


A woman with reddish-brown hair tied back, wearing a dark grey jacket and an orange lanyard with an ID badge, is walking and talking to a man. The man has a beard and is wearing a black Nike sweatshirt and blue jeans, also with an orange lanyard and ID badge. They are walking on a paved area in front of a light-colored building with windows. An orange rounded rectangle is in the top left corner.

Company Number: 3752751



Calico Homes Limited

Report and Financial Statements



Year ended 31 March 2024

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Board Members, Executive Officers, Advisors and Bankers

Board		
Chair	William Lacey	
Vice Chair	Adam Greenhalgh (resigned 20 November 2023)	
Other Members	Claire Bradley Victoria Cooper Gerard Gallagher Rachael Kaminski (appointed 20 November 2023) Dario Leone (appointed 22 March 2024) Tim Patel Sarah Roberts Paula Robinson Vincent Roche	
Company Secretary	Stephen Aggett (resigned 30 June 2023) Anthony Duerden (appointed 30 June 2023)	
Executive Officers		
Group Chief Executive	Anthony Duerden	
Deputy Chief Executive	Helen Thompson	
Executive Director of Finance	Chloe Christian	
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 3 rd floor, 56 Peter Street Manchester, M2 3NQ	
Internal Auditor	Beever and Struthers One Express, 1 George Leigh Street Manchester, M4 5DL	
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 2024.

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 ten 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 one retirement. The Board met eight 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 and Executive Directors. The Executive Team meet weekly and attend Board meetings. In addition, the Board and its Committees obtain external specialist advice from time to time as necessary.

Non-Executive Directors are subject to a skills based recruitment process to ensure that the Board has the appropriate range of skills, experience and behaviours required to provide strategic direction and monitor the companies' performance. An annual review of Board effectiveness is undertaken which is used to inform future recruitment.

In 2020, the 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. Recruitment for the next iteration of the Programme commenced June 2024, with a planned start date of September 2024.

Non-Executive Directors normally serve for up to six years, with a maximum term of nine years, including time served on other Group Boards. Reappointment beyond six years is reviewed annually, taking into consideration the skills and experience required by the Board.

Alongside the annual review of overall Board effectiveness, each individual Non-Executive Director 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, ensuring the Board's future effectiveness, together with tailored events on specific business-related topics where a training need has been identified.

New Non-Executive Directors receive induction training on their legal obligations under company law; the governance framework of the company; the vision and strategic objectives of the Board; and the housing and related services provided.

Calico Group has insurance policies that indemnify its Non-Executive Directors and Executive Officers against liability when acting for the Calico Group.

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 five 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 three times during the year.

Community Engagement

Calico Homes approach to involving customers is in line with the revised Consumer 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 a range of different opportunities which ensure customers are involved at all levels. These include:

- TSM "Make it Happen" survey
- Customer Experience Network who are involved in consultation activity via e mail
- Service Scrutiny Board
- Customer Board membership.
- Service level and informal involvement within neighbourhoods.
- Active tenant and resident associations and community groups.

Calico Homes values the insight gathered from its customers and following the 23/24 TSM survey set up a "so what squad" who contacted customers to discuss their dissatisfaction in more detail, identified a number of key themes and developed and delivered actions to improve these areas.

Calico Homes has a clear and simple complaints policy which is compliant with the Housing Ombudsman Complaints Handling Code published in February 2024. The policy is accessible to all customers and is focused on the principle of doing the right thing to resolve complaints at first point of contact where possible.

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 our customers.

Calico Homes continues to engage and develop its employees through regular briefings from senior leadership, regular departmental meetings, an annual conference, "One Calico" events, a performance and personal growth framework and a regularly updated intranet site. The recent focus on transformation supported by the Customer Transformation team has supported Homes employees with skills development especially considering digital. We recognise how important it is for employees to have things to look forward to, evidenced by things in the last year such as Appreciation Day and Trades Day. Levels of engagement amongst Homes employees with initiatives and benefits such as Westfield Health and Centre for Financial Education (Cfed) continued to grow. The One Calico Winter Conference returned in December 2023, for the second time after a break of 3 years because of the pandemic. More than 500 employees from across the Group came together to connect, have fun and celebrate their achievements with the Making a Difference Awards.

Calico Homes is committed to inclusivity for all its employees and customers. The Diversity & Inclusion Strategy was reviewed recently with the input of the Paying Attention to Diversity group, Inclusion Forum members, and Boards. The updated strategy mirrors the approach taken by the People Strategy, with plans outlined for the next three years that have measurable outcomes associated with them. Additionally, in support of our digital evolution we digitised Equality Impact Assessments, making them more accessible for users and meaning that results of the completed forms are automatically recorded digitally, and can therefore be analysed. This review of the Strategy also ensured connection with the Customer Strategy, with the strategy explaining how EDI is at the very core of our Group vision, "A community of people, working together with customers to close the equality gap and to show others how we create a fairer society".

Report of the Board (continued)

Employees (continued)

The Calico Group has increased our focus on recruitment, ensuring diverse video campaigns featuring employees from different groups, roles, and companies in the Group, which have featured prominently on social media through sponsored posts in recent months.

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes 2024 Gender Pay gap report confirms Calico has a mean gender pay gap of 5.50%, reducing from 12.86% in 2023, which highlights the positive impact supporting the Real Living Wage is having on our Gender Pay Group figures.

The Calico Group attracts a diverse range of colleagues from different backgrounds. Calico Homes diversity of our employees is 41% (2023: 48%) male, 59% (2023: 52%) female, 8% (2023: 6.3%) who self-identify as disabled, 12% (2023: 11.1%) from an Ethnic Minority background and 5% (2023: 1.4%) 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 2023 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 sensitivity analysis alongside 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, seektreasury management, health and safety, data protection and the code of conduct.

Report of the Board (continued)

External Assurance

• Internal Audit

Internal Audit for 2023/24 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 2023/24 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 2024.

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 December 23 the RSH completed their annual Stability Check. This reaffirmed the G1 and V2 status.

In mid 2024, the RSH carried out an inspection as part of their new approach to inspections. The inspection uses a risk-based approach to assess providers' financial strength, risk profile, approach to value for money and their quality of governance. From April 2024, inspections now include proactively seeking evidence that a landlord is delivering the outcomes of the consumer standards. The outcome of this inspection is expected to be Autumn 2024.

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 £0.974m (2023: £1.598m) and actuarial loss of £0.167m (2023: £0.154m), the Company Reserves at the year-end amounted to £4.833m (2023: £4.026m).

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 2023/24 Calico Homes surplus was £0.8m (2023: £1.4m) and net assets of £4.8m (2023: £4.0m), which includes £0.541m (2023: £0.491m) provision for the SHPS defined benefit scheme liability. At 31 March 2024 the Statement of Financial Position records a net current liabilities position of £2.56m (2023: £0.15m net current assets). The treasury management policy in place requires the draw down of funds take place only as required or as liabilities fall due for payment. Included in current liabilities is a £1m (2023: £nil) capital loan repayment which is due to be repaid on 31 March 2025. The board confirm that the net current liabilities position at 31 March 2024 is in line with the 30 year business plan and does not indicate a change to the going concern basis on which the financial statements have been prepared.

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 £14.7m and in 2023/24 agreed a range of current and forward fixed rate loans with 90% 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 20 September 2024 and signed on its behalf by:



Anthony Duerden

Company Secretary

Date: 20 September 2024

For the year ended 31 March 2024

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. Providing good quality homes 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 January 2023, the Calico Homes Board reviewed and refreshed the vision and strategic objectives.

Our 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.

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 our strategic objectives which are:

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

Performance against Strategic Objectives in 2023/24

In 2023/24 Calico Homes performed well in the delivery of strategic objectives despite the continuing challenges of an unpredictable financial and political climate. The cost-of-living crisis also continues to impact significantly on Calico Homes customers and colleagues.

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

Customer feedback is integral to Calico Homes, during 2023/24 Board approved a new Customer Voice framework which provides a number of different mechanisms for customers to get involved in service and policy redesign. The Customer Experience Network was launched in September 2023 and now has over 380 members, some of whom have signed up for the new Service Scrutiny Board. We have also continued with regular Calico in your Neighbourhood events, and developed a participatory budgeting scheme which continues to be successfully facilitated by the Community Engagement Team.

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. Calico Homes has built on the previous success of the rent personalisation fund which is 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)

Calico Homes continues to be 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.

Calico Homes has continued in delivery of its ambitious development programme and in 2023/24 successfully delivered 56 new homes and as at March 2024 there are 139 new homes on site.

Work has continued on the delivery of 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.

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. In response to the new Tenant Satisfaction Measures outcomes a new Impact Learning and Development has been introduced which focuses on how colleagues can improve the customer experience by doing the right thing.

Future Plans for 2024/25

All activities across Calico Homes align with the strategic objectives to ensure that the focus is on core business activity and that our colleagues and services are making a real difference to people's lives.

The Homes Senior Leadership Team has continued to develop and evolve with a focus on delivery of the objectives, Consumer Standards and maintaining a firm focus on budget and risk management. In year to strengthen the Senior team there has been a new role of Head of Customer Experience focussing on delivery of the Customer Strategy and the Customer Access review.

A road map of improvement activity is being developed with colleagues from across the wider Group with some of the key priorities for 2024/25 outlined below:

- The introduction of a new customer portal and app in Autumn 2024 to support the review of the Customer Service offer and enable more streamlined processes for transactions with customers. This will include enabling customers to make repair appointments at their first point of contact which are convenient to them.
- Further development of the Customer Voice framework, to include the introduction of a new Service Scrutiny Board recruited from customers who will undertake service reviews during 2024/25.
- Increased focus on financial efficiency enabling savings which can be used to reinvest into front line services.
- Renewing the 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.
- The Allocations Policy has been reviewed, enabling Calico Homes to revise its approach to lettings and reduce the number of homes being allocated through the B-With-Us partnership. This allows the development of direct referral pathways and introduces local lettings and sensitive lettings where appropriate to support effective tenancy sustainment.
- Continue the collection and monitoring of the new set of Regulators Tenant Satisfaction Measures (TSMs). These indicators form part of the overall KPI suite and will be reported to both Homes Leadership Team and Board. An external consultant has been appointed to carry out proportionate surveying in 2024.
- 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.
- Delivery of a full programme of improvement activity focusing on our Active H housing management system, enabling us to make the best use of its functionality.
- The construction work on Dovestone Gardens is scheduled for completion at the end of 2024/25, and work is taking place in Syncora Care (Calico Group subsidiary) and Calico Homes to agree roles and responsibilities ahead of completion.
- Continued focus and strengthening of all compliance activity, ensuring that Board receive adequate levels of assurance in this critical area.

Strategic Report of the Board (continued)

Risks and Challenges

Calico Homes is the largest social landlord within Burnley and recognises the important role as a social landlord delivering quality homes and services and investing in the local community with circa 90% of homes within Burnley.

In the context at a local level, property values and rent levels are the lowest in the country, coupled with the level of need being higher than in most places (13th most deprived borough). Burnley has lower household income levels and a higher level of unemployment when comparing to the National, North-West and Lancashire averages.

Calico Homes continues to operate in a volatile, complex 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 Board have held an externally facilitated workshop to review their risks, the sector risk profile and stress testing. This has informed a full review of the risk map in 2023/24.

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, Asset Management and Compliance. 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. In addition to this, housing sector salaries have been increasing above average levels in a number of key areas. 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 2024 and the expected introduction of "Awaabs Law" in 2024/25. 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 as the managed migration to Universal Credit continues.









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 undertaking cyclical stock condition surveys has led to an increase 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 2024/25.

Strategic Report of the Board (continued)

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

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

Objective one: To provide safe and well-maintained homes through investment in existing and new properties.

STRATEGIC OBJECTIVE 1	2022/23	2023/24 TARGET	2023/24 YEAR END	ACHIEVED TARGET	TARGET 2024/25
Number of Development units completed	119	63	56		161
% Urgent & Routine Jobs Completed on time	86.09%*	96%	83.6%		85%
% Emergency, Urgent & Routine Jobs Completed on time	99.30%*	96%	99.21%		99%
% Properties with a valid electrical certificate (10 years)	100%	100%	100%		100%
% Properties with valid electrical certificate (5 years)	93.81	100%	92.05%		n/a
% Properties with valid gas certificate	99.98%	100%	100%		100%
% Fire Risk Assessments Valid	90.95%*	100%	100%		100%
% Homes not meeting the DHS (TSM)	0%	0.0%	0.5%		0%

*These were combined in 22/23 and not directly comparable to 23/24

In 2023/24 Calico Homes has continued to deliver our Development Strategy, completing 56 new homes in the year. We have also retained our focus on providing supported housing, and in 2023/24 completed 10 supported housing properties delivering a new domestic abuse refuge in Bury. We have also delivered 31 homes as part of our successful Empty Homes Programme. Work has continued on site with our largest scheme to date, Dovestone Gardens a 93-unit extra care provision in Burnley which is due for completion in Quarter 4 2024/25. Work continued on Kinross, a 61-unit scheme timber framed development being delivered by Ring Stones a Calico Group construction company, this scheme completes in 2024/25.

Work to maintain 100% performance against all 6 compliance areas was maintained in 2024 with all areas attaining that target in statutory areas.

To support the proactive management of damp and disrepair a new Damp, Mould and Condensation (DMC) Case Management system was developed and implemented within our housing management system, Active H. This has enabled greater transparency and improved reporting and works delivery to customers.



In year £4.8m, has been spent on improvements to existing homes, delivering new kitchens, bathrooms, roofs boilers, windows and doors. There have been challenges in resourcing works which is not isolated to Calico Homes and a sector wide issue. Calico Homes have worked closely with Ringstones to ensure delivery of the planned programme in addition to delivering an increased volume of Damp and Mould works. This will remain a key focus for of the asset management approach in 2024/25.

The repair schedules of rates have been reviewed, to simplify these, and to provide more accurate information about costs and productivity. This work will continue alongside the introduction of a new customer portal in 2024/25 which will enable customers to self-serve and make their own repair appointments.

Strategic Report of the Board (continued)

An enhanced letting standard was consulted on with members of the Customer Experience Network and introduced at the beginning of 2024/25. This is intended to improve the quality of the offer to new customers and supplemented by an investment programme which has focussed on areas such as roofing, windows, kitchens and bathrooms. The Repairs Policy has also been reviewed and defines the responsibilities of customers and Calico in the maintenance of their homes.

Objective 2 – Tenancy Sustainment - To support customers to sustain tenancies (includes community development)

STRATEGIC OBJECTIVE 2	2022/23	TARGET 2023/24	YEAR END 2023/24	ACHIEVED TARGET	TARGET 2024/25
% of General Needs and Housing for Older People terminations, sustaining tenancy for at least 12 months (LTM)	90.72%	91%	89.8%		92%
% of customers satisfied with the ASB service	69.64%	60%	87.5%		60%
Number of ASB cases received per 1000 properties (TSM)	80	n/a	45.5	n/a	No target
Number of hate related crime ASB cases received per 1000 properties (TSM)	20	n/a	0.6	n/a	No target

The Calico Homes personalisation fund continues to support customers with fuel bills, cost of living, carpets, white goods etc. This has supported maintaining a nil eviction rate due to rent arrears since September 2022. Although the tenancy sustainment target was narrowly missed, there has been a review of each termination within 12 months to understand if there were any circumstances in which these terminations could have been prevented, and this has fed into future improvement activity.

The Community Safety Team continues to develop a trauma informed approach to tackling Anti-Social Behaviour and there have been several successful outcomes in year. The teams approach is carefully balanced with an appropriate mix of support and enforcement, and focuses on effective partnership working with the council, the police and other agencies.

Calico Homes remains committed to the retention of the Domestic Abuse Housing Alliance accreditation, with preparation well underway for re-accreditation in 2024/25. The strong links we have established with a Calico Group company, Safenet enable a strong offer supporting customers who are experiencing domestic abuse and keeping them safe.

In the year Calico Homes have moved away from 100% council nominations which has enabled the housing stock to be more effectively managed for customers who are under or over occupied, or who need to move for medical reasons. Calico Homes has also created referral pathways for customers ready to move into a tenancy from a Group company supported housing property which includes Homeless and Domestic Abuse properties. This ensures a support plan is in place to ensure the success of the tenancy.

Objective three: Improving Services - To provide good quality and personalised repairs, customer and neighbourhood services

STRATEGIC OBJECTIVE 3	2022/23	TARGET 2023/24	YEAR END 2023/24	ACHIEVED TARGET	TARGET 2024/25
No of Stage 1 complaints received per 1000 properties (TSM)	19.5	n/a	24.1	n/a	No target
No of Stage 2 complaints received per 1000 properties	1.5	n/a	2.6	n/a	No target
% stage 1 complaints responded to within timescales (TSM)	77.39%	90%	74.6%		90%
% stage 2 complaints responded to within timescales (TSM)		90%	92.9%		90%

Strategic Report of the Board (continued)

With the publication of the new Complaints Handling Code by the Housing Ombudsman in February 2024, Calico Homes have updated their Customer Feedback Policy and Procedures in addition to undertaking the self-assessment against the new code. This work was undertaken in partnership with the Complaints Scrutiny Group, the new complaints process is simpler and easier to access by customers and learning from complaints will be captured in the system to demonstrate actions taken to improve services.

A summary of learning and actions generated by Customer Feedback during 2023/24 is set out below:

- Undertook a Customer Service Review to increase the quality of the first response resolutions and customer experience. Phase 1 completed and a new customer portal due to launch in Autumn 2024.
- Introduced call quality listening to ensure high standards are encouraged and maintained and supporting approach to performance management
- Refreshed the website to improve customer experience, easier to find information on Calico Homes Website.
- Continued to embed our Customer Strategy approach, supported by delivery of focussed 'Showing the Way' sessions. These focus on the needs of the customer and delivering the Customer Strategy effectively.
- Brought in house grounds maintenance services back based on customer feedback. Focussed on delivering great services via a new "Clean & Green" team.
- Asset tagging trees and green spaces so that they can be managed more effectively.
- Developing digital technology to improve repairs and inspections services.
- Introduced a Complaints Scrutiny Group and a Service Scrutiny Board made up of customers and a member of Calico Homes board to improve oversight and enable customer recommendations for improvements.

Strategic Report of the Board (continued)

Objective 4 – Customer Relationship - To develop trusting relationships and to empower customers/communities to take the lead on things that matter most

STRATEGIC OBJECTIVE 4	2022/23 (pre TSM so definition may vary)	TARGET 2023/24	YEAR END 2023/24	ACHIEVED TARGET*	TARGET 2024/25
TP01 - Proportion of respondents who report that they are satisfied with the overall service from their landlord.	79%	n/a	72.2%		75%
TP02 - Proportion of respondents who have received a repair in the last 12 months who report that they are satisfied with the overall repairs service.	67%	n/a	74.5%		75%
TP03 - Proportion of respondents who have received a repair in the last 12 months who report that they are satisfied with the time taken to complete their most recent repair.	66%	n/a	68.4%		70%
TP04 - Proportion of respondents who report that they are satisfied that their home is well maintained.	74%	n/a	64.9%		66%
TP05 - Proportion of respondents who report that they are satisfied that their home is safe	81%	n/a	72%		74%
TP06 - Proportion of respondents who report that they are satisfied that their landlord listens to tenant views and acts upon them.	57%	n/a	56.8%		58%
TP07 - Proportion of respondents who report that they are satisfied that their landlord keeps them informed about things that matter to them.	65%	n/a	64.8%		70%
TP08 - Proportion of respondents who report that they agree their landlord treats them fairly and with respect.	84%	n/a	72.4%		75%
TP09 - Proportion of respondents who report making a complaint in the last 12 months who are satisfied with their landlord's approach to complaints handling.	41%	n/a	37.9%		40%
TP10 - Proportion of respondents with communal areas who report that they are satisfied that their landlord keeps communal areas clean and well maintained.	61%	n/a	60.5%		62%
TP11 - Proportion of respondents who report that they are satisfied that their landlord makes a positive contribution to the neighbourhood.	80%	n/a	56.1%		58%
TP12 - Proportion of respondents who report that they are satisfied with their landlord's approach to handling anti-social behaviour.	63%	n/a	57.0%		59%

* - Targets were not set for 23/24 Tenant Satisfaction Measures as this was the first time collecting this information. 23/24 data has provided us with baseline data and stretching targets have been established for 24/25 performance.

Calico Homes carried out our biggest ever Customer Satisfaction survey "Make it Happen" in September 2023 which generated 1700 customer responses. This was the first collection of the new Tenant Satisfaction Measures and an opportunity to collect and establish baseline data from customers. Whilst some of these indicators have revised definitions, some are comparable to previous years data.

Calico Homes ensured that each expression of dissatisfaction received from a customer was followed up by a project team who were contacting individuals to understand the key factors impacting on their satisfaction. This identified 6 key themes and a "So what squad" of Homes colleagues was established to identify and deliver improvement activity to address these key areas of concern and improve service delivery. This activity also aligned with the feedback and learning from complaints as outlined in the Objective 3 narrative above.

In 2023/24 Calico Homes has introduced a new Customer Voice framework which offers various opportunities for customers to get involved in consultation, but also in the co-design and co-production of key services. This includes

the Customer Experience Network which currently has more than 380 active members who have been involved in the development of new policies including the Responsive Repairs Policy and the Lettings and Allocations Policy.

The Customer Strategy continues to underpin Calico Homes activity, with a strong focus on enabling customers to live their best lives and the Equality, Diversity and Inclusion Strategy supports this approach.

Calico Homes recognises that digitally transforming its services, customer engagement, customer scrutiny of our services, and driving new ways of working is integral to embedding and delivering VFM. The Board invested in a new transformation team and approach to delivering improvements focussing on customer experience with the transformation programme making the best use of colleague resources, ensuring colleagues time is focussed on providing effective and efficient service delivery.

Transformation project groups have been established focussing on key areas of improvement activity. This involves reviewing and embedding processes to deliver VFM through improving our digital capacity, use of data and ensuring consistent and improved governance across these project groups.

Customers have been kept updated on outcomes of surveys and consultations and the delivery of improvement activity via the Customer Experience Network newsletter. Performance information for all service areas in addition to transparent reporting on complaints is also published.

For 2024/25 Calico Homes will be using a third party to undertake the TSM surveys, this will undertaken proportionally throughout the year, commencing in August 2024, with regular monitoring of satisfaction enabling actions to be implemented where required, in addition to measuring the impact of improvement activity carried out to date.

Objective 5 – Business - To strengthen the business so it is a strong, well governed, environmentally friendly and provides VFM for customers.

STRATEGIC OBJECTIVE 5	2022/23	TARGET 2023/24	YEAR END 2023/24	ACHIEVED TARGET	TARGET 2024/25
% overall Rent Collected	99.62%	99.25%	99.50%		99%
% Void loss	1%	1.3%	1.16%		1.3%
% Interest Cover	154%	120%	120%		120%
% Operating Margin	28%	25%	26.4%		25%

The performance demonstrates rent collection has continued to perform well, remaining consistently strong with collection rates in the top quartile compared to peer organisations. Calico Homes has continued to support customers, pro-actively offering support to customers who may be struggling to manage. The internal tenancy sustainment team have creatively supported customers via the internal personalisation. This supportive approach from the team has proved successful with no evictions being undertaken due to rent arrears in 2023/24.

The void target has been met in the year however there were increases of void numbers and levels of work in the final quarter of 2023/24. This will remain a key focus for 2024/25.

Following the new Procurement Strategy and approach agreed in 2022/23, a new Head of Procurement role has been introduced with key procurement activity undertaken in year. This includes utilities, mobile phones, ICT infrastructure and materials. The materials procurement was undertaken by Group and includes Ringstones our Group company and Calico Homes with a new materials provider has been agreed from April 2024. This will bring increased opportunities to increase our right first-time approach and lead to a reduction in materials costs.

A new Environmental Strategy is in place, this paves the way for the focus on reduction of carbon emissions, and the improvement of energy efficiency of their homes, providing thermal comfort and reduced bills for customers.

Strategic Report of the Board (continued)

In 2023/24 in line with the Treasury Strategy, revised interest cover targets have been agreed with the two bank funders. These have amended the target to "exclude" an agreed level of energy performance expenditure over a 3 year period, followed by a move to an EBITDA only target post 2026. This enables a more flexible approach to managing the investment and energy works programme in current and future years.

In year the Board also approved a number of fixed rate loans, these have supported Calico Homes in managing the volatility in interest rates. As at March 2024, 90% of drawn debt is on a fixed rate basis.

Objective 6 – People - To create a place where people want to work now and, in the future

STRATEGIC OBJECTIVE 6	2022/23	TARGET 23/24	YEAR END 2023/24	ACHIEVED TARGET	TARGET 2024/25
% Sickness Absence (excl Group Business Services)	3.32%	3.5%	3.39%		3.5%
Colleague Employee Net Promoter Score (eNPS)	+15	n/a	-10	n/a	n/a

2023/24 saw a real focus on a shift in culture for Calico Homes, with the modernisation of services and practical implementation of the Customer Strategy being at the forefront of activity. The Impact Learning and Development programme was designed to improve areas identified in the TSM survey with improvements to the use of tone and language as these were identified as a driver of customer dissatisfaction.

The senior leadership team in Homes was realigned with new Head of Service roles being created, including a new role of Head of Customer Experience, responsible for delivery of the Customer Access review project plan and management of the Contact Centre and reception services. This has provided a clearer framework of roles and responsibilities and a simplified structure with less reporting lines.

The 2023/24 People Plan focused on key priority areas around improving recruitment and retention and work life balance, with the introduction of agile working enabling officers to work out in neighbourhoods with customers instead of spending time in the office carrying out administrative updates.

There has been a focus on effective workforce and succession planning with a number of individuals undertaking Level 4 and 5 housing management qualifications. Calico Homes has also proved to be successful at recruiting customer volunteers to support with customer research activity, and we have also placed several individuals into key teams via Year of Service placements.

2024/25 VFM Future Plans

In line with the VFM Strategy, the 2023/24 Tenant Satisfaction Measures (TSM) are a key driver of Calico Homes VFM plans. Customers feedback is integral to the delivery of VFM and the quality of homes and our services are key business priorities.

In 2024/25 the priorities set by the Board support the improvement of our services with Asset Management and Repairs a key priority.

Key actions:

- Reviewing our asset management approach – focus on property stock condition data and customers TSM feedback to reflect the future investment requirements.
- Repairs and Maintenance - Repairs Improvement Plan – review our delivery model to improve the response and quality of our end-to-end service with a right first time approach. This includes an improved flexible approach to repairs appointments, supported by a new digital offer.
- Damp, Mould and Condensation – optimising our processes to improve our response and communications with our customers.
- Compliance - Ensure our customers feel safe in their homes, ensuring our data is robust and we continue to deliver Health and Safety and Compliance
- New Homes – delivery of new homes which includes our successful Empty Homes model providing an additional 30 homes per year. The development of our first Extra Care scheme – completion of Dovestone Gardens which will provide 93 new supported housing homes.

Strategic Report of the Board (continued)

- Customer Influence – Involving customers and engaging with policies and approach to delivery of services. Customer Engagement Network in place with circa 350 customers. Ensuring ongoing learning from our complaints with oversight from our Customer Scrutiny Group.
- Review of front-end customer service including the introduction of a customer portal.
- Group Business Services – Review of support services as part of the Group structure review

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 2023/24 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 2022/23 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	23.0%	Traditional
South Lakes Housing	3,300	12.9%	Traditional
Muir Group Housing Association Ltd	5,600	10.2%	LSVT
Warrington Housing Association Ltd	1,298	17.6%	Traditional
Prima Housing Group Ltd	2,666	9.7%	Traditional
Cheshire Peaks and Plains Housing Trust	5,239	20.7%	Traditional
South Liverpool Homes Ltd	3,830	3.2%	Traditional
Cobalt Housing Ltd	5,797	0%	Traditional
Arawak Walton Housing Association Ltd	1,098	13.4%	Traditional
Eden Housing Association Ltd	1,824	8.2%	Traditional

VFM Metrics		22/23 Actual	23/24 Actual	Global Account 22/23 All providers (rank of 200)	Global Account 21/22 Peer Group (rank of 10)	24/25 Target
1	Reinvestment %	10.50%	10.00%	Upper (32)	Upper (1)	10.10%
2A	New supply delivered (social housing)	2.20%	1.00%	Upper (50)	Upper (3)	1.20%
2B	New supply delivered (non-social)*	0.00%	0.00%	Median (72)	Median (2)	0.00%
3	Gearing	76.5%	76.60%	Upper (3)	Upper (1)	75.10%
4	Interest Cover – EBITDA MRI	100.10%	108.00%	Lower (139)	Lower (8)	115.00%
5A	Headline Social Housing cost per unit**	£3,594	£3,823	Lower (189)	Lower (9)	£3,930
6A	Operating Margin (social housing)	26.20%	27.60%	Median (47)	Upper (3)	29.40%
6B	Operating Margin	22.10%	24.20%	Median (60)	Upper (4)	28.30%
7	ROCE (Return on capital employed)	4.20%	4.30%	Upper (20)	Upper (4)	4.60%

* – median was 0.00%

** – Lower quartile is assessed on lower unit costs

Strategic Report of the Board (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 delivered 56 new homes in 23/24 and continued work on delivery of the two large schemes which will progress into 2024/25. These schemes will deliver 139 new homes inclusive of 93 extra care units, this is Calico Homes first Extra Care provision. Calico Homes continues to deliver the existing successful Homes England Empty Homes refurbishment programme of 30 new homes a year.
- Calico Homes is also committed to investing in its existing homes and invested over £3.6m in capital expenditure (total investment of £4.8m) improving customer homes and increasing energy efficiency.
- In 2024/25 Calico Homes is responding to customer priorities investing in new windows, roofing and doors. There are also plans to invest additional resources for specific energy efficiency works targeted at moving all Calico Homes to EPC C and above levels by 2030. In 2024/25 work will commence on 181 of the hardest to treat properties and the investment will be supported by the successful Wave 2.2 grant funding.

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 % of existing stock.

- 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 with 41 new homes built compared to 119 in 2022/23. The current two large schemes on site are not expected to be completed until 2024/25 and these two schemes will deliver 154 new homes.
- For non-social housing although showing as median, the median is 0% with the upper quartile for the national group at 0.08% and the peer group at 0.02%.

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 and remains at upper quartile levels consistent with previous years.
- The gearing level 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. From 2021/22, Calico Homes has delivered 290 homes to date, with a further 234 (of which 139 are on site) 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.

- In recent years there have been additional financial challenges arising due to reducing income (rent cap in 2023/24), costs increasing above inflation (particularly property related) and rising interest rates. Demand for services has increased resulting in higher operating revenue costs alongside increased investment in assets and increased costs relating to property insurance.
- 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.
- It is important to note that this metric differs from the loan funders calculation as it excludes proceeds from disposal of fixed assets. Calico Homes also has also agreed an EPC C carve out from 2023/24 – 2025/26 with its funders. From April 2026 the covenant target will move to EBITDA only.
- We recognise that aligned to this as demonstrated in VfM Metric 6, our operating surplus performance is at upper quartile levels. An increased surplus is needed to fund the interest payable mainly used to support our investment in new homes.

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 £4,586 and our peer comparison at a median level is £4,375.
- Key areas driving increased costs across the sector are the record levels of investment in building safety and energy efficiency works. Calico Homes does not have any high-rise buildings and has not had any significant associated costs with building safety. Although work has commenced with delivery of the EPC C works programme, there have only been low levels of work delivered in 2023/24, therefore it is difficult to directly compare for benchmarking.
- In the last two years due to the increased focus on damp, mould, the impact of completion of over 1,500 stock condition surveys, there has been increases in repair works. This has led to an increased number of out of time repairs works that will be completed in 2024/25.
- The 2023/24 Investment programme also continues to ensure Calico Homes is meeting its regulatory and strategic objectives, continuing to provide safe and decent homes for customers.

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

- The operating margin has increased in 2023/24 from 26.20% to 27.60%. This is at upper quartile levels for both the national and peer comparison.
- In 2023/24 there has been an increase in turnover, mainly as a result of the rent increase and the additional new homes completed in 2022/23 and 2023/24. Whilst we have seen the impact of higher costs driven by inflation and higher interest rates, overall, the operating surplus has not been impacted. The impact of the FRS102 pension adjustment has also increased the operating margin.
- The 2024/25 operating margin is expected to remain at upper quartile levels. It should be noted that the business plan does not include FRS 102 pension adjustments which can have an impact on operating margins.

Metric 7 – Return on Capital Employed - ROCE measures the efficiency of investment of capital resources.

- Calico Homes remains at upper quartile at 4.3% based 2023/24 and 2024/25 is expected to perform at a similar level. This indicates positive use of its capital resources.

In 23/24 there is a new Regulatory requirement as part of the Transparency, Influence and Accountability Standard) to report on Directors' remuneration and management costs.

The measures are:

- Remuneration payable to the highest paid Director relative to the size of the landlord - £27.02 per property
- Remuneration paid to Directors (this includes members of the governing body, i.e. Non-Executive Directors) relative to the size of the landlord - £110.15 per property

Principal Risks and uncertainties

Calico Homes has a Risk Management Framework which is aligned to business activities and supports the achievement of corporate objectives. This framework was refreshed in May 2024. The Board has overall responsibility for risk management at Calico Homes. Risks are considered at all levels across the business and all decisions taken by the Board or Committees consider relevant risks.

Strategic Report of the Board (continued)

The Risk Management Framework is in place to identify, evaluate and manage the significant risk. 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. In 23/24 the Board held an externally facilitated risk, stress testing and recovery workshop. This considered the risk management and regulatory context. Following this a risk management workshop was held and the Board considered the changes to the regulatory and economic environment and self-assessment of the Sector Risk Profile. This resulted in a revised risk register with 11 risks. The strategic risks identified are:

- Political, Environment and Macro-Economy
- Asset Management
- Legal and Regulation
- Governance and Strategy
- Customer Service – Satisfaction, Expectation and Experience
- Quality and Integrity of Data
- Recruitment and Retention
- Cybersecurity
- Sustainability and Uneconomic Assets
- Lending Agreement and Covenants
- Group Structure

Capital structure and treasury management

As at March 2024, Calico Homes had committed debt funding of £168.3m (2023: £168.3m).

Funder	Total Facility	Total Drawn as at 31/03/2024
Nationwide	£41.5m	£41.5m
NatWest	£99m	£84.3m
MORhomes	£27.8m	£27.8m
Total	£168.3m	£153.6m

In 2023/24, Calico Homes borrowed an additional £9m to bring its total borrowings to £153.6m (2023: £142.6 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 90.0% (2023: 87.0%) 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% (2023: 2.87% to 7.64%) with the weighted average rate of interest on all loans including variable being 4.81% (2023: 4.62%).

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.

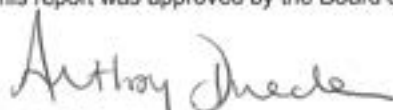
The financial performance in 2023/24 satisfied all funder covenants.

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 £13.5m (2023: £9.3m). Cash Balances (Bank balances and short-term investments) were £1.2m (2022: £2.1m) 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 19 September 2024 and signed on its behalf by:



Anthony Duerden
Company Secretary
Date: 19 September 2024
For the year ended 31 March 2024

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 2024 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 2024 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.

[This report has not yet been signed]

Vicky Szulist
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Manchester

Statement of Comprehensive Income

For the year ended 31 March 2024

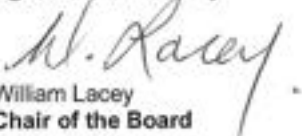
	Note	2024 £'000	2023 £'000
Turnover	3	32,465	29,127
Operating expenditure	3	(24,600)	(22,680)
Gain on disposal of fixed assets	7	708	1,678
Operating surplus		8,573	8,125
Interest receivable and other income	8	190	143
Interest payable and financing costs	8	(7,789)	(6,670)
Surplus on ordinary activities before tax		974	1,598
Taxation on non-charitable activities	12	-	-
Surplus for the year after tax		974	1,598
Actuarial loss in respect of pension schemes	10	(167)	(154)
Total comprehensive income for the year		807	1,444

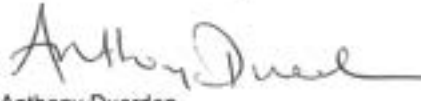
Statement of Changes in Reserves

For the year ended 31 March 2024

Net	2023 £'000	2023 £'000
Income and expenditure reserve		
Balance as at 1 April	4,026	2,582
Surplus from Statement of Comprehensive Income	807	1,444
Balance at 31 March	4,833	4,026

The financial statements on pages 23 to 49 were approved and authorised for issue by the Board on 19 September 2024 and signed on its behalf by:


William Lacey
Chair of the Board


Anthony Duerden
Company Secretary

Statement of Financial Position


As at 31 March 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Tangible fixed assets	13	203,019	187,730
Intangible assets	14	134	214
Investments	15	479	479
		<u>203,632</u>	<u>188,423</u>
Current assets			
Stock	16	81	108
Debtors	17	2,704	3,430
Cash at bank and in hand		1,244	2,066
		<u>4,029</u>	<u>5,604</u>
Creditors: Amounts falling due within one year	18	(6,584)	(5,454)
Net current (liabilities)/assets		<u>(2,555)</u>	<u>150</u>
Total assets less current liabilities		<u>201,077</u>	<u>188,573</u>
Creditors: Amounts falling due after more than one year	19	195,703	184,056
Provision for liabilities			
Pension provision	10	541	491
		<u>196,244</u>	<u>184,547</u>
Income and expenditure reserve		<u>4,833</u>	<u>4,026</u>
		<u>201,077</u>	<u>188,573</u>

The notes on pages 26 to 49 form part of these financial statements.

The financial statements on pages 23 to 49 were approved and authorised for issue by the Board on 19 September 2024 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 2024

	Note	2024 £'000	2023 £'000
Net cash generated from operating activities	27	13,448	9,320
Cash flow from investing activities			
Interest received and other income	8	190	143
Purchasing of housing properties and improvements		(19,686)	(18,798)
Grants received		1,220	8,633
Purchase of other fixed assets	13	(184)	(1,346)
Purchase of intangible fixed assets	14	(29)	(102)
Proceeds of sales of housing properties	7	885	2,312
Net cash flow used in investing activities		(17,604)	(9,158)
Cash flow from financing activities			
Interest and financing costs paid		(7,666)	(6,881)
Loans received		11,000	-
Repayment of borrowings		-	(1,000)
Net cash flow from/(used in) financing activities		3,334	(7,881)
Net change in cash and cash equivalents		(822)	(7,719)
Cash and cash equivalents at beginning of the year		2,066	9,785
Cash and cash equivalents at end of the year		1,244	2,066

The notes on pages 26 to 49 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 2024.

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 £0.8m (2023: £1.4m) and net assets of £4.8m (2023: £4.0), which includes £0.541m (2023: £0.491m) provision for the SHPS defined benefit scheme liability. At 31 March 2024 the Statement of Financial Position records a net current liabilities position of £2.56m (2023: £0.15m net current assets). The treasury management policy in place requires the draw down of funds take place only as required or as liabilities fall due for payment. Included in current liabilities is a £1m (2023: £nil) capital loan repayment which is due to be repaid on 31 March 2025. The board confirm that the net current liabilities position at 31 March 2024 is in line with the 30 year business plan and does not indicate a change to the going concern basis on which the financial statements have been prepared. 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 (2023: £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

	2024	2024	2024	2023	2023	2023
	Turnover	Operating expenditure	Operating surplus/ (deficit)	Turnover	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings [A]	28,424	(20,580)	7,844	25,900	(19,119)	6,781
Other social housing activities:						
Support services	595	(595)	-	624	(608)	16
Non-social housing [B]	3,446	(3,425)	21	2,603	(2,953)	(350)
	<u>32,465</u>	<u>(24,600)</u>	<u>7,865</u>	<u>29,127</u>	<u>(22,680)</u>	<u>6,447</u>

A. Particulars of income and expenditure from social housing lettings

	General Housing £'000	Sheltered Housing £'000	2024 Total £'000	2023 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	19,987	6,972	26,959	24,579
Service charges receivable	517	576	1,093	982
Amortised government grants	272	100	372	339
Turnover from social housing lettings	<u>20,776</u>	<u>7,648</u>	<u>28,424</u>	<u>25,900</u>
Expenditure on social housing lettings				
Management	(5,380)	(1,981)	(7,361)	(6,684)
Service charge costs	(557)	(857)	(1,414)	(1,107)
Routine Maintenance	(2,778)	(1,023)	(3,801)	(3,428)
Planned Maintenance	(1,132)	(417)	(1,549)	(1,520)
Major repairs expenditure	(882)	(325)	(1,207)	(1,430)
Community Involvement	(371)	(137)	(508)	(438)
Bad debts	(74)	(27)	(101)	(127)
Depreciation of housing properties	(3,062)	(1,127)	(4,189)	(3,830)
Impairment of housing properties	-	-	-	-
Other costs	(329)	(121)	(450)	(555)
Operating costs on social housing lettings	<u>(14,565)</u>	<u>(6,015)</u>	<u>(20,580)</u>	<u>(19,119)</u>
Operating surplus on social housing lettings	<u>6,211</u>	<u>1,633</u>	<u>7,844</u>	<u>6,781</u>
Void loss	<u>(248)</u>	<u>(91)</u>	<u>(339)</u>	<u>(122)</u>

Notes to the Financial Statements (continued)

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

B. Non-social housing activities

	Turnover	Operating Costs	2024 Operating surplus/ (deficit)	2023 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Market Lettings	88	(45)	43	48
Barley View Care Home	1,358	(1,419)	(61)	(140)
Charitable donation	170	-	170	-
Other*	1,830	(1,961)	(131)	(258)
	<u>3,446</u>	<u>(3,425)</u>	<u>21</u>	<u>(350)</u>

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

4. Accommodation owned, managed and in development

	At 31/03/2023	Additions	Disposals	Other	At 31/03/2024
UNITS OWNED					
Social Housing:					
General needs housing social rent	2,938	-	(12)	2	2,928
General needs housing affordable rent	930	45	(2)	(9)	964
Supported housing social rent	1,193	10	-	-	1,203
Supported housing affordable rent	230	1	-	9	240
Low-cost home ownership	2	-	-	-	2
	<u>5,293</u>	<u>56</u>	<u>(14)</u>	<u>2</u>	<u>5,337</u>
Non-Social Housing:					
Market rented	12	-	-	-	12
Registered Care Homes	28	-	-	-	28
	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
UNITS MANAGED					
Managed units* - General needs	<u>53</u>			<u>(34)</u>	<u>19</u>
UNDER DEVELOPMENT					
General needs housing affordable rent	64				48
Supported housing	93				93
	<u>157</u>				<u>141</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.

	2024	2023
	No. of units	No. of units
Supported housing	227	218

6. Operating surplus

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

	Note	2024 £'000	2023 £'000
(Surplus) on sale of fixed assets	7	(708)	(1,678)
Depreciation of housing properties	13	4,189	3,830
Depreciation of other tangible fixed assets	13	334	342
Amortisation of intangible fixed assets	14	109	115
Amortisation of government grants	3	(372)	(339)
Operating lease rentals – land and buildings		469	345
Operating lease rentals – other		303	270
Auditor's remuneration (excluding VAT):			
- for audit services		43	34
- taxation compliance services		4	2
- service charge certification		2	2
- Other services		6	-

7. Surplus on sale of fixed housing assets

	Right to Buy Sales	Others	Total 2024	Total 2023
	£'000	£'000	£'000	£'000
Disposal proceeds	885	-	885	2,312
Carrying value of fixed assets	(177)	-	(177)	(634)
Surplus/(deficit) on disposal	708	-	708	1,678

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

	2024 £'000	2023 £'000
Interest receivable and similar income		
Interest receivable and similar income	190	143
Interest payable and financing costs		
Loans and bank overdrafts	7,632	6,791
Adjustment for effective interest rate	142	193
Pensions – net interest on pension deficit	134	104
	7,908	7,088
Less: interest capitalised on housing properties under construction	(119)	(418)
	7,789	6,670

The interest rate of 4.62% (2023: 3.89%) was used for capitalising finance costs.

9. Employees

Average monthly number of employees	2024	2023
	No.	No.
Administration	82	84
Housing and community services	234	226
Total	316	310
Full time equivalents (36.25 hours/week)	286	216
	2024	2023
	£'000	£'000
Employee costs:		
Wages and salaries (gross)	8,806	8,242
Social security costs	848	789
Redundancy	39	54
Other pension costs	424	389
Pension adjustment to Income and Expenditure Accounts	(138)	(118)
	9,979	9,356

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 (2023: £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:

	2024 No.	2023 No.
£60,000 to £70,000	4	5
£70,000 to £80,000	5	5
£80,000 to £90,000	1	-
£90,000 to £100,000	2	3
£100,000 to £110,000	5	1
£110,000 to £120,000	-	1
£120,000 to £130,000	-	1
£130,000 to £140,000	-	-
£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 2023.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)	31 March 2024 (£000s)	31 March 2023 (£000s)
Fair value of plan assets	2,250	2,293
Present value of defined benefit obligation	2,791	2,784
Surplus (deficit) in plan	(541)	(491)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(541)	(491)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(541)	(491)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	Period from 31 March 2023 to 31 March 2024 (£000s)
Defined benefit obligation at start of period	2,784
Current service cost	-
Expenses	4
Interest expense	134
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	3
Actuarial losses (gains) due to changes in demographic assumptions	(25)
Actuarial losses (gains) due to changes in financial assumptions	(69)
Benefits paid and expenses	(40)
Defined benefit obligation at end of period	2,791

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 2023 to 31 March 2024
Fair value of plan assets at start of period	2,293
Interest income	113
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(258)
Contributions by the employer	142
Contributions by plan participants	-
Benefits paid and expenses	(40)
Fair value of plan assets at end of period	2,250

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was £145k (2023: £1,714k).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOC)

	From 31 March 2023 to 31 March 2024 (£000s)
Current service cost	-
Expenses	4
Net interest expense	21
Defined benefit costs recognised in statement of comprehensive income (SoCI)	25

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	From 31 March 2023 to 31 March 2024 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(258)
Experience gains and losses arising on the plan liabilities - gain (loss)	(3)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	25
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	69
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(167)
Total amount recognised in other comprehensive income - gain (loss)	(167)

Notes to the Financial Statements (continued)

10. Pensions (continued)

ASSETS	31 March 2024 (£000s)	31 March 2023 (£000s)
Global Equity	224	43
Absolute Return	88	25
Distressed Opportunities	79	69
Credit Relative Value	74	87
Alternative Risk Premia	71	4
Emerging Markets Debt	29	12
Risk Sharing	132	169
Insurance-Linked Securities	12	58
Property	90	99
Infrastructure	227	262
Private Debt/Equity	91	102
Opportunistic Illiquid Credit	88	98
High Yield	-	8
Cash	44	17
Long Lease Property	15	69
Secured Income	67	105
Liability Driven Investment	916	1,056
Currency Hedging	(1)	4
Net Current Assets	4	6
Total assets	2,250	2,293

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 2024 % per annum	31 March 2023 % per annum
Discount Rate	4.93%	4.83%
Inflation (RPI)	3.08%	3.16%
Inflation (CPI)	2.79%	2.82%
Salary Growth	3.79%	3.82%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at Age 65 (Years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2044	21.8
Female retiring in 2043	24.4

Notes to the Financial Statements (continued)

11. Board members and executive officers

	2024	2023
	£'000	£'000
The aggregate emoluments paid to or receivable by non-executive Directors	35	32
The aggregate emoluments paid to or receivable by executive officers	525	547
The aggregate compensation paid to or receivable by executive officers	30	-
The emoluments paid to the highest paid executive officer (excluding pension)	145	138
The aggregate pensions costs for executive officers	45	91
Total key management personnel remuneration	560	579

The Chair to receive £6,300 per annum and all other Board members £4,200 each. Expenses paid during the year in respect of Board members amounted to £126 (2023: £364).

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 £11k (2023: £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.

	2024	2023
	£'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	974	1,598
Surplus on ordinary activities at standard rate 25% (2023: 19%)	244	304
Effect of charitable income and expenditure not subject to tax	(244)	(304)
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	211,072	7,806	194	218,872	6,744	2,506	9,250	228,122
Additions	1,000	15,215	-	16,215	57	127	184	16,399
Works to existing properties acquired	3,590	-	-	3,590	-	-	-	3,590
Schemes completed	5,280	(5,280)	-	-	-	-	-	-
Disposals	(713)	-	-	(713)	(923)	(1,294)	(2,217)	(2,930)
At end of the year	220,229	17,541	194	237,964	5,878	1,339	7,217	245,181
Depreciation and impairment								
At start of the year	36,842	-	18	36,860	1,791	1,741	3,532	40,392
Charge for the year	4,185	-	4	4,189	136	188	334	4,523
Impairment	-	-	-	-	-	-	-	-
Disposals	(536)	-	-	(536)	(923)	(1,294)	(2,217)	(2,753)
At end of the year	40,491	-	22	40,513	1,004	645	1,649	42,162
Net book value at the 31 March 2024	179,738	17,541	172	197,451	4,874	694	5,568	203,019
Net book value at the 31 March 2023	174,230	7,606	176	182,012	4,953	765	5,718	187,730

Notes to the Financial Statements (continued)

13. Tangible fixed assets – properties (continued)

Housing properties comprise:

	2024 £'000	2023 £'000
Freehold land and buildings	110,531	108,778
Long leasehold land and buildings	69,379	65,628
Properties under construction	17,541	7,606
	<u>197,451</u>	<u>182,012</u>
Major works to existing properties in the year:		
Works capitalised	3,590	3,441
Amounts charged to expenditure (note 3)	1,207	1,430
	<u>4,797</u>	<u>4,871</u>
Included within major works is £385k (2023: £Nil) in respect of EPC "C" works.		
Aggregate amount of interest and finance costs included in the cost of housing properties (note 8)	2,824	2,705
The capitalisation rate used was 4.62% (2023: 3.98%)		

Cost of properties includes £213k (2023: £260k) for direct administrative costs capitalised during the year.

The completed housing properties with net book value £120,956k (2023: £121,045k) are secured against the debt detailed in Note 20.

14. Intangible Fixed Assets

Computer software and licences	2024 £'000	2023 £'000
Cost		
At start of year	1,999	1,897
Additions	29	102
Disposals	(1,494)	-
At end of year	<u>534</u>	<u>1,999</u>
Amortisation		
At start of year	1,785	1,670
Charge for year	109	115
Disposals	(1,494)	-
	<u>400</u>	<u>1,785</u>
Net book value		
At 31 March	<u>134</u>	<u>214</u>

Notes to the Financial Statements (continued)

15. Fixed Asset Investments

	2024	2023
	£'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

	2024	2023
	£'000	£'000
Raw materials and consumables	<u>81</u>	<u>108</u>

17. Debtors

	2024	2023
	£'000	£'000
Due within one year:		
Rent and service charges receivable	1,848	1,646
Less: Provision for bad and doubtful debts	(838)	(807)
	<u>1,010</u>	<u>839</u>
Other debtors	1,101	716
Less: Provision for bad and doubtful debts	(568)	(533)
Prepayments and accrued income	761	703
Intercompany balance	400	1,705
	<u>2,704</u>	<u>3,430</u>

Notes to the Financial Statements (continued)

18. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade creditors	611	471
Rent and service charges received in advance	699	444
Debt (Note 20)	1,000	-
Others creditors	132	134
Accruals and deferred income	1,489	2,636
Other taxation and social security	202	110
RTB proceeds due to Burnley Borough Council	167	150
Intercompany balances	1,889	1,071
Deferred capital grant (Note 21)	395	438
	<u>6,584</u>	<u>5,454</u>

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

	2024	2023
	£'000	£'000
Debt (Note 20)*	151,491	141,244
Deferred capital grant (Note 21)	42,235	40,706
Recycled capital grant (Note 22)	41	40
Leaseholder sinking funds	46	42
Loan Premium	1,890	2,024
	<u>195,703</u>	<u>184,056</u>

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

Notes to the Financial Statements (continued)

20. Debt analysis

	2024 £'000	2023 £'000
Due after more than one year:		
Bank loans	152,491	141,244
Debt is repayable as follows:		
Within one year	1,000	-
Between two to five years	6,500	5,000
After five years	144,991	136,244

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 90.0% (2023: 87.0%) of its borrowings at fixed rates. The undrawn loan facility as at 31 March 2024 was £14.7m (2023: £ 25.7m).

The fixed rates of interest range from 2.87% to 7.64% (2023: 2.87% to 7.64%) with the weighted average rate of interest on all loans including variable being 4.81% (2023: 4.62%). 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 31/03/24 %
13/10/2008	13/10/2038	Nationwide	RPI cap/collar	3,000	7.67

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 M&G Trustee Company Limited. 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

	2024 £'000	2023 £'000
At start of year	41,144	33,508
Grant received in the year	1,858	7,995
Released to income in the year	(372)	(339)
Transfer from/(to) RCGF	-	(20)
At the end of the year	42,630	41,144
Amount due to be released within one year (Note 18)	395	438
Amount due to be released after one year (Note 19)	42,235	40,706
	42,630	41,144

The gross amount of grant received prior to amortisation as at 31 March 2024 was £45,643k (2023: £43,794k).

22. Recycled capital grant fund

	2024 £'000	2023 £'000
Balance brought forward at 1 April 2023	40	20
Grants recycled	-	40
Notional interest	1	-
Transfer (to)/from Deferred Capital Grant	-	(20)
Carried forward at 31 March 2024	41	40

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

23. Capital commitments

Capital expenditure commitments were as follows:

	2024 £'000	2023 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	11,501	25,062
Expenditure approved by the Board, but not contracted	3,400	-
	14,901	25,062

These are to be funded out of undrawn loan facilities of £14.7m (2023: £25.7m) and estimated grants of £3.5m (2023: £3.7m) 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:

	2024 £'000	2023 £'000
Land and buildings:		
• Within one year	322	315
• Two to five years	564	661
• Over five years	-	16
	<u>886</u>	<u>992</u>
Other leases:		
• Within one year	330	259
• Two to five years	412	358
	<u>742</u>	<u>617</u>

25. Analysis of changes in net debt

	At beginning of the Year £'000	Cash Flows £'000	Other Changes £'000	At end of the Year £'000
Cash and Cash Equivalents	2,066	(822)	-	1,244
Debt due within one year	-	-	(1,000)	(1,000)
Debt due after one year	(141,244)	(11,000)	753	(151,491)
	<u>(139,178)</u>	<u>(11,822)</u>	<u>(247)</u>	<u>(151,247)</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

	2024	2023
	£'000	£'000
Surplus for the year	974	1,598
Adjustments for non-cash items:		
Depreciation of housing properties	4,189	3,830
Depreciation of other tangible fixed assets	334	342
Amortisation of intangible fixed assets	109	115
Amortisation of government grants	(372)	(339)
Pensions adjustment	(117)	(118)
(Profit)/loss on sale of fixed assets	(708)	(1,678)
Working capital movements:		
Decrease/(Increase) in stock	27	(11)
Decrease/(Increase) in debtors	726	(684)
(Decrease)/Increase in creditors	687	(262)
Adjustments for investing or financing activities:		
Interest payable and financing costs	7,789	6,670
Interest receivable and other income	(190)	(143)
Net cash generated from operating activities	<u>13,448</u>	<u>9,320</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 2024 have tenancies on normal commercial terms with combined rent payable of £5,280 (2023: £4,934).

At 31 March 2024, there were no outstanding amounts (2023: £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-24 £'000	Mar-23 £'000
• New house building	12,474	9,531

During the year, the company recharged office costs to Hobstones totalling £181k (2023: £117k) and Hobstones provided a charitable donation to the company of £170k (2023: £Nil).

At 31 March 2024, the company owed to Hobstones £1,001k (2023: £706k).

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

During the year, the Group recharged office costs amounting to £18k (2023: £42k).

At 31 March 2024, the company owed Group £29k (2023: £8k).

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-24 £'000	Mar-23 £'000
• Various Investment works	1,038	1,354
• Externals	894	920
• Heating	479	493
• Roofing	1,479	765
• Damp proofing	514	408
• Empty Homes refurbishment	1,065	965
	5,469	4,905

During the year, the company recharged office costs to Ring Stones totalling £721k (2023: £419k).

At 31 March 2024, the company owed to Ring Stones £741k (2023: £325k).

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

During the year, the company recharged office costs to Syncora totalling £101k (2023: £100k).

At 31 March 2024, the company owed Syncora £1k (2023: £12k)

Syncora Care Limited ("Syncora Care"), a subsidiary of Syncora

During the year, there were no transactions (2023: £Nil).

At 31 March 2024, the company owed Syncora Care £2k (2023: £Nil)

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

During the year, the company recharged office and property rental costs to Enterprise totalling £463k (2023: £419k) and Enterprise charged £663k (2023: £590k) for cleaning, painting, decorating and catering services.

At 31 March 2024, the company owed to Enterprise £116k (2023: £20k).