

Registered number: 05596060

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

COMPANY INFORMATION

Board Members	Lance Duddridge Paul Hackett Jenny Vernon Kathryn Pearce Paul Stephenson Pauline Ham (appointed 1 April 2023) Karen Wilce (resigned 10 April 2023) Christine Fisher (appointed 26 September 2023) Oliver Keates (appointed 26 September 2023) Marie Hide
COMPANY SECRETARY	Ben Lane
REGISTERED NUMBER	05596060
REGISTERED OFFICE	3rd Floor Bridgwater House King Square Bridgwater Somerset TAG 3AR
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX13QS
BANKERS	Barclays Bank Pie 1 Churchill Place London E14 5HP Lloyds Bank pie 25 Cornhill Bridgwater Somerset TAG 3AY

**HOMES IN SEDGEMOOR LIMITED
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**HOMES IN SEDGEMOOR LIMITED
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**CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

Another challenging financial year for customers, communities and colleagues has finished amid ongoing global instability. I reflect on a first year as the wholly owned housing company of Somerset Council with great pride and appreciation for colleagues from both organisations who, despite unprecedented financial difficulties for SC, have shown great tenacity and dedication to find effective solutions for those we represent.

Homes in Sedgemoor (HiS) successfully launched our new 3-year Corporate Strategy in the summer of 2023, stating clearly our goals and aspirations while recognising the already mentioned challenges and uncertainties. Our support for Somerset Council has been clearly evident and I have to say, greatly appreciated. The relationship is critical to ongoing success. I am very grateful for the input from a vast range of Council colleagues and Councilors at regular partnership meetings but also at special events and workshops arranged to explore jointly the range of options for further joint working. Somerset Council representatives including the Leader and Chief Executive have attended Board Away Days to share their views in an honest and open way. We also rely greatly on colleagues who are perhaps more operationally involved as well as in Director and Executive Director roles.

This was the first full year of HiS managing the development and enabling function of the north of the county on the behalf of Somerset Council. To be able to support the Council with the delivery of new affordable homes in Somerset is very rewarding. We will continue to work closely with the Council to develop new safe, affordable and environmentally friendly homes for the local community.

Our customers remain our greatest priority and great work has been carried out by many volunteers in a range of situations. The Sedgemoor Tenants Assurance Committee (STAC) continue to contribute massively and effectively to the overall business via a considerable number of reviews and proposals for improvement. Board receive updates at every meeting from the Chair of STAC to ensure there is a clear line of communication and flow of information. This input as well as attendance at Board meetings from other STAC members, provides Board with high levels of assurance and confidence.

The new Financial Year 2024/25 provides all social housing providers with a new Regulatory regime from Government via The Regulator for Social Housing. Over the next 4 years, all providers with over 1,000 homes in management will be inspected to ensure they are providing their services effectively and appropriately. We do not know when that inspection will be but relationships with the Regulator are commencing jointly between HiS and Somerset Council. An external assessment has been commissioned to conduct a "Mock Inspection" which will report findings to our May Board.

Additionally, we are awaiting the outcome of a review of Board Governance Effectiveness which again will share findings at May Board. It is good practice to have these external viewpoints, much as with other audit functions to provide a independent view and benchmark to other providers. Through this year, Board have continued to seek to improve their own performance and I am delighted that we have, in the last year, recruited three new Board members, so, welcome should be expressed to Cllr Pauline Ham, Chris Fisher (Customer rep) and Ollie Keats (Independent rep) who are all great additions to our first full board for a number of years. We were also delighted to welcome James Menhenitt as a Co-opted member of our Audit and Risk Committee, with considerable financial knowledge and expertise. We continue to have Away Days twice a year to spend time together outside formal meeting structures. These days allow us to receive presentations from guest speakers regarding a range of topics, as well as develop our own dynamic and relationships. It is with great sadness that this year saw the passing of Chris Moseley, a past Chair and dedicated tenant of HiS who worked long and hard for the voice of tenants to be heard not only in HiS but also on the national stage.

There have been many successes to reflect on through 2023/24, not least maintaining performance in key areas of service and continuing to work alongside STAC to jointly seek continuous improvement. We look forward to further developing our successful relationship with Somerset Council and to assist them to develop joint working options.

My thanks, as ever go to everyone associated with HiS and especially for their dedication and commitment.

Name **Paul Stephenson**
Chair

Date:


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**STRATEGIC REPORT - 2024
FOR THE YEAR ENDED 31 MARCH 2024**

BUSINESS REVIEW

finance Overview

The finalisation of the accounts has confirmed the strong financial performance reported to the Board in May through the 'pre-audit' final management accounts paper. The management accounts focus on the 'profit and loss' element of the accounts. Headlines are:

- £553k (£581k reported in report to Board in May) operating surplus recorded against the £285k budget surplus set.
- £118k of spend recorded against the £689k allocated by the Board as 'Managed Use of Reserves'.
- £95k worth of Garage Income recovered from the Council in accordance with agreed performance criteria.

These amounts account for the £530k 'retained surplus' shown against the Profit and Loss Reserve in Note 14 in the accounts.

With specific reference to the financial statements, HiS has reported a profit on ordinary activities before taxation of £623,000 (22/23 loss: £2,500,000). The Company's turnover was £21,629,000 (22/23: £15,508,000) funded primarily by a management and capital fee. The increased turnover mainly reflects the significantly increased capital programme in 23/24 compared to 22/23 which has resulted in increased works on customer's homes.

The trading position for Homes in Sedgemoor, at the end of the 23/24 financial year, shows an operating profit of £470,000 (22/23 loss: £2,360,000).

Further analysis of the three main elements contributing to the £530k 'retained surplus' are given below;

Operating Surplus - £553,000

A £285k surplus budget was set with the intention that the surplus would help to offset energy spend incurred in previous years which contributed to an in year deficit in those years. A £271k favourable variance against budget was therefore recorded. The main contributing factors to this position include:

- Almost all of the programmed capital works were completed by the year end resulting in £118k more **capital management fee** than predicted when the budget was set.
- Favourable interest rates generated more **interest on balances** held in accounts during the year. Interest income of £153k was £120k higher than the £33k budget set.
- Provision for potential **excess payments** in respect of insurance claims was £52k lower than budget in the year reflecting the impact of lower than expected ongoing insurance claims at the year end.
- £47k below budget spend on **consultants** due to a decrease on advice support for corporate matters during the year.
- Difficulties in recruiting to several posts in the year resulted in excess costs being incurred on agency staff. This was the main contributor to a £64k overspend against **staff budgets** in 23/24.
- £91k worth of underspend was recorded across **Repairs & Maintenance and Compliance** budget lines. Overspends against lift servicing and maintenance (£97k) and Fire Risk Assessments & Remedial Works (£56k), were more than offset by underspends against Responsive Repairs (£134k) and Cyclical Works (£134k) budgets.
- Spend on Council Tax was £89k higher than budget in the year and follows the Council's decision to charge council tax in full for properties held void.

Managed Use of Reserves - £118,000

£118,000 was allocated from Reserves in 23/24 to support non-recurring specific projects and initiatives. Allocations were made in accordance with the Reserves Policy. These allocations are referred to as 'Managed Use of Reserves'. Spend of £118,000 was incurred against £689,000 allocated, creating a £571,000 favourable variance. Projects included the investment of funds to commission a review of the Sheltered Housing Stock,

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FOR THE YEAR ENDED 31 MARCH 2024**

continuation of a Winter Warmth Fund, and investment in Development, Project Management and Communications capacity.

Garage Income - £95,000

In financial year 2018/19 Homes in Sedgemoor (HiS) undertook a programme of works to refurbish dilapidated block garages that it was managing on behalf of the Council with the intention to improve the marketability of the garages and drive an improved rental income stream for the Council. The cost of the works was £901,045 and was initially borne by HiS as a distinct "negative" reserve on the Balance Sheet. An agreement was struck whereby, if HiS could demonstrate that income from garage rent increased beyond an agreed baseline of £307,300, the excess would be paid over to Homes in Sedgemoor on an annual basis. For 23/24 the excess was calculated as £95,000 (22/23: £75,000).

Performance Overview

The company delivered good performance across several key areas of service delivery during 23/24. It is a company priority to deliver the best possible outcomes which have a significant positive impact on our stakeholders. The table below shows the progress made against several Key Performance Indicators (KPIs) between both years.

	2023/24	2023/24	2022/23
Performance Indicator	Target	Actual	Actual
Average time taken to let a property	43 days	79 days	51 days
Rent collected as a proportion of rent owed	99.18%	98%	98.16%
Rent arrears for current tenants	2.00%	0.79%	0.91%
Void Rent Loss	1.20%	1.48%	1.39%
Properties with a valid gas certificate	100%	99.80%	99.67%
Responsive repairs delivered in timescale	95%	92%	96.70%

Company performance is measured using several key performance indicators (KPIs). Where available performance is benchmarked and reported both internally and to Somerset Council. 47 KPIs were regularly monitored by the Board. Of the 47, 22 are the newly introduced Tenant Satisfaction Measures (TSMs).

40 of the 47 KPIs are considered to be 'Management Agreement' KPIs and are the performance areas that the Council has identified that it will monitor to hold HiS to account. At the year-end 9 KPIs were classified red, 9 amber, 21 green and one is for 'information only'.

The suite of KPIs reported during 23/24 are aligned to Homes in Sedgemoor's (HiS) Corporate Strategy and are identified under five strategic themes; i) Healthy Homes, ii) Customer Driven, iii) Enriching Partnerships, iv) Thoughtful Enterprise, and v) Sustainable by Design.

Tenant Satisfaction Measures (TSMs)

These are part of a new system developed by the Regulator of Social Housing to assess how well social housing landlords are doing at providing good quality homes and services.

The measures are aimed at helping improve standards for people living in social housing, by:

- Providing visibility, letting tenants see how well their landlord is doing. And enabling tenants to hold their landlords to account.
- Giving the Regulator insight into which landlords might need to improve things for their tenants.

The TSMs are designed to see how well landlords are doing at keeping properties in good repair, maintaining building safety, respectful and helpful engagement, effective handling of complaints and responsible neighbourhood management. The TSMs are grouped around these five themes.

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Of the 22 TSMs, 12 are compiled from 'perception' customer satisfaction responses and 10 are generated from 'management information' held by HiS.

TSM performance reports were uploaded to the website regularly showing performance against target for 47 KPIs. The final year end TSM performance can be found here <https://www.homesinsedgemoor.org/about-us/how-are-we-doing/tenant-satisfaction-measures-year-end-23-24-ytd/>.

TSM performance for 23/24 has been consolidated with Somerset Council's 'in-house' housing team's performance and submitted to the Regulator of Social Housing. The regulator will publish TSM information in the Autumn of 2024. The performance information contained in this report only relates to HiS.

In advance of the publication by the regulator, Housemark have gathered year end TSM data from 221 organisations. Of the 22 TSMs, 20 relate to data that can be classified into quartile performance. Of the 20, HiS has recorded 'upper quartile' performance against 17 measures, with 2 areas in quartile 2 and 1 in quartile 3.

The section below provides a brief overview of the performance highlights in 23/24.

Overall Customer Satisfaction

Overall satisfaction with the service provided by the landlord ended the year at a very strong 82% versus the challenging target of 84%. The month of March 2024 recorded the highest satisfaction of the year at over 87%.

Bentalincome management and voids

The rent collection rate at end of the year was 99.18% compared to target of 98% resulting in this KPI indicated as Green.

As at end of 23/24 rent year, current tenant rent arrears was £154k (£167k 22/23) which is 0.79% of the total annual rent due and is reported as green when compared to target of 2%.

The Average re-let time for all relets (285) in the period April 23 to March 24 was 79.3 days (50.7 22/23) compared to a target of 43 days with this KPI reported as red. Several properties were held as 'policy voids' meaning that they were not re-let as either significant work was needed to bring them up to standard or the outcome of the options appraisal was awaited.

The satisfaction of new customers with the lettings process has ended the year at 99.2% (98.6% 22/23) and is indicated in green when compared to the target of 98%.

Neighbourhood management

There was a total of 77 ASB cases in 23/24. The number of new ASB cases per 1,000 properties managed by HiS ended the year at 28.22 (19.55 22/23) compared to target of 23 and hence is indicated in red.

Responsive repair

The KPI, 'repairs completed within target timescales' reports on the performance of our main Repairs & Maintenance contractors and performance at the end of March was 92% compared to a target of 95% and is reported as amber.

'Customer satisfaction with the responsive repairs service' (transactional) achieved performance of 92.7% (93.3% 22/23) compared to a target of 90% resulting in this KPI remaining as green for two years in a row.

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Of the total capital budget allocated for the year, 99.3% (84.3% 22/23) was spent as at the end of March 2024, this equates to spend of £10,416k compared to budget of £10,479k.

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EmQ!Qy_ee - Sickness and turnaround

Percentage staff turnover ended the year at 11.6% (13.4% 22/23) compared to a target of 12%. This equates to 12 leavers compared to 11 in 22/23. This performance is reported as green.

The percentage of working days lost due to sickness was reported as 4.4% (3.6% 22/23) which was above the target of 3.2% and therefore reported as red. 4.4% represents 872 working days.

Housemark Pulse Benchmarking

HiS continued to participate in Housemark's monthly pulse monitoring benchmarking exercise during 23/24. The exercise provides helpful in year peer performance comparators. The KPIs reflect current priorities for the sector. 15 KPIs were monitored through pulse in 23/24, with 11 of these 15 presented with polarity (which means that Upper Quartile always represents the most favourable performance) and 4 KPIs that don't have a polarity (meaning that neither high or low values are better). Of the 11, HiS recorded above median performance against 9 of the measures in March 2024, with 3 of the 9 considered upper quartile as outlined below;

- Satisfaction with the service their landlord provides (perception) [HiS: 87.2%; Top quartile threshold: 82.5%]. The 87.2% March 2024 performance was the highest performance of the year. Overall performance ended at 82%.
- True current tenant arrears [HiS: 0.79%; Top quartile threshold: 2%]
- Satisfaction with repairs (transactional) [HiS: 94.3%; Top quartile threshold: 92.8%]

We continue to review our performance, monitoring government guidelines and adopting new ways of working, to seek improved performance across the company.

Value for Money (VFM)

The Board and Executive Team at HiS are committed to the delivery of Value For Money for its customers and the Council.

The Corporate Strategy includes the following commitment, to deliver "relatively good performance at low cost" across all areas of service delivery.

The company pro-actively participates in several benchmarking exercises to ensure that it is able to measure its value for money progress against peers across the sector.

HiS has participated in Housemark's 'annual cost and performance comparison exercise' for several years. Housemark is the leading data and insight company for the UK housing sector.

The 2021/22 exercise identified three of the eight measures as falling into the "relatively good performance at low cost". This remained at three of eight measures in 2022/23.

The output from the annual exercise helps to drive decision making within the organisation. It helps to support the budget setting process and facilitates the internal review of the efficiency and effectiveness of service delivery.

A VFM annual report is produced for the Board. Some of the highlights from the latest annual performance summary are given below:

- £268k favourable variance against the revenue budget delivered in a climate of significant inflation and cost pressures.
- Overall average customer satisfaction increased from 81% to 82%. This is very welcome in the context of falling satisfaction across the sector.
- The £400k saving realised in 22/23, through the re-tendering of the repairs and maintenance contract, has been maintained in 23/24 in spite of a continuing high cost/high inflation environment in the building sector.

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- £58k worth of savings delivered.
- 'Good performance' across 7 of 8 areas reviewed as part of the Annual Housemark Benchmarking and Cost Exercise.
- 'Project Matrix' continues to maximise business efficiencies whilst preserving excellent performance and providing greater support for customers.
- 11 of the 12 Tenant Satisfaction Perception results for the year were within the upper quartile of performance as reported in the Housemark Mid-Year Results. The TSMs are conducted by an independent external company.
- Awarded the Institute of Customer Services (ICS) "ServiceMark" accreditation. ServiceMark is a national standard, which independently recognises an organisation's achievement in customer service and its commitment to upholding those standards.

The financial challenges faced by Homes In Sedgemoor in 2024/25 and beyond will require the organisation to focus its attention on all areas that are considered 'high cost' to ensure that any services that remain 'high cost' do so because of conscious decisions to invest in certain areas of activity.

The Executive Team remain committed to delivering 'Relatively good performance at Low Cost' across all areas of the organisation.

Environmental, Social and Governance (ESG)

Environmental- IISustainable by Design"

One of the core themes of HiS' 23-26 Corporate Strategy is 'Sustainability by Design'. The implications of climate change represent the greatest threat to our world. We fully recognise both our responsibilities and the opportunities to have a positive impact in tackling climate change. To achieve this, we now need to embed the climate change agenda into all that we do, making our operational footprint cleaner and greener, whilst leveraging our commitment to partnership working to meet our goals. We have set ourselves four core strategic objectives in this area:

- Education and Awareness
- Reduce Fuel Poverty
- Work with Like Minded Partners
- Fulfil our Climate Change Responsibilities

During the year HiS has:

- Commenced work to establish our baseline Carbon Footprint. This will in turn enable us to develop an action plan to reduce our carbon emissions.
- Commencement of work to identify customers in fuel poverty.
- Works are underway on Wave 2 of the Social Housing Decarbonisation Fund (SHDF) to retrofit 108 properties with central government funding. A range of measures will be applied with an emphasis on "fabric first" to reduce overall heat demand. All Wave 2 retrofit properties will achieve EPC C as a minimum with many achieving a sufficiently high SAP level to be classified as "net zero". We expect to complete works to the 108 properties by March 2025.
- We have a regulatory target to ensure that all our stock achieves EPC C by 2030. 2,550 (64.4%) of our homes already meet EPC C (SAP 69). This is slightly above the UK average of 60%. The average SAP rating of our stock is 66.2 though, which is slightly lower than the sector average of 68.6. The homes that have been built in 24/25 or are in development provide a low carbon solution for customers and are in line with the Council's environmental commitments.

Social Responsibility

During the year we have concentrated on the following aspects of our operations to improve our Social Responsibility:

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- Increased Community Engagement.
- Affordable Housing: Efforts to provide affordable housing options to low-income families.
- Community Programmes: Initiatives to support local communities (e.g. educational programmes, health services, employment opportunities and our second hugely successful 'start your own business' course for customers who aspire to run their own business).
- Tenant Relations: Practices to ensure tenant satisfaction and engagement (e.g. feedback mechanisms, tenant scrutiny panels).
- Diversity and Inclusion.
- Workforce Diversity: Policies and practices to promote diversity within the organisation.
- Inclusive Housing: Ensuring housing options are accessible and welcoming to all demographics.
- Employee Well-being.
- Workplace Safety: Measures to ensure the safety and health of employees.
- Training and Development: Programmes for employee skill development and career growth.
- Work-Life Balance: Initiatives to support employee work-life balance.

Governance

Governance Arrangements

The Board derives its power to manage Homes in Sedgemoor from the Articles of Association. The powers of the Board are exercised on behalf of Somerset Council as sole company member.

The Board has signed up to the National Housing Federation (NHF) Code of Governance ('The Code'). Annual self-assessments are performed against the requirements contained within the code to ensure compliance. An initial self-assessment was conducted which resulted in an action plan. Progress against the action plan is reported through the Board. Overall compliance against the code is through to be 'green' with work still to be done not thought to be critical in the context of the four overall core principles of the code, namely 'Missions and Values', 'Strategy and Delivery', 'Board Effectiveness', and 'Control and Assurance'. An External Board Effectiveness review was commissioned in 23/24. The results will be known in 24/25. The review will assess HIS compliance with the NHF Code.

The Board

The Board's main role is to direct the company's work - that is to determine the strategic direction of Homes in Sedgemoor. Day to day management is delegated to the Chief Executive and other senior officers of Homes in Sedgemoor.

The Board met formally six times during the year. It held two Away Days and three Spotlight Sessions.

23/24 was the first full year since the introduction of Board Remuneration. Attendance at Board has improved during 23/24 compared to 22/23 This was part of the transition to a skills based Board.

The Audit and Risk Committee

The Audit and Risk Committee considers the appointment of the internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the company's internal financial control arrangements and oversees the risk management of the company. It met four times during the year.

During the year amendments to the format of the agenda were made to ensure that sufficient time was allocated to key discussion matters. The agenda was also realigned to group items into 'for approval', 'to note' and 'for reassurance to the Board'.

The Sedgemoor Tenants Assurance Committee

The Sedgemoor Tenants Assurance Committee (STAC) supports the Board by providing customer-based assurance that the consumer standards of the 'Regulatory Framework for Social Housing in England' are being met; that value for money is being achieved in service delivery to all Homes in Sedgemoor tenants and

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leaseholders; and is in line with the organisation's vision and values.

The STAG has been established to ensure that agreed service delivery standards to all tenants, shared owners and leaseholders is being achieved and that Homes in Sedgemoor meets the expectations and outcomes of the Consumer Regulatory standards.

PRINCIPAL RISKS AND UNCERTAINTIES

Major risks and uncertainties

The company maintains a risk register that is owned by the Board and managed by the Audit and Risk Committee (ARC) with day-to-day support from the Executive Team (ET). The key high inherent risk areas in the company Risk Register at 31 March 2024 included:

- Impact of the decarbonisation agenda
- Inability for the HRA to fund sufficient stock investment
- Outcome of options appraisal for the housing delivery model in Somerset and ongoing further joint working
- Inability to maintain service standards due to changing and challenging operational environment
- Failing to comply with property and workplace health and safety legislation and regulation
- Changing regulations and powers of the regulator
- Contractor insolvency/ability to deliver services / reliance on single contractors / contract management and procurement

Control measures are in place within the Risk Register to mitigate the impact and/or likelihood of each specific risk. Each of the above risks has been subjected to a deep dive by the ET and the ARC and Board as necessary.

We have worked with our internal auditors to strengthen our approach to risk management and embedded this across the organisation.

FINANCIAL KEY PERFORMANCE INDICATORS

The following statements summarise how Homes in Sedgemoor manages aspects of financial risk:

Price risk - Prices of goods and services purchased over minimum thresholds are subject to contracts with suppliers, based on current market prices. Exposure is limited by regular review of contracts and suppliers.

Credit risk - The majority of debtors at year end relate to amounts owed by Somerset Council, Homes in Sedgemoor's ultimate parent company. Credit risk on these balances is considered to be low. Recoverability of other debts is considered in line with the company's accounting policies.

Liquidity risk - Homes in Sedgemoor has no long-term borrowings and has a stable level of cash which it invests as appropriate in short term deposits. £2.8m is held within the Profit & Loss Reserve at the 31st March 2024. This is £0.8m greater than the £1.5m minimum reserve level set by the Board.

Interest rate and cash flow risk - Homes in Sedgemoor invests surplus funds in line with the Treasury Management Policy. These deposits earn interest at a variable/fixed rate. Interest of £153k (2022/23 - £66k) has been received in the year on these funds.

This report is approved by the board and signed on its behalf.


Paul Stephenson
Chair

Date

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**HOMES IN SEDGEMOOR LIMITED
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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2024**

The directors present their report and the financial statements for the year ended 31 March 2024.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the 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 in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

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**DIRECTORS' REPORT (CONTINUED)
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PRINCIPAL ACTIVITY

Board Members and Executive Officers

The Board Members of the company, who served during the year, and up to the date of signing, are set out on page 3.

The Board Members are drawn from a wide background bringing together professional, commercial and local experience. The Board composition is up to two tenants, three nominees from Somerset Council and four independent members.

Executive Officers

Peter Hatch Chief Executive

Board Members' Interests

Neither the Board Members nor the Executive Officers have any financial interests in the company.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Future developments

The Board expects that the company will continue to provide services in line with the management agreement for the foreseeable future.

Employees

As a service organisation, the strength of the company lies in the quality and commitment of its employees. The company's ability to meet its objectives and commitments to customers in an efficient and effective manner depends upon the contribution of colleagues throughout the company.

The company communicates its corporate objectives and commitments through colleague briefings, newsletters, team meetings, one to one meetings and performance reviews.

The company is committed to encouraging equal opportunities for all its employees. The company has adopted and complies with the Equality and Human Rights Commission and the Equality Standard for Local Government.

We have maintained Investors in People Gold status. This prestigious award means we are considered to have the highest standards of people management and development and support our business goals.

Achieving Gold is recognition 'of the commitment and passion of all our colleagues and testament to the fact that everyone is fully engaged in our vision.

Going Concern

The Directors believe that preparing the Financial Statements on a going concern basis is appropriate. Up until 31st March 2023 Sedgemoor District Council was the ultimate parent company of Homes in Sedgemoor. From the 1st April 2023 the ownership transferred over to the new Somerset Council. A local government reorganisation took place in Somerset with a single unitary authority replacing the County Council and four District Councils.

Somerset Council have confirmed their continued financial support until at least 31st August 2025.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

A Management Agreement is in place between Homes in Sedgemoor and the Council. It was reviewed and refreshed by both parties during 2020/21. It was approved by Homes in Sedgemoor's Board on 30th March 2021 and signed by both parties in December 2021. This Agreement expires on 31st March 2051 unless it is terminated on 31 March 2031 or 31 March 2041 by the Council giving Homes in Sedgemoor at least twelve months prior written notice of any review which could lead to termination and at least six months prior written notice of termination.

The future model of delivery for housing services in Somerset will be determined by Somerset Council. Confirmation has been received from Somerset Council that the review will commence in 2024/25. The experience of other local authorities, who have undertaken such an exercise, indicates that a two-year timeframe from the commencement of such a review to the implementation of the findings from that review can be considered as a minimum.

No indication of the preferred delivery model has been received as at the date of signing these financial statements. It is recognised that the housing options review may impact on the ongoing delivery of the 'entity' of Homes in Sedgemoor but this decision has not yet been made and all activities and relevant financial matters will novate to a successor organisation meaning that the assumption of going concern remains relevant and appropriate.

After making enquiries, the Board has reasonable expectation that the company has adequate resources to continue in operational existence. The expectation is based upon management's forecasts for the company's performance up until March 2025. For this reason, it continues to adopt the going concern basis in the financial statements.

Statement on Internal Control

The Board and Executive Team acknowledges its overall responsibility for ensuring that the company has in place a system of controls that is appropriate to the various business environments in which it operates. 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.
- The safeguarding of assets of the company 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:

- Formal policies and procedures are in place, including the delegation of authorities, which allows the monitoring of controls, maintaining proper accounts and restricting the use of assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Internal Auditors undertake regular reviews on the effectiveness of internal controls.
- An internal audit plan is in place to review, appraise and report upon the adequacy of internal controls. Any actions necessary to correct any weaknesses identified by internal and external audits are monitored to ensure that they are implemented. The Executive Team monitors progress against actions and updates the Audit and Risk Committee accordingly. The Board receives recommendations from the Audit and Risk Committee together with an annual review of the Committee performance.
- A risk register is in place which is managed and reviewed by the Executive Team and monitored by the Audit and Risk Committee and Board.
- Forecasts and budgets are prepared to monitor key financial objectives. Regular management accounts are prepared promptly, providing relevant, reliable and up to date information, with significant variances being investigated as appropriate. Budget holders and the Executive Team monitor these regularly during the year.
- All significant major commitments and new initiatives are subject to formal authorisation through the Executive Team and Board in accordance with the Articles of Association, Financial Regulations, Contract Standing Orders and Scheme of Delegation.
- The Board receives an annual report from External Audit and issues raised are considered and dealt with.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

- A full range of insurance, including Fidelity Guarantee, has been put in place to safeguard assets.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

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Chair

Date '2:c\j j :202/+

3rd Floor Bridgwater House
King Square
Bridgwater
Somerset
TA6 3AR

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED

OPINION

We have audited the financial statements of Homes in Sedgemoor Limited (the 'Company') for the year ended 31 March 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED
(CONTINUED)**

OPINION 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 have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

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

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED
(CONTINUED)**

AUDITORS' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance of the entity;
- We have considered the results of enquiries with management in relation to their own identification and assessment of the risk of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut off and pension assumptions used in valuing the year end pension balance. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the company operates in focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or avoid a material penalty, including landlord health and safety laws and regulations covering fire risks, gas safety, water hygiene, electrical safety and asbestos.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations or areas of non-compliance with laws and regulations;
- Performing detailed testing in relation to the recognition of revenue, with a particular focus around year-end cut off;
- Performing a benchmarking summary of the assumptions used by the actuary and comparing to local government pension schemes across various counties and across different actuaries; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED
(CONTINUED)**

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

USE OF OUR REPORT

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.

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Nathan Coughlin FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX13QS

Date *15-11-2017* *Au1* *:J.o'Il*

HOMES IN SEDGEMOOR LIMITED
{A COMPANY LIMITED BY GUARANTEE}

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £000	2023 £000
Turnover	4	21,629	15,508
Operating expenditure		{21,159}	(17,868)
GROSS PROFIT/(LOSS)		470	(2,360)
Interest receivable and similar income	8	153	66
Interest payable and expenses			(206)
PROFIT/(LOSS) BEFORE TAX		623	(2,500)
Tax on profit/(loss)	10	(28)	(4)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		595	(2,504)
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Pension surplus not recognised		(2,120)	(163)
Actuarial gain relating to pension scheme		2,055	9,783
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(65)	9,620
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		530	7,116

There were no recognised gains and losses for 2024 or 2023 other than those included in the statement of comprehensive income.

The notes on pages 21 to 31 form part of these financial statements.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:05596060

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	2,282	2,334
Cash at bank and in hand	12	4,666	3,267
		<u>6,948</u>	<u>5,601</u>
Creditors: amounts falling due within one year	13	(4,123)	(3,306)
		--	
NET CURRENT ASSETS		2,825	2,295
TOTAL ASSETS LESS CURRENT LIABILITIES		2,825	<u>2,295</u>
		-	
NET ASSETS		2,825	<u>2,295</u>
CAPITAL AND RESERVES			
Profit and loss account		2,825	2,295
		<u>2,825</u>	<u>2,295</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



P. auf Stephenson
Chair

Date: 31 March 2024

The notes on pages 21 to 31 form part of these financial statements.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Pension reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2023	-	2,295	2,295
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	595	595
Actuarial losses on pension scheme	-	(2,120)	(2,120)
Actuarial gains in the pension scheme	2,055		2,055
Transfer between reserves	(2,055)	2,055	
AT 31 MARCH 2024	-	2,825	2,825

The notes on pages 21 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Pension reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2022	(7,546)	2,725	(4,821)
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(2,504)	(2,504)
Actuarial losses on pension scheme	-	(163)	(163)
Actuarial gains in the pension scheme	9,783	-	9,783
Transfer between reserves	(2,237)	2,237	
AT 31 MARCH 2023	-	2,295	2,295

The notes on pages 21 to 31 form part of these financial statements.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	2024	2023
	£000	£000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) for the financial year	595	(2,504)
ADJUSTMENTS FOR:		
Interest received	(153)	(66)
Taxation charge	28	4
Decrease/(increase) in debtors	508	(254)
(Increase) in amounts owed by groups	(456)	(24)
Increase in creditors	793	446
Increase/(decrease) in amounts owed to groups	-	(8)
Difference on employer pension contributions and service cost	(65)	2,074
Corporation tax (paid)/received	(4)	
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,246	(332)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	153	66
NET CASH FROM INVESTING ACTIVITIES	153	66
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,399	(266)
Cash and cash equivalents at beginning of year	3,267	3,533
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4,666	3,267
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	4,666	3,267
	-	
	4,666	3,267

The notes on pages 21 to 31 form part of these financial statements.

1. LEGAL STATUS

Homes in Sedgemoor is a private company limited by guarantee with no share capital.

2. ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The Directors believe that preparing the Financial Statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent. The Directors have confirmation that Somerset Council intends to support the company until at least 31 August 2025 and following enquiries, has reasonable expectation that it will continue to provide housing services on the behalf of Somerset Council for the foreseeable future pending an options review.

2.3 TURNOVER

Turnover excludes Value Added Tax (VAT) and represents in the main the invoice value (received and receivable) of goods and services provided during the financial year covered by these Financial Statements. Turnover is recognised when services have been completed. All turnover arises in the United Kingdom.

2.4 DEBTORS AND CREDITORS

The Statement of Comprehensive Income and Statement of Financial Position of the company are maintained on an accruals basis. This means that sums due to or from the company during the year are included, whether or not the cash has been received or paid in the year.

2.5 GRANTS

Grants are credited to the profit and loss account in the same period as the related expenditure.

2.6 PROVISIONS FOR LIABILITIES

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. ACCOUNTING POLICIES (continued)

2.7 RETIREMENT BENEFITS- LOCAL GOVERNMENT PENSION SCHEME

The company participates in the Local Government Pension Scheme which is a defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating surplus. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in operating costs. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

2.8 TAXATION

The company has a mutual trading status with Somerset Council. Corporation tax is not payable on the profits arising from trading with Somerset Council. Corporation tax is payable on the bank interest received and other income.

2.9 DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

In preparing these financial statements the directors deem there to be no significant judgment in applying accounting policies or key sources of estimation uncertainty in relation to the following:

Pension asset

The net pension asset of £2,291,000 (2023: £163,000) has not been recognised on the grounds that it is not directly recoverable as a refund or reduction in contributions. The three year valuation driving the contributions uses different methodology and assumptions.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2024	2023
	£000	£000
Housing management and support services	9,710	8,803
Maintenance services for Somerset Council	11,269	6,228
Other income	650	477
	-	
	21,629	<u>15,508</u>

All turnover arose within the United Kingdom.

5. OPERATING EXPENDITURE

The operating expenditure is stated after charging:

	2024	2023
	£000	£000
Repairs and maintenance	14,319	9,443
Staff costs	3,989	5,347
Service level agreement charges by the Council	1,197	1,283
Housing management	1,546	1,700
Computer software licences	91	78
Fees paid to our auditors -Audit fees	18	17
- Tax services	2	2
	21,162	<u>17,870</u>

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2024	2023
	£000	£000
Wages and salaries	3,194	2,726
Social security costs	314	279
Pension costs	481	2,342
	3,989	-
	3,989	5,347

The average monthly number of employees, including the directors, during the year was as follows:

	2024	2023
	No.	No.
Executive	1	1
Housing management services	32	40
Property services	24	18
Corporate services	30	23
	87	82

7. DIRECTORS' REMUNERATION

Six board members received remuneration of £16,000 (2023: five board members received £6,750) from the company for acting as Board members during the year. Expenses paid to board members during the year were £nil (2023: £824). The aggregate amount of emoluments (excluding pension contributions) paid to or receivable by the executive officers during the year was £130,210 (2023: £120,238).

	2024	2023
	£000	£000
Directors' emoluments	16	7
	16	7

One executive officer is accruing benefits under the defined benefit pension scheme.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

8. INTEREST RECEIVABLE

	2024	2023
	£000	£000
Other interest receivable	153	66
	153	66

9. INTEREST PAYABLE AND EXPENSES

	2024	2023
	£000	£000
Interest income on pension scheme assets	828	373
Net interest on net defined benefit liability	(816)	(572)
Pension administration charges	(12)	(7)
		(206)

10. TAXATION

	2024	2023
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	28	4
	28	4
TOTAL CURRENT TAX		
	28	4
DEFERRED TAX		
TOTAL DEFERRED TAX		
TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
	28	4

Homes in Sedgemoor has £14,000 (2023: £14,000) of unprovided deferred tax assets relating to losses carried forward. Homes in Sedgemoor has decided not to recognise this because it has minimal foreseeable taxable surpluses in the future.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2023: higher than) the standard rate of corporation tax in the UK of 25% (2023: 19%). The differences are explained below:

	2024	2023
	£000	£000
ProfiU(loss) on ordinary activities before tax	623	(2,500)
ProfiU(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	156	(475)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,130	3,368
Other timing differences leading to an increase (decrease) in taxation		(4)
Non-taxable income	(5,256)	(2,885)
Marginal relief	(2)	
TOTAL TAX CHARGE FOR THE YEAR	28	4

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

11. DEBTORS

	2024	2023
	£000	£000
Trade debtors	121	669
Amounts owed by group undertakings	2,000	1,544
Prepayments and accrued income	161	121
	2,282	2,334

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

12. CASH AND CASH EQUIVALENTS

	2024	2023
	£000	£000
Cash at bank and in hand	4,666	3,267
	4,666	3,267

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£000	£000
Trade creditors	1,560	852
Amounts owed to group undertakings	84	84
Corporation tax	28	4
Other taxation and social security	333	198
Accruals and deferred income	2,118	2,168
	-	
	4,123	3,306

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2024

	Profit & Loss Reserve	Garage Reserve	Total Reserves 2024	Total Reserves 2023
	£000	£000	£000	£000
At beginning of year	2,768	(473)	2,295	(4,821)
Retained surplus/(loss) for the year	435	95	530	(2,504)
Transfer of pension element				
Pension surplus not recognised	-	-	-	(163)
Actuarial profit/(loss) recognised in pension scheme	-	-	-	9,783
At end of year	3,203	(378)	2,825	2,295

Garage Reserve

In financial year 2018-19 Homes in Sedgemoor (HiS) undertook a programme of works to refurbish dilapidated block garages that it was managing on behalf of Sedgemoor District Council (now Somerset Council) with the intention to improve the marketability of the garages and drive an improved rental income stream to Somerset Council. The cost of the works was £901,045 and was initially borne by Homes in Sedgemoor as a distinct "negative" reserve on the Statement of Financial Position. An agreement was struck whereby, if HiS could demonstrate that income from garage rent increased beyond a target set by the Council, the excess would be paid over to HiS on an annual basis until the cost of the works was reimbursed fully. The balance on the garage reserve at the end of 2023-24 was £377,292 - a total reduction of £523,753 through this mechanism.

HOMES IN SEDGEMOOR LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

15. RELATED PARTY TRANSACTIONS

Amounts which are due and outstanding to Somerset Council are set out in Note 11 (Debtors) and Note 13 (Creditors).

Homes in Sedgemoor Limited is a local authority controlled company of Somerset Council limited by guarantee. The financial statements of Somerset Council are publicly available on the Council's website (www.somerset.gov.uk). The Council has delegated responsibility for overseeing the management and maintenance of its residential and commercial stock by Homes in Sedgemoor Limited in accordance with the 30 year management agreement effective from 1 April 2021. The Council pays the company a management fee in accordance with that management agreement and any variations are subsequently approved. In 2023/24 the management fee and maintenance work amounted to £21,010,000 (2023: £15,031,000).

Somerset Council charged Homes in Sedgemoor Limited £1,309,000 (2023: £1,424,000) for the provision of support services which included charges for finance, customer services, post and scanning, information technology, accommodation, payroll, grounds maintenance, valuation, cleaners and a number of other minor services.

Tenant Board Members

Some members of the Board are resident in properties maintained by Homes in Sedgemoor Limited and owned by the parent undertaking, Somerset Council. These residents have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefits as other tenants.

16. PENSION COMMITMENTS

The Company operates a Defined Benefit Pension Scheme.

Contributions

The employers' contributions to the Local Government Pension Scheme for the year to 31 March 2024 were £546,000 (2023: £474,000).

The agreed employers' contribution rate is 19.9% (2023: 17.8%) of pensionable earnings. The employees' contribution rate is tiered starting at 5.5% for employees below £16,500 and raising to 12.5% for employees earning over £187,201.

HOMES IN SEDGEMOOR LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

16. PENSION COMMITMENTS (CONTINUED)

Reconciliation of present value of plan liabilities:

	2024	2023
	£000	£000
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	17,277	20,105
Current service cost	476	1,182
Interest cost	816	572
Liabilities assumed/ (extinguished) on settlements		5,499
Employee contributions	190	163
Estimated benefits paid plus unfunded net of transfers in	(829)	47
Experience loss/ (gain) on defined benefit obligation	67	3,906
Change in financial assumptions	(476)	(12,285)
Past service costs, including curtailments	34	
Change in demographic assumptions	(214)	(1,912)
	--	
AT THE END OF THE YEAR	17,341	<u>17,277</u>

Reconciliation of present value of plan assets:

	2024	2023
	£000	£000
At the beginning of the year	17,277	12,559
Interest income	836	373
Other actuarial gains/ (losses)		110
Actuarial gains/losses	1,432	(618)
Employee contributions	190	163
Estimated benefits paid plus unfunded net of transfers in	(829)	47
Contributions by employer including unfunded benefits	575	491
Settlement prices received / (paid)		4,322
Administration expenses	(12)	(7)
Derecognition of surplus	(2,120)	(163)
Interest on impact of asset ceiling	(8)	
	--	
AT THE END OF THE YEAR	17,341	<u>17,277</u>

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

16. PENSION COMMITMENTS (CONTINUED)

Composition of plan assets:

	2024	2023
	£000	£000
Equity	14,492	13,008
Gilts	842	624
Other bonds	2,358	1,812
Property	1,373	1,399
Cash	567	597
TOTAL PLAN ASSETS	19,632	<u>17,440</u>

There is no provision for utilising the assets of a fund under the Local Government Pension Scheme. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis. The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the year (i.e. as at 1 April 2023 for the year to 31 March 2024). The return on gilts and other bonds is assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

	2024	2023
	£000	£000
Fair value of plan assets	17,341	17,277
Present value of plan liabilities	(17,341)	(17,277)
NET PENSION SCHEME LIABILITY		<u> </u>

The amounts recognised in profit or loss are as follows:

	2024	2023
	£000	£000
Current service cost	(510)	(2,359)
Interest on obligation	(816)	(572)
Interest income on plan assets	828	373
Administration charges	(12)	(7)
TOTAL	(510)	<u>(2,565)</u>

HOMES IN SEDGEMOOR LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

16. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2024	2023
	%	%
Discount rate	4.95	4.80
Future salary increases	3.85	3.85
Future pension increases	2.85	2.85
Proportion of employees opting for early retirement	2.85	2.85
Inflation assumption	3.15	3.20
Mortality rates		
- for a male aged 65 now	21.1	21.4
- at 65 for a male aged 45 now	22.4	22.7
- for a female aged 65 now	23.0	23.2
- at 65 for a female member aged 45 now	24.4	24.7

17. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking and controlling party as at the 31st March 2024 is Somerset Council. The company is wholly owned by the council.

The consolidated financial statements including the results of Homes in Sedgemoor are available from:

Somerset Council
Council Buildings
County Hall
The Crescent
Taunton
TA14DY