Wolverhampton Homes Annual General Meeting

27 September 2019

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

Membership

Parveen Brigue
Angela Davies
Kevin Fearon
Steve Finegan
Satvinder Goraya
Matthew Green
Peter Knight
Joy McLaren
Linda Middleton
Councillor Lynne Moran
Councillor Rita Potter
Councillor Zee Russell
Councillor Paul Singh

Information

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

Contact Maya Dhanda
Tel/Email 01902 552956 maya.dhanda@wolverhamptonhomes.org.uk
Address Wolverhampton Homes, 29 Market Street,
Wolverhampton WV1 3AG

Copies of other agendas and reports are available from:

Website https://wolverhamptonintranet.moderngov.co.uk
Email maya.dhanda@wolverhamptonhomes.org.uk
Tel 01902 552956

Agenda

Item No. *Title*

MINUTES

Meeting: **Annual General Meeting**

Date: **14 September 2018**

Venue: **Boardroom, Hickman Avenue**

MEMBERS IN ATTENDANCE: -

Ann Bennett (Acting Chair)
Angela Davies (Acting Vice Chair)
Joy McLaren
Mark Ward
Linda Middleton
Peter Knight
Steve Finegan
Kevin Fearon
Councillor Paul Singh
Councillor Zareena Russell

STAFF IN ATTENDANCE: -

Shaun Aldis	-	Chief Executive
Jan Lycett	-	Director of Business Support
Angela Barnes	-	Assistant Director - Housing Options
Darren Baggs	-	Assistant Director - Housing
Kevin Manning	-	Assistant Director - Property
Cathy Stewardson	-	Business Assurance Manager
Jess Whitehouse	-	Executive PA

Tenant - Sandra Fern

CWC Representative - Kate Martin, Director of City Housing

1618	**Apologies** Apologies were received from Councillor Rita Potter and Councillor Asha Mattu.	
1619	**Declarations of interest** Any tenant related issues – Angela Davies, Joy McLaren, Linda Middleton and Mark Ward. Noted with interest, allowed to remain and join in the debate.	
1620	**Minutes of Open Board and Annual General Meeting – 15 September 2017** The minutes state that Linda Middleton was in attendance, however, she was not present. **Action – Minutes of 15 September 2017 to be amended to reflect this**	**JW**
1621	**Matters arising** There were no matters arising.	
1622	**Adoption of financial statements and confirmation of external auditors for the financial year** **Resolved: Kate Martin, on behalf of CWC accepted the financial statements** **Kate Martin, on behalf of CWC agreed to continue using Grant Thornton as the external auditors for Wolverhampton Homes**	
1623	**Confirmation of Board Membership** Catherine Stewardson presented this item. Confirmation was given that two Board members have retired: Sue Roberts and Councillor Tersaim Singh. Wolverhampton Homes have not received any other notification in regard to Board member retirement / resignation outside of the terms of office. Membership of the Board was confirmed. **Resolved: Kate Martin, on behalf of CWC agreed the membership of Wolverhampton Homes Board**	

1624	**Electing the Chair** Catherine Stewardson presented this item. It was confirmed that Ann Bennett has expressed an interest in taking up the role of Chair. Mark Ward formally proposed this, and Councillor Singh seconded it. **Resolved: Ann Bennett is now Chair of Wolverhampton Homes Board**	
1625	**Electing Vice Chair** Catherine Stewardson presented this item. It was confirmed that Angela Davies has expressed an interest in taking up the role of Vice Chair. Councillor Paul Singh formally proposed this, and Joy McLaren seconded it. **Resolved: Angela Davies is now Vice Chair of Wolverhampton Homes Board**	
1626	**Any Other Business** Board members formally offered their thanks to Councillor Tersaim Singh for his commitment to Wolverhampton Homes during his term as a Board member.	

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Board Report

	Agenda Item 6
	27 September 2019 **Annual Strategic Financial Arrangements**
	AGM Report
Status:	For Decision
Author and job title:	Janet Lycett, Company Secretary
Contact No:	07970 348867
Recommendations:	**The Board members are asked to approve:** **1. The Financial Statements – 2018 – 2019** **2. The Letter of Representation** **3. The appointment of Grant Thornton as the external auditors for the period April 2019 to March 2023 (in line with the Wolverhampton Homes Business Plan).** **The shareholder is being asked to ratify the following decisions and documents:** **1. Financial Statements – 2018 – 2019** **2. Letter of Representation** **3. Confirmation of the appointment of Grant Thornton as the external auditors for the period April 2019 to March 2023.**
Key risks and contentious issues:	Failure to approve the company's annual accounts in line with Companies House requirements. The company is limited by guarantee as governed by its Memorandum and Articles of Association and hence is required to ensure compliance with appropriate regulation and legislation. The external audit process is a critical element of the company's Business Assurance framework.

Management Summary

1.0 Purpose

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

- Adoption of the financial statements – 2018 – 2019
- Agreement of the letter of Representation
- Confirm the ongoing appointment of Grant Thornton as the external auditors for the period April 2019 to March 2023 (in line with the Wolverhampton Homes Business Plan).

1.2 The ratification of the decisions and documents is required from the shareholder for the:

- Financial Statements – 2018 – 2019
- Letter of Representation
- Confirmation of Grant Thornton as the external auditors for the period April 2019 to March 2023.

2.0 Background

2.1 The Company's Memorandum and 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.

2.3 There is a requirement for the shareholder to ratify these key decisions as part of these central governance arrangements.

3.0 Financial Statements 2018 / 2019

3.1 The draft Financial Statements detailed at Appendix 1 were presented by Grant Thornton to the Wolverhampton Homes Board on 5 July 2019. Board were able to review the Financial Statements and to provide comments in order for due diligence to be applied.

3.2 Grant Thornton have been acting as the external auditors for Wolverhampton Homes for the last two financial years and it is good practice to consider arrangements going forward.

3.3 It is not uncommon for external auditors to work with a company for a period spanning several years. It is therefore recommended that Grant Thornton are appointed to work with Wolverhampton Homes 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 for the same period.

4.0 Financial and value for money implications

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

4.2 Following the AGM, a letter of going concern will be drafted and submitted to Grant Thornton and the package of financial information will be submitted to Companies House.

4.3 In regard to the annual fee for the auditors, it is expected that the fee will remain in line with the current charge (currently £27,000), with an appropriate uplift to be applied. It is to be noted that the budget already exists for this.

5.0 Legal implications

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

6.0 Human resources implications

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

7.0 Health and safety implications

7.1 There are no immediate health and safety implications as a result of this report.

8.0 Equalities implications

8.1 Has an Equality Impact Assessment been carried out: **No.**

9.0 Impact on the environment and community

9.1 There are no immediate environment and community implications.

10.0 Long term consequences for the company

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

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 on Wolverhampton Homes' Management System

12.1 If yes and approved by Board members, update to go on the management system by:

12.2 **Yes**

Date: 11 October 2019

Officer responsible: Catherine Stewardson

Wolverhampton Homes Limited

Company Limited by Guarantee

FINANCIAL STATEMENTS

for the year ended

31 March 2019

Company Registration No. 5441967

DIRECTORS

Angela Davies
Kevin Fearon
Steve Finegan
Peter Knight
Joy McLaren
Mark Ward
Linda Middleton
Councillor Rita Potter
Councillor Zereena Russell
Councillor Paul Singh
Councillor Asha Mattu

EXECUTIVE MANAGEMENT TEAM

Shaun Aldis	Chief Executive
Janet Lycett	Director of Business Support
Kevin Manning	Assistant Director Property
Darren Baggs	Assistant Director Housing
Angela Barnes	Assistant Director Housing Options

SECRETARY

Janet Lycett

REGISTERED OFFICE

29 Market Street, Wolverhampton, WV1 3AG

AUDITOR

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

BANKERS

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

ACTUARY

Barnett Waddingham, 163 West George Street, Glasgow, G2 2JJ

The Directors present their Strategic Report, annual Directors' Report and financial statements of Wolverhampton Homes Limited (the Company) for the year to 31 March 2019.

PRINCIPAL ACTIVITIES

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

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 thirteen years.

When an initial 10-year management agreement was nearing the end of its term in 2013, the Company signed a new 15-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 2017/18 and the management agreement together with its associated schedules have been updated to reflect these changes. The first formal 5 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 2019 were £18.3 million, £0.3 million higher than at the same time in 2018. Current assets exceed short-term liabilities and Wolverhampton Homes is therefore in a strong position to continue trading as a company. Operating loss was £2.4 million in 2018/19 and this is largely due to the pension cost adjustment required under IAS19. Overall, the Company has done well to deliver the services required under the management agreement within a fixed management fee. The fee is frozen until March 2020. To manage this situation, 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 £11.0 million at 31st March 2019, compared to £10.7 million at the end of the previous financial year. This is still significantly above the minimum reserve level of 3% of revenue budget, as set out in the Reserves Policy. This high level of reserve has enabled the Company to manage without inflationary or other increases in the management fee for several years. The reserves will be used to off-set the impact of inflation and cover the cost of one-off expenditure.

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. During the last year, the Company has specifically restructured and introduced a 'Transformation Team' who will lead on the development and delivery of a 2 year programme of Lean Systems Thinking reviews across the whole Company. This methodology coupled with the ongoing modernisation of our workforce and the investment in technology to support improved ways of working are central to supporting our 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 by both the Resources Committee and 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 appraised of the likely impact on reserves to deal with contingencies and needs over the next 3-4 years.

The medium term financial position

The current freeze to the management fee was extended by the Council to 2020, by which time it will have been frozen for eight years. In 2018/19 it budgeted for a contribution of £0.7 million from reserves to operate a balanced budget. The outturn for 2018/19 indicates that the Company delivered within budget and provided a contribution to reserves of some £0.322 million.

Whilst reserves are strong, and the Company has an excellent track record of effectively managing its finances, it is expected that to maintain current spending levels beyond this point for the next five years, additional efficiencies will need to be delivered. Otherwise, by 2022/23, annual expenditure will no longer be sustainable and the reserves strategy could have been compromised.

Therefore, the Company will be introducing a full and robust transformational programme of activity from 2019/20. This will focus on cost/quality and the customer and the Company will take advantage of every opportunity to make efficiency savings as and when they arise. This approach, endorsed by the Board, and highlighted throughout the Business Plan for 2019/23 aims to smooth out the impact of the management fee freeze and 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 trained and stable workforce and a high level of staff engagement which results in a better service for tenants and wider customer groups.

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 increased by £2.3 million during 2018/19, made up of an increase of £10.0 million in liabilities, and an increase of £7.7 million in assets.

The current service cost charged to the profit in loss account was similar to 2017/18, increasing by £0.2 million from £6.0 million in 2017/18 to £6.2 million in 2018/19.

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 pensions 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 1st October 2016 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 2019.

Performance Review 2018/19

General

Overall operational performance has been good in 2018/19 with 22 out of 25 key service targets either being met or being within tolerance levels. Furthermore, those key areas of improvement within the Delivery Plan have been implemented.

During the year a refreshed performance management framework has been introduced and additional capacity brought into our Business Improvement team to support this renewed focus. A systematic series of performance meetings are held monthly whereby senior leaders present details of their performance to the executive team. This includes trends and 'direction of travel' information as well as progress around the management of key operational challenges and risks. This culminated in an end of year 'performance summit' where the whole senior leadership team came together to discuss overarching performance and next steps for the coming year.

Performance outcomes continue to be regularly reported to Board, Audit 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 and Welfare Reform

Welfare Reform continues to present a significant challenge to Wolverhampton Homes and the social housing sector in general, both in terms of the personal impact on tenants and leaseholders and the challenges posed to income collection. The cuts remain focused on people of working age.

The roll out of Universal Credit continues across the city and it is likely that the Government will continue to review the wider array of benefit provision, including those for people of pension age.

The Operations Directorate restructure was fully implemented over the last year where an additional £400k was invested to support these structure changes and specialist income management and housing management teams were created. This appears to have supported some very positive performance outcomes most notably:

- The percentage of service charges collected from leaseholders finished above target at 100.2%
- The percentage of rent collected (City wide including TMO/EMB's) achieved 97.57%, which met our challenging 97.5% target.
- 19.78% of all recharge monies were collected this year against our 19.5% target.
- The number of evictions for rent arrears was 45 and a reduction from the previous year of some 14 households.
- The percentage of rent lost through empty property fell to 0.83% at year-end. (This was 0.88% at year end 2017/18)

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 achieving 98.39% in quarter 4 (97.5% Target). The end of year figure met target at 97.75%.
- The percentage of valid gas safety records continue to achieve our 99.6% target at 99.98%.
- Satisfaction with the way anti-social behaviour complaints were dealt with improved over the previous year and the ratings on estate inspections achieving good or excellent are also improving.

Housing Options

This has been the first full year of delivery against the backdrop created through the introduction of the Homelessness Reduction Act. The team has had a successful year and the following is of note:

- The number of people presenting themselves as homeless (also called 'advice cases') totalled 3798 for the year.
- The number of Households accepted as homeless were 1035 for the year.
- The average re-let time for both standard and major voids achieved their respective targets at year-end. Standard voids, which includes any repair time, is at 19 days (against a 20-day target) and Major voids, which shows

the re-let time after repair, is at 10 days (10-day target). These indicators follow the Housemark methodologies.

Business Plan 2019 – 2023

A fully refreshed business plan has been developed and agreed by Board and the Full Council. 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 working from community hubs and delivering 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 residents 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 future housing white paper and to delivering 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 has been written within an ever-changing operating environment and in particular has been 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.
- That there will be a revised approach to rent setting policy from 2020/21 and that the management fee will be renegotiated during the next year.
- A white paper is expected during the summer of 2019, and it is anticipated that the Grenfell Inquiry will report in the next two years with some associated changes to fire safety regulation.

The Company has therefore established plans that will support the delivery of those 5 core areas within the 'New Deal for Social Housing' green paper.

I. Ensuring homes are safe and decent
    - By continuing to prioritise the delivery of exemplar compliance services.

- Introducing our ‘estate custodian’ approach in the next year and will be launching our tenant & leaseholder deal.
- The core driver is to support and sustain tenancies, prevent homelessness, reduce dependency and promote resilience.

II. Effective resolution of complaints

- Introduced additional capacity into the customer feedback team and are already working to introduce ‘right first time’ processes across all areas.
- Reviewing 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 be evaluating the current operation against the current consumer standards to establish where any gaps may exist.

IV. Tackling stigma and celebrating thriving communities

- The Company has increased capacity across the community engagement and communications teams specifically to strengthen the work done to support this priority.
- A new community development strategy was launched in 2019 and will dovetail into the ongoing skills and development framework for tenants.

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 CWC to have a diverse range of affordable housing across the city.
- The company aims to become an asset owner either via transfer, direct purchase or build.
- The company will launch a shared ownership and wider management service to WV Living this year.
- Continue to deliver a private sector leasing scheme that meets the Council’s ‘Rent with Confidence’ scheme and that is increasingly used to support the City’s aspiration to offer the full range of housing options.

Operational Priorities for 2019/20

The Business Plan has a full appendix that details the key operational improvement priorities for the next year that will complement our core ‘business as usual’ service deliverables.

2019/20 will continue to see the company move forward with its transformational #GoodtoGreat journey that was launched in 2018. Over the next year the company will:

- Continue to modernise its workforce and will be completing the programme of upgrading the ‘Community Hub’ network.
- Introduce the People Deal for all members of staff.
- Continue to invest in new technology to support agile working and to enhance our digital offer to customers.
- Continue to implement the Lean programme of reviews with a focus on repairs and maintenance and housing management services.
- Introduce a refreshed enterprise and innovation agenda specifically to:
    - Delivering a cost neutral private sector leasing scheme.
    - Managing properties developed by WV Living – both at affordable rent and shared ownership.
    - Working with CWC to develop a scheme to retain a small number of family homes by receiving their ownership through a small number of transfers if they should become void.
    - Supporting the city to bring back empty homes into use.
    - Developing a sustainable waste management strategy.
    - Launch the Home Improvement Agency

Value for Money

The company will complete the refresh of its approach to the delivery of value for money during 2019/20. The full Lean programme has been identified and detailed within the business plan, together with quantified expected improvement opportunities it should bring.

During 2018/19 the company has:

- Reduced spend across several key areas of activity thus enabling the delivery of services whilst realising a contribution of some £300k to reserves at year end and support physical improvements to Tarmac Road and Stowlawn work ‘hubs’.
- Made best use of HRA land to deliver new build properties and improve the temporary housing stock.
- Continued to deliver a vibrant corporate social responsibility programme that benefits local communities – and this bought key infrastructure improvements to the Kingswood Centre – a long standing facility used by city residents.

- 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 2019/20 it is intended to produce regular ‘efficiency’ statements to Board culminating in the publication of an annual efficiency statement.

The Budget Position for 2019/20 and the medium term financial plan

The management fee freeze continues to shape our financial planning and inform the Medium Term Financial Strategy. The annual Management fee from the Council has typically provided around 87 percent of our income. The current base management fee totals £37.731 million with an additional sum of £1.6 million for the delivery of Homelessness and 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 Affordable Warmth.

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 new Home Improvement Agency. There are also smaller, miscellaneous income streams that will continue to be monitored and optimised where practicable.

The management fee will be renegotiated during the next year and the company financial planning process has assumed a 2% increase to this base fee.

The Council continued to implement the 1% reduction in social housing rents in accordance with the Welfare Reform and Work Act and during 2018/19 rent was charged across a 52 week rent year as were service charges. Additional consultation will be undertaken during the next year to help inform the Council’s future approach to rent setting.

The Management fee from the housing revenue account has been set at £39.3M for 2019/20. Wolverhampton Homes also receives income from the council for delivering capital and grant funded works programmes and general fund services.

The Medium Term Financial Strategy forecasts using a reserves contribution of £1.8M for 2019/20. This plan continues to use contributions from reserves to balance the budget for the next 2 years whilst reducing the base expenditure budget to forecast income levels. The reserves will then also be used to support investment across our core services.

Overall the year end position was an underspend against budget for 2018/19 resulting in an increase to reserves of £0.3 million. Reserve balances equal £11.0 million at 1st April 2019. 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. During the year additional capacity has been brought in and a new Business Services Team created to concentrate on the delivery of our governance and business assurance programmes.

During 2018/19 a full annual plan for internal audit has been delivered that enabled a more 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 detailed in the strategic risk register were successfully mitigated. These included:

- Managing the impact of Welfare Reform on tenants/income collection.
- Monitoring and managing medium-term financial pressures.
- Delivering the new build programme and the Heath Town master plan.
- Continuing to improve the online/automated services for tenants.
- Maintaining staff engagement.
- Health and Safety compliance.
- Creating new office arrangement.
- Supporting vulnerable tenants via SPIN.

A fully refreshed corporate risk register was considered and agreed at the first Board meeting of 2019/20. It provides a closer focus and synergy with the new business plan objectives and continues to concentrate on key strategic challenges.

By order of the Board

Shaun Aldis
Chief Executive 2019

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 2019.

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:

Kevin Fearon
Peter Knight
Tersaim Singh (to 16th May 2018)
Ann Bennett (to 1st March 2019)
Rita Potter
Paul Singh
Angela Davies
Mark Ward
Joy McLaren
Linda Middleton
Steve Finegan
Zareena Russell
Asha Mattu (from 24th May)

DIRECTORS' LIABILITY

The Company has arranged adequate directors' and officers' liability insurance cover for all of 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 newsletters, e-bulletins, staff surveys and the Chief Executives monthly briefing and the Joint Consultative Panel (JCP). A cross organisation staff network group – "Our Voice" - was also introduced during 2018 to enhance the consultation arrangements.

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, the Board and Resources Committee and are subject to close scrutiny. The medium term financial plan provides a context for our annual budgeting cycle. In respect of our strategic risk management the appropriate reports are also made to Board and Audit & Service Delivery Committee.

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 will be put to the Board at the Annual General Meeting.

By order of the Board

Shaun Aldis
Chief Executive 2019

The Directors are responsible for preparing the Strategic Report and Directors' 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 ("IFRS") as adopted by the European Union ("EU").

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 of the company and of the profit or loss 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 IFRS as adopted by the EU;

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 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 2018/19 with the shape of the board moving to 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, Resources and Audit and Service Delivery 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.

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 Wolverhampton City 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 every year, and an annual assessment of performance against these targets. Targets are linked to individual service plans and 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 every year 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 2014/15 the Company has banked with the HSBC bank.

Financial Regulations

The Company adopted a set of Financial Regulations and Standing Orders soon after it was incorporated as part of its control framework. These documents are updated periodically and reviewed by the Resources Committee. The documents are underpinned by clear 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 of Business Support has been responsible for ensuring that financial risks are effectively managed and controlled. Financial reports ensure that the 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 all meetings of the Resources Committee and to Board at least twice yearly.

Financial Systems

The Agresso Business World Financial systems used by Wolverhampton Homes are hosted by the Wolverhampton City 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 separate Resources (including Finance) and Audit and Service Delivery Committees. 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 in 2010, was extended in 2013 and amalgamated with Service Delivery in 2016. The Audit and Service Delivery Committee also scrutinise the outcome of reviews of Health and Safety within the Company. The Committee has a specialist understanding of audit issues within the Company.

The Board and Management Team have reviewed the effectiveness of systems of internal control in existence for the period ended 31 March 2019. No weaknesses were found in the internal controls which to the knowledge of the Board and the 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.

Independent auditor's report to the members of Wolverhampton Homes Limited

Opinion

We have audited the financial statements of Wolverhampton Homes Limited (the 'company') for the year ended 31 March 2019, which comprise of the Statement of comprehensive income, Statement of changes in equity, Balance sheet and Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.
In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report,[1] other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

William Devitt
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
[Date**]**

STATEMENT OF COMPREHENSIVE INCOME
for the year to 31 March 2019

	Notes	2019 £'000	2018 £'000
REVENUE	3	49,666	46,191
Operating costs	4	(54,097)	(49,667)
(LOSS) FROM OPERATIONS	4	(4,431)	(3,476)
Finance income	5	103	62
Finance costs	5	(913)	(952)
(LOSS) BEFORE TAXATION		(5,241)	(4,366)
Taxation	7	11	-
(LOSS) FOR THE YEAR	13	(5,230)	(4,366)

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).

	Notes	2019 £'000	2018 £'000
(Loss) for the year		(5,230)	(4,366)
OTHER COMPREHENSIVE GAIN, NET OF TAX			
Actuarial gain on defined benefit obligations	16	3,299	1,689
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		(1,931)	(2,677)

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

STATEMENT OF CHANGES IN EQUITY
for the year to 31 March 2019

	Retained earnings	Retained earnings
	£'000	£'000
BALANCE AT 1 APRIL 2017		(24,248)
Loss for the year	(4,366)	
Other comprehensive loss, net of tax:		
Actuarial gain on defined benefit obligations	1,689	
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		(2,677)
BALANCE AT 31 MARCH 2018		(26,925)
Loss for the year	(5,230)	
Other comprehensive loss, net of tax:		
Actuarial gain on defined benefit obligations	3,299	
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,931)
BALANCE AT 31 MARCH 2019		(28,856)

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 2019 Company Registration No: 5441967

	Notes	2019 £'000	2018 £'000
ASSETS			
CURRENT ASSETS			
Trade and other receivables	9	7,417	5,929
Cash and cash equivalents	8	10,836	12,061
TOTAL ASSETS		18,253	17,990
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	(7,229)	(7,294)
Current tax liabilities	11	-	-
		(7,229)	(7,294)
NON-CURRENT LIABILITIES			
Retirement benefit obligations	16	(39,878)	(37,620)
TOTAL LIABILITIES		(47,107)	(44,914)
NET LIABILITIES		(28,856)	(26,924)
EQUITY			
Retained earnings	13	(28,856)	(26,924)
TOTAL EQUITY	13	(28,856)	(26,924)

The financial statements on pages 26 to 50 were approved by the Board and authorised for issue on 2019 and are signed on its behalf by:

Director –

Director– Kevin Fearon

STATEMENT OF CASH FLOWS
for the year to 31 March 2019

	Notes	2019 £'000	2018 £'000
OPERATING ACTIVITIES			
Cash utilised by operations	14	(1,328)	(1,911)
Taxation paid		-	-
NET CASH UTILISED BY OPERATING ACTIVITIES		(1,328)	(1,911)
INVESTING ACTIVITIES			
Interest received		103	61
NET CASH FROM INVESTING ACTIVITIES		103	61
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,225)	(1,850)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		12,061	13,912
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	10,836	12,061

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.

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

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged against profit or loss on a straight line basis over the period of the lease.

Where the Company leases certain property, plant and equipment and the Company has substantially all the risks and rewards of ownership, these are classed as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are shown in other payables. Any property acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

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 loans and 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 not adopted any standards or interpretations early in either the current or the preceding financial year.

Standards issued as at 31 March 2019 but not yet effective

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
IFRS 16 Leases (Issued on 13 January 2016)	01 January 2019

With the exception of IFRS 16 Leases, the Directors and Chief Officers anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company when the relevant standards and interpretations come into effect.

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 16 for details of the sensitivities on key assumptions.

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 entities accounting policies and that have a significant effect in the amounts recognised in the financial statements:

- a bad debt provision of £146,390 (2018: £118,000) is included to cover potential non-payment of invoices. This is based on an assessment of outstanding invoices at 31 March 2019. 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 96.3% (2018: 97.1%) 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 management fee will be frozen until April 2020 which means the Company will have to bear inflation costs for the current financial year (2018/19) and a further financial year, from its own resources. The reserves that have been built up to date will play an important part in addressing this financial constraint.

The key medium-term financial issue for the Company at the present time is managing within the constraints of the freeze to its management fee to April 2020. The Company has been intent on making savings to manage the potential 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)	£1.5M
Expenditure not in base budget including invest to save	£3.0M
Inflation reserves to meet the impact of the management fee freeze to 31 March 2020	£6.3M

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 frozen budget the availability of funds for one off items is particularly important as it is difficult to fund long-term new commitments against the background of a cash frozen management fee.

The inflation reserve is essential for spreading the impact of a frozen management fee over a longer period of time and thereby smoothing out budget reductions.

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 – 2019	Within 6 months	6 months - 1 year	1 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Trade and other payables	5,594	-	-	-	5,594
Current tax liabilities	-	-	-	-	-
	5,594	-	-	-	5,594

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 – 2019	Within 6 months	6 months - 1 year	1 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Cash at bank and on hand	10,836	-	-	-	10,836
Trade and other receivables	7,317	-	-	-	7,317
	18,153	-	-	-	18,153

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 – 2018	Within 6 months	6 months - 1 year	1 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Trade and other payables	5,647	-	-	-	5,647
Current tax liabilities	-	-	-	-	-
	5,647	-	-	-	5,647

2 FINANCIAL RISK MANAGEMENT (continued)

Assets - 2018	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	12,061				12,061
Trade and other receivables	5,783	-	-	-	5,783
	17,844	-	-	-	17,844

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 - 2019	Floating rate £'000	Non-interest bearing £'000	Total £'000
Cash and cash equivalents	10,812	24	10,836
Trade and other receivables	-	7,317	7,317
	10,812	7,341	18,153

Liabilities - 2019	Non-interest bearing £'000	Total £'000
Trade and other payables	5,594	5,594

2 FINANCIAL RISK MANAGEMENT (continued)

Assets - 2018	Floating rate £'000	Non-interest bearing £'000	Total £'000
Cash and cash equivalents	12,030	31	12,061
Trade and other receivables	-	5,783	5,783
	12,030	5,814	17,844

Liabilities - 2018	Non-interest bearing £'000	Total £'000
Trade and other payables	5,647	5,647

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.

Maximum exposure to credit risk		2019 £'000	2018 £'000
Trade and other receivables	- Council	6,745	5,208
	- Other	572	575
Cash and cash equivalents	- Bank	10,836	12,061
		18,153	17,844

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

	2019	2018
	£'000	£'000
(loss) from operations is stated after charging:		
Inventories		
- amount charged (to operating costs)	3,440	3,586
Auditor's fees:		
- audit services: Grant Thornton UK LLP	28	27
- taxation: RSM UK Tax and Accounting Limited	4	5
Rentals under operating leases	1,487	1,398

The following table analyses the nature of expenses:

	2019	2018
Staff costs	29,906	26,031
Repairs and maintenance	14,770	14,898
Other housing management costs	3,991	3,264
Corporate	3,330	3,123
Information technology	1,661	1,948
Other	439	403
Total expenditure (excluding finance costs)	54,097	49,667

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 proceeding financial years.

5 FINANCE INCOME AND COSTS

	2019	2018

	£'000	£'000
Other interest receivable	103	62

	2019 £'000	2018 £'000
Pension finance costs	(913)	(952)

6 STAFF AND STAFF COSTS

The average monthly number of persons employed by the Company during the period was:	2019 No.	2018 No.
Housing Management	155	150
Property Services	365	369
Estates Services	81	73
Support Services	67	60
Housing Options	65	48
	733	700

The total number of staff in 2019 includes 29 new apprentices, work placements and trainees.

	2019 £'000	2018 £'000
Wages and salaries	19,577	18,030
Social security costs	1,847	1,699
Other pension costs	8,482	6,302
Total expenditure	29,906	26,031

The remuneration paid to the Directors of the Company (including pension contributions and benefits in kind) for management services was £Nil (2018: £Nil). The total of directors' pension contributions was £Nil (2018: £Nil).

7 TAXATION

	2019 £'000	2018 £'000
ANALYSIS OF CHARGE IN YEAR:		
Current tax:		
UK – Current year	-	-
Current tax reconciliation:		
The tax assessed for the years differs from the standard rate of corporation tax as follows:		
(Loss) before tax	(5,241)	(4,366)
Tax at the standard rate of corporation tax 19% (2018: 19%)	(996)	(830)
Effect of non-trading activities with member not subject to corporation tax	996	830
	-	-

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% (2018: nil%), which is lower than the standard UK rate of 19 % (2018: 19%).

8 FINANCIAL INSTRUMENTS

2019	Loans and receivables £'000
Current financial assets	
Trade and other receivables (less prepayments)	7,317
Cash and cash equivalents	10,836
Total	18,153

2019	Trade and other payables £'000
Current financial liabilities	
Trade and other payables	5,594

2018	Loans and receivables £'000
Current financial assets	
Trade and other receivables (less prepayments	5,783
Cash and cash equivalents	12,061
Total	17,844

2018	Trade and other payables £'000
Current financial liabilities	
Trade and other payables	5,647

9 TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Trade receivables	7,299	5,756
Other receivables	20	27
Prepayments	98	146
	7,417	5,929

The average credit period taken on provision of services is 55 days (2018: 47 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 2019, £146,000 (2018: £118,000) 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 2019 or 2018.

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.

	2019 £'000	2018 £'000
Up to three months	4,187	4,717
Up to six months	1	9
Between six months and a year	39	5
	4,227	4,731

9 TRADE AND OTHER RECEIVABLES (continued)

The movement in the allowance account was as follows:

	2019 £'000	2018 £'000
Opening balance as at 1 April	118	100
Provision for receivables impairment	28	18
Closing balance as at 31 March	146	118

10 TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	2019 £'000	2018 £'000
Amounts payable relating to invoiced amounts	791	1,504
Accruals and deferred income	4,177	3,267
Other tax and social security	1,635	1,647
Other payables	626	876
	7,229	7,294

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 35 days (2018: 35 days).

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

	2019 £'000	2018 £'000
Taxation	-	-

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 17) 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.

13 RESERVES

	2019 £'000	2018 £'000
Retained Earnings		
1 April	(26,925)	(24,248)
Retained loss for the year	(5,230)	(4,366)
Actuarial gain/(loss) (note 16)	3,299	1,689
At 31 March	(28,856)	(26,925)

	2019 £'000	2018 £'000
Analysed as:		
Profit and loss reserve (excluding pension liability)	11,022	10,695
Pension deficit	(39,878)	(37,620)
	(28,856)	(26,925)

14 CASH FLOWS

	2019 £'000	2018 £'000
Reconciliation of (loss) from operations to net cash generated (utilised by) operating activities		
(loss) from operations	(4,431)	(3,476)
Pension contributions paid in period (note 16)	(3,882)	(3,594)
Pension contributions charged in the period (note 16)	8,526	6,250
Increase in trade and other receivables	(1,476)	(2,746)
Decrease in trade and other payables	(65)	1,655
Net cash (utilised by) operating activities	(1,328)	(1,911)

14 CASH FLOWS (continued)

For 2018/19 there were no significant non-cash transactions.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent:

	2019 £'000	2018 £'000	2017 £'000
Cash at bank	10,836	12,061	13,912

15 COMMITMENTS UNDER OPERATING LEASES

	Land and buildings 2019 £'000	Land and buildings 2018 £'000	Motor Vehicles 2019 £'000	Motor Vehicles 2018 £'000
The Company had minimum lease payments under non-cancellable operating leases in aggregate as follows:				
Amounts due:				
Within 1 year	523	647	711	604
Between 2 – 5 years	1,028	1,033	233	361
After 5 years	267	346	-	-
	1,818	2,026	944	965

Operating lease payments represent rentals payable by the Company for certain of its office properties, for tenanted properties leased from private landlords for the purpose of sub-letting and for the whole of the Company's vehicle fleet. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.

16 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 2018/19 was 19.2% (2017/18: 19.2%) of pensionable earnings. The rate for 2019/20 will be 19.2% plus the equivalent of an additional 1.4%, representing deficit funding. 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 £3,882,000 (2018: £3,594,000).

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 £374,000 (2018: £364,000), 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 2019 for the purposes of the IAS 19 valuation for inclusion in these financial statements by a registered actuary engaged by Barnett Waddingham. 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.

	Valuation at	
Key assumptions used:	2019	2018
	%	%
Discount rate (used for calculation of future liabilities)	2.4	2.55
Expected rate of salary increases	3.9	3.8
Future pension increases	2.4	2.3
Rate of Consumer Price Index ("CPI")	2.4	2.3

16 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:

	2019	2018
Male	20.9	21.9
Female	23.2	24.3

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

Male	22.6	24.0
Female	25.0	26.6

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

	Change in assumption	Overall impact on liability
Discount rate	Increase of 0.1%	Decrease of £3,978,000
Pension increases	Increase of 0.1%	Increase of £3,434,000
Members' life expectancy	Increase of 1 year	Increase of £7,061,000

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

	2019 £'000	2018 £'000
Current service cost	6,200	5,993
Interest cost	4,839	5,209
Administration expenses	67	67
Expected return on scheme assets	(3,926)	(4,257)
Past service cost including curtailments	2,259	190
	9,439	7,202

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 2019 was £3,299,000 (2018: gain of £1,689,000), and the cumulative loss is £5,881,000 (2018: cumulative loss of £9,180,000).

16 RETIREMENT BENEFIT OBLIGATIONS (continued)

The actual return on scheme assets was £5,704,000 (2018: £99,000).

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

	2019	2018
	£'000	£'000
Fair value of scheme assets	160,634	152,948
Present value of defined benefit obligations	(200,512)	(190,568)
Deficit in scheme	(39,878)	(37,620)

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

Analysis for reporting purposes:

	2019	2018
	£'000	£'000
Non-current liabilities	(39,878)	(37,620)

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

	2019	2018
	£'000	£'000
At 1 April	190,568	186,865
Current service cost	6,200	5,993
Past service cost including curtailments	2,259	190
Interest cost	4,839	5,209
Actuarial gains/(losses)	-	-
Change in demographic assumptions	(11,154)	0
Change in financial assumptions	9,633	(5,847)
Contributions by plan participants	1,156	1,069
Benefits paid	(2,989)	(2,911)
At 31 March	200,512	190,568

16 RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	2019 £'000	2018 £'000
At 1 April	152,948	151,164
Expected return on scheme assets	3,926	4,257
Actuarial gains/(losses)	1,778	(4,158)
Other actuarial gains	0	0
Administration expenses	(67)	(67)
Employer contributions	3,882	3,594
Employee contributions	1,156	1,069
Benefits paid	(2,989)	(2,911)
At 31 March	160,634	152,948

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

	Fair value of assets	
	2019 £'000	2018 £'000
Equity Instruments	94,944	97,757
Government Bonds	15,432	11,176
Other Bonds	6,189	5,851
Property	13,643	11,776
Cash/liquidity	5,087	3,764
Other assets	25,339	22,624
	160,634	152,948

16 RETIREMENT BENEFIT OBLIGATIONS (continued)

The five year history of experience adjustments are as follows:

£'000	2019	2018	2017	2016	2015
Present value of defined benefit obligations	(200,512)	(190,568)	(186,865)	(148,026)	(149,341)
Fair value of scheme assets	160,634	152,948	151,164	118,702	117,904
Deficit in scheme	(39,878)	(37,620)	(35,701)	(29,324)	(31,437)
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 2020 is £3,822,000 (2019: £3,904,000).

17 RELATED PARTY TRANSACTIONS

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

Wolverhampton Homes Limited is an Arms 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 £47,018,000 (2018: £44,980,000) and purchased goods and services from the Council totalling £6,475,000 (2018: £5,605,000).

At 31 March 2019, included in Receivables is a total amount due from the Council of £6,067,000 (2018: £4,426,000) and included in Payables is a total amount due to the Council of £3,286,000 (2017: £2,598,000). The net balance owed to the company by the Council was £2,781,000 (2018: £1,828,000 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.

17 RELATED PARTY TRANSACTIONS (continued)

Remuneration of key management personnel

The remuneration of the 10 (2018: 13) senior managers who are the key management personnel of the Company, is set out below in aggregate.

	2019 £'000	2018 £'000
Short-term employee benefits	895	859
Post-employment benefits	343	280
	1,238	1,139

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

Board Report

	Agenda Item 7
WOLVERHAMPTON HOMES	**27 September 2019** **Confirmation of Board Membership**
	AGM Report
Status:	For Decision
Author and job title:	Catherine Stewardson, Business Assurance Manager
Contact No:	07771 836 171
Recommendations:	**The shareholder is asked to confirm the membership of the Board as detailed in this report.** **To note the continued inclusion of the Chief Executive onto Companies House as a non-voting Director as detailed in section 3.7.**
Key risks and contentious issues:	The Company's Memorandum and Articles of Association determine the arrangements for retirement and selection of Board members. The organisation is required by Companies House to adhere to these arrangements and this also meets the expectation of the shareholder.

Management Summary

1.0 Purpose

1.1 The purpose of the report is to advise the council member of the membership of the Board.

2.0 Background

2.1 The Company's Memorandum and Articles of Association determines the arrangements for rotation and retirement of Board members at each Annual General Meeting.

2.2 The role of Chair and Vice Chairs for Board will be formally considered on an annual basis at the Annual General Meeting.

2.3 Should there be an in-year resignation, then it is usual practice for the replacement Board member to naturally fill the outgoing member role for both Board and Committee.

3.0 Details of Membership

3.1 Since, the last annual general meeting, there have been some changes to the membership of the Board.

3.2 One Independent Board member has resigned from Board in March 2019, namely Ann Bennett, for which recruitment to this vacancy was completed resulting in the appointment of Matthew Green on 20 June 2019.

3.3 One Councillor Board member namely Councillor Asha Mattu served on the Board until May 2019 and was replaced by Councillor Lynne Moran on 24 May 2019 following the local elections.

3.4 One Tenant Board member resigned from the Board on 30 July 2019, namely Mark Ward. Recruitment to this Tenant Board member vacancy has commenced.

3.5 Two Independent Board members will retire at the AGM on 27 September 2019, namely Peter Knight and Kevin Fearon. Recruitment has been completed for these vacancies, which will result in the formal appointment of Parveen Brigue and Satvinder Goraya, which will be completed at this meeting.

3.6 The Shareholder is asked to confirm that membership of the Board, following today's AGM, shall be:

Councillor Board Members
Rita Potter
Paul Singh
Zareena Russell
Lynne Moran

Tenant Board Members
Angela Davies
Joy McLaren
Linda Middleton
One vacant Tenant Board member position

Independent Board Members
Steve Finegan
Matthew Green
Parveen Brigue
Satvinder Goraya

3.7 Also, to be noted, is the inclusion of Wolverhampton Homes Chief Executive Shaun Aldis onto the Companies House register as a non-voting Director. This is to provide an additional signatory for the signing of leases and associated documentation in conjunction with the existing WH signatory, namely Janet Lycett, Company Secretary. This step was taken in agreement with Angela Davies, Interim Chair of the Board and Steve Finegan, Interim Vice Chair of the Board. Following this meeting, the Assistant Directors for Property, Housing and Housing Options will be removed from the Companies House register.

4.0 Financial and value for money implications

4.1 There are no specific financial implications as a result of this report.

5.0 Legal implications

5.1 The Company's Memorandum and Articles of Association determine the arrangements for the retirement and selection of Board members. They underpin the Companies governance requirements and meet its legal obligations.

5.2 The inclusion of Shaun Aldis, Chief Executive onto Companies House as a non-voting director of the company is to support the administrative requirements applicable to Wolverhampton Homes under Section 52 Law of Property Act 1925. This provides that, unless made by Deed, all conveyances of land and the creation of any interest in land will be void for the purposes of creating a legal estate in the land.

6.0 Human resources implications

6.1 There are no human resources implications within this report.

7.0 Health and safety implications

7.1 There are no immediate health and safety implications as a result of this report, however Board Members have significant responsibilities for WH Health and Safety, both as an employer and through the operational delivery of services and the effective discharge of those responsibilities.

8.0 Equalities implications

8.1 Has an Equality Impact Assessment been carried out: **YES.**

8.2 An Equalities Impact Assessment on Board Member Recruitment policy was carried out in 2014 and was also completed in September 2019 and has been approved at the Equalities Circle Forum.

9.0 Impact on the environment and community

9.1 There are no environment and community implications.

10.0 Long term consequences for the company

10.1 It is imperative that the organisation has a succession planning process for Board members to ensure that the Board has not only the capacity but the continuity to lead the organisation.

11.0 Impact on business relationships with suppliers, customers and others

11.1 Board members are required to declare an interest if there is any conflict when making decisions that affect stakeholders.

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

12.0 Impact on Wolverhampton Homes' Management System

12.1 If yes and approved by Board members, update to go on the management system by:

12.2 **Yes**, Board member information will be updated.

Date: 11 October 2019

Officer responsible: Catherine Stewardson