

Bournville Village Trust Group

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 December 2020

Registered Charity No: 219260

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Operating and Financial Review

The Trustees of the Bournville Village Trust Group have pleasure in submitting their annual report and financial statements for the year ended 31 December 2020.

This report is about 2020, so readers of these accounts should be aware that from March 2020 to the end of this report in December 2020, our communities, tenants, stakeholders and staff were all living through the Covid 19 pandemic. We are thankful to everyone who helped us continue with our mission through the pandemic and who has stepped forward to help our communities. Our mission is to create and sustain communities where people can thrive, and we have been humbled by the resilience and fortitude we have seen all around us.

About BVT

BVT was established by George Cadbury in 1900 to provide quality housing accommodation on affordable terms to those in housing need. Those residents who could afford to buy their own homes were able to do so, but others were let on rents that were within the means of the average family. This philosophy still applies today and we have over the years expanded our services into Shropshire and central Birmingham. At the end of 2020, the Group owns 3,318 units of accommodation which are let on social housing rents to those in housing need. Rent levels are set by a government formula, but will tend to be around 25% to 50% lower than market rents for similar properties.

BWHS properties were specifically aimed at workers of Cadbury Brothers Limited (now known as Mondelez UK Limited). This remains the case today with priority given to current employees of the company and their families.

Bournville is widely acknowledged as one of the first examples of the garden city movement and is today one of the most desirable suburbs of Birmingham.

Bournville was one of the first examples of a mixed tenure community and the Trustees firmly believe that this approach has stood the test of time, avoiding unfair stigma that the uninformed often apply to social housing. BVT is keen to promote the mixed tenure model as a sustainable way for housing development in the future. Where possible we have recreated this mixed tenure in our other communities.

The Bournville Village Trust Group comprises: -

- Bournville Village Trust (BVT)
- Bournville Almshouse Trust (BAT)
- Bournville Village Developments Ltd (BVD)
- Bournville Works Housing Society Ltd (BWHS)

Bournville Village Trust is the parent body, based in Bournville, Birmingham.

BVT is a charity and a Registered Provider (RP). Its principal activities are: -

- i) The Provision of social housing within the Bournville estate and over 700 homes in Telford and central Birmingham
- ii) Management of the Bournville Estate, comprising over 7,000 properties together with stewardship services in Lightmoor and Lawley villages in Telford.
- iii) Management of a commercial portfolio of offices, shops and health facilities in Birmingham and Telford
- iv) Community Investment through the provision of community halls, sports and recreation facilities, the delivery of services around financial inclusion, health and wellbeing and digital inclusion.
- iv) Providing management and maintenance services to a number of registered providers and other organisations.
- v) Management of around 3,000 acres of agricultural land around the South-West outskirts of Birmingham.

Bournville Almshouse Trust is also a charitable provider of social housing based in Bournville, Birmingham. BAT manages 97 properties in total, 33 of which are Almshouses, preferential status is given to retired employees of Cadbury, seeking affordable accommodation. The remaining 64 properties are Endowment Houses, surpluses from which help to support the contributions made by the residents of the Almshouses. BAT is accounted for as a restricted reserve within the BVT financial statements.

Bournville Village Developments Ltd is a company that is co-ordinating the development of a new urban village at Lightmoor in Telford. This village is being jointly developed and funded with Homes England. When the village is completed, it

is expected to comprise around 1,000 properties (25% of which are to be let on an affordable basis), a primary school with community hall, shops and areas of open space. The first four phases are now complete, from a six phase total project, with BVT currently owning 205 properties. A new school was completed in 2010 and is run by the Borough of Telford & Wrekin whilst BVT is responsible for running the community facilities which are an integral part of the school. The Village Centre also includes an office utilised by BVT and 4 commercial units.

BWHS is a Registered Provider owning 313 properties in Bournville. The Trustees of BVT are also the Trustees of BWHS.

The Impact of Coronavirus on BVT

This report is written in June 2021 and whilst we seem to be thankfully nearing the end of the worst stages of the pandemic, we recognise there remain uncertainties.

BVT already had in place a detailed 30 year business plan, which we regularly use for stress testing to ensure we can weather shocks from a variety of potential scenarios, with a pandemic being one such consideration.

Combined with pre-planned mitigation actions and clear rules as to when we would enact such mitigation, BVT has been well placed to react and survive the pandemic as it has unfolded so far.

We have used our financial plan to model the impact the pandemic has had and the potential impact we believe it will continue to have. We have also considered what impact further spikes in infection and lockdowns could have. In each of our operational areas, we have considered the best case, worst case and most likely outcome, given what we know at present. We have in place mitigation actions based on countering each outcome and are ready to enact these mitigations as soon as it becomes clear that our current projections are potentially no longer valid.

Cash Flow – we along with many organisations expect our cash flow to be reduced due to Coronavirus. The factors that are likely to reduce our incoming cash are set out below.

BVT has a standard working capital requirement of £1.5m. This is the amount of readily available cash we feel we need to manage our planned spend of £29m per year. As Trustees considered there to be a risk to our cash income, we have drawn down one rolling credit facility we already had in place, but unused. This means in March 2021 we were holding £12.9m in cash. We have no expectation that we will need anywhere near this level of cash, but with interest rates at an historic low, we are comfortable holding this for security reasons alone.

We also retain a further unused credit facility for £10m and with our overall debt level having been reduced over the last 3 years, we know we can sustain a much higher level of debt if required.

Social Housing Rental Income – in 2020 BVT brought in £21.1m in rent from social housing and a similar level is expected in 2021. It is clear that many families will find themselves in financial difficulties due to the pandemic and expected subsequent recession. This will make paying rent a challenge for many. However, BVT charge only social rents and this means our average rent charge is just £97 per week, which is often 50% lower than a market rent and 20% lower than the affordable rents charged by many Housing associations. As a consequence our rent will be 100% covered by Universal Credit if any tenant has to make a claim for support. Whilst we expect to see a rise in arrears as new Universal Credit claims are processed, we do expect to receive most rent due within 2021. We have provided welfare benefit and debt advice where customers have needed support. Indications in April and May support our forecast that we will not see too large an increase in bad debts in 2021 and that we can match any such increased loss with savings.

Voids – during the height of the pandemic we stopped all lettings and ceased repair work on void properties. We were able to return to repair work and to assist those in housing need by returning to remote lettings, as the restrictions and Government advice changed. This has allowed us to keep the increase in void losses to a reasonably low level and we do not foresee such losses having any significant impact on BVTs financial performance in 2021.

Commercial Rent – BVT has a relatively extensive commercial portfolio and many of our commercial tenants experienced some level of hardship due to the pandemic. We supported our commercial tenants with information and advice and facilitating access to Governmental support. We are also offered flexibility by negotiating changed payment schedules and the use of rent deposits to cover some rent periods. This along with the skill and dedication of our commercial tenants has allowed the vast majority to survive the pandemic as vibrant business entities. We still acknowledge that some of our commercial community may be unable to weather the longer term financial impact, so we have expected increased bad debts in our planning and this shows us that it does not have a significant impact on our overall financial viability.

Agricultural Estates Income – BVT operate a large agricultural estate and we have been working closely with our tenants to understand the impact of the pandemic on their businesses. Based on this we have modelled out potential losses and reconfigured our revenue repairs programme to match the potential loss. This means we are confident we will not have a material change in our net surplus position in relation to the Agricultural Estate in 2021 and can reschedule repairs plans over the next few years, without impacting on our tenant's ability to undertake their businesses.

Heritage – BVT run Selly Manor Museum and the pandemic means this has had to close to the public and may be closed for some time yet. We have modelled out the additional subsidy that we will be required to make to support the Museum and it fits within our plans without a major overall impact. This additional subsidy will again be drawn from BVT's commercial income.

Care Homes – BVT now run just one nursing home and we have opened negotiations with potential partners to transfer this home to the management of another care specialist company. We believe this will be in the best interest of our residents and staff. However, we have in our 2021 and long term financial plans included continuing to run this Home with a subsidy from BVT, so we know its future is safe, even if we cannot progress the transfer.

Interest Rates – BVT continues to benefit from low interest rates, but we have in our stress testing ensured our business plans are robust enough to accommodate sudden and extensive rises in rates.

Repairs – we were for a while unable to carry out all repairs due to Government guidelines and the need to keep our Tenants and Staff safe. We are now back undertaking the full range of repairs and catching up on the backlog that developed. We have accommodated in our plans the full catch up of the backlog in 2021.

Planned Maintenance – we had an extensive programme of planned maintenance scheduled for 2020, but the restrictions meant some of this could not be delivered. We have rescheduled our plans to ensure all work missed is picked up in a timely fashion and we have a very extensive programme ready to run in 2021.

Overall – BVT Trustees set an internal target for surplus generation as part of the 2021 budget setting. As at the end of April 2021, we have been able to show that with all known and anticipated Coronavirus impacts factored in, we are still able to forecast finishing 2021 within close proximity of this target. This allows us to be confident that we remain a very viable entity with capacity to manage further shocks to our operation, should the pandemic produce further waves of infection and should further lockdowns be required.

Corporate Plan

Introduction

In 2020 we commenced our new corporate plan, guided by our founder George Cadbury's vision, our corporate plan sets our aims values and plans for the next 10 years (2020-2029).

A foresighted social reformer, George Cadbury valued fairness and integrity. He was brave and innovative and worked, not in isolation, but in partnership with others to help people thrive.

Our Corporate Plan is inspired by his values yet influenced from what we have learnt from listening to residents, staff, partners and civic leaders and by understanding the changes that we see around us regionally and nationally.

The Corporate Plan outlines our mission, the aims that will achieve this mission, the key projects and activities that we will undertake to deliver our aims and the outcomes we will use to measure ourselves against.

Our Mission

Creating and sustaining communities where people can thrive

We want people to thrive and reach their full potential and we are determined to build a strong organisation, driven by our values, to achieve this.

We will build on our solid foundation and be inspired by our legacy, but we won't be afraid to be bold and innovative and try new things to meet the needs of people today and into the future.

We will achieve our mission through a number of distinct aims, which will be well planned and focused. We will spend years one to three exploring and refreshing, years four to six delivering and year's seven to ten achieving and excelling.

Our Strategic Aims



Place-shaping: Creating and maintaining distinctive, environmentally sustainable places.



Community building: Building strong and inclusive communities.



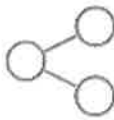
Championing People: Removing barriers and helping people to achieve their true potential.



Providing great homes: Providing homes and delivering great services.



Building organisational and financial strength: Building a strong organisation driven by clear values.



Sharing our experience: Learning, sharing and influencing others.

Our Values



Partnership – we work with others to achieve great things



Fairness – we treat people as individuals by exercising the right approach at the right time



Quality – we are clear about what we do and we do it well



Integrity – we do the right thing



Innovation – we look for new and better ways of doing things.

Our Key Strategic Objectives

1 Place-Shaping

To achieve our aim of creating and maintaining distinctive, environmentally sustainable places, we will:

1. Refresh and publish our vision for the design and development of distinctive and environmentally sustainable places.
2. Review the design, character and future environmental sustainability of each of our communities in partnership with residents; capturing and delivering outcomes through forward-looking design guides and neighbourhood plans.
3. Deliver stewardship services that are shaped by residents, valued by all customers and create clean and green neighbourhoods.
4. Ensure our community buildings are modern, well-maintained, efficiently operated and meet the needs of the community.
5. Make our parks and open spaces welcoming and accessible for the community to improve people's health and wellbeing. They will be environmentally-friendly and promote biodiversity.
6. Deliver our vision for places by successfully completing Lightmoor Village and College Green health village.
7. Create a long-term strategy for the use of our agricultural estate, making sure there is a strong financial and social return.

How did we do in 2020?

In 2020 we commenced an extensive consultation on the Design Guide in Bournville. This will help us capture the wishes and desires of our communities and deliver a revised guide that will help drive up compliance.

Commenced a comprehensive review of our approach to place-shaping through the development of a new Design Charter that will set out our vision for the design, development and management of distinctive, environmentally sustainable places.

The stay local requirement that has been in operation through most of 2020, has seen our communities explore their neighbourhood and use our parks and open spaces to an even greater extent. We tried to keep all our spaces open, whenever that was in line with Government guidelines and whenever it has

been safe and allowed we have kept our Landscaping Team working on making spaces safe and enjoyable.

We have not collected many satisfaction figures in 2020, as it has been a difficult year to assess activities and to ask for customer engagement, but we will look to ensure we return to getting full feedback as soon as is possible in 2021.

We are pleased that the final stage of College Green, that being the delivery of the Community Health and Wellbeing Centre, progressed well in 2020 and in March 2021, the Centre opened to the Community.

The development of Lightmoor Village did pause in 2020 due to safety concerns linked to the pandemic, but operations did recommence and we are back on track. We were pleased to take into our ownership 8 new properties on Lightmoor in 2020 and all have been let as social rented homes.

2 Community building

To achieve our aim of building strong and inclusive communities, we will:

1. Support and champion opportunities for people to be involved in leading things that are important in their local community and deliver them.
2. Make sure people can, and are able to, be fully involved in shaping our services and projects.
3. Develop our role as a community anchor to facilitate partnerships that see people and agencies work together on issues that matter to the community.
4. Support and build capacity through volunteering to deliver programmes and activities that are important to the community, especially those that promote cohesion, community spirit and wellbeing.
5. Make sure there is a strong voluntary and community sector.
6. Support young people to have a voice and be involved in their community.
7. Make sure our community buildings are well run and provide opportunities for community activities.

How did we do in 2020?

Although many of our Community facilities were closed due to the pandemic, we provided support and coordination within our communities to enable local community organisations to connect and help local people coping with the impact of the pandemic. This included promoting opportunities for volunteers and signposting organisations to grants and other support. This has built a strong network within communities that will continue into the years ahead. We are also supporting the newly formed Northfield Strategic Partnership.

We delivered a small grants programme and supported over 15 local charities and community groups. Our other grants programme supported the delivery of services and programmes through our local partners.

We are a member of Citizens UK, which has provides a voice for local communities across Birmingham. Our colleagues and local residents have been able to share their views with others across the city.

We were successful in finding new ways to engage with people to improve our services, for example over 1,500 people actively engaged in the design guide review in Birmingham.

3 Championing people

To achieve our aim of removing barriers and helping people to achieve their full potential, we will:

1. Improve the health and wellbeing of people through community-based programmes, inspired by our founder's commitment to people.
2. Understand and tackle the root causes of poverty and promote access to services and support that is responsible and sustainable.
3. Seek funding and work in partnership with others to deliver programmes that champion people.
4. Understand and deliver services that improve the health and wellbeing of older people.
5. Take an evidence-based approach to our work to ensure we understand our impact and achieve value for money.

6. Understand and deliver services to enable young people to achieve their true potential, through education and exploration.

How did we do in 2020?

This is an area of development for BVT in the Corporate Plan. Whilst we are yet to set out our long-term strategy, we both delivered directly, and partnered with other organisations to deliver support services to local communities. Our befriending service reached over 800 households through a telephone support service provided by a cross section of colleagues at BVT.

We strengthened our welfare and financial inclusion team to provide support to people in our local communities experienced financial difficulties.

We are also one of seven partners in Birmingham's Community Anchor Network and have worked with partners around employment, training and use of procurement to support local businesses.

4 Providing great homes

To achieve our aim of providing homes and delivering great services, we will:

1. Provide new homes that meet the needs and aspirations of people and communities.
2. Make sure there is a supported housing offer in the communities that we work, through direct delivery and partnerships with specialist experts.
3. Deliver good quality and value for money housing and maintenance services, shaped by customers.
4. Actively manage our housing assets, making sure they continue to meet customer need, are well maintained and affordable to live in.
5. Renew our housing offer to meet the changing needs of older people.
6. Develop a pathway into housing that helps younger people get access to their first home.
7. Prevent homelessness by supporting customers to be financially resilient and sustain their tenancy.

How did we do in 2020?

We spent a great deal of time in 2020 scoping out the programmes for new windows, doors and boilers that we could provide for our tenants homes and preparing tenders to ensure we had the best value for money in the delivery, when we could return to our programme. We know that this will start to make an impact in improving energy performance ratings when we are able to deliver in 2021 and beyond.

We maintained 100% tenant satisfaction with the lettings we made in 2020 and we will continue to drive hard to keep satisfaction at this level.

5 Building organisational and financial strength

To achieve our aim of building a strong organisation driven by our values, we will:

1. Build financial strength and discipline and have a clear approach to value for money in everything we do.
2. Be an employer of choice, developing and investing in our staff.
3. Make sure our culture, approach and behaviour reflects our values.
4. Invest in technology to increase efficiency and effectiveness in everything that we do.
5. Deliver good governance, meeting legal and regulatory and health and safety compliance.
6. Build profit for purpose by strengthening our commercial offer to increase financial capacity to invest in our charitable activities.

How did we do in 2020?

During 2020 we carried on with our work in building a strong performance management and continuous improvement frame work that supports our value for money strategy. We have set targets for 2021 for our key performance indicators and financial metrics. As we embed our approach to VfM, this will allow us to set even more challenging targets in future years. The value for money section of this report and the sector score card will help you see how we currently compare to our peers.

Whilst having to suddenly move from being a mainly office based organisation to a home working one in 2020 was a challenge, we are pleased that our systems allowed us to immediately set up all staff with facilities at home to access all they needed to perform their duties and keep BVT delivering. We are committed to continuous improvement, so we are always seeking further improvements, but we are pleased the work we had put into our communication and IT systems meant we could assist our tenants and communities at almost normal levels throughout the various lockdowns in 2020.

In 2020 we again reviewed our gender pay gap and continue to consider new ways to assist women into areas of work where they are underrepresented, such as our in our maintenance team.

In 2020 we continued to develop our organisational development strategy and this will be delivered from 2021 onwards.

We published a staff satisfaction survey in January 2021. This showed 97% of our staff would recommend BVT as an employer. 95% of staff were satisfied with BVT as an employer, with 92% feeling inspired by our corporate aims and values. Whilst there is always more we can do to improve how we engage with our diverse workforce, we do believe these figures show we are on the right path.

6 Sharing our experience

To achieve our aim of learning, sharing and influencing others, we will:

1. Recognise our strong heritage and solid socially guided foundations that have led to our success.
2. Promote the importance of garden villages and good urban design.
3. Promote study visits and take opportunities to share our unique story.
4. Revisit George Cadbury's inspiring Rules of Health document to influence a modern approach to the promotion of health and wellbeing.
5. Share what we learn from the work that we do to help people to thrive with others.
6. Deliver a heritage service through Selly Manor Museum, the Carillon, our archive library and visits.

How did we do in 2020?

Sadly the pandemic and the nature of our heritage sites meant there was little we could do in terms of physical visits in 2020. Our team did not let this deter them, however, and the team at Selly Manor developed an on line teaching pack that has been used widely across the UK.

We are still at the exploring phase of our corporate plan in most of the other areas in sharing our experience, but supporting other local agencies during the pandemic, such as diverting our landscaping team to deliver for local foodbanks has certainly shown us how much we can learn from others.

Many of our staff who are not normally involved in frontline support responded to the pandemic by volunteering to assist where they could and whether it was Finance staff making Befriending calls, Landscapers delivering food parcels, or IT staff helping with our Winter Well campaign, we have had a great opportunity to get further involved with our communities and partner organisations. Our staff have also gained greatly from the experience and response we have had.

Summary of Financial Performance

The Statement of Comprehensive Income for the year ended 31st December 2020, shows a group loss of £1.75m compared to a group surplus of £0.85m for 2019. The main issues to note are: -

- Under the accounting requirements, the Group now has to account for the fair value of its portfolio of interest rate hedging instruments. Details of these hedging instruments are set out in note 16. The movement in the fair value of these hedging instruments over the course of the year is reflected in the Statement of Comprehensive Income. The movement for 2020 was a negative value of £3.75m compared to a negative movement of £2.21m for 2019. Such movements reflect the changing market expectations regarding future interest rates.
- In 2020 BVT changed the lifecycles of some capital components in our homes. We reduced the expected life of kitchens from 25 to 20 years, boilers from 20 to 15 years and heating distribution systems from 40 to 30 years. This added to an increase depreciation charge in 2020, which was £1.57m more costly than in 2019.

Whilst the above issues impacted our surplus position for 2020, we are happy that our operational performance was strong and not dissimilar to previous years.

Treasury Management

Trustees have approved a Treasury Policy which sets out the key treasury management policies and practices for the Group. This policy was completely renewed in 2020. It sets out clear guidelines for BVT on all treasury matters.

The Group had total housing loans of £99 million at the end of 2020, compared to £92.5m at the end of 2019. BVT also has further available facilities in place of £10m. It is worth noting that £10m of the £99m yearend debt is a Rolling Credit Facility that was drawn solely as a contingency against any cashflow issues thrown up by the pandemic. This contingency remains unused and we have no current expectation it will be required.

In 2020 the Trustees took the decision to drawdown £10m from a rolling credit facility, to act as a buffer in case the pandemic caused any cash flow issues. This was still in place at the end of 2020, so our cash holdings were £13.9m compared to £3.8m in 2019. These funding facilities will be sufficient to fund the group's current business plan through to completion. There will be a need to refinance some maturing loans in 2022, the facilities for which BVT will arrange in 2021. Any further funding requirements will only be identified following the further refinement of development and investment plans.

BVT uses stand-alone interest rate derivatives to manage the interest risk on the loan portfolio, having secured the required wider-range powers from our Regulator. All interest rate derivatives are authorised by the Finance Committee, in line with the overall strategy which is to hedge at least 1/2 of the portfolio, with the overall level of hedging to be at a level that best supports the delivery of the BVT business plan.

As at 31 December 2020 the balance of the loan portfolio was 73.5% hedged/fixed and 26.5% unhedged.

Our Treasury Policy requires that adequate funds are available at all times to enable BVT to meet its business and service objectives for at least the following 24 months. BVT utilise external treasury management support and advice to ensure we offer the best value for money possible in our Treasury Management. Due to the pandemic BVT have allowed the time before we need to have refinancing for our 2022 maturing loans to reduce to less than 24 months, but that refinancing has now been tendered for and chosen and is expected to be in place by June 2021,

○ Cash Flow Management

Cash flows for the period are set out in the Statement of Cash Flows in the financial statements. The Group has a strong cash inflow from operating activities. This is

used to service the interest payments on the loans that have been taken out and also to partly fund the capital improvement programme. The balance of the capital improvement programme as well as the development programme are funded from capital receipts and loans. In 2020 due to concerns that potential cash flow issues could occur, due to the pandemic's impact on the operation of Financial Institutions, BVT has chosen to hold much higher levels of cash than is normal. Due to very low interest rates, this has been an economically sensible decision.

○ **Covenants**

All loan covenants were met and our 30 year financial forecast demonstrates that BVT can meet all future covenant requirements.

- ✓ Interest Cover on our tightest measure was 219% which exceeds the 140% target.
- ✓ Gearing was 53.5% against a maximum level of 65% (please note this calculation is different to the Gearing calculation required by the sector score card shown later in these accounts)
- ✓ Debt per unit was £28,994 per unit against a maximum of £35,426.

Our Value for Money Strategy

BVT recognises its responsibility to achieve Value for Money (VfM) from all its activities, in order to provide all our customers with the highest possible level of service at the most cost-effective price. This means BVT seeks to keep value for money at the forefront of our thoughts and activities in all we do and it remains a standard agenda item for all team meetings. We recognise that VfM is not just about cutting costs, but is about the balance between economy, efficiency and effectiveness. It is about: -

- Procuring goods and services as economically as possible, whilst ensuring that the quality of those goods and services meets our expectations and ensures our tenant's safety is maintained. Also, allowing managers to consider factors such as preference to local suppliers in determining their procurement choices.
- Examining how we work and whether that can be done more efficiently either through simplifying our working practices or making better use of new technology.
- Delivering community services through our partners, recognising that not all services need to be delivered directly by BVT, but enabling and signposting to

existing services or helping support new services get off the ground.

- Reviewing the feedback from our customers to see how effective our services are in meeting their needs and constantly looking at how we can do more to improve or expand those services.

The main methods that Trustees used to assess VfM across BVT are as follows:-

- Scrutinising the draft budgets and business plans, ensuring that such budgets and business plans meet key financial targets as well as deliver a reasonable level of headroom against funding covenants.
- Setting the relevant key financial targets and updating these as necessary to reflect changing market and economic conditions, by a process of regular review by the Board and Finance Committee.
- Reviewing all major capital investment decisions and considering the subsequent benefits realisation reports to check that the anticipated benefits have been delivered.
- Reviewing benchmarking data. This benchmarking data now includes the Sector Score Card (covered in detail later in this report), which the Trustees of BVT find very useful in addressing all aspects of our core business and in challenging ourselves to demonstrate VfM.
- Considering organisational change. The Trustees regularly consider organisational change and whilst there is currently no appetite for a merger, as Trustees have not identified how doing so would further our aims and objectives, this will remain an open topic of discussion. BVT will always consider any approach for merger where synergy can be found and where a clear value match is in place. In all aspects of service delivery BVT Trustees consider how and who is best placed to deliver, and this is reflected in our new Corporate Plan with Partnership Working being one of our key values.
- Trustees have previously considered and continue to consider through the various Committees the value and risk of those activities outside our social housing core. During 2020 in depth consideration was given to the risk and reward of our supported housing offer and Trustees made the decision to seek to exit care provision. We are now in discussion to transfer the running of our last remaining Nursing Home to another specialist provider

Value for Money Overview

In late 2018 we started a strategic review of our Organisation and our services, guided by our founder George Cadbury's vision.

Lead by our Trustees, this review allowed us to work closely with our Tenants and other stakeholders in producing our Corporate Plan 2020-2029.

The review and development of the Corporate Plan have of course had an impact on our ability to demonstrate value for money performance since 2018, with target setting being limited in its scope. However, the plan will now give focus to our drive to increasing value for money in the future.

During the strategic review it was necessary to pause or reduce certain activities, as we sought to ensure that their delivery was value for money and would promote, rather than inhibit our new Corporate Plan once it was ready. This step back from delivery at the usual pace in some areas, is reflected in our VfM metrics during this period.

Alongside this new Corporate Plan development, in 2017 BVT had to acknowledge that the impact of the Government rent reduction programme and the continued high costs of BVT's charitable community activities, as well as the increasing costs of our development programme, meant we had to take some immediate action to cut costs and ensure the long term financial viability of BVT, these actions are also reflected in our VfM metrics.

Clearly our Corporate Plan which started in 2020, has been impacted by the pandemic, which certainly prevented some plans, such as the roll out of our much enhanced planned maintenance programme occurring fully in 2020. However, we were still able to do a lot of work and have in our financial plans for 2021 and beyond made sure we have accommodated the catch up on all delivery that was delayed.

The first three years of our corporate plan are to explore and refresh what we do and there has been much work delivered on this in 2020. We have been engaging with our communities extensively, especially in relation to matters such as the Design Guide, which impacts greatly on our garden villages and sets parameters on many aspects of BVT's delivery. We have also been building a better shared understanding of how the various components of BVT fit together. As a complex Organisation which has grown organically for over a century, we need to reassess how all our parts fit together and how each can best contribute to delivering our new Corporate Plan.

We have been developing our organisational structure to enhance clarity, accountability and transparency. We now have one Department who focus on all matters around our people, one Department who have oversight of our all of our property assets, we have centralised some functions and rolled out a service improvement methodology that will eventually see every Team scrutinised and improved.

Having a single Assets Management Department was important to help us simplify landlord health and safety compliance and improvements, but also to allow us to

better understand how our assets perform, this allows us to see what performs well, what is not so good and needs some work and what may no longer have a place in BVT.

As part of our strategic review, we have refreshed our organisation values. This was not simply rewording BVT's traditional values, but a real challenge to all we hold dear, so we could ensure BVT was fit for a changing world and be the radical social reforming organisation that George Cadbury built. These refreshed values have allowed us to build a better understanding of the workforce we need and how we can continue to make BVT a work place that attracts the best value driven individuals, who can work with our communities to drive our plans forward.

Sector Scorecard

The table below is known as the "Sector Scorecard", an initiative to benchmark Housing Associations performance using 15 measures that are specifically required to be published annually. BVT welcomes this initiative and in this our third year using these measures the Trustees have found the exercise insightful and are committed to using these and other measures to assist in improving our future performance.

In 2019 BVT benchmarked themselves against the PlaceShapers Group of Housing associations. This gave us over 100 Peers who are also committed to building communities and not simply houses. Due to changes in Group Members, it is not possible to recreate this exact group in 2020, but we continue to use the whole Placeshapers Group as a benchmark.

1 - EBITDA MRI (as % interest) VfM metric - [Operating surplus / (deficit) - (overall) - Gain/(loss) on disposal of fixed assets (housing properties) - Amortised government grant - Grant taken to income + Interest receivable and other income - Capitalised major repairs expenditure for period + Total depreciation charge] Divided by [Capitalised interest in housing properties + Interest payable and financing costs]

2 - Gearing = (Net debt + Carrying value of housing properties) x 100. Where Net Debt = [Short-term loans + Long term loans - Cash and cash equivalents + Amounts owed to group undertakings + Finance lease obligations]. Where carrying value of housing properties = [Tangible fixed assets: Housing properties at cost (Period end) / Tangible fixed assets: Housing properties at valuation (Period end)]

3 - Reinvestment - [Properties Acquired (total housing properties) + Development of new properties (total housing properties) + Works to Existing (total housing properties) + Capitalised Interest (total housing properties) + Schemes completed (total housing properties)] Divided by [Housing properties at cost (Period end)+ Housing properties at valuation (Period end]

4 - Return on Capital Employed = (A + B) x 100. Where A = Return [Operating surplus / (deficit) (overall) including gain / (loss) on disposal of fixed assets (housing properties) + Share of operating surplus/(deficit) in joint ventures or associates] and B =Capital employed [Total fixed assets + Total current assets- Current liabilities]

- Overheads as a % of turnover – we identified that the figure listed in the 2018 sector scorecard was incorrect. This has been corrected.

BVT Trustees understand that the unique nature of BVT and the wide range of activities we do, from housing, to agricultural estates, to museum activities and historic buildings, does make some simple benchmarks harder to interpret, but we are committed to ensuring they help us drive our value for money agenda.

Trends and Targets

Metric	Trends and Targets				Benchmarking		
	2018 Actual	2019 Actual	2020 Actual	2021 Target	2022 Target	2019 Peers	2019 Sector
Business Health							
Operating Margin (all BVT activities)	18.00%	21.00%	19.34%	24.00%	26.00%	23.68%	23.01%
Operating Margin (all BVT activities) Adjusted *	11.95%	15.42%	19.66%	24.00%	26.00%	23.68%	23.01%
Operating Margin (Social Housing alone)	31.00%	27.00%	24.75%	17.00%	21.00%	25.90%	25.20%
Operating Margin (Social Housing alone) Adjusted *	21.95%	19.49%	24.70%	17.00%	21.00%	25.90%	25.20%
Interest Cover (EBITDA MRI%)	144.00%	181.00%	220.74%	147.00%	172.00%	170.43%	164.60%
Interest Cover (EBITDA MRI%) Adjusted **	144.00%	181.00%	223.91%	155.00%	172.00%	170.43%	164.60%
Development Capacity and Supply							
New social housing supply delivered as a % of existing stock	0.50%	0.80%	0.21%	0.80%	0.60%	1.65%	1.59%
New non-social housing supply delivered as a % of existing stock	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gearing Ratio	63.00%	59.00%	54.79%	50.00%	48.80%	43.72%	41.03%
Effective Asset Investment							
Return on Capital Employed	3.00%	4.00%	2.98%	3.50%	4.10%	3.66%	3.00%
Occupancy of Social Housing (%)	100.00%	100.00%	100.00%	100.00%	100.00%	99.28%	99.20%
Ratio of responsive repairs to planned maintenance	0.98	0.89	1.02	0.51	0.54	0.65	0.65
Outcomes Delivered							
Reinvestment %	3.05%	1.90%	1.48%	5.68%	4.99%	7.64%	6.88%
Overall satisfaction with BVT as a Landlord	86.00%	86.00%	Not Yet Available	86%	86%	86.25%	85.60%
Investment in Community Development	£ 519,000.00	£ 533,000.00	£ 553,000.00	£ 605,997.00	£ 621,146.93	£ 293,000.00	£ 212,444.00
Operating Efficiencies							
Headline social housing cost per unit	£ 3,893.00	£ 3,878.00	£ 3,856.04	£ 4,183.00	£ 4,047.00	£ 3,619.00	£ 3,852.50
Management Cost Per Unit	£ 844.00	£ 868.00	£ 918.40	£ 854.82	£ 844.77	£ 1,008.00	£ 1,040.00
Service Charge Cost Per Unit	£ 847.00	£ 815.00	£ 835.26	£ 882.58	£ 883.66	£ 357.50	£ 365.00
Maintenance Cost Per Unit	£ 1,001.00	£ 1,276.00	£ 1,287.66	£ 1,177.10	£ 1,178.93	£ 1,168.00	£ 1,096.00
Major repairs Cost Per Unit	£ 660.00	£ 559.00	£ 517.32	£ 1,086.64	£ 1,017.49	£ 744.50	£ 792.00
Overheads as a % of Turnover	11.00%	11.00%	10.41%	12.62%	11.15%	12.26%	12.20%
Rent Collected	101.00%	101.00%	99.76%	100.00%	100.00%	99.78%	99.70%

* in 2020 BVT shortened the lifecycles of components, such as Kitchens and Boilers, Heating Distribution Systems, to ensure we met our Tenants expressed desire to speed up renewals. This means 2020 is not comparable directly with 2019 and 2018 as we have increased depreciation costs, that reduce operating surpluses. We have, therefore, restated the 2019 and 2018 figures below to allow a direct comparison. We have done this by simply applying the increased depreciation we have seen in 2020 to those years.

** in 2021 we have added a £300k Pandemic Cost Contingency, it is anticipated this will not be needed and will be unspent. The 155% figure is the calculation with this contingency removed for illustration.

Additional BVT Metrics

Metric	Trends and Targets				Benchmarking		
	2018 Actual	2019 Actual	2020 Actual	2021 Target	2022 Target	2019 Peers	2019 Sector
BVT Additional Vfm Metrics							
Satisfaction with most recent responsive repair	82.00%	99.00%	99%***	96.00%	97.00%	Not Known	Not Known
Repairs completed on first visit	92.00%	93.00%	84.00%	92.00%	93.00%	89.00%	91.00%
Rent loss due to voids	0.41%	0.50%	1.75%	0.50%	0.50%	0.79%	0.80%
Number of Tenants losing their home due to eviction	0.05%	0.10%	0.00%	0.05%	0.05%	0.24%	24.00%

*** Due to the pandemic restrictions the 2020 figures is made up of three months worth of data collection only.

These additional metrics are important to BVT as they add to the sector scorecard and along with our raft of internal KPI's allow us to track our performance in key areas.

Business Health

Clearly any organisation must balance achieving their aims with the risk that pushing their financial boundaries brings, BVT is no different. The Trustee Board of BVT have set out a clear position in relation to risk and have golden rules, which define how close to our financial boundaries we may go before we have to pull back and reassess our plans. In 2017 BVT came as close to our maximum debt level and minimum income level as Trustees were prepared to go, so you will see reflected throughout our VFM metrics the changes that Board required to adjust our position.

In 2018 we paused some aspects of our planned maintenance programme as we worked on our Corporate Plan, and as we discussed new standards around voids and repairs with Tenant Representatives. This was also necessary as we adjusted to managing the impact of the rent reduction regime. This helped boost our Interest Cover to levels that gave sufficient headroom over Bank Covenant requirements, but it was always a short term reduction with a clear plan to ramp up planned maintenance, which includes items such as new bathrooms, kitchens, boilers, windows and doors.

This ramping up of planned maintenance started in 2020, but was somewhat delayed due to access issues caused by the pandemic, so you see its impact clearer in our 2021 and 2022 targets.

Alongside reducing planned maintenance for a short period, we have also been working hard on the basics of value for money. Our investment in centralised procurement management has paid dividends and we have seen significant improvements in services standards, whilst lowering costs. One simple example of this in action is a saving of £20,000 achieved on one consultancy service in relation to the on-going development of Lightmoor. Here, we still achieved excellent services quality, but through good procurement practices delivered real value. There are literally dozens of such examples across BVT.

This Trustee led drive to improve our business health from 2017 can be clearly seen in our Operating Margin improvement between 2018 and 2019. In 2020 we reduced the lifecycle of many of our housing components. This means we acknowledged our plan to replace boilers, heating systems, kitchens and windows more regularly. This change means we have to add more depreciation into our accounts, so our operating margins are down, but the Interest Cover, which excludes this accountancy tool continued to rise. To help readers view the impact of this depreciation change we have shown figures for operating margins for 2019 and 2018 restated below the unadjusted figures, with this lifecycle change retrospectively applied. In 2020 we suffered very significant losses on our care and support services as we sought to keep our residents safe during the pandemic. This impacted on our operating margins in 2020, but despite this we still performed better overall than we did in 2019.

In 2020 we took the difficult decision to close our last remaining Registered Care Home, as the Trustees recognised it did not offer sufficient reward in terms of either finances or social value, to warrant the management input it required and the risk it brought through its operation. This reduction in loss making services is a

continuation of our efficiency drive in Non-Social Housing activities, which will help drive up our overall operating margin.

Our targets for operating margins in 2021 and 2022 are dramatically impacted by our ramping up of our planned maintenance programme. In 2020 we were only able to spend £1.5m on new components for our homes, but in 2021 we will spend £3.7m and in 2022 £3.5m. This spend will continue to increase with our plan to spend £4.9m in 2023 and £6.1m in 2024.

We are able to increase and maintain spend at these levels, as we have improved our business health and reduced our debt levels.

Development Capacity and Supply

BVT invested very heavily for an organisation of our size prior to 2017, with the development of our new garden village in Lightmoor and our investment in the Lawley community being at the forefront of this. The Trustees of BVT were always clear that as the Lightmoor project neared its end there would always be a fallow period for BVT as we took stock and sought to reduce debt levels and increase surpluses, following two decades of investment.

This decision is clearly reflected in our development metrics. We have seen gearing fall from 63% in 2019, to 55% in 2020, with a target of 49% by 2022. This will still leave BVT above the sector average, so our Trustees have set a long term financial plan that will continue to see debt levels fall and development kept at low levels for the near future. Trustees will continue to monitor this position and are ready to recommence development as soon as our debt level, financial health and the right opportunity come together. There will be a major review of medium term development opportunities in September 2021.

2020 did see lower levels of new homes delivery in Lightmoor than planned, as the site was closed for safety reasons during the height of the pandemic, but we will catch up and deliver all the promised homes.

Effective Asset Investment

As part of our strategic review BVT committed to a stock condition review, using external experts to support us. This has allowed us to develop a new 30 year stock investment programme, which we have costed, and included in our plans and commenced delivery of. We are using our Asset Grading model, which was developed in 2019 with the support of external consultants, to assess where extensive planned maintenance is due at a property which is underperforming financially. This allows us to review this property and assess if committing to refurbishment is the correct approach.

The pandemic prevented much of our planned delivery in 2020, but for large investment programmes such as our window replacement scheme, we were still able to run tenders, ensuring we got the highest specification for the best price; get the contract in place and be ready to start delivery in 2021. The delay also allowed BVT to run a pilot and ensure that our plans worked well with our design guide and would fit within the requirements of our conservation areas. Updated windows have been a

clearly expressed requirement from our Tenants, so BVT are keen to get this delivery advancing quickly.

We have in 2020 enhanced our Property Services Team, who deliver our repairs and some of our component replacements in house. This has started the process of scaling them up to deliver more of our planned maintenance programme, but by delivering some in house and some via externally tendered contractors we are able to assure ourselves that both sides are delivering real value for money.

In 2019 we did report customer satisfaction with repairs in our VfM report. This isn't possible for the end of 2020, as the pandemic has prevented normal delivery, however, we are able to review the other two metrics we gave in this section in 2019.

- In 2019 we said – “Percentage of Tenants satisfied with the standard of their new home on letting, was 80% at the start of 2019. This had risen to 100% by the end of 2019”. We maintained this through 2020 and despite the difficulties of the pandemic, we again achieved a 100% satisfaction rating.
- In 2019 we said – “3* Gas services were costing BVT £224 each at the start of 2019, by the end we have reduced this to £158 for a better quality of service”. By the end of 2020 we have reduced the cost of a 3* service to £140.

The main aim throughout the pandemic has of course been to keep our communities safe, and we are pleased to report that we keep our landlord compliance standards high and are grateful to all our Tenants who worked with us to arrange safe access.

During 2020 we further advanced our understanding of our asset performance, building on the work we had developed with external consultants to grade our social housing assets by performance, by adding an in house analyst. This is important to BVT, as our garden village ethos and commitment to holistic community development means we cannot simply dispose of underperforming properties. Our Trustees are very aware of the challenges this commitment brings and it is part of the reason we started developing a market rented pilot in 2020, which will be delivered in 2021 and from which we will seek to learn how this may help us find a new balance.

In 2020 we commissioned an extensive valuation exercise of all of our community, agricultural and commercial property assets. This will advance our ongoing review of how we deliver value for money in these areas and that review will progress through 2021.

In Telford we commissioned a review of the sinking funds linked to the Lawley and Lightmoor Estates, so we can continue to work with Residents to improve our value for money in stewardship delivery. That work will be finalised in 2021.

Outcomes

Understandably as a community based Organisation the pandemic saw us invest more than ever in supporting our communities during 2020. There were many activities we couldn't do and many of our community halls sadly remained closed,

but with supporting local food banks, running befriending schemes and our Winter Well campaign, that saw us supporting families with heating and food vouchers, we were still able to deliver much in 2020 and subsequently still saw our community spend rise.

We plan to increase community spend further in 2021 and 2022 and will be looking at developing some social value measures as we do so, so that we can demonstrate the VfM of these vital activities.

Generally we were pleased in 2020 to keep all our basic activities running and we were so proud of our communities and staff all of whom went the extra mile to keep things going. We did as much as possible to keep repairs running, our parks open and safe, housing management operational and to support of commercial and agricultural tenants through a difficult year. We were especially proud that we kept voids being let and helped some individuals and families find a new long term home during a challenging time. We also committed more resources to customer support to offer more help and advice on accessing benefits and keeping families safe.

Reinvestment was low in 2020, as we could not deliver our planned new homes, with the Lightmoor site closed for some time due to the pandemic. We were also prevented from delivering much of our planned maintenance programme for safety reasons.

However, we did plan ahead for 2021 and beyond, so with our planned maintenance programme hitting planned targets in 2021 we will see reinvestment jump to 6% in 2021 and 5% in 2022.

Operating Efficiencies

In 2020 we managed to again reduce our headline social housing cost per unit. However, we will see this rise in 2021 and 2022 as we launch into our new programme of investing in our homes and as we commit to spending more on supporting our communities. The Trustees of BVT see this rise in headline cost as acceptable for now, given the reasons behind it, but they are clear that BVT will be looking to reducing this cost over time to nearer the benchmark of our Peers.

Management costs per social housing unit have risen in 2020 with a higher spend on housing management, as we picked up some one off redundancy costs and also invested in tenant support during the pandemic. Management costs per social housing unit will reduce back in 2021 and we anticipate remaining at a lower cost than our Peers. However, headline social housing cost per unit will remain higher than our Peers and whilst the Board know the drivers for this and are accepting of it for now, it will remain under close review with action anticipated in the near future.

BVT's service charge costs are higher than our Peers, as we include the care costs of our specialist Nursing Care Home. There is a review of this provision and we expect to see changes in 2021. Generally we are confident that we provide good value for money in relation to general needs housing service charges.

BVT has been working hard on addressing repairs costs, with some of the work going on in component replacement expected to help us reduce the number of repair

visits we make per property per year, but this will take some time as we are determined to keep satisfaction levels high whilst we look to effectively reduce costs. We have targets to reduce this cost in 2021 and 2022 and anticipate this being a continuing area of improvement.

Major repair costs for BVT have seen too low a spend as we have been reviewing our strategy and delivery. Clearly our target for 2021 and 2022 is a significant increase in spend as we start our major investment programme in new windows, kitchens, bathrooms and other components.

Overheads as a percentage of turnover have been below the sector average for BVT, but as we look to manage more delivery and ensure we are driving efficiency and effectiveness throughout our areas of work, we are planning to spend more and move towards the sector average in 2021 and 2022. It is worth noting that 2021 overheads are higher than usual due to our deployment of a pandemic contingency, which we hope in practice will not need to be utilised.

The percentage of rent collected remains high for BVT and we are grateful to our tenants for working with us in this area.

Key Actions for 2021

Overview

Clearly 2020 was not a normal year and whilst we did what we could to drive efficiency, economy and effectiveness, there were limits imposed by the pandemic conditions we worked under.

In 2021 we hope that the second half of the year will see a return to more normal conditions, but clearly the pandemic will continue to influence our environment for some time.

We will, however, continue to seek ways to deliver VfM and our corporate plan in innovative ways.

Business Health

We will ensure that our operating margins remain positive and our interest cover offers good headroom above banking covenants, whilst we deliver our normal activity and our new planned maintenance programme.

We will continue our review on non-social housing activities and ensure that risk and reward are balanced. As previously covered we anticipate transferring our remaining Nursing Home to a specialist provider in 2021, as the Board have identified this as the best route to continue with high quality delivery of the service, without the risk to BVT.

Also in 2021 we will be running scenario plans with the Trustee Board to review further how we are investing in our assets and what development opportunities are worthy of further exploration. As we have more developed plans for our debt position over time and great clarity on the investment needed in existing stock, we will in 2021 be able to commence looking at refreshing the Boards stated risk

appetite position and determining how future development opportunities fit within this.

We will start our pilot market rent project, to see how this may help BVT maintain its garden village ethos, whilst ensuring we are driving real value from our asset base and not inhibiting development opportunities any further than absolutely necessary. The Trustee Board are well aware that not disposing of assets that are not fully economic for strategic reasons, does require BVT to be innovative and exploring market rent will just be one avenue we will explore.

Development

In 2021 we will continue with the final stages of Lightmoor, but have no further development planned, whilst we continue to reduce our gearing level and explore the scenario plans we have detailed earlier.

We will in 2021 continue to maintain our agricultural estate as we know this has potential for long term development and does offer a reasonable financial return. We will, however, explore areas that do not sit in our strategically important geographic areas, to see if better economy could be achieved for BVT through sales or small scale development. At all stages our Board will assure itself we are making the right decisions by looking at all options carefully planned and slotted into our 30 year financial plan, so the financial impact can be clearly seen.

Effective Asset Investment

2021 will see BVT draft our Environmental and Sustainability Strategy, as we seek to better understand how we can ensure our housing stock, much of which is historic and in conservation areas, meets the environmental expectations of the future. This will eventually go on to form a core of our future asset investment strategy and 30 financial planning, but for now we are at the early exploratory stages.

We will also be refreshing our asset appraisal data that we developed in 2019 and 2020 to bring it up to date and to start looking at non-housing assets, such as garage sites.

We will be using our refreshed risk appetite and development review to consider how and where we invest in our commercial portfolio and how BVT can best judge the returns and risks that would generate against our alternative options.

Future Activity Plans

As the pandemic is far from over we will have to recognise there will still be constraints in 2021, so we will at all levels be looking to maintain our performance levels at those of 2020 at least and improve where we can.

We know that our tenants will continue to require increasing support with financial inclusion advice to manage debt levels for BVT and to support families, so we will

keep this at an enhanced level through 2021, with this being reflected in our management costs. We will also be looking to invest in additional IT resources for this area in 2021 to improve efficiency. This area will remain under review, however, and we will continue to assess if this is the most economic method of supporting our tenants.

We will continue to increase our investment in our communities in 2021, with a number of projects set to develop. We will again, however, be looking to start reviews into social value being delivered, so as we emerge from the pandemic we can look to demonstrate that we are delivering the biggest social return for our investment.

We will continue with our extensive review of our estates and stewardship services. We will have reviewed all the sinking fund plans for Lawley and Lightmoor by early 2021 and will be looking to alter staffing arrangements in line with what our Communities have told us they want delivered. We will be expecting this work to drive up customer satisfaction with BVT's offer and once we are clear of the pandemic we will look to set a new baseline that we can measure progress against.

We will be continuing with our Great BVT Services review in 2021, with every service having been assessed in 2020, to see what level of review it requires. In this area, Customer Services in the form of both our customer contact centre and our overall corporate approach will undergo a fundamental review in 2021.

Operating Efficiencies

Having established our detailed corporate plan and 30 year budget we will be using benchmarking to assess which areas to focus our value for money drive on in 2021. We will be using overarching information such as Headline Social Housing Cost per Unit to give us a general target to focus on, but then will be drilling down into the individual metrics that make up this top line number to establish where the work should be focused to achieve the greatest gains. This will develop a number of lower level targets that will be feed into our 30 year plan, via our 3 year budget setting process, to give us new targets at the top level for Trustees to review and critically assess.

We will be seeking to involve front line staff in this process as they know their areas best and as we need to ensure they own the targets and are on board with our delivery plans. By developing our extensive KPI's to match these targets we will develop a VfM dashboard that can be used by the Executive Team to drive performance and by Trustees to challenge the organisation.

This process will allow BVT to set the stretch targets we have been unable to map out in the last couple of years, whilst we had to focus on establishment changes and of course managing the pandemic. We are clear that true VfM is not simply cost cutting but the effective, economic and efficient delivery of our corporate aims, so at no stage will BVT deviate from our values in our actions.

Other Value for Money Metrics

BVT uses over 130 monthly key performance indicators (KPIs) which are reviewed by the Executive Team to monitor performance and to drive VfM. We believe all of these indicators are important metrics, and we are especially keen to use metrics to monitor and drive our strategic plan, so we regularly produce and utilise KPI in areas key to our plan.

Placeshaping

We have many areas being developed under placeshaping that will allow the development of KPIs in the future, such as satisfaction with our Stewardship Services and or Parks and Open Spaces. The pandemic in 2020 did make the collection of some data and the delivery of some services very challenging, so we will deliver more on KPI's in this area in 2021.

Community Building

We are continuing to develop a range of KPIs to help drive us towards our strategic goals in respect to Community Building. One example of our use of VfM measures in this area relates to our Anti-social behaviour service. At the end of 2019 94% of our Tenants were satisfied with the support given in anti-social behaviour cases, however, by the end of 2020 this had fallen to 70%, although it did peak at 100% at the end of Quarter 3 in 2020. This would seem to indicate a reduction in performance, however, we recognise that during the April 2020, which was the first lockdown period, we saw ASB cases spike to 10 times higher than they were in December 2019. This is an understandable issue as communities adjusted to the requirement to be stay at home. However, we still maintained 79% satisfaction with our ASB support during that Quarter. This is a good example where we delivered a suddenly vastly expanded service, whilst maintaining an acceptable level of satisfaction for the same cost. We will use the lessons we learned from managing in the crisis situation to improve what we do as we return to normality.

Providing Great Homes

This area of KPIs is understandably our most extensive and would be the most familiar to people involved in social housing, as it covers our customer services, repairs, lettings and voids.

In this area the pandemic restrictions hit hard during 2020 and for periods we could not carry our repairs, let homes or deliver our planning home improvement programme. This meant for much of 2020 we could not collect the usual statistics on how we were performing.

We did make sure we kept our tenants safe throughout and we ensured 95% of emergency repairs were delivered on the day they were reported, right through the year, which was well ahead of our 85% target.

We ensured gas servicing continued and delivered 3* gas servicing and repairs for an average cost of £161 throughout the year, which is below our £175 target. We also achieved same day gas repairs on emergency gas issues in 91% of cases, throughout the year.

Elsewhere in our great homes delivery we also maintained the quality standards we set in 2019. In December 2020 100% of tenants were satisfied with the standard of the new home they were offered, this is the same as December 2019. We also found 100% of our tenants were happy with our allocations process, which is the same as December 2019. The maintaining of high quality standards was achieved even though we had to change to remote lettings due to lockdown requirements.

Building Organisational Strength

In this area we look at KPIs for HR, Finance, Health and Safety, ICT, Complaint Handling and other matters key to our core operational ability.

Areas for Improvement

The Trustees of BVT are committed to improving our homes to the highest standards and recognise that we often run with higher day to day repair costs, as there may not have been sufficient historic investment in modernising our homes. This message has been relayed clearly by our residents in our many engagement sessions and is the driver behind our enhanced planned maintenance programme and our revamp of our in-house repairs service.

We recognise it will take some time for investments in new windows, doors, boilers, kitchens, bathrooms and roofs, to flow through to reduced day to day repair costs, but we have heard what our customers want and are committed to delivering it.

Constitution and Governance

The Trustees have adopted the NHF Code of Governance and are satisfied that in all material respects, they comply with the code. The only area where BVT vary the standard practice within the code is that non-official Trustees do not serve a fixed

term of office. This was one of the issues considered by Campbell Tickell in their review of governance carried out during 2014. Campbell Tickell recognised that BVT's Deed of Foundation severely limits BVT's ability to enforce fixed terms of office. As explained below, up to 9 of the 12 Trustees are required to be descendants of George or Richard Cadbury and it would be very difficult to meet this requirement if Trustees were only allowed to serve for a certain period of time. Therefore Campbell Tickell recommended that BVT adopts a system of Trustee election, rather than fixed terms of office, in order that Trustees can ensure that their governance arrangements are in order. The first elections took place during 2015 and have continued each year since.

Three of the non-descendant Trustee places are nominated by:-

- The Britain Yearly Meeting of the Society of Friends
- The City Council of Birmingham
- The University of Birmingham

The Trustees meet at least 4 times a year.

The Trustees have a Governance Committee whose principal functions are: -

- (a) To review the composition of the Board of Trustees and its Committees in terms of the required range of skills and experience contained therein.
- (b) To consider policies on governance matters and to monitor the implementation of these policies.
- (c) To consider the quality of reports, minutes, opportunities for members to contribute, effectiveness of contributions and support from officers.
- (d) To consider compliance with our chosen code of governance and compliance with the Regulatory Codes issued by the Regulator of Social Housing.
- (e) To consider the outcomes of the trustee appraisal process with particular emphasis on training and development needs of Board and Committee members.
- (f) To review the recruitment and induction procedures for new Board and Committee members.
- (g) To review the effectiveness of governance arrangements within the Trust's subsidiaries.

The Trustees have a wide range of experience covering business, finance, care, health, environmental and community affairs. Trustees have several sub-committees covering: -

- Housing & Community Services
- Estate Management
- Telford Estates and Development
- Finance
- Property Services and Development
- Audit & Risk
- Governance
- Remuneration

Trustees (who held office during this period were)

A R Allen FCA - Chair
D J Cadbury MSc, DSW, CQSW
R V J Cadbury CBE, MA
N Cadbury BA, Barrister at Law
C Bowman, AGSM (appointed March 2020)
A McKittrick BA (Hons), MPhil
Prof. P Lumley BDS, FDSRCPS, MDentSc, PhD, FDSRCS
C Cadbury MA - Vice Chair
M Cadbury MA, MSc, MBA, PhD (Appointed March 2020)
Prof. J Nolan BSc, MSc, DEng(Hon), C.Eng, F.I.Struct.E, F.I.C.E.
Councillor P Griffiths M.Soc Sc, B.Soc.Sc,D.S.W., C.Q.S.W.
C Coulson BA Hons

Executive Team

Peter Richmond - Chief Executive
David Robinson BA (Hons), ACMA, CGMA, FRSA - Director of Finance & IT
Annette Homer FCIH, FCMI - Director of Housing and Community
Greg Lakin - MRICS, MCIQB, PG DMS – Director of Assets
Arthur Tsang – Director of Community
Helen Harvey, BSc (Hons), MBA, FCIH, MCIPD- Director of People and Performance, and Company Secretary

Employee Involvement

In order to provide for consultation between management and employees on matters of concern to employees, the Joint Consultative Committee (JCC) was established many years ago. The Committee comprises staff members and managers, including the Chief Executive. JCC meetings are generally held at least three times per year and in 2020 the JCC discussed areas such as employee wellbeing, flexible working, agile working, gender pay gap, staff conference, pensions and health and safety.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of BVT and in planning future activities. The Trustees have concluded that the BVT's aims and objectives contribute benefits in many ways, including the following:

- provision of rented housing accommodation to those in housing need
- provision of community facilities and services
- provision of advice and support to residents

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

Registered Provider legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the Group and BVT as at the end of the financial year and of the income and expenditure of the Group and BVT for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Trustees' knowledge and belief, by reference to reasonable and prudent judgements and estimates and applied consistently. The Trustees prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Applicable accounting standards have been followed. The Trustees are also required to indicate where the financial statements are prepared other than on the basis that the Group and BVT are going concerns.

The Trustees are responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Group's and BVT's transactions and assets and liabilities, and for maintaining a satisfactory system of control over the Group's and BVT's books of account and transactions. The financial statements

have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Trustees are also responsible for ensuring that arrangements are made to safeguard the assets of the Group and BVT and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the group and financial information included on the Bournville Village Trust website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Political and Charitable Donations

BVT is a charitable organisation and as such we made no contributions to political organisations. To further the charitable aims of BVT we made charitable donations to other Charitable Organisations who have some connection to the Group, of £42,197 (2019: £16,818)

Alongside this BVT offered Partner Organisations, who furthered our charitable aims, accommodation that had equals a benefit in kind donation valued £19,800 (2019 £19,800).

Disclosure of Information to the Auditor

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

Auditor

The Trustees resolved that RSM UK Audit LLP be reappointed as auditor. RSM UK Audit LLP has indicated its willingness to continue in office.

Internal Control and Assurance Statement

This statement sets out the evidence officers have collated on the effectiveness of internal controls throughout 2020.

BVT's system of internal controls encompasses a number of elements that together facilitate an effective and efficient business, enabling BVT to respond to a variety of operational, financial, and commercial risks. These elements are:

- Policies and Procedures
- Business Planning, Budgeting and Performance Management/ Regular Reporting
- Strategic Risk & Assurance Register
- Operational Risk & Assurance Registers
- Audit & Risk Committee
- Internal Audit Programme
- External Audit Programme
- Third Party Reports
- Compliance with relevant legislation

Policies and Procedures

A series of policies and other documents underpin the internal control process and written procedures support these policies and documents where appropriate. These include rules, standing orders and financial regulations that are regularly reviewed and approved by the Board. They are supported by other major documents and practices such as the Business Plan, codes of conduct, a performance management framework, management delegation systems, employment contracts, appraisals and monitoring processes and one-to-one reviews

During 2020 we continued to a review a significant number of policies, with a particular focus on health and safety policies.

We continue to carry out process mapping to identify where efficiency and effectiveness could be increased. This was initially with BPS but extended to Estates Services as part of carrying out its full service review and has been applied to aspects of BVT's asset management activities.

Business Planning, Budgeting and Performance Management/ Regular Reporting

The annual business planning and budgeting process for 2020 was based on achieving the strategic objectives in the Corporate Plan and managing the key risks that might impact on achieving this.

There was regular reporting of both risk and performance across BVT throughout the year. Standardised report templates are in place to ensure that information is presented clearly and consistently across key issues.

A robust, business-led approach to a quarterly performance reporting cycle and reporting from a suite of KPI measures is firmly established and includes a specific suite of KPIs for landlord health and safety compliance.

In 2020 BVT again enhanced financial planning, with a complete rebuild of the 30 year financial plan. This included changing assumptions to better reflect the pandemic and its potential longer term impact. There has been complete automation of BVT's financial covenants, so the plan and all the various sensitivity

reviews and stress tests immediately show the impact that drifting from the plan could have on each Bank covenant. These enhancements have allowed us to strengthen treasury planning and Trustees were able to identify clearly what refinancing is required for known needs and also to estimate how they could allow opportunities to be accommodated as they arise, in the most cost effective way. The advanced stress testing we have been running for some years was updated, but 2020 saw the addition of detailed up to date valuations of all BVT non-housing stock. This allows Trustees to develop even more detailed mitigation strategies and to assure themselves that we do not risk our core social housing stock. The detailed stress testing run has enabled Trustees to understand BVT's financial position clearly and also understand the impact of various financial scenarios on its financial viability and has resulted in very clear indicators for ensuring:

- (a) there is access to sufficient liquidity at all times
- (b) financial forecasts are based on appropriate and reasonable assumptions
- (c) effective systems are in place to monitor and accurately report on the delivery of our plans
- (d) the financial and other implications of risks to the delivery of plans are considered
- (e) we monitor, report on and comply with our funders' covenants

Strategic Risk & Assurance Register

A Strategic Risk & Assurance Register is compiled and updated by the Executive Team to help to facilitate the identification, assessment and ongoing monitoring of risks significant to the organisation, also considering the need for further mitigation. The Register has been presented each quarter in 2020 to the Audit & Risk Committee and annually to Trustees, with a Risk & Assurance Dashboard being presented to them each quarter so that they maintain regular oversight of strategic risks.

An annual self-assessment carried out during the year against the Chartered Institute of Internal Auditors (IIA) Risk Maturity Framework to establish BVT's risk maturity on a scale from risk naive to risk enabled showed that that BVT has retained its 'risk managed' rating and has moved slightly more towards a 'risk mature' rating.

Operational Risk & Assurance Registers

Operational Risk & Assurance Registers are in place and are updated quarterly by the relevant director to help to facilitate the identification, assessment and

ongoing monitoring of risks significant to the department, also considering the need for further mitigation. The registers have been formally reviewed by the relevant committees in the last quarter of 2020 and were presented to Audit & Risk Committee for information and assurance, in accordance with our Risk & Assurance Strategy in April 2021.

Audit & Risk Committee

The Audit & Risk Committee alert Trustees to any emerging issues or concerns it has. In addition, the committee oversees internal audit, external audit and management responses as required in its review of internal controls. The committee is therefore well-placed to provide advice and assurance to Trustees on the effectiveness of the internal control system, including the organisation's system for the management of risk including the scope and effectiveness of the strategy, policies and procedures.

Since the Committee was set up in 2017 it has developed its role and become an established part of the oversight of internal controls. It met 4 times during 2020 and also held a joint meeting with the Finance Committee. The minutes of all these meetings have been presented to the Board of Trustees.

As part of good governance the Chair of this committee has met with both our External and Internal Auditors outside of the committee meetings to gain independent assurance on BVT's controls over its business.

Internal Audit Programme

Internal audit is an important element of the internal control process. Apart from its normal risk driven programme of work, including recommending improvements to service areas, internal audit is responsible for aspects of the annual review of the effectiveness of the internal control system within the organisation, giving an independent objective assessment of the effectiveness of the risk management and control processes operating at BVT.

The internal audit programme for 2020 was fully delivered with the exception of the value for money audit, which was deferred to allow a value for money project to complete prior to auditing. This programme of audits included a follow-up on the recommendations that resulted from the GDPR audit that took place in 2019. The follow-up found that there were two recommendations outstanding relating to the completion of the Data Inventory and the electronic and offsite storage files that required reviewing in line with the Document Retention Schedule. These two recommendations are inter-linked and one cannot be completed without the other. The original target for completion of these recommendations was 31st August 2020, this was then revised to 31st December 2020 following a review of progress and resource availability.

The review of electronic files has now been completed and we have a new Shared Network Drive which is clear of all obsolete information. New protocols are being developed to ensure the effective ongoing management of this shared area. A significant amount of progress has been made with the recalling and reviewing of our offsite storage files (836 boxes recalled and reviewed so far), with 217 high priority boxes still to review before they are scanned onto our electronic filing system. The Data Inventory will then be updated with those files we are continuing to keep offsite. Whilst work is continuing beyond the stated deadline of 31st December 2020, we were hopeful that it would be completed certainly before the end of Q1 2021, however given the nature of the task and the current COVID operating environment it is more likely that this will now be completed for Q3 2021

Mazars audit opinion was as follows: -

In our opinion, Bournville Village Trust has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the organisation.

In respect of the areas of activity which we reviewed, and subject to the weaknesses identified and reported in our internal audit reports Bournville Village Trust has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the organisation's objectives.

No instances of actual or suspected fraud have been encountered during our audit work.

Audit & Risk Committee took a robust role in terms of ensuring scrutiny and oversight of both the tracking and implementation of internal audit recommendations through regular and more detailed reporting of any outstanding fundamental recommendations as part of the quarterly Risk & Assurance reports.

External Audit

External audit provides feedback to the Trustees on the operation of the internal financial controls reviewed as part of the annual audit.

In April 2020, RSM UK issued their latest Audit Findings Report, based on BVT's 2019 financial statements. For the sixteenth consecutive year, they reported that there were no internal control weaknesses that they needed to highlight to Trustees.

BVT, BVD and BWHS all received a clean audit opinion and there have been no disagreements with management regarding financial reporting for the purpose of issuing the audit report.

Third Party Reports

External assessments and advice provide additional and useful assurance. Major sources include regulatory judgements; Care Quality Standards (CQC); and independent advice around governance, treasury management, health and safety and supported housing.

External expertise and impartiality plays an important role in supporting BVT to review aspects of its work. During 2020 BVT used external consultants to support a review of BVT's VfM Strategy, carry out assessments of our community spaces and health & safety checks, capital valuations of commercial and agricultural portfolios, building insurance valuations, commercial marketing reports, negotiating new commercial leases and commercial rent reviews

In terms of Care & Supported Housing, Sellywood House was last inspected by the Care Quality Commission (CQC) in November 2019. The overall rating for the service was "Good" across all assessment areas. The Sellywood House report was received by the Housing & Community Services Committee. There were no inspections in 2020 due to the coronavirus pandemic.

In March 2020 the Regulator for Social Housing (RSH) regraded BVT's governance rating from G2 to G1. BVT's G1/V1 ratings were both reconfirmed in December 2020 following the RSH's stability checks.

Compliance with relevant legislation

We confirm our compliance with relevant legislation in a number of ways:

- monthly KPI monitoring (a number of KPI targets are set to achieve legal compliance)
- regular review of policies to ensure they reflect current legislation
- constant scanning of trade press for updates and attendance at major conferences
- horizon scanning as part of monthly risk discussions to identify any new legislation
- internal and external audits
- relevant employees are required to maintain professional accreditation, which includes remaining up to date with relevant statutory requirements
- use of legal advisors for more complex legal issues that are either beyond the professional capacity of BVT employees, or to seek an opinion on our interpretation of legislation and attendance at legal briefings
- external competent advisor for health and safety
- list of relevant legislation provided annually to support this statement

There is a section for compliance with relevant legislation in BVT's standard report template so that any issues or concerns are clearly highlighted to Trustees and Committees.

Other Points to note

Coronavirus Pandemic

For the majority of 2020 BVT was managing its activities alongside responding to the Coronavirus Pandemic. Throughout this period Trustees were kept fully briefed by setting out the key risks and how these were being managed with additional monthly meetings during quarter 2. Along with other social landlords, BVT provided 4-weekly Coronavirus Operational Response Survey returns to the RSH. The RSH reports resulting from each of these surveys showed that the impact on BVT was similar to other landlords. Our recovery from this impact has been positive, with services at near normal levels by the end of 2020.

Effectiveness of Controls

Our risk and control mechanisms are generally effective. This annual internal controls certification process has not highlighted any issues that were not previously identified through normal management processes.

The Executive team has reviewed the effectiveness of the system of internal controls, including the sources of assurance agreed by the Board. There is sufficient evidence to confirm that adequate systems of internal control are in place and operated throughout the year.

Reserves

All surpluses generated are reinvested to meet the Group's principal objectives, therefore, the reserves that the Group has accumulated have been largely invested in its housing and other properties and are not represented by cash balances. The rationale for certain restricted reserves is explained within the Accounting Policies on page 59.

Fixed Assets

Details of the changes in fixed assets are set out in note 7 to the financial statements.

Information

Registered Office

350 Bournville Lane
Bournville
Birmingham
B30 1QY

Homes England Registration Number

L0702

Registered Charity Number

219260

Auditor

RSM UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Bankers

Lloyds Bank Plc
142 Edgbaston Park Road
Birmingham
B15 2TY

Solicitors

Eversheds LLP
115 Colmore Row
Birmingham
B3 3AL

By order of the Trustees

A handwritten signature in black ink, appearing to be 'Helen Harvey', written in a cursive style.

Helen Harvey

Secretary

10th June 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF BOURNVILLE VILLAGE TRUST

Opinion

We have audited the financial statements of Bournville Village Trust (the 'Association') for the year ended 31 December 2020 which comprise the consolidated and Association Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and Association's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees 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 trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, set out on page 35 to 36, the Trustees 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 Trustees determine are 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 Trustees are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Association 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the

assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the Association operates in and how the Association is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974, the Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards) and the General Data Protection Regulations as set out in the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and other risks as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and include key procedures to address other risks.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://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 Association's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 Association and the Association's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Keith Ward (Senior Statutory Auditor)
For and behalf of RSM UK Audit LLP
St Phillips Point
Temple Row
Birmingham
B2 5AF

Date 24.06.21

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Bournville Village Trust Group

CONSOLIDATED AND TRUST STATEMENTS OF COMPREHENSIVE INCOME for the year ended 31 December 2020

	Notes	Group		Trust	
		2020 £,000	2019 £,000	2020 £,000	2019 £,000
TURNOVER	1	28,042	28,712	27,180	28,044
Operating expenditure					
Normal	1	(22,616)	(22,559)	(22,096)	(22,119)
Exceptional	5	0	786	0	786
OPERATING SURPLUS	1	5,426	6,939	5,084	6,711
Surplus on sale of housing and other properties	5a	(4)	165	(4)	165
Surplus on the sale of land	5a	560	373	560	373
Surplus on sale of other fixed assets	5a	66	7	66	7
Interest receivable	3	25	44	198	225
Interest and financing costs	4	(4,075)	(4,463)	(4,080)	(4,479)
Movement in fair value of financial instruments	16	(3,745)	(2,213)	(3,745)	(2,213)
(DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES	20	(1,747)	852	(1,921)	789

Bournville Village Trust Group

CONSOLIDATED AND TRUST STATEMENTS OF FINANCIAL POSITION as at 31 December 2020

	Notes	Group 2020	2019	Trust 2020	2019
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets					
Housing properties - Cost	7a	188,929	188,033	177,517	176,668
- Depreciation	7a	(35,055)	(31,302)	(31,729)	(28,334)
		153,874	156,731	145,788	148,334
Other fixed assets	7b	18,608	18,852	18,608	18,852
Fixed asset investments	8	1,053	1,046	9,453	9,446
		173,535	176,629	173,849	176,632
CURRENT ASSETS					
Properties held for sale	9	169	101	169	101
Stock	10	1,337	1,314	4	1
Debtors	11	1,931	1,885	4,132	3,990
Cash at bank and in hand		13,917	3,773	13,661	3,520
		17,354	7,073	17,966	7,612
CREDITORS: Amounts falling due within one year	12	(9,339)	(9,770)	(11,250)	(11,131)
NET CURRENT ASSETS		8,015	(2,697)	6,716	(3,519)
TOTAL ASSETS LESS CURRENT LIABILITIES		181,550	173,932	180,565	173,113
CREDITORS: Amounts falling due after more than one year					
Provisions for liabilities - pensions	13	125,773	119,643	124,994	118,856
Financial instruments at fair value	18	742	1,252	742	1,252
	16	29,436	25,691	29,436	25,691
CAPITAL AND RESERVES					
Restricted reserves	19	6,835	5,770	6,835	5,770
Endowments		696	696	696	696
Income and expenditure reserve	20	18,068	20,880	17,862	20,848
		181,550	173,932	180,565	173,113

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The financial statements on pages 49 to 84 were approved by the Trustees and authorised for issue on 10 June 2020 and were signed on its behalf by:

A Allen - Chairman
C Cadbury - Trustee
P Richmond - Chief Executive

Bournville Village Trust Group

STATEMENT OF CHANGES IN RESERVES as at 31 December 2020

Group	Income and expenditure reserve	Restricted reserve	Endowments	Total
	£ £'000	£ £'000	£ £'000	£ £'000
Balance at 1 January 2019	20,600	5,198	696	26,494
Surplus for the year	852	0	0	852
Transfer of restricted expenditure from unrestricted reserve	(572)	572	0	0
Balance at 31 December 2019	20,880	5,770	696	27,346
Deficit for the year	(1,747)	0	0	(1,747)
Transfer of restricted expenditure from unrestricted reserve	(1,065)	1,065	0	0
Balance as 31 December 2020	18,068	6,835	696	25,599

Trust	Income and expenditure reserve	Restricted reserve	Endowments	Total
	£ £'000	£ £'000	£ £'000	£ £'000
Balance at 1 January 2019	20,631	5,198	696	26,525
Surplus for the year	789	0	0	789
Transfer of restricted expenditure from unrestricted reserve	(572)	572	0	0
Balance at 31 December 2019	20,848	5,770	696	27,314
Deficit for the year	(1,921)	0	0	(1,921)
Transfer of restricted expenditure from unrestricted reserve	(1,065)	1,065	0	0
Balance as 31 December 2020	17,862	6,835	696	25,393

Bournville Village Trust Group

CONSOLIDATED AND TRUST STATEMENT OF CASH FLOWS for the year ended 31 December 2020

	Notes	Group		Trust	
		2020	2019	2020	2019
		£000	£000	£000	£000
OPERATING ACTIVITIES					
Net cash generated from operations	21	9,685	10,849	8,862	10,136
Interest paid		(4,126)	(4,411)	(4,131)	(4,427)
NET CASH FROM OPERATING ACTIVITIES		5,559	6,438	4,731	5,709
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition and construction of tangible fixed assets		(2,576)	(3,340)	(2,480)	(3,111)
Net proceeds on disposal of tangible fixed assets		808	3,362	808	3,362
Interest received		18	46	191	227
NET CASH USED IN INVESTING ACTIVITIES		(1,750)	68	(1,481)	478
CASH FLOW FROM FINANCING ACTIVITIES					
Loans received		10,000	1,000	10,000	1,000
Loan principal repayments		(3,586)	(5,984)	(3,586)	(5,984)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		6,414	(4,984)	6,414	(4,984)
NET DECREASE IN CASH AND CASH EQUIVALENTS		10,223	1,522	9,664	1,203
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,010	1,488	742	(461)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	13,233	3,010	10,406	742

Bournville Village Trust Group

ACCOUNTING POLICIES

LEGAL STATUS

Bournville Village Trust is a charity and is an English registered social housing provider, and is a public benefit entity.

The principal activities and operations are disclosed in the Report of the Board of Trustees.

The address of the Society's registered office and principal place of business is

350 Bournville Lane
Bournville
Birmingham
B30 1QY

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. They are prepared under the historical cost convention, modified to include certain financial instruments at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of the Trust and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2020.

All intra group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

GOING CONCERN

Under the governance requirements, the Trustees confirm that after making enquiries they have reasonable expectation that the Group and Trust have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

TURNOVER AND REVENUE RECOGNITION

Turnover represents rents and service charges receivable in respect of tenanted leasehold and freehold properties, and amounts invoiced in respect of the provision of services to third parties (net of VAT). It also includes turnover from shared ownership first tranche sales, supported people income, donations, proceeds from land sales, overage and income for release of covenant restrictions and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and land sales is recognised at the point of legal completion of the transaction. Services to third parties are recognised at the point of service delivery.

OTHER INCOME

Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

Housing properties are properties for the provision of social housing and are principally properties available for rent and shared ownership. Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses. Agriculture, commercial, community, communal, and office buildings are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs;
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of properties, these are included in fixed assets only.

SOCIAL HOUSING AND OTHER GOVERNMENT GRANTS

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant (SHG) received for items of cost are written off in the Statement of Comprehensive Income as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is recorded as a subordinated unsecured repayable debt.

Freehold land or assets under construction are not depreciated.

The group separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

	Years
Structure	100 -150
Kitchen	20
Bathroom	30
Windows	30
Central Heating	30
Boilers	15
Rewiring	30
Front Doors	30
Roofs	60
Door Entry Systems	15
Sewerage	20

BVT considers each commercial and agricultural property and asset individually and applies the most appropriate depreciation rate to the asset, based on a fair assessment of its useful economic life.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

The Group have reviewed its depreciation policy and changed the useful economic lives of kitchens, windows, central heating and boilers. This was part of a complete review of our asset management strategy encompassing best practice and reviewing life cycles of components based on changes in technology and product quality. We also listened to the views of our tenants which led to a decision to replace components on a more frequent basis.

The Group also introduced rewiring, doors, door entry systems and roofs as new components as our asset management strategy highlighted some significant spend on these areas as part of our planned maintenance cycle. Historically expenditure on these components has been of a remedial nature and therefore no prior year adjustment was needed on the introduction of these as new components. The introduction of these components has increased the depreciation charge by £4,572 but reduced the overall charge to the Group and Trust Statement of Comprehensive Income by a net of £101,008.

The table below shows the comparison of original and revised useful economic lives and the increase in depreciation in the current year as a result of the change.

Group	Component	Original UEL	Revised UEL	Increase in Depreciation
	Kitchens	25	20	611,970
	Windows	40	30	190,319
	Central Heating	40	30	133,638
	Boilers	20	15	601,439
				<u>1,537,366</u>

Trust	Component	Original UEL	Revised UEL	Increase in Depreciation
	Kitchens	25	20	543,953
	Windows	40	30	165,000
	Central Heating	40	30	125,065
	Boilers	20	15	557,533
				<u>1,391,551</u>

IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the group estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life as follows:

Computer Equipment	4 years
Fixtures and Fittings	4 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

PROPERTIES UNDER CONSTRUCTION

Properties in the course of construction are carried at cost, less any identifiable impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

BORROWING COSTS

Borrowing costs are expensed as incurred unless they are capitalised if directly attributable to a development scheme. Borrowing costs are capitalised from the start of construction through to the time the development is completed and handed over to management. Costs directly connected with the raising of finance are deducted from loans and written off evenly over the life of the loan in the income and expenditure account.

FIXED ASSET INVESTMENTS

There are two elements to fixed asset investments. Investment of Subsidiary represents the fair value of the proceeds for the acquisition of BWHS as at 4 January 2011 when the organisation became a subsidiary of BVT. This became deemed cost going forward. The THFC Interest Service Reserve equates to an investment required under the terms of our THFC loan and the funds are currently invested in bank deposit accounts. The interest reserve is stated at cost with any accrued interest being credited to the statement of comprehensive income.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value.

Long-term projects, notably the Lightmoor project undertaken through Bournville Village Developments are assessed on a contract-by-contract basis and reflected in the Income and Expenditure Account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for surplus earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor. The amount of long term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stocks.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

VALUE ADDED TAX

Bournville Village Trust and Bournville Village Developments Ltd are both registered for VAT purposes.

Bournville Village Trust is only able to recover a relatively small percentage of VAT on its expenditure, as the majority of its income is exempt for VAT purposes. Therefore, expenditure is shown inclusive of VAT with the input VAT recovered deducted from relevant expenditure.

Bournville Village Developments Limited is able to recover all VAT on its expenditure. As a result, expenditure is shown net of VAT and VAT recoverable shown as a debtor.

Bournville Works Housing Society is not registered for VAT purposes and is therefore unable to recover any VAT on its expenditure. Therefore, expenditure is shown inclusive of VAT.

LEASES

OPERATING LEASES

Annual rentals are charged to income and expenditure on a straight line basis over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

RETIREMENT BENEFITS

Defined contribution plans

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plans

The group participates in a multi-employer defined benefit scheme, the Cadbury Mondelez Pension Fund.

For the Cadbury Mondelez Pension Fund, contributions are recognised in income and expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the group will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end. The rate used to discount the contributions to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those at the end benefit obligations.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

SALE OF HOUSING AND OTHER PROPERTIES AND THE SALE OF LAND

BVT has not sold any housing or other properties for the purposes of funding new developments. We do not, therefore, recognise the cost and surpluses on such sales as Operating Activity.

FINANCIAL INSTRUMENTS

The Society has elected to apply the provisions of sections 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Rental, trade, group and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Rental debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with the debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the rental or trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

Financial liabilities

Trade creditors

Trade, group and other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but the control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised through income and expenditure.

PROVISIONS

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

RESERVES

The group establishes restricted funds for the specific purposes where their use is subject to restrictions imposed by third parties.

RESTRICTED RESERVES (NOTE 19)

- i) **SUPPORTED HOUSING FUND**
This restricted reserve represents funds to cover the replacement of furniture and equipment and any major repairs needed in any of the Trust's supported housing schemes.
- ii) **FUTURE MAINTENANCE RESERVE**
This reserve represents the combined total of all the sinking funds that BVT holds to fund our future maintenance commitments in the areas in which we work.
- iii) **BAT RESERVE**
This reserve represents the net assets of Bournville Almshouse Trust, which under a Uniting Direction from the Charity Commission, is now accounted through this restricted reserve.
- iv) **ELIZA BEECH FUND**
This reserve represents funds to provide residents of BAT with excursions and other entertainment.
- v) **SHROPSHIRE PROJECT RESERVE**
Some community events generate income to fund specific projects or events that otherwise wouldn't happen.
- vi) **COMMUNITY INFRASTRUCTURE RESERVE**
This is a fund holding funds that may only be used for the advancement of Lawley Village.
- vii) **EILEEN HEWER RESERVE**
This fund is used to pay for activities the resident representatives of Lawley select for community advancement.
- viii) **LVCA RESERVE**
The Lawley Village Community Association may call on this fund to support community activity.
- ix) **BIO-DIVERSITY RESERVE**
This fund holds a donation for the advancement of bio-diversity in Bournville
- x) **LIBRARY FUND RESERVE**
This fund holds a donation received to support the BVT Library and Archive.

Bournville Village Trust Group

ACCOUNTING POLICIES (continued)

ENDOWMENT RESERVES

This reserve represents the permanent endowment of the charity as bequeathed by the Founder.

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 group 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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful economic life of tangible fixed assets

Tangible fixed assets are depreciated over their useful lives as per the accounting policy note. The useful economic lives of property components are in line with the current maintenance programme and are re-assessed annually to take into account technological innovation and product life cycles.

Impairment of housing properties

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

BVT development expenditure

Development expenditure is capitalised in line with the accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any cost identified as abortive are charged in the Statement of Comprehensive Income.

Pension Discount Factor

The discount factor used in the calculation of the pension fund liability is based on the yield for a bond taken out by THFC with a maturity date of 2023, which co-incides with the final year in which the Trust is required to make a deficit contribution. (See Notes 18 and 24)

Debtors

Debtors are based on the amounts outstanding in our ledgers at the end of the financial year, less any provision for bad debts. The provision for rent arrears is based on all former tenants arrears plus 75% of all current tenant arrears that remain outstanding for more than 8 weeks. (See note 16a)

Balances due from group undertakings are assessed at the end of each year to ensure that the debt is recoverable in full. If there is any doubt that the debt will be fully recovered, a provision would be made, to reduce the debt to the anticipated recoverable amount.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Continuing activities - Group

	2020			2019		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	£:000	£:000	£:000	£:000	£:000	£:000
Social Housing Activities						
Income and expenditure from social housing lettings	22,805	(17,239)	5,566	22,648	(16,038)	6,610
Other Social Housing Activities						
First tranche shared ownership sales	233	(196)	37	745	(563)	182
Services to third parties	579	(546)	33	320	(566)	(246)
Profit share arrangement	223	(25)	198	234	(25)	209
Community activities	56	(553)	(497)	55	(553)	(498)
Non Social Housing Activities						
Market renting	475	(142)	333	468	(99)	369
Agricultural lettings	607	(685)	(78)	549	(578)	(29)
Estate management	1,431	(2,127)	(696)	1,203	(2,107)	(904)
Commercial lettings	970	(486)	484	933	(460)	473
Business Development	0	(259)	(259)	0	0	0
Selly Manor museum	85	(198)	(113)	118	(229)	(111)
Land transactions	453	0	453	1,293	(1,161)	132
Pension fund costs	0	(30)	(30)	0	(30)	(30)
Services to third parties	125	(130)	(5)	146	(150)	(4)
TOTAL	28,042	(22,616)	5,426	28,712	(22,559)	6,153

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Continuing activities - Trust

	2020			2019		
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	£000	£000	£000	£000	£000	£000
Social Housing Activities						
Income and expenditure from social housing lettings	21,383	(16,719)	4,664	21,287	(15,598)	5,689
Other Social Housing Activities						
First tranche shared ownership sales	233	(196)	37	745	(563)	182
Services to third parties	1,111	(546)	565	985	(566)	419
Profit share arrangement	223	(25)	198	234	(25)	209
Community activities	56	(553)	(497)	55	(553)	(498)
Non-Social Housing Activities						
Market renting	475	(142)	333	468	(99)	369
Agricultural lettings	607	(685)	(78)	549	(578)	(29)
Estate management	1,459	(2,127)	(668)	1,231	(2,107)	(876)
Commercial lettings	970	(486)	484	933	(460)	473
Business development	0	(259)	(259)	0	0	0
Selly Manor museum	85	(198)	(113)	118	(229)	(111)
Land transactions	453	0	453	1,293	(1,161)	132
Pension fund costs	0	(30)	(30)	0	(30)	(30)
Services to third parties	125	(130)	(5)	146	(150)	(4)
TOTAL	27,180	(22,096)	5,084	28,044	(22,119)	5,925

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)

Particulars of income and expenditure from social housing lettings - Group

	2020				
	General needs housing £.000	Supported housing accommodation £.000	Housing for older people £.000	Shared ownership accommodation £.000	Total £.000
TURNOVER FROM SOCIAL HOUSING LETTINGS					
Rent receivable net of voids	17,453	0	1,166	396	19,015
Service charges receivable	256	0	809	4	1,069
Care and support charges	0	2,397	0	0	2,397
NET RENTAL INCOME	17,709	2,397	1,975	400	22,481
Social housing grant amortisation	184	21	110	9	324
TURNOVER FROM SOCIAL HOUSING LETTINGS	17,893	2,418	2,085	409	22,805
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	2,763	217	439	160	3,579
Service charge costs	222	0	649	0	871
Care and support costs	0	2,384	0	0	2,384
Routine maintenance	3,267	79	91	0	3,437
Planned maintenance	1,526	5	47	0	1,578
Major repairs expenditure	566	0	0	0	566
Bad debts	188	10	1	0	199
Depreciation of properties	3,973	110	394	113	4,590
Depreciation of fixtures and fittings	10	25	0	0	35
Other costs	0	0	0	0	0
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	12,515	2,830	1,621	273	17,239
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	5,378	(412)	464	136	5,566
Rent loss due to voids	151	5	43	0	199

The increase in depreciation of properties from 2019 to 2020 is due to the reduction in useful economic lives of property components. See accounting policies for details.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)

Particulars of income and expenditure from social housing lettings - Group

	General needs housing £.000	Supported housing accommodation £.000	2019 Housing for older people £.000	Shared ownership accommodation £.000	Total £.000
TURNOVER FROM SOCIAL HOUSING LETTINGS					
Rent receivable net of voids	16,914	0	1,162	359	18,435
Service charges receivable	232	0	727	4	963
Care and support charges	0	2,931	0	0	2,931
NET RENTAL INCOME	17,146	2,931	1,889	363	22,329
Social housing grant amortisation	180	21	110	8	319
TURNOVER FROM SOCIAL HOUSING LETTINGS	17,326	2,952	1,999	371	22,648
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	2,608	270	449	160	3,487
Service charge costs	255	0	567	0	822
Care and support costs	0	2,349	0	0	2,349
Routine maintenance	3,013	81	105	0	3,199
Planned maintenance	1,607	8	68	0	1,683
Major repairs expenditure	1,136	0	0	0	1,136
Bad debts	64	14	2	0	80
Depreciation of properties	2,512	92	329	85	3,018
Depreciation of fixtures and fittings	4	32	0	0	36
Other costs	228	0	0	0	228
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	11,427	2,846	1,520	245	16,038
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	5,899	106	479	126	6,610
Rent loss due to voids	87	0	17	0	104

The increase in depreciation of properties from 2019 to 2020 is due to the reduction in useful economic lives of property components. See accounting policies for details.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)

Particulars of income and expenditure from social housing lettings - Trust

	2020				Total £,000
	General needs housing £,000	Supported housing accommodation £,000	Housing for older people £,000	Shared ownership accommodation £,000	
TURNOVER FROM SOCIAL HOUSING LETTINGS					
Rent receivable net of voids	16,039	0	1,166	396	17,601
Service charges receivable	256	0	809	4	1,069
Care and support charges	0	2,397	0	0	2,397
NET RENTAL INCOME	16,295	2,397	1,975	400	21,067
Social housing grant amortisation	176	21	110	9	316
TURNOVER FROM SOCIAL HOUSING LETTINGS	16,471	2,418	2,085	409	21,383
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	2,648	217	439	160	3,464
Service charge costs	222	0	649	0	871
Care and support costs	0	2,384	0	0	2,384
Routine maintenance	3,341	79	91	0	3,511
Planned maintenance	1,475	5	47	0	1,527
Major repairs expenditure	548	0	0	0	548
Bad debts	184	10	1	0	195
Depreciation of properties	3,567	110	394	113	4,184
Depreciation of fixtures and fittings	10	25	0	0	35
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	11,995	2,830	1,621	273	16,719
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	4,476	(412)	464	136	4,664
Rent loss due to voids	140	5	43	0	188

The increase in depreciation of properties from 2019 to 2020 is due to the reduction in useful economic lives of property components. See accounting policies for details.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)

Particulars of income and expenditure from social housing lettings - Trust

	General needs housing £,000	Supported housing accommodation £,000	2019		Total £,000
			Housing for older people £,000	Shared ownership accommodation £,000	
TURNOVER FROM SOCIAL HOUSING LETTINGS					
Rent receivable net of voids	15,561	0	1,162	359	17,082
Service charges receivable	232	0	727	4	963
Care and support charges	0	2,931	0	0	2,931
NET RENTAL INCOME	15,793	2,931	1,889	363	20,976
Social housing grant amortisation	172	21	110	8	311
TURNOVER FROM SOCIAL HOUSING LETTINGS	15,965	2,952	1,999	371	21,287
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	2,501	270	449	160	3,380
Service charge costs	255	0	567	0	822
Care and support costs	0	2,349	0	0	2,349
Routine maintenance	3,173	81	105	0	3,359
Planned maintenance	1,531	8	68	0	1,607
Major repairs expenditure	1,001	0	0	0	1,001
Bad debts	64	14	2	0	80
Depreciation of properties	2,235	92	329	85	2,741
Depreciation of fixtures and fittings	4	32	0	0	36
Other	223	0	0	0	223
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	10,987	2,846	1,520	245	15,598
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS	4,978	106	479	126	5,689
Rent loss due to voids	79	0	17	0	96

The increase in depreciation of properties from 2019 to 2020 is due to the reduction in useful economic lives of property components. See accounting policies for details.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

2 ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

	Group		Trust	
	2020 Number	2019 Number	2020 Number	2019 Number
UNITS OWNED AT YEAR END:				
General needs housing	3,318	3,309	3,005	2,996
Shared ownership	144	146	144	146
Supported Housing	22	24	22	24
Housing for older people	262	262	262	262
Market rented	58	59	58	59
	<u>3,804</u>	<u>3,800</u>	<u>3,491</u>	<u>3,487</u>
UNITS IN MANAGEMENT AT YEAR END:				
General needs housing	3,469	3,460	3,469	3,460
Shared ownership	144	146	144	146
Supported Housing	22	24	22	24
Housing for older people	262	262	262	262
Market rented	58	59	58	59
	<u>3,955</u>	<u>3,951</u>	<u>3,955</u>	<u>3,951</u>

The above numbers include 127 (2019:127) units owned by BVT but managed by other associations.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Trust	
	2020 £,000	2019 £,000	2020 £,000	2019 £,000
Interest on bank deposits	18	46	18	46
Interest on intercompany loans	0	0	173	181
Other interest receivable	7	(2)	7	(2)
	<u>25</u>	<u>44</u>	<u>198</u>	<u>225</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Trust	
	2020 £,000	2019 £,000	2020 £,000	2019 £,000
Interest arising on:				
Bank loans and overdrafts	2,838	3,205	2,838	3,205
Other Loans	1,208	1,201	1,213	1,217
Interest & Financing Costs - Pensions	29	57	29	57
	<u>4,075</u>	<u>4,463</u>	<u>4,080</u>	<u>4,479</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

5 OPERATING SURPLUS	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Operating surplus is stated after charging / (crediting):				
Depreciation of other tangible fixed assets owned	170	180	170	180
Depreciation of housing properties	4,727	3,106	4,322	2,830
Depreciation of non-housing properties	424	413	424	413
Operating lease rentals	183	141	183	141
Amortisation of capital grant	(326)	(319)	(318)	(311)
Exceptional decrease in pension deficit liability	0	(786)	0	(786)
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows;				
Audit services - statutory audit of the company	47	41	38	32
Other services:				
All other non-audit services	5	4	4	3

5a SURPLUS ON SALE OF FIXED ASSETS

Group & Trust	2020			2019		
	Sale of Housing Properties £'000	Sale of Land £'000	Sale of Other Fixed Assets £'000	Sale of Housing Properties £'000	Sale of Land £'000	Sale of Other Fixed Assets £'000
Disposal proceeds	105	560	82	1,202	373	10
Carrying value of fixed assets	(100)	0	(16)	(991)	0	(3)
Cost of sales	(9)	0	0	(46)	0	0
	(4)	560	66	165	373	7

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

6 EMPLOYEES

The average monthly number of persons (including directors) employed by the Trust and Group expressed in full time equivalents during the year was:

	Group		Trust	
	2020	2019	2020	2019
	No.	No.	No.	No.
Office and management	120	119	120	119
Housing support and care	71	75	71	75
Maintenance	66	62	66	62
	<u>257</u>	<u>256</u>	<u>257</u>	<u>256</u>

The above figures are calculated on the number of staff employed in the Group and Trust, working a standard 37 hour working week for the majority of staff and a standard 39 hour week for maintenance staff. The calculation has been done on a month by month basis and then averaged out over the course of the year.

Staff costs for the above persons:

	Group		Trust	
	2020	2019	2020	2019
	£000	£000	£000	£000
Wages and salaries	8,176	7,633	8,176	7,633
Redundancy Payments	63	132	63	132
Social security costs	750	694	750	694
Defined benefit pension cost	628	595	628	595
Defined contribution pension cost	343	264	343	264
Other pension costs	30	30	30	30
Movement on pension deficit provision	0	(786)	0	(786)
	<u>9,990</u>	<u>8,562</u>	<u>9,990</u>	<u>8,562</u>

The full time equivalent number of staff who received remuneration over £60,000 (including directors):

	Group		Trust	
	2020	2019	2020	2019
	No.	No.	No.	No.
£60,000 - £70,000	9	7	9	7
£70,001 - £80,000	1	3	1	3
£80,001 - £90,000	2	2	2	2
£90,001 - £100,000	5	2	5	2
£100,001 - £110,000	1	2	1	2
£120,001 - £130,000	0	0	0	0
£130,001 - £140,000	0	1	0	1
£140,001 - £150,00	1	0	1	0

The bandings above include redundancy payments as detailed in staff costs above.

DIRECTORS

In respect of the directors (BVT executive team) who are considered to be the key Management Personnel of Bournville Village Trust:

	Group		Trust	
	2020	2019	2020	2019
	£000	£000	£000	£000
Remuneration and fees	650	534	650	534
Company contributions to pension schemes	49	41	49	41
Compensation for loss of office	10	10	10	10
Money value of benefits in kind	51	43	51	43
	<u>760</u>	<u>628</u>	<u>760</u>	<u>628</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

	Group		Trust	
	2020	2019	2020	2019
	No.	No.	No.	No.
The number of directors to whom retirement benefits are accruing under:				
Defined contribution schemes	8	6	8	6
	<u>8</u>	<u>6</u>	<u>8</u>	<u>6</u>

	Highest paid director	
	2020	2019
	£.000	£.000
Remuneration	132	129
Company contributions to pension schemes	10	10
	<u>142</u>	<u>139</u>

The highest paid director in 2020 was the Chief Executive.

The Chief Executive is a member of the BVT Pensionsaver scheme and BVT made pension contributions of £9,848 in 2020. (2019: £9,703)

No other payments are made to Trustees other than expenses as detailed below:

Trustee payments comprise of:	2020	2019
	£	£
Trustee expenses	<u>1,541</u>	<u>8,969</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

7a TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (Predominantly freehold) - GROUP

	Housing properties held for letting £,000	Shared ownership properties £,000	Properties in the course of construction £,000	2020 Total £,000
Cost				
At 1 January	179,585	8,307	141	188,033
Additions	0	0	48	48
Component replacements and improvements	1,450	0	0	1,450
Properties acquired	773	0	0	773
Component disposals	(905)	0	0	(905)
Property disposals	0	(192)	0	(192)
Transfer to other fixed assets	(81)	0	0	(81)
Transfer to current assets	(197)	0	0	(197)
At 31 December	180,625	8,115	189	188,929
Depreciation and impairment				
At 1 January	(30,540)	(762)	0	(31,302)
Charge for year	(4,358)	(113)	0	(4,471)
Component disposals	648	0	0	648
Property disposals	0	22	0	22
Transfer to other fixed assets	20	0	0	20
Transfer to current assets	28	0	0	28
At 31 December	(34,202)	(853)	0	(35,055)
NET BOOK VALUE				
At 31 December 2020	146,423	7,262	189	153,874
At 31 December 2019	149,045	7,545	141	156,731

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

7a TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (Predominantly freehold) - TRUST

	Housing properties held for letting £:000	Shared ownership properties £:000	Properties in the course of construction £:000	2020 Total £:000
Cost				
At 1 January	168,220	8,307	141	176,668
Additions	0	0	48	48
Component replacements and improvements	1,354	0	0	1,354
Properties acquired	773	0	0	773
Component disposals	(856)	0	0	(856)
Property disposals	0	(192)	0	(192)
Transfer to other fixed assets	(81)	0	0	(81)
Transfer to current assets	(197)	0	0	(197)
At 31 December	169,213	8,115	189	177,517
Depreciation and Impairment				
At 1 January	(27,572)	(762)	0	(28,334)
Charge for year	(3,962)	(113)	0	(4,075)
Component disposals	610	0	0	610
Property disposals	0	22	0	22
Transfer to other fixed assets	20	0	0	20
Transfer to current assets	28	0	0	28
At 31 December	(30,876)	(853)	0	(31,729)
NET BOOK VALUE				
At 31 December 2020	138,337	7,262	189	145,788
At 31 December 2019	140,648	7,545	141	148,334

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

7a EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Improvement work capitalised	90	158	87	133
Components capitalised	1,360	1,244	1,267	1,040
Amounts charged to income and expenditure	5,788	6,364	5,586	5,967
	<u>7,238</u>	<u>7,766</u>	<u>6,940</u>	<u>7,140</u>

TOTAL GRANTS RECEIVED

	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Total cumulative amounts received or receivable at 31 December:				
Capital grant	36,027	36,039	35,073	35,085

FINANCE COSTS

	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Aggregate amount of finance costs included in the cost of housing properties and communal areas in note 7b	2,800	2,800	2,800	2,800
	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

7b TANGIBLE FIXED ASSETS - OTHER

Group & Trust	Agricultural estates £,000	Commercial buildings £,000	Community buildings £,000	Offices £,000	Communal areas £,000	Computer £,000	Fixtures and fittings £,000	2020 Total £,000
Cost								
At 1 January	4,752	8,694	2,866	4,741	2,185	1,006	1,286	25,530
Component replacements	112	0	0	0	0	0	0	112
Additions	0	0	4	2	0	72	115	193
Disposals	0	0	0	0	0	(10)	(77)	(87)
Component disposal	0	0	0	(8)	0	0	0	(8)
Transfers from housing properties	0	81	0	0	0	0	0	81
At 31 December	4,864	8,775	2,870	4,735	2,185	1,068	1,324	25,821
Depreciation and impairment:								
At 1 January	(1,221)	(2,364)	(367)	(674)	0	(927)	(1,125)	(6,678)
Charge for year	(104)	(191)	(30)	(99)	0	(64)	(106)	(594)
Released on disposal	0	0	0	0	0	9	62	71
Component disposal	0	0	0	8	0	0	0	8
Transfers from housing properties	0	(20)	0	0	0	0	0	(20)
At 31 December	(1,325)	(2,575)	(397)	(765)	0	(982)	(1,169)	(7,213)
Carrying amount:								
At 31 December 2020	3,539	6,200	2,473	3,970	2,185	86	155	18,608
At 31 December 2019	3,531	6,330	2,499	4,067	2,185	79	161	18,852

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

8 FIXED ASSET INVESTMENTS

Group - Cost	Interest Service Reserve £.000	Investment in Subsidiary £.000	Total £.000
At 1 January 2020	1,046	0	1,046
Interest credited	7	0	7
	<u>1,053</u>	<u>0</u>	<u>1,053</u>
At 31 December 2020	<u>1,053</u>	<u>0</u>	<u>1,053</u>

Trust - Cost	Interest Service Reserve £.000	Investment in Subsidiary £.000	Total £.000
At 1 January 2020	1,046	8,400	9,446
Interest credited	7	0	7
	<u>1,053</u>	<u>8,400</u>	<u>9,453</u>
At 31 December 2020	<u>1,053</u>	<u>8,400</u>	<u>9,453</u>

9 PROPERTIES FOR SALE

Group & Trust

	2020 £.000	2019 £.000
Shared ownership properties	0	101
Properties expected to be sold in the current year	169	0
	<u>169</u>	<u>101</u>
	<u>169</u>	<u>101</u>

10 STOCK

Group

	2020 £.000	2019 £.000
Materials and consumables	4	1
Work in progress	1,333	1,313
	<u>1,337</u>	<u>1,314</u>
	<u>1,337</u>	<u>1,314</u>

Trust

Materials and consumables	4	1
	<u>4</u>	<u>1</u>
	<u>4</u>	<u>1</u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

11 DEBTORS	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts falling due within one year:				
Gross Rental Arrears				
Housing	1,001	888	946	844
Non-housing	527	444	527	444
Market rented	14	10	14	10
Supported housing	71	58	71	58
Shared ownership	12	5	12	5
Less: Provision for bad and doubtful debts	(633)	(493)	(629)	(492)
	<u>992</u>	<u>912</u>	<u>941</u>	<u>869</u>
Balance due from managed associations	7	0	7	0
Balance due from group undertakings	0	2	2,254	2,150
Prepayments and accrued income	453	111	453	111
Other debtors	479	860	477	860
	<u>1,931</u>	<u>1,885</u>	<u>4,132</u>	<u>3,990</u>
	<u><u>1,931</u></u>	<u><u>1,885</u></u>	<u><u>4,132</u></u>	<u><u>3,990</u></u>
12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loans (note 17)	3,500	3,586	3,500	3,586
Rent and service charges received in advance	634	573	607	547
Recycled capital grant funds (note 14)	117	102	114	99
Deferred capital grants (note 15)	326	326	318	318
Trade creditors	90	388	73	371
Balances due to managed associations	684	763	684	763
Balance due to group undertakings	0	0	2,571	2,015
Other taxation and social security costs	182	161	182	161
VAT	108	121	108	121
Other creditors	426	425	426	425
Accruals and deferred income	3,272	3,325	2,667	2,725
	<u>9,339</u>	<u>9,769</u>	<u>11,250</u>	<u>11,131</u>
	<u><u>9,339</u></u>	<u><u>9,769</u></u>	<u><u>11,250</u></u>	<u><u>11,131</u></u>

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Trust	
	2020 £.000	2019 £.000	2020 £.000	2019 £.000
Bank Loans (note 17)	95,460	88,960	95,460	88,960
Loan arrangement fees	(744)	(817)	(744)	(817)
Deferred Income	409	513	409	513
Recycled Capital Grant Fund (note 14)	55	58	55	58
Deferred capital grant (note 15)	30,593	30,929	29,814	30,142
	<u>125,773</u>	<u>119,643</u>	<u>124,994</u>	<u>118,856</u>

Included in creditors are:

	Group		Trust	
	2020 £.000	2019 £.000	2020 £.000	2019 £.000
Amounts repayable by instalments falling due in less than five years	27,825	17,799	27,825	17,799
Amounts repayable by instalments falling due after more than five years	51,135	54,747	51,135	54,747
Amounts repayable other than by instalments falling due after more than five years	20,000	20,000	20,000	20,000
Less amounts repayable in less than one year	(3,500)	(3,586)	(3,500)	(3,586)
	<u>95,460</u>	<u>88,960</u>	<u>95,460</u>	<u>88,960</u>

14 RECYCLED CAPITAL GRANT FUND

Funds pertaining to its activities within areas covered by:

		Group		Trust	
		HCA 2020 £.000	HCA 2019 £.000	HCA 2020 £.000	HCA 2019 £.000
Opening balance					
Inputs to RCGF:	As at 1 January	160	116	157	113
	Grants recycled	12	44	12	44
	Interest accrued	0	0	0	0
		<u>172</u>	<u>160</u>	<u>169</u>	<u>157</u>
Closing balance					
	Amounts 3 years old or older where repayment may be required:	102	102	99	99

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

15 DEFERRED CAPITAL GRANTS

	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
As at 1 January	31,255	31,618	30,460	30,815
Amortisation in year	(326)	(319)	(318)	(311)
Transfer to recycled capital grant fund	(12)	(44)	(12)	(44)
Write back of amortisation on property disposal	2	0	2	0
As at 31 December	30,919	31,255	30,132	30,460

16 FINANCIAL INSTRUMENTS

Group and Trust

	2020 £'000	2019 £'000
Financial liabilities:		
Measured at fair value through profit or loss		
At 1 January	25,691	23,478
Movement during year	3,745	2,213
At 31 December	29,436	25,691

Interest rate swaps

The Group has taken out a number of interest rate hedging arrangements as part of the Treasury Management Strategy which seeks to achieve a mix of fixed and variable rate loans within the overall portfolio. All of the hedging instruments are stand alone interest rate swaps which have been taken out over the last 15 years and which have fixed rates of interest varying between 4.14% and 5.81%. At 31 December 2020, the total nominal value of interest rate hedging instruments was £51.5m (2019 £51.5m).

The fair value of these hedging instruments has been calculated by BVT's Treasury Management advisors, ATFS, using proprietary pricing information and analytical software used under licence from Bloomberg Finance LP. The fair value is based on the difference between the fixed rate of the swap as against the expected rate of 3m LIBOR at each quarterly payment date through to the maturity of each swap.

16a Financial assets

	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Debt instruments measured at amortised cost:				
Rent debtors	1,662	1,409	1,604	1,361
Other debtors	791	1,017	794	1,020
Cash	13,917	3,773	13,661	3,520
	16,370	6,199	16,059	5,901
Financial liabilities				
Measured at amortised cost:				
Bank loans	98,960	92,546	98,960	92,546
Trade Creditors	90	388	73	371
Balances Due to Managed Associations	684	763	684	763
Balances Due to Group Companies	0	0	2,571	2,015
Other Creditors	2,732	2,751	2,136	2,154
	102,466	96,448	104,424	97,849

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

17 BORROWINGS

	Group		Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Creditors: amounts falling due within one year:				
Bank loans	3,500	3,586	3,500	3,586
	<u>3,500</u>	<u>3,586</u>	<u>3,500</u>	<u>3,586</u>
Creditors: amounts falling after more than one year:				
Bank loans	95,460	88,960	95,460	88,960
	<u>95,460</u>	<u>88,960</u>	<u>95,460</u>	<u>88,960</u>
Total	<u>98,960</u>	<u>92,546</u>	<u>98,960</u>	<u>92,546</u>

Housing loans are secured by specific charges on the Group's housing properties and are repayable at rates of interest between 1.04% and 12.86%. The net book value secured to lenders is £84,093,000.

Of the amounts due in more than five years or more, £20,000,000 (2019: £20,000,000) is wholly repayable by lump sum in more than five years. The remainder is repayable by instalments.

18 PROVISIONS FOR LIABILITIES

Group and Trust	2020 Pension £'000	2019 Pension £'000
As at 1 January	1,252	2,520
Paid in year	(539)	(539)
Unwinding of discount	29	57
Decrease in payment obligation	0	(786)
	<u>742</u>	<u>1,252</u>
As at 31 December	<u>742</u>	<u>1,252</u>

The pensions deficit payments provision was in place to represent the net present value of the commitment to the multi-employer Cadbury Mondelez Pension Fund in respect of past deficits. In 2019 the triennial actuarial valuation of the scheme showed that the historic defect had fallen to a non-material amount. This ends the requirement on BVT to make payments towards reducing this historic defect. However, BVT are required to support the Pension Trustees in their efforts to de-risk the scheme and we have agreed a schedule of payments in relation to this, that will occur in 2020, 2021 and 2022. We have retained a provision of a sufficient amount to cover these agreed payments. BVT has used a discount rate of 2.25% (2019: 2.25%) which approximates market yields for high quality corporate bonds (See note 24).

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

19 RESTRICTED RESERVES GROUP AND TRUST	Supported Housing Fund £1000	Future Maintenance Reserve £1000	BAT Reserve £1000	Eliza Beech Fund £1000	Shropshire Project Reserve £1000	Community Infrastructure Reserve £1000	Eileen Hewer Reserve £1000	LVCA Reserve £1000	Bio Diversity Reserve £1000	Library Fund Reserve £1000	2020 Total £1000	2019 Total £1000
At 1 January	181	2,728	2,684	0	45	132	0	0	0	0	5,770	5,198
Income	0	1,326	496	13	0	146	25	5	10	5	2,026	1,797
Expenditure	0	(642)	(297)	(17)	0	0	(1)	(2)	(2)	0	(961)	(1,225)
Net transfer from Income and Expenditure Reserve	0	684	199	(4)	0	146	24	3	8	5	1,065	572
At 31 December	181	3,412	2,883	(4)	45	278	24	3	8	5	6,835	5,770

BVT uses Restricted Reserves for the purpose intended by the donor of the funds. Where a project costs more than donations in the fund BVT will allow the fund to become negative, so we can see the full expenditure, then write the fund back to zero the following year, through this route BVT covers the additional cost.

Bournville Village Trust Group

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

20	INCOME AND EXPENDITURE RESERVE	Group		Trust	
		2020 £.000	2019 £.000	2020 £.000	2019 £.000
	At 1 January	20,880	20,600	20,848	20,631
	Surplus for the year	(1,747)	852	(1,921)	789
	Transfer to restricted reserves	(1,065)	(572)	(1,065)	(572)
	At 31 December	<u>18,068</u>	<u>20,880</u>	<u>17,862</u>	<u>20,848</u>

21 RECONCILIATION OF SURPLUS / (DEFICIT) TO NET CASH GENERATED FROM OPERATIONS

	Group		Trust	
	2020 £.000	2019 £.000	2020 £.000	2019 £.000
Surplus / (deficit) for the year	(1,747)	852	(1,921)	789
Adjustments for:				
Impairment	0	223	0	223
Depreciation of tangible fixed assets	5,322	3,699	4,915	3,423
Amortisation of capital grant	(326)	(319)	(318)	(311)
Surplus on sale of tangible fixed assets	(622)	(545)	(622)	(545)
Interest receivable	(25)	(44)	(198)	(225)
Interest and financing costs	4,075	4,463	4,080	4,479
Movement in value of financial instruments	3,745	2,213	3,745	2,213
Pension deficit release	0	(786)	0	(786)
Operating cash flows before movements in working capital	<u>10,422</u>	<u>9,756</u>	<u>9,681</u>	<u>9,260</u>
Movement in stocks	78	172	98	(96)
Movement in debtors	(41)	535	(142)	456
Movement in creditors	(774)	386	(775)	516
Cash generated from operations	<u>9,685</u>	<u>10,849</u>	<u>8,862</u>	<u>10,136</u>

CASH AND CASH EQUIVALENTS

	Group		Trust	
	2020 £.000	2019 £.000	2020 £.000	2019 £.000
Cash and cash equivalents represent:				
Cash at bank	13,917	3,773	13,661	3,520
Demand deposits included within creditors falling due in less than one year (note 12)	(684)	(763)	(3,255)	(2,778)
	<u>13,233</u>	<u>3,010</u>	<u>10,406</u>	<u>742</u>

Demand deposits represent amounts owed to managed associations and group companies.

22 ANALYSIS OF CHANGES IN NET DEBT

Group	At 1 Jan	Cash flows	Other non cash changes	At 31 Dec
	2020 £.000			2020 £.000
Cash and cash equivalents:				
Cash at bank	3,773	10,144	0	13,917
Demand deposits included within creditors falling due in less than one year (note 12)	(763)	79	0	(684)

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	3,010	10,223	0	13,233
Borrowings:				
Debt due within one year	(3,586)	3,586	(3,500)	(3,500)
Debt due after one year	(88,960)	(10,000)	3,500	(95,460)
	(92,546)	(6,414)	0	(98,960)
Total	(89,536)	3,809	0	(85,727)
Trust	At 1 Jan 2020	Cash flows	Other non cash changes	At 31 Dec 2020
	£ 000	£ 000	£ 000	£ 000
Cash and cash equivalents:				
Cash at bank	3,520	10,141	0	13,661
Demand deposits included within creditors falling due in less than one year (note 12)	(2,778)	(477)	0	(3,255)
	742	9,664	0	10,406
Borrowings:				
Debt due within one year	(3,586)	3,586	(3,500)	(3,500)
Debt due after one year	(88,960)	(10,000)	3,500	(95,460)
	(92,546)	(6,414)	0	(98,960)
Total	(91,804)	3,250	0	(88,554)
22 CAPITAL COMMITMENTS				
	Group		Trust	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Capital expenditure contracted for but not provided for in the financial statements	570	1,026	570	1,026
Expenditure authorised by Trustees but not contracted	4,311	3,963	4,175	3,842
The above commitments will be funded through existing cash reserves, surpluses generated and drawdowns of loan facilities.				

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

23 OTHER FINANCIAL COMMITMENTS - GROUP AND TRUST

The total future minimum lease payments under non-cancellable operating leases for fixed assets are as follows:

Group and Trust	Other 2020 £ 000	Other 2019 £ 000
Amounts due:		
Within one year	43	183
Between one and five years	163	176
More than five years	0	33
	<u>206</u>	<u>392</u>

24 RETIREMENT BENEFITS

Up until 31 March 2010, all staff within the Group were eligible to join the Cadbury Pension Fund. Until July 2001, staff were eligible to join the final salary scheme which was a multi employer scheme, but was then closed to new entrants. From July 2001, new staff were eligible to join the CHOICES pension scheme which is also a multi employer scheme based on career average earnings. From 1 April 2010, new staff are eligible to join the BVT Pensionsaver scheme, which is a defined contribution scheme set up through Legal & General.

In April 2016, the Cadbury Pension Fund merged with the Mondelez UK Retirement Benefit Plan to form the Cadbury Mondelez Pension Fund. The latest formal valuation of the fund was undertaken at 5 April 2019 by a professional qualified actuary, Willis Towers Watson. It was identified that the scheme had a past service deficit of £5m at this date, but given the continuation of agreed deficit reduction contributions it is expected that this deficit would have been removed in June 2019. All scheme members have agreed to follow the Principal Employer in making continued additional payments into the scheme to all the Trustees to further de-risk the scheme for the protection of all Employers and Members. BVT made additional contributions of £121,000 in 2020 and will make further contributions of £330,000 in 2021 and £330,000 in 2022.

In the event of a default by other members of the fund, BVT could potentially be liable for a share of their liabilities.

For those employees who remain in the final salary scheme, the Group paid contributions at the rate of 47.8% above the NI lower earnings limit (LEL) to 31st March 2020, from April 2020 this rate rose to 56.3% and remained at this rate throughout 2020. Employee contributions remained at 5% throughout both 2019 and 2020.

For those employees in the Cadbury Earnings Plan, the Group paid contributions at the rate of 45.2% above the NI lower earnings limit to 31st March 2020, from April 2020 this rate rose to 53.6% and remained at this rate throughout 2020. Employee contributions remained at 9% throughout both 2019 and 2020.

There are three different sections of the CHOICES scheme. The Group paid contributions up to a maximum of 48.1% of pensionable pay throughout the year. Employee contributions ranged from 2% to 8% throughout the year.

For the BVT Pensionsaver scheme, the Group paid contributions at the rate of 8% of pensionable pay for the year, with members contributing as much as they liked subject to a minimum contribution of 4% of pensionable pay.

The best estimate of contributions to be paid to the schemes for 2021 is £1,165,000 plus the £330,000 deficit contributions detailed above.

It is not possible to identify the share of underlying assets and liabilities of the Cadbury Mondelez Pension Fund belonging to individual participating employers.

Due to the nature of the schemes, the Income and Expenditure account charge for the year under FRS102 represents the employer contribution payable.

From January 2014, BVT began to auto-enrol its staff into a new section of the BVT Pensionsaver scheme. Contributions to this new scheme are 5% employee contributions and 3% employer contribution.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

24 RETIREMENT BENEFITS (continued)

FINANCIAL ASSUMPTIONS

The financial assumptions underlying the valuation of the Cadbury Mondelez Pension Fund were as follows:-

		2020	2019
		% p.a.	% p.a.
Discount Rate	Pre retirement	4.0	4.0
	Post retirement	3.05	3.05
Rate of salary increases		3.95	3.95
CPI Inflation		2.2	2.2
RPI inflation		3.2	3.2

25 CONTINGENT LIABILITIES

There are no contingent liabilities known at the balance sheet date.

26 RELATED PARTY TRANSACTIONS

BVT owns 100% of the issued share capital amounting to £100, of Bournville Village Developments Limited (BVD), a company incorporated in England and Wales. BVD is engaged in the co-ordination and construction of an urban village at Lightmoor in Telford. BVT helps to fund some of the working capital requirements of BVD and has agreed a loan facility for this purpose. As at 31/12/20, the outstanding balance on the loan stood at £2.25m (2019 £2.15m).

During the year, the following transactions occurred with Bournville Village Developments:

	2020	2019
	£	£
Salary costs recharged to BVD	47,454	60,182
Interest costs charged to BVD	173,343	180,515
Pre & post planning costs recharged to BVT	(208,000)	(390,000)

Each BVT Trustee owns 1 share out of the total 324 shares in issue of Bournville Works Housing Society Ltd (BWHS), a charitable Registered Provider of social housing, registered under the Cooperative and Community Benefit Societies Act 2014. BWHS became a subsidiary of BVT in 2011 and in 2016 put in place a coterminous board arrangement whereby the Trustees of BVT took over from the BWHS Management Committee.

Exemption has been taken under FRS102 from the requirement to disclose transactions with Registered Provider subsidiaries.

BVT gives regular annual grants to Avoncroft Museum, a Registered Charity, from surpluses made on rental income from commercial properties granted to BVT by the Croft Trust, which previously owned Avoncroft Museum. This support has continued in 2020 and is £12,500 per annum. Also in 2020 following a request for urgent financial support and support at the Board level made by Avoncroft Museum to BVT, Pete Richmond (Chief Executive) and David Robinson (Finance Director) joined the Trustee Board of Avoncroft in unpaid positions. The BVT Trustees also approved a one off additional grant of £25,000 to Avoncroft Museum