

Company Number: 3752751



Calico Homes Limited

Report and Financial Statements

Year ended 31 March 2023

Contents

Board Members, Executive Officers, Advisors and Bankers	1
Report of the Board	2
Strategic Report of the Board	7
Independent Auditor's Report to the Members of Calico Homes Limited	24
Statement of Comprehensive Income	26
Statement of Changes in Reserves	26
Statement of Financial Position	27
Statement of Cash Flows	28
Notes to the Financial Statements.....	29

Board Members, Executive Officers, Advisors and Bankers

Board

Chair	William Lacey
Vice Chair	Adam Greenhalgh
Other Members	Victoria Cooper Claire Bradley Gerard Gallagher (appointed 6 February 2023) Tim Patel (appointed 6 February 2023) Sarah Roberts Paula Robinson Vincent Roche

Executive Officers

Group Chief Executive	Anthony Duerden
Deputy Chief Executive	Helen Thompson
Executive Director of Group Finance	Stephen Aggett
Company Secretary	Stephen Aggett (resigned 30 th June 2023) Anthony Duerden (appointed 30 th June 2023)
Executive Director of Organisational Development	Vicki Howard

Registered Office Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED

Company Registered number 3752751

Charity Registered number 1151945

Regulator of Social Housing L4254

External Auditor Crowe U.K. LLP
3rd floor, The Lexicon, Mount Street
Manchester, M2 5NT

Internal Auditor BDO LLP
3 Hardman Street
Spinningfields
Manchester, M3 3AT

Solicitors Forbes Solicitors
Rutherford House
4 Wellington Street
St. Johns, Blackburn, BB1 8DD

Bankers National Westminster Bank
6th Floor, 1 Spinningfields Square
Manchester, M3 3AP

Lenders National Westminster Bank
Floor 3, Kirkstane House
139 St Vincent Street
Glasgow, G2 5JF

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton, NN3 6NW

MorHomes PLC
Future Business Centre
Kings Hedges Road, Cambridge,
CB4 2HY

Report of the Board

The Board is pleased to present its report and the financial statements for the year ended 31 March 2023.

Principal activities

Calico Homes Limited is a Registered Charity. New Charitable Articles were adopted from 1 April 2013 with Charity Commission registration being granted on 8 May 2013. Calico Homes is governed by its memorandum and articles of association and is registered with the Regulator of Social Housing ("RSH") as a registered provider.

Calico Homes is the largest provider of affordable housing in the Burnley area and plays a significant role in the on-going development and enhancement of housing opportunities for people in need.

Whitworth Care Trust was incorporated into Calico Homes in January 2017, the Care Quality Commission registration is with Calico Homes and the care home service is provided at Barley View, Whitworth.

Calico Homes Limited is a subsidiary of The Calico Group Limited ("Calico").

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. Calico Homes undertakes and manages its activities in line with the Vision and strategic objectives. The Board receive regular updates on performance against delivery of the strategic objectives as outlined within the Strategic Report on page 7.

Review of the year

Details of Calico Homes annual performance and future plans are set out within the Strategic Report that follows the Report of the Board.

The Board

The Board comprises nine (2022: seven) Non-Executive Directors who are responsible for setting the vision and strategic objectives of the business and overseeing their delivery. The Non-Executive Directors are Trustees for charity purposes. The Non-Executive Directors who served during the year and up to the date of the signing of these financial statements are listed on page 1. During this period, there have been two new appointments to the Board and no retirements. The Board met seven times throughout the year and all meetings were quorate.

The Board delegates the day-to-day management and implementation of the strategic objectives to the Group Chief Executive, Executive Directors and Homes Managing Director. The Executive Team meet weekly and attend Board meetings.

Non-Executive Directors are recruited on a skills-based approach to ensure that they have the appropriate range of skills, experience and attributes required to provide strategic direction and monitor Calico Homes' performance. The Board conduct an annual review of the overall effectiveness of the Board and of the skills required by the Board, which informs future recruitment. The Board and its committees obtain external specialist advice from time to time as necessary.

In 2020, Calico Group launched a New Generation Board Diversity Programme in partnership with the Housing Diversity Network with the intention of broadening diversity within the Board, in particular increasing participation from younger people and people from minority ethnic backgrounds. The New Generation programme supports participants for two years with the aim that at the end of the programme participants will be ready to become Board members.

During the year, Calico Homes conducted an open, skills-based recruitment process, which resulted in two new appointments to the Board, including one person from the New Generation programme.

Board Members normally serve for up to six years, with a maximum term of nine years. One Board Member, Adam Greenhalgh, has served for eight years, and is due to retire at the 2023 Annual General Meeting.

Alongside the annual review of the overall Board effectiveness, each individual Board Member also has an annual development review to evaluate their contribution to the Board and identify training needs. These reviews inform a Board development programme that focuses on Board performance and ensuring the Board's future effectiveness, together with tailored events on specific business-related topics where a training need has been identified.

New Board Members receive induction training on their legal obligations under charity and company law; the governance framework of the company; the vision and strategic objectives of the Board; and the homes and housing services provided.

Calico Homes has insurance policies that indemnify its Board members and Executive Officers against liability when acting for Calico Homes.

Report of the Board (continued)

The Board (continued)

To operate effectively, and to ensure appropriate governance in business-critical areas, the Board has delegated some responsibilities to two Group Committees:

- **Audit & Assurance Committee**

The Group Audit & Assurance Committee is responsible for reviewing the Calico Group's risk management framework and reports to the Calico Homes Board on the effectiveness of the Company's internal control arrangements. The Committee approves the scope of work of both internal and external auditors, including their appointments. It also considers the financial statements and recommends their approval to the Board. The Committee met four times during the year.

- **Nominations and Remuneration Committee**

The Group Nominations & Remuneration Committee advises the Board on Non-Executive Director recruitment and remuneration, and the appointment and remuneration of the Group Chief Executive and Executive Directors, taking independent advice as necessary. The Committee also sets the objectives for the Group Chief Executive and reviews performance against those objectives. The Committee met four times during the year.

Community Engagement

Calico Homes approach to involving customers is in line with the regulatory standards. The organisation involves customers through a variety of formal and informal approaches utilising customer feedback to influence service improvements and key decisions. There are range of different opportunities which ensure customers are involved at all levels. These include:

- Customer Board membership.
- Service level and informal involvement within neighbourhoods.
- Neighbourhood representatives who complete customer scrutiny activities and are involved in the development of policies and strategies; and
- Active tenant and resident associations and community groups.

Calico Homes value the insight gathered from its customers and have developed a "What Our Customers are Saying" (WOCAS) report that is used to inform decision-making and service improvement. The Board oversees the approach to involvement ensuring effective co-regulation.

Calico Homes has a clear and simple complaints policy available to all customers focused on the principle of doing the right thing to resolve complaints.

Pensions

Executive Directors are eligible to join the defined contribution Social Housing Pension Scheme. The Executive Officers participate in the scheme on the same terms as all other eligible staff. Full details of the scheme are given in note 10 to the financial statements.

Employees

The strength of Calico Homes lies in the quality and commitment of its employees. The contribution of its employees is essential in the ability of Calico Homes to deliver its strategic objectives and commitments to customers.

Calico Homes continues to provide information on its objectives, progress, and activities through briefings from senior staff, regular departmental meetings, an annual conference, "One Calico" events, a performance and personal growth framework and a regularly updated intranet site. There is an Employee Voice Group who represent colleagues from across the Company and meet regularly with senior leaders to consider how the Company delivers services and runs its business.

Calico Homes is committed to inclusivity for all its employees and customers. Calico has established "This is Me" groups to support colleagues and communities. The aim of these groups is to influence Calico's culture to ensure inclusivity and diversity in all realms. The vision of the This is Me Groups is "Through our own diversity and lived experiences we will celebrate and champion (LGBTQ+/BAME/Youth) across the Calico Group and our communities and challenge any discrimination". Calico is a Disability Confident Employer, is a member of the HouseProud Network and a member of the Housing Diversity Network. In 2022/23 Calico has created an Inclusion Forum which brings together all the This is Me Group and Employee Champions. The Calico Group has been acknowledged by Inclusive Companies as the 2nd most Inclusive Employer in the UK and was award "Best for Diversity and Inclusion" at the Greater Manchester Good Employment Charter Awards. This recognition is based on amalgamation of topics including recruitment procedures, training, workforce data and a host of diversity related initiatives.

Report of the Board (continued)

Employees (continued)

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes 2022 Gender Pay gap report confirms Calico has a mean gender pay gap of 14.48% Whilst this has increased for Calico Homes, Calico remains committed to reducing this gap and from April 23 has uplifted salaries to the Real Living Wage levels.

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes diversity of our employees is 48% (2022: 49%) male, 52% (2022: 51%) female, 6.3% (2022: 6.4%) who self-identify as disabled, 11.1% (2022: 8.6%) from an Ethnic Minority background and 1.4% (2022: 0.7%) who identify as LGBTQ+. The latter two measures are largely reflective of the communities we serve.

Health and Safety

The Board is aware of its Health and Safety responsibilities and has a policy statement in place, supported by a robust framework of policies and procedures. The Health and Safety Performance Team, chaired by the Chief Executive, meets on a regular basis and receives regular reports on health and safety issues arising from across the organisation.

Internal controls assurance

The Board has overall responsibility for risk management and is responsible for ensuring the organisation has an effective system of internal control.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss, in line with the Board's view that risks should be controlled and not avoided.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls that are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which Calico Homes is exposed.

The process for identifying, evaluating and managing the significant risks faced by Calico Homes is ongoing and has been in place throughout the period commencing 1 April 2022 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a regular basis during the year and considers at each meeting whether the risk map needs amending as a result of the meeting.

Assurance on the effectiveness of key risk controls is reviewed annually by both by Audit and Assurance Committee and the Board.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

- **Identifying and evaluating key risks**

The Calico Group's risk management framework, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation, and control of significant risks. The Executive Officers regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- **Information and reporting systems**

Financial reporting procedures include the Board review and approval of annual 30-year business plan which is supported by various sensitivities and robust stress testing of the plan. The Board also approve the annual budget and are supported by regular reporting, forecasts and cashflows which are reviewed and monitored by the Board throughout the year. There is an annual review of the treasury strategy and treasury management which is supported by external consultants. Reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes are regularly produced and reviewed these include the financial loan covenants. The outcomes of these reviews are formally reported and discussed by the Board quarterly.

- **Monitoring arrangements**

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. The Calico Group and Calico Homes have a number of policies and frameworks in place to support the systems of internal control. These include anti-fraud and bribery, whistleblowing, delegated authority, treasury management, health and safety, data protection and the code of conduct.

Report of the Board (continued)

External Assurance

- **Internal Audit**

Internal Audit for 2022/23 is provided by Beevers and Struthers who are responsible for the independent and objective review of the effectiveness of the internal control system within the Calico Group and this provides independent assurance to the Board, via the Group Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Group Audit and Assurance Committee, for ensuring that corrective action is taken in relation to any significant control issues. In 2022/23 the Board received an annual report which confirmed reasonable assurance in respect of the design and operational of internal controls within their scope of work.

- **External Audit**

External Audit is provided by Crowe UK LLP who provide an external audit management letter, which is required to report any material weaknesses in internal controls identified in the course of their audit work, has been received. There were no such weaknesses identified on the effectiveness of existing internal controls that directly relate to the financial statements.

National Housing Federation (NHF) Code of Governance

The Board has adopted the NHF Code of Governance 2020. The Board confirms compliance with the Code for the year-ended 31 March 2023.

To ensure continued compliance with both the Regulatory Standards and the NHF Code of Governance, the Board will continue to enhance its approach to hearing and acting upon what customers are saying, to risk management, to value for money and to broadening its diversity and inclusivity.

The Group Board monitors compliance with the adopted Codes of Governance for each subsidiary Board.

Regulator of Social Housing (RSH) Regulatory Standards Compliance

In late 2020, the RSH carried out an in-depth assessment (IDA). The IDA uses a risk-based approach to assess providers' financial strength, risk profile, approach to value for money and their quality of governance.

In November 2022 the RSH completed their annual Stability Check. This reaffirmed the G1 status but, in common with a significant number of other housing providers, regraded financial viability to V2. This reflects the fact that Calico Homes is investing significantly in its existing homes, including an accelerated programme to improve energy efficiency. This investment reduces interest cover, and coupled with the economic uncertainty in relation to inflation and interest rates means that Calico's ability to respond to adverse events is reduced. A V2 grading means that Calico Homes continues to meet the RSH viability requirements and has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

The Board completed their annual self-assessment against the requirements of the RSH Governance and Financial Viability Standard and confirm compliance with the Regulatory Standards.

Fundraising Practices

The charity had no fundraising activities requiring disclosure under s162A of the Charities Act 2011.

Reserves Policy

The Trustees review the level of reserves annually. Since 2021/22 there have been positive reserves, this is ahead of the original target position and the Trustees consider that sufficient resources are held in an appropriate form.

After transfer of the surplus for the year of £1.598m (2022: £2.080m) and actuarial loss of £0.154m (2022: £0.640m), the Company Reserves at the year-end amounted to £4.026m (2022: £2.582m).

Statement of directors' responsibilities for the annual report and financial statements

Company law and registered provider regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the surplus or deficit of the Company for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- ensure United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers" (updated 2019) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis.

Report of the Board (continued)

Statement of directors' responsibilities for the annual report and financial statements (continued)

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, paragraph 17 of schedule 1 of the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Social Landlords. It is also responsible for taking reasonable steps to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure of information to auditors

The Board, 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 auditors are unaware. Each of the Board members have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Going concern

In 2022/23 Calico Homes surplus was £1.4m (2022: £2.7m) and net assets of £4.0m (2022: £2.6m, which includes £0.491m (2022: £0.455m) provision for the SHPS defined benefit scheme liability.

Calico Homes has a long-term business plan which has been subject to sensitivities and stress tested multiple scenarios which confirm the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities. This is supported by strong income collection and reducing void loss performance.

Calico Homes has in place an undrawn revolving credit facility of £25.7m and in 2022/23 agreed a range of current and forward fixed rate loans with 87% of borrowings fixed, this mitigates the risk of increased interest costs in the medium term.

As part of the committed on-site development schemes, there are confirmed future Homes England development grants. This confirmed that Calico Homes has sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 18 September 2023 and signed on its behalf by:

Anthony Duerden

Company Secretary

Date: 18 September 2023

For the year ended 31 March 2023

Strategic Report of the Board

Calico Homes is part of The Calico Group, providing a unique approach for Calico Homes. The Group's innovative charities and businesses provide a diverse range of services, with each Group company having its own specialism, expertise, and a track record across a range of disciplines including housing, healthcare, support, employability, and construction. Working alongside the rest of The Calico Group, Calico Homes supports and enables customers to live their best lives ensuring they live safely, independently and with purpose –through good quality homes, and with additional provision such as employment opportunities, building confidence, developing skills, and working within local communities. Calico Homes purpose is to make a real difference to people's lives with our vision and values ensuring we keep our customers and colleagues at the core of everything we do.

In May 2022 the Calico Homes Board reviewed and refreshed the vision and strategic objectives and revised them.

Our Vision

"We want to build strong, collaborative and caring relationships between customers, colleagues and our diverse communities; through these we will invest in local homes and services, improve our environment and create brighter futures for everyone".

Our Values

Our values remain unchanged and reflect the priorities we see our organisation needs to concentrate on to ensure that the vision can be delivered.

Our values are:

- Going one step further with our customers
- Our wellbeing as individuals and teams
- Improving and strengthening ourselves and our organisation
- To achieve our purpose of making a real difference to people's lives.

Strategic Objectives

The vision and values provide the strategic direction for Calico Homes. These are underpinned by the revised strategic objectives which are:

- To create successful neighbourhoods where people choose to live.
- To provide an excellent customer experience and a unique customer offer, working with the rest of the group.
- To provide high quality, safe and affordable homes through investing in new development and improving existing properties.
- To be a strong and well governed business that provides value for money and is continually improving.
- To have happy, positive, and connected teams who believe in our purpose and values.

Performance against Strategic Objectives in 2022/23

In 2022/23 Calico Homes has had a successful year given the external pressures and challenges arising as a result of the emergence from the COVID 19 pandemic and the high levels of inflation and interest rates, driving the current cost of living crisis which has had both business impacts but also significant impacts on Calico Homes customers.

Despite these challenges, Calico Homes remains financially stable and has continued to deliver services for customers and also diversify our service offer in line with customer priorities. This approach has supported strong income collection and void performance in year.

Customer feedback is integral to Calico Homes and following feedback in 2022/23 a new Community Safety team was introduced and the team have been actively engaging with customers to share their service delivery.

Calico Homes is committed to supporting customers to sustain their tenancies and although performance has remained in line with previous years, this is a positive achievement given the external challenging environment. In year Calico Homes has introduced a new rent personalisation fund targeted at supporting customers who may not be eligible for other funding/grants. The fund has been used to support customers with a range of targeted interventions, including furniture and energy costs, to improve customers lives.

Strategic Report of the Board (continued)

Performance against Strategic Objectives in 22/23 (continued)

Calico Homes has continued as a key partner in the Burnley Together partnership, this is a strategic partnership of local charities and businesses, collaborating to deliver more in Burnley for communities and our customers, with a clear focus on addressing health and wellbeing and poverty.

Burnley Together has had over 12,200 interactions with customers in 2022/23 and provided 5,708 food parcels in year.

Calico Homes provide community space for the Community Grocer offer at the Valley Street community centre, the service which responds to the food poverty challenges experienced by customers and wider communities. In 2022/23 we supported the opening of a new location, Downtown Burnley which provides a range of services including a Community Grocer, in addition to support and guidance services. Calico Homes will also be managing a new community asset – Burnley Wood and this has the potential to offer a further grocer provision in the future. Currently there are over 2,500 members receiving on average 70 grocery shops per day.

Calico Homes has continued in delivery of its ambitious development programme and in 2022/23 successfully delivered 119 new homes, retaining a key focus on providing supported housing. In quarter 3 2022/23 Calico Homes delivered a new foyer in Birchwood to support young people who have become homeless. The developments also include delivered 32 homes as part of our successful Empty Homes Programme and this completed Phase 6 of the 30 homes delivered each year regenerating neighbourhoods cross Burnley.

Work began on site on the largest scheme to date, Dovestone Gardens a 93-unit extra care provision in Burnley due to complete in 2024/25. The ambitious development is a first for Burnley, aiming to provide specialist housing with care in a neighbourhood setting where health, support services and community activities can come together to improve people's quality of life and reduce social isolation. There are not any dedicated schemes of this kind in Burnley and the provision of this service is much needed within the town. As part of the Calico Group a new subsidiary Syncora Care has been established to support the delivery of the care service provision across the Group and this will include Dovestone Gardens.

Work is also underway on 61-unit scheme, Kinross which is a timber framed development. Calico Homes development schemes are delivered by a Group company, Ring Stones who also support the generation of local jobs and apprenticeships within Burnley. Social value is integral to Calico Homes and Ring Stones supporting 11 apprenticeship placements in year as well as supporting wider placement opportunities within Ring Stones supply chain. In addition, Ring Stones have also created a business apprenticeship role that has supported the new build schemes on site.

Calico Homes have also faced challenges with delivery of its repair services with satisfaction remaining in line with the previous year's performance and post pandemic there remain challenges with availability of labour, increased pressure on wages and increased demand for services. Despite these challenges essential repairs and delivery of the investment programme continued with delivery of 210 new boilers, 970 replacement windows, 171 new doors and 50 replacement roofs. In 2022/23 Calico Homes completed £4.8m of major investment work in existing homes, the majority delivered by the Group company Ring Stones.

In 2022/23 Calico Homes invested in ensuring its stock condition survey data was reliable and accurate and increased resources to deliver over 1500 stock condition surveys in the year alongside a number of retrofit environmental surveys to enable future planning for EPC C and net carbon works.

Following the tragedy in Rochdale there has been an increased focus on damp, mould and condensation and Calico Homes has introduced additional measures and oversight to provide assurance at both an operational and Board level. The Board receive regular performance dashboard capturing activities and key outcomes including customer communication and activities. In 2022/23 Calico Homes has completed structural damp works to 101 properties and has a programme in place to complete any further required works.

In 2022/23 Calico Homes commissioned an external EPC analysis that identified the costs and measures of achieving EPC C across existing homes. This data is being used to inform the future decarbonisation investment requirements with the initial target and focus on void properties working collaboratively with Ring Stones the group construction and investment company who are working to achieve PAS2030 accreditation to enable the retrofit of the existing stock internally.

Strategic Report of the Board (continued)

Performance against Strategic Objectives in 22/23 (continued)

In line with the strategic objective to have happy, positive, and connected teams who believe in our purpose and values, Calico Homes recognises the importance of its colleagues and has continued to support colleagues with a range of learning and development opportunities including a focus on leadership and management with the Leaders Journey and also a Leading Edge programme forming part of the overall learning offer. Calico Homes have also continued to provide dedicated wellbeing support through a number of initiatives including a summer boost programme, delivery of external sessions focused on the cost of living and money management alongside retirement planning. The One Calico Group winter event provided an opportunity for all Calico Group teams to come together, connect and celebrate their achievements with over 700 Group colleagues attending in December 2022.

Future Plans for 2023/24

To respond to the risks and challenges faced by Calico Homes, the Calico Board held an away day in January 2023 to review the strategic vision and objectives once again, ensuring they reflect the current working environment. Calico Homes are also awaiting the passing of the Social Housing Regulation Bill which is currently in its final stages with the House of Lords. This will potentially require further action to ensure future compliance.

Future Vision

“Going one step further with customers and local communities to provide affordable, safe and quality homes and personalised services; supporting customers to live their best lives in challenging times”.

Future Strategic Objectives

- Property – to provide safe and well-maintained homes through investment in existing and new properties.
- Tenancy Sustainment – to support customers to sustain tenancies
- Improving Services – to provide good quality and personalised repairs, customer and neighbourhood services
- Customer Relationship – to develop trusting relationships and to empower customers and communities to take the lead on the things that matter most
- Business – to strengthen the business so it is strong, well governed, environmentally friendly and provides value for money for customers
- People – to create a place where people want to work now and in the future

All activities across Calico Homes must fit within at least one of the strategic objectives to ensure that the focus is on core business activity and that they are making a real difference to people's lives.

A new Managing Director was appointed commencing her role in February 2023. In addition to this leadership role a new position of Group Director of Customer Transformation was created to take the lead on the significant transformation activity required across the group and this role commenced in March 2023.

A road map of improvement activity is being developed with colleagues from across the Group with some of the key priorities for 2023/24 outlined below:

- Review the Customer Services offer including the contact centre, reception and approach to complaint handling and management to improve the overall customer experience of Calico customers.
- The development of a Customer Voice framework to ensure the effective capture and use of all customer feedback and the inclusion of the Customer Voice in all service design and decision making. Aligned with the Regulator of Social Housing's expectation that providers will understand and respond to the diverse needs of all customers by giving them a wide range of opportunities to influence and be involved.
- The strengthening of the approach to delivering value for money with a clear mechanism for identifying and capturing efficiency savings.
- Renewing their Domestic Abuse Housing Alliance (DAHA) accreditation. This is a scheme open to housing associations, Local Authority housing teams, and homelessness providers across the UK to help them improve their response to domestic abuse.
- Investing in Data Governance and ensuring Calico Homes has robust and accurate data to enable sound decision-making. This will be supported by the implementation of technological improvements to business intelligence reporting enabling managers access to real time data.
- Lettings review to enable the approach to Calico Homes allocations; this will sit alongside our current partnership with B-With-Us.
- Commence the collection and monitoring of the new set of Regulators tenant satisfaction measures (TSMs). These indicators form part of our KPI suite and will be reported to both Homes Leadership Team and Board.
- Reviewing the approach to the management of and setting of service charges to ensure customers are paying the correct amount towards the delivery of their services, ensuring transparency on the charges, and service offer, ensuring recovery of costs to maximise income potential.

Strategic Report of the Board (continued)

Future Plans for 2023/24 (continued)

- To support delivery of strong and well-governed business, Calico Homes will review the performance management framework to ensure emerging regulated performance metrics are included. Tenant satisfaction measures have already been included in the annual customer satisfaction survey to ensure we meet the regulatory requirements.
- Implement Customer Relationship Management (CRM) mobile working solution which will support agile and more efficient and effective working practices whilst also supporting delivery of VfM.
- £5.6m of decarbonisation works will be completed over the next 7 years to improve the thermal efficiency of our homes and ensure all properties are at least EPC C.

Risks and Challenges

As with the rest of the sector Calico Homes continues to operate in a volatile, uncertain, complex and sometimes ambiguous environment, which presents a number of risk and challenges. Calico Homes Board has overarching responsibility for ensuring risks are managed in the organisation and must seek assurance that this is happening effectively. As part of the Calico Group approach to risk management, Calico Homes has a risk map in place including mitigations which is reviewed by Board quarterly. The risk map has recently been updated with consideration of the sector risk profile (published October 2022) and the stress-testing and business-planning process was completed in March 2023.

In addition, the Board participated in an away day in January 2023 where they considered the unique circumstances of operating in Burnley and surrounding areas. Burnley is the 11th most deprived area in the country with 27% of the population living in workless households in comparison to a UK average of 16%. Drug and alcohol related hospital admissions and deaths are way above the national average and life expectancy of Burnley residents is significantly lower than the general population. These factors coupled with low value, poor quality housing and low employment skills add significantly to the challenges of operating successfully in Burnley.

Recruitment and retention continue to be an area of key focus for the Group with the current employment market position presenting an additional challenge. Calico Homes has introduced bespoke recruitment campaigns with the aim of supporting recruitment into service areas which have experienced increased recruitment challenges e.g., Repairs and the Contact Centre. Calico Homes continues to partner with colleague engagement specialists, HIVE to measure staff engagement and wellbeing on a regular basis. Information is used to develop a bespoke People Plan for Homes to address areas of dissatisfaction and to improve the morale and well-being of colleagues.

Colleague retention and reduced availability of skills and labour may undermine delivery of essential activities as the pressure to recruit and retain a talented workforce continues to increase. Within the public sector, the benefits package and security of job roles has become critical as it struggles to compete with salary levels in the private sector. An increased reliance on robust IT solutions, systems and data management is also a challenge, as colleagues strive to deliver the improved digital services customers are demanding. In addition to this the expected professionalisation of managers within the sector could further impact on colleague retention and the attraction of new people into the business.

Health & Safety compliance and the condition of our homes remain key areas of focus for Calico Homes, given the increasing business and customer risk associated with both topics. The Regulator of Social Housing is continuing its focus on customer and building safety with the introduction of a new Decent Homes criteria expected in 2023 and the requirement to achieve EPC C standard across all housing stock by 2030. This means Calico Homes will need to make informed financial decisions around investment in an unstable financial environment, in which increased inflation is having a significant impact on material costs. Potential changes to Government policy and funding relating to Registered Providers could affect our ability to grow and meet strategic aims. This may also increase costs of income collection and reduce level of income received, consequently impacting on the future viability of Calico Homes. Furthermore, there may be issues around cash-flow due to a potential spike in arrears following the mass migration of our customers to Universal Credit which has been confirmed for September 2023.

As a result of the spotlight on damp, mould and condensation across the sector Calico Homes has seen a large increase in the number of repairs being reported through to the responsive service. The additional number of inspections carried out to meet this increase in demand, coupled with the focus on carrying out more stock condition surveys has led to an increase of approx. 30.5% in the volume of responsive repairs. This has impacted negatively on performance, however Calico Homes continue to focus on allocating repairs and batching work programmes aiming to respond in line with timescales in 2023/24.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money

Calico Homes has assessed performance of delivery of the strategic objectives, aligning to delivery of VfM.

Objective one: to create successful neighbourhoods where people choose to live

STRATEGIC OBJECTIVE 1	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2023/24
% of Customers satisfied with ASB service	43.48%	50%	69.64%	✓	63%
% of tenancies sustaining for at least 12 months	90.53%	91%	90.72%	✓	91%
Average General Needs re-let times	-	28 days	23 days	✓	26 days
Number of General Needs and Housing for Older People tenancies terminated	359	400	377	✓	380

Following an external independent review of Calico Homes Anti-Social Behaviour offer, and in response customers feedback aligning with the Social Housing White Paper and Regulation Bill expectations, Calico Homes established our Community Safety Team in 2022 and the team have been actively engaging with customers to shape the service offer and delivery. This is demonstrated with the improved customer satisfaction performance, which also reduces the associated risk for our customers and communities. Delegates from Calico Homes were invited to meet with civil servants who represent 10 Downing Street to contribute to the development of the incumbent Governments new Anti-Social Behaviour action plan.

Tenancy sustainment has stayed in line with previous years, although tenancy terminations have reduced. The performance is positive given the challenging economic climate and we have focused our resources across the teams and Group to support customers. In 2022/23 a new rent personalisation fund of £75k was introduced providing a flexible fund to support customers who may not be eligible for other funding/grants. The fund has been used to support customers with a range of targeted interventions, including furniture and energy costs, targeted at improving customers lives and ensuring they can manage their tenancy.

The Community Investment team has been reviewed and has been rebranded as the Successful Communities team. The focus of the team is to review and shape our community investment offer in line with the development of the new Neighbourhoods and Community Strategy.

The Community Investment Team are based across 3 of our community venues; The Burnley Together Team are in our new Down Town Community Hub and our Successful Communities Manager, Community Investment Co-Ordinator & Customer Voice Officer are based at Valley St Community Centre and from June 2023, at Burnley Wood Community Centre.

Over the past 12 months, Calico Homes has supported Burnley Together – key outcomes are:

- 5,487 food parcels and 221 emergency food parcels
- Housing support to 204 individuals
- Financial support and advice to 157 individuals
- Skills and employment support to 545 individuals
- 859 fuel vouchers
- 1,135 school uniforms, 88 sports kit and 167 items of clothing/coats to local families

Calico Homes recognises partnerships are key to delivering services across Burnley to benefit customers and the wider community.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money (continued)

In 2022/23 Calico have supported a range of activities from their communities centres with on average over 500 individuals attending sessions each week. These include:

- Five Ways Boxing club daily sessions, including women only, individuals with disabilities, young people from the local PRU (“pupil referral unit”). All sessions are low cost, enabling members of the local community to join in. Regular grants and funding are applied for to ensure that this is sustainable
- Brighter Lives are also based within the centre. They offer support to individuals around domestic abuse and also support around mental health for young people. They deliver sessions in schools, alongside 1:1 sessions and group sessions at Valley St
- Homestart deliver a weekly playgroup for pre-school children
- A weekly “Warm Spaces” coffee morning, providing a warm welcoming space for individuals, reducing isolation and ensuring everyone has the opportunity to have at least one warm meal a day
- ICAN deliver drop-in sessions for individuals who require support with completing benefit forms
- SafeNet deliver Power to Change – Domestic Abuse support and also weekly drop-in sessions

Calico Homes continues to support a successful apprentice programme with a focus on provision of places for residents of Burnley and Padiham.

Objective two: To provide an excellent customer experience and a unique customer offer, working with the rest of the group.

STRATEGIC OBJECTIVE 2	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2023/24
% of complaints resolved within 10 days	83.46%	90%	77.39%	✘	90%
% of customers satisfied with complaint handling 2023/24 – New TSM	49.18%	65%	75.68%	✔	63%
Customer Satisfaction (with overall service provided)	84%	83%	79%	✘	84%
% Customers satisfied with the repairs service 2023/24 - New TSM	77.75%	83%	78.23%	✘	73%

Although the annual target for the % of complaints resolved in 10 days was not achieved in year, we have seen significant improvement in performance following quarter 1, with 9 of the 12 months achieving target. To support this, Calico Homes has worked with its Customer Review Group (CRG) which was established in 2022 comprising of customers interested in co-designing improved services. The CRG completed phase one of their review into how the handling and resolution of customer complaints providing a report to the Calico Homes management team with their recommendations for implementation.

Customer satisfaction with complaint handling has increased and this satisfaction measure is included in the new tenant satisfaction measures for 2023/24.

Calico Homes recognise that in 2022/23 it has not achieved the increased target of customers satisfaction with our overall service and levels have remained fairly consistent with those seen in 2021/22. The service has been impacted as during the year there has been an increase of approx. 30.5% in the volume of responsive repairs raised following the proactive approach being taken to managing damp, mould, and condensation (DMC) issues and the increased number of stock condition surveys (SCS) being completed.

This has impacted negatively on customer satisfaction as customers are having to wait longer for repairs to be completed. Calico Homes are focusing on allocating repairs within agreed timescales and batching some repairs to enable them to complete more quickly. At the end of 2022/23 Q4 Calico Homes had completed 17,680 repairs, of which 310 were late (0 of them were gas).

In 2022/23 the Group launched a new Customer Strategy, The Humanity Offer: “Living our best lives” which sets out an approach for service delivery for the next 3 years. We have introduced a new role – Group Director of Customer Transformation in 2023/24 and the initial focus will be on improving Calico Homes customer service provision with the contact centre being a key priority.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money (continued)

Calico Homes actively engages with customers and in 2022/23 sought feedback on the 2023/24 rent increase receiving over 620 responses. The CRG reviewed the rent setting approach and their feedback supported and influenced the 2023/24 rent increase and process. The feedback resulted in a pro-active approach, offering support ahead of the 2023/24 rent increase for Independent Living self-paying customers who may be struggling to manage the rent increase with an event held and customers were supported in understanding benefits and available help for them. The outcome resulted in over 20% of customers who attended being eligible for additional support and increased their average weekly income by £75 per week.

Objective three: To provide high quality, safe, sustainable and affordable homes by improving existing properties and investing in new development.

STRATEGIC OBJECTIVE 3	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2023/24
Number of Development units completed	113	127	119	✗	63
% Emergency, Urgent & Routine Jobs Completed on time	91.2%	96%	88.12%	✗	96%
% Properties with a valid electrical certificate (10 years)	100%	100%	100%	✓	100%
% Properties with valid electrical certificate (5 years)	83.31%	100%	93.81%	✗	100%
% Properties with valid gas certificate	100%	100%	99.98%	✓	100%
% Fire Risk Assessments Valid	93.78%	100%	90.95%	✗	100%

In 2022/23 we have continued to deliver new homes handling over 119 new homes in the year investing over £13m in new homes, receiving over £3.2m of grants in year to support the developments.

Calico Homes performed well in relation to emergency and urgent responsive repairs with end of year performance being 99.2% and 98.3% respectively. The performance for all repairs jobs however has declined in the year from 91% to 88%. This is partly due to the time taken to complete routine repairs within timescales which has been impacted on by an increase in the work generated by damp, mould and condensation inspections. As at the end of March there were over 300 out of time repairs that were not able to be completed in time due to increasing demand, labour and material resources. The approach to managing these going forward is to focus on jobs that have been outstanding for the longest period of time, and "batching" work into geographical areas to maximise capacity. Calico Homes is pro-actively managing customers and contacting those affected with expected revised timescales.

In 2022/23 Calico Homes completed £4.8m of major investment work in existing homes, the majority delivered by the Group company Ring Stones. Works included new windows, doors, kitchens, bathrooms and roofing throughout the year in addition to the completion of damp remedial works. Calico Homes invested additional resources to undertake over 1,500 stock condition surveys that had been validated externally. To support this recognising the increasing cost of materials and labour Calico Homes has undertaken external benchmarking on the component schedule of rates. The outcome of this underpins the investment requirements of the 30-year business plan and enables effective planning of budgets. This work has supported the development of a new five-year investment programme to continue our work to improve windows, doors, roofing, kitchens and bathrooms.

Responding to the recent focus on damp and mould, there has been a review and new approach introduced to the management of damp, mould and condensation (DMC) to ensure that any customers who are experiencing DMC issues have them resolved quickly and efficiently.

In 2022/23 there was a significant increase in the performance of completed electrical inspections within 5 years by over 10%, with continued progress to meet the policy target of 100% properties with a valid electrical certificate within the last 5 years. All properties have been tested and have a valid electrical certificate within the last 10 years which is the current statutory requirement.

Strategic Report of the Board (continued)

Calico Homes Strategic Objectives – Performance and Value for Money (continued)

The approach to gas certification is well embedded which is positively reflected in our performance.

In Autumn 2022 Calico Homes completed the delivery of a 'Big 6' compliance improvement roadmap which was put in place following the completion of an external review undertaken in December 2021. Following this a new dedicated role focusing on Compliance has been introduced. The external consultants had followed up on their recommendations to the Board and this confirmed an improved compliance assurance rating.

Objective four: To ensure that the business is strong, well governed and environmentally friendly.

STRATEGIC OBJECTIVE 4	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2023/24
% overall Rent Collected	99.57%	99.25%	99.62%	✓	99.25%
% Void loss	1.27%	1.4%	1.0%	✓	1.3%
% Interest Cover	154%	120%	121%	✓	120%
% Operating Margin	33%	25%	26.2%	✓	25%

Calico Homes financial performance has been challenging to deliver in 2022/23 against a backdrop of uncertainty and volatility.

The income collection target was exceeded and, in the year, new ways of working were introduced, including taking a more intelligence-led and targeted approach to income recovery. A new dedicated role focused on collection of Former Tenant Arrears (FTAs) was introduced and this supported the increase in rent collection, collecting over £130k of additional income. With the increased focus and capacity in this area of business there has been a positive impact on cash collection and resources. The performance demonstrates rent collection has continued to perform well, despite the challenges our customers are facing with unstable employment, low paid work and the added pressure of managing the current cost of living crisis. Calico Homes has continued to support customers, pro-actively offering support where we have identified customers who may be struggling to manage. Our internal tenancy sustainment team and the new personalisation fund have been instrumental in our approach.

There have been reduced numbers of voids in the year and as noted in Objective 1 have reduced the turnaround to 23 days in 2022/23 supporting the reduced void loss.

Interest cover levels have remained in line with our target for 2022/23 despite the challenges faced with rising costs, such as insurance and repairs and maintenance. It is recognised that there will be further pressures in 2023/24 and as part of the 2023/24 treasury strategy review Calico Homes is currently finalising a more flexible interest cover structure to ensure it is able to maximise resources in the delivery of the planned approach to investment in homes inclusive of the energy efficiency related works.

In 2022/23 Calico Homes commissioned an external procurement review, and this has resulted in a new strategy for the Group which will be supported by a new Head of Procurement role for 2023/24. Work has begun on delivering the recommendations in the strategy action plan.

In 2022/23 Calico Homes commissioned an external EPC analysis that identified the costs and measures of achieving EPC C across existing homes. This data is being used to inform the future decarbonisation investment requirements with the initial target and focus on void properties working collaboratively with Ring Stones the Group construction and investment company who are working to achieve PAS2030 accreditation to enable the retrofit of the existing stock internally.

Strategic Report of the Board (continued)

Objective five: create a place where people want to work now and, in the future.

STRATEGIC OBJECTIVE 5	2021/22	TARGET 2022/23	YEAR END 2022/23	ACHIEVED TARGET	TARGET 2022/23
% Sickness Absence (exec Group Business Services)	2.97%	3.25%	3.32%	✓	3.5%
Colleague Employee Net Promoter Score (eNPS)	+15	N/A	-1	N/A	+21

In 2022/23 the Board approved a new Equality, Diversity, and Inclusion Strategy. Through the “This is Me” groups Calico Homes has continued to develop the approach to Equality, Diversity, and Inclusion to ensure Calico continues to be a diverse organisation which is welcoming for all employees.

Recruitment for Calico Homes has continued to be a significant challenge in 2022/23 as the tail end of the great resignation continued to have an effect. Voluntary turnover for Calico Homes for 2022/23 was 11.1% for the year and there are clear signs that the higher turnover experienced at the start of 2022/23 is now slowing for most roles. There is an ongoing commitment to increased salaries in lower paid roles and remaining focused on learning & development and reconnecting the workforce after Covid-19 has helped stem the tide of this great resignation.

Despite the challenging year recognising our colleagues are also experiencing similar issues to the business with the increased cost of living, in Summer 2022 we introduced a Summer Boost initiative whereby managers could recognise colleagues and provide them with a one off “boost” over the summer. This included meeting childcare costs, a family day out or support with energy/fuel costs. This initiative was well received with excellent feedback. Calico Homes were pleased with the outcome of the Hive survey, although the eNPS had reduced, Hive who are recognised nationally noted Calico remain high in terms of eNPs and their feedback confirmed that nationally this indicator had reduced and Calico continue to be an excellent employer. The results of the HIVE surveys have been used as the basis of a bespoke Calico Homes People Plan to address issues raised by colleagues.

Calico Homes has also invested in our head office, reconfiguring the office and introducing new technologies. This ensured that Calico are providing flexible working solutions for all colleagues, including effective spaces for collaborative working.

There has also been the rollout of a new digital Learning Management System – Campus Online to support an increased agile and personalised learning journey for colleagues and enabling an improved learning and development offer.

Calico Homes continue throughout the Group particularly Calico Enterprise to provide ongoing opportunities for volunteers, work placements, apprenticeships, and Project Search interns.

Strategic Report of the Board (continued)

Value for Money (VfM)

The Calico Group is committed to ensuring delivery of VfM services, supporting the strategic objectives, and providing excellent services for customers and colleagues.

Calico Homes Board reviews its strategic objectives annually and recognises the delivery of VfM is integral to achieving these objectives.

The strategic report includes the 2022/23 strategic objectives and the measurable outcomes that demonstrate VfM. The Regulators VfM metrics are reviewed by the Board on a regular basis including the annual budget setting, the 30 year financial plan and ongoing updates. An annual VfM self-assessment is taken to Calico Homes Board for consideration and from this a number of actions will be identified alongside measures which will enable us to track progress and delivery of VfM activity.

Calico Homes has compared their performance against the Regulators VfM metrics, inclusive of prior year and current year's performance and future targets. The table below provides the comparison with the 2021/22 Regulators Global Accounts for all housing providers and also Calico Homes chosen peer group which comprises of 10 Registered Providers inclusive of Calico Homes (Housing Providers in the North West with up to 6,000 homes).

The comparators organisations included are:

Registered Provider	Total Stock Owned	% Supported Housing & Housing for Older People	Provider Type
Calico Homes Ltd	5,293	23.4%	Traditional
South Lakes Housing	3,241	2.7%	Traditional
Muir Group Housing Association Ltd	5,564	9.8%	LSVT
Warrington Housing Association Ltd	1,269	18%	Traditional
Prima Housing Group Ltd	2,651	9.8%	Traditional
Cheshire Peaks and Plains Housing Trust	5,200	20.8%	Traditional
South Liverpool Homes Ltd	3,834	3.2%	Traditional
Cobalt Housing Ltd	5,810	0%	Traditional
Arawak Walton Housing Association Ltd	1,098	13.4%	Traditional
Eden Housing Association Ltd	1,824	8.2%	Traditional

VfM Metrics		20/21 Actual	21/22 Actual	Global Accounts 21/22 All providers (rank of 200)	Global Accounts 21/22 Peer Group (rank of 10)	22/23 Budget	22/23 Actual	23/24 Target	24/25 Target
1	Reinvestment %	14.90%	10.50%	Upper (27)	Upper (1)	11.3%	10.50%	12.00%	7.50%
2A	New supply delivered (social housing)	4.20%	2.30%	Upper (39)	Upper (1)	1.10%	2.20%	1.00%	3.00%
2B	New supply delivered (non-social)*	0.00%	0.00%	Median (75)	Median (3)	0.00%	0.00%	0.00%	0.00%
3	Gearing	80.40%	79.00%	Upper (1)	Upper (1)	80.00%	76.50%	79.60%	77.30%
4	Interest Cover – EBITDA MRI	156.40%	114.00%	Lower (143)	Lower (10)	114.40%	100.10%	119.00%	122.40%
5A	Headline Social Housing cost per unit**	£2,720	£3,253	Lower (185)	Lower (9)	£3,463	£3,594	£3,623	£3,722
6A	Operating Margin (social housing)	34.90%	29.20%	Median (46)	Upper (3)	28.90%	26.20%	29.90%	31.00%
6B	Operating Margin	31.80%	25.00%	Median (58)	Upper (3)	24.80%	22.10%	27.70%	29.00%
7	ROCE (Return on capital employed)	5.70%	4.50%	Upper (20)	Upper (3)	4.40%	4.20%	4.40%	4.60%

*' – median was 0.00%

***' – Lower quartile is assessed on lower unit costs

Strategic Report of the Board (continued)

VfM (continued)

Metric 1 - % Reinvestment - the reinvestment metric looks at the investment in properties (existing stock and new supply) as a percentage of the value of total properties held:

- The reinvestment metric demonstrates continued strong performance in the delivery of new homes and reinvestment in our existing homes, remaining firmly at upper quartile levels. A key driver of this metric is the increased investment in new homes and Calico Homes have invested over £13m in new homes in 2022/23. In 2022/23 there were 119 new homes delivered. Work also commenced on site with two large schemes which will deliver 159 new homes inclusive of 93 extra care units, this is Calico Homes first Extra Care provision. In addition, Calico Homes continues to deliver the existing successful Homes England Empty Homes refurbishment programme of circa 30 new homes a year.
- Calico Homes is also committed to investing in its existing homes and invested over £3.4m in capital expenditure in year. Calico Homes has also invested (although not included in this metric) in ensuring the asset management stock condition data is accurate and reflective of the future investment requirements. In 2022/23 Calico Homes completed over 1,500 surveys and benchmarked these schedules of rates externally. The updated asset data has been used to inform the future investment programme and underpins the 30 year business plan investment assumptions.
- In 23/24 Calico Homes has increased its investment resources and will be focused on responding to customer priorities investing in new windows, roofing and doors. There are also plans to invest additional resources for specific energy efficiency works in 22/23 and future years which will include meeting EPC C by 2030.

Metric 2A & 2B – New Supply Delivered – The New Supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

- New supply delivery is aligned with the Reinvestment % and Calico Homes has continued to deliver new supply at upper quartile levels when compared at both a national and peer group level. The level of re-investment reduces in 2023/24 as the current two large schemes on site are not expected to complete until 2024/25 and these alone will deliver 154 new homes.
- For non-social housing although showing as median, the median is 0% with the upper quartile for the national and peer group as 0.09%.

Metric 3 – Gearing – The gearing metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.

- Calico Homes has a significantly higher gearing level when compared to all housing providers and the peer group with the highest gearing level, remaining at upper quartile levels consistent with previous years. The gearing is driven by the initial stock transfer purchase and the significant development programme and re-investment in our existing homes (which is demonstrated by the VfM Reinvestment metric). Calico Homes treasury strategy is to ensure maximisation of the existing assets which support our development programme which has delivered 232 homes to date, with a further 295 planned by 2026. Funds are secured with lenders on a loan to value basis.

Metric 4 – Interest Cover EBITDA MRI – The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

- This year has been challenging in terms of costs with high inflation, interest rates and increasing demand for services. There have been increases in operating revenue costs with increased investment in resources to deliver stock condition surveys. In addition, there have been increased costs relating to property insurance and utilities.
- There has also been pressure on services impacting operational costs with the increased focus on damp and mould and also pressures on our labour and material supply chain in our repairs service.
- The EBITDA-MRI is expected to increase in future years. It is important to note that this metric differs from the loan funders calculation as it excludes proceeds from disposal of fixed assets.
- We recognise that aligned to this as demonstrated in VfM Metric 6, our operating surplus performance is at median quartile levels. An increased surplus is needed to fund the interest payable mainly used to support our investment in new homes. It is important to note that this metric differs from the funders calculation as it excludes proceeds from disposal of fixed assets and includes both housing and non-housing depreciation and technical pension adjustments (non-cash).

Strategic Report of the Board (continued)

Metric 5 – Headline Social Housing Cost per unit – The Headline social housing cost per unit metric assesses the headline social housing cost per unit as defined by the regulator.

- The Headline Social Housing is lower quartile when comparing to all housing providers for 2022/23, meaning costs are lower than both the national and peer comparisons. The national median level is £4,141 and our peer comparison at a median level is £3,940.
- In the Regulators VfM report they note that 50% of headline costs relate to maintenance and major repairs expenditure and Calico levels are in line with this proportion. Other key areas driving increased costs across the sector are the record levels of investment in building safety and energy efficiency works. Calico Homes has not had any significant associated costs with building safety and has not yet commenced the EPC C works programme and therefore it is difficult to directly compare for benchmarking.
- As noted in the strategic update, at the end of the year due to the increased focus on damp, mould and the impact of completion of over 1,500 stock condition surveys in the year, there has been increases in repair works. At the end of the financial year there were over 300 out of time repairs that were not able to be completed in time due to increasing demand, labour and material resources. There is a cost provision included in 2023/24 to catch up on these works.

Metric 6 – Operating Margin – The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are considered.

- Due to the levels of investment in new homes in recent years Calico Homes needs to deliver an increased surplus to fund the interest payable mainly used to support our investment in new homes.
- The operating margin has reduced in 2022/23 from 29.20% to 26.20%. When comparing to the housing sector this trend is across the sector as highlighted through the Regulators Global Accounts and VfM report demonstrating declining surpluses in 2021/22 and the expectation that these would reduce further in 2022/23.
- When comparing at a national level Calico Homes is at median level, however when compared to peers, the margin is at an upper quartile level. As noted earlier in the report the impacts of higher costs driven by inflation and supply combined with increases in revenue repairs and maintenance expenditure has reduced the operating surplus when comparing to prior years.

Metric 7 – Return on Capital Employed

- ROCE measures the efficiency of investment of capital resources and Calico Homes remains at upper quartile based on actual and forecasted performance indicating positive use of its capital resources.

Principal Risks and uncertainties

As part of the Calico Group approach to risk management, Calico Homes has in place a risk map which is reviewed by the Board on a quarterly basis. Calico Homes also review the risk map alongside the RSH Annual Sector Risk profile ensuring all relevant and appropriate risks to Calico Homes are included. The Risk Map includes a mix of both strategic and operational risks. The most significant risks faced by Calico Homes are shown in the table below:

Risk Area	Key Controls and Mitigations
<p>Government policy and funding relating to Registered Providers impacts on financial viability of Calico Homes affecting ability to grow and meet strategic aims</p>	<p>Assumptions in the business plan in respect of income collection agreed annually and built into the business plan to ensure financial viability is maintained Quarterly financial performance update to Board and funders Income collection reported as KPI to Board Multi-variant stress testing carried out and regular consultation with the Board takes place about scenarios and stress triggers including income reductions and cost inflation Rent Setting Policy reviewed annually Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan Continue to monitor Brexit and the potential impact on the sector and wider economy. Personalisation fund now in operation to support customers impacted by rising inflation and energy / fuel costs External compliance review completed introducing additional costs re: compliance management – minimal financial impact Regular performance data on rent collection and tenancy sustainment As part of the Rent Cap and Business Plan 2023/24 process there is a Resilience Plan internal team focusing on business impacts, aligning with 2023/24 budget setting and maximising our resources</p>

Risk Area	Key Controls and Mitigations
Failure to attract and retain colleagues	<p>Equality, Diversity and Inclusion Strategy written and approved by Homes Board. Salary Benchmarking complete Regular Staffing KPI reporting to Board and Homes Business Meeting Extensive staff benefits and well-being offer for staff – Lifeworks, Centre for Financial Education (CFED), Health Insurance. Leaders journey rolled out across business Calico Homes People Plan finalised Head Office 1st redesign (the Neighbourhood) complete – increasingly flexible future working options delivered Learning Management System (Homes specific area) implemented in Q4 2023 improving training opportunities for staff</p>
Operational Performance and service delivery	<p>Calico Homes performance framework in place Performance against Board approved performance measures and financial update reported to Board quarterly including any cases of fraud Internal audits validate the information being presented to Boards as part of their review of controls. Quarterly 'What our Customer are Saying' update to Board identifying feedback and priorities KPI review approved at Board May 2022 – new KPI's reported in June 2022 Implementation of Performance Policy Compliance dashboard finalised and reported to Board in November 2022 Board Champion in place to strengthen links between Customer review Group and Board and lead on complaints. Recruitment of Group Director of Customer Transformation completed Launch of the Customer Strategy via 'Showing the Way' workshop</p>
Efficient and Effective Governance	<p>Board effectiveness review, skills matrix and appraisals Annual Strategic Events for Board Boards Together program, Board Communication Framework Governance and Regulatory Group meeting every 4 weeks Annual review of code of governance Customer Strategy and delivery plan approved including customer links with governance structure Regular WOCAS reporting to Board that strengthens the voice of the customer Housing Ombudsman Self-Assessment approved at Board Social Housing Regulation Bill gap analysis completed Links between A&A committee and Homes Board strengthened Annual Board appraisal and effectiveness review concluded Review of Board governance frameworks completed</p>
Health, Safety and Wellbeing of Calico Customers and Staff	<p>Group Health & Safety Strategy and Policy monitored monthly Performance reporting includes asset, compliance and health & safety indicators Group wide Health & Safety Performance Team to monitor H&S performance and respond to challenges Delivery of compliance roadmap recommendations within defined timescales (including fire safety review actions) Recruitment of Compliance Manager for Calico Homes Review of compliance obligations across all leases (Group wide) completed Review of Homes Health & Safety Framework and Action Plan reported to Board November 2022 Group wide H&S lead in place Additional review/audit of compliance position in November 2022 following delivery of compliance roadmap – completed with improved assurance rating Established a DMC group which is chaired by the CEO who have developed and are delivering an action plan to improve the business DMC position and reduce risk to the business</p>

Risk Area	Key Controls and Mitigations
Regulatory and Legislative Compliance	<p>Annual Review of Compliance with Regulatory standards. Assets and Liabilities Register reviewed and reported to Board annually IT governance group in place Data Governance group in place GDPR training and induction for all staff Barley View moving to Syncora from Homes. Governance and Regulation Group that includes oversight of all regulatory requirements and returns Annual self-assessment against complaint handling codes completed Review of Social Housing Regulation Bill and ongoing self-assessment</p>
Development Activity Supported Housing Activity	<p>Development Strategy All new schemes are financially appraised and approved by Homes Board, exit plans if funding/circumstances change Current development programme monitored by Development Team on a weekly basis. Financial commitments reported to Exec each month Financial position monitored through management accounts and monthly meetings between finance and development staff to review cash-flow forecasts Development schemes approvals to Board Review potential risks around new Shared Ownership (SO) / Right to SO Evaluation of risk to right to shared ownership on all affordable homes schemes reported to Board</p>
Availability of New Funding Existing Debt	<p>Annual treasury strategy in place Treasury policy in reviewed annually Annual business plan prepared in conjunction with Growth strategy Interest cover covenants in place with both funders. These and all other covenants are monitored closely and reported to Board each quarter. We ensure that there is at least 10% headroom in the covenants in the business plan All funders and banks meet minimum credit ratings as set out in the treasury policy to reduce exposure to counterparty risk Completion of Environmental, social and governance (ESG) reporting with SHIFT for 2021/22 for inclusion in statutory accounts New Loan covenants with Nationwide from 2022/23 Reviewing business plan and future economic impacts/rent cap on cashflow and future timings of re-financing Fixes put in place to mitigate interest rate increases –over 80% fixed</p>
Customer Satisfaction	<p>Feedback is Gold system launched Regular reporting of customer feedback including satisfaction to Board through WOCAS report. New measures for monitoring satisfaction introduced in KPIs 2022 Views for Vouchers Survey completed including tenant satisfaction measures Improved method for collecting repairs transactional satisfaction data and actioning change. Community Safety Team launched, new policy and procedures. Improvements to repair processes and communication Self-assessment against complaints handling code and focus on complaints performance Social Housing Regulation Bill (1st draft) gap analysis shared with Board (Nov 2022) Annual Report complete Recruitment of Director of Customer Transformation</p>
Group Cohesion	<p>Growth Strategy Management agreements in place for Homes owned, Syncora managed assets Annual assessment of partnerships with Syncora and Ring Stones Strategic Growth Group Homes Board members including Chair sit on Group Board Review of company growth plans Annual Review of intra-group liabilities reported to Board Introduction of group financial framework and monitoring/reporting of inter-group indebtedness Review of Group Governance Frameworks completed Group Director of Property – new role Group Health & Safety lead</p>

Risk Area	Key Controls and Mitigations
<p>Financial Viability Operational Performance Customer Safety and Satisfaction Asset Management</p>	<p>Homes Emergency Response Procedure to ensure we have an appropriate response following an emergency, which is well communicated and understood Business Continuity IA Business Continuity Plans including updated Service Resumption Plans in place following IA. Disaster Recovery/Business Continuity and Service Resumption plan testing GDPR training Cyber Security testing Multi-Factor authentication in place Specific insurances in place Data governance work around compliance data Assumptions in the business plan in respect of income collection agreed annually and built in to ensure financial viability is maintained Quarterly financial performance update to Board and funders Income collection reported as KPI to Board Multi-variant stress testing carried out and regular consultation with Board takes place about scenarios and stress triggers including income reductions and cost inflation Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan Continue to closely monitor impacts of costs of living increases (e.g increased energy costs) on rent collection / tenancy sustainment Bid submitted for Social Housing Decarbonisation Fund (SHDF) wave 2 funding – awaiting outcome</p>
<p>Quality of existing stock</p>	<p>100% of stock meet decent homes standard and reported to Board SCS undertaken and work funded through business plan Compliance audit from Penningtons Complaints process reviewed Asset management strategy and action plan updated to focus on future green homes/decent homes costs and assess overall impact on expenditure and business plan Quarterly WOCAS update to Board identifying feedback and priorities. Compliance dashboard finalised and reported to Board in November 2022 Board Champion in place to strengthen links between Customer Review Group and Board and lead on complaints. Established a DMC group who have developed and are delivering an action plan to improve the business DMC position and reduce risk to the business. Reviewed approach to disrepair process linked to above DMC group KPI review for 2023/24 – consider customer feedback</p>

Strategic Report of the Board (continued)

Capital structure and treasury management

As at March 2023, Calico Homes had committed debt funding of £168.3m (2022: £169.3m).

Funder	Total Facility	Total Drawn as at 31/03/2023
Nationwide	£41.5m	£41.5m
NatWest	£99m	£73.3m
MORhomes	£27.8m	£27.8m
Total	£168.3m	£142.6m

In 2022/23, Calico Homes borrowed an additional £Nil (2022: £16.8 million) and repaid capital £1 million (2022: £Nil) to bring its total borrowings to £142.6m (2022: £143.6 m). The additional borrowing was used to support the ongoing development programme.

Calico Homes has loans with both NatWest and Nationwide at both fixed and floating rates of interest and with MORHomes at a fixed rate of interest. Calico Homes currently has 87.0% (2022: 72.2%) of its borrowings at fixed rates. The loans are secured by fixed and floating charges on the property stock.

The fixed rates of interest range from 2.87% to 7.64% (2022: 2.84% to 7.64%) with the weighted average rate of interest on all loans including variable rates being 4.62% (2022: 3.98%).

The Calico Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group will ensure that it has adequate cash resources, borrowing arrangements, overdraft and revolving credit to enable it to meet its business and service objectives. The Treasury Strategy and Treasury Policy is set annually and approved by the Group Board.

The Group borrows only in sterling and does not have any currency risk. Surpluses are invested in approved UK institutions and the Board monitors investment returns. All loans are secured by fixed charges over the Group's housing properties.

The financial performance in 2022/23 satisfied all funder covenants.

Cash inflows and outflows for the year are set out in the cash flow statement. The net cash inflow from operating activities before interest costs was £9.3m (2022: £9.0m). Cash Balances (Bank balances and short-term investments) were £2.1m (2022: £9.8m) at the year end.

Auditor

Crowe U.K. LLP were appointed as auditors in November 2021, following a tender process, for a period of 3 years with an option for a further 2 years.

This report was approved by the Board on 18 September 2023 and signed on its behalf by:

Anthony Duerden

Company Secretary

Date: 18 September 2023

For the year ended 31 March 2023

Independent Auditor's Report to the Members of Calico Homes Limited

Opinion

We have audited the financial statements of Calico Homes Limited (the "charitable company") for the year ended 31 March 2023 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of the charitable company's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

Independent Auditor's Report to the Members of Calico Homes Limited (continued)

- the charitable company has not kept adequate accounting records; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 6, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006, the Housing and Regeneration Act 2008 and other laws and regulations applicable to a registered social housing provider in England established as a charitable company. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within impairment assessments of housing properties, capitalisation of development costs and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, including impairment assessments, and substantive testing of key income streams.

Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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

Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester
Date: 25 September 2023

Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	3	29,127	27,183
Operating expenditure	3	(22,680)	(20,394)
Gain on disposal of fixed assets	7	1,678	1,318
Operating surplus		8,125	8,107
Interest receivable and other income	8	143	92
Interest payable and financing costs	8	(6,670)	(6,119)
Surplus on ordinary activities before tax		1,598	2,080
Taxation on non-charitable activities	12	-	-
Surplus for the year after tax		1,598	2,080
Actuarial (loss)/gain in respect of pension schemes	10	(154)	639
Total comprehensive income for the year		1,444	2,719
Total comprehensive income for the year attributable		1,444	2,719

Statement of Changes in Reserves

For the year ended 31 March 2023

	2023 £'000	2022 £'000
Income and expenditure reserve		
Balance as at 1 April	2,582	(137)
Surplus from Statement of Comprehensive Income	1,444	2,719
Balance at 31 March	4,026	2,582

The financial statements on pages 26 to 52 were approved and authorised for issue by the Board on 18 September 2023 and signed on its behalf by:

William Lacey
Chair of the Board

Anthony Duerden
Company Secretary

Statement of Financial Position

As at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	13	187,730	171,974
Intangible assets	14	214	227
Investments	15	479	479
		<hr/>	<hr/>
		188,423	172,680
		<hr/>	<hr/>
Current assets			
Stock	16	108	97
Debtors	17	3,430	2,749
Cash at bank and in hand		2,066	9,785
		<hr/>	<hr/>
		5,604	12,631
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	18	(5,454)	(5,845)
		<hr/>	<hr/>
Net current assets/(liabilities)		150	6,786
		<hr/>	<hr/>
Total assets less current liabilities		188,573	179,466
		<hr/> <hr/>	<hr/> <hr/>
Creditors: Amounts falling due after more than one year	19	184,056	176,429
		<hr/>	<hr/>
Provision for liabilities			
Pension provision	10	491	455
		<hr/>	<hr/>
		184,547	176,884
		<hr/>	<hr/>
Income and expenditure reserve		4,026	2,582
		<hr/>	<hr/>
		188,573	179,466
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 29 to 52 form part of these financial statements.

The financial statements on pages 26 to 52 were approved and authorised for issue by the Board on 18 September 2023 and signed on its behalf by:

William Lacey
Chair of the Board

Anthony Duerden
Company Secretary

Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash generated from operating activities	28	9,320	9,043
Cash flow from investing activities			
Interest received and other income	8	143	92
Purchasing of housing properties and improvements		(18,798)	(17,254)
Grants received		8,633	4,793
Purchase of other fixed assets	13	(1,346)	(392)
Purchase of intangible fixed assets	14	(102)	(103)
Proceeds of sales of housing properties	7	2,312	1,887
Net cash flow used in investing activities		(9,158)	(10,977)
Cash flow from financing activities			
Interest and financing costs paid		(6,881)	(6,171)
Loans received		-	16,800
Repayment of borrowings		(1,000)	-
Net cash flow from/(used in) financing activities		(7,881)	10,629
Net change in cash and cash equivalents		(7,719)	8,695
Cash and cash equivalents at beginning of the year		9,785	1,090
Cash and cash equivalents at end of the year		2,066	9,785

The notes on pages 29 to 52 form part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The Company is registered with the Charity Commission and registered with the Regulator of Social Housing ("RSH") as a registered provider of social housing. The private company is limited by guarantee and incorporated in England & Wales. The registered office and principal place of business is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

2. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the 'Statement of Recommended Practice for registered housing providers' (Housing SORP 2018) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, and under the historical cost convention, modified to include certain financial instruments at fair value.

They are presented in sterling £'000 for the year ended 31 March 2023.

The company meets the definition of a public benefit entity ("PBE").

Going concern

The Board is confident that Calico Homes remains a going concern for the following key reasons:

- Preparation of detailed financial forecasts and business plans, which demonstrate that the organisation has sufficient cash and is able to continue to meet the financial covenants within the loan facilities.
- Sensitivity analysis and stress testing analysis has been performed which demonstrates that there are sufficient funds available to meet the increased cost of bad debts, which could arise where tenants' and customers' financial circumstances are adversely impacted by the pandemic. The Board monitors all debtors closely.
- Calico Homes has in place an undrawn revolving credit facility, commitment of future Homes England development grants and generates positive cash from core operations. These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Company's day to day operations.

After making enquiries, the Board are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. There was a surplus of £1.4m (2022: £2.7m) and net assets of £4.0m (2022: £2.6m, which includes £0.491m (2022: £0.455m) provision for the SHPS defined benefit scheme liability). Therefore, the Company continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The financial statements of the Company are consolidated in the financial statements of The Calico Group Limited. The consolidated financial statements of The Calico Group Limited are available from the registered office, Centenary Court, Croft Street, Burnley Lancashire, BB11 2ED.

Critical accounting judgements and key sources of estimation uncertainty

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

- **Development expenditure.** The company capitalises development expenditure in accordance with the accounting policy described on page 31. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- **Categorisation of housing properties.** The company has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, management has considered if the asset is held for social benefit or to earn commercial rentals and has determined that there are no investment properties.
- **Pension and other post-employment benefits.** The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

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

During the year, the company has assessed that there has not been a trigger for an impairment review.

Following a trigger for impairment, the company performs impairment tests based on fair value costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in arm’s length transaction or similar CGUs or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on a depreciated replacement cost based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential as the existing property.

Following the assessment of impairment, the determined impairment losses were £Nil (2022: £Nil).

Other key sources of estimation and assumptions:

- **Tangible fixed assets.** Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use.
- The ability to use the software.
- The availability of adequate resources to complete the development.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The principal annual rates used are:

- Software development costs 33%

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, supporting people services contract income, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Turnover is stated exclusive of Value Added Tax (“VAT”) and a summary can be found in note 3 to the financial statements.

Service charges

Service charge income and costs are recognised on an accruals basis. The company operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Loan interest payable

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in The Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted by the reporting date. The charitable status provides the company with corporation tax exemption for its primary purpose and ancillary income streams.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred tax income is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax ("VAT")

The Company charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable.

Tangible fixed assets and depreciation

Social housing properties

Social housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements are capitalised at the point of handover/completion.

Improvements subsequently made to social housing properties are capitalised in-line with component accounting regulations. See depreciation of social housing properties note for more information.

Housing properties under construction are stated at cost and are not depreciated. These are re-classified as housing properties on practical completion of construction.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of completion of the scheme and only when development activity is completed.

Administration costs relating to the development activities capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Supported housing managed by agencies

Where the Company holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income is included in the Company's Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Depreciation – Social housing properties

Freehold land is not depreciated.

Where a social housing property comprises two or more major components with substantially different Useful Economic Lives (“UELS”), each component is accounted for separately and depreciated over its individual useful economic life, on the basis of original cost, less the proportion of SHG and other grants attributable to the component. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred and any remaining net book value relating to the original component is written off to the Statement of Comprehensive Income in the year it is disposed of.

The company depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The company depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Major components and their UELs are as follows:

Structure	100 years	External wall insulation	25 years
Roof	50 years	Electrical wiring	25 years
Bathrooms	30 years	Solar panel system	25 years
Externals	30 years	Doors	20 years
Windows	30 years	Kitchens	20 years
Central Heating	30 years	Boilers	15 years

Low-cost home ownership properties

Low-cost home ownership properties which remain unsold at the accounting date are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche portion is accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets in operating profit.

Depreciation – Other tangible fixed assets

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

- Freehold property 75 years
- Leasehold properties 75 years or the term of the lease (whichever is lower)
- Furniture, fixtures and fittings 10-33%
- Computers and office equipment 20-33%

Leased assets

Assets held under finance leases are included in the Statement of Financial Position and depreciated in accordance with the company’s normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the Statement of Comprehensive Income over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Stock

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Bad Debts and Write-Offs

Bad debts will be charged to the Statement of Comprehensive Income in the year in which they are incurred. A provision for bad and doubtful debts will be made on an estimation of those debts that will not be recovered at the balance sheet date.

In respect of rental debtors' provision is made on the following basis:

- (a) Current tenants at varying percentages dependant on value of the debt based on a bespoke calculation using the current tenant arrears.
- (b) Former tenants at 100% of the debt.

In respect of other debtors' provision is made for specific debtor balances.

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. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

When Social Housing Grant (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 Company 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 Homes England. However, SHG may have to be repaid if certain conditions are not met. If a 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 a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where grant is recycled, as described above, the grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Holiday pay accrual

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

Pensions

The Company operates defined contribution plans for the benefit of its employees. The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Company also participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the company's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method.

Further details of the assumptions and the defined benefit pension plan is in note 10.

Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity which meet the conditions in paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

Notes to the Financial Statements (continued)

2. Accounting Policies (continued)

Financial instruments held by the Company are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value
- Fixed asset investments such as ordinary shares and fixed rate unsecured convertible loan notes are held at fair value
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value

Loans

All loans held by the company are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction type plus transaction costs initially, and subsequently at amortised cost using the effective interest method. Loans repayable in less than one year are not discounted.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- (a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- (b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

Notes to the Financial Statements (continued)

3. Turnover, operating expenditure and operating surplus

Continuing activities

	2023	2023	2023	2022	2022	2022
	Turnover	Operating expenditure	Operating surplus/ (deficit)	Turnover	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings [A]	25,900	(19,119)	6,781	24,719	(17,490)	7,229
Other social housing activities:						
Support services	624	(608)	16	-	(178)	(178)
Non-social housing [B]	2,603	(2,953)	(350)	2,464	(2,726)	(262)
	<u>29,127</u>	<u>(22,680)</u>	<u>6,447</u>	<u>27,183</u>	<u>(20,394)</u>	<u>6,789</u>

A. Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2023 Total £'000	2022 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	18,648	5,931	24,579	22,908
Service charges receivable	561	421	982	1,509
Amortised government grants	237	102	339	302
Turnover from social housing lettings	<u>19,446</u>	<u>6,454</u>	<u>25,900</u>	<u>24,719</u>
Expenditure on social housing lettings				
Management	(4,671)	(2,013)	(6,684)	(6,201)
Service charge costs	(569)	(538)	(1,107)	(1,191)
Routine Maintenance	(2,395)	(1,033)	(3,428)	(3,421)
Planned Maintenance	(1,062)	(458)	(1,520)	(1,281)
Major repairs expenditure	(999)	(431)	(1,430)	(861)
Community Involvement	(306)	(132)	(438)	(505)
Bad debts	(89)	(38)	(127)	(74)
Depreciation of housing properties	(2,676)	(1,154)	(3,830)	(3,559)
Impairment of housing properties	-	-	-	-
Other costs	(388)	(167)	(555)	(397)
Operating costs on social housing lettings	<u>(13,155)</u>	<u>(5,964)</u>	<u>(19,119)</u>	<u>(17,490)</u>
Operating surplus on social housing lettings	<u>6,291</u>	<u>490</u>	<u>6,781</u>	<u>7,229</u>
Void loss	<u>(85)</u>	<u>(37)</u>	<u>(122)</u>	<u>(234)</u>

Notes to the Financial Statements (continued)

3. Turnover, operating costs and operating surplus (continued)

B. Non-social housing activities

	Turnover £'000	Operating Costs £'000	2023 Operating surplus/ (deficit) £'000	2022 Operating surplus/ (deficit) £'000
Market Lettings	82	(34)	48	43
Barley View Care Home	1,103	(1,243)	(140)	(62)
Other*	1,418	(1,676)	(258)	(243)
	<u>2,603</u>	<u>(2,953)</u>	<u>(350)</u>	<u>(262)</u>

* Included in Other are recharges of office costs to group companies (note 28).

4. Accommodation owned, managed and in development

	At 31/03/2022	Additions	Disposals	Other	At 31/03/2023
<u>UNITS OWNED</u>					
Social Housing:					
General needs housing social rent	2,930	26	(28)	10	2938
General needs housing affordable rent	891	55	(4)	(12)	930
Supported housing social rent	1,207			(14)	1,193
Supported housing affordable rent	180	39		11	230
Low-cost home ownership	2	-	-	-	2
	<u>5,210</u>	<u>120</u>	<u>(32)</u>	<u>(5)</u>	<u>5,293</u>
Non-Social Housing:					
Market rented	11	-	-	1	12
Registered Care Homes	28	-	-	-	28
	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
<u>UNITS MANAGED</u>					
Managed units* - General needs	<u>98</u>			<u>(45)</u>	<u>53</u>
<u>UNDER DEVELOPMENT</u>					
General needs housing affordable rent	39				64
Supported housing	28				93
	<u>67</u>				<u>157</u>

* Properties managed for Burnley Borough Council and Rossendale Borough Council are their Empty Homes programme properties which we let and manage on their behalf.

Notes to the Financial Statements (continued)

5. Accommodation managed by others

The company owns property managed by fellow subsidiaries.

	2023	2022
	No. of units	No. of units
Supported housing	218	186
	<u> </u>	<u> </u>

6. Operating surplus

The operating surplus is stated after charging/(crediting):-

	Note	2023	2022
		£'000	£'000
(Surplus) on sale of fixed assets	7	(1,678)	(1,318)
Depreciation of housing properties	13	3,830	3,559
Depreciation of other tangible fixed assets	13	342	272
Amortisation of intangible fixed assets	14	115	125
Amortisation of government grants	3	(339)	(302)
Operating lease rentals – land and buildings		345	301
Operating lease rentals – other		270	269
Auditor's remuneration (excluding VAT):			
- for audit services		34	36
- taxation compliance services		2	2
- service charge certification		2	1
		<u> </u>	<u> </u>

7. Surplus on sale of fixed housing assets

	Right to		Total	Total
	Buy Sales	Others	2023	2022
	£'000	£'000	£'000	£'000
Disposal proceeds	2,312	-	2,312	1,887
Carrying value of fixed assets	(634)	-	(634)	(569)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Surplus/(deficit) on disposal	1,678	-	1,678	1,318
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Disposal proceeds represent the net receipt for sale of properties in accordance with the sharing agreement with Burnley Borough Council and proceeds from other sales.

Notes to the Financial Statements (continued)

8. Net interest

	2023	2022
	£'000	£'000
<i>Interest receivable and similar income</i>		
Interest receivable and similar income	143	92
	<hr/>	<hr/>
<i>Interest payable and financing costs</i>		
Loans and bank overdrafts	6,791	6,103
Adjustment for effective interest rate	193	129
Pensions – net interest on pension deficit	104	64
	<hr/>	<hr/>
	7,088	6,296
Less: interest capitalised on housing properties under construction	(418)	(177)
	<hr/>	<hr/>
	6,670	6,119
	<hr/> <hr/>	<hr/> <hr/>

The interest rate of 3.89% (2022: 4.16%) was used for capitalising finance costs.

9. Employees

Average monthly number of employees	2023	2022
	No.	No.
Administration	84	77
Housing and community services	226	223
	<hr/>	<hr/>
Total	310	300
	<hr/>	<hr/>
Full time equivalents (36.25 hours/week)	216	201
	<hr/>	<hr/>
	2023	2022
	£'000	£'000
Employee costs:		
Wages and salaries (gross)	8,242	7,857
Social security costs	789	713
Redundancy	54	68
Other pension costs	389	387
Pension adjustment to Income and Expenditure Accounts	(118)	(89)
	<hr/>	<hr/>
	9,356	8,936
	<hr/> <hr/>	<hr/> <hr/>

Pension obligations

The Company participates in the Social Housing Pension Scheme (“SHPS”) and operates a stakeholder pension scheme.

During the year, the SHPS DB cost was £4k (2022: £4k) in respect of the scheme expenses.

Notes to the Financial Statements (continued)

9. Employees (continued)

Aggregate number of full-time equivalent staff whose remuneration (basic salary, benefits in kind, employer's pension contributions and compensation for loss of office) exceeded £60,000 in the period:

	2023 No.	2022 No.
£60,000 to £70,000	5	6
£70,000 to £80,000	5	1
£80,000 to £90,000	-	2
£90,000 to £100,000	3	2
£100,000 to £110,000	1	1
£110,000 to £120,000	1	-
£120,000 to £130,000	1	1
£140,000 to £150,000	1	1
£150,000 to £160,000	1	1

10. Pensions

Social Housing Pension Scheme ("SHPS")

The Group participates in a defined benefit multi-employer pension scheme, Social Housing Pension Scheme, administered by TPT Retirement Solutions. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. A liability for the Group's pension obligations is recognised net of plan assets. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. The Company ceased contributions to this defined benefit scheme as at 1 August 2019. The latest actuarial valuation was as at 30 September 2020, and the last estimate 30 September 2022.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2023 (£000s)	31 March 2022 (£000s)
Fair value of plan assets	2,293	3,913
Present value of defined benefit obligation	2,784	4,368
Surplus (deficit) in plan	(491)	(455)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(491)	(455)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(491)	(455)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2022 to 31 March 2023 (£000s)
Defined benefit obligation at start of period	4,368
Current service cost	-
Expenses	4
Interest expense	120
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	(37)
Actuarial losses (gains) due to changes in demographic assumptions	(5)
Actuarial losses (gains) due to changes in financial assumptions	(1,628)
Benefits paid and expenses	(38)
Defined benefit obligation at end of period	2,784

Notes to the Financial Statements (continued)

10. Pensions (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	Period from 31 March 2022 to 31 March 2023
Fair value of plan assets at start of period	3,913
Interest income	110
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,824)
Contributions by the employer	132
Contributions by plan participants	-
Benefits paid and expenses	(38)
Fair value of plan assets at end of period	2,293

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £1,714k (2022: £409k).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOC)	From 31 March 2022 to 31 March 2023 (£000s)
Current service cost	-
Expenses	4
Net interest expense	10
Defined benefit costs recognised in statement of comprehensive income (SoCI)	14

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	From 31 March 2022 to 31 March 2023 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(1,824)
Experience gains and losses arising on the plan liabilities - gain (loss)	37
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	5
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,628
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(154)
Total amount recognised in other comprehensive income - gain (loss)	(154)

Notes to the Financial Statements (continued)

10. Pensions (continued)

ASSETS	31 March 2023 (£000s)	31 March 2022 (£000s)
Global Equity	43	751
Absolute Return	25	157
Distressed Opportunities	69	140
Credit Relative Value	87	130
Alternative Risk Premia	4	129
Emerging Markets Debt	12	114
Risk Sharing	169	129
Insurance-Linked Securities	58	91
Property	99	106
Infrastructure	262	279
Private Debt	102	100
Opportunistic Illiquid Credit	98	131
High Yield	8	34
Cash	17	13
Opportunistic Credit	-	14
Corporate Bond Fund	-	261
Long Lease Property	69	101
Secured Income	105	146
Liability Driven Investment	1,056	1,091
Currency Hedging	4	(15)
Net Current Assets	6	11
Total assets	2,293	3,913

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	4.83%	2.77%
Inflation (RPI)	3.16%	3.42%
Inflation (CPI)	2.82%	3.12%
Salary Growth	3.82%	4.12%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at Age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2044	22.2
Female retiring in 2043	24.9

Notes to the Financial Statements (continued)

11. Board members and executive officers

	2023	2022
	£'000	£'000
The aggregate emoluments paid to or receivable by non-executive Directors	32	29
The aggregate emoluments paid to or receivable by executive officers	547	574
The emoluments paid to the highest paid executive officer (excluding pension)	138	133
The aggregate pensions costs for executive officers	91	75
Total key management personnel remuneration	579	603

In March 2021, approval was given for Homes Board members to be remunerated from 1 April 2021. The Chair to receive £6,000 per annum and all other Board members £3,500 each. Expenses paid during the year in respect of Board members amounted to £364 (2022: £55).

The Board members and executive officers (the key management personnel) are those as listed on page 1.

The Chief Executive, who is the highest paid executive officer, has been a member of the SHPS defined contribution scheme since 1 April 2018. He is an ordinary member of the pension scheme and no enhanced or special terms apply to which the company contributed £10k (2022: £10k) during the year. The company does not make any further contribution to an individual pension arrangement for the Chief Executive.

12. Taxation on non-charitable activities

As a charity Calico Homes Limited is not liable to tax on its ordinary charitable activities. One element of their operation includes property sales which are deemed by HMRC to be non-charitable. Therefore, a tax provision on the surplus/(deficit) has been provided at the relevant corporation tax rate.

	2023	2022
	£'000	£'000
UK Corporation Tax charge for the year	-	-
Total tax charge	-	-
<i>Factors affecting tax charge for period:</i>		
Surplus on ordinary activities before tax	1,598	2,080
Surplus on ordinary activities at standard rate 19% (2022: 19%)	304	395
Effect of charitable income and expenditure not subject to tax	(304)	(395)
Current tax charge for year	-	-

Notes to the Financial Statements (continued)

13. Tangible fixed assets

	----- Housing Properties -----				-----Other Fixed Assets-----			
	Social housing properties for letting completed	Social housing properties for letting under construction	Shared ownership properties completed	Total housing properties	Freehold offices	Furniture and office equipment	Total other fixed assets	Total fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At start of the year	195,110	5,622	194	200,926	5,611	2,293	7,904	208,830
Additions	1,554	14,142	-	15,696	1,133	213	1,346	17,042
Works to existing properties acquired	3,441	-	-	3,441	-	-	-	3,441
Schemes completed	12,158	(12,158)	-	-	-	-	-	-
Disposals	(1,191)	-	-	(1,191)	-	-	-	(1,191)
At end of the year	211,072	7,606	194	218,872	6,744	2,506	9,250	228,122
Depreciation and impairment								
At start of the year	33,652	-	14	33,666	1,638	1,552	3,190	36,856
Charge for the year	3,826	-	4	3,830	153	189	342	4,172
Impairment	-	-	-	-	-	-	-	-
Disposals	(636)	-	-	(636)	-	-	-	(636)
At end of the year	36,842	-	18	36,860	1,791	1,741	3,532	40,392
Net book value at the 31 March 2023	174,230	7,606	176	182,012	4,953	765	5,718	187,730
Net book value at the 31 March 2022	161,458	5,622	180	167,260	3,973	741	4,714	171,974

Notes to the Financial Statements (continued)

13. Tangible fixed assets – properties (continued)

Housing properties comprise:

	2023	2022
	£'000	£'000
Freehold land and buildings *	108,778	98,243
Long leasehold land and buildings *	65,628	63,395
* Excludes properties under construction of £7,606k (2022: £5,622k)	<u>174,406</u>	<u>161,638</u>
Major works to existing properties in the year:		
Works capitalised	3,441	3,231
Amounts charged to expenditure (note 3)	1,430	861
	<u>4,871</u>	<u>4,092</u>
Aggregate amount of interest and finance costs included in the cost of housing properties (note 8)	2,705	2,287
The capitalisation rate used was 3.98% (2022: 4.16%)	<u>2,705</u>	<u>2,287</u>

Cost of properties includes £260k (2022: £224k) for direct administrative costs capitalised during the year.

The completed housing properties with net book value £121,045 (2022: £119,016k) are secured against the debt detailed in Note 20.

14. Intangible Fixed Assets

	2023	2022
	£'000	£'000
Computer software and licences		
Cost		
At start of year	1,897	1,793
Additions	102	104
At end of year	<u>1,999</u>	<u>1,897</u>
Amortisation		
At start of year	1,670	1,545
Charge for year	115	125
	<u>1,785</u>	<u>1,670</u>
Net book value		
At 31 March	<u>214</u>	<u>227</u>

Notes to the Financial Statements (continued)

15. Fixed Asset Investments

	2023	2022
	£'000	£'000
A ordinary shares number 155,000 (2022: 155,000)	159	159
Fixed rate unsecured convertible loan notes	320	320
	<u>479</u>	<u>479</u>

In respect of the funding with MORhomes PLC, detailed in note 20, the company has 155,000 "A" ordinary shares and £320,000 of fixed rate unsecured convertible loan notes.

16. Stock and work in progress

	2023	2022
	£'000	£'000
Raw materials and consumables	108	97
	<u>108</u>	<u>97</u>

17. Debtors

	2023	Restated 2022
	£'000	£'000
Due within one year:		
Rent and service charges receivable	1,646	1,668
Less: Provision for bad and doubtful debts	(807)	(770)
	<u>839</u>	<u>898</u>
Other debtors	716	694
Less: Provision for bad and doubtful debts	(533)	(524)
Prepayments and accrued income	703	999
Intercompany balance	1,705	682
	<u>3,430</u>	<u>2,749</u>

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2023	Restated 2022
	£'000	£'000
Trade creditors	471	262
Rent and service charges received in advance	444	448
Debt (Note 20)	-	1,000
Others creditors	134	63
Accruals and deferred income	2,636	2,299
Other taxation and social security	110	188
RTB proceeds due to Burnley Borough Council	150	158
Intercompany balances	1,071	1,088
Deferred capital grant (Note 21)	438	339
	<u>5,454</u>	<u>5,845</u>

19. Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Debt (Note 20)*	141,244	140,947
Deferred capital grant (Note 21)	40,706	33,169
Recycled capital grant (Note 22)	40	20
Leaseholder sinking funds	42	108
Loan Premium	2,024	2,185
	<u>184,056</u>	<u>176,429</u>

* Debt is secured by housing properties. See note 20.

Notes to the Financial Statements (continued)

20. Debt analysis

	2023 £'000	2022 £'000
Due after more than one year:		
Bank loans	141,244	140,947
	<u> </u>	<u> </u>
Debt is repayable as follows:		
Within one year	-	1,000
Between two to five years	5,000	3,000
After five years	136,244	137,947

The Company borrows from the NatWest and Nationwide, at both fixed and floating rates of interest. In March 2021, the company obtained new funding £27.8m from MORhomes PLC at a fixed rate. The Company currently has 87.0% (2022: 72.2%) of its borrowings at fixed rates. The undrawn loan facility as at 31 March 2023 was £25.7m (2022: £ 25.7m).

The fixed rates of interest range from 2.87% to 7.64% (2022: 2.84% to 7.64%) with the weighted average rate of interest on all loans including variable being 4.62% (2022: 3.98%). Variable rate loans have their rate linked to LIBOR.

Break costs

The Company has interest rate fixes and forward rate fixes in place maturing at intervals up to 2038. If these fixes are not taken up or are terminated prior to maturity, then break costs will be incurred. No provision for break costs is recognised in the financial statements as it is likely that they will be taken up when they fall due and terminations prior to maturity date are not expected.

Our loan portfolio also includes several loans whose interest rate is calculated in relation to the retail price index. Details are as follows:

Value date	Maturity date	Lender	Type	Amount £'000	Rate including margin at 31/03/23 %
13/10/2008	13/10/2038	Nationwide	RPI cap/collar	3,000	6.17

RPI (floor 0% p.a., Cap 5% p.a.) + 0.915% + margins payable from the effective date.

The bank loans are secured by a fixed and floating charge over the housing properties of the Company held on behalf of the Funders by Prudential Trustee Company. The loans are repayable in agreed stages from 2018 onwards. The break costs are considered to be the fair value of the loans.

Notes to the Financial Statements (continued)

21. Deferred capital grant

	2023	2022
	£'000	£'000
At start of year	33,508	29,037
Grant received in the year	7,995	4,773
Released to income in the year	(339)	(302)
Transfer from/(to) RCGF	(20)	-
	<u>41,144</u>	<u>33,508</u>
Amount due to be released within one year (Note 18)	438	339
Amount due to be released after one year (Note 19)	40,706	33,169
	<u>41,144</u>	<u>33,508</u>

The gross amount of grant received prior to amortisation as at 31 March 2023 was £43,814k (2022: £35,821).

22. Recycled capital grant fund

	2023	2022
	£'000	£'000
Balance brought forward at 1 April 2022	20	-
Grants recycled	40	20
Transfer (to)/from Deferred Capital Grant	(20)	-
	<u>40</u>	<u>20</u>

The balance on the Recycled capital grant fund ("RCGF") was allocated to a development scheme under construction.

23. Capital commitments

Capital expenditure commitments were as follows:

	2023	2022
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	25,062	4,261
Expenditure approved by the Board, but not contracted	-	7,136
	<u>25,062</u>	<u>11,397</u>

These are to be funded out of undrawn loan facilities of £25.7m (2022: £25.7m) and estimated grants of £3.7m (2022: £2.6m) and relate to potential property developments.

Notes to the Financial Statements (continued)

24. Operating leases

Operating leases

The future minimum lease payments which the Company is committed to make under operating leases are as follows:

	2023	2022
	£'000	£'000
Land and buildings:		
• Within one year	315	183
• Two to five years	661	272
• Over five years	16	-
	<u>992</u>	<u>455</u>
Other leases:		
• Within one year	259	266
• Two to five years	358	628
	<u>617</u>	<u>894</u>

25. Analysis of changes in net debt

	At beginning of the Year	Cash Flows	Other Changes	At end of the Year
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	9,785	(7,719)	-	2,066
Debt due within one year	(1,000)	1,000	-	-
Debt due after one year	(140,947)	-	(297)	(141,244)
	<u>(132,162)</u>	<u>(6,719)</u>	<u>(297)</u>	<u>(139,178)</u>

Notes to the Financial Statements (continued)

26. Control

The Calico Group Limited (Company No. 08747100), a company incorporated in United Kingdom, is the immediate parent and ultimate controlling party. The Calico Group comprises a number of innovative charities and businesses, working together to create social profit.

The consolidated accounts of The Calico Group Limited are available from its registered office:

- Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

27. Reconciliation of surplus to net cash generated from operating activities

	2023	2022
	£'000	£'000
Surplus for the year	1,598	2,080
Adjustments for non-cash items:		
Depreciation of housing properties	3,830	3,559
Depreciation of other tangible fixed assets	342	272
Amortisation of intangible fixed assets	115	125
Amortisation of government grants	(339)	(302)
Pensions adjustment	(118)	(64)
(Profit)/loss on sale of fixed assets	(1,678)	(1,318)
Working capital movements:		
(Increase)/Decrease in stock	(11)	(26)
(Increase)/Decrease in debtors	(684)	(36)
(Decrease)/Increase in creditors	(262)	(1,274)
Adjustments for investing or financing activities:		
Interest payable and financing costs	6,670	6,119
Interest receivable and other income	(143)	(92)
Net cash generated from operating activities	<u>9,320</u>	<u>9,043</u>

Notes to the Financial Statements (continued)

28. Related parties

William Lacey and Sarah Roberts are members of both Calico Homes and Calico Group Boards.

Tenant members

The tenant Board members at 31 March 2023 have tenancies on normal commercial terms with combined rent payable of £4,934 (2022: £4,740).

At 31 March 2023, there were no outstanding amounts (2022: £Nil).

Hobstones Homes Limited ("Hobstones"), a fellow subsidiary of Group

During the year, Hobstones was contracted to deliver our major development programme listed below:

	Mar-23 £'000	Mar-22 £'000
• New house building	9,531	9,123
	<u>9,531</u>	<u>9,123</u>

During the year, the company recharged office costs to Hobstones totalling £117k (2022: £112k).

At 31 March 2023, the company owed to Hobstones £706k (2022: £537k).

The Calico Group Limited ("Group"), the parent company

During the year, the Group recharged office costs amounting to £42k (2022: £44k).

At 31 March 2023, the company owed Group £8k (2022: £32k).

Ring Stones Maintenance and Construction Limited ("Ring Stones"), a subsidiary of Group

During the year, Ring Stones carried out part of the major works programme for Calico Homes, below is a list of the work programmes and the values involved:

	Mar-23 £'000	Mar-22 £'000
• Various Investment works	1,354	1,178
• Externals	920	1,550
• Heating	493	813
• Roofing	765	419
• Damp proofing	408	355
• Empty Homes refurbishment	965	814
• Rossendale Empty Homes properties	-	43
	<u>4,905</u>	<u>5,172</u>

During the year, the company recharged office costs to Ring Stones totalling £419k (2022: £359k).

At 31 March 2023, the company owed to Ring Stones £325k (2022: £503k).

Syncora Limited ("Syncora"), a fellow subsidiary of Group

During the year, the company recharged office costs to Syncora totalling £100k (2022: £Nil).

At 31 March 2023, the company owed Syncora £12k (2022: £27k).

Calico Enterprise Limited ("Enterprise"), a subsidiary of Syncora

During the year, the company recharged office and property rental costs to Enterprise totalling £419k (2022: £415k) and Enterprise charged £590k (2022: £570k) for cleaning, painting, decorating and catering services.

At 31 March 2023, the company owed to Enterprise £20k (2022: £48k).

Acorn Recovery Projects ("Acorn"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Acorn totalling £291k (2022: £261k).

At 31 March 2023, Acorn owed the company £714k (2022: £101k).

Notes to the Financial Statements (continued)

28. Related parties (continued)

Safenet Domestic Abuse Service ("Safenet"), a subsidiary of Syncora

During the year, the company recharged rents and office costs to Safenet totalling £545k (2022: £432k).

At 31 March 2023, Safenet owed the company £84k (2022: £105k).

Delphi Medical Limited ("Delphi"), a subsidiary of Acorn

During the year, there were no transactions (2022: £Nil).

At 31 March 2023, Delphi owed the company £23k (2022: £75k).

Delphi Medical Consultants Limited ("DMC"), a subsidiary of Acorn

During the year, the company recharged office costs to DMC totalling £176k (2022: £123k).

At 31 March 2023, DMC owed the company £884k (2022: £318k).

29. Contingent liability

We have been notified by the Trustee of the SHPS that it has performed a review of the changes made to the SHPS's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is on-going and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of SHPS liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.