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# Rochdale Boroughwide Housing Limited

## Board and Advisors

### Board

Frank Blackburn (Chair)  
Derek Brown  
Philomena Renshaw  
Keith Churchman  
Gill Walch (appointed June 2004)  
Lois Tinker  
Keith Gordon  
Christine Oldroyd (retired March 2005)  
Helen McHale  
Councillor Anne Metcalfe (appointed June 2004)  
Councillor Barbara Todd  
Councillor Alan Taylor (appointed June 2004)  
Councillor Brian Davies (appointed September 2004)  
Councillor Ian Robertson (appointed March 2004 – retired June 2004)  
Councillor David Murphy (retired June 2004)  
Muskrat Hussain Shah (Directorship ceased May 2004)

### Executive Officers

#### **Managing Director**

Paul Neate

#### **Business Support Director**

Gareth Swarbrick

#### **Operations Director**

Brian Courtney

#### **Technical Director**

Geoff Thurling (up to September 2004)  
Eugene Wilson from September onwards

### Secretary and Registered Office

#### **Gareth Swarbrick,**

Rochdale Boroughwide Housing Ltd.  
PO Box 69  
The Old Post Office,  
The Esplanade,  
Rochdale  
OL16 1AE.

### Auditors

**KPMG LLP**  
St James' Square  
Manchester  
M2 6DS

### Internal Auditors

**Rochdale MBC**  
Financial Services  
Internal Audit and Risk Management  
Floor 5  
Municipal Offices  
Smith Street  
Rochdale  
OL16 1LQ

### Bankers

#### **The Co-operative Bank PLC**

PO Box 101  
1 Balloon Street  
Manchester  
M60 4EP

### Solicitors

#### **RBH has its own Legal Team**

Rochdale Boroughwide Housing Ltd.  
PO Box 69  
The Old Post Office,  
The Esplanade,  
Rochdale  
OL16 1AE.

## Report of the Board for the Year Ended 31 March 2005

The Board presents their report and the audited financial statements for the year ended 31 March 2005.

### What Do We Aim To Do?

The principal activity of the Company is the day-to-day management and maintenance of Rochdale Council's housing stock. The average number of dwellings under management for the year was 15,183.

To help the Company focus effectively on its objectives, RBH has adopted six key aims that are listed below.

- *To bring all Council housing in the borough up to a locally agreed Decent Standard Plus as soon as is practically possible and maintain it at that standard.*
- *To ensure that investment is made in sustainable properties and investment supports sustainable communities by working closely with tenants and other partners.*
- *To achieve continuous improvement in performance indicators into the upper quartile nationally so as to deliver a high quality service to tenants and to help win and maintain an 'excellent' rating from the Housing Inspectorate.*
- *To deliver value for money, including identifying efficiency savings for reinvestment in improved core services.*
- *To ensure that tenant participation and consultation arrangements involve a wide range of tenants and enable the full range of tenants' views to be heard.*
- *To give tenants and other customers meaningful choices over the way that existing services are delivered and new services developed.*

### Highlights of the Year

In this the third year of the partnership between Rochdale Boroughwide Housing (RBH) and Rochdale Council, RBH was inspected by the Audit Commission for the second time. The inspection result of **2 stars and promising prospects for improvement** judged against far stricter criteria than in 2002, reflects significant improvements in nearly all service areas.

The inspection result should be set in the context of the following significant achievements.

### Social and Environmental Performance

RBH has continued to develop its approach to social and environmental performance.

- *On Health & Safety, RBH has strengthened its training for on-site operations and achieved a 4 star rating from the British safety Council*
- *RBH's performance on recycling building materials was highlighted by the Housing Inspectorate as best practice.*
- *On community involvement, RBH now works in partnership with over 40 tenants and resident groups.*
- *RBH has continued its commitment on equality and diversity. 10% of our employees were from a BME background at the year-end.*

- *80% of employees live in the Borough. We have continued to offer traineeships to people from a BME background and for those with disabilities alongside our traditional apprenticeships.*

### Financial and Service Performance

- *The Major Investment Programme, 'Raising the Standard' being carried out in partnership with Bramall Construction Ltd. and Cruden Construction Ltd. has continued to make progress. The target set for the percentage of homes made decent at 31 March 2005 was 81%. In fact, 81.5% of the stock has been made decent. RBH is still on target to have made all Rochdale Council's stock decent by April 2006 with the exception of potentially unsustainable sheltered stock.*
- *Performance in respect of rent collection and arrears was excellent with three of the four targets exceeded and a reduction in possession orders and evictions. Overall, performance for the Repairs Service was also excellent with all targets being achieved or exceeded. Tenant satisfaction levels remain consistently high. The Right To Buy Service has met all statutory timescales for issue of acknowledgements and offers in 100% of cases. The number of staff days lost to sickness has reduced by an average of 3 days per employee which equates to approximately 1,800 extra productive employee days in the year or 8 full time employees.*
- *RBH successfully negotiated the lease of the ground floor accommodation at the Company's headquarters in the Old Post Office building. 77 staff will be moving to this new accommodation from inferior quality accommodation at two other buildings that have uncertain futures in the context of the Council's regeneration plans for the borough. This move will have other advantages in terms of improved internal communications, IT facilities and economies of scale.*
- *The on-going programme of Best Value and Value for Money reviews continued during the year covering the areas of office accommodation and of the services we buy in from external sources together with the stores, transport, joiners shop and emergency repairs call centre functions. These will result in significant internal savings.*
- *Phase One of the implementation of the new integrated IT system was successfully completed in 2004/05 resulting in a smooth 'go-live' in April 2005 for these modules: rents and arrears, core people and properties, allocations and voids, and financials.*
- *A new swipe card system for payment of rent was also successfully implemented in the latter part of 2004/05 which means that tenants now have a more convenient method to pay which will prove more cost effective for RBH in the medium term.*
- *RBH successfully bid for £100,000 Government E-Innovations funding to develop a Smart System for monitoring the installation and maintenance of various building components.*

- RBH is once again able to report a healthy financial position at the end of 2004/05. A surplus has been achieved (a cumulative figure of £23,000 at 31 March) whilst a significant level of management fee has been returned to the Council due to agreed delays to planned schemes and less demand for responsive repairs. £1M will be carried forward and added to the management fee in 2005/06 so that RBH can complete projects started in the last year and £0.6M will be used by the HRA to support the Major Investment Programme during the final year of decent standard work.
- RBH completed its Procurement Strategy in 2004/05. A new Procurement Officer (jointly appointed with First Choice Homes Oldham) has begun work on implementing a procurement action plan. This includes joining Procurement for Housing, a procurement consortium which is already saving the Company money on supplies and services.
- A Value For Money (VFM) strategy was also developed in 2004/05. This set out RBH's overarching policy for achieving VFM and will ensure that RBH addresses the Government's efficiency agenda. The Government's Spending Review 2004 set ambitious targets for the public sector to identify efficiencies, so that resources can be released to front-line services. The ODPM has agreed an efficiency target for local government and requires local authorities to submit an Annual Efficiency Statement (AES). Although ALMOs are not required by the Government to submit their own AES, they must contribute to the statements prepared by their parent authority. RBH is committed to publishing its own statement anyway which will be used as a management tool for reporting efficiencies year on year. RBH's AES for 2005 is shown on page 6.

## Future Developments

RBH is aiming to maintain a continuous improvement in performance indicators in the next financial year whilst addressing the recommendations of the Audit Commission's inspection report.

This will involve the following key developments in 2005/2006:

- RBH intends to undertake a market testing exercise for the repairs service to ensure that it continues to provide value for money. The repairs business plan will be implemented which will achieve savings and ensure the service is on a competitive footing in preparation for making an internal bid to continue to operate the service.
- We will ensure that all offices and community bases comply with the requirements of the Disability Discrimination Act.
- Phase two of the implementation of the new integrated IT system will be completed which will include responsive repairs and appointments, planned maintenance and contract management.
- We will complete the 'Raising the Standard' programme and prepare and consult on a 3-year capital programme for 2006-2009 to maintain homes at a decent standard exploiting all potential funding opportunities to ensure that environmental improvements are also delivered by 2010.

- We will ensure that RBH contributes fully to the development of implementation plans for the Council estates identified for intervention as part of the Oldham and Rochdale Housing Market Renewal Pathfinder.
- RBH will continue with the ongoing process of responding to the efficiency agenda by complying with Government requirements via the Council and embedding the culture of VFM throughout the organisation.

## Our Governance Arrangements

The Main Board of RBH comprises six tenants, four councillors and three independents.

RBH's Board has the ultimate responsibility for the internal governance of the organisation. Its role is to direct the work of the organisation, determine its strategic direction, deliver its commitments under the Management Agreement, approve overall expenditure, and approve the policies of the organisation.

The Board of RBH is committed to the delivery of high quality housing services to its customers, and RBH's aims and objectives embrace the key principles of good governance, i.e. openness, inclusiveness, integrity and accountability.

Both the Board and staffing structures have been developed to ensure that there is an informed and effective decision making process within the organisation.

The Board structure of RBH reflects the organisation's commitment to tenant involvement with tenants having the largest share of the Main Board and an in built majority on the four area boards.

All Board members receive comprehensive training to clarify their roles and responsibilities and to equip them with the knowledge and skills required to carry out their roles effectively.

The Main Board met 7 times in 2004/05.

Following on from the 2003 Board Annual Performance Review, a further review was undertaken at a Board Member Away Day in June 2004. At this day the Board discussed progress, achievements and challenges facing RBH, the preparations for inspection and the potential for joint working with our close neighbours First Choice Homes Oldham

In 2004/05 the Board was assisted by 4 Area Boards (down from 5 following the 2003 review) and 4 Sub-Committees that have delegated powers and written terms of reference.

## Area Boards

The Area Boards still have a role in the monitoring of performance standards after the establishment of the new Performance Management Sub-Committee but now focus more on decision-making at a local level on issues such as the prioritisation of local budgets and the selection and monitoring of contractors.

Each Area Board met 4 times in 2004/5, with membership drawn from local tenants' groups, township councillors and up to three independents.

## Performance Management Sub-Committee

A new Sub-Committee was established in 2004 to consist of 2 nominees from each Area Board and 3 Board Members. The purpose of this group is to examine performance management information in detail and make decisions on any actions required, including reviewing targets as necessary.

## Audit Sub-Committee

This Sub-Committee provides the facility for Board members to meet the Company's external auditors, to discuss their report on the annual accounts, and review the scope and results of the internal audit work programme. The Sub-Committee also monitors and advises the Main Board on compliance with the Company's Risk Management Action Plan. New internal auditors, Deloitte Touche were appointed towards the end of the financial year.

The Sub-Committee met on 3 occasions in the financial year 2004/5.

## Finance and Value For Money Sub-Committee

The Finance Sub-Committee is responsible for determining the financial strategy and policies of the company and keeping them under review. It met on 6 occasions during the year and received regular reports on company expenditure and commitments against approved budgets.

The Sub-Committee carried out a review of the Company's annual budget and management fee and made recommendations to the Board in respect of service developments and opportunities for savings and the redirection of existing resources.

## Staffing Sub-Committee

The Staffing Sub-Committee considers all staffing and personnel related issues and makes recommendations to the Board in respect of remuneration, variations to the authorised establishment and amendments to conditions of service.

Members of the Sub-Committee also meet with management and trade unions on a quarterly basis at a Joint Consultative Committee and are called upon to hear disputes, grievances and disciplinary appeals.

The Sub-Committee met on 4 occasions in 2004/5.

## Policy and practice on payment of creditors

It is the policy of the Company to pay its creditors within 30 days.

At the year-end, there were 18 days purchases in trade creditors compared to 37 days at the end of 2003/04.

## Statement of Board Responsibilities

Company law requires the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of its Income and Expenditure for the period. In preparing the financial statements the Board is required to:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.*

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. The Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of Board on Internal Financial Controls

The Board acknowledge their ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- *the reliability of financial information used within the Company or for publication;*
- *the maintenance of proper accounting records; and*
- *the safeguarding of assets against unauthorised use or disposition.*

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

Key elements include ensuring that:

- *formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Company's assets;*
- *experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;*
- *forecasts and budgets are prepared which allow the Board and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;*
- *all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through relevant sub-committees comprising Board members and others;*
- *the Board reviews reports from management, from internal auditors, from the external auditors and from its own Audit Sub-Committee to provide reasonable assurance that the control procedures are in place and are being followed. This includes a general review of the major risks facing the Company. The Internal Auditors make regular reports to the Board via Audit-Sub Committee;*
- *formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports;*

## Auditors

A resolution for the appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 25 August 2005 and signed on its behalf by:



**Gareth Swarbrick**  
**Company Secretary**

## Annual Efficiency Statement (AES)

### Overview

One of RBH's clearly stated aims in the Business Plan is "to deliver value for money, including identifying efficiency savings for reinvestment in improved core services". Rochdale Council in turn is committed to ensuring that all the resources made available to RBH are utilised in the most cost effective way possible to support its overall evidence to the Audit Commission as part of the Local Authority's CPA judgement.

Since being established, RBH has made significant progress on achieving value for money and maximising the efficiency of its services. There are numerous examples of how by reviewing the way we operate we have been able to improve the efficiency and effectiveness of elements of the service whilst achieving both real savings for reinvestment in other parts of the service and 'non-cashable' savings where quality improvements have been made. The savings realised in 2004/05 that will feed through into 2005/06 and beyond are highlighted in this statement, as are targeted savings for 2005/06.

In order to build on efficiency gains already achieved, RBH will continue to develop its budgeting processes in conjunction with budget managers who have delegated responsibility for managing resources effectively. Budget monitoring will be strengthened to incorporate the efficiency dimension on a monthly basis. During the annual budget setting process managers will be required to demonstrate that they have considered each of the 3 methods for generating efficiencies set out in RBH's Value for Money Policy Statement when responding to their annual budget efficiency target for their service area. In addition, any future service review will include examination of how the 3 methods to increase efficiency and achieve better value for money.

The backward look element of this statement compares RBH's actual expenditure in 2004/05 with actual expenditure in 2003/04 as adjusted for inflation and volume changes. The forward look shows the target for 2005/06 and combines gains achieved in 2004/05 where these will continue through to the end of 2007/08.

Expenditure is analysed over the main work-streams required by the Government of Management and Maintenance (within LA Social Housing) and capital works.

### **The table on page 7 shows an overall recurring efficiency gain by March 2006 of £9.9M.**

This figure includes efficiency savings that RBH is required to make due to an automatic reduction in the management fee by an amount which reflects the reduction in council dwellings due to RTB sales and demolitions. It also includes savings that have been generated by RBH but which will accrue directly to the Council's Housing Revenue Account. The main areas where efficiencies have been achieved are as follows (gains can be classified as real cash savings and or 'non-cashable' performance improvements). All of the savings will recur in future years:

## Backward Look – Efficiency Gains Achieved in 2004/05

Total efficiency gains have been achieved in 2004/05 of £3.8M as follows:

### **Management and Maintenance**

**Cash Savings** – Revenue savings of £0.470M have been achieved in respect of repairs through a reduction in the overall establishment, a decrease in the use of agency staff, and the ending of repairs operative bonus payment systems whilst overall repairs performance has improved. The savings have been used for the setting up of a swipe card system for payment of rent and for completing DDA compliance work on office accommodation and community bases ~ a further saving has resulted from the appointment of a Procurement Officer (jointly funded with First Choice Homes Oldham - £15,000 ~ the move to a new office has resulted in savings on mailroom and reprographics services previously bought-in from the Council (£16,000) and work on Health and Safety issues has been brought in-house saving £8,000 ~ efficiency savings have also been achieved through establishing just one telephone number for the day and night time Call-Centre.

**Performance Improvements** – Sickness management procedures were strengthened in 2004/05. This has resulted in an average of 3 days less sickness absence per employee with a cash value calculated at £200,000 ~ Tenant satisfaction with the repairs service has improved by 2.06% from 2003/04 which has a cash value calculated as £207,000.

### **Capital Works**

**Cash Savings** – RBH has demonstrated supply chain savings of £2.9M through the Partner contracts with Bramall Construction Ltd. and Cruden Construction Ltd. together with efficiency gains through energy efficiency and recycling initiatives. The main purchasing areas where cash savings are being generated are boilers, windows, whole house ventilation systems, door sets and floor tiles.



## Report of the independent auditors, KPMG LLP, to the members of Rochdale Boroughwide Housing Limited

We have audited the financial statements on pages 9 to 13

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Board of Management and auditors

The Company's Board of Management is responsible for preparing the Board of Management's report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Board of Management's report on pages 2 to 5 is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the Company is not disclosed.

### Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants  
St James Square  
Manchester

Date 27<sup>th</sup> September 2005

## Income and expenditure account

**Year ended 31 March 2005**

This statement shows the income and expenditure earned and incurred by RBH in 2004/05.

It shows that income was greater than expenditure by £9,000. This will be added to the surplus of £14,000 from 2003/04 which means that RBH has reserves of £23,000 at 31 March 2005.

	Note	2005 £000	2004 £000
Turnover	2	28,979	27,912
Operating costs	2	29,141	27,866
Operating surplus/(deficit)		(162)	46
Interest receivable and other income		213	107
Interest payable and similar charges		-	-
Surplus/ (deficit) on ordinary activities before taxation		51	153
Taxation on surplus/ (deficit) from ordinary activities	6	(42)	(28)
Surplus/(Deficit) on ordinary activities after taxation		9	125
Transfer to/from reserves	11	-	-
Surplus/ (deficit) for the year		9	125
Revenue reserves brought forward	11	14	(111)
Revenue reserves carried forward	11	23	14

All amounts relate to continuing activities.

The notes on pages 10 to 13 form part of these financial statements.

There have been no other recognised gains or losses during the year, other than those shown in the Income and Expenditure account.

## Balance sheet

**As at 31 March 2005**

The balance sheet summarises the financial position of the Company. It shows the value of the Company's assets and liabilities at the end of the financial year (31 March 2005).

	Note	2005 £000	2004 £000
<b>Current assets</b>			
Stock		363	309
Debtors	7	509	2,153
Short term investments		-	3,629
Cash at bank and in hand		4,021	-
		4,893	6,091
Creditors: amounts falling due within one year	8	4,850	5,836
Bank overdraft		-	221
Net current assets		43	34
Provision for future tax liabilities	9	20	20
Net assets		23	14
<b>Reserves</b>			
Revenue reserves	11	23	14
		23	14

These financial statements were approved by the Board on 25 August 2005 and were signed on its behalf by:



**Frank Blackburn, Chairman**

The notes on pages 10 to 13 form part of these financial statements.

## Cash flow statement

**For the year ended 31 March 2005**

This statement summarises the inflows and outflows of cash during the year

	Note	2005 £000	2004 £000
Net cash inflow from operating activities	12a	442	738
Returns on investments and servicing of finance			
Interest received		213	107
Interest paid		-	-
Net cash inflow from returns on investments		213	107
Taxation			
Corporation tax paid		(42)	(28)
Increase/(Decrease) in cash and investment	12c	613	817

The notes on pages 10 to 13 form part of these financial statements.

## Notes

### (forming part of the financial statements)

The following notes provide more detailed information in order to assist in the interpretation of the main financial statements.

### 1 Principal Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### Basis of preparation

The financial statements have been prepared on the historical cost basis of accounting.

#### Turnover

Turnover represents income fees received from Rochdale MBC for the management and maintenance of Rochdale MBC's housing stock and other income from operating activities.

#### Fixed Assets

RBH currently has no fixed assets. Office buildings, furniture and equipment, computer equipment, plant and vehicles are all rented or leased.

#### Leased Assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

#### Stocks

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

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

#### Designated Reserves

The Company may choose to make a transfer to reserves to meet its anticipated future obligations. No reserve was established in 2004/2005.

#### Pension Costs

The Company participates in the Local Government Pension Fund (LGPF) Superannuation scheme. The scheme is a final salary pension scheme and retirement benefits to employees of the Company are funded by contributions from all participating employers and employees in the scheme. Payments are made to the Greater Manchester Pension Fund operated by Tameside MBC. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable to the various participating organisations.

### 2 Analysis of turnover, operating costs and operating surplus

	2005 £000	2004 £000
<b>Turnover</b>		
Management Fee Income	25,754	24,611
Other income	3,225	3,301
	28,979	27,912
<b>Operating costs</b>		
Employees expenses	15,346	14,475
Premises	5,925	5,310
Transport	1,126	1,077
Supplies and Services	6,744	7,004
	29,141	27,866
<b>Operating surplus/ (deficit)</b>	<b>(162)</b>	<b>46</b>

### 3 Surplus/ (Deficit) on ordinary activities before taxation

	2005 £000	2004 £000
Is stated after charging:		
Auditors remuneration (including VAT):		
- in their capacity as auditors	22	23
- for other services – Corporation Tax computation	1	2
	23	25

### 4 Employee information

	2005 No.	2004 No.
The average number of persons employed during the year, expressed as equivalent full time employees was:		
Housing management	179	167
Housing maintenance	279	281
Administrative and clerical	136	129
	594	577
Staff costs for the above persons were:		
	2005 £000	2004 £000
Wages and salaries	12,840	12,147
Social security costs	827	816
Other pension costs	1,034	971
	14,701	13,934

### 5 Directors emoluments

The remuneration paid to the managers of the Company (the Board, Managing Director and Directors) was:

	2005 £000	2004 £000
Aggregate emoluments payable to Directors (including pension contributions and benefits in kind)	276	266

The Company's Managing Director was paid £85,000 (including pension contributions) in 2004/05 (£77,000 in 2003/04). He is a normal member of the LGPS final salary pension scheme and does not receive any enhanced benefits.

None of the members of the Board received any remuneration. They are paid expenses for expenditure incurred on travel, subsistence and carers costs in relation to attendance of Board and sub-committee meetings, training and other Company events. The aggregate amount of expenses paid to Board members in the period was £2,236.

## 6 Taxation

Analysis of charge in period

	2005 £000	2004 £000
<b>UK Corporation tax</b>		
Current tax on income for the period	40	26
Adjustments in respect of prior periods	2	2
<b>Total current tax</b>	<b>42</b>	<b>28</b>

### Factors that may affect future tax charges.

If the scale of non-council sourced income were to significantly increase, this may have an impact on the level of corporation tax payable in future years. KPMG LLP are working with the National Federation of ALMOs and the Inland Revenue to establish the tax status of ALMOs. This had not been determined at the time that these accounts were prepared. Should the Inland Revenue not grant mutual status the terms of transaction with the council will be required to be restated as if upon an arm's length basis of provision, thus increasing taxable profits. The mark up applied to the transaction would need to be comparable with similar services provided in the housing sector. It is not currently possible at the moment to determine what the appropriate level of mark up would be.

## 7 Debtors

	2005 £000	2004 £000
Amounts receivable within one year:		
<b>Rochdale MBC</b>		
Management fee	-	-
Other	84	1,342
Prepayments	19	47
Accrued income	301	489
	<b>404</b>	<b>1,878</b>
<b>Other debtors</b>		
External debtors	13	7
Prepayments	44	235
Accrued income	48	33
Sub-total other debtors	105	275
<b>Total</b>	<b>509</b>	<b>2,153</b>

## 8 Creditors

	2005 £000	2004 £000
Amounts falling due within one year:		
<b>Rochdale MBC</b>		
Payments on account	1,605	1,001
Other	-	1,560
Accruals and deferred income	1,807	1,465
	<b>3,412</b>	<b>4,026</b>
<b>Other creditors</b>		
Receipts in advance	-	17
Trade creditors	1	542
HM Customs and Excise	116	178
Corporation tax	40	26
Accruals and deferred income	1,281	1,047
Sub-total other creditors	1,438	1,810
<b>Total</b>	<b>4,850</b>	<b>5,836</b>

## 9 Provision for liabilities and charges

	2005 £000	2004 £000
At beginning of year	20	-
Amounts provided during the year	-	20
At end of year	20	20

## 10 Constitution

RBH is a company limited by guarantee and does not have any share capital. There is only one "member" of the organisation. That "member" is Rochdale Council and the Company's articles of association state that no other person other than the Council Member shall be admitted to membership of the organisation.

## 11 Reserves

	Revenue Reserves £000
At beginning of year	14
Surplus for year	9
Transfer to income and expenditure account from reserves	-
At end of year	23

## 12 Notes to the cash flow statement

### a) Reconciliation of operating surplus to net cash inflow from operating activities

	2005 £000	2004 £000
Operating Surplus/ (Deficit)	(162)	46
(Increase)/Decrease in stock	(54)	(12)
(Increase)/Decrease in debtors	1,644	987
Increase/(Decrease) in creditors	(986)	(283)
Net cash inflow from operating activities	442	738

### b) Reconciliation of net cash inflow to movement in net funds

	2005 £000	2004 £000
Increase/(Decrease) in cash in the year	613	817
Change in net debt resulting from cash flows	613	817
Net funds at start of year	3,408	2,591
Net funds at end of year	4,021	3,408

### c) Analysis of changes in net funds

	At 1 April 2004 £000	Cash Flows £000	At 31 March 2005 £000
Cash and investment	3,408	613	4,021
Debt due within one year	-	-	-
Debt due after one year	-	-	-
Net funds	3,408	613	4,021

### 13 Related Party Disclosures

The Company is wholly owned by Rochdale Council. Total Company turnover was £29.0M including £25.7M from Council in management fee.

The six tenant Board members are:

*Derek Brown*  
*Gill Walch*  
*Philomena Renshaw*  
*Keith Churchman*  
*Lois Tinker, and*  
*Keith Gordon*

Acting as Board members does not allow them to influence their individual tenancies.

During the year, because RBH's income is from the Council, the following Board members, as Councillors, have undertaken material transactions with Rochdale

Boroughwide Housing:

*Cllr. Anne Metcalfe*  
*Cllr. Alan Taylor*  
*Cllr. Barbara Todd*  
*Cllr. Brian Davies*

The following Board members have also undertaken material transactions with RBH:

*Barbara Todd*  
*Chair of Greave Tenants and Residents Association*

*Derek Brown and Keith Churchman*  
*Directors of Rochdale Federation of Tenants and Residents Associations (ROFTRA).*

### 14 Leasing

The Company has entered into a 10 year lease agreement with Beva Hurstwood for the use of part of the Ground Floor and Floors 1 & 2 of the Old Post Office Building in Rochdale. RBH also utilises the Council's leasing arrangements for the purchase of IT and telecommunications equipment and for furniture.

RBH is committed to making payments under operating leases in the next year, as follows:

	2005
	£000
Building lease expiring beyond five years	148
Furniture and equipment leases expiring:	
One to five years	-
Beyond five years	47
	195

From 15 July 2005 RBH will enter into a further lease agreement beyond five years with Beva Hurstwood to occupy an additional part of the Ground Floor of the Old Post Building. The full year cost will be £94,000.

### 15 Equality and Diversity

RBH's commitment to promoting equality and valuing diversity is outlined in its Equality and Diversity policy document. The policy describes how RBH will comply with race relations legislation, the Sex Discrimination Act 1975, and the Disability Discrimination Act 1995.

### 16 Pensions

The Company participates in the Local Government Pension Scheme LGPS, which is a funded defined benefit scheme where contributions payable are held in a trust separately from the Company. The main results and assumptions of the most recent valuation of the LGPS are as follows:

Valuation date	31 March 2005
Valuation method	Projected unit
Market value of assets	£6,920 million
Investment return per annum	6.9%
Salary scale increases per annum	4.4%
Pension increases per annum	2.9%

The Company paid contributions of 9.4% for the accounting period as recommended by the actuary. Surpluses and deficits are spread over employees' future service lives, and the pension charge recorded by the Company during the accounting period was equal to the contributions payable.

## Financial Reporting Standard No 17

Under the transitional requirements of FRS 17, the Company is required to disclose further information on its share of assets and liabilities of the LGPS on a market value basis at the end of the accounting period. This information is set out below:

Actuarial assumptions	At 31 March 2005	At 31 March 2004
Discount rate	5.4%	5.5%
Salary increase rate	4.4%	4.4%
Pension increase rate	2.9%	2.9%
Rate of inflation	2.9%	2.9%
Long term rate of return on:		
Equities	7.7%	7.7%
Bonds	4.8%	5.1%
Property	5.7%	6.5%
Cash	4.8%	4.0%

Value of assets	£'000	£'000
Equities	17,513	14,883
Bonds	3,644	3,494
Property	2,618	2,256
Cash	2,095	1,363
Total	25,870	21,996

Value of liabilities	£'000	£'000
Surplus/(deficit) in scheme	(8,905)	(6,626)
Related deferred tax asset	-	-
Net pension asset	(8,905)	(6,626)

Under the transitional arrangements of FRS 17, no provision has been made for the company's share of the deficit in the scheme. If provision were made, the following entries would be made:

Balance sheet presentation	2005	2004
	£'000	£'000
Net assets excluding FRS 17 pension liability	23	14
Net pension liability	(8,905)	(6,626)
Net assets including FRS 17 pension liability	(8,882)	(6,612)

Reserves note	2005	2004
	£'000	£'000
Income & expenditure account excluding FRS 17 pension liability	23	14
Pension reserve	(8,905)	(6,626)
Income & expenditure account including FRS 17 pension liability	(8,882)	(6,612)

Analysis of amounts charged to operating surplus	2005	2004
	£'000	£'000
Current service cost	1,657	1,665
Past service cost	1	-
Previously unrecognised surplus deducted from past service costs	-	-
Gains/losses on settlements or curtailments	-	-
Previously unrecognised surplus deducted from settlement or curtailment	-	-
Total operating charge	1,658	1,665

Analysis of amounts credited to other finance income	2005	2004
	£'000	£'000
Expected return on pension scheme assets	1,577	1,198
Interest on pension scheme liabilities	(1,632)	(1,383)
Net return	(55)	(185)
Net Revenue Account Cost	1,713	1,850

Analysis of amounts recognised in statement of total Recognised gains and losses	2005	2004
	£'000	£'000
Actual return less expected return on pension scheme assets	1,156	3,182
Experience gains and losses arising on the scheme liabilities	(1,935)	1,035
Changes in assumptions underlying the present value of the scheme liabilities	(806)	(2,054)
Actuarial gain recognised in STRGL	(1,585)	2,163

Movement in surplus/deficit in the year	2005	2004
	£'000	£'000
Deficit in scheme at beginning of year	(6,626)	(7,913)
Movement in year:		
Current service cost	(1,657)	(1,665)
Contributions	1,019	974
Past service cost	(1)	-
Other finance income	(55)	(185)
Actuarial gain/ (losses)	(1,585)	2,163
Surplus in scheme at end of year	(8,905)	(6,626)

History of experience of gains and losses	2005	2004
Difference between actual and expected return on scheme assets	1,156	3,182
Value of assets	25,869	21,996
% of scheme assets	4.5%	14.5%
Experience gains and losses on scheme liabilities	(1,935)	1,035
Present value of liabilities	34,774	28,623
% of present value of scheme liabilities	(5.6%)	3.6%
Total amount recognised in STRGL:	(1,585)	2,163
Present value of liabilities	34,774	28,623
% of present value of scheme liabilities	(4.6%)	7.6%

