Business Plan update 2023-28

Leeds Community Homes

In support of Share Issue #2 and

Proposed Registration as Provider of Social Housing

July 2023

Contents

Executive Summary

We are at a very exciting and decisive time for Leeds Community Homes. In 2023 two long term commitments come to culmination:

One: the realisation of our first share offer in 2016-17 with the purchase of the first 9 affordable homes at Climate Innovation District (CID), Leeds- and thus to at last become an owner and landlord of community homes;

Second: our new share offer, which will support the long-planning purchase and start on site of our first self-procured project at Mistress Lane Armley to create 34 affordable homes.

Along the way, we also expect to become registered as a Provider of Social Housing by the Regulator, a process which goes back to the restructure and formation of the new Leeds Community Homes Group and the creation of the subsidiary People Powered Homes in April 2021.

It has not been an easy process; in the past 12 months we have seen two key long term staff members move on, in particular our former CEO in September 2022. We have seen the impact of the cost of living crisis reflected as a high inflationary bubble for construction and this has affected our financial assumptions underpinning the previous approach to Mistress Lane; thus this has been held back until the we have found a financially viable way to bring it forward. Delays, out of our control have also persisted at CID, although this is now in touching distance.

We have also seen a period of central funding for our CLH Enabling Hub service come to an end, and found ourselves in a situation of trying to create a sustainable, ongoing social business at a time of financial uncertainty.

The approach, going forward, remains as it has been. We are focused on our Vision and Mission, encapsulated by the delivery of CID and Mistress Lane, but also exploring the ways to ensure that we can continue to support groups of people to create the homes they and their communities want; to develop a model where our Support and our Development and social housing functions are mutually supporting ; and to continue to build and empower communities at the local level and wider; and to continue to promote and lobby for the wider movement to grow and become more prevalent.

This updated business plan for 2023 provides an indication of how we will steer Leeds Community Homes over the next 5 years; with a key focus on the delivery of Mistress Lane, but not ignoring the need to develop an enduring, self sustaining organisation that can continue to deliver our Vision and objectives over the period.

Jimm Reed, Director of LCH May 2023

Vision

Leeds Community Homes Vision and Mission

Vision

A people-powered revolution to create affordable, environmentally sustainable homes that communities need.

Mission

To create and enable more community-led, sustainable and affordable homes in Leeds and beyond.

Values

- **Community-led**: We get behind people to help them to create affordable, sustainable homes
- **Enterprising**: We bring creativity and a “can-do” approach to tackling one of the defining social issues of our time
- **Co-operative**: We work collaboratively across the region with people who share our vision

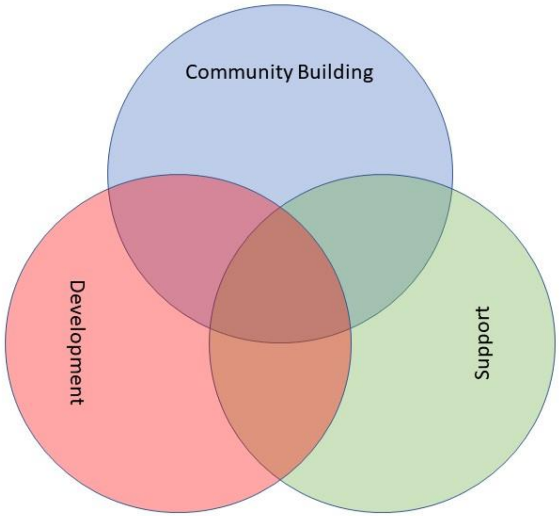
Goals

- As a Community Land Trust (CLT), acquire land and buildings to create homes for affordable rental and sale
- Support other people and organisations to create Community-led Housing (CLH)
- Develop processes to make CLH more deliverable, replicable and sustainable
- Develop and implement a self-sustaining business model for Leeds Community Homes
- Through community share offers and other means, raise finance for CLH projects
- Promote and champion a community-led approach to creating housing on a wider level, within the housebuilding sector and beyond as part of a wider network of economic and social activities
- Engage the people of Leeds and beyond regarding how to create housing which makes for better places to live, for all of us
- Work at a strategic level, locally and nationally, to facilitate the development of the CLH movement

Strategic Outline of Themes

In order to fulfil its role as Enabler, LCH has three overlapping Themes for its activities:

1. Support
2. Developing
3. Community building



Support is our primary day to day business activity of support to groups and organisations to create community led housing. It is generally fee generating (albeit supported by grant environment) and is encompassed generally through our wholly owned subsidiary People Powered Homes.

Development is an important activity whereby we raise and invest capital into directly enabling community led and affordable homes. By doing so we will also create and acquire assets which can in turn provide leverage for future investment and homes.

Community building refers to our work at all levels with creating, succouring and empowering communities to be independent agents in their own environments, as part of a broader network of groups and communities with similar outlooks and objectives.

These functions are overlapping and mutually supporting, and all of our key objectives fit within one or more of the above themes.

Objectives- next 3 years

No.	Objective	Tasks	Theme	When	How will we know if is achieved?
1.	Become an RP	• Review Business plan • Secure financials for ML • Policy and Governance processes Review • Risk plan review	2, 3	By the end of 2023	Registration successful
2.	Launch Share Offer 2	• Finalise new Business plan • Submit for due diligence • Launch • PR & media plan	2, 3	Sept 2023	Successful launch Fully subscribed
3.	Mistress Lane on Site	• Secure all funding • Secure the site • Tender/ procurement • Engage community stakeholder group • Resolve nominations with LCC	2, 3	By June 2024	Successful tender and contract in place; Land purchased All finance in place
4.	Complete CID ph1	• Finalise finance • Market sale units • Finalise allocations arrangements • Management arrangements in place • Resident engagement strategy	2, 3	By end 2023	Homes come into management
5.	Develop PPH into a sustainable part of the business	• Engage new hub coordinator • Improve monitoring of group work • Conduct review of Associate and delivery arrangements.	1, 3	By June 2024	• Make an organisational surplus

		• Identify and filter groups into the PPH pipeline pathway • Engage with Resonance and other funders • Develop partnerships with other enablers and providers • Actively seek more groups within our wider areas			• Have at least one identified PPH pathway project • Secured funding for support work
6.	Create a new Development Pipeline	• Work with partners to identify land and site opportunities • Work with groups to identify candidates for PPH pathway • Actively develop our relationships and seek opportunities in other local authority areas.	1,2	By June 2024	• Have at least one identified PPH pathway project • Have at least one candidate site for development
7.	Develop greater internal capacity within LCH/PPH	• Actively work with other enablers and partners to generate work which can support increased capacity. • Identify funding opportunities to support increased capacity. • Identify potential volunteer/intern/ trainee opportunities	1,2,3	By March 2025	At least one more staff member/ volunteer/ trainee in role
8.	Build the LCH community (attract new members, build the engagement with others- Double our membership)	• Carry out more social and formal interactions with our groups • More member events • Develop processes for member involvement in EDI and policy review? • Improve administration of the membership list • Look at opportunities to engage volunteers	1,3	By June 2024	• Successful share issue • Membership doubled • Member policy review process in place • Successful events run. • Stakeholder group ini place @ ML

		• Broaden our network and opportunities through the Self & Custom build register • Engage stakeholder group @ ML • Engage residents strategy @ CID			
9.	Achieve more funding support into CLH (or LCH directly)	• Support national scale lobbying • Work at local level to lobby local authorities and combined/ mayoral authorities • Explore alternative approaches and funding providers • Explore how the PPH pathway can attract funds for groups	1,2,3	By end 2024	• CHF or other funding renewed OR • Alternate funding avenue in place.

Theme 1 - Support

The support theme is largely covered by our active role as the CLH hub for West and South Yorkshire as part of the wider UK CLH network of providers and enabler hubs.

Community led housing at scale relies on an infrastructure of professional enablers and consultants, and a framework of examples and best practice to learn from; the Enabler hub network has filled this role but is now under pressure in the UK due to shortfall of direct funding and funding to groups. For Leeds Community Homes, we operate this element of our work through People Powered Homes, our wholly owned subsidiary.

PPH presently has no direct staff and no real overheads, and the majority of support work is carried out by Associates on project by project basis; this means it is relatively scalable as a part of our business and there is limited financial risk to our core business (as a provider of Social Housing) if it does not generate much trade. Up to now it has generated some small surpluses which benefit the main business (gift-aided).

However we believe that the enabler role and support to intending groups is not only a core goal for Leeds Community Homes, it is a key part of creating a sustainable self-contained operation.

As such we expect to invest time and resources into maintaining and improving our capacity to support groups; to build a broader framework of associates and partners and to create clearer pathways for groups to proceed.

Associates & internal staff: While associates give us ultimate flexibility and scalability, their cost also scales accordingly. Ideally we would like to develop some more internal capacity to provide project management and other group services; however we need enough consistent work to be able to commit to directly employing someone, even on a trainee basis. Increasing our clientel will assist this and we are exploring partnerships with neighbouring hubs where there may be an interest in jointly funding support and project management resource.

Finally we are also exploring working with Resonance, a social investment partner who provides funding and investment in CLTs and community housing and is interested in working with LCH/ PPH as a regional delivery partner in Yorkshire. This would provide groups with capital to help take their schemes forward and additional income to LCH in order to administer the programme.

Theme 2 - Development

Development of new homes and creating our own asset base has been at the heart of our goals and objectives since the formation of LCH and is tied into our first share offer and first scheme at CID.

While development itself is a time-consuming, challenging and risky activity, it is the prime way for an entity to realise and grow a base of assets (providing security and leverage for future projects) and to create new homes to meet housing needs and build new communities, which meets our Objects as a society.

Development can take the form of acquisition of completed new homes procured via third parties or self-procurement of new homes where we purchase the land and contract to build them. The other options are to purchase existing homes, whether in need of refurbishment, or existing satisfactory stock.

1. Homes procured from third parties- as a member of the Leeds Affordable Homes Framework, LCH is permitted to negotiate for affordable "planning gain" housing, where developers are required to provide a proportion of a development as an on-site affordable contribution via Section 106 Agreement. The advantage of these homes is they are highly discounted and are premium value for the purposes of our balance sheet. The disadvantage is that they are often small in number and scattered within the development, and it can be hard to leverage much in the way of community benefit from them other than the general provision of new affordable homes. The exception to this is schemes like CID where the developer is much more community-orientated and we have an opportunity to play a significant role in building a new community.

   Our approach to S106 schemes is to consider them:
   - Where there is a genuine opportunity to create or engage a community
   - Where we can provide added value that a traditional Housing Association would not
   - Where there is a financial benefit which can enable us to provide more homes elsewhere

2. Newbuild, acquisition and works is more traditional development and provides us with the opportunity to work with a client group and/or a community to develop homes that are needed and wanted. Where possible this is our primary development approach; however this is tempered by the risk, expense, time and capacity requirements of this activity. With our current scale and capacity, we would hope to have at least one active project at a time and to have a modest pipeline of schemes to bring forward.

3. Refurbs/ empty homes: we have previously explored this approach and it fits in with other threads of our work around committing to sustainability and our role with Climate Action Leeds as housing partner. However it is financially marginal for us to do, and other partners in Leeds already fill the role of specialising in community-based refurbs (eg Latch, Canopy, Gipsil); at this stage we are better looking to support these partners in other ways rather than competing with their approach.

4. Existing stock purchases- this can be a way to grow stock quickly and with minimal effort. At this time we do not think that it is financially beneficial for us to look at this approach, taking into account the existing and future liabilities around repairs, condition and environmental performance, and finally the approach does not meet our objects around creating new homes and communities. There may be reasons in the future for us to look at existing stock acquisitions in the future but it is not something we

Our development activity is centred in two main areas over the present period:

- Finalising the purchase of the two phases of homes at Climate Innovation District;
- Starting on our first self-developed project at Mistress Lane in Armley.

In additional as a necessary piece of the above are the twin peaks of launching Share offer #2, and successfully registering as a Provider of Social Housing, both of which we will look to achieve this year.

Future Developments

In addition, we will be working to identify potential pipeline opportunities for developments to follow Mistress Lane, both as completely LCH led schemes and via the PPH pathway approach to provide an ability to act as development partner with supported groups (see more on this below). Future developments will have an impact on the financial projections within this document, as they will require further grants, borrowing and potentially future share issues. We are committed to honouring commitments to our shareholders in terms of crediting of interest and withdrawals as far as is possible and we will engage with our membership on these future plans together with their financial implications.

Theme 3 - Community Building

Community building is at the heart of what we are trying to achieve as an organisation.

This theme covers many of our activities from micro to macro scale.

- At the highest level, working across the UK and internationally, to further and support the growth of the community led housing movement and associated interests; raising profile, sharing examples of best practice, influencing and lobbying policy and political decision makers to allow the movement – as a community in its own right- to grow and become a greater part of the mainstream as an approach to creating homes and places.

- Working with other enablers and providers to build partnerships and find solutions- an active wider community of community builders
- With our membership, generating more involvement, support and enthusiasm from the community of membership of Leeds Community Homes, and getting them more involved in our work, decisionmaking and governance.
- With groups and partners we work with and support, helping them create and manage the communities within their own places
- Within the geographies where we work, to be agents of positive change and to empower local people regardless of background, race, education or any other differentiation, to have an influence in shaping those places.
- As an intending RP, with our tenant and residents of the homes we create and own, empowering and supporting them to be involved and active in the management and decision making around their own homes and built environments, and building their own self-contained communities.

Membership

We presently have a membership base of nearly 300 people and we have historically had a good record of member involvement since our foundation, including events, General Meetings and volunteering opportunities. Our membership have been strongly involved with supporting the development of our ambitious development plans, including guiding our approach to new schemes in the light of delays to CID, and supporting the restructure in 2001. It is an excellent time for us to relook at and refresh our engagement as with the new share offer, and introducing new resident members, we will seek to double our membership in the coming months.

Our Board subgroup for Community, Members and Resident's is currently looking at developing our organisational strategy for increasing the involvement of our membership in our ongoing planning, decision making and involvement and are currently reviewing our draft Empowerment Strategy. The cornerstones of our developing strategy on this are as follows:

1. Engagement of Resident Members in the in advance of and as part of the development of the CID and Mistress Lane schemes. This includes pre-identifying potential residents and working with them prior to occupation and beyond; providing training and support to develop skills around active involvement in decision making and shaping the community; providing a framework specific to each scheme to maximise the potential for resident members to be involved in management and building the community; providing access to a wider forum of support and resources, beyond basic housing management

2. Actively developing opportunities for members to become involved in strategy and policy development eg involvement in Board subgroups and continuing using general meetings to engage members in discussions around our future plans. Refresh and enable potential volunteer opportunities as part of our work.
3. Return to pre-covid opportunities for site visits, socials and workshops to help share interest and involvement in our work and the sider community.
4. Explore relationships and memberships with other citizen led organisations and explore how these can provide other impacts and crossovers for our membership- eg Leeds Citizens, Edible Leeds, Leeds Climate Hub
5. Led by our EDI subgroup and research projects in this area, identify and engage potential minorities who are not as well represented in our membership and seek to empower and encourage membership and involvement from these areas.

Historic Group Financial Summary

Key Financials	*2022/23*[1]	2021/22	2020/21[2]	2019/20	2018/19
Income	*80,077*	108,998	306,633	194,545	95,398
Expenditure	*(126,191)*	(142,926)	(238,439)	(183,471)	(118,997)
Operating Profit	*(46,114)*	(33,928)	68,194	11,074	(23,599)
Interest & similar	*209*	88	771	1,424	1,382
Total Comprehensive Income	*(45,905)*	(33,840)	65,834[3]	12,498	(22,217)
Fixed Assets	*352,614*	342	1,129	1,915	1,334
Net Current Assets	*330,478*	678,267	601,735	528,076	324,157
Assets less Current Liabilities	*634,188*	678,609	602,864	529,991	325,491
Long Term Liabilities	*(339,714)*	(310,922)	(199,717)	(194,009)	0
Total Net	***330,478***	**367,787**	**403,147**	**335,982**	**325,491**
Share Capital	*361,900*	359,778	353,712	360,008	362,017
Total Reserves	*330,478*	367,787	403,147	335,982	325,491

[1] Figures for 2020-23 are draft.
[2] Restated per 2022 accounts
[3] Allowance for £3131 in tax on ordinary activities

Commentary on Historic Financial Summary

The Net Assets of the Society comprise income into the society, from fees or other funding; investment capital from Share offer 1 in 2017; and expenditure on the housing projects. The latter mostly from grant, attributed to the Mistress Lane Project for work up to planning and this grant is recorded as a long-term liability figure.

We made small overall losses in the years up to 2019-20 as we developed the hub operation and laid the groundwork for the purchase of the CID flats and the early work on Mistress Lane. Grants for core operations and support fees brought positive figures from 2020-21, but a tail off of availability of community housing funding since 2021 has had an impact in our income.

Accordingly the operating costs have been significantly reduced as we have reduced staffing and overhead costs by around half since 2020.

Interest on Share offer 1 was credited in the form of additional shareholding from 1 April 2021 and 2022. The Board also elected to credit interest to shareholdings in April 2023.

The financial summaries include those of the previous society which existed until April 2021.

Impact of the investment plan

The investment plan, including the share offer, will provide us with a positive and growing operating surplus based on net rental income from the new schemes. Our overall assets will grow due to the investment as will net assets and overall reserves including revenue. Overall the investment plan provides a transition to a sustainable business model which at its heart will be owning and managing social housing, but it also provides us with capacity to develop further and also conduct our support activities, community building, and providing additional social benefits to our communities of interest.

Management and Governance

Leeds Community Homes is run by a small team of staff and associates who provide day to day management of the operations of the organisation.

- LCH Director: Jimm Reed
- Hub Coordinator: Sarah Bird
- Marketing & Social Media Associate: Lucy Meredith

Other associates work on a project-by-project basis.

As LCH Director, Jimm works closely with the Board of Trustees.

- Chair: David Nugent
- Secretary: Rachel Vernelle
- Treasurer: Guy Millichamp
- Board Members: Beverley Gray, Lou Cunningham, Nic Bliss, Martin Hawthorne, Naz Parkar, James Hartley, Paul Belbin

The Board meets on a Quarterly basis. Several Trustee subgroups meet on different schedules and report back to the main Board, these include Finance, Development & Risk; Community, Residents and Member Involvement; Governance & Policy; Equality Diversity & Inclusion.

The Board formally reports to its membership on an annual basis in September by General Meeting.

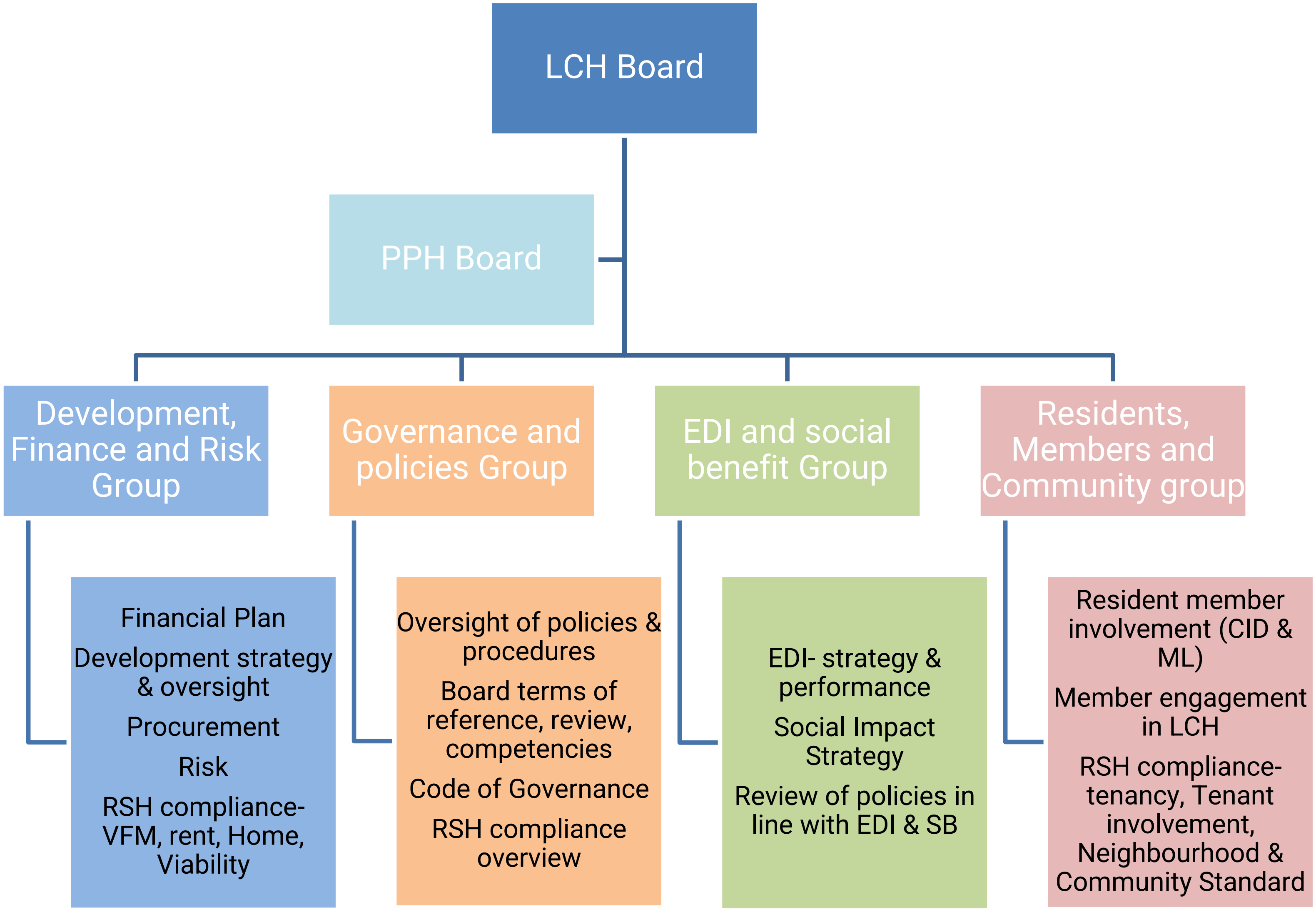
People Powered Homes Ltd is a wholly owned subsidiary of Leeds Community Homes. Its Board consists of:

- Martin Hawthorne, Beverley Gray, James Reed.

The PPH Board meets quarterly and reports back to the main Board.

Full details of the Management team and trustees can be found here: Appendix 1 LCH Team

Board and Subgroups



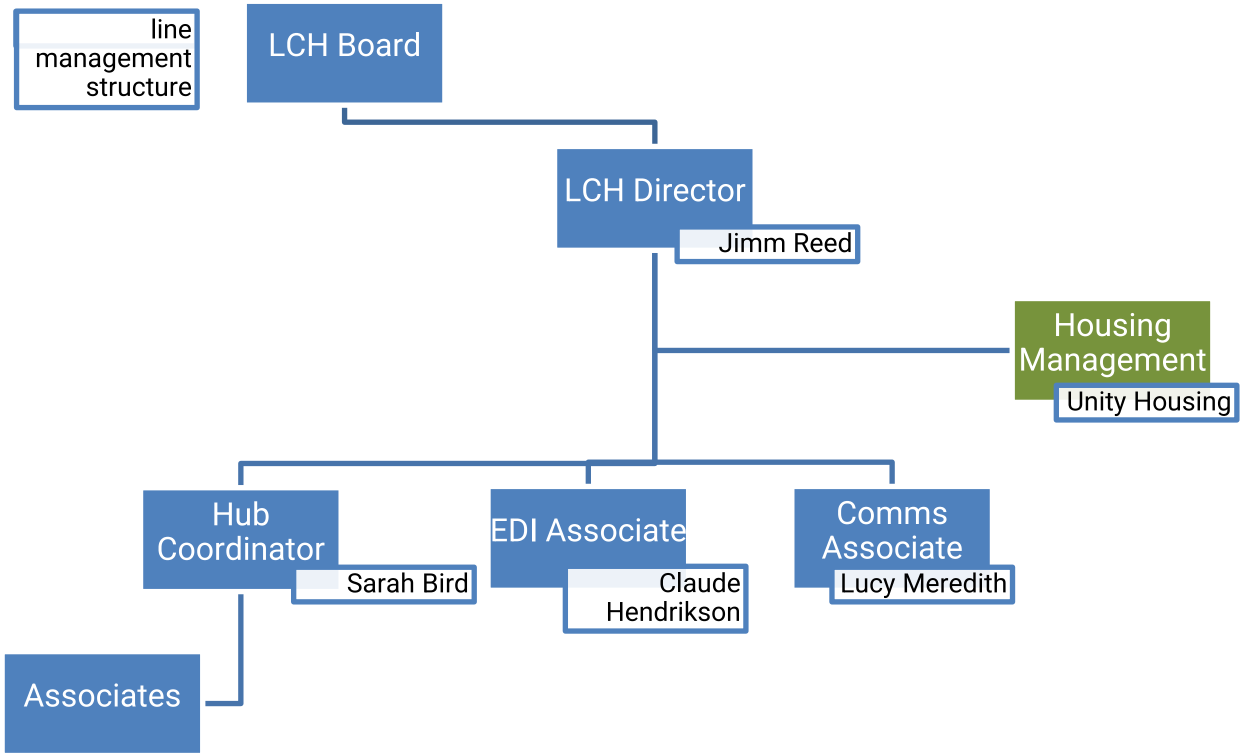
Management Overview

The LCH Director reports to and is line managed by the Board.

LCH Director directly manages LCH associates who include the Marketing & Comms Associate and the EDI Associate as well as other directly engaged by LCH. These associates are contracted on a freelance basis and are not employees.

LCH Director will also directly manage the relationship with Housing Managers for the CID and Mistress Lane scheme, identified as Unity Housing Association.

LCH Director line manages the Hub Coordinator whose role is to oversee the support to CLH groups and therefore manages individual associates who deliver services to the clients.



Organisational subcontracting, leasing or subsidiary relationships

- PPH is a wholly-owned subsidiary providing consultancy and group support services. See section on PPH below.
- Housing Management services for CID and Mistress Lane will be subcontracted to Unity Housing Association. See the delivery plan sections for each, below.

- Directly contracted Associates; LCH and PPH engages freelancers and independent contractors to provide services as required. These are always with specific scope of service and with contracts which clearly provide limit of liability and confirmation that they are not employees.

Staffing and infrastructure needed to support the plan

We do not envisage any radical changes to our current resources in order to deliver the current plans.

Premises: Since Covid we have worked on a remote working basis. As part of the Leeds Climate Hub (via PPH) we have recently enjoyed free shared office facilities which have been a bonus and there is reason for optimism that this arrangement can continue for the next 2-3 years at least, and hopefully beyond.

Staffing: we do not currently envisage growing the staff team to deliver the business plan. The development projects are delivered by the LCH Director in his capacity as Development Director. Costs to meet client projects is budgeted as associate cost and it may be that these costs can be turned into an in-house role if they grow as we anticipate, with the potential of developing in-house project management resources.

After 2026, the financial plan does not model subsequent LCH developments. We do fully hope to develop plans for a next scheme, but these are too vague to be included in current models. As such the Development Director aspect of the LCH Director role is de-budgeted from 2026 and financial planning for the next schemes will need to include future resource for this role. (LCH Director role reduces from 4 days per week presently to 2 days in 25-26 and to 1 day per week from 2026-27 onwards.)

Our general overheads costs are otherwise planned to increase in line with inflation over the period of the plan.

Management: We presently are not budgeting to directly employ housing management team, these services are planning to be subcontracted (See delivery plans) and their costs are budgeted as part of the scheme costs.

Competencies

Oversight and Strategic Vision: The Board has been strengthened in recent years toward the overall target of having a Board of Management capable of guiding a Registered Provider and overseeing achievement of the various Regulatory standards[4].

[4] https://www.gov.uk/guidance/regulatory-standards

Project Delivery: Jimm Reed continues to act in the client Project Manager role for CID and Mistress Lane and has demonstrable track record as a developer of social and community led housing, including management of Homes England funding structures, management of lenders as well as overseeing a project team. The full professional team is already assembled and their details can be viewed here: Delivery Team

Post Delivery: We identify a shortfall in our own capacity to directly manage social housing at this stage of our organisational development, so as described in the delivery plans, we will engage Unity Housing Association as our management agent. We have excellent capacity within our Residents, Members and Community board sub group to be able to oversee and monitor the performance of these services and ensure that we are providing our own additionality for residents within a unique community led housing schemes as full members of the society.

People Powered Homes Pathway

One of the continuing refrains about Community Led Housing projects is that they are amazing exemplar schemes, but they are not easily replicable or scalable because:

- They take too long
- They are too customised/ individualised
- Decision making is too difficult

As a result of all the above, they are too expensive.

One of the original reasons for creating Leeds Community Homes was to create a way to build more Lilacs, but quicker, cheaper and more repeatably.

Part of the new action plan is for us to return to this idea and produce a new methodology which fits with the current circumstances facing CLH projects. We have gone from a well-funded environment to one in which the only reliable funding is affordable housing programme (AHP) via Homes England, which limits groups to either becoming, or partnering with an existing Registered Provider.

We have seen ourselves while working with groups and partner RPs, the relationships between them (although sometimes successful) are often difficult, and ultimately they end up with the housing assets owned (if on a leasehold basis) to all intents and purposes by the RP.

LCH elected to go down the route of becoming an RP in its own right mainly for the opportunity to secure grant funding for its own development and develop an asset base to support its business and future development plans.

However the second objective for becoming registered was the opportunity to become The RP for the sector, at least in our region.

The People Powered Homes Pathway is a methodology for how we propose this process working and part of the action plan for the next year is to develop how this process will work

The PPH Pathway process?

The general principle of the PPH Pathway will be to enter directly into a development partnership with a suitable group or organisation; the process will be streamlined so that while group members are involved as stakeholders throughout and have direct influence over many aspects of what is developed, the project once initiated is driven by us. We will directly appoint the professional team; we will secure the site, obtain planning (in line with the group’s design ideas) and we will develop the scheme by securing finance and Homes England funding.

The group would (within a framework of quality checks in order to meet statutory guidelines) be supported to effectively self-manage as far as appropriate and desired by them. Ultimately the completed properties would be the assets of LCH and he residents would be our members and tenants; they would then directly support the provision of the ongoing core business of developing and supporting more CLH.

It should be noted that while we will actively look at the Pathway for suitable groups supported through PPH, we do not see it as suitable for all groups, so we would continue to provide more traditional, consultant support for those who want to (for instance) remain fully group-led, seek more direct control or want more customisation; or perhaps were not in need of housing grants.

Organisation

People Powered Homes Ltd is a limited company which is a wholly owned subsidiary of Leeds Community Homes, and whose directors are the LCH Director and Martin Hawthorne and Beverley Grey, Board members of LCH. As such PPH is entirely controlled by LCH and all profits are gift-aided back to LCH. PPH has no directly employed staff, all human resources and back-office services are purchased from LCH. Associates providing services as part of client contracts may be contracted by PPH.

As PPH has few direct overheads and contracts its staffing from the parent company and associates as needed in line with the work it generates, there is no significant risk that PPH will generate financial losses which would threaten the financial health of the overall Group, and it should generally deliver a surplus to the group year on year, with the only exception being due to project cashflow variance across year ends (eg income from a project not lining up in the same financial year as associate costs for the same project).

Community Benefit

As a Society our general community benefit impact has been assumed to be achieved through our primary business activities, working towards our goals in pursuit of our Objects. **The fulfilment of the current business plan will have a significant impact in our consequential community benefit through the creation of local, community owned affordable homes to people in housing need in our area of benefit**.

The creation of the new homes has consequential benefits to local social economy in Armley, which are elaborated in the Share Offer document. This includes the benefits of local Regeneration, as well as training, employment and local empowerment opportunities.

As well as our direct business activity other unrecorded Community Benefits of our work include elements of free advice and peer-to-peer networking and learning activities that we undertake as part of our hub service; and the general side benefits on of social value which comes out of enabling social housing development and regeneration.

It also includes non-core activities as our involvement as coordinator in the national BAME research project,[5] and our role as housing partner within the Climate Action Leeds[6] response to the climate emergency and commitment to Net Zero 2030.

A New Strategy and commitment to EGI

The Board recognises that as we grow with the current plans we need to develop a more systematic approach to environmental, social and governance issues affecting our area of benefit. This includes measuring and recording what we achieve, and also setting ourselves goals and thinking in more detail about how to work with our communities to achieve these. As such our EDI Board subgroup will take on additional responsibilities to set an ESG strategy and seek to set SMART KPIs against which we can assess our benefit to the communities we work in.

Objects of Leeds Community Homes

3.1 The Charity is formed for the benefit of the community to operate as a charitable community land trust in Yorkshire and the surrounding area (the “area of benefit”).

3.2 The objects of the Charity are to carry on for the benefit of the community in the area of benefit:

3.2.1 the business of providing, developing and managing housing, including Social Housing and community-led housing, and providing assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people;

3.2.2 any other charitable object that can be carried out from time to time by a registered society which is a community land trust and is registered as a provider of Social Housing with the Regulator.

[5] https://leedscommunityhomes.org.uk/leeds-community-homes-research-project/
[6] https://www.climateactionleeds.org.uk/about-climate-action-leeds

Share Offer 2023

The current share offer is the culmination of a long-term plan which has been shared and supported by our members, whom we consulted on future plans at several AGMs and who supported the Board's proposals to restructure Leeds Community Homes to enable the current trajectory towards becoming a Registered Provider of Social Housing and to develop 34 new homes at Mistress Lane as our new flagship development.

The share offer enables Leeds Community Homes to deliver its primary object- that of creating new social rented community-based housing in an area of housing need.

Crucially the share offer itself makes the development of these homes possible, in a low value, socially deprived area, where most other housing providers find it difficult to invest, by supplementing the formal capital borrowing required and providing long term, patient investment.

It also is the first building block of a larger plan, to create more future homes, by providing LCH with an asset on which to base future investment, as well as creating a sustainable core business which will allow us to maintain a team and continue to support other community led housing through the PPH pathway mentioned above.

It should be notes that future development plans may include further share offers.

Member Involvement

Members have been involved in developing the proposals for Mistress Lane over a very long period- even as far back as our 2019 AGM we held detailed discussions around utilising share offer 1 capital towards it and raising further shares. The Chair of LCH wrote to investors this year to advise formally of the current share offer and to invite members to invest and support.

Letter to Shareholders

Website and Newsletter link

AGM 2022

AGM 2019

Where will our investment come from?

Our primary target is people in Leeds who support the creation of more affordable housing. Through providing more affordable homes to rent, we will serve people who currently find it difficult to access a decent, affordable home in our city. But we do not expect to rely on those in greatest need to be major investors in our share offer. We are targeting people in Leeds who recognise the negative impacts of a housing market which does not work for many of our citizens – and who want to play a part in creating a community-led solution. We believe there are many in our city who acknowledge the impact on fellow citizens – and on the city as a whole – of increasing numbers of people who find it impossible to afford a decent home to rent or buy.

Leeds has a strong tradition of support for community and cooperative housing schemes, as evidenced by support for Lilac, Chapeltown Cohousing, Latch, and our own previous offer. There is also a broader network of individuals, groups and organisations in which we are integrated, with a broader cooperative approach to socio-economic improvement, interlinking outcomes for housing, energy, health, food, education, transport and culture for instance the "Leeds doughnut"[7] This network will help us reach a broader target of potential investors who can see the benefit of our offer in the broader context of improving the city on different levels.

We will also target a wider group of people across the UK who recognise the negative impacts of a housing market which doesn't work for increasing numbers of people and the wellbeing of our local communities. We will seek to engage people who want to be part of a citizen-led approach to creating more affordable homes – and who will support our work through investing in our community share offer. Leeds Community Homes has a high profile within the community sector in the UK and we have a broad reach both with individuals and organisations.

We will also look to attract the support of corporate investors; in the 2016-17 share offer, we raised £158,869 from corporate members including the Coops UK Share Booster. We will seek Booster support for the current share offer, but the panel does not convene until after our scheduled launch date so this cannot be confirmed in advance.

Marketing Plan- Share Offer 2023

[7] https://www.climateactionleeds.org.uk/_files/ugd/6c95b1_2e0cf28ee4d04ac2b82c22a95487c 4ee.pdf

Target Community- Armley

The Armley area which is the focus of our current share offer outputs is one with very significant local deprivation, ranking in the lowest decile for many of the key indicators and it is an area where there is a significant shortfall in access to good quality, affordable rental accommodation.

According to Leeds Homes 2022-23 data, Armley has 168 households in Band A or A+ housing need; and around 75% of its overall need is for one and two bed dwellings. This reflects the fact that by population it has a lower average age than Leeds generally [8] with the modal age range being 20-24.

This reflects that Armley is an area of lower values than average in Leeds and which has attracted a younger population partially because of this but also due to being unable to afford to move away.

Local housing officers advise that priority A band people in housing need are waiting 1-2 years for a suitable local home.

Locally Armley 10% of local residents are in receipt of long-term benefits[9], around double the Leeds average.

Local Identity and Community Strength

There are positive factors around Armley, which make it a great location to develop a community housing scheme.

- very strong sense of identity; geographically well defined and people strongly identify with it
- strong sense of community spirit, with many local residents actively involved in local initiatives
- Ethnically Diverse population, reflected in the cosmopolitan mix of services and institutions
- attractive location for younger adults; reputation as a hub for creative sector.
- Well maintained good local green space
- good transport links including cycling

IMD 2019: E01011293 Mistress Lane, Nancroft Lane, Brooklyns, Models

Ward	Armley
IMD Rank	1,773
IMD Decile	1
Income Rank	2,980
Income Decile	1
Employment Rank	4,092
Employment Decile	2
Education Rank	3,988
Education Decile	2
Health Rank	1,881
Health Decile	1
Crime Rank	109
Crime Decile	1
Barriers to Housing and Services Rank	22,194
Barriers to Housing and Services Decile	7
Living Environment Rank	1,282
Living Environment Decile	1

[8] Population - Ward | Armley | Report Builder for ArcGIS (leeds.gov.uk)
[9] Economy - Ward | Armley | Report Builder for ArcGIS (leeds.gov.uk)

Community Involvement & Support

We have engaged extensively with the community and local stakeholders; we have formed a Stakeholders Core group to help guide and community involvement in the development process, which we plan to include training and employment opportunities. Community feedback has strongly supported our proposals and also influenced many aspects of the eventual design including mix and layout of the homes.

Community House

The proposals provide an accessible, flexible use commonhouse in the centre of the scheme which will be managed by the community and provides an opportunity for community events, meetings and will be a great future resource.

Community Landscape

The community landscape is at the heart of our vision for the site, providing opportunity for local residents to shape the environment and provide different areas for instance safe playspace, planting and productive gardens; areas for active amenity; quiet reflective spaces.

The local community have been very involved in these discussions and developing these ideas, in a number of events facilitated by our Community Engagement consultants Lemonbalm; we were in receipt of £3000 from the local ward fund to support the ongoing programme of consultation and involvement.

[Landscape Consultation 2022]

[Landscape Consultation Documents]

[Involvement Report preplanning]

Mistress Lane- Delivery Plan

Tender Situation

Mistress Lane is a well-advanced project. We have a highly skilled and experienced project team assembled and appointed. Jimm Reed will continue to fulfil the in-house role of client Project Manager, with the oversight of the Board.

Planning consent was achieved in May 2021 and we have subsequently worked up pre-tender designs to a very high level of detail. Matters were somewhat derailed by the delays of Covid and the recent inflationary bubble which caused us to delay tendering and to relook at the overall viability approach.

We now see that construction inflation appears to have tapered and there is now some interest in the market for new work; this is also the case that new housing association development has slowed, which has reduced future order books. We believe it is therefore timely to bring the scheme to tender this year.

Land

We are well advanced with finalising matters for the site to be purchased from Leeds City Council. The price and Heads of Terms have been agreed for around 12 months; we had a minor matter to deal with around a dangerous boundary wall which the council has now repaired; we are also finalising arrangements over council garages which sit underneath the future apartments car park, and ensuring how these leases are resolved.

We expect to be in contract with the council on the land by the end of August 2023

Funds

We have had in-principle offer of finance from Ecology Building Society for Development and long term loan. Conversations with other lenders are ongoing, and Resonance Community Developers have expressed interest in supporting the scheme during the development period.

Our bid for Affordable Housing Programme funds will shortly be uploaded to Homes England for initial appraisal but this will be subject to confirmation of our admission as a Registered Provider of Social Housing by the Regulator. Our application has been live since January 2022 and has taken longer than expected, mainly due to the financial uncertainty of the scheme through the last 12-18 months. The Regulator requires a full picture of the deliverability of our project with funding identified and secured by September; a major part of that is the Share Offer which we expect to launch in June 2023 and to have the target funds secured by August.

Finally we are hoping to supplement any potential grant shortfall with support from Leeds City Council's commuted sums pot, which will be identified towards abnormal site costs due to remediation and enhanced structural requirements.

Community Engagement

We are building on the existing work done on engagement in the last 4 years with the new Community Stakeholders Group, which is being formed from local people, members, representatives from local agencies and community organisations, and potential residents. The Stakeholders Group will act as a focal point for our interaction with the community and form a consultative body to help provide feedback and decision-making during the construction phase; provide a clear and direct route for people to interact with LCH and the scheme; help us to coordinate community involvement and the potential for local training, employment and involvement in the project at different levels; and start to form the basis of a future Community and Residents Association.

Mistress Lane – Pre development timeline

	2023				2024			
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April
Share Offer								
HE Bid								
Finalise RP status								
Confirm Finance								
Finalise Land contract								
Acquire site								
Tenders								
On Site								

Development Costs

Costs up to planning and tender have been met by grants from Locality, Power to Change and the Community Housing Fund.

Construction period will draw on capital grants from Homes England AHP and Leeds City Council Commuted Sums.

The above capital grants subject to confirmation of the successful registration of Leeds Community Homes as Registered Provider of Social Housing. Leeds Community Homes will invest reserved share capital from the original community share offer totalling £150,000.

The remaining development period will be financed by a development loan (or loans) of up to £2.5m of peak debt. This will be converted into a long-term loan of around £2m which will be paid back over a 40-year term. An indicative offer of lending has been received which matches the assumed terms.

Project Financial Details

Build Cost (budget)	£5,185,000	equates to c. £2400 per m2, and includes a 5% contingency.
Land Cost (agreed in principle)	£100,000	agreed with Leeds City Council for the site purchase
Fees & on costs (budget)	£635,000	Mainly firm quotes. £385,000 has been spent on fees to reach the current stage.
Development Borrowing costs (est'd based on programme)	£80,000	Interest has been assessed from programme forecast including arrangement fee.
TOTAL SCHEME COSTS (approx.)	£6,000,000	All Project works and on costs shown here will be capitalised. *NB Costs of the Share Offer are additional to the Project costs shown here and are not capitalised, these expenses are shown in the Society and Group I&E statements.*

Finance and Funding

Stage	Design, planning & tender	Construction	Overall
Grants	£385,000	£3,026,000	£3,411,000
Contribution from Share Offer 1	0	£150,000	£150,000
New Shares		£500,000	£500,000
Loans	0	£1,939,000	£1,939,000
Total Capital Requirement	£385,000	£5,615,000	£6,000,000

Housing Management

As an organisation with no existing expertise in housing management, and a small amount of housing stock, we plan to contract the housing management and maintenance services at least in the short term to a local Registered Provider, Unity Housing Association. Unity is a small scale, locally based organisation of good reputation with a history of supporting and working with community- based housing, for instance they are partnering the development of New Wortley Community Association's proposed development near to Armley, and were development partners with Chapeltown Cohousing as part of the recently completed Leopold project. In this arrangement Unity will continue the relationship which we are starting with them at CID, where they are providing Housing Management and maintenance services in a Service Level Agreement with KPIs and relating to performance in line with our own procedures and policies and the maintenance of RSH standards.

Unity have kindly agreed to help LCH develop its own capacity to manage over time as our stock level increases to a point where this is financially viable and practical.

Mistress Lane- Project Cashflows

Development Period Cashflow

	Quarter	TO DATE	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Programme						13			14			15			16	
Development Period Cashflow																
Expenditure																
Land	100,000	-	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract	5,184,003	-		205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200
Fees & On Costs	636,774	388,131		10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360
Total Costs	5,920,777	388,131	100,000	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560
Income																
Grants	3,414,068	388,068		1,059,100	1,664,300	-	-	-	-	-	-	-	-	-	-	-
Sales	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Disposals	-															
Share Income	500,000	500,000														
Reserve	150,000	63														
Resonance	-			-												
Total Income	4,064,068	888,131	-	1,059,100	1,664,300	-	-	-	-	-	-	-	-	-	-	-
Monthly Balance	- 1,856,709	500,000	- 100,000	843,540	1,448,740	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560
Borrowing Requirement			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing costs		17,709	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overall surpus/def		482,291	- 100,000	843,540	1,448,740	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560	- 215,560
Overall Balance		482,291	382,291	1,225,831	2,674,571	2,459,010	2,243,450	2,027,890	1,812,330	1,596,769	1,381,209	1,165,649	950,089	734,528	518,968	303,408

		May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	Final Reconciliation	TOTAL
Programme			17			15			16			17			
Development Period Cashflow															
Expenditure															
	Land	-	-	-	-	-	-	-	-	-	-	-	-		**100,000**
	Contract	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	205,200	129,600	129,600	**5,184,003**
	Fees & On Costs	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	10,360	- 10,360	**636,774**
														-	-
														-	-
	Total Costs	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	139,960	119,240	**5,920,777**
															-
Income															**-**
	Grants	-	-	-	-	-	-	-	-	-	-	-	-	302,600	**3,414,068**
	Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Share Income													-	**500,000**
	Reserve			745	2,002	3,260	4,517	5,775	7,032	8,290	9,547	10,804	12,062	85,903	**150,000**
	Resonance													-	-
	Total Income	-	-	745	2,002	3,260	4,517	5,775	7,032	8,290	9,547	10,804	12,062	388,503	**4,064,068**
	Monthly Balance	- 215,560	- 215,560	- 214,815	- 213,558	- 212,300	- 211,043	- 209,786	- 208,528	- 207,271	- 206,013	- 204,756	- 127,898	269,263	- 1,856,709
	Borrowing Requirement	-	127,713	214,815	213,558	212,300	211,043	209,786	208,528	207,271	206,013	204,756	127,898	- 269,262.89	
	Borrowing costs	-	-	745	2,002	3,260	4,517	5,775	7,032	8,290	9,547	10,804	12,062	-	**81,743.46**
	Borrowing	-	127,713	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	215,560	139,960	- 269,263	**1,938,452.06**

Mistress Lane 5 year forward cashflow

	2027	2028	2029	2030	2031
Rents	226,025	241,847	257,567	273,021	286,672
voids	(11,301)	(12,092)	(12,878)	(13,651)	(14,334)
Day to day repairs	(10,200)	(11,913)	(13,635)	(15,366)	(17,108)
management	(17,000)	(18,020)	(19,011)	(19,962)	(20,760)
Operating surplus	187,524	199,822	212,043	224,042	234,471
Loan payments	(127,988)	(132,011)	(136,025)	(140,027)	(144,014)
Surplus	59,536	67,811	76,018	84,015	90,456
Share withdrawals	(25,000)	(25,000)	(37,500)	(36,563)	(35,648)
Cashflow	34,536	42,811	38,518	47,452	54,808
Cumulative cashflow	34,536	77,347	81,328	85,970	102,260
Interest on shares	25,000	25,000	25,000	24,375	23,766
loan start	1,938,452	1,926,445	1,914,498	1,902,564	1,890,595
Loan repayments	(127,988)	(132,011)	(136,025)	(140,027)	(144,014)
interest	115,980	120,064	124,091	128,057	131,960
Loan finish	1,926,445	1,914,498	1,902,564	1,890,595	1,878,541

Major Repairs schedule (replacements):

	Include	Life	Cost per Unit
Kitchen	y	15	3000
Bath	y	20	2000
Wind doors	y	40	5000
Heating	y	15	1500
Roof covering	y	40	5000
Electrics	y	40	2500
PV	y	30	5000
Solar thermal	n	25	3500
MVHR	y	15	2500

Unit costs for elemental major repairs and replacements are indexed and expended in the long-term cashflow model at the appropriate year. The annual cash balance at each year and the expenditure is shown on the table to the right.

Year	Index	Cash	Major repairs
1	1.06	17,314	0
2	1.12	41,686	0
3	1.17	60,555	0
4	1.22	87,171	0
5	1.26	120,093	0
6	1.30	161,536	0
7	1.33	211,851	0
8	1.37	271,400	0
9	1.42	340,565	0
10	1.46	419,744	0
11	1.50	509,352	0
12	1.55	609,823	0
13	1.59	721,609	0
14	1.64	845,182	0
15	1.69	578,720	(402,316)
16	1.74	727,368	0
17	1.79	889,347	0
18	1.85	1,065,215	0
19	1.90	1,255,555	0
20	1.96	1,327,719	(133,256)
21	2.02	1,548,853	0
22	2.08	1,786,360	0
23	2.14	2,040,929	0
24	2.21	2,313,276	0
25	2.27	2,604,150	0
26	2.34	2,914,328	0
27	2.41	3,244,622	0
28	2.48	3,595,875	0
29	2.56	3,968,970	0
30	2.63	3,290,315	(1,074,506)
31	2.71	3,709,877	0
32	2.79	4,154,146	0
33	2.88	4,624,156	0
34	2.96	5,120,985	0
35	3.05	5,645,756	0
36	3.14	6,199,639	0
37	3.24	6,783,849	0
38	3.34	7,399,655	0
39	3.44	8,048,375	0
40	3.54	6,986,494	(1,744,890)

Climate Innovation District – Delivery Plan

Arrangements are now well advanced for the initial tranche purchase of 9 affordable flats at CID, including 6 social rented and 3 shared ownership apartments.

Progress

Phase one is approaching completion and are expected to be available for handover from September 2023. The second phase is proceeding well, the building is largely structurally complete and fitouts across the block will take another 12 months or so.

Finance

Ecology Building Society have confirmed offer of finance and we are now just going through due diligence.

Allocations & Management

We have agreed the process with Leeds City Council and are seeking to promote the homes on the Leeds Housing list at an early opportunitie which will provide opportunity to identify residents at an early stage and engage with them prior to occupation.

We have in principle agreement in place to work with Unity Housing Association to manage the rental tenancies on our behalf, including allocation process, rent collection and repairs. We have agreed a set of KPIs around management performance and will monitor how the tenancies proceed over the first 12 months.

Unity is a locally-based housing association with a track record of working closely with community organisations (eg New Wortley Community Association, Chapeltown Cohousing) and are sympathetic to support Leeds Community Homes. In time they have offered to help us develop our own management capacity once it becomes viable for us to manage in house.

Shared Ownership

We have a marketing plan in place and have process ready to filter applications for eligibility. Applications for the sales will be managed via our website.

Community Involvement

We are looking forward to welcoming the new residents as new Members of Leeds Community Homes and are developing plans for how we engage and empower them as our members. We are having introductory meetings with the existing CID Tenants and Residents Association and we are looking forward to engaging with them and the existing residents as well as the many new ones.

Once complete, the management of the whole development will devolve to the resident’s Community Interest Company which is owned and governed by the residents. We are looking forward to engaging and helping to empower the CIC to be an effective management organisation, and to hopefully be an exemplar for community based ownership of major developments.

Appendix 1- Risk Register

Risk Management Strategies:

Avoid- By changing some aspect of the project to completely eliminate the risk.

Reduce- Proactive Management to reduce the likelihood and / or impact of the identified risk

Fallback- Implementing a plan or options to deal with the risk should it occur.

Transfer- Pass the risk off to a third party (eg insurance)

Accept- Deliberate decision to accept the risk, on the basis that it cannot economically or practically avoided or reduced.

Share- Partnership with a third party to share the impact of risk occurring.

In most cases there is an element of having more than one approach to any risk, for instance while we may seek to reduce the risk of something we can also allow for a fallback plan. In the Risk plan we have identified the primary strategy

Nb. This is not an exhaustive project risk register but highlights significant and notable risks to be aware of.

Risks are assessed with an initial matrix of Likelihood and Impact, as per the following table with risks assessed with a score of 1-5 in each, making an overall risk factor between 1 and 25.

Likelihood/ Impact level	Potential Impact	Likelihood of occurrence
1	Minor impact on project parameters	Extremely unlikely <5%
2	Notable impact on project outcomes/viability	unlikely <25%
3	significant impact on project outcomes/ viability	possible
4	Major project threat and/or possible organisational impact	likely >75%
5	Major organisational impact	Very likely >95%

All risks should be reviewed and assessed on a regular basis, with a G/A/R traffic light approach to significant issues and ones where the factor is moving in the wrong direction.

Risk	Likelihood	Potential Impact	Overall Risk	Primary Risk Strategy	Knock on impact	Commentary
Tender price exceeds budget	2	3	6	Accept	Delay, quality	As the design and specification is well advanced, at this point it is difficult to mitigate this risk other than by timing of the tender issue. Value Engineering to find savings with a preferred contractor.
Share issue below minimum raise	2	4	8	Reduce	Delay, potential failure	We will actively manage the share offer and we have a comprehensive marketing approach. We have experience of running previous share and bond raises and we can actively reduce the likelihood of this outcome.
Share Issue below optimum raise	3	2	6	Reduce, Fallback	More pressure on viability	As above; in the event of a sub-optimal final raise, the approach will be to increase the loan figure, and potentially identify VE savings.
Standard Mark not obtained	2	2	4	Reduce	Lower than expected share raise	We will work closely with the assessor and actively manage any initial assessments and comments.
RP registration unsuccessful	2	4	8	Reduce, Fallback	Delay, potential failure	We are actively working with the Regulator on our final elements of registration period. A successful share raise is a massive part of satisfying the Regulator's queries around our Financial compliance. The fall back could be to approach LCC to access RTB replacement funds in lieu of AHP grant.

Grant not approved at required level	2	4	8	Accept, fallback	Delay, potential failure	HE are well aware of the scheme and the required grant rates look to be within the scope of current approvals.
Issue with obtaining loan finance	1	4	4	Fallback	Delay, poorer financial terms	We have current interest from a number of lenders and an in principle offer of finance which is being firmed up. The fallback would be to approach LCC around the possibility of PWLB finance, which has been pioneered in Leeds previously.
CID falls through	1	5	5	Accept	Risk to the overall financial model	We have signed reservations for the properties and should be in contract very shortly.
Land issue (technical)	1	3	3	Accept	Delay, additional costs	We have already done extensive surveys and understand the site very well.
Land issue (legal)	2	2	4	Reduce	Delay	We are actively managing the terms of the sale with counterparts at LCC- there are some complexities which we are seeking to resolve promptly.
Cost overrun	3	3	9	Reduce	Impact on financial model	We have to understand that post-Covid contractors will no longer take all cost risk for external factors. It is difficult to completely insulate ourselves from general cost risks but we have a very well specified scheme which leaves less open for ambiguity and we can actively manage cost choices from the client side with our experienced PM team.

Contractor Insolvency	1	4	4	Transfer, Accept	Delay, costs	This is an all-too-common occurrence and due diligence on financial health of contractors at the start of a contract has minimal benefit. The best we can do is to ensure an insolvency bond is in place, monitor for the evidence of potential insolvence and have a contingency plan in place to protect the organisation in the event.
H&S Issue	1	4	4	Transfer, Reduce	Reputation, legal risk	Safety on site is primarily the responsibility of the client under CDMC legislation; to this end we employ a Principle Designer to expertly undertake our responsibilities to ensure the contractor has suitable policies and processes in place. Our experienced PM team should act to reduce risks by proactively intervening where there is evidence of a poorly run or dangerous site.
Delay on Site	3	3	9	Reduce/ Transfer	Delay, costs	We will try to manage potential site delays by having realistic discussions on programme with the contractor and actively managing our own responsibilities to ensure that client decisions are not a factor in delay. We can apply delay damages where the contract permits us to do so.
Quality Issues	2	4	8	Reduce	Quality, cost, reputation	We will employ an active clerk of works to try to keep on top of quality on site; The professional team will take an active interest in the site and try to catch poor workmanship or quality issues as early as possible.
Fraudulent payment claim	1	4	4	Reduce	Cost	Robust procedural controls to ensure payment on rogue invoices is not made.

Brexit impact	1	3	3	Accept/ share	Costs, delays	For the most part this is now a mature risk which should be captured in the tender price. To a degree we will be sharing risks of the impact of labour or material shortages with the contractor.
Covid impact	2	3	6	Accept/ share	Costs, delays	Like the above, the industry response to pandemic is now mature and methodologies for working around it are known. Its likely that contractors are allowing significant additional time within their programmes to avoid delay costs for new contracts.
Major economic issue	1	4	4	Accept	Pressure to viability	We are relatively secure from house value risks, the main risk is a continued and sustained increase to borrowing rates. The general assumption by commentators is that rates will start to drop in the second half of 2023 but we should have some advance warning if this does not prove to be the case prior to a start on site and commitment of funds.
Failure to engage the community	2	3	6	Reduce	Reputation, fail to meet our mission and values	We need to actively continue and enhance our work with local people, including the engagement of the stakeholder group and work with LCC to ensure preallocations are early enough and well managed to enable residents to be engaged prior to completion.
Right to Acquire/buy (Implementation of new RTA/RTB legislation and impact on rental income due to lost units).	2	4	8	Accept	Impact on long term viability	The government proposes a roll out of new Right to Acquire legislation. CLTs are presently excluded from the existing voluntary RTB framework and there is strong sector lobbying to continue this exclusion in any new legislation. Impact of early sales would reduce LCH's rental revenue, and this would constitute a risk to our ability to meet interest commitments to shareholders; however the Board feels that this is a relatively low likelihood, but the impact is such that it needs to be acknowledged. See additional note below.

Risk note- Right to Acquire

The potential of future non-voluntary Right to Acquire/ Right to Buy legislation which might affect the Society has been considered (due to the use of social housing grants) We do not know if current exemptions for CLTs and community-based housing on the voluntary Right to Buy will be allowed in future schemes although there is strong sector lobbying to extend existing exemptions into new legislation.

The RTA discount rate for Leeds is presently £10,000 which is a subsidised discount on the market value purchase of the home by the resident.

Landlords are entitled to redeem outstanding mortgage value from the receipts of the RTA sale and therefore we would seek to reduce our borrowing level accordingly. This somewhat offsets the loss of rental income with the reduction in annual repayment and interest costs. Social housing grant attributable to the sold property is calculated and the amount is retained within the organisation for up to 3 years but is ringfenced for permitted uses (in our case most likely provision of new social housing) and if not spent will be recovered by Homes England.

The impact of net income loss due to RTA affects the organisational profits from which share interest can be attributed, therefore RTA is a risk to crediting of interest. The average net annual income loss per property is shown below:

Year	1	5	10	20
Estimated average net income loss per unit (net rent loss less interest savings)	£1,258	£2,024	£3,149	£6,105

Losses are somewhat offset by the discount grant income and if applicable, any surplus in receipt after grant and loan redemptions (not applicable in the early years of the financial plan). Losses are obviously cumulative over time.

The loss of a small number of units to RTA appear to be tolerable but higher numbers of sales particularly early in the life of the scheme would be problematic.

The Board considers that while the potential impact of new RTA legislation is relatively high, it is likely that there will be some exemptions or mitigations for CLTs and smaller organisations which will be clearly affected by a uniform application of a Right to Acquire in its current form.

Appendix 2- Financial Plans 2023-28

The following is a set of projected financial statements, based on our current business plans.

These include:

1. Development of Mistress Lane from 2023-25- capital costs, grants, rent income and management costs
2. Purchase of CID phase 1 in 2023- capital costs, sale income, rent income and management costs
3. Purchase of CID phase 2 in 2024- capital costs, sale income, rent income and management costs
4. Ongoing operation of the enabling hub with a growth in consultancy income from support work with a pro-rata external associate costs
5. Current overheads and staff costs with inflationary increases

These exclude:

1. Future development pipeline beyond 2026.
2. Additional directly employed staff (includes LCH Director, Hub Coordinator and Marketing Associate as current wageroll- LCH Director wage is curtailed from 2026 onwards for the purposes of these financial plans as maintaining them at higher level would only be justified with future development activity and thus would be accounted for in future updates to the financial plans)
3. significantly increased overhead costs

Assumptions behind the Financial Statements

Borrowing		
Borrowing Rate	6%	Average across period of loan, rising incrementally by 0.25% every 2 years until year 4
Period	40	Period offered by Ecology Building Society.
Arrangement costs	1%	Of peak debt
Economic		
CPI	6% Year 1,	dropping to 3% by year 3
Rents	CPI+ 1%	
Management		
Voids	5%	
Repairs	£750	£300 at year 1, increasing annually to achieve £750 mean cost per unit per year across lifespan of model
Management	£500	Per unit per year index linked.
Major repairs/ replacements	Programmed model	Elemental costs, Index linked per unit based on elemental lifespans
Share ownership 1st tranche	40%	First sales at CID

Rent Assumptions

	Avg Rent	70%	County	local earni	Avg Earnings		Rooms	weighting	sub	30%	Avg Value	99 Value	sub	total	Year	uplift	Target Rer	105%
Duplex	£ 54.62	£ 38.23	West Yorkshire	302.7	316.4	£ 36.58	1	0.9	£ 32.92	£ 16.39	£49,750.00	38,500	£ 12.68	£ 45.60	28	2.322274	£105.90	**£111.19**
Apt 1	£ 54.62	£ 38.23	West Yorkshire	302.7	316.4	£ 36.58	1	0.9	£ 32.92	£ 16.39	£49,750.00	28,100	£ 9.26	£ 42.18	28	2.322274	£ 97.94	**£102.84**
Apt 2 2b	£ 54.62	£ 38.23	West Yorkshire	302.7	316.4	£ 36.58	2	1	£ 36.58	£ 16.39	£49,750.00	38,150	£ 12.57	£ 49.14	28	2.322274	£114.13	**£119.83**
Apt 2 1b	£ 54.62	£ 38.23	West Yorkshire	302.7	316.4	£ 36.58	1	0.9	£ 32.92	£ 16.39	£49,750.00	26,600	£ 8.76	£ 41.68	28	2.322274	£ 96.80	**£101.64**
Apt 3 2b	£ 54.62	£ 38.23	West Yorkshire	302.7	316.4	£ 36.58	2	1	£ 36.58	£ 16.39	£49,750.00	38,500	£ 12.68	£ 49.26	28	2.322274	£114.39	**£120.11**
3bh	£ 54.62	£ 38.23	West Yorkshire	302.7	316.4	£ 36.58	3	1.1	£ 40.24	£ 16.39	£49,750.00	59,200	£ 19.50	£ 59.73	28	2.322274	£138.72	**£145.66**
Apt CC 1	£ 54.62	£ 38.23	West Yorkshire	302.7	316.4	£ 36.58	2	1	£ 36.58	£ 16.39	£49,750.00	40,000	£ 13.17	£ 49.75	28	2.322274	£115.54	**£121.32**
Apt CC 2	£ 54.62	£ 38.23	West Yorkshire	302.7	316.4	£ 36.58	2	1	£ 36.58	£ 16.39	£49,750.00	40,000	£ 13.17	£ 49.75	28	2.322274	£115.54	**£121.32**

Unit Breakdown				
Type	**Descriptio**	**Values**	**Rent**	**Rent units Rent PW**
Duplex	1b2b	130000	8	111.19
Apt 1	1bf	95000	8	102.84
Apt 2 2b	2bf	135000	4	119.83
Apt 2 1b	1bf	95000	2	101.64
Apt 3 2b	2bf	135000	4	120.11
3bh	3bh	225000	6	145.66
Apt CC 1	2bf	140000	1	121.32
z	commonhc	50000	1	-
Apt CC 2	2bf	140000	1	121.32
			35	3,870.59

Total weekly rent (gross) = £3,870

Total annual rent (gross) = £201,270

Rents are calculated in accordance with Rent Standard Formula rent calculation for social rents[10][11].

	yr	RPI/CPI		Overall	cumulative
1					
2	2001-02	3.30%	1.00%	4.30%	1.043
3	2002-03	1.70%	0.50%	2.20%	1.065946
4	2003-04	1.70%	0.50%	2.20%	1.089397
5	2004-05	2.80%	0.50%	3.30%	1.125347
6	2005-06	3.10%	0.50%	3.60%	1.165859
7	2006-07	2.70%	0.50%	3.20%	1.203167
8	2007-08	3.60%	0.50%	4.10%	1.252497
9	2008-09	3.90%	0.50%	4.40%	1.307607
10	2009-10	5.00%	0.50%	5.50%	1.379525
11	2010-11	-1.40%	0.50%	-0.90%	1.367109
12	2011-12	4.60%	0.50%	5.10%	1.436832
13	2012-13	5.60%	0.50%	6.10%	1.524479
14	2013-14	2.60%	0.50%	3.10%	1.571737
15	2014-15	3.20%	0.50%	3.70%	1.629892
16	2015-16	1.20%	1.00%	2.20%	1.665749
17	2016-17			-1.00%	1.649092
18	2017-18			-1.00%	1.632601
19	2018-19			-1.00%	1.616275
20	2019-20			-1.00%	1.600112
21	2020-21	1.7%	1%	2.70%	1.643315
22	2021-22	0.5%	1%	1.50%	1.667965
23	2022-23	3.1%	1%	4.10%	1.736351
24	2023-24	10.1%	1%	11.10%	1.929086
25	2024-25	*6.0%*	1%	7.00%	2.064122
26	2025-26	*6.0%*	1%	7.00%	2.208611
27	2026-27	*6.0%*	1%	7.00%	2.363214
28	2027-28	*6.0%*	1%	7.00%	2.528639

10 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1136773/Rent_Standard_April_2023.pdf

11 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1154970/Limit_on_annual_rent_increases_2023-24.pdf

Projected Financial Statements

Group- I&E

	Year ending March									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PROFIT & LOSS										
Grants	72,731	34,900	45,000	15,000	15,000	20,000	20,000	20,000	20,000	20,000
Consultancy	36,267	40,162	73,704	95,104	113,412	130,880	160,200	146,680	130,160	103,640
Rents	-	-	21,099	60,127	82,048	295,989	316,708	337,295	357,532	375,409
Amortised grants					50,433	50,433	50,433	50,433	50,433	50,433
Operating Income	**108,998**	**75,062**	**139,803**	**170,231**	**260,893**	**497,303**	**547,342**	**554,408**	**558,126**	**549,482**
Running costs	(142,926)	(127,215)	(184,078)	(150,141)	(151,452)	(154,367)	(176,890)	(171,740)	(164,822)	(151,595)
Property management costs	-	-	(3,150)	(8,460)	(11,085)	(39,125)	(42,661)	(46,127)	(49,555)	(52,852)
Cost of share issue			(23,000)							
Depreciation			(6,823)	(12,383)	(111,139)	(111,139)	(111,139)	(111,139)	(111,139)	(111,139)
Operating costs	**(142,926)**	**(127,215)**	**(217,050)**	**(170,985)**	**(273,676)**	**(304,630)**	**(330,689)**	**(329,005)**	**(325,515)**	**(315,585)**
Income from Sales & disposals	-	-	250,000	322,000	-	-	-	-	-	-
Shared Ownership sale tranche costs	-	-	(135,959)	(109,497)	-	-	-	-	-	-
Shared Ownership surplus	**-**	**-**	**114,041**	**212,503**	**-**	**-**	**-**	**-**	**-**	**-**
Operating surplus/deficit	**(33,928)**	**(52,153)**	**36,793**	**211,749**	**(12,782)**	**192,672**	**216,652**	**225,403**	**232,610**	**233,897**
Loan interest	88	-	(9,574)	(23,021)	(26,811)	(152,332)	(151,448)	(153,414)	(155,310)	(157,132)
Other										
Surplus / (deficit)	**(33,840)**	**(52,153)**	**27,219**	**188,729**	**(39,593)**	**40,340**	**65,204**	**71,988**	**77,300**	**76,766**
Other comprehensive income movements:										
Share interest	(7,686)	(7,226)	(7,338)	(7,301)	(7,265)	(32,228)	(32,012)	(31,801)	(31,427)	(30,449)
Total comprehensive income	**(41,526)**	**(59,379)**	**19,881**	**181,428**	**(46,858)**	**8,112**	**33,192**	**40,187**	**45,873**	**46,317**

Group projected cashflow

	Year ending March									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
CASH-FLOW										
Operating surplus	(33,928)	(52,153)	36,793	211,749	(12,782)	192,672	216,652	225,403	232,610	233,897
Add back depreciation	787	787	6,823	12,383	111,139	111,139	111,139	111,139	111,139	111,139
Less amortised grants			-	-	(50,433)	(50,433)	(50,433)	(50,433)	(50,433)	(50,433)
Adjusted operating surplus	(33,141)	(51,366)	43,616	224,133	47,923	253,378	277,358	286,108	293,315	294,603
Investing activities										
Properties	(111,205)	(3,068)	(523,897)	(3,049,965)	(2,783,528)	-	-	-	-	-
Grants received	111,205	3,068	1,059,100	1,664,300	302,600	-	-	-	-	-
Financing activities										
Loan interest	88	-	(9,574)	(23,021)	(26,811)	(152,332)	(151,448)	(153,414)	(155,310)	(157,132)
New loans	-	-	295,317	121,139	1,938,452	-	-	-	-	-
Loan repayments		-	(799)	(2,039)	(2,527)	(13,191)	(14,075)	(14,554)	(15,083)	(15,664)
Share issues	-	-	500,000	-	-	-	-	-	-	-
Share repayments	(1,620)	(104)	(9,173)	(9,127)	(9,081)	(43,071)	(42,529)	(63,005)	(61,602)	(59,339)
Change in debtors/creditors	7878	0	0	0	0	0	0	0	0	0
Net cash movement	**(26,795)**	**(51,470)**	**1,354,590**	**(1,074,579)**	**(532,972)**	**44,783**	**69,305**	**55,134**	**61,320**	**62,468**
Balance b/fwd	442,501	415,706	364,236	1,718,826	644,247	111,275	156,059	225,364	280,498	341,818
Balance c/fwd	**415,706**	**364,236**	**1,718,826**	**644,247**	**111,275**	**156,059**	**225,364**	**280,498**	**341,818**	**404,287**

Group Projected Balance Sheet

		Year ending March									
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
BALANCE SHEET											
Assets											
Fixed Assets Social Housing properties			-	409,358	743,000	6,668,312	6,668,312	6,668,312	6,668,312	6,668,312	6,668,312
Fixed Assets properties under constructio		310,922	310,922	425,460	3,141,783	-	-	-	-	-	-
Accumulated depreciation	1.67%			(6,823)	(19,206)	(130,345)	(241,483)	(352,622)	(463,760)	(574,899)	(686,037)
Net current assets/liabilities		(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)
Cash		415,706	364,236	1,718,826	644,247	111,275	156,059	225,364	280,498	341,818	404,287
Total Assets		**678,609**	**627,139**	**2,498,803**	**4,461,806**	**6,601,224**	**6,534,868**	**6,493,035**	**6,437,031**	**6,387,212**	**6,338,542**
Long-term Liabilities											
Creditors (grants)		(310,922)	(313,990)	(1,373,090)	(3,037,390)	(3,289,556)	(3,239,123)	(3,188,690)	(3,138,256)	(3,087,823)	(3,037,390)
Loans			-	(294,518)	(413,618)	(2,349,543)	(2,336,352)	(2,322,277)	(2,307,723)	(2,292,640)	(2,276,976)
Total Liabilities		**(310,922)**	**(313,990)**	**(1,667,607)**	**(3,451,008)**	**(5,639,100)**	**(5,575,475)**	**(5,510,967)**	**(5,445,979)**	**(5,380,463)**	**(5,314,366)**
Net Assets		**367,687**	**313,149**	**831,196**	**1,010,798**	**962,124**	**959,393**	**982,068**	**991,052**	**1,006,749**	**1,024,176**
Share Capital		359,778	366,900	865,066	863,240	861,424	850,581	840,064	808,860	778,685	749,795
Revenue Reserve		7,909	(51,470)	(31,589)	149,839	102,981	111,093	144,285	184,472	230,345	276,662
Shareholders Funds		**367,687**	**315,430**	**833,477**	**1,013,079**	**964,405**	**961,674**	**984,349**	**993,333**	**1,009,030**	**1,026,457**

Project I&E

	Year ending March				
	2027	2028	2029	2030	2031
PROFIT & LOSS					
Grants					
Consultancy					
Rents	208,198	222,772	237,252	251,487	264,062
Amortised grants	50,433	50,433	50,433	50,433	50,433
Operating Income	**258,632**	**273,205**	**287,686**	**301,921**	**314,495**
Running costs					
Property management costs	(27,200)	(29,933)	(32,646)	(35,328)	(37,868)
Depreciation	(98,755)	(98,755)	(98,755)	(98,755)	(98,755)
Operating costs	**(125,955)**	**(128,688)**	**(131,401)**	**(134,083)**	**(136,623)**
Operating surplus/deficit	**132,676**	**144,517**	**156,284**	**167,837**	**177,872**
Loan interest	(125,690)	(124,987)	(126,638)	(128,234)	(129,770)
Surplus / (deficit)	**6,986**	**19,530**	**29,646**	**39,604**	**48,102**
Other comprehensive income movements:					
Share interest	(25,000)	(25,000)	(25,000)	(25,000)	(24,375)
Total comprehensive income	**(18,014)**	**(5,470)**	**4,646**	**14,604**	**23,727**

Project projected cashflow

		Year ending March				
		2027	2028	2029	2030	2031
CASH-FLOW						
Operating surplus		132,676	144,517	156,284	167,837	177,872
Add back depreciation		98,755	98,755	98,755	98,755	98,755
Less amortised grants		(50,433)	(50,433)	(50,433)	(50,433)	(50,433)
Adjusted operating surplus		180,998	192,839	204,606	216,159	226,194
Investing activities						
Properties		-	-	-	-	-
Grants received		-	-			
Financing activities						
Loan interest		(125,690)	(124,987)	(126,638)	(128,234)	(129,770)
New loans		-	-			
Loan repayments		(10,495)	(11,198)	(11,573)	(11,986)	(12,441)
Share issues		-	-			
Share repayments		(25,000)	(25,000)	(37,500)	(37,500)	(36,563)
Net cash movement		**19,813**	**31,654**	**28,895**	**38,439**	**47,420**
Balance b/fwd		0	19,813	51,466	80,361	118,801
Balance c/fwd		**19,813**	**51,466**	**80,361**	**118,801**	**166,221**

Project Projected Balance Sheet

		Year ending March				
		2027	2028	2029	2030	2031
BALANCE SHEET						
Assets						
Fixed Assets Social Housing properties		5,925,311	5,925,311	5,925,311	5,925,311	5,925,311
Fixed Assets properties under construction						
Accumulated depreciation	1.67%	(98,755)	(197,510)	(296,266)	(395,021)	(493,776)
Net current assets/liabilities						
Cash		19,813	51,466	80,361	118,801	166,221
Total Assets		**5,846,369**	**5,779,267**	**5,709,407**	**5,649,091**	**5,597,756**
Long-term Liabilities						
Creditors (grants)		(3,289,556)	(3,239,123)	(3,188,690)	(3,138,256)	(3,087,823)
Loans		(1,927,957)	(1,916,759)	(1,905,186)	(1,893,200)	(1,880,759)
Total Liabilities		**(5,217,513)**	**(5,155,882)**	**(5,093,875)**	**(5,031,456)**	**(4,968,582)**
Net Assets		**628,856**	**623,386**	**615,532**	**617,636**	**629,175**
Share Capital		650,000	650,000	637,500	625,000	612,813
Revenue Reserve		(10,105)	(15,575)	(10,929)	3,675	27,402
		639,895	**634,425**	**626,571**	**628,675**	**640,214**

LCH I&E (Parent)

		Year ending March									
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PROFIT & LOSS											
Grants		72,731	3,300	15,000	15,000	15,000	20,000	20,000	20,000	20,000	20,000
Consultancy		-	-	-	-	-	-	-	146,680	130,160	103,640
Rents		-	-	21,099	60,127	82,048	295,989	316,708	337,295	357,532	375,409
Amortised grants		-	-	-	-	50,433	50,433	50,433	50,433	50,433	50,433
Operating Income		**72,731**	**3,300**	**36,099**	**75,127**	**147,481**	**366,423**	**387,142**	**554,408**	**558,126**	**549,482**
Running costs		(142,926)	(68,981)	(70,521)	(74,047)	(39,276)	(27,718)	(29,104)	(171,740)	(164,822)	(151,595)
Property management costs		-	-	(3,150)	(8,460)	(11,085)	(39,125)	(42,661)	(46,127)	(49,555)	(52,852)
Cost of share issue				(23,000)							
Depreciation		-	-	(6,823)	(12,383)	(111,139)	(111,139)	(111,139)	(111,139)	(111,139)	(111,139)
Operating costs		**(142,926)**	**(68,981)**	**(103,494)**	**(94,890)**	**(161,500)**	**(177,981)**	**(182,904)**	**(329,005)**	**(325,515)**	**(315,585)**
Income from Sales & disposals		-	-	250,000	322,000	-	-	-	-	-	-
Shared Ownership sale tranche costs		-	-	(135,959)	(109,497)	-	-	-	-	-	-
Shared Ownership surplus		**-**	**-**	**114,041**	**212,503**	**-**	**-**	**-**	**-**	**-**	**-**
Operating surplus/deficit		**(70,195)**	**(65,681)**	**46,646**	**192,740**	**(14,019)**	**188,441**	**204,238**	**225,403**	**232,610**	**233,897**
Loan interest		88	-	(9,574)	(23,021)	(26,811)	(152,332)	(151,448)	(153,414)	(155,310)	(157,132)
Surplus / (deficit)		**(70,107)**	**(65,681)**	**37,072**	**169,719**	**(40,830)**	**36,110**	**52,790**	**71,988**	**77,300**	**76,766**
Other comprehensive income movements:											
Share interest		(7,686)	(7,226)	(7,338)	(7,301)	(7,265)	(32,228)	(32,012)	(31,801)	(31,427)	(30,449)
Total comprehensive income		**(77,793)**	**(72,907)**	**29,734**	**162,418**	**(48,094)**	**3,881**	**20,778**	**40,187**	**45,873**	**46,317**

LCH projected cashflow (parent)

	Year ending March									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
CASH-FLOW										
Operating surplus	(33,928)	(65,681)	46,646	192,740	(14,019)	188,441	204,238	225,403	232,610	233,897
Add back depreciation		787	6,823	12,383	111,139	111,139	111,139	111,139	111,139	111,139
Less amortised grants		-	-	-	(50,433)	(50,433)	(50,433)	(50,433)	(50,433)	(50,433)
Adjusted operating surplus		(64,894)	53,469	205,123	46,686	249,147	264,943	286,108	293,315	294,603
Investing activities										
Properties		(3,068)	(523,897)	(3,049,965)	(2,783,528)	-	-	-	-	-
Grants received		3,068	1,059,100	1,664,300	302,600	-	-	-	-	-
Financing activities										
Loan interest		-	(9,574)	(23,021)	(26,811)	(152,332)	(151,448)	(153,414)	(155,310)	(157,132)
New loans		-	295,317	121,139	1,938,452	-	-	-	-	-
Loan repayments		-	(799)	(2,039)	(2,527)	(13,191)	(14,075)	(14,554)	(15,083)	(15,664)
Share issues		-	500,000	-	-	-	-	-	-	-
Share repayments		(104)	(9,173)	(9,127)	(9,081)	(43,071)	(42,529)	(63,005)	(61,602)	(59,339)
Net cash movement		**(64,999)**	**1,364,443**	**(1,093,588)**	**(534,208)**	**40,552**	**56,891**	**55,134**	**61,320**	**62,468**
Balance b/fwd		415,706	350,707	1,715,150	621,562	87,354	127,906	184,797	239,931	301,251
Balance c/fwd		**350,707**	**1,715,150**	**621,562**	**87,354**	**127,906**	**184,797**	**239,931**	**301,251**	**363,720**

LCH Projected Balance Sheet (parent)

					Year ending March						
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
BALANCE SHEET											
Assets											
Fixed Assets Social Housing properties		-	-	409,358	743,000	6,668,312	6,668,312	6,668,312	6,668,312	6,668,312	6,668,312
Fixed Assets properties under construction		310,922	310,922	425,460	3,141,783	-	-	-	-	-	-
Accumulated depreciation	1.67%			(6,823)	(19,206)	(130,345)	(241,483)	(352,622)	(463,760)	(574,899)	(686,037)
Net current assets/liabilities		-	-	-	-	-	-	-	(48,019)	(48,019)	(48,019)
Cash		389,285	324,826	1,689,269	595,681	61,473	102,025	158,916	280,498	341,818	404,287
Total Assets		**700,207**	**635,748**	**2,517,265**	**4,461,258**	**6,599,440**	**6,528,853**	**6,474,606**	**6,437,031**	**6,387,212**	**6,338,542**
Long-term Liabilities											
Creditors (grants)		(310,922)	(313,990)	(1,373,090)	(3,037,390)	(3,289,556)	(3,239,123)	(3,188,690)	(3,138,256)	(3,087,823)	(3,037,390)
Loans		-	-	(294,518)	(413,618)	(2,349,543)	(2,336,352)	(2,322,277)	(2,307,723)	(2,292,640)	(2,276,976)
Total Liabilities		**(310,922)**	**(313,990)**	**(1,667,607)**	**(3,451,008)**	**(5,639,100)**	**(5,575,475)**	**(5,510,967)**	**(5,445,979)**	**(5,380,463)**	**(5,314,366)**
Net Assets		**389,285**	**321,759**	**849,658**	**1,010,250**	**960,340**	**953,378**	**963,639**	**991,052**	**1,006,749**	**1,024,176**
Share Capital		359,778	366,900	865,066	863,240	861,424	850,581	840,064	808,860	778,685	749,795
Revenue Reserve		-	(72,907)	(43,174)	119,244	71,150	75,031	95,809	184,472	230,345	276,662
		359,778	**293,993**	**821,892**	**982,484**	**932,574**	**925,612**	**935,873**	**993,333**	**1,009,030**	**1,026,457**

PPH (Subsidiary) I&E

		Year ending March						
		2022	2023	2024	2025	2026	2027	2028
PROFIT & LOSS								
Grants			31,600	30,000				
Consultancy		36,267	40,162	73,704	95,104	113,412	130,880	160,200
Rents								
Amortised grants								
Operating Income		**36,267**	**71,762**	**103,704**	**95,104**	**113,412**	**130,880**	**160,200**
Running costs			(58,234)	(113,557)	(76,094)	(112,176)	(126,649)	(147,786)
Property management costs								
Depreciation		-	-					
Operating costs		**-**	**(58,234)**	**(113,557)**	**(76,094)**	**(112,176)**	**(126,649)**	**(147,786)**
Operating surplus/deficit		**36,267**	**13,529**	**(9,853)**	**19,010**	**1,236**	**4,231**	**12,414**
Loan interest								
Surplus / (deficit)		**36,267**	**13,529**	**(9,853)**	**19,010**	**1,236**	**4,231**	**12,414**
Other comprehensive income movements:								
Share interest								
Total comprehensive income		**36,267**	**13,529**	**(9,853)**	**19,010**	**1,236**	**4,231**	**12,414**

PPH projected cashflow (subsidiary)

		Year ending March						
		2022	2023	2024	2025	2026	2027	2028
CASH-FLOW								
Operating surplus			13,529	(9,853)	19,010	1,236	4,231	12,414
Add back depreciation			-	-	-	-	-	-
Less amortised grants				-	-	-	-	-
Adjusted operating surplus			13,529	(9,853)	19,010	1,236	4,231	12,414
Investing activities								
Properties								
Grants received								
Financing activities								
Loan interest								
New loans								
Loan repayments								
Share issues								
Share repayments								
Net cash movement			**13,529**	**(9,853)**	**19,010**	**1,236**	**4,231**	**12,414**
Balance b/fwd			25,881	39,410	29,557	48,567	49,803	54,034
Balance c/fwd			**39,410**	**29,557**	**48,567**	**49,803**	**54,034**	**66,448**

PPH Projected Balance Sheet (subsidiary)

		Year ending March						
		2022	2023	2024	2025	2026	2027	2028
BALANCE SHEET								
Assets								
Fixed Assets Social Housing properties								
Fixed Assets properties under construction								
Accumulated depreciation	1.67%							
Net current assets/liabilities		(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)
Cash		25,881	39,410	29,557	48,567	49,803	54,034	66,448
Total Assets		**(22,138)**	**(8,609)**	**(18,462)**	**548**	**1,784**	**6,015**	**18,429**
Long-term Liabilities								
Creditors (grants)								
Loans								
Total Liabilities		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Assets		**(22,138)**	**(8,609)**	**(18,462)**	**548**	**1,784**	**6,015**	**18,429**
Share Capital								
Revenue Reserve		7,909	21,438	11,585	30,595	31,831	36,062	48,476
		7,909	**21,438**	**11,585**	**30,595**	**31,831**	**36,062**	**48,476**

Subsidiary forecast 5 years only

Scenario- Minimum Raise (£300,000) - Group Financial Forecast Income & Expenditure

	Year ending March									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PROFIT & LOSS										
Grants	72,731	34,900	45,000	15,000	15,000	20,000	20,000	20,000	20,000	20,000
Consultancy	36,267	40,162	73,704	95,104	113,412	130,880	160,200	146,680	130,160	103,640
Rents	-	-	21,099	60,127	82,048	295,989	316,708	337,295	357,532	375,409
Amortised grants					50,433	50,433	50,433	50,433	50,433	50,433
Operating Income	**108,998**	**75,062**	**139,803**	**170,231**	**260,893**	**497,303**	**547,342**	**554,408**	**558,126**	**549,482**
Running costs	(142,926)	(127,215)	(184,078)	(150,141)	(151,452)	(154,367)	(176,890)	(171,740)	(164,822)	(151,595)
Property management costs	-	-	(3,150)	(8,460)	(11,085)	(39,125)	(42,661)	(46,127)	(49,555)	(52,852)
Cost of share issue			(23,000)							
Depreciation			(6,823)	(12,383)	(111,139)	(111,139)	(111,139)	(111,139)	(111,139)	(111,139)
Operating costs	**(142,926)**	**(127,215)**	**(217,050)**	**(170,985)**	**(273,676)**	**(304,630)**	**(330,689)**	**(329,005)**	**(325,515)**	**(315,585)**
Income from Sales & disposals	-	-	250,000	322,000	-	-	-	-	-	-
Shared Ownership sale tranche costs	-	-	(135,959)	(109,497)	-	-	-	-	-	-
Shared Ownership surplus	**-**	**-**	**114,041**	**212,503**	**-**	**-**	**-**	**-**	**-**	**-**
Operating surplus/deficit	**(33,928)**	**(52,153)**	**36,793**	**211,749**	**(12,782)**	**192,672**	**216,652**	**225,403**	**232,610**	**233,897**
Loan interest	88	-	(9,574)	(23,021)	(26,811)	(152,332)	(151,448)	(153,414)	(155,310)	(157,132)
Other										
Surplus / (deficit)	**(33,840)**	**(52,153)**	**27,219**	**188,729**	**(39,593)**	**40,340**	**65,204**	**71,988**	**77,300**	**76,766**
Other comprehensive income movements:										
Share interest	(7,686)	(7,226)	(7,338)	(7,301)	(7,265)	(22,228)	(22,012)	(21,801)	(21,427)	(20,699)
Total comprehensive income	**(41,526)**	**(59,379)**	**19,881**	**181,428**	**(46,858)**	**18,112**	**43,192**	**50,187**	**55,873**	**56,067**

Scenario- Minimum Raise (£300,000) - Group Financial Forecast Cashflow

	Year ending March									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
CASH-FLOW										
Operating surplus	(33,928)	(52,153)	36,793	211,749	(12,782)	192,672	216,652	225,403	232,610	233,897
Add back depreciation	787	787	6,823	12,383	111,139	111,139	111,139	111,139	111,139	111,139
Less amortised grants			-	-	(50,433)	(50,433)	(50,433)	(50,433)	(50,433)	(50,433)
Adjusted operating surplus	(33,141)	(51,366)	43,616	224,133	47,923	253,378	277,358	286,108	293,315	294,603
Investing activities										
Properties	(111,205)	(3,068)	(523,897)	(3,049,965)	(2,783,528)	-	-	-	-	-
Grants received	111,205	3,068	1,059,100	1,664,300	302,600	-	-	-	-	-
Financing activities										
Loan interest	88	-	(9,574)	(23,021)	(26,811)	(152,332)	(151,448)	(153,414)	(155,310)	(157,132)
New loans	-	-	295,317	121,139	1,938,452	-	-	-	-	-
Loan repayments		-	(799)	(2,039)	(2,527)	(13,191)	(14,075)	(14,554)	(15,083)	(15,664)
Share issues	-	-	300,000	-	-	-	-	-	-	-
Share repayments	(1,620)	(104)	(9,173)	(9,127)	(9,081)	(33,071)	(32,529)	(48,005)	(46,602)	(44,714)
Change in debtors/creditors	7878	0	0	0	0	0	0	0	0	0
Net cash movement	**(26,795)**	**(51,470)**	**1,154,590**	**(1,074,579)**	**(532,972)**	**54,783**	**79,305**	**70,134**	**76,320**	**77,093**
Balance b/fwd	442,501	415,706	364,236	1,518,826	444,247	(88,725)	(33,941)	45,364	115,498	191,818
Balance c/fwd	**415,706**	**364,236**	**1,518,826**	**444,247**	**(88,725)**	**(33,941)**	**45,364**	**115,498**	**191,818**	**268,912**

Scenario- Minimum Raise (£300,000) - Group Financial Forecast Balance Sheet

		Year ending March									
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
BALANCE SHEET											
Assets											
Fixed Assets Social Housing properties			-	409,358	743,000	6,668,312	6,668,312	6,668,312	6,668,312	6,668,312	6,668,312
Fixed Assets properties under constructio		310,922	310,922	425,460	3,141,783	-	-	-	-	-	-
Accumulated depreciation	1.67%			(6,823)	(19,206)	(130,345)	(241,483)	(352,622)	(463,760)	(574,899)	(686,037)
Net current assets/liabilities		(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)
Cash		415,706	364,236	1,518,826	444,247	(88,725)	(33,941)	45,364	115,498	191,818	268,912
Total Assets		**678,609**	**627,139**	**2,298,803**	**4,261,806**	**6,401,224**	**6,344,868**	**6,313,035**	**6,272,031**	**6,237,212**	**6,203,167**
Long-term Liabilities											
Creditors (grants)		(310,922)	(313,990)	(1,373,090)	(3,037,390)	(3,289,556)	(3,239,123)	(3,188,690)	(3,138,256)	(3,087,823)	(3,037,390)
Loans			-	(294,518)	(413,618)	(2,349,543)	(2,336,352)	(2,322,277)	(2,307,723)	(2,292,640)	(2,276,976)
Total Liabilities		**(310,922)**	**(313,990)**	**(1,667,607)**	**(3,451,008)**	**(5,639,100)**	**(5,575,475)**	**(5,510,967)**	**(5,445,979)**	**(5,380,463)**	**(5,314,366)**
Net Assets		**367,687**	**313,149**	**631,196**	**810,798**	**762,124**	**769,393**	**802,068**	**826,052**	**856,749**	**888,801**
Share Capital		359,778	366,900	665,066	663,240	661,424	650,581	640,064	613,860	588,685	564,670
Revenue Reserve		7,909	(51,470)	(31,589)	149,839	102,981	121,093	164,285	214,472	270,345	326,412
Shareholders Funds		**367,687**	**315,430**	**633,477**	**813,079**	**764,405**	**771,674**	**804,349**	**828,333**	**859,030**	**891,082**

Scenario- Maximum Raise (£750,000) - Group Financial Forecast Income & Expenditure

	Year ending March									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PROFIT & LOSS										
Grants	72,731	34,900	45,000	15,000	15,000	20,000	20,000	20,000	20,000	20,000
Consultancy	36,267	40,162	73,704	95,104	113,412	130,880	160,200	146,680	130,160	103,640
Rents	-	-	21,099	60,127	82,048	295,989	316,708	337,295	357,532	375,409
Amortised grants					50,433	50,433	50,433	50,433	50,433	50,433
Operating Income	**108,998**	**75,062**	**139,803**	**170,231**	**260,893**	**497,303**	**547,342**	**554,408**	**558,126**	**549,482**
Running costs	(142,926)	(127,215)	(184,078)	(150,141)	(151,452)	(154,367)	(176,890)	(171,740)	(164,822)	(151,595)
Property management costs	-	-	(3,150)	(8,460)	(11,085)	(39,125)	(42,661)	(46,127)	(49,555)	(52,852)
Cost of share issue			(23,000)							
Depreciation			(6,823)	(12,383)	(111,139)	(111,139)	(111,139)	(111,139)	(111,139)	(111,139)
Operating costs	**(142,926)**	**(127,215)**	**(217,050)**	**(170,985)**	**(273,676)**	**(304,630)**	**(330,689)**	**(329,005)**	**(325,515)**	**(315,585)**
Income from Sales & disposals	-	-	250,000	322,000	-	-	-	-	-	-
Shared Ownership sale tranche costs	-	-	(135,959)	(109,497)	-	-	-	-	-	-
Shared Ownership surplus	**-**	**-**	**114,041**	**212,503**	**-**	**-**	**-**	**-**	**-**	**-**
Operating surplus/deficit	**(33,928)**	**(52,153)**	**36,793**	**211,749**	**(12,782)**	**192,672**	**216,652**	**225,403**	**232,610**	**233,897**
Loan interest	88	-	(9,574)	(23,021)	(26,811)	(152,332)	(151,448)	(153,414)	(155,310)	(157,132)
Other										
Surplus / (deficit)	**(33,840)**	**(52,153)**	**27,219**	**188,729**	**(39,593)**	**40,340**	**65,204**	**71,988**	**77,300**	**76,766**
Other comprehensive income movements:										
Share interest	(7,686)	(7,226)	(7,338)	(7,301)	(7,265)	(44,728)	(44,512)	(44,301)	(43,927)	(42,636)
Total comprehensive income	**(41,526)**	**(59,379)**	**19,881**	**181,428**	**(46,858)**	**(4,388)**	**20,692**	**27,687**	**33,373**	**34,130**

Scenario- Maximum Raise (£750,000) - Group Financial Forecast Cashflow

	Year ending March									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
CASH-FLOW										
Operating surplus	(33,928)	(52,153)	36,793	211,749	(12,782)	192,672	216,652	225,403	232,610	233,897
Add back depreciation	787	787	6,823	12,383	111,139	111,139	111,139	111,139	111,139	111,139
Less amortised grants			-	-	(50,433)	(50,433)	(50,433)	(50,433)	(50,433)	(50,433)
Adjusted operating surplus	(33,141)	(51,366)	43,616	224,133	47,923	253,378	277,358	286,108	293,315	294,603
Investing activities										
Properties	(111,205)	(3,068)	(523,897)	(3,049,965)	(2,783,528)	-	-	-	-	-
Grants received	111,205	3,068	1,059,100	1,664,300	302,600	-	-	-	-	-
Financing activities										
Loan interest	88	-	(9,574)	(23,021)	(26,811)	(152,332)	(151,448)	(153,414)	(155,310)	(157,132)
New loans	-	-	295,317	121,139	1,938,452	-	-	-	-	-
Loan repayments		-	(799)	(2,039)	(2,527)	(13,191)	(14,075)	(14,554)	(15,083)	(15,664)
Share issues	-	-	750,000	-	-	-	-	-	-	-
Share repayments	(1,620)	(104)	(9,173)	(9,127)	(9,081)	(55,571)	(55,029)	(81,755)	(80,352)	(77,620)
Change in debtors/creditors	7878	0	0	0	0	0	0	0	0	0
Net cash movement	**(26,795)**	**(51,470)**	**1,604,590**	**(1,074,579)**	**(532,972)**	**32,283**	**56,805**	**36,384**	**42,570**	**44,187**
Balance b/fwd	442,501	415,706	364,236	1,968,826	894,247	361,275	393,559	450,364	486,748	529,318
Balance c/fwd	**415,706**	**364,236**	**1,968,826**	**894,247**	**361,275**	**393,559**	**450,364**	**486,748**	**529,318**	**573,505**

Scenario- Maximum Raise (£750,000) - Group Financial Forecast Balance Sheet

		Year ending March									
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
BALANCE SHEET											
Assets											
Fixed Assets Social Housing properties			-	409,358	743,000	6,668,312	6,668,312	6,668,312	6,668,312	6,668,312	6,668,312
Fixed Assets properties under constructio		310,922	310,922	425,460	3,141,783	-	-	-	-	-	-
Accumulated depreciation	1.67%			(6,823)	(19,206)	(130,345)	(241,483)	(352,622)	(463,760)	(574,899)	(686,037)
Net current assets/liabilities		(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)	(48,019)
Cash		415,706	364,236	1,968,826	894,247	361,275	393,559	450,364	486,748	529,318	573,505
Total Assets		**678,609**	**627,139**	**2,748,803**	**4,711,806**	**6,851,224**	**6,772,368**	**6,718,035**	**6,643,281**	**6,574,712**	**6,507,761**
Long-term Liabilities											
Creditors (grants)		(310,922)	(313,990)	(1,373,090)	(3,037,390)	(3,289,556)	(3,239,123)	(3,188,690)	(3,138,256)	(3,087,823)	(3,037,390)
Loans			-	(294,518)	(413,618)	(2,349,543)	(2,336,352)	(2,322,277)	(2,307,723)	(2,292,640)	(2,276,976)
Total Liabilities		**(310,922)**	**(313,990)**	**(1,667,607)**	**(3,451,008)**	**(5,639,100)**	**(5,575,475)**	**(5,510,967)**	**(5,445,979)**	**(5,380,463)**	**(5,314,366)**
Net Assets		**367,687**	**313,149**	**1,081,196**	**1,260,798**	**1,212,124**	**1,196,893**	**1,207,068**	**1,197,302**	**1,194,249**	**1,193,395**
Share Capital		359,778	366,900	1,115,066	1,113,240	1,111,424	1,100,581	1,090,064	1,052,610	1,016,185	981,202
Revenue Reserve		7,909	(51,470)	(31,589)	149,839	102,981	98,593	119,285	146,972	180,345	214,474
Shareholders Funds		**367,687**	**315,430**	**1,083,477**	**1,263,079**	**1,214,405**	**1,199,174**	**1,209,349**	**1,199,583**	**1,196,530**	**1,195,676**