the appointment of its external auditors at this meeting.

3.0 Financial Statements 2021 - 2022

3.1 The draft Financial Statements are presented to the Wolverhampton Homes Board to review and provide comments in order for due diligence to be applied.

3.2 The Letter of Representation is provided in connection with the audit of the financial statements of Wolverhampton Homes Ltd for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice.

3.3 In September 2019, the Board agreed that Grant Thornton would be the appointed external auditors for the period of the 2019 - 2023 Business Plan.

3.4 It is to be noted that Grant Thornton will continue to be the appointed external auditors for the City of Wolverhampton Council (CWC) for the same period.

(See Appendix 1)

4.0 Financial and value for money implications

4.1 These audited accounts are the key financial documents that underpin the company going forward.

5.0 Legal and regulatory implications

5.1 These accounts and the external audit process are key to the ongoing governance arrangements.

6.0 Human resources implications

6.1 There are no human resources implications identified within this report.

7.0 Health and safety implications

7.1 There are no health and safety implications identified within this report.

8.0 Equalities implications

8.1 Has an Equality Impact Assessment been carried out: **Not applicable**

9.0 Impact on the environment and community

9.1 There are no impacts on the environment and community identified within this report.

10.0 Long term consequences for the company

10.1 It is imperative that the company adheres to financial regulations and accounting requirements.

10.2 It is noted that the Board of Wolverhampton Homes Limited, approve in their opinion, Wolverhampton Homes Limited has adequate resources to continue in its operational existence for the foreseeable future.

11.0 Impact on business relationships with suppliers, customers and others

11.1 The shareholder is required to ratify the decisions and documents as detailed within this report.

12.0 Impact of Covid-19

12.1 There is no impact of Covid-19 applicable to this report.

13.0 List of Appendices

13.1 Appendix 1 – Draft Financial Statements for the year ended 31 March 2022

13.2 Appendix 2 – Wolverhampton Homes Letter of Representation 2021 - 2022

13.3 Appendix 3 – Letter of Going Concern – September 2022

13.4 Appendix 4 – Letter of Support – City of Wolverhampton Council – September 2022

Wolverhampton Homes Limited
Company Limited by Guarantee
FINANCIAL STATEMENTS
for the year ended
31 March 2022

	Page
Officers and professional advisers	3
Strategic report	4-13
Directors' report	14-15
Directors' responsibilities in the preparation of financial statements	16
Statement of corporate governance	17-19
Independent auditor's report	20
Statement of comprehensive income	21-22
Statement of changes in equity	23
Balance sheet	24-25
Statement of cash flows	26
Significant accounting policies	27-30
Notes to the financial statements	31-55

DIRECTORS

Angela Davies – Chair
Councillor Rita Potter
Councillor Zareena Russell
Councillor Asha Mattu
Councillor Paul Appleby
Derek Allen
Hajrija Dergic
Joy McLaren
Julie Haydon
Michael Timothy Porter
Parveen Brigue
Shaun Aldis
Steve Finegan – Vice-chair
Victor Browne

EXECUTIVE MANAGEMENT TEAM

Shaun Aldis	Chief Executive
Julie Haydon	Director – Corporate Services
Angela Barnes	Director – Housing and Communities
Ian Gardner	Director – Property Services

SENIOR MANAGEMENT TEAM

Darren Baggs	Assistant Director – Housing
Kevin Manning	Assistant Director – Asset Management

SECRETARY

Julie Haydon	Director – Corporate Services
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REGISTERED OFFICE

Wednesfield Housing Office, Alfred Squire Road, Wolverhampton, West Midlands,
England, WV11 1XU

AUDITOR

Grant Thornton UK LLP
The Colmore Building, 20 Colmore Circus, Birmingham, B4 6AT

BANKERS

HSBC
3 Trinity Court, Broadlands, Wolverhampton, WV10 6UH

ACTUARY

Hymans Robertson LLP, 1 London Wall, London EC2Y 5EA

The Directors present their Strategic Report, annual Directors' Report, and financial statements of Wolverhampton Homes Limited (the Company) for the year to 31 March 2022. The financial statements have been prepared under the International Financial Reporting Standards.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was the management and maintenance of the City of Wolverhampton Council ("the Council") owned homes in Wolverhampton.

Wolverhampton Homes Limited was established as an Arms Length Management Organisation in accordance with a Government policy initiative for local authority housing management.

REVIEW OF THE BUSINESS

Financial Performance

Wolverhampton Homes Limited was incorporated in May 2005, started trading in October 2005 and has been actively trading for over 15 years.

When an initial 10-year management agreement was nearing the end of its term in 2013, the Company signed a new fifteen year management agreement with the City Council which runs until 2028. The Council invited the Company to deliver an additional range of housing functions during 2017 - 2018 and the management agreement together with its associated schedules was updated to reflect these changes. The first formal five year review of this new agreement was successfully concluded. This gives an indication that Company's services are likely to be required long into the future.

The Company's total assets as at 31st March 2022 were £17.3 million, £2.4 million less than at the same time in 2021. Current assets exceed short-term liabilities and Wolverhampton Homes is therefore in a strong position to continue trading as a Company. Operating loss was £8.6 million in 2021-2022 consisting of an operational loss of £0.3 million and a pension cost adjustment of £8.3 million required under IAS19. Overall, the Company has done well to deliver the services required under the management agreement as it has faced both increased demand for services after the pandemic and inflationary cost pressures.

The base Management Fee for 2021-2022 was £40 million including funding for the delivery of Homelessness, Housing Options and Temporary Accommodation. This included an adjustment of £0.3 million for the 249 properties transferred from Springfield Horseshoe TMO.

To manage the budget position, the Company has taken every opportunity to make savings, particularly from natural wastage on staffing budgets and to avoid redundancies in the short or medium term.

The Company has reserve balances of £5.3 million at 31st March 2022, compared to £5.8 million at the end of the previous financial year and fixed assets to the value of £2.6 million. This is still above the minimum reserve level of 3% of revenue budget, as set out in the Reserves Policy. This high level of reserve enabled the Company to manage without inflationary or other increases in the management fee for several years. Going forward, the reserves will be used for the purposes of contingency and one-off investment.

In addition to holding reserves to cope with medium and long-term pressures, the Company has continued to seek opportunities for business efficiency and to invest to save. Following the impact of Covid-19, work was undertaken to support new ways of working including a review of customer contact and access needs and expectations to ensure investment in technology supports improved ways of working, which are central to supporting the company's approach to business efficiency.

Expenditure against budget and medium-term budget issues

The Company has continued to monitor expenditure against budget in a timely and systematic manner and all managers are fully engaged in this process. Since the Company's primary source of income is the management fee from the sole shareholder and there is a high level of certainty over the timing and stability of income compared to most businesses, understandably less emphasis is placed on monitoring liquidity and other linked financial ratios, in favour of monitoring spending against budget. This is monitored regularly at full Board level. Careful and consistent monitoring ensures that knowledgeable decisions can be made about new initiatives, recruitment, redundancies, and other activities and that the Board is apprised of the likely impact on reserves to deal with contingencies and needs over the next 3-4 years.

The medium-term financial position

In 2021-2022 the Company budgeted for a zero contribution from reserves to operate a balanced budget. The outturn for 2021-2022 was that the Company required a reserves contribution of £0.3 million. The budget for 2022-2023 requires a contribution of £1.0 million which will come from reserves or additional funding from the council.

Whilst reserves are strong, and the Company has an excellent track record of effectively managing its finances, it is expected that to maintain a balanced budget contribution for the next five years, additional efficiencies will need to be delivered. This will ensure that expenditure is sustained in line with income which could reduce to reflect the reduction in rent to the HRA from homes lost to right to buy.

Therefore, the Company will be reviewing and redesigning its services to take account of customers' needs and how these might be met after the impact of Covid-19 giving consideration to customer insight gathered during the pandemic to support the changes. This approach will keep the customer at the heart of service delivery focussing on making the best use of cost and quality opportunities, for the Company to aim to take advantage of every opportunity to increase business efficiency. This approach, which received full Board endorsement during 2021, is linked to the outcomes of the review of the Business Plan 2019 – 2023 and the associated annual

delivery plan and aims to generate a stable level of expenditure over the next ten years. Financial modelling indicates this is entirely possible. This approach has the added benefit of maintaining a skilled and stable workforce and a high level of staff engagement whilst actively managing risk which results in a better service for customers.

Pension Obligations

The Company's net pension liability shows the extent to which its existing pension commitments to employees and former employees exceed the assets currently available to meet those commitments. This liability decreased by £24.3 million during 2021-2022, made up of a decrease of £6.7 million in liabilities, and an increase of £17.6 million in assets. The increase in liabilities is due to a change in financial assumptions used by the Actuary to calculate the liability,

The current service cost charged to the profit and loss account was £10.2 million, which is an increase of £3.3 compared to £6.9 million in 2020-2021.

In practice, the value of the net pension's liability is not entirely meaningful, because pension payments will generally not need to be made for many years, and the Pension Fund plans over long timescales as a result. Furthermore, the amount the Company has to charge to its revenue accounts is the amount of employee contributions payable for the year, and not the costs calculated under the accounting rules. It is also important to note that the calculation of the net pension liability relies on a number of complex judgements, assumptions and variations which can lead to significant differences in the outcome. Note 16 to the Financial Statements provides further information on employee pensions.

The latest three-year annual actuarial valuation of the fund took place on 01 October 2019 and as a result the annual contribution rate the Company will need to pay for employees who are members of the pension fund will be unchanged at 19.2% of salary. The next valuation is expected in late 2022.

Performance Review 2021-2022

General

Overall operational performance has been good in 2021–2022 with 14 out of 17 key service targets being met or being within tolerance levels.

A full performance indicator review was completed, and a new supporting suite of statistical information added along with new compliance indicators and a monthly Infographic containing all KPI's. The compliance indicators monitor the performance of the Big 6 services, Asbestos, Electric, Fire Safety, Gas, Legionella, and Lift Safety. The suite has been designed to maintain compliance with the Consumer Standards and the Housing White Paper. Data has been collected and shared with Housemark (our benchmarking Company) throughout the year to track our performance against the national picture.

Performance outcomes continue to be regularly reported to Board, Communities and Service Delivery Committee and to the City of Wolverhampton Council.

The following sections offer further details around some of the key areas of service delivery.

Income collection performance

The Company continues to support positive performance outcomes most notably:

- The percentage of service charges collected from leaseholders finished above target at 105% (Target 98%).
- The percentage of rent collected (City wide including TMO/EMB's) achieved 96.99%, which met our challenging 95.45% target.
- 21.79% of all recharge monies were collected this year against our 19.5% target.
- The number of evictions for rent arrears was 22.

Keeping residents safe

The Company continues to ensure that services support residents feeling safe in their communities and homes. Supporting this work performance shows that:

- The indicators for the daily flat checks carried out by our Estate Services and Concierge Teams including monitoring of communal areas and landings; stair wells; bin rooms; refuse chutes; lifts and door entry systems achieved the robust target of 100%.
- The percentage of calls answered within 60 seconds by the Telecare service continued improving to 99.22% at year-end and achieved our stretched "Great" target of 98.5%.
- The percentage of valid gas safety records was 99.9%, which achieved the 99.9% target.
- Satisfaction with the way anti-social behaviour complaints were dealt with achieved our stretched "Great" target at 98.18% (Standard target 97%, "Great" target 98%).

Housing Options

This is delivered against the backdrop created through the introduction of the Homelessness Reduction Act. The team has had a challenging year against the impact of Covid-19, with significantly higher figures than the previous year. The following is of note:

- The total number of all presentations was 5978
- The number of customers owed a duty was 2331
- Average time taken to repair voids: (Receipt of Keys to Repairs completed (Ready to let):
 - In House - Standard (Minor) voids – 0 days. NB. Due to asbestos, pest infestation and Covid-19 safety issues almost all voids became classified as Major voids this year.

- In House - Major Voids - achieved 69 days against a 46-day target.
- Average time taken to re-let properties (ready to let to new Tenancy sign up):
 - Achieved 29 days against a 33 day target. This has been severely impacted by the restraints of Covid-19, including closure of suppliers, difficulty in obtaining materials, and additional checks and delays due to Covid-19 compliance, such as the 72-hour isolation period.
 - Void operatives have also supported the Response Repairs Service.

Repairs and Maintenance

- During another challenging year WH have continued to deliver a 24 hour repairs service. Although these have missed our challenging targets, we did not cancel any service requests made by customers during lockdown. We advised the customer that these would be held until lockdown ended. Figures have improved from the previous year and reflect:
 - 97.87% of response repairs were completed within target. (98% Target)
 - 97.47% of response repair appointments were made and kept (95% Target)

Business Plan 2019 – 2023

A fully refreshed business plan was developed and agreed by Board and the full Council which was implemented in 2019. This 4-year plan continues to build on the Company's collaborative approach to successfully support the Council in achieving its aspiration to be a city of opportunity.

This plan outlines the Company's response to the key strategic challenges it faces and details an ambitious transformation programme that will ensure its activities continue to:

- Enhance the community and customer focus – by embedding mobile working to deliver strong customer centric services; building resilience in communities and being responsive to the voice of customers.
- Provide safe and secure homes – by managing and maintaining homes to a high standard; looking after estates and communities; developing new and different types of housing; by adapting and improving the existing housing stock; by actively contributing to the improved supply of sustainable accommodation options across the city.
- Support people to sustain their tenancies and homes – through the provision of effective advice and support services that help customers to live independent, prosperous and fulfilling lives; by working collaboratively with other stakeholders to promote independence and individual and community resilience and continuing to provide excellent housing services.

The plan also details a proactive response to the Charter for Social Housing Residents to deliver the requirements of the national Building Safety Programme.

Furthermore, it demonstrates the Board's firm resolution in achieving the highest standards of governance.

Supporting local priorities and priority actions

The Business Plan is designed to be responsive to the ever-changing operating environment and in particular was influenced by:

- The wider economy and the impact of austerity that has resulted in some sections of our communities struggling financially and poverty is becoming more of a concern, particularly as a result of the impact of Covid-19 and the national economic climate.
- The revision to the rent setting policy was reviewed in 2020-2021.
- While the Charter for Social Housing Residents has now been published, Wolverhampton Homes are actively reviewing all new legislation that relates to Building Safety and will bring forward all necessary improvements to respond to the changing fire safety environment.

To support the delivery of the new and emerging priorities, the Company have committed to:

- I. Ensuring homes are safe and decent
 - By continuing to prioritise the delivery of exemplar compliance services.
 - Renewing the customer offer
 - The core driver is to support and sustain tenancies, prevent homelessness, reduce dependency, and promote resilience.
- II. Effective resolution of complaints
 - Maximised the capacity in the customer experience functions working to embed 'right first time' processes across all areas.
 - Reviewed the complaints policy and continue to work proactively with the housing ombudsman and use complaints outcomes to inform service improvements.
- III. Empowering residents and strengthening the Regulator
 - Review the approach to tenant, leaseholder and customer Scrutiny and improve the link that customer scrutiny has into the Company's wider governance structures.
 - Develop talent in the City communities to ensure that the Company can continue to recruit to the Board, and it is recognised there is a clear need to have a balanced skill and competence set across the Board that supports effective decision making.
 - The Company welcomes any extension of the regulator across the ALMO sector and will continue to evaluate the current operation against the Consumer Standards to establish where any gaps may exist.

IV. Tackling stigma and celebrating thriving communities

- The Company continues to review its services as part of the Our Future redesign to ensure increased capacity across the business including customer facing roles.
- The Corporate Social Responsibility and Community Development Strategy dovetails into the ongoing skills and development framework for customers.

V. Expanding supply and supporting home ownership

- The Company will continue to build new properties and make best use of infill sites across the city. The Company will use these as opportunities to use new construction techniques and complete developments that allow the Council to have a diverse range of affordable housing across the city.
- The Company have purchased 19 properties as their own assets and will continue to look for other opportunities in this area that have been let as market rent during 2021–2022.
- Working with the Council to review the private sector leasing scheme.

Operational Priorities for 2022-2023

The current Business Plan has a full annual delivery plan that details the key operational priorities for the next year that will complement our core service deliverables.

Through 2022-2023 the Company continues to move forward with its Our Future redesign plans in line with the transformational #GoodtoGreat journey to:

- Continue to reimagine its workforce, digital agenda and work processes.
- Use the learning from the impact of Covid-19, taking a new approach to business redesigning its services based on customer needs and feedback.
- A review of the Company's property portfolio to ensure the most appropriate and fit for purpose access points for our customers.
- Continue to invest in new technology to support agile working and agile workspaces to modernise working practices and further enhance our digital offer to customers.
- Continually focus on frontline customer services including repairs and maintenance to identify efficiencies that deliver improvements for our customers.
- Introduce a refreshed enterprise and innovation agenda specifically to:
 - Review the delivery of the private sector leasing scheme.
 - Manage properties developed by WV Living – both at affordable rent and shared ownership.

- Support the City to bring back empty homes into use and other opportunities to provide housing stock for use as social housing.
- Develop a sustainable waste management strategy.
- Delivery of Home Improvement Agency.
- Support Climate Change and Sustainability by working closely with the City of Wolverhampton Council to deliver against the Future Generations Strategy commitment to be carbon neutral by 2028.

Value for Money

The Company will continue a focused approach to the delivery of Value for Money during 2022-2023. The learnings from the impact of Covid-19 will be linked to the refresh of the business plan to ensure a sustainable approach to realising efficiencies and improvements across all areas of the business.

During 2021-2022 the Company has:

- Made best use of HRA land to continue to deliver new build properties and improve the temporary housing stock.
- Continued to invest into the digital infrastructure to support more efficient working for staff and as an enabler for customers to access services digitally in the longer term.

During 2022-2023 it is intended to refresh its value for money strategy detailing the Company's approach to efficiency savings, invest to save and maximising staffing resource opportunities.

The Budget Position for 2022-2023 and the medium-term financial plan

The annual Management Fee from the Council has typically provided around 87 percent of the Company's income. The approved management fee for 2022-2023 totals £40.5 million which includes funding for the delivery of Homelessness, Housing Options and Temporary Accommodation. Income is then received for the provision of general fund services including Anti-Social Behaviour, Independent Living, Telecare, Housing Assistance and for capital and grant funded programmes.

The Company also earns income from delivering capital schemes for the Council's capital programme and from third parties services such as asbestos removal. The Company is planning for the continuation of this income stream and the addition to the portfolio of more enterprising opportunities through the delivery of works via the Home Improvement Agency. There are also smaller, miscellaneous income streams that will continue to be monitored and innovative opportunities explored.

The Medium-Term Financial Strategy is forecast to achieve a balanced budget; however, a contribution from either reserves or the Housing Revenue Account is planned to support the budget for 2022-2023. The reserves will provide a contingency and in addition be used to support one off investment across our core services.

Overall, the year-end position was an overspend against budget for 2021-2022 resulting in a decrease to reserves of £0.3 million. Reserve balances equal £5.3

million at 1 April 2022. Therefore, the Company can use reserve balances for one off investment to support the budget in the medium term.

Major risks and uncertainties

Managing Risk

The Company continues to refine its approach to risk management and its wider business assurance programme. The delivery of governance and business assurance programmes continues.

During 2021-2022 a full annual plan for internal audit has been delivered that provided a comprehensive programme of audit to be achieved. This incorporated many additional workstreams including core health and safety and compliance activity.

During the year it is pleasing to note that the key challenges were successfully mitigated. These included:

- Monitoring and managing medium-term financial pressures.
- Continuing the delivery of the new build programme and the Heath Town master plan.
- Continuing to improve the digital agenda including online/automated services for customers.
- Health and Safety compliance.
- Continuing the programme of agile working office refurbishment arrangements.
- Utilising the learning from the impact of Covid-19 on our customers and the Company to improve services.

The corporate risk register continues to provide a closer focus and synergy with the objectives that are derived from the business plan and recovery plan, continuing to concentrate on key strategic challenges.

By order of the Board.

Shaun Aldis Chief Executive

Date

Shaun Aldis
Chief Executive

In addition to their Strategic Report on pages 4 to 12, the Directors also present their annual Directors' Report and financial statements of Wolverhampton Homes Limited (the Company) for the year to 31 March 2022.

The Company has chosen, in accordance with Section 414C of the Companies Act, to set out in the Company's Strategic Report certain information which would otherwise be required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was the management and maintenance of Council owned homes in Wolverhampton. Wolverhampton Homes Limited was established as an Arm's Length Management Organisation in accordance with a Government policy initiative for local authority housing management.

DIRECTORS

The Directors who served the Company during the period were as follows:

Angela Davies
Councillor Lynne Moran (until 21 May 2021)
Councillor Paul Singh (until 21 May 2021)
Councillor Rita Potter
Councillor Zareena Russell
Councillor Asha Mattu (from 21 May 2021)
Councillor Paul Appleby (from 21 May 2021)
Derek Allen
Hajrija Dergic
Joy McLaren
Julie Haydon
Michael Timothy Porter
Parveen Brigue
Shaun Aldis
Steve Finegan
Victor Browne

DIRECTORS' LIABILITY

The Company has arranged adequate directors' and officers' liability insurance cover for all its directors. Such insurance remains in force at the date of approving the Directors' Report.

DISABLED EMPLOYEES

The Company has been approved by Job Centre Plus as a user of the disability symbol. The Company is committed to employing disabled people and will interview all disabled applicants who meet the minimum criteria for a job vacancy and will consider them on their abilities. If employees become disabled every effort is made to ensure that they stay in employment. There is a mechanism in place to ensure that at least once each year a discussion is held with disabled employees to ensure that they can access appropriate training and learning and development so that they can develop and use their abilities.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through regular briefings, team meetings, one to ones, staff communications newsletters, e-bulletins, staff surveys and Chief Executive regular briefings and the Joint Consultative Panel (JCP).

ENVIRONMENTAL POLICY

Wolverhampton Homes supports the Council's corporate objective to create a greener city and has adopted the environmental principles of the Council's sustainability charter, relating to local transport systems, neighbourhood environments, management of resources and waste disposal and recycling.

FINANCIAL AND RISK MANAGEMENT

Ensuring the Company continues to have a financially sustainable budget in the medium term – the Company prepares and regularly updates medium term financial plans. These are reported to Senior Management Team and to the Board and are subject to close scrutiny. The medium-term financial plan provides a context for our annual budgeting cycle.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who were in office on the date of approval of these statements have confirmed, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to reappoint Grant Thornton UK LLP, Chartered Accountants as auditor was put to the Board at the Annual General Meeting as part of the current contracting arrangements up to 2022 – 2023 (this includes an option to extend for a further two years beyond that).

By order of the Board

Date
Shaun Aldis
Chief Executive

Date
Angela Davies
Chair of the Board

Wolverhampton Homes Limited
Company Limited by Guarantee
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements of the Company in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company of the Company for that period.

In preparing those financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and international accounting standards in conformity with the requirements of the Companies Act 2006:
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement on Internal Control

The Board acknowledges it has ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the business environment in which it operates and for maintaining robust systems of internal control and reviewing their effectiveness.

These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Company or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposal.

The systems of internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control includes the following key elements:

Corporate Governance

The Company has a balanced and formally constituted Board made up of democratically elected members, tenants and independent members. The Board has formally adopted terms of reference and is central to its strategic decision-making processes, meets regularly and receives comprehensive reports on the activities of the Company. The articles of association and the membership of the board was reviewed during 2021-2022 with the shape of the board as twelve directors but made up of equal numbers of elected members, tenants and independent members. The shareholder fully endorsed this model. The Board is supported by two committees with defined terms of reference covering, Communities and Service Delivery, and Audit and Business Assurance matters. The Board has adopted a programme of development and training and has undertaken a process of evaluation of its own effectiveness through an internal self-assessment exercise which will continue to inform a full skills analysis.

Management Control and Direction

The Company has a suitably qualified and experienced Senior Management Team with clear areas of responsibility. The Senior Management Team of Wolverhampton Homes plays a lead role in the identification, evaluation and control of significant risks facing the organisation and prioritises and directs the focus of effort and attention accordingly.

Arms Length Partnership relationship with the City of Wolverhampton Council

Although the Company operates at arms length from Wolverhampton City Council it is nevertheless subject to an appropriate framework of performance monitoring to ensure it is delivering outputs and results in line with the Management Agreement and annual action plan. The Management Agreement and its associated schedules

were fully updated and agreed by the Board and full Council of the City of Wolverhampton Council during 2018.

Performance Management and Performance Indicators

The Company produces, monitors and reports performance on a regular basis against a comprehensive suite of performance indicators and information covering all the main activities of Wolverhampton Homes. There is a clear performance management and control framework which involves all staff in agreeing priorities and targets with their line managers. One to ones are held with all staff members on a regular basis, with a minimum of 4 meetings per year. Targets are linked to the overall action plan for the Company to ensure that effort is focused on Company priorities.

Risk Assessment and Periodic Assessment of Priorities

Risk assessment plays an important part in the control framework for the Company. The management of key risks is monitored by the Audit and Service Delivery Committee and the Board. The Company formally reassesses its risks regularly and decides on what mitigating actions to take in line with available resources. When necessary during the financial year budget resources are realigned to take account of newly identified risks. The prioritisation of activities and the allocation of resources is set out within the Business Plan and agreed with the Council.

Financial Risks

The financial risks faced by the Company are limited by the fact that the main income stream is stable, as it comes from the Council in the form of a predetermined management fee. The management fee is set every year and a schedule of payments agreed. This is paid against a timetable that coincides with the payment of salaries, wages, and creditor payments by Wolverhampton Homes. This means that cash balances are relatively low, and the scope for financial loss, is limited. The financial systems operated by the Company are robust and well tested.

Since 2014-2015 the Company has banked with the HSBC bank.

Financial Regulations

The Company has an adopted set of Financial Regulations and Standing Orders as part of its control framework. These documents are updated periodically and reviewed and agreed by the Board. The documents are underpinned by a clearly documented procedure notes that set out how staff should undertake financial transactions.

Management of Budget Pressures

Management has access to financial systems to monitor expenditure against plans and forecasts. The Director - Corporate Services is responsible for ensuring that financial risks are effectively managed and controlled. Financial reports ensure that the Senior Management Team and the Board are fully informed of key financial issues and variances from budget are investigated and addressed. Monitoring reports are taken to the Board on a regular basis.

Financial Systems

The Agresso Business World Financial systems used by Wolverhampton Homes are hosted by the City of Wolverhampton Council. These have been subject to internal audit review.

HR and Staff Management

Recruitment and employment policies and procedures ensure that properly qualified and experienced staff are recruited and managed effectively. Post-recruitment policies such as absence management and performance management ensure that effective action is taken to monitor and develop staff performance.

Audit Activity

The activities of the Company are subject to external and internal audit review. The Company operates a Communities and Service Delivery Committee and a separate Audit and Business Assurance Committee. This highlights the importance placed on audit activity within the Company and it ensures an adequate level of focus on internal control. The brief for the Audit and Service Delivery Committee, established also scrutinises the outcome of Internal Audits and reviews the Health and Safety audits within the Company. The Committee has a specialist understanding of audit issues within the Company.

The Board and Senior Management Team have reviewed the effectiveness of systems of internal control in existence for the period ended 31 March 2022. No weaknesses were found in the internal controls which to the knowledge of the Board and the Senior Management Team resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements. The Board is satisfied that this remains the case up to the signing of these documents.

Grant Thornton to provide once audit is complete

William Devitt

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

Date

Wolverhampton Homes Limited
Company Limited by Guarantee
STATEMENT OF COMPREHENSIVE INCOME
for the year to 31 March 2022

	<i>Notes</i>	2022 £'000	Restated 2021 £'000
REVENUE	3	54,860	52,554
Operating costs	4	(61,869)	(56,080)
(LOSS) FROM OPERATIONS	4	(7,010)	(3,526)
Finance income	5	1	11
Finance costs	5	(1,564)	(887)
Depreciation	15	(41)	(20)
(LOSS) BEFORE TAXATION		(8,614)	(4,422)
Taxation	7	(30)	-
(LOSS) FOR THE YEAR	13	(8,644)	(4,422)

The (loss) from operations for the year arises from the Company's continuing operations.

The (loss) for the year is entirely attributable to its sole member (note 12).

There is a prior year adjustment attributed to a change in classification of property assets held from Investment Properties to Land and Buildings (note 17)

	<i>Notes</i>	2022 £'000	Restated 2021 £'000
(Loss) for the year		(8,644)	(4,422)
OTHER COMPREHENSIVE GAIN, NET OF TAX			
Actuarial gain/ (loss) on defined benefit obligations	18	32,354	(32,723)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		23,710	(37,145)

Wolverhampton Homes Limited
Company Limited by Guarantee
STATEMENT OF COMPREHENSIVE INCOME
for the year to 31 March 2022

The total comprehensive profit/(loss) for the year is entirely attributable to its sole member (note 12).

Wolverhampton Homes Limited
Company Limited by Guarantee
STATEMENT OF CHANGES IN EQUITY
for the year to 31 March 2022

	Retained earnings	Retained earnings
	£'000	£'000
BALANCE AT 1 APRIL 2020		(25,244)
Loss for the year	(4,669)	
Other comprehensive loss, net of tax:		
Actuarial gain on defined benefit obligations	(32,723)	
	<u> </u>	
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(37,392)</u>
IMPACT OF PRIOR YEAR ADJUSTMENT		247
REVISED TOTAL COMPREHENSIVE LOSS FOR THE YEAR		37,145
BALANCE AT 31 MARCH 2021		(62,389)
Loss for the year	(8,644)	
Other comprehensive gain, net of tax:		
Actuarial loss on defined benefit obligations	32,354	
	<u> </u>	
TOTAL COMPREHENSIVE GAIN FOR THE YEAR		<u>23,710</u>
BALANCE AT 31 MARCH 2022		<u><u>(38,678)</u></u>

The total comprehensive profit/(loss) for the year is entirely attributable to its sole member (note 12).

Wolverhampton Homes Limited
Company Limited by Guarantee
BALANCE SHEET
31 March 2022

Company Registration No: 05441967

	<i>Notes</i>	2022 £'000	Restated 2021 £'000
ASSETS			
FIXED ASSETS			
Land and Buildings	15	2,560	2,415
RIGHT OF USE ASSETS			
Land and Buildings	16	519	1,694
Motor Vehicles	16	1,899	2,188
CURRENT ASSETS			
Trade and other receivables	9	8,661	8,397
Cash and cash equivalents	8	3,705	5,060
		<u> </u>	<u> </u>
TOTAL ASSETS		<u><u>17,344</u></u>	<u><u>19,754</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	(6,777)	(7,184)
Lease liabilities	16	(21)	(112)
Current tax liabilities	11	(30)	-
		<u> </u>	<u> </u>
		(6,828)	(7,296)
NON-CURRENT LIABILITIES			
Lease Liabilities	15	(2,560)	(3,928)
Retirement benefit obligations	18	(46,632)	(70,919)
		<u> </u>	<u> </u>
TOTAL LIABILITIES		<u><u>(56,020)</u></u>	<u><u>(82,143)</u></u>
NET LIABILITIES		<u><u>(38,678)</u></u>	<u><u>(62,389)</u></u>
EQUITY			
Retained earnings	13	(38,678)	(62,389)
		<u> </u>	<u> </u>
TOTAL EQUITY	13	<u><u>(38,678)</u></u>	<u><u>(62,389)</u></u>

The financial statements on pages 25 to 59 were approved by the Board and authorised for issue on 2022 and are signed on its behalf by:

Date

Director – Angela Davies

Date

Director – Shaun Aldis

Wolverhampton Homes Limited
Company Limited by Guarantee
STATEMENT OF CASH FLOWS
for the year to 31 March 2022

	<i>Notes</i>	2022 £'000	2021 £'000
OPERATING ACTIVITIES			
Cash utilised by operations	14	(1,355)	(736)
Taxation paid		-	-
		<u> </u>	<u> </u>
NET CASH UTILISED BY OPERATING ACTIVITIES		(1,355)	(736)
INVESTING ACTIVITIES			
Interest received		1	11
Fixed Assets acquisition		(185)	(2,435)
		<u> </u>	<u> </u>
NET CASH FROM INVESTING ACTIVITIES		(184)	11
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,539)	(3,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,060	8,220
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	3,705	5,060
		<u> </u>	<u> </u>

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the EU (“IFRS”) and the requirements of the Companies Act applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

REVENUE RECOGNITION

Revenue is recognised when revenue and associated costs can be measured reliably, and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from services is recognised on a time-apportioned basis by reference to the provision of services set out in the Management Agreement.

Sales of goods are recognised when goods are delivered, and title has passed. Delivery occurs when the products have arrived at the specified location, and the risks and rewards of ownership have been transferred to the customer.

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

GOING CONCERN

The accounts are prepared on a going concern basis. Directors perform a going concern assessment annually prior to the approval of the financial statements, taking into account all available information about the foreseeable future. This includes confirmation of continued support from the council Directors

AGENCY ARRANGEMENTS

Income and expenditure is included in the Income Statement where the Company is acting as principal and bears the risks and rewards associated with those arrangements, rather than acting as an agent.

EXCEPTIONAL ITEMS

Exceptional items are those items that in the Directors’ view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Company’s financial performance.

LEASES

IFRS 16 is the Lease Accounting Standard. WH recognise a right-of-use asset and related lease liability in connection with all former operating leases with the exception of those leases with a remaining lease term of less than 12 months from the date of initial application.

Depreciation is applied to right-of-use assets on a straight-line basis from date of transition for existing leases or lease commencement date for leases entered into within the current financial year. Portfolio application is applied to leases with similar characteristics. Vehicle leases of the same length are grouped together, Private Sector Leasing property leases are also grouped together based on year of lease termination. These leases are grouped as they have similar characteristics and the effects of applying the portfolio approach is not considered material to the financial statements.

At commencement, the lease liability is initially measured at the present value of the lease payments payable over the lease term. This is discounted at the rate implicit in the lease. Interest rates implicit in Wolverhampton Homes leases is not readily determinable due to a lack of information therefore the green book treasury discount rate of 3.5% has been used.

FIXED ASSETS – Buildings

These are included in the Statement of Financial Position initially at cost and depreciated annually. The depreciation is calculated on a straight line by component. An impairment review is performed annually to determine whether an impairment is required.

PENSION CONTRIBUTIONS

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each year end.

Actuarial gains and losses arising are recognised directly in other comprehensive income in the period in which they arise. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in profit or loss.

An asset or liability is recognised equal to the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument.

Financial assets

Trade receivables

Trade receivables are classified as receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through

the use of an allowance account and any impairment loss is recognised in profit or loss.

Cash and cash equivalents/liquid resources

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

Bank overdrafts, where applicable, are presented within current liabilities.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING AND ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union.

Standards adopted early by the Company

The Company has adopted amendments to IAS19 Employee Benefits for the year to 31 March 2021.

Standards issued as at 31 March 2021 but not yet adopted

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

New Standards	Effective Date
IFRS 17 Insurance contracts	01 January 2021

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- the assumptions underpinning the pension scheme valuation, see Note 18 for details of the sensitivities on key assumptions;
- the valuation of investment properties could be impacted by market volatility occurring as a response to the Covid-19 pandemic.

Critical areas of judgement

The following are the critical judgements, apart from those involving estimations (see above) that the directors have made in the process of applying the entity's accounting policies and that have a significant effect in the amounts recognised in the financial statements:

- a bad debt provision of £152,000 (2021: £146,000) is included to cover potential non-payment of invoices. This is based on an assessment of outstanding invoices at 31 March 2022. See Note 9.

2 FINANCIAL RISK MANAGEMENT

The Company's Audit and Service Delivery Committee is responsible for reviewing the risk register and for risk management within the Company, including financial risks. The Audit and Service Delivery Committee reports to the Board every six months on risk issues. Risks are also reviewed on a regular basis at section level within Directorates and the key risks identified are kept under review by the Senior Management Team.

Monitoring exposures to financial risks forms a key part of the Company's overall risk management processes. Exposure to financial risks are monitored by the Company's Financial Management Team who are required to produce monthly budget updates that include forecasts of likely expenditure and income levels and the highlighting of key risks and their potential impact on the finances of the Company.

Risk Register reports are provided to the Audit Committee / Board of Directors every quarter. The Risk Register is discussed by the Board every six months to

ensure that the risk mitigation procedures are compliant with the Company policy and that any new risks are appropriately managed.

2 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk and credit risk

Management's objective is to meet the Company's liabilities as they fall due whilst maintaining sufficient headroom to enable the Board to react to unexpected changes in market conditions. The Company is largely dependent on its largest customer, the Council, which represents over 96.0% (2021: 96.0%) of its total turnover in order to maintain the necessary cash headroom to operate effectively. Payments of management fee are agreed in advance with the Council each year to ensure that there is sufficient money coming in to cover the obligations to pay staff and creditors as payments become due.

The management fees are fixed every twelve months, with the longer-term levels of management fee set indicatively within the Council's HRA business plan. Based on the Government's current housing subsidy levels and forecast future rent income levels the Company can be assured that management fee levels going forward beyond the current year will be consistent with those currently payable. The Company is also assured in the assessment by its Directors that it is a going concern by the fact that its current management agreement runs to 31 March 2028.

The Management fee from the Council is receivable monthly by Wolverhampton Homes Limited. Wolverhampton Homes Limited assesses its cash flow requirements based on its own cash flow modelling and places surplus funds on no-notice deposits. In order to mitigate against the risk of bank default, the Company places funds with highly rated banks, taking account of advice on credit risk from the City Council.

Wolverhampton Homes Limited is exposed to liquidity and credit risk principally in the event that the Council were to experience cash flow difficulties in paying the Company its management charge. Based on the Council's own high credit rating this is assessed to be a very unlikely scenario of low risk.

Credit risk, although assessed as low, arises predominantly from trade receivables (principally the Council).

Whilst the Council is the Company's largest customer, the Company has other customers. Credit exposure is managed on an individual customer basis. Company policy is to assess the credit quality of each customer internally before accepting any terms of trade. Internal procedures take into account the customers' financial position as well as their reputation within the industry and past payment experience. These procedures are applied to trade receivables.

There are no borrowings in place.

2 FINANCIAL RISK MANAGEMENT (continued)

Reserves policy

Wolverhampton Homes has a policy to set a minimum reserve level of 3% of the turnover to manage the risks facing the Company. To put this in context, this would be equivalent to a minimum reserves base level of £1.5 million based on a turnover of £50 million. The key financial risks to the annual budget are assessed as errors in estimating the impact of inflation, errors in estimating revenue budget levels and costs arising from the impact of unplanned events.

Beyond the issue of the need to hold reserves to manage the unforeseen, reserves are also important at the current time in terms of our medium-term financial strategy.

The key medium-term financial issue for the Company at the present time has been managing within the constraints of the freeze to its management fee, which came to an end in April 2020. The Company has been intent on making savings to manage the long term impact of this freeze and minimise its impact on tenants. With this in mind the general reserves have been broken down into three distinct elements:

Contingency element (3% of turnover)	£1.6M
--------------------------------------	-------

Expenditure not in base budget including invest to save	£3.7M
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The contingency element represents a level of reserves as an absolute minimum below which it would not be prudent for the Company to go.

The reserves strategy takes account of allocating funding for one-off expenditure and inflation. In the context of a balanced budget the availability of funds for one off items and to invest to save is particularly important.

2 FINANCIAL RISK MANAGEMENT (continued)

Maturity analysis

The table below analyses the Company's financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on amounts outstanding at the reporting date up to the contractual maturity date.

Liabilities – 2022	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	6,807	-	-	-	6,807
Lease liabilities	-	21	2,218	342	2,581
Current tax liabilities	-	30	-	-	30
	<u>6,807</u>	<u>51</u>	<u>2,218</u>	<u>342</u>	<u>9,418</u>

The table below analyses the Company's financial assets held for managing liquidity risk which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities.

Assets – 2022	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Cash at bank and on hand	3,705	-	-	-	3,705
Trade and other receivables	8,482	-	-	-	8,482
Owned properties leased	-	-	819	352	1,172
Leased properties sublet	-	169	309	5	483
	<u>12,187</u>	<u>169</u>	<u>1,128</u>	<u>357</u>	<u>13,842</u>

The Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

Liabilities – 2021	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	7,184	-	-	-	7,184

Wolverhampton Homes Limited
Company Limited by Guarantee
NOTES TO THE FINANCIAL STATEMENTS
for the year to 31 March 2022

Lease Liabilities	-	112	1,151	2,776	4,039
Current tax liabilities	-	-	-	-	-
	7,184	112	1,151	2,776	11,223

2 FINANCIAL RISK MANAGEMENT (continued)

Assets - 2021	Within 6 months £'000	6 months - 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Cash at bank and on hand	5,060	-	-	-	5,060
Trade and other receivables	8,397	-	-	-	8,397
Owned property leased	-	-	779	507	1,286
Leased properties sublet	-	-	770	260	1,030
	13,457	-	1,549	767	15,773

The Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

Interest rate risk

The Company's interest rate risk is limited to the floating rate that it earns on its deposits with its bankers, which broadly tracks base rates, dependent on the amount on the Company's reserve account.

The table below shows the Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

Assets - 2022	Floating rate £'000	Non-interest bearing £'000	Total £'000
Cash and cash equivalents	3,680	25	3,705
Trade and other receivables		8,482	8,482
	3,680	8,507	12,187
	Floating rate	Non-interest bearing	Total

Wolverhampton Homes Limited
Company Limited by Guarantee
NOTES TO THE FINANCIAL STATEMENTS
for the year to 31 March 2022

Liabilities - 2022	£'000	£'000	£'000
Trade and other payables	-	<u>4,844</u>	<u>4,844</u>

2 FINANCIAL RISK MANAGEMENT (continued)

	Floating rate £'000	Non-interest bearing £'000	Total £'000
Assets - 2021			
Cash and cash equivalents	5,016	44	5,060
Trade and other receivables	-	8,303	8,303
	<u>5,016</u>	<u>8,347</u>	<u>13,363</u>

	Non- interest bearing £'000	Total £'000
Liabilities - 2021		
Trade and other payables	7,184	7,184

Credit risk

The Company's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value as disclosed below. All financial assets have a fair value which is equal to their carrying value.

		2022 £'000	2021 £'000
<i>Maximum exposure to credit risk</i>			
Trade and other receivables	- Council	7,728	7,874
	- Other	933	524
Cash and cash equivalents	- Bank	3,705	5,060
		<u>12,366</u>	<u>13,458</u>

Capital management

The Company's main objective when managing capital is to ensure that it maintains sufficient capital to ensure that the Council's tenants continue to receive an excellent housing management service from the Company. The level of management fee agreed with the Council annually in respect of the Management Agreement and the Company's level of operating efficiency are the principal determinants of the level of equity that the Company is able to retain. As a Company limited by guarantee, the only equity/capital of the Company is represented by its retained earnings reserves.

2 FINANCIAL RISK MANAGEMENT (continued)

The Company has no debt. The Company does not have any externally imposed capital requirements and has not made any changes to its capital management during the year. Wolverhampton Homes as a not for profit organisation is not driven to make a surplus but for fulfilment of the Company priorities. Following the establishment of the Company as part of the Management Agreement the Company has to provide for all its own risks and costs of inflation risks and unforeseen events and this is important for the future viability of the Company.

3 REVENUE

Sales were made wholly within the United Kingdom and derived from the Company's principal activity of housing management. The Company considers that it derives its revenue from this one segment.

4 (LOSS) FROM OPERATIONS	2022	2021
	£'000	£'000
(Loss) from operations is stated after charging:		
Inventories		
- amount charged (to operating costs)	3,568	2,893
Auditor's fees:		
- audit services: Grant Thornton UK LLP	31	29
- taxation: RSM UK Tax and Accounting Limited	4	4
Rentals payable under leases	1,571	1,613
	<u> </u>	<u> </u>
The following table analyses the nature of expenses:		
Staff costs	33,274	29,897
Repairs and maintenance	20,629	14,956
Other housing management costs	3,903	5,657
Corporate	1,861	3,354
Information technology	1,777	1,624
Other	425	592
	<u> </u>	<u> </u>
Total expenditure (excluding finance costs)	61,869	56,080
	<u> </u>	<u> </u>

During the year, the Company impaired certain financial assets classified as loans and receivables. Further details are provided in Note 9. No interest was generated on impaired financial assets in either the current or preceding financial years.

5	FINANCE INCOME AND COSTS	2022 £'000	2021 £'000
	Other interest receivable	1	11
		<u>1</u>	<u>11</u>
		2022 £'000	2021 £'000
	Pension finance costs	(1,483)	(762)
	Amortisation of lease liability	(81)	(125)
		<u>(1,564)</u>	<u>(887)</u>

6	STAFF AND STAFF COSTS	2022 No.	2021 No.
	The average monthly number of persons employed by the Company during the period was:		
	Housing Management	146	158
	Property Services	311	325
	Estates Services	74	77
	Support Services	62	57
	Housing Options	83	87
		<u>676</u>	<u>704</u>

The total number of staff in 2020 includes 9 new apprentices, work placements and trainees.

	2022 £'000	2021 £'000
Wages and salaries	20,828	20,964
Social security costs	2,035	2,044
Other pension costs	10,410	6,899
	<u>33,273</u>	<u>29,897</u>
Total expenditure	<u>33,273</u>	<u>29,897</u>

The remuneration paid to the Directors of the Company (including pension contributions and benefits in kind) for management services was £Nil (2021: £Nil). The total of directors' pension contributions was £Nil (2021: £Nil).

7 TAXATION	2022 £'000	2021 £'000
ANALYSIS OF CHARGE IN YEAR:		
Current tax:		
UK – Current year	30	-
	<u> </u>	<u> </u>
Current tax reconciliation:		
The tax assessed for the years differs from the standard rate of corporation tax as follows:		
(Loss) before tax	(8,614)	(4,652)
	<u> </u>	<u> </u>
Tax at the standard rate of corporation tax 19% (2021: 19%)	(1,636)	(884)
Effect of non-trading activities with member not subject to corporation tax	1,606	884
	<u> </u>	<u> </u>
	(30)	(-)
	<u> </u>	<u> </u>

The Company is a wholly owned subsidiary of the Council, and the majority of income is derived from services provided to the Council. HM Revenue and Customs has confirmed that transactions between ALMOs and their Councils do not amount to trading and, accordingly, any surplus or deficit arising thereon is outside the scope of corporation tax. As a result of this, the effective rate of tax is nil% (2021: nil%), which is lower than the standard UK rate of 19 % (2021: 19%).

8 FINANCIAL INSTRUMENTS

2022	Loans and receivables £'000
Current financial assets	
Trade and other receivables (less prepayments)	8,482
Cash and cash equivalents	3,705
Total	<u>12,187</u>
2022	Trade and other payables £'000
Current financial liabilities	
Trade and other payables	<u>4,844</u>
2021	Loans and receivables £'000
Current financial assets	
Trade and other receivables (less prepayments)	8,303
Cash and cash equivalents	5,060
Total	<u>13,363</u>
2021	Trade and other payables £'000
Current financial liabilities	
Trade and other payables	<u>7,184</u>

9 TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Trade receivables	8,471	8,301
Other receivables	11	3
Prepayments	180	94
	<u>8,662</u>	<u>8,398</u>

The average credit period taken on provision of services is 58 days (2021: 58 days). All trade and other receivables are denominated in sterling.

An impairment review has been undertaken at the year end to assess whether the carrying amount of financial assets is deemed recoverable. The primary credit risk relates to amounts due outside of their credit period. A provision for impairment is made when there is objective evidence of impairment which is usually indicated by a delay in the expected cash flows or non-payment from customers. As at 31 March 2022, £152,000 (2021: £146,000) of trade receivables were impaired in relation to customers who are known to be in financial difficulty and from whom payment was overdue by more than twelve months. No provision for impairment has been made against any amounts due from the Council at 31 March 2022 or 2021.

The following table provides analysis of trade and other receivables (including amounts due from the Council) that were due at 31 March, but not impaired. The Company believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2022 £'000	2021 £'000
Up to three months	247	2,639
Up to six months	138	71
Between six months and a year	40	14
	<u>425</u>	<u>2,724</u>

9 TRADE AND OTHER RECEIVABLES (continued)

The movement in the allowance account was as follows:

	2022 £'000	2021 £'000
Opening balance as at 1 April	146	149
Provision for receivables impairment	6	(3)
	<u>152</u>	<u>146</u>
Closing balance as at 31 March	<u>152</u>	<u>146</u>

10 TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	2022 £'000	2021 £'000
Accruals and deferred income	4,267	3,162
Other tax and social security	1,964	2,209
Other payables	577	760
	<u>6,808</u>	<u>7,184</u>
	<u>6,808</u>	<u>7,184</u>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2021: 27 days).

The increase in accruals compared with 2021 is due to the timing of invoicing for capital recharges by the Council for services received in 2022.

All trade and other payables are denominated in sterling.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

11 CURRENT TAX LIABILITIES	2022 £'000	2021 £'000
Taxation	30	-
	<u>30</u>	<u>-</u>

12 COMPANY LIMITED BY GUARANTEE

The Company is limited by guarantee, incorporated in the United Kingdom, and is governed by its memorandum and articles of association. The guarantor is its sole member, Wolverhampton City Council, (see note 19) as listed in the Company's Register of Members. The liabilities in respect of the guarantee are set out in the memorandum of association and are limited to £1 per member of the Company.

Wolverhampton Homes Limited
Company Limited by Guarantee
NOTES TO THE FINANCIAL STATEMENTS
for the year to 31 March 2022

13	RESERVES	2022 £'000	Restated 2021 £'000
	Retained Earnings		
	1 April	(62,389)	(25,244)
	Retained loss for the year	(8,644)	(4,422)
	Actuarial gain/(loss) (note 18)	32,354	(32,723)
		<u> </u>	<u> </u>
	At 31 March	(38,678)	(62,389)
		<u> </u>	<u> </u>
		2022 £'000	Restated 2021 £'000
	Analysed as:		
	Profit and loss reserve (excluding pension liability)	5,393	6,115
	Fixed Asset Reserve	2,560	2,415
	Pension deficit	(46,632)	(70,919)
		<u> </u>	<u> </u>
		(38,678)	(62,389)
		<u> </u>	<u> </u>
14	CASH FLOWS	2022 £'000	2021 £'000
	Reconciliation of (loss) from operations to net cash generated (utilised by) operating activities		
	(Loss) from operations	(7,010)	(3,526)
	Pension contributions paid in period (note 18)	(3,643)	(3,783)
	Pension contributions charged in the period (note 18)	10,227	6,978
	Decrease/(Increase) in trade and other receivables	(263)	1,480
	(Decrease)/Increase in trade and other payables	(481)	(1,873)
	Movement in Fixed assets	(185)	(2,435)
		<u> </u>	<u> </u>
	Net cash (utilised by) operating activities	(1,355)	(3,160)
		<u> </u>	<u> </u>

14 CASH FLOWS (continued)

For 2021-2022 there were no significant non-cash transactions.

*CASH AND CASH
 EQUIVALENTS*

Cash and cash equivalents
 represent:

	2022 £'000	2021 £'000	2020 £'000
Cash at bank	3,705	5,060	8,220

15 OWNED PROPERTIES

During 2021-2022 the Company purchased 1 further property to let at market rent to add to the 18 purchased in 2020-2021. These are valued at cost and depreciated annually.

	2022 £'000	Restated 2021 £'000
Land and Buildings held at cost		
Brought forward Balance	2,415	-
Additions in year	<u>185</u>	<u>2,435</u>
	2,600	2,435
Depreciation		
Brought forward Balance	(20)	-
Charge in year	<u>(21)</u>	<u>(20)</u>
Total depreciation	(41)	(20)
Balance at 31 st March	<u>2,559</u>	<u>2,415</u>

The Company leases the properties to provide high quality homes for market rent. The surplus generated helps to support housing services.

16 COMMITMENTS
 UNDER LEASES

Right of Use Assets	Land and Buildings £'000	Motor Vehicles £'000	Total £'000
Balance at 1 April 2021	1,694	2,188	3,882
Depreciation charge for the year	(306)	(450)	(756)
Additions in year	-	161	161

Wolverhampton Homes Limited
Company Limited by Guarantee
NOTES TO THE FINANCIAL STATEMENTS
for the year to 31 March 2022

Disposals in year	(869)	-	(869)
Balance at 31 March 2022	519	1,899	2,418

	Land and buildings 2022 £'000	Land and buildings 2021 £'000	Motor Vehicles 2022 £'000	Motor Vehicles 2021 £'000
Total value of lease commitments				
Expiry of lease:				
Within 1 year	287	65	524	421
Between 2 – 5 years	463	1,059	1,842	1,632
After 5 years	-	657	176	274
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted lease liabilities at 31 March 2022	750	1,781	2,544	2,327
	<hr/>	<hr/>	<hr/>	<hr/>
Lease Liabilities included in the statement of financial position at 31 March 2022	695	1,800	1,915	2,239
	<hr/>	<hr/>	<hr/>	<hr/>
Current	29	112	-	-
Non-Current	666	1,688	1,915	2,239
	<hr/>	<hr/>	<hr/>	<hr/>
	695	1,800	1,915	2,239

Amounts recognised in statements of comprehensive income

	2022 £'000	2021 £'000
Interest on lease liabilities	81	125
Expenses relating to short-term leases	64	575

Amounts recognised in statement of cash flows

	2022	2021
	£'000	£'000
Total cash outflow for leases	1,571	1,613

The lease right of use asset and lease liabilities included in the statement of financial position consist of 2 office building leases (2021:4), 37 private sector property leases (2021:81) and 124 vehicle leases (2021:102). The private sector properties leases are in turn sub-leased by Wolverhampton Homes.

The undiscounted lease liabilities are provided to demonstrate the actual lease expenses payable in year.

17 PRIOR PERIOD ADJUSTMENT

The prior accounting period has been adjusted to reflect the change in asset classification of the 18 properties purchased to provide market rental housing. During 2022, it was agreed that these should be accounted for as fixed assets rather than investment properties. This is in line with the strategic nature of the acquisition being consistent with the business of the company being housing management and maintenance and its objective to assist the council in increasing the provision of housing in Wolverhampton.

The impact on the accounts for 2021 amounted to a reduction to the loss for the year of £247,000.

Adjustment to 2021 Operating Loss

	£'000
(LOSS) for the year	(4,669)
Reversal of Fair value loss on Investment Property	267
Depreciation charge	(20)
Adjusted (LOSS) for year	(4,422)
Actuarial (loss) on defined benefit obligations	<u>(32,723)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR	<u>(37,392)</u>

18 RETIREMENT BENEFIT OBLIGATIONS

Defined benefit plan

The Company is a scheduled member into the Local Government Pension Scheme. This is a funded defined benefit scheme. Employees are eligible to join the Local Government Pension Scheme subject to certain qualifying criteria. The pension costs that are charged to the Company's accounts in respect of those employees are equal to contributions paid to the fully funded benefit pension scheme.

The agreed employer's contribution rate for 2021-2022 was 19.2% (2020-2021: 19.2%) of pensionable earnings. The rate for 2022-2023 will again be 19.2% plus the equivalent of a reduction of 1.9%, representing deficit funding over recovered. The employees' contribution rate is tiered starting at 5.5% for employees earning below £12,900 and rising to 7.5% for employees earning over £81,101.

The pension contributions made by the Company for the year were £3,643,000 (2021: £3,783,000).

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The date of the last full valuation was 31 March 2019.

At the year-end there were outstanding contributions of £475,000 (2021: £406,000), included within Other Payables in Note 10.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2022 for the purposes of the IAS 19 valuation for inclusion in these financial statements by a registered actuary engaged by Hymans Robertson LLP. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions used:	Valuation at	
	2022	2021
	%	%
Discount rate (used for calculation of future liabilities)	2.70	2.00
Expected rate of salary increases	4.20	3.85
Future pension increases	3.20	2.85
Rate of Consumer Price Index ("CPI")	3.20	2.85

18 RETIREMENT BENEFIT OBLIGATIONS (continued)

Mortality rate assumptions are based on publicly available data in the UK. The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2022	2021
Male	21.2	21.6
Female	23.6	23.9

The average life expectancy for a pensioner retiring at 65, aged 45 at the reporting date:

Male	22.9	23.4
Female	25.4	25.8

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in assumption	Overall impact on liability
Discount rate	Decrease of 0.1%	Decrease of £4,978,000
Pension increases	Increase of 0.1%	Increase of £4,097,000
Members' life expectancy	Increase of 1 year	Increase of £10,337,000

Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:

	2022 £'000	2021 £'000
Current service cost	10,132	6,717
Interest cost	5,370	4,577
Administration expenses	95	115
Expected return on scheme assets	(3,887)	(3,815)
Past service cost including curtailments	-	146
	<u>11,710</u>	<u>7,740</u>

These amounts are recognised in operating cost, except for the interest cost and expected return on scheme assets which are recognised in finance income / costs (Note 5).

Actuarial gains and losses are reported in the statement of comprehensive income. The gain recognised in 2022 was £32,354,000 (2021: loss of £32,723,000), and the cumulative gain is £24,287,000 (2021: cumulative loss of £28,931,000).

18 RETIREMENT BENEFIT OBLIGATIONS (continued)

The actual return on scheme assets was £17,621,000 (2021: £32,480,000).

The amounts included in the balance sheet arising from the Company's obligation in respect of defined benefit retirement schemes is as follows:

	2022 £'000	2021 £'000
Fair value of scheme assets	211,794	194,173
Present value of defined benefit obligations	(258,426)	(265,092)
Deficit in scheme	(46,632)	(70,919)

All of the defined benefit plan obligations relate to funded schemes.

Analysis for reporting purposes:

	2022 £'000	2021 £'000
Non-current liabilities	(46,632)	(70,919)

Movements in the present value of defined benefit obligations in the current period were as follows:

	2022 £'000	2021 £'000
At 1 April	265,092	195,933
Current service cost	10,227	6,717
Past service cost including curtailments	-	146
Interest cost	5,370	4,577
Actuarial gains/(losses)	397	(1,929)
Change in demographic assumptions	(1,457)	(2,490)
Change in financial assumptions	(18,204)	64,601
Contributions by plan participants	1,257	1,254
Benefits paid	(4,256)	(3,717)
At 31 March	258,426	265,092

18 RETIREMENT BENEFIT OBLIGATIONS (continued)

Movements in the fair value of scheme assets in the current period were as follows:

	2022 £'000	2021 £'000
At 1 April	194,173	161,693
Expected return on scheme assets	3,982	3,815
Actuarial gains/(losses)	13,090	27,460
Other actuarial gains	-	-
Administration expenses	(95)	(115)
Employer contributions	3,643	3,783
Employee contributions	1,257	1,254
Benefits paid	(4,256)	(3,717)
	211,794	194,173
At 31 March	211,794	194,173

The analysis of the scheme assets and the expected rate of return at the reporting date were as follows:

	Fair value of assets	
	2022 £'000	2021 £'000
Equity Instruments	114,221	116,953
Government Bonds	13,109	16,161
Other Bonds	34,454	12,316
Property	15,190	14,570
Cash/liquidity	8,317	9,493
Other assets	26,503	24,680
	211,794	194,173
	211,794	194,173

18 RETIREMENT BENEFIT OBLIGATIONS (continued)

The five-year history of experience adjustments are as follows:

£'000	2022	2021	2020	2019	2018
Present value of defined benefit obligations	(258,426)	(265,092)	(195,933)	(200,512)	(190,568)
Fair value of scheme assets	211,794	194,173	161,693	160,634	152,948
Deficit in scheme	<u>(46,632)</u>	<u>(70,919)</u>	<u>(34,240)</u>	<u>(39,878)</u>	<u>(37,620)</u>
Experience adjustments on scheme liabilities	-	-	-	-	-
Experience adjustments on scheme assets	-	-	-	-	-

The estimated amount of contributions expected to be paid to the scheme during the financial year ending 31 March 2023 is £3,624,000 (2021: £3,802,000).

19 RELATED PARTY TRANSACTIONS

The Company's parent, ultimate parent and controlling party is Wolverhampton City Council.

Wolverhampton Homes Limited is an Arm's Length Management Organisation from the ultimate parent to run the management and maintenance function of the Council's homes and other buildings.

During the year, the Company supplied goods and services to Wolverhampton City Council totalling £52,645,000 (2021: £50,453,000) and purchased goods and services from the Council totalling £4,574,000 (2021: £5,226,000).

At 31 March 2022, included in Receivables is a total amount due from the Council of £7,706,000 (2021: £7,439,000) and included in Payables is a total amount due to the Council of £2,012,000 (2021: £2,443,000). The net balance owed to the Company by the Council was £5,694,000 (2021: £4,997,000 owed to the Company by the Council).

The amounts outstanding are unsecured, carry or bear no interest and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

19 RELATED PARTY TRANSACTIONS (continued)

Remuneration of key management personnel

The remuneration of the 23 (2021: 21) senior managers who are the key management personnel of the Company, is set out below in aggregate.

	2022 £'000	2021 £'000
Short-term employee benefits	1,592	1,454
Post-employment benefits	750	449
	<u>2,342</u>	<u>1,903</u>

Senior managers above include the executive management team and principal managers reporting to that team.

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Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT

Wednesfield Housing Office
Alfred Squire Road
Wolverhampton
West Midlands
WV11 1XU
01902 552956

Date: TBC

To whom it may concern,

Wolverhampton Homes Limited
Financial Statements for the Year Ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Wolverhampton Homes Limited for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 17 February 2020, for the preparation of the financial statements in accordance with International Financial Reporting Standards; in particular, the financial statements are fairly presented in accordance therewith.
- ii We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- iii The methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework. Such accounting estimates include; the calculation of depreciation,

Chief Executive: Shaun Aldis

Registered Office: Wolverhampton Homes Limited, 29 Market Street,
Wolverhampton WV1 3AG

Wolverhampton Homes Limited, a company controlled by City of Wolverhampton Council
and limited by guarantee, registered in England and Wales no.5441967

year-end accruals, expected credit loss provision, valuation of defined benefit net pension fund liabilities and deferred income.

- iv Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- v All events subsequent to the date of the financial statements and for which International Financial Reporting Standards require adjustment or disclosure have been adjusted or disclosed.
- vi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards. Commercial in confidence.
- vii The financial statements are free from material misstatements, including omissions. We are not aware of any immaterial misstatements, either individually or cumulatively.
- viii The prior period adjustments disclosed in Note 17 to the financial statements are accurate and complete. There are no other potential prior period adjustments to bring to your attention.

Information Provided

- ix We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation, and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- x All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xi We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xii We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.

Chief Executive: Shaun Aldis

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- xiii We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- xiv We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xv We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- xvi We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

The financial statements and the above representations were considered and approved by the Board on 09 September 2022.

Yours faithfully

Shaun Aldis
Chief Executive

Julie Haydon
Director & Company Secretary

Signed on behalf of the board of Wolverhampton Homes Ltd Commercial in confidence Chief Executive Director & Company Secretary

Chief Executive: Shaun Aldis

Registered Office: Wolverhampton Homes Limited, 29 Market Street,
Wolverhampton WV1 3AG

Wolverhampton Homes Limited, a company controlled by City of Wolverhampton Council
and limited by guarantee, registered in England and Wales no.5441967

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Our Ref WH/LOGC
Your Ref

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20 Colmore Circus
Birmingham
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Wednesfield Housing Office
Alfred Squire Road
Wolverhampton
WV11 1XU
Tel: 01902 552956
02 September 2022

To whom it may concern,

Wolverhampton Homes Limited
Letter of Going Concern – September 2022

The Company's business activities, together with the factors that are likely to affect its future developments, performance and position are set out within the Business Plan 2019 – 2023 alongside the annual Delivery Plan and Performance Suite.

The Company has a medium term financial plan in place which provides adequate resources to finance invest to save initiatives, along with its day to day operations.

This is based on the arrangements in place with the City of Wolverhampton Council for the delivery of housing management and maintenance services as set out in the Management Agreement.

The cash flow forecasts provide management with assurance that the Company can meet its liabilities as they fall due.

On this basis, the Board of Wolverhampton Homes Limited, approve in their opinion, Wolverhampton Homes Limited has adequate resources to continue in its operational existence for the foreseeable future, being a period of at least 12 months after the date on which the Financial Statements are signed.

For this reason, it continues to adopt the going concern basis in the Financial Statements. The Company Secretary, the Head of Business Services and the Board are responsible for preparing the Financial Statements Report, and the Financial Statements in accordance with applicable law and regulations.

Chief Executive: Shaun Aldis

Registered Office: Wolverhampton Homes Limited, 29 Market Street,
Wolverhampton WV1 3AG

The Companies Act 2006 and the Housing Act 1996 require the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the income and expenditure of the Company for that period. In preparing those Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK 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 company will continue in business.

The Senior Management Team is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Yours faithfully

Signed on behalf of the board of Wolverhampton Homes Ltd

Angela Davies – Chair of Wolverhampton Homes Board



Shaun Aldis – Chief Executive



Julie Haydon – Company Secretary



Chief Executive: Shaun Aldis

Registered Office: Wolverhampton Homes Limited, 29 Market Street,
Wolverhampton WV1 3AG

Wolverhampton Homes Limited, a company controlled by City of Wolverhampton Council
and limited by guarantee, registered in England and Wales no.5441967

The Directors
Wolverhampton Homes Limited
29 Market Street
Wolverhampton
WV1 3AG

17 August 2022

Dear Sirs

Wolverhampton Homes Limited

Management Agreement

The current Management Agreement runs to end of 31 March 2028. At present, we have no intention of ending this agreement before that date.

Management fee and similar income

The management fees for the year ended 31 March 2022 payable by the City of Wolverhampton Council to Wolverhampton Homes Limited amounted to £39.6 million. Other income earned by Wolverhampton Homes Limited from the City of Wolverhampton Council in respect of the year ended 31 March 2022 was £13.0 million.

These fees have been derived in the manner required in accordance with the Management Agreement between the City of Wolverhampton Council and Wolverhampton Homes Limited. We confirm that the management fee payable under the Management Agreement will be set at an adequate level to enable Wolverhampton Homes Limited to continue to provide the services under the management agreement. The level of the management fee will be arrived at through joint process, taking into account the financial needs of Wolverhampton Homes Limited, the resources adjudged to be available within the Council's Housing Revenue Account and the Council's medium term financial strategy. The management fee approved for 2022-2023 is £40.7m.

Amounts due from/to Wolverhampton City Council

We confirm that as at 31 March 2022, Wolverhampton Homes Limited is owed by the City of Wolverhampton Council a net balance of £5,694,000, comprising an amount due to the City of Wolverhampton Council of £2,012,000 and an amount owed by the City of Wolverhampton Council of £7,706,000.

Continued.....

Confirmation of continuing support

We confirm that we intend to support financially Wolverhampton Homes Limited for at least 12 months from the date of approval of the statutory financial statements for the year ended 31 March 2022 to enable it to meet its liabilities as they fall due.

We undertake to inform you immediately in the event that circumstances change in a manner such that it would or might no longer be open to us to continue to provide such financial support.

Yours faithfully




Claire Nye
Director of Finance

Direct: 01902 550478

Email: Claire.Nye@wolverhampton.gov.uk

Board Report

	Agenda Item 10
	09 September 2022 Governance Arrangements
	AGM Report
Status:	For Decision
Author and job title:	Julie Haydon, Director – Corporate Services
Contact No:	01902 552956
Recommendations:	<p>Board members and the Shareholder are asked to approve the:</p> <ol style="list-style-type: none"> 1. Terms of Reference in line with the Wolverhampton Homes Governance Structure: <ul style="list-style-type: none"> • Board • Audit and Business Assurance Committee • Communities and Service Delivery Committee <p>Board members are asked to note the Company’s:</p> <ol style="list-style-type: none"> 2. Financial Regulations (final version) 3. ongoing Governance Arrangements
Key risks and contentious issues:	<p>That the Board and Committees of Wolverhampton Homes are structured to ensure Board Members are able to discharge their leadership responsibilities; make strong and effective strategic decisions; and to hold Senior Management to account for the operational delivery of Wolverhampton Homes business.</p> <p>The Board must provide adequate assurance to its shareholder and wider stakeholder groups that it is</p>

	<p>effective in its operation and able to respond effectively to the anticipated future regulatory framework.</p>
--	---

It is important that the work of the Company is underpinned by effective governance arrangements and the appropriate framework. The Articles of Association specifically underpin those arrangements.

Management Summary

1.0 Purpose

- 1.1 Wolverhampton Homes is required to have a strong governance structure in place to provide assurance to Board members that the company is delivering in line with the company's Articles of Association.
- 1.2 In line with the Company's Articles of Association, this report seeks approval for the Board and Committee's Terms of Reference located at Appendix 1 to 3 and to note the Company's ongoing Governance arrangements.
- 1.3 Board are required to undertake an annual review of the associated Terms of Reference which underpin the delivery of both the current and future regulatory and statutory framework that Board Members and Wolverhampton Homes work within.
- 1.4 Following the presentation to Board members in June 2022 of the draft Financial Regulations, the final signed off version is enclosed for noting.

2.0 Background

- 2.1 Wolverhampton Homes has in place a 4-year Business Plan 2019 - 2023 detailing its key strategic objectives and service delivery priorities. This Business Plan takes account of the primary issues identified within the Social Housing White Paper.
- 2.2 The core objectives of the 4-year Business Plan 2019 – 2023 are themed as follows:
 - Enhanced community and customer focus
 - Providing safe and secure homes
 - Supporting people to sustain their tenancies and homes

3.0 Financial Regulations

- 3.1 Following Board member approval the draft Financial Regulations are now being presented through the governance framework with the City of Wolverhampton Council. The final version is attached at Appendix 4.

4.0 Performance Management Framework Audit

- 4.1 Further to the recent update at June 2022 Board, Wolverhampton Homes have continued to work with Housemark in relation to the performance management framework and subsequent data audit. The findings and recommendations will be utilised to develop the company's performance management framework.
- 4.2 The company has progressed with the data review to provide a focus on data quality and to inform decision making. The outcomes of the review will see the development of a data strategy alongside a refreshed approach to support the transformation and redesign of service delivery and new ways of working.

5.0 Governance Framework

- 5.1 The Governance Structure comprises of Wolverhampton Homes Board, Audit and Business Assurance Committee, and the Communities and Service Delivery Committee.
- 5.2 When required, additional confidential matters can be added to any of the above agendas to support effective and timely decision making if needed.

6.0 Management Agreement – Break Clause

- 6.1 The Management Agreement details the services provided by Wolverhampton Homes on behalf of the City of Wolverhampton Council and is subject to review, as part of the break clause, in 2023.
- 6.2 CWC have engaged the independent services of Campbell Tickell (Management Consultancy) to provide a strategic review of its future Housing Revenue Account, in respect of housing management and delivery.

7.0 Financial and value for money implications

- 7.1 Wolverhampton Homes takes a proactive approach to Value for Money activity.
- 7.2 Wolverhampton Homes is required to maintain its financial activity to ensure it continues to operate as a Going Concern.

8.0 Legal and regulatory implications

- 8.1 The governance framework underpins the Articles of Association ensuring that the Board of Wolverhampton Homes operates within the Companies governance requirements and meets its legal obligations.

9.0 Human resources implications

- 9.1 There are no immediate implications within this report.

10.0 Health and safety implications

- 10.1 There are no immediate Health and Safety implications as a result of this report, however, Board Members have significant responsibilities for Health and Safety for Wolverhampton Homes as an employer, and through the operational delivery of services.

11.0 Equalities implications

- 11.1 Has an equality impact assessment been carried out? **Not applicable**
- 11.2 Explanation: In the context of the report but will be applied to any Board recruitment or development programmes.

12.0 Impact on the environment and community

12.1 Effective governance of the company ensures a framework is in place to make Board to be effective in its strategic decision making.

13.0 Long term consequences for the company

13.1 The Articles of Association enable a planned and consistent approach to ensuring business decisions are presented and considered appropriately and in a timely manner by the relevant Board or Committee.

13.2 This supports the changing operating and regulatory environment enabling Wolverhampton Homes to continue to support the CWC, in the delivery of its strategic aims under the management agreement.

13.3 The company is required to respond to any changes in the regulatory framework and this will strengthen the involvement of our customers which will provide valuable insight as to how services are delivered.

14.0 Impact on business relationships with suppliers, customers and others

14.1 Good governance will ensure WH is continuing to comply with the management agreement with CWC in fulfilling its governance and business requirements.

15.0 Impact on Wolverhampton Homes' Management System

15.1 Will any new policy or policy updates have an impact on the management system? **No**

16.0 Appendices

16.1 Appendix 1: Terms of Reference - Wolverhampton Homes Board

16.2 Appendix 2: Terms of Reference - Wolverhampton Homes Communities and Service Delivery Committee

16.3 Appendix 3: Terms of Reference - Wolverhampton Homes Audit and Business Assurance Committee

16.4 Appendix 4: Draft Financial Regulations 2022

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Wolverhampton Homes Board Terms of Reference	
Board Structure	
The Board consists of twelve members, with four members representing each area:	<ul style="list-style-type: none"> - Councillors - Independents - Tenants
Board Leadership	
The Chair is a Board member appointed by the members as mandated by the Board Nomination Process.	
Should the Chair not be available for a meeting, the Vice Chair will deputise, or the Chair will designate another appointed Board member. Back fill arrangements and the option to co-opt Board members to the Committee as required will be permitted.	
The Board Chair also assumes responsibility for:	<ul style="list-style-type: none"> - Leading the annual review of the Board Terms of Reference. - Membership on the Board for Independent and Tenant Board members by inclusion in the Board Recruitment process. - Obtaining Board approval of members. - Annual appraisal of Board members including regular self-assessment of skills, knowledge and expertise.
Terms	
Board Meetings will be held on a quarterly basis at least four times within the financial year with additional meetings as necessary to carry out its responsibilities.	
Members are expected to attend all meetings, unless there are exceptional circumstances which are unavoidable – with apologies to be given in advance.	
Board members are exemplars of the company values, acting with integrity and fairness in the interests of the company.	
Additional sessions for Board to receive confidential reports would be incorporated when required to ensure decisions can be made in a timely and effective manner with delegated authority for the Chair, Vice Chair, the Chief Executive and Director – Corporate Services.	
Quorum	
Will be determined by a simple majority of Committee members, which must include one of each of the following members:	
<ul style="list-style-type: none"> - Councillor member - Tenant member - Independent member 	
Decisions will be made via a simple majority of attendees and in the event of a deadlock, the Chair will have the casting vote. Attendance by the company’s Senior Management as required.	

Responsibilities

The Board will:

- provide strategic decision making within the Company's business objectives and Articles of Association, to support the development and delivery of the strategy and policy activity undertaken.
- oversee the financial affairs of the Company, compliance with all relevant legislation as a provider of services and in line with its responsibilities to report to the City of Wolverhampton Council, Companies House and to all relevant regulatory agencies.

This includes:

- the monitoring and holding to account of Senior Management in the delivery of priorities detailed within the Business Plan.
- a continued focus on strategic medium term financial planning, transformation plans, finances, investments and reserves, strategic Human Resources issues such as restructures, revised business plans or business cases for change, signing off major decisions, changes to the business assurance framework such as the corporate risk log and business plan.

Board will undertake this by:

- establishing and agreeing the overarching Business Assurance framework, strategic health and safety policy, internal and external audit requirements.
- ensuring the company meets its legal and statutory requirements under the management agreement and that it undertakes due diligence on behalf of its shareholder, namely, the City of Wolverhampton Council.
- providing constructive challenge to the Senior Management team, in the examination of issues and solutions to ensure that decisions are made in the interests of the company.
- agree annual delivery plans in line with the company's business plan.
- making key decisions, recommendations and interventions on priority areas.
- continual review of the relevance and effectiveness of services delivered
- obtaining assurance of sound financial management by scrutinising the allocation of the company's financial budgeting and forecasting.
- approving the acquisition and disposal of business activity.
- ensuring organisational design supports the attainment of strategic objectives.
- setting the risk appetite and ensuring appropriate controls are in place.
- providing Procurement approval and authorisation for tender / notice to award
- planning for board member succession (with statutory constraints).
- decision making with regard to key HR issues and remuneration.
- receiving and reviewing feedback from customer feedback mechanisms and committee recommendations to inform the decision-making process.
- monitor against existing and new regulation ensuring customer satisfaction outcomes are met.
- referring to relevant matters considered by the Board to be deemed relevant for escalation / information sharing / further review.
- in addition, the Board will receive input and presentation as necessary in order to be able to discharge its responsibilities.

Board Performance

On an annual basis the Board shall:

- evaluating the performance of the Board and Board Members
- review the Board and Committee terms of reference
- validate the needs of the Board, and current standards for effective governance

Agenda and Minutes

The Chair of the Board, in consultation with the Chief Executive or Company Secretary, is responsible for finalising the Board meeting agendas. Input into the agenda items may include items requested to be tabled by the Board.

The Board meeting agenda, meeting materials and previous minutes should be made available at least 5 working days in advance of each meeting.

A copy of the Annual AGM, and the quarterly Open Board minutes and a forward plan of meeting dates will be published on the Company's website.

Business Assurance will facilitate and provide the minute taking for each meeting and ensure the sharing and cascade of minutes as appropriate.

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Wolverhampton Homes Communities and Service Delivery Committee Terms of Reference	
Committee Structure	
The Communities and Service Delivery Committee consists of six members with two members representing each area:	<ul style="list-style-type: none"> - Councillors - Independents - Tenants
Committee Leadership	
The Chair is a Committee member appointed by the members as mandated by the Board nomination process.	
Should the Chair or Vice Chair not be available for a meeting, the Chair will designate another appointed Board or Committee member. Back fill arrangements and the option to co-opt Board members to the Committee as required will be permitted.	
The Committee Chair also assumes responsibility for:	<ul style="list-style-type: none"> - Membership on the Committee by inclusion in the Board nomination process - Obtaining Committee approval of members
Terms	
Committee Meetings will be held on a quarterly basis at least four times a year to carry out its responsibilities.	
Members are expected to attend all meetings, unless there are exceptional circumstances which are unavoidable – with apologies given in advance.	
Committee members exemplars of the company’s values, acting with integrity and fairness in the interests of the company.	
Quorum	
Will be determined by a simple majority of Committee members, which must include one member from each area:	
<ul style="list-style-type: none"> - Councillor member - Tenant member - Independent member 	
Decisions will be made via a simple majority of attendees and in the event of a deadlock, the Chair will have the casting vote. Attendance by the company’s Senior Management attendance as required.	
Responsibilities	
The Committee will:	
<ul style="list-style-type: none"> - provide strategic decision making within the Company’s business objectives and Articles of Association, to support of the development and delivery of strategy and policy activity undertaken. - monitor and holding to account of Senior Management in the delivery of the priorities detailed in Business Plan. 	

- have a continued focus on Performance, Customer feedback, satisfaction and scrutiny, and Community Investment.

Committee will undertake this by way of:

- providing assurance that the company has a robust framework to achieve continuous improvement and excellent service and delivery to its customers.
- linking into the Audit and Business Assurance Committee to share matters it defines relevant or where there are cross cutting implications.
- constructive challenge to the Senior Management team, in the examination of issues and solutions to ensure that decisions are made in the interests of the company.
- reviewing the company performance data to ensure it is meeting its key performance indicator targets.
- scrutinising and prioritising customer feedback and learning, through regular monitoring in order to make recommendations where necessary.
- ensuring scrutiny arrangements and the views of customers are at the heart of the decision-making process to reflect the 'customer voice' is effectively heard
- to oversee progress against the Customer Experience Strategy customer feedback mechanisms including Tenant Scrutiny.
- responsible for referring up to the Board / Audit and Business Assurance Committee, matters considered by Committee to be deemed relevant for escalation / information sharing / further review.
- to assure the Board that Wolverhampton Homes are effective in meeting regulatory and statutory requirements.

In addition, the Committee will receive input and presentation as necessary in order to be able to discharge its responsibilities.

Committee Performance

The Committee shall provide Board with an annual assurance statement and shall:

- be accountable to the Board
- review the terms of reference annually to ensure it continues to reflect the business assurance priorities of Wolverhampton Homes
- validate the needs of the Committee, and current standards for effective governance

Agenda and Minutes

The Chair of the Committee, in consultation with the Chief Executive or Company Secretary of Wolverhampton Homes, is responsible for finalising the agenda.

Input into the agenda items may include items requested to be tabled by the Committee.

The agenda, meeting materials and previous minutes should be made available at least 5 working days in advance of each meeting.

Business Assurance will facilitate and provide the minute taking for each meeting and ensure the sharing and cascade of minutes as appropriate.

Wolverhampton Homes Audit and Business Assurance Committee Terms of Reference	
Committee Structure	
The Audit and Business Assurance Committee consists of six members with two members representing each area:	<ul style="list-style-type: none"> - Councillors - Independents - Tenants
Committee Leadership	
The Chair is a Committee Member appointed by the members as mandated by the Board nomination process.	
Should the Chair not be available for a meeting, the Chair will designate another appointed Committee member. Back fill arrangements and the option to co-opt Board members to the Committee as required will be permitted.	
The Committee Chair also assumes responsibility for:	<ul style="list-style-type: none"> - Membership on the Committee by inclusion in the Board nomination process - Obtaining Committee approval of members
Terms	
Committee Meetings will be held quarterly at least four times a year with additional meetings as necessary to carry out its responsibilities.	
Members are expected to attend all meetings, unless there are exceptional circumstances which are unavoidable.	
Committee members are exemplars of the company's values, acting with integrity and fairness in the interests of the company.	
Quorum	
Will be determined by a simple majority of Committee members which must include one member from each area:	
<ul style="list-style-type: none"> - Councillor member - Tenant member - Independent member 	
Decisions will be made via a simple majority of attendees and in the event of a deadlock, the Chair will have the casting vote. Attendance by the Company's Senior Management as required.	
Responsibilities	
The Committee will:	
<ul style="list-style-type: none"> - provide strategic decision making within the Company's business objectives and Articles of Association in support of the development and delivery of strategy and policy activity undertaken. - monitor and hold to account the Senior Management in the delivery against the Business Plan incorporating; Internal Audit, External Audit, Compliance and Regulatory Framework (Built Environment / Business Environment), Transformational Change, Value for Money and monitoring the effectiveness of shared services Senior Level Agreements (SLA's). 	

Committee will undertake this by:

- providing assurance that the company has a robust framework for the management of risk and compliance arising from, or associated with, Property, Health and Safety, workforce, reputational management, Governance, Risk Management and Business Continuity Planning.
- approval of the Annual Internal Audit programme.
- providing constructive challenge to the Senior Management team, in the examination of issues and solutions to ensure that decisions are made in the interests of the company.
- linking into the Communities and Service Delivery Committee to share matters it defines relevant, or where there are cross cutting implications.
- scrutinising and prioritising risks and compliance through regular monitoring, in order to make recommendations where.
- overseeing progress against compliance or improvement action plans arising from performance reviews, Health and Safety, Internal and External Audit or other external assessment.
- Investigating any activity associated with risk and compliance as required, to assure the Board that Wolverhampton Homes are effective in meeting regulatory and statutory requirements.
- retaining a focus on preparing for regulatory changes and compliance against the Consumer Standards and / or other relevant regulation.
- reviewing feedback from the customer experience mechanisms.
- referring up to the Board / Communities and Service Delivery Committee, matters considered by Committee to be deemed relevant for escalation / information sharing / further review.
- Obtaining independent specialist Audit advice as required.

In addition, the Committee will receive input and presentation as necessary in order to be able to discharge its responsibilities.

Committee Performance

The Committee shall provide Board with an annual assurance statement and shall:

- be accountable to the Board.
- review the terms of reference to ensure it continues to reflect the Company's business assurance priorities.
- validate the needs of the Committee, and current standards for effective governance.

Agenda and Minutes

The Chair of the Committee, in consultation with the Chief Executive or Company Secretary of Wolverhampton Homes, is responsible for finalising the agenda.

Input into the Agenda items may include items requested to be tabled by the Committee.

The agenda, meeting materials and previous minutes should be made available at least 5 working days in advance of each meeting.

Business Assurance will facilitate and provide the minute taking for each meeting and ensure the sharing and cascade of minutes as appropriate.

Appendix 4 – Financial Regulations 2022

(Financial Procedure Rules)

DRAFT



Document History

Version	Summary of Changes	Document Status	Date
1.0			

Version	Date	Document Status

DRAFT

Contents

Section	Financial Regulations
1.	Introduction and overview
2.	Status of the Financial Regulations
3.	Financial Administration and Control responsibilities
4.	Budget management: Budget expenditure
5.	Budget management: Budget preparation and setting
6.	Budget management: Budget managers
7.	Budget management: Budget monitoring
8.	Budget management: Return and end of financial year outturn
9.	Emerging financial liabilities
10.	Virements
11.	Virements: Responsibilities
12.	Payment of grants to outside organisations or individuals
13.	Accounting and accounting records
14.	Grants
15.	Leasing and Acquisition arrangements
16.	Treasury Management and Financing
17.	Provisions and Reserves
18.	Medium Term Financial forecasts
19.	Governance: Reporting to Board and Committees
20.	Write Offs: Bad debt
21.	Internal Audit
22.	Official orders, payments of accounts and threshold limits
23.	Financial arrangement for contracts
24.	Salaries, wages, pensions and allowances
25.	Banking arrangements and purchase cards
26.	Imprest, petty cash accounts and use of purchase cards
27.	Income and Debt Recovery
28.	Stores and stores accounting
29.	Inventories
30.	Insurances, Fraud and Corruption
31.	Security and Computer Systems

1.0 Introduction and Overview

- 1.1 Wolverhampton Homes (WH) is an Arm's Length Management Organisation (ALMO) that as a publicly funded company must legally be able to demonstrate the highest standards of financial control and stewardship of public resources and funds.
- 1.2 Within the constitution, WH Financial Regulations including associated policies and procedure rules are corporate documents that everyone within WH must be aware of and observe in order to achieve and evidence compliance with these high standards.

2.0 Status of the Financial Regulations

- 2.1 The financial regulations and associated policy and procedure rules are an essential part of WH's financial control framework. They apply to all business carried out by, or on behalf of WH whether by Board Members, employees, or third parties where appropriate when acting on behalf of WH (as determined by Director of Corporate Services).
- 2.2 Failure to comply with the financial regulations and procedure rules may lead to disciplinary action in the case of employees, or investigation by audit as in the case of Board members.
- 2.3 It is the responsibility of Senior Management team (SMT) members and Heads of Service, to ensure that all employees within their respective Directorates and Divisions reporting to them, directly or indirectly, are aware of and comply with the Financial Regulations. The Director of Corporate Services, as Company Secretary, will have overall responsibility to ensure that all staff receive appropriate and periodic financial training as well as reporting on all related governance and audit related matters.
- 2.4 Directorate leads must notify the Director of Corporate Services of any failures to comply with the financial regulations and procedure rules as soon as they become aware of them.
- 2.5 Where any individual or group has a responsibility under the financial regulations, that responsibility may not be delegated unless the financial regulations explicitly allows them to do so.
- 2.6 Nothing in these regulations absolves, or is intended to absolve, any person of any statutory responsibilities.
- 2.7 Over and above complying with these rules, employees and Board Members are expected at all times to demonstrate prudence and good stewardship of WH and the City of Wolverhampton Council (CWC) resources, and to act in the best interests of WH at all times.

- 2.8 Employees must comply with all requests from the Director of Corporate Services (or their delegate) for information required to discharge their statutory duties or fulfil their responsibilities under these rules.
- 2.9 These Rules should be read in conjunction with the Contract Procedure Rules and relevant company policies and procedures.
- 2.10 Employees should contact the Corporate Services Directorate for advice or clarification if they are unclear about any part of these financial regulations and rules.
- 2.11 All WH staff have a responsibility for taking reasonable action to provide for the security of the assets of the company under their control, for avoiding loss, and for due economy in the use of resources. Officers shall be responsible for economy and efficiency in the use of resources, in the execution of approved plans, and in the running of services.

3.0 Financial Administration and Control Responsibilities

- 3.1 WH Board shall be responsible for overseeing the execution of the financial regulations financial policy, financial administration and control of the Company and for supervising the provision of financial services, all subject to direction from the Director of Corporate Services.
- 3.2 The Director of Corporate Services (via the SLA with the City of Wolverhampton Council) shall be responsible for each of the following:
- a) Maintaining the accounts of the Company.
 - b) Advising on the interpretation of and monitoring compliance with the financial regulations and procedure rules.
 - c) Reporting on any cases of non-compliance with the accounting system.
 - d) The development and delivery of a financial training programme for all board members and employees in the financial regulations and procedure rules and associated policy and procedures. Ensuring that all staff receive periodic training and instruction on financial regulations relative to their grade and post and in accordance with the financial training programme. They are to be made fully aware of their duties in terms of compliance and responsibilities. All staff, existing and new, are to be issued and have electronic access to these regulations. The training is to be recorded and entered onto staff personal files. A full understanding of the Agresso financial system, (or similar corporate financial management systems) will be essential.
 - e) Overseeing professional financial standards and ethics.
 - f) Liaison with WH external and internal auditors on all matters relating to WH financial and accounting returns.
 - g) Issue such instructions, give such advice, or establish/ review such procedures as are in their opinion necessary to secure the proper administration of the company's financial affairs. Any such instructions, advice, training, or procedures shall be applied as though they were part of these regulations.

- h) Shall supervise the making of safe and efficient arrangements for the receipt and issue of monies.
 - i) Maintain details of all acquisitions, leases, and agreements under which the Company will incur any financial liability or obtain any financial gain.
- 3.3 The authorised accounting system shall be such system as is prescribed by the Director of Corporate Services and agreed with the Board and the City of Wolverhampton Council.
- 3.4 Payments shall be made via BACS transfer, cheque or purchase cards in accordance with the bank mandate then in force, except where otherwise requested by the payee and agreed by the Director of Corporate Services or otherwise ordered by the Director of Corporate Services.
- 3.5 Senior Management Team (SMT) members and the Senior Leadership Team (SLT) Heads of Service shall be responsible for the maintenance of adequate levels of internal control. The Director of Corporate Services is responsible for guaranteeing that all financial controls are adequate by ensuring that detailed financial procedures and systems are prepared, budget review meetings are held, documented and maintained.
- 3.6 SMT and SLT must establish appropriate internal organisation structures to ensure financial management and control:
- a) Work is organised to maximise efficiency in the use of resources, eliminate duplication of effort, achieve strategic objectives and service plans including a disciplined control environment.
 - b) Adequate resources are deployed at all levels to meet objectives and plan.
 - c) Appropriate communication takes place; and a framework of staff development exists which fosters commitment to the organisation. This to include all necessary instruction and training in terms of financial regulations, contract procedures, financial policy and procedures and management protocol.
- 3.7 SMT and SLT are responsible for ensuring that the following rules in relation to segregation of duties are observed:
- a) Areas of activity involving risk are separated (e.g. the duty of providing, calculating, checking and recording sums due to or from the Company shall be separated as completely as possible from the duty of collecting or disbursing these sums) or any officer charged with the duty of examining and checking accounts of cash transactions shall not be engaged in any of these transactions.
 - b) Clear lines of authority and management structures are established.
 - c) All areas of work are either independently supervised, validated or reconciled; and
 - d) competence and accountability are promoted.
- 3.8 SMT and SLT are responsible for making adequate arrangements for the custody and control of the stocks and stores in their respective divisions and

for keeping such records and inventories as the Director of Corporate Services may require. They shall ensure that appropriate safeguards are established to:

- a) Limit access to assets, systems and records.
- b) Protect personnel.
- c) Establish clear control of the use of assets and custodial responsibility for them; and
- d) enable records to be reconstituted in the event of system failure.

3.9 SMT and SLT, are responsible for ensuring that appropriate authorisation and approval procedures are established to ensure:

- a) Management policies and plans are adhered to.
- b) Only legitimate activities are performed.
- c) The integrity of systems through the validation of data.
- d) The use of assets and systems are controlled: and
- e) the operation of authority is documented, and a clear management (or audit) trail is maintained.

4.0 Budget Management: Budget Expenditure

4.1 No person shall commit WH to any expenditure unless that expenditure is included in the approved budget without prior approval of the Director of Corporate Services.

4.2 No Board Member shall commit WH to any expenditure, except when acting as a group named within these Rules (or under appropriate delegation) and in accordance with these Rules.

4.3 No person shall commit WH to expenditure on any of the following:

- a) A service or capital scheme not individually identified in the approved budget;
- b) Grants to any outside organisation or individual not individually identified in the approved budget unless approved by Board where specific criteria are met.

4.4 Where WH makes payment of one or more grants to a third party, the responsible Budget Manager shall ensure that procedures are in place regarding appropriate accounting records and delivery of agreed outputs. The Budget Manager shall make clear to the recipient that WH retains the right to claw back monies where such procedures are not adequately observed.

Revenue Contributions to Capital Outlay (RCCOs)

4.5 No employee shall commit to the use of revenue resources to finance capital expenditure, nor make an entry in the accounts to reflect such use, without the prior and specific approval of the Director of Corporate Services.

4.6 In the above paragraph, 'revenue resources' include amounts that are held in reserves, having been previously transferred from a revenue account.

5.0 Budget Management: Budget Preparation and Setting

5.1 Each cost centre shall prepare its revenue budget for such periods and on such dates as the Director of Corporate Services may require taking into account any general directions as to level of expenditure that may be delegated to them.

5.2 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall present an aggregate revenue budget for the forthcoming year to the Board for approval before 31st March in each year together with such summaries, statements and reports relating to them as the Board may deem necessary to consider the budgets.

5.3 No budget holder shall have the power to exceed the amount of their approved budget without prior approval and should execute and manage its functions such that the costs are within its approved budget.

5.4 Subject to the provisions relating to virement, a department may spend money designated for one activity upon another activity provided that no additional costs will arise in any future year as a result.

5.5 In the case of specific expenditure for which a grant may be expected from an outside body, no liability shall normally be incurred until the budget for the same has been approved by the appropriate authority from whom the grant is receivable and, in addition, where necessary, by the Board.

5.6 No expenditure or loss of income may be incurred other than in accordance with these regulations except in cases of extreme urgency or where the Company is obliged to proceed. In such cases the action should be reported to the Director of Corporate Services (and the Board where appropriate).

5.7 When a department no longer has need for all or part of a budget for reason beyond its control (for example, technical accounting changes, changes in the law, or demographic changes), the department will report this to the Director of Corporate Services, who will determine in conjunction with SMT, in the first instance, how such savings will be best used.

5.8 The budget shall be prepared in accordance with the Budget and Policy Framework Procedure Rules.

5.9 Each year, the Board shall determine strategic guidelines for the following year's budget.

5.10 The budget shall be prepared in accordance with the Board's strategic guidelines, and any guidance issued by or on behalf of the Director of Corporate Services.

- 5.11 WH shall determine a recommended budget, which it will report to Board in accordance with statutory timescales.
- 5.12 Following approval of the budget by the Board, the Director of Corporate Services shall ensure that the budget is uploaded in a suitable format into the financial system.

6.0 Budget Management: Budget Managers

Control of expenditure

- 6.1 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall prepare for SMT such financial budgets and forecasts in respect of both revenue and capital expenditure as are required by the Board. This requirement is taken to include the provision by Directors of all financial, statistical and other relevant information as is necessary for the compilation of such budgets and forecasts.
- 6.2 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall determine and maintain an appropriate and effective system of budgetary control. This will ensure that:
 - a) Every cost centre is allocated a budget manager which will be an officer specified as a line manager (responsible for engaging staff or otherwise incurring expenditure) and will comply with the requirements of that system.
 - b) There is an appropriate scheme of delegation built into the Agresso finance system that determines expenditure levels for authorisation from individual budget manager up to Chief Executive level. Changes should be approved by the appropriate committee of the Board with delegated responsibility for Finance.
 - c) Each directorate will allocate an accountable officer to all levels within the scheme of delegation for their service as appropriate.
 - d) Budget holders are only held accountable for expenditure which they can influence.
 - e) Significant variances from approved budgets are investigated on a regular basis by budget holders and Heads of Service and reported to the respective Director as appropriate.
 - f) All staff are to receive appropriate and timely instruction and training on the Agresso system or similar approved financial management system.
 - g) Regular and predetermined budget meetings will be held with all delegated budget holders and relevant SLT members to monitor and review financial expenditure to ensure that all budgets are effectively managed and reported.
- 6.3 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall ensure that Budget Managers (or appropriate officers within their departments) download budget reports from Agresso and post forecast outturns into Agresso on a monthly basis. Appropriate actions in respect of significant variances from budgets should be determined and implemented. A report detailing any proposed actions should be submitted to

SMT for appropriate consideration and recommendation to the Board or the committee of the Board with delegated responsibility for Finance.

- 6.4 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall periodically inform SMT (and the Board where appropriate) of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic impact of these on future plans and projects.
- 6.5 Members of the SMT should ensure that prior approval is sought from SMT (or the Board as appropriate) before the Company is committed to expenditure for which no specific provision has been made within revenue budgets.
- 6.6 For each service and capital scheme the respective Director shall in conjunction with the Director of Corporate Services will formally nominate an individual named employee to be responsible and accountable for the expenditure and income of that service. This named employee shall be the 'Budget Manager' for that service.
- 6.7 Each Director shall notify the Director of Corporate Services of the Budget Manager(s) for their services and capital schemes and their nominated delegates in case of absence.
- 6.8 The Director of Corporate Services (or their delegate) shall maintain the definitive record of Budget Managers.
- 6.9 In the event of a Budget Manager ceasing to be employed by WH, the Director shall identify a new Budget Manager(s) for the services and capital schemes in question immediately. This and all other changes in Budget Manager responsibilities shall be notified to the Director of Corporate Services immediately.
- 6.10 The Budget Manager shall be delegated responsibility to incur expenditure within the limit set for that service or capital scheme in the approved budget; and be held responsible for the generation of the service or capital scheme income included in the approved budget.
- 6.11 Directors, Budget Managers, and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of Agresso or other financial management system operated by WH.

7.0 Budget Management: Budget Monitoring

- 7.1 Budget Managers, in liaison with the Director of Corporate Services (or their delegate) shall monitor their expenditure and income, with reference to their budget, on an ongoing basis. This is to be managed and controlled via periodic budget review meetings with agreed agenda, minutes and agreed actions/ outcomes.
- 7.2 It shall be the responsibility of Budget Managers to obtain the appropriate information, in the appropriate timescales, to enable them to fulfil their responsibilities under these regulations.

- 7.3 If it appears that a Budget Manager is likely to exceed the revenue budget of one of their services, they shall raise this with their respective Director who in turn will inform the Director of Corporate Services (or their delegate) and take corrective action at the earliest opportunity.
- 7.4 If it appears that a Budget Manager is likely to exceed the annual or total budget of one of their capital schemes, they shall raise this with their respective Director who in turn will inform the Director of Corporate Services (or their delegate) and take corrective action at the earliest opportunity.
- 7.5 If, in a given financial year, the net expenditure for a revenue service is greater than that included in the approved budget, and the level of over spend exceeds a threshold determined by the Director of Corporate Services, the Budget Manager for that service shall submit a report to SMT explaining why the over spend has occurred and what actions have been or will be taken to prevent a recurrence of that over spend.
- 7.6 If the Director of Corporate Services considers that the consequences of any such forecast over spend are material to the finances of WH, or any fund of WH, they shall submit a report to the Board explaining the circumstances.
- 7.7 Budget monitoring reports shall be submitted to the Audit and Business Assurance Committee by the Director of Corporate Services. The dates and frequency of these reports are to form part of the agreed 'forward plan.' These shall include forecasts for the current year, and separate identification of, and explanation for, all forecast variances against the approved budget in excess of £100,000 (whether favorable or adverse).

8.0 Budget Management Return and End of Financial Year Outturn

- 8.1 The Director of Corporate Services shall submit a detailed financial report to the Board setting out WH annual outturn within four months of the financial year end.
- 8.2 'Carry forward' of unused revenue budget from one financial year to another will only be permitted with the approval of the Director of Corporate Services and shall be reported to the Board along with the outturn for the year in question.

Financial Returns

- 8.3 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall periodically prepare statements of income and expenditure against budget (taking into account any amendments to budget) and shall submit them to the Board when required and to all meetings of the committee of the Board with delegated responsibility for Finance.
- 8.4 In the event of a significant variance between budget and cost for a project for which Board (or committee) approval was obtained, the outturn and an explanation shall be reported to the appropriate committee.

- 8.5 The Director of Corporate Services shall (in conjunction with the City of Wolverhampton Council) shall ensure that separate accounts are maintained, recording costs incurred in respect of the following:
- a) Trading activities rechargeable to the Council.
 - b) Capital expenditure paid for by Wolverhampton Homes and reclaimed from the Council.
 - c) Trading activities operated as commercial ventures.
 - d) Other work for which the Director of Corporate Services or any other Director deems it desirable to maintain a separate record of expenditure; and
 - e) shall periodically, by arrangement with SMT, furnish them with such information relating to these costs or profitability of trading activities as may be agreed.
- 8.6 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall supply all necessary financial returns required by the City Council to fulfil its statutory responsibilities.

Value Added Tax (VAT)

- 8.7 Each authorising officer(s) shall ensure that the correct VAT liability is attached to ALL income and that VAT recoverable on purchases complies with HM Customs & Excise Regulations.
- 8.8 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall be responsible for the timely submission of all appropriate returns to HM Customs & Excise.

9.0 Emerging Financial Liabilities

- 9.1 If a Director or Budget Manager believes that WH may have a financial liability which is not provided for in the approved budget or an existing provision or reserve, they shall bring this to the attention of the Director of Corporate Services immediately.

10.0 Virements

- 10.1 Budget Managers shall be delegated the authority to action in-year virements of budget only where all the following apply:
- a) the total value of the virement does not exceed £50,000*;
 - b) the virement is to an existing service or capital scheme identified in the approved budget;
 - c) the Budget Managers of both services or capital schemes have approved the virement;
 - d) the Director of Corporate Services (or their delegate) has approved the virement;
 - e) the virement would not result in an overall increase in the budget of the general fund, the housing revenue account, or the capital programme;

- f) in the case of revenue budgets, the virement is within one of the following groups of headings:
 - (i) Employees;
 - (ii) All other controllable expenditure.
- g) The virement does not relate to the payment of grants to any outside organisation or individual
- h) Virements to or from the budget have not been disallowed under the Virement Responsibilities.

* This limit is to be applied to the full-year equivalent budget, to the increase in gross expenditure or income (whichever is greater), and at service or capital scheme level.

Virement Thresholds

- 10.2 SMT can approve budget virements between cost centres and codes without Board or Committee approval where the purpose of spending remains unchanged. Where SMT intend to change the purpose for which funds have been allocated within the budget a formal virement proposal will need to be agreed by the Board or the delegated committee with responsibility for finance if the virement is over £100,000.
- 10.3 Where virements are proposed between pay and non-pay budgets over £50,000, approval from the Board will be required.

11.0 Virements: Responsibilities

- 11.1 The Director of Corporate Services shall be delegated the authority to action in-year virements of budget where the virement reflects a transfer of management responsibility, with no other changes in the objective or nature of the expenditure and income in question. In these circumstances, none of the conditions set out in the Virements section above shall apply, except (d) and (e).
- 11.2 All virements approved under the Virements section above shall be reported to the appropriate committee on a regular basis, in a format considered suitable by the Director of Corporate Services.
- 11.3 All other virements must be approved by the designated committee. Approval must be sought by submission of a written report, setting out the amounts requested and the reason why the virement is required.
- 11.4 Virements made under the Virements section above shall be regarded as having changed the approved budget accordingly.

12.0 Payment of Grants to Outside Organisations or Individuals

- 12.1 No person shall commit WH to expenditure on grants to any outside organisation or individual not individually identified in the approved budget.

- 12.2 Where a payment of grant is not individually identified in the approved budget, the Director of Corporate Services shall have delegated authority to approve the payment of grants to individual recipients, only where all of the following apply:
- a) there is an appropriate heading in the approved budget;
 - b) such heading clearly refers to payment of grants, but not to specific recipients

13.0 Accounting and Accounting Records

Accounting

- 13.1 The Director of Corporate Services shall determine WH accounting policies, and, where appropriate, estimation techniques.
- 13.2 The Director of Corporate Services shall prepare WH annual financial statements in accordance with statutory requirements and other proper practice.
- 13.3 The Board shall approve WH financial statements.
- 13.4 The Director of Corporate Services shall ensure that WH complies with relevant tax legislation, and that WH maintains adequate accounting records in respect of its tax affairs.
- 13.5 No employee shall undertake accounting duties unless that employee falls within the span of control of the Director of Corporate Services, according to the organisational structure in place at the time. For the purposes of this paragraph, 'employee' includes individuals acting as if they were an employee of WH.
- 13.6 For the purposes of the above paragraph, accounting duties shall be taken to include, but not be limited to: providing financial advice to Board Members and employees; preparing budgets; preparing financial information to be used in budget monitoring; preparing financial forecasts (except where that employee is a Budget Manager and is acting in that role). It shall not be taken to include making entries in the accounts and is not intended to prevent Budget Managers discussing relevant financial matters when carrying out their service management responsibilities.

Accounting Records

- 13.7 The Director of Corporate Services will designate the software packages that shall be WH definitive accounting record. This to be agreed as part of the financial service level agreement with the City of Wolverhampton Council.
- 13.8 For the purposes of this section, 'accounting record' shall be taken to mean the record of all of the following: actual expenditure and income; commitments; forecast expenditure; the approved budget; balances; cash flows.

- 13.9 No other accounting records shall be created or maintained, except with the approval of the Director of Corporate Services.
- 13.10 Any person entering data into the definitive accounting record (whether directly or by way of one of its feeder systems) shall be responsible for ensuring the accuracy of that data, including the correct coding.
- 13.11 Coding of transactions shall always reflect the objective and nature of the expenditure or income in question.
- 13.12 All accounting records shall be retained in line with the current corporate policy and guidance for document retention, or longer if instructed by the Director of Corporate Services (or their delegate).
- 13.13 The Director of Corporate Services (or their delegate) shall be responsible for ensuring that access to the accounting system is controlled and restricted appropriately.

14.0 Grants

- 14.1 No person shall apply for a grant on behalf of WH without the prior approval of the Director of Corporate Services.
- 14.2 No person shall commit WH to any expenditure intended to be funded by grant until that grant has been formally confirmed by the grant provider.
- 14.3 Budget Managers shall be responsible for ensuring that grant conditions are met, and appropriate records maintained in support of grant claims. The Director of Corporate Services shall determine the format and contents of records to be maintained.
- 14.4 The Director of Corporate Services (or their delegate) shall maintain a register of all grants receivable by WH.

15.0 Leasing and Acquisition Arrangements

- 15.1 No person shall enter into, or commit to enter into, any acquisitions or leasing arrangement or a lease-type arrangement without the prior approval of the Director of Corporate Services.
- 15.2 The financial limits in the Contract Procedure Rules for approving and reporting on contracts apply to the approval and reporting of leases.

16.0 Treasury Management and Financing

- 16.1 No person shall do, or commit to do, any of the following without the prior approval of the Director of Corporate Services:
- a) lend or borrow funds under the control of or due to WH;
 - b) enter into any credit agreement;
 - c) enter an arrangement that is or may be classed as a loan at nil interest;

- d) enter into a financial guarantee;
 - e) enter into any transactions involving financial futures, swaps, options, hedging and other similar financial instruments;
 - f) take any course of action that would give rise to a financial asset or liability of WH except where this is in the course of delivering services or capital schemes included in the approved budget and it is in accordance with the other requirements of this paragraph.
- 16.2 All investments of money under WH control shall be made in the name of WH or the name of nominees approved by the Board as appropriate.
- 16.3 All securities, leases, and the title deeds of all property in the ownership or name of WH or its nominees shall be held in custody of the Director of Corporate Services.
- 16.4 All borrowing shall be carried out in the name of WH. This will be led by the Director of Corporate Services with the formal agreement, where necessary, from the City of Wolverhampton Council's Section 151 Officer with approval of the necessary Cabinet.

Treasury Management

- 16.5 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall arrange the borrowings and investment of the Company in order to comply with the CIPFA Code of Practice on Treasury Management and the Approved Treasury Policy Statement.

17.0 Provisions and Reserves

- 17.1 The Director of Corporate Services shall be responsible for advising Board members on WH policy on provisions and reserves.
- 17.2 No provisions or reserves shall be established or dissolved without the prior agreement of the Director of Corporate Services and approval by the Board.
- 17.3 No money shall be transferred to or from provisions or reserves without the prior agreement of the Director of Corporate Services and approval by the Board.
- 17.4 Budget Managers, in conjunction with the Director of Corporate Services (or their delegate) shall review all provisions and reserves relating to their services for adequacy and relevance, both at the financial year end and as part of the budget preparation process.
- 17.5 The Director of Corporate Services shall determine, in conjunction with the Board, an appropriate level of general reserves as part of the budget preparation process and shall advise WH on the adequacy of the proposed level of reserves and associated risks (in accordance with the requirements of section 25 of the Local Government Act 2003).

18.0 Medium Term Financial Forecasts

- 18.1 The Director of Corporate Services, in conjunction with Budget Managers, shall prepare medium term financial forecasts, spanning a period of no less than three future financial years, at regular intervals. These shall be reported to the Board.

19.0 Governance: Reporting to Board and Committees

- 19.1 All reports, with financial implications, to the Board and /or Committee meetings must be submitted to the Director of Corporate Services (or their delegate) prior to the meeting at which the report is to be received, allowing reasonable time for them to consider the report.
- 19.2 Any proposal included in a report to the Board or Committee meeting that has or could have financial implications must clearly state the actual financial implications if known; or a best estimate if not known; or an explanation of why an estimate cannot be provided.
- 19.3 All financial implications in any report to the Board must be approved by the Director of Corporate Services (or their delegate) prior to inclusion in the agenda papers.
- 19.4 The report must also include a statement of the headings within the approved budget on which those financial implications would impact. This should be clearly referenced to headings in the approved budget.
- 19.5 Financial implications must be evaluated in accordance with the budget guidelines existing at the time.
- 19.6 Reports with inadequate financial implications may be withdrawn from the agenda at the discretion of the Director of Corporate Services.

20.0 Write Offs: Bad debt

- 20.1 Debt recovery will be pursued in accordance with WH current Debt Management and Anti-Poverty policies.
- 20.2 All write-offs shall be reported to the Board on a regular basis, in a format determined by the Director of Corporate Services.
- 20.3 All recommendations by the Director of Corporate Services for write offs of sums above £5,000 against the corporate bad debt provision or the originating service budget, must be approved by the Board on a regular basis throughout the year. Approval should be sought by submission of a written report to the Board, setting out the amounts to be written off and the reason why writing off is considered to be an appropriate course of action, on an individual account basis.

21.0 Internal Audit

- 21.1 The Accounts and Audit regulations (SI 1996/590) require the Company to maintain an adequate and effective internal audit of its accounting records and control systems. This duty has been delegated to the Director of Corporate Services who should promptly report to the Board any significant discrepancies (other than those caused by purely technical errors) brought to light.
- 21.2 The Director of Corporate Services shall ensure that an adequate and effective internal audit of all WH activities is carried out in accordance with the most recent CIPFA Statements on Internal Audit Practice and relevant legislation.
- 21.3 Wherever any matter arises which involves actual or potential financial irregularities, misappropriations or indications of corruption, the Director of Corporate Services should be notified immediately, and they shall take such action as considered necessary by way of investigation, report, and referral to the Police. The Director of Corporate Services shall, where necessary, consult with the CEO concerning referral to the Police and notify WH external auditor in significant cases of fraud or corruption.
- 21.4 The Lead Auditor shall produce audit reports as appropriate, in an agreed format and when an audit report is issued, the Director(s) concerned shall respond in writing on any recommendations made without delay.
- 21.5 The Director of Corporate Services or their authorised representative shall be entitled without necessarily giving prior notice, to require and receive:
- a) Access to all assets, records, documents, correspondence and control systems, including documents of a confidential nature.
 - b) Access at all times to any premises or land occupied by WH and used for the purpose of the Company's business at all reasonable times.
 - c) The production or identification by any employee of any cash, stores, assets or other property belonging to the Company, under the employee's control; and any information and explanations considered necessary concerning any matter under consideration or investigation.
- 21.6 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall submit an annual internal audit report to the delegated committee of the Board responsible for audit indicating the extent of audit cover achieved and providing a summary of internal audit activity during the year together with any internal audit reports received.
- 21.7 The Companies Act 1985 requires WH to submit to an annual external audit of its accounting records and control systems. The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) are required to assist the Board in the appointment of a suitable firm of auditors qualified to carry out such work.

- 21.8 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall be required to make the necessary arrangements in conjunction with the appointed auditor for the audit to be carried out and to give them every assistance in the execution and completion of their work.
- 21.9 The Director of Corporate Services shall submit the annual report and accounts to the Annual General Meeting of the Company in accordance with the Companies Acts and the Memorandum and Articles of Association of the Company.

22.0 Official Orders, Payments of Accounts and Threshold Limits

Official Orders

- 22.1 Official requisitions, orders and goods received notifications shall be in a form agreed by the Director of Corporate Services, and WH corporate computerised ordering and payments system(s) must be used when procuring work, goods, and services.
- 22.2 WH shall determine the list of employees authorised to operate the company's computerised ordering and payments system(s) in their service group.
- 22.3 Official orders must be issued for all work, goods, or services to be supplied to WH subject to any exceptions as the Director of Corporate Services may approve individually.
- 22.4 Official Orders shall not be issued unless there is provision for the expenditure in an approved budget or a supplementary budget has been approved, and the appropriate action taken to conform with these Rules and the Contract Procedure Rules.
- 22.5 Where corporate contracts exist for the provision of work, goods, or services they must be used. Any departure from these arrangements where a contract exists shall only be made where the appropriate Budget Manager in consultation with the Director of Corporate Services considers there are specific advantages to be obtained from using alternative arrangements.
- 22.6 Only in exceptional circumstances urgent orders may be given over the telephone or other communication methods where exceptions have been agreed with the Director of Corporate Services.
- 22.7 Call down contracts: Orders requiring a number of deliveries or service calls over a period of time, shall be for a maximum duration of twelve months from the date the order is placed. If required, a new order shall be placed for each and every subsequent twelve-month period.
- 22.8 Budget Managers and authorised employees must comply with WH policy and procedures for the use of purchasing cards and any associated guidance issued by the Director of Corporate Services.

22.9 All invoices, approved by the relevant authorising officer, shall wherever possible, be submitted for payment in accordance with the timetable set out to ensure credit terms and performance targets are met.

Payment of Accounts

22.10 Delegated levels of authority are to be adhered to at all times and are set out in the scheme of delegation which is built into the Agresso finance system. (The scheme of delegation to be approved by the appropriate committee and reviewed annually. Payment approval threshold levels have been determined and are summarised in the following table:

Payment Approval Thresholds - Computerised Payment System(s)

Level	Designation	Business Area	Limit £
1.	Auto-Approval of contracted expenditure 'Auto Approval' is the approval of any line of an order under £200 in value providing the order has been raised against an approved contract or an approved supplier catalogue.		Under £200
2.	Delegated Budget Approver	Cost Centre	£0 to £5,000
3.	Budget Manager	Cost Centre of Cost Centre Group	£5,001 to £50,000
4.	SLT: Head of Service and Assistant Directors	Service Area	£20,001 to £150,000
5.	SMT: Director Service	Service Group	Over £150,001 to £500,000
6.	Chief Executive	Directorate	Over £500,000

22.11 Where an order is required and no such order has been raised, payment will not be made.

22.12 Apart from petty cash, purchase cards and any exceptional payments agreed by the Director of Corporate Services, the method of payment of sums due from WH shall be by electronic means, drawn on WH bank accounts, or by cheque.

22.13 The goods receipting of a purchase order by an authorised officer shall mean:

- a) That the goods have been duly received, examined and approved as in accordance with the specification, and are satisfactory, and that the prices are in accordance with the contract or order;

- b) That the work done, or services rendered have been satisfactorily carried out, and that, where applicable, the materials used were of the requisite standard, and that the charges were correct.

22.14 In some situations, invoices may be paid without a purchase order being raised in advance, so good receipting is not required. Instead a task is created in Agresso requiring electronic approval of the invoice by the budget manager.

22.15 There are some circumstances where payments are not made through Agresso, and the method of payment is through a company purchasing card or a faster payment through the bank. Faster payments must be authorised by a different staff member and only on the request of a third party. A procedure exists for the use of purchasing cards which shall be followed in all cases.

22.16 Records of all automated payments made through Agresso are contained within the Agresso system. The Director of Corporate Services shall maintain central records of where payments are made using the other methods.

23.0 Financial arrangement for contracts

23.1 All contracts on behalf of WH must be arranged and executed in accordance with the Contract Procedure Rules.

23.2 Payments on account to contractors for works contracts shall be authorised only on a suitable Certificate signed by the Budget Manager (or their nominee) which shall show the total amount of the contract and value of the work executed to date, retention money (if applicable), amounts paid to date, and the amounts now certified.

23.3 Where a contract provides for payments to be made by instalments, a cost plan shall be prepared by the appropriate Budget Manager for such contracts and payments monitored against that plan. If it appears at any time that any approved contract cost will be exceeded due either to significant variations of either specification or price, a report setting out the circumstances and the revised estimated contract cost shall be submitted to the appropriate Committee as soon as possible.

23.4 The final certificate for a contract (as determined in the Contract Procedure Rules) shall not be passed for payment until the responsible Budget Manager (or their nominee) has prepared a summary statement and reconciliation of the contractor's final account and has notified the Director of Corporate Services who may wish to examine it. In the event of an examination taking place, the Director of Corporate Services shall be entitled to receive such further supporting documentation and explanation as may be necessary.

23.5 All contracts involving special financing arrangements shall be facilitated by the Director of Corporate Services.

23.6 SMT, SLT, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the

requirements of Wolverhampton HH computerised procurement and payment system(s).

24.0 Salaries, wages, pensions and allowances

- 24.1 These Rules must be read in conjunction with Wolverhampton Homes' current human resources policies and procedures.
- 24.2 The payment of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees of WH together with payments of pensions and other associated payments from the West Midlands Pension Fund shall be made by, or under arrangements approved by the Director of Corporate Services.
- 24.3 Each Budget Manager shall ensure that adequate budget funds exist before establishing new posts or committing to additional salary or expense costs. These are to be approved by the Director of Corporate Services and reported to SMT.
- 24.4 Each member of SMT and SLT (as regards employees in their department) shall notify the Director of Corporate Services, in accordance with the arrangements put in place by them, of all appointments, resignations, absences (due to sickness or unpaid holidays/leave) or any other circumstances affecting the remuneration of these employees. Line managers and directors should sign such notifications as appropriate. This signature confirms the validity of the amendment and certifies that all relevant authority procedures have been complied with.
- 24.5 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall be responsible for the general control and payment of all salaries, wages and pensions and shall prescribe in consultation with the Director concerned the detailed procedure for the preparation and certification of timesheets, and for the payment of overtime. The Director shall be responsible for the notification of the cost code to which an employee's salary is to be charged. The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall be responsible for ensuring the correct allocation of these costs within the Company's accounts.
- 24.6 Each Budget Manager shall update WH computerised human resources and payroll system(s) without delay with all matters affecting employee pay, and in particular: -
- a) Establishing new posts, appointments, resignations, dismissals, suspensions, secondments, and transfers;
 - b) Absences from duty for sickness or other reasons, including approved leave;
 - c) Approved changes in remuneration, other than normal increments and pay awards
 - d) Information necessary to maintain records of service for pensions, income tax, national insurance, and other relevant matters.

- 24.7 Appointments and promotions of all employees shall be made in accordance with approved policies and practices of WH and the approved establishments, grades, and rates of pay.
- 24.8 Budget Managers are responsible for ensuring that all-time records or other pay documents, and all claims for payment of car allowances, subsistence allowances, travelling and incidental expenses are consistent with the post holder's terms and conditions of employment and current WH policy.
- 24.9 All travel and expense claims must be evidenced by a receipt; failure to provide a receipt will result in the claim being rejected.
- 24.10 All claims for mileage should be accompanied by a VAT receipt.
- 24.11 Except with the approval of the Director of Corporate Services all employees and pensioners will be paid by direct credit to a bank or building society account.
- 24.12 No payment will be made to an individual employed on an interim or consultancy basis through the computerised ordering and payment system until the Budget Holder has seen evidence that they: -
- a) Have a unique income tax record; or
 - b) are employed through an established employment agency.
- 24.13 Payment claims shall be made up to a specified day of each month. Unless exceptional circumstances can be demonstrated, payroll **claims** (including travel and expense claims) incurred more than **three months** prior to the submission of the claim will not be paid.
- 24.14 The authorisation of transactions shall be taken to mean that the authorising Budget Manager is satisfied that the claims relate to authorised activities and any expenses claimed have been properly incurred, which should be evidenced with a receipt.
- 24.15 SMT, SLT, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of WH computerised human resources and payroll system(s).
- 24.16 Payment of salaries and wages in advance shall not normally be made except in exceptional cases and shall require the authorisation of the Director of Corporate Services

25.0 Banking arrangements and purchase cards

- 25.1 Under the general direction of the Board all arrangements with WH bankers shall be made by or approved by the Director of Corporate Services who shall be authorised to operate such bank accounts as they may consider necessary. No new bank account shall be opened for WH purposes without the approval of the Director of Corporate Services.

- 25.2 Supplies of all bank stationery and purchase cards shall be ordered only by the Director of Corporate Services (or their delegate) who shall also make proper arrangements for their safe custody. All transactions and records relating to WH company cards are to be managed in accordance with WH policy for the management and control of company purchase cards.
- 25.3 Cheques drawn on any of WH bank accounts shall bear the facsimile signature of the Director of Corporate Services.
- 25.4 The Board shall determine the scale of charges for payment by electronic purchase cards.
- 25.5 The Director of Corporate Services will manage and monitor the use of WH Company Bank Cards, this will be subject to a separate detailed policy and procedure.

26.0 Imprest, petty cash accounts and use of purchase cards

- 26.1 The Director of Corporate Services shall provide imprest accounts if considered appropriate for Budget Managers for the purpose of defraying petty cash and other expenses. Proper records of account in a form prescribed by the Director of Corporate Services must be maintained by the Budget Manager (or their nominee) and reconciliations must be carried out on a regular predetermined basis.
- 26.2 Where appropriate, the Director of Corporate Services may open bank accounts for use by imprest holders who shall ensure that such accounts do not become overdrawn. It shall be a standing instruction to the bank that duplicate copies of bank statements shall be submitted direct to the Director of Corporate Services for monitoring purposes.
- 26.3 The Director of Corporate Services shall make appropriate advances to authorised persons for the purposes of defraying petty cash expenses. A receipt shall be signed in respect of each advance by the officer concerned, who will be required to account for expenditure made out of the advance on a regular basis.
- 26.4 When 'floats' require topping up, authorised persons should make a return to the Director of Corporate Services detailing expenditure out of floats held. Floats shall be topped up to the float level on receipt of these returns (which should include all receipts) in accordance with the system arranged by the Director of Corporate Services in conjunction with the City of Wolverhampton Council.
- 26.5 No income received on behalf of WH may be paid into an imprest account but must be banked or paid to WH as provided elsewhere in these rules. No personal cheques are to be encashed from imprest accounts.
- 26.6 Payments shall be limited to items of expenditure of low value as defined by the Director of Corporate Services.

- 26.7 VAT and other receipts for petty cash expenditure shall be obtained when possible and retained by the Budget Manager. The Director of Corporate Services shall maintain a list of employees authorised to certify claims from petty cash together with specimen signatures.
- 26.8 Budget Managers responsible for imprest accounts shall, if so requested, provide to the Director of Corporate Services a certificate as to the state of that account.
- 26.9 On leaving the employment of WH or otherwise ceasing to be entitled to hold an imprest advance, the imprest holder shall account to their Director for the amount originally advanced.
- 26.10 SMT, SLT, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of WH computerised income management and payment system(s).
- 26.11 Purchase cards (cash) - the use of Company Purchase cards for withdrawal of cash is by essential needs basis only, and only where alternative methods are not available. A receipt must be obtained for any cash transactions made – which should be submitted to Finance at the City of Wolverhampton Council at the earliest point and within 10 working days of the spend. Approval for the withdrawal of cash from Purchase cards must be with the strict authorisation of the cardholders Head of Service. ATM withdrawal receipts are required. Cash withdrawals limits are set per individual purchase card. Cash expenditure must be accurately accounted for in the Company's finance system. Employee cash holding requirements – cash should be stored securely where this is kept overnight. Cash withdrawals are subject to the requirements in the Company financial regulations and all card holders will be required to sign to accept these conditions.

27.0 Income and Debt Recovery

- 27.1 The Director of Corporate Services shall approve the arrangements for the collection and banking of all money due to WH.
- 27.2 Each Budget Manager shall ensure the prompt raising of debtor accounts for the recovery of income due in accordance with arrangements approved by the Director of Corporate Services.
- 27.3 All items of stationery used in connection with the collection and recording of income shall be in a format specified by the Director of Corporate Services, or under approved arrangements. The Director of Corporate Services will determine the arrangements for their control.
- 27.4 All money received on behalf of WH shall, without delay, be paid directly into the relevant approved bank account. No deduction may be made from such money without the written approval of the Director of Corporate Services.
- 27.5 Personal cheques shall not be encashed through WH bank accounts unless under a scheme approved by the Director of Corporate Services.

- 27.6 Every transfer of official money from one employee to another will be evidenced in the records of the responsible service group(s) by the signature of the receiving employee.
- 27.7 All employees receiving cash on behalf of WH must ensure that they comply with WH Anti-Money Laundering Policy and Procedures.
- 27.8 All individual cash payments received by WH, in excess of the limit specified in the Anti-Money Laundering Policy, shall be reported.
- 27.9 All income streams in excess of £25,000 that were not included in the approved budget shall be reported to the Director of Corporate Services at the earliest opportunity.
- 27.10 All invoices due for payment to WH must be raised through the computerised debt recovery system(s).
- 27.11 The Director of Corporate Services shall determine the payment terms for invoices.
- 27.12 No early repayment discounts will be offered, unless authorised.
- 27.13 The minimum value for the issue of invoices and payment reminders is to be set by the Director of Corporate Services.
- 27.14 The Director of Corporate Services shall determine on the
- a) basis of each specific case, whether legal action is to commence against a debtor through the County Court for non-payment of an invoice due to WH.
 - b) The Director of Corporate Services shall determine the amount of interest to be charged and added to the amount due when legal action commences.
- 27.15 The Director of Corporate Services shall agree, the level of costs incurred as a result of legal action that are to be borne by the debtor.
- 27.16 SMT, SLT, Budget Managers and all employees that they nominate to process transactions on their behalf are responsible for complying with the requirements of WH computerised income management and debt recovery system(s).
- 27.17 The procedures for the receipt, handling, banking, and recording of cash receipts due to WH or collected on behalf of the City of Wolverhampton Council shall generally be in accordance with the WH cash handling instructions. This covers all sums received by staff of the Company in respect of rents, council tax and other related payments.
- 27.18 Every remittance or sum of money received by a cashier or other authorised officer of the Company shall be immediately acknowledged by the issue of an official receipt, ticket, or voucher except in any department where special arrangements approved by the Director of Corporate Services are operated. If

the payee does not request an official receipt, a receipt should still be recorded in the normal form, for office use only and marked accordingly. Every transfer of monies from one officer to another shall likewise be immediately acknowledged by signatures in the appropriate cash accounting record.

- 27.19 All monies received on behalf of WH and CWC shall be banked in accordance with arrangements set out by the Director of Corporate Services and the City of Wolverhampton Council. Banking should be daily (weekly where the weekly receipts do not exceed £250), except as otherwise agreed.
- 27.20 Under no circumstances is it permissible for staff to encash personal cheques, either their own or those of third parties, prior to banking. Such action would be a disciplinary offence and could potentially result in dismissal.
- 27.21 In accordance with the Accounts and Audit Regulations 1983, every officer making a banking, should enter a reference connecting the payment to a debt against which it was received onto the paying-in-slip (and duplicate) in respect of every cheque included in the deposit:
- 27.22 Amounts to be written off up to £500 will be authorised by the Director of Corporate Services or the Chief Executive. Amounts to be written off between the value of £501 to £4,999 must be approved by the Audit and Business Assurance Committee and amounts over £5,000 to be written off must be approved by the Board.

28.0 Stores and stores accounting

- 28.1 It shall be the responsibility of Budget Managers to ensure that there is proper care and custody of the stocks and stores in their service groups and to ensure that all receipts and issues are properly recorded on the official records.
- 28.2 Stocks held shall not be in excess of normal operational requirements, except in special circumstances with the approval of the respective Director.
- 28.3 Budget Managers shall, unless other arrangements are agreed with the Director of Corporate Services, arrange for continuous or periodical physical stocktaking of stocks by persons independent of storekeeping or stores accounting and shall ensure that all stocks are checked at least once in every year. Any significant differences revealed on items of stock when a comparison is made between physical and book stock shall be reported by the Budget Manager to the Director of Corporate Services in order that the appropriate adjustment may be made in the accounts.
- 28.4 Stores deemed to be surplus to requirements and saleable old materials shall not be disposed of except on written authority of the Director of Corporate Services. Sales of such items shall be made in accordance with these Rules.
- 28.5 Budget Managers shall ensure stock management processes are followed and that relevant stock management systems are used appropriately for accounting and costing purposes.

28.6 Budget Managers shall instigate such systems of identification marking as practicable in order to deter theft and make recognition possible.

29.0 Inventories

29.1 Inventories shall be kept by identified responsible persons/ Budget Managers in every service group in a form approved by the Director of Corporate Services.

29.2 Inventories shall record all items as specified by the Director of Corporate Services. Where there are desirable items, these should be recorded in inventories irrespective of price.

29.3 Inventory items should be recorded in inventories immediately on receipt, and where it is appropriate, they shall be clearly and permanently marked as the property of WH.

29.4 It shall be the responsibility of each identified responsible persons/Budget Manager to ensure that at least an annual verification of the inventory is made, and the responsible employee shall certify the fact on the inventory record. Differences shall be dealt with as in the case of stores, and any action taken shall be recorded in the inventories.

29.5 WH property shall not be removed otherwise than in accordance with the ordinary course of WH business or used otherwise than for WH purposes, except in accordance with specific directions issued by the responsible Budget Manager. Sales of such items shall be made in accordance with these Rules.

29.6 As part of working practices such as Work at Home arrangements an annual inventory and record of all WH equipment (computers, ICT, and furniture to support workstation assessments) is to be undertaken by the responsible persons/ Budget Managers and a central record held by the Director of Corporate Services.

30.0 Insurance, Fraud and Corruption

Insurance

30.1 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall effect all insurances and keep on behalf of WH appropriate records: via a corporate insurance register. In addition to this they will also arrange for fidelity insurance for the due performance of the duties of any officer charged with the receipt, custody and/or disbursement of monies and property. (Fidelity insurance: to cover losses sustained by WH as a result of an act of forgery, fraud, or dishonesty).

30.2 The Director of Corporate Services shall handle and negotiate all insurance claims, in consultation with the respective SMT member and Budget Managers where necessary.

- 30.3 Budget Managers shall give prompt notification to the Director of Corporate Services of all new risks, new assets which require to be insured and any alterations affecting existing insurances.
- 30.4 Budget Managers must as soon as possible notify the Director of Corporate Services in writing of any loss, liability or damage or any event likely to lead to a claim and take such other action without delay as may be necessary to satisfy any policy conditions. In the case of fire claims likely to exceed the current limit as specified by the Director of Corporate Services, the Director of Corporate Services should be notified immediately to arrange the appointment of a loss adjuster. WH approved procedures for handling insurance claims together with target times for completion should always be followed.
- 30.5 The Director of Corporate Services shall annually, or at such other period as they may consider necessary, review all insurances in consultation with Budget Managers as appropriate. Budget Managers should ensure that they have maintained accurate schedules of equipment to be insured.
- 30.6 Budget Managers shall consult the Director of Corporate Services regarding the terms of any indemnity which WH is requested to give.
- 30.7 Budget Managers shall keep suitable records to ensure that the inspections of engineering plant under their control, which is normally inspected by an insurance company, are carried out by the company within the periods prescribed by the relevant legislation. In the event of any failure by the insurance company to carry out the inspection within the prescribed periods, the Director of Corporate Services shall be notified.

Fraud and Corruption

- 30.8 Responsibility for the prevention and detection of fraud rests with all officers and to fulfil this responsibility, a system of internal control must be maintained in accordance with Company policy.
- 30.9 The Director of Corporate Services shall be informed immediately by the appropriate member of SMT, SLT or authorised officer of any disciplinary matter or any loss or financial irregularity or suspected irregularity, or of any circumstances which suggest the possibility of losses or irregularities, including those affecting cash, stores, or other property of the Company.
- 30.10 Internal audit has a responsibility embodied in the CIPFA to review, appraise, and report upon the extent to which the Company's assets and interests are accounted for and safeguarded from loss of all kinds arising from:
- a) Fraud and other offences; and
 - b) Waste, extravagance and inefficient administration, poor value for money or other cause.
- 30.11 In order to satisfy this, internal audit endeavours to reveal any serious defects in systems of internal control which might lead to the perpetration of fraud. Where weaknesses are identified, tests will be carried out with a view to

detecting fraud and irregularity. Internal audit is responsible for making recommendations for improving weak systems.

- 30.12 The Director of Corporate Services is responsible for ensuring an immediate investigation of any circumstances as outlined above so that they can decide on the appropriate action. Instances of fraud will be recorded onto the Fraud Register.
- 30.13 The Director of Corporate Services will inform the Police of suspected fraud or corruption and will liaise with them on the handling of investigations.

31.0 Security and computer systems

- 31.1 Identified responsible persons are accountable for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under their control. Each Director shall consult the Director of Corporate Services (facilities management) of any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 31.2 Maximum limits for cash holdings shall not be exceeded without the express permission of the Director of Corporate Services.
- 31.3 Keys to safes and similar receptacles are to be carried on the person of those responsible at all times; the loss of any such keys must be reported to the Director of Corporate Services immediately.
- 31.4 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council), in accordance with Company policy will provide all staff with appropriate training so that they will be responsible for maintaining proper security and privacy in accordance with the Data Protection legislation with regard to the information held in the computer records or on computer input or output documents or paper records and documents.
- 31.5 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall ensure that sufficient access control and protection software is used on all Personal Computer or similar equipment within their Directorates and that, in the event of a disaster, the operation of the service can reasonably continue. WH Policy on computer misuse and security of data protection should be strictly followed.
- 31.6 The identified responsible persons will be accountable for maintaining records of assets allocated to individual employees, using WH computerised recording systems where instructed to do so.

Computer Systems

- 31.7 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall be responsible for the provision and maintenance of central computer services and shall devise and implement any necessary procedures to protect the Company and other persons from inappropriate use or misuse of any financial or other information held on central

computer files. The term “Central Computer Services” is to be regarded as any activity carried out on computer applications, systems and associated networks used by the Company.

31.8 The Director of Corporate Services shall:

- a) Ensure that adequate controls exist to provide for the security of applications and systems and shall issue instructions and training concerning controls to be implemented and maintained by users.
- b) Offer advice as to security and operation of non-financial systems, and on the Data Protection Act.
- c) Approve the purchase and implementation of any new system and equipment in line with existing regulations.

31.9 All staff shall maintain appropriate procedures to ensure integrity, accuracy and security of data at all times.

31.10 The Director of Corporate Services (in conjunction with the City of Wolverhampton Council) shall ensure the adequacy of controls over systems involving financial transactions or feeding into financial systems.

31.11 The basic requirements to protect both the computer assets and the data held on all computers of the Company are defined in the Company’s computer security requirements.

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Board Report

	Agenda Item 11
	09 September 2022 Confirmation of Board Membership
	AGM Report
Status:	For Decision
Author and job title:	Nicky Devey, Head of Business Services
Contact No:	01902 552956
Recommendations:	The Shareholder is asked to: <ol style="list-style-type: none"> 1. Confirm the membership of the Wolverhampton Homes Board as detailed within this report. 2. Confirm the Chair(s) and Vice Chair(s) of Wolverhampton Board and Committees. 3. Note the removal of Board Champions.
Key risks and contentious issues:	<p>The Company's Articles of Association determine the arrangements for the rotation, retirement and selection of Board members.</p> <p>The organisation is required by Companies House to adhere to these arrangements, and this also meets the expectation of the shareholder under the Management Agreement.</p>

Management Summary

1.0 Purpose

- 1.1 The purpose of the report is to advise the Shareholder of the membership of the Wolverhampton Homes Board from September 2022 and to confirm the Chair(s) and Vice Chair(s) of the Wolverhampton Homes Board and Committees.

2.0 Background

- 2.1 The Company's Articles of Association determine the arrangements for rotation and retirement of Board members which are confirmed at the Annual General Meeting.
- 2.2 The roles of the Board Chair and Vice Chair, and the Committee Chair(s) and Vice Chair(s) will be formally considered on an annual basis at the Annual General Meeting.
- 2.3 Should there be an in-year Board member resignation, recruitment would take place in line with the Articles of Association.
- 2.4 At each Annual General Meeting, the Board and Committee Chair(s) and Vice Chair(s) are nominated and confirmed for the following year.

3.0 Details of Membership

- 3.1 Since September 2021 to date, the following changes to membership of the Board have taken place:
- Councillor Paul Appleby left the Board on 30 May 2022.
 - Appointment of Councillor Jonathon Crofts to Board on 01 June 2022.
- 3.2 The Shareholder is asked to confirm that membership of the Board, as of today's Annual General Meeting shall be:

Councillor Board Members

Asha Mattu
Jonathon Crofts
Rita Potter
Zareena Russell

Tenant Board Members

Angela Davies
Joy McLaren
Michael Porter
Victor Browne

Independent Board Members

Derek Allen
Hajrija Dergic
Parveen Brigue
Steve Finegan

4.0 Board Champions

4.1 Board Members have significant responsibilities for Wolverhampton Homes as an employer, and through the operational delivery across services and the effective discharge of those responsibilities. As such, Board members were nominated as a Board Champion to ensure such duties were discharged appropriately in the following areas:

- Customer Services (currently Mike Porter – Tenant Board member)
- Equalities, Diversity & Inclusion (currently Joy McLaren – Tenant Board member)
- Health & Safety (currently Victor Browne – Tenant Board member)
- Safeguarding & Domestic Violence (currently – Councillor Zareena Russell, deputy)

4.2 To ensure collective accountability the decision has been made to remove the role of Board Champions with effect from 09 September 2022.

5.0 Financial and value for money implications

5.1 It is imperative that Wolverhampton Homes Board is established in order for them to make strategic decisions that safeguard the financial viability of the company and ensure long term sustainability.

6.0 Legal and regulatory implications

6.1 The Company's Articles of Association will determine the arrangements for the retirement, recruitment and selection of Board members. This document underpins the Companies governance requirements and meet its legal obligations.

7.0 Human resources implications

7.1 Wolverhampton Homes Board members are required to discharge their responsibilities.

8.0 Health and safety implications

8.1 Wolverhampton Homes Board Members have significant responsibilities in relation to Health and Safety for the company and for the effective discharge of those responsibilities.

9.0 Equalities implications

9.1 Has an Equality Impact Assessment been carried out: **Yes**

9.2 An Equality Impact Assessment (EIA) on the Board Member Recruitment policy was completed in September 2019 and was approved at the Equalities Circle Forum. A plan for board recruitment is underway and will be subject to presentation at the Equality Circle Forum before commencement.

10.0 Impact on the environment and community

10.1 Decisions made by the Wolverhampton Homes Board in relation to the strategic direction of the company support the positive impact on the environment and community.

11.0 Long term consequences for the company

11.1 It is imperative that the organisation has a succession planning process for Board members to ensure that the Board has the relevant and skills and continuity, to lead the organisation.

12.0 Impact on business relationships with suppliers, customers and others

12.1 Board members are required to declare any conflict of interest when making decisions that affect stakeholders.

12.2 The Board of Wolverhampton Homes is responsible for key strategic business decisions.

13.0 Impact of Covid-19

13.1 The impact of Covid-19 has not affected Board membership; however, it is to be noted that all scheduled Board and Committee meetings have taken place via virtual Microsoft Teams.

13.2 This has ensured strategic business decisions were able to be considered by Board throughout the pandemic.

14.0 Impact on Wolverhampton Homes' Management System

14.1 If yes and approved by Board members, update to go on the management system by:
Not applicable.