



Black Country Housing Group

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026



Black Country Housing Group Limited

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INFORMATION

Board

S Butters MBE
L Wallace-Davis (Senior Independent Director)
G Price
K Davis DL
N Simkins
S Brooksbank-Taylor
H Scarrett
M Lawton
S Beamand from 1 July 2026
A Eggington from 1 May 2025

Executive

A Eggington – Chief Executive
K Coulthard – Director of Resources
S Farnell – Director of People and Culture
S Woolley – Director of Customer Services from 15 September 2025

Secretary

S Woods

Registered Office

134 High Street
Blackheath
West Midlands
B65 0EE

Bankers

Lloyds Bank plc
153 High Street
Blackheath
West Midlands
B65 0EB

Auditors

Menzies LLP
Colmore Building, 20 Colmore Circus
Queensway, Birmingham
B4 6AT

Registration

RSH Number: L1668
VAT Number: 705333170
Co-operative & Community Benefit
Society: 21157R

Black Country Housing Group Limited

CHAIR'S STATEMENT

As Chair of Black Country Housing Group, it has been a privilege to see at close hand the care, commitment and resilience that runs through the organisation. In a demanding environment, the Board has remained focused on what matters most: strong governance, financial resilience, effective oversight and, above all, the experience of residents.

One of the most encouraging aspects of the year has been the continued strengthening of resident voice. Tenant Satisfaction Measures, complaints insight, scrutiny and direct engagement have given the Board a clearer understanding of resident experience and helped shape our priorities for improvement. That matters deeply because it strengthens accountability and keeps us grounded in the people and communities we are here to serve.

This year has also marked an important moment in BCHG's development, with the conclusion of the previous strategic plan and the launch of BCHG 2030. It has also been very positive, from a Board perspective, to see the transition in Chief Executive leadership progress so smoothly and successfully. Alongside this, the Board has continued to receive assurance on governance, internal controls, financial viability, compliance and risk. Taken together, this gives me confidence that BCHG remains well governed, financially strong and well placed for the future.

I would like to thank my fellow Board members for their commitment, insight and constructive challenge throughout the year. I would also like to thank the Executive Team and colleagues across BCHG for the professionalism and care they bring to their work every day. Most of all, I would like to thank our residents, whose feedback, challenge and trust continue to shape BCHG and make us stronger.



Sinéad Butters MBE
BCHG Chair of the Board

Black Country Housing Group Limited

CHIEF EXECUTIVE'S MESSAGE

2025/26 has been a significant year for BCHG, and a very important one for me personally as I stepped into the role of Chief Executive. I have been grateful for the support I have received through that transition, which has been smooth and successful, and for the strength of the organisation around me. We completed our previous strategic plan, launched BCHG 2030 and continued to strengthen the organisation for the future. Throughout that work, our focus has remained clear: listening to residents, maintaining safe and decent homes, supporting colleagues and delivering strong services on a sound financial and governance footing while increasing our investment in existing services and new homes.

What has stood out to me most during the year is the way resident voice is becoming even more visible in how BCHG works day to day. Feedback from Tenant Satisfaction Measures, complaints, scrutiny and engagement is helping us shape priorities for improvement more directly. While we are proud of all that we do, we are a value led organisation and using our "We love to learn" value, we are clear about where we can continue to improve and we are acting on that learning through new, resident led, innovation and improvement plans.

We have also continued to strengthen our control environment, assurance framework and readiness for a more demanding regulatory environment. Alongside this, BCHG has maintained its G1/V1 grading, a strong treasury position and a clear strategic direction for the years ahead. That gives us a solid platform not just to respond to challenge, but to keep improving services, investing in homes and delivering BCHG 2030 with confidence.

I would like to thank our residents for their engagement, honesty and challenge, our Board for its support and oversight, and all colleagues for the commitment, energy and care they show every day. BCHG enters the next year with a strong foundation, a clear sense of direction and a real determination to keep improving what we do for residents and communities.



Adrian Eggington
BCHG Chief Executive

Black Country Housing Group Limited

REPORT OF THE BOARD

Principal Activities

The Group comprises Black Country Housing Group (the Association) and its subsidiaries;

- BCS Associates Limited (dormant)
- Black Country Care Services Limited (dormant)

The Association is a registered provider of social housing and has exempt charitable status. Key activities during the year included:

- managing, maintaining and developing homes for rent;
- managing a residential care home;
- providing retirement and supported living;
- supporting people into work and training;
- helping to create sustainable communities.

Compliance with Regulatory Standards

The Regulator of Social Housing (RSH) provides a regulatory framework which consists of Economic Standards (Governance and Financial Viability; Value for Money; and Rent) and the Consumer Standards (Neighbourhood & Community; Safety & Quality; Tenancy, and Transparency, Influence & Accountability).

Each year the regulator requires registered providers to assess their compliance with the standards and the Group can confirm that it complied in all material respects with the above standards that were effective as of 31 March 2026.

We continue to maintain an assets & liabilities register, carry out stress testing on our financial plan and ensure that these and our annual budgets are based upon robust and prudent assumptions. We have also continued to operate a sophisticated approach to managing risk, based on risk triggers and early-warning indicators.

Governance

The BCHG Board has adopted the NHF Code of Governance 2020, and a full review of the requirements has been carried out. BCHG has already set the maximum tenure of Board Members at 6 years. The Group's Board meets at least six times a year and comprises of eight non-executive members, plus one executive member, the Chief Executive. The Board met six times during 2025/26.

The Non-Executive Director succession plan ensures that the BCHG Board remains effective through the appointment of new members with the relevant skills, knowledge and experience, strengthening both the Board's capability and its oversight of the Group's long-term performance and governance. As part of this, we have successfully recruited a new board member who will join in July, bringing valuable expertise in care and support and further enhancing the Board's collective skillset in this key area. It is also important to us that the Board maintains a diverse and representative membership, reflecting the communities we serve and supporting balanced, inclusive decision-making.

The Group's Board has ultimate responsibility for the strategic planning and risk management framework. The Board is supported by two committees, Group Audit Committee (GAC) and Remuneration, Nominations & People Committee (RNP). Both GAC and RNP comprise of four non-executive members. Both committees met four times during the year. All members of these committees are also members of the BCHG Board.

Black Country Housing Group Limited

REPORT OF THE BOARD

Current Board Member Profiles

Sinéad Butters MBE (BCHG Board Chair) - Sinéad has been Chief Executive of Aspire Housing for 20 years. She is an experienced Non-Executive Director, currently serving as a NED on Goram Homes and former Chair of Berneslai Homes. She is passionate about housing and the role Housing Associations play in creating vibrant, sustainable communities.

Lorna Wallace-Davis (Senior Independent Director and Chair of Remuneration, Nominations & People Committee) - Lorna began her career as a social worker and currently runs her own company providing culture change, facilitation, training and executive coaching in the public, housing and independent sectors. Lorna is the Senior Independent Director of BCHG and Chair of Remuneration, Nominations and People Committee.

Nicholas Simkins (Group Audit Committee Chair) – Nick is a retired audit partner with an excellent understanding of corporate governance and risk management. Nick brings board member and Audit Committee chair experience as well as commercial and business knowledge and experience. Nicholas is the Chair of Group Audit Committee.

Gareth Price – Gareth currently works for Trident Group, responsible for leading on property development, asset investment and delivery of the sustainable homes programme. Gareth is a member of Group Audit Committee.

Kevin Davis DL - Kevin is a social entrepreneur, and Group Chief Executive of the Vine Trust. He is passionate about regeneration and education, and he is a social mobility champion. Kevin is an experienced board member in the health and education sectors. Kevin is a member of Remuneration, Nominations and People Committee.

Susan Brooksbank-Taylor – Susan brings 30 years' experience in the social housing, homelessness, wellbeing and recovery sectors, including Chief Executive, chair and board director roles. Susan is passionate about people, community, social purpose and solidarity. Susan is a member of Remuneration, Nominations and People Committee.

Helen Scarlett – Helen brings extensive experience as a senior executive in the social housing sector and as a charity CEO. She is a qualified housing professional with strong knowledge of housing and property management. She is an experienced Board Member and lives in the Black Country. Helen is a member of Group Audit Committee.

Mike Lawton - Mike brings senior executive experience in commercial and communications from his time in the private sector. He also has non-executive experience having been on the Board of other social housing providers. Mike is a member of Group Audit Committee.

Adrian Eggington - Chief Executive and Executive Board Member since 1 May 2025. Adrian has been at BCHG since November 2015 having previously worked in executive roles for Housing Associations in London and Staffordshire with a career background in housing, development, asset management, care and resident engagement. He previously held the Director of Operations and Deputy Chief Executive roles at BCHG.

Black Country Housing Group Limited

REPORT OF THE BOARD

Statement of Internal Control

The Board acknowledges its overall responsibility for establishing and maintaining a sound system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives, and can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss.

The system of internal control is based on an ongoing process designed to identify and prioritise the key risks to BCHG achieving its strategic objectives. Risks are assessed through BCHG's risk management framework, using clearly defined causes, controls, mitigations, early warning indicators, risk triggers, velocity and influence to understand how risks may develop and how they should be managed. This process has been in place throughout the financial year ended 31 March 2026 and up to the date of approval of the financial statements.

The Board has established a comprehensive framework of internal control which includes:

- a clearly defined governance structure, with delegated authorities and terms of reference;
- an embedded risk management framework, including a Board-approved risk appetite and regular review of the strategic risk register;
- financial controls for key processes including budgeting, financial planning, treasury management, stress testing, covenant monitoring and management reporting;
- policies and procedures covering key operational and compliance areas;
- a Board Assurance Framework linking strategic risks, controls and sources of assurance;
- a "three lines" model, comprising operational management controls, corporate oversight and compliance functions, and independent assurance.

The effectiveness of the system of internal control is informed by a range of assurance mechanisms, including:

- regular reporting by the Executive Team and senior managers;
- the work of the Group Audit Committee, which has delegated responsibility for oversight of internal control and risk management on behalf of the Board;
- an independent internal audit service, which provides an annual opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control;
- the work of the external auditor;
- regulatory returns and self-assessments, including those supporting compliance with the standards set by the Regulator and the Complaints Code.

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2026. This review has been informed by the annual report of the internal auditor, management assurances, and the Chief Executive's annual report on internal controls, which draws on assurance from across the organisation's control framework.

During the year, a small number of control weaknesses were identified through internal audit and second-line assurance activity, including areas relating to asset data management and complaints monitoring. These matters were not considered to represent material failures of control and have been, or are in the process of being, addressed through agreed management actions.

Based on the assurance received, the Board is satisfied that BCHG has maintained a generally effective system of internal control throughout the year and up to the date of approval of the financial statements. No material breakdown in internal control has been identified that would impact on the Board's overall assurance.

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REPORT OF THE BOARD

The Board considers that the system of internal control supports BCHG's continued compliance with the Regulator of Social Housing's Economic Standards (Governance and Financial Viability) and Consumer Standards.

The Board is able to take further assurance from the following:

Risk Management

As detailed elsewhere in the Report of the Board, BCHG has a Risk Management Framework in place and regularly maintains its strategic and operational risk registers. The Strategic Risk Register is a dynamic document reviewed monthly by the Executive Team and at each meeting of BCHG Board. The Board has set its risk appetite for each strategy and a statement of the risk appetite is included in the Risk Management Framework. Risk Events, including "near misses", are also considered by the Executive Team and reported to each Board meeting through the Risk and Assurance Update report. Risk reporting is supported by causes, controls, mitigations, early warning indicators, risk triggers, velocity and influence, ensuring that the Board can understand how quickly risks may materialise and the extent to which BCHG can influence the response.

Assurance Framework

BCHG has in place a Board Assurance Map to clearly illustrate to Board the various sources of assurance in accordance with the three lines model. The Board considers this at each meeting as part of its regular review of risk matters.

External Audit

Menzies LLP were appointed as BCHG's external auditor in 2025 for a 5 year-term. The external auditor provides assurance through the audit report and management letter confirming that no matters have come to the auditor's attention that would give rise to significant instances of internal control weaknesses or irregularity. The Chair of Group Audit Committee meets the lead partner at least once per year and the Committee also meet the auditor in camera without officers present at least annually.

Internal Audit

BDO continue to fulfil the role as BCHG's internal auditors. Following a full retendering exercise in 2023, BDO were successfully reappointed for a 3-year term, and a 2-year extension is now in place until March 2028.

Positive assurance was provided to Group Audit Committee through BDO's annual report, which summarises the audits that have been undertaken and reported on throughout the year to each meeting of the committee. A recommendation tracker and follow-up audits ensure that recommendations are implemented.

Regulatory Engagement

BCHG embraces the Regulator of Social Housing's ethos of co-regulation. All data submissions are completed accurately and on time having been reviewed by the Director of Resources and Chief Executive, with an open and transparent dialogue as we maintain compliance with the Regulatory Standards.

As a provider of registered care services, BCHG also works to comply with all standards set out within the Health & Social Care Act and Care Quality Commission Regulations.

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Principal Risks

The Black Country Housing Group Board has overall responsibility for the risk management strategy and framework, and the internal control systems within the Group. Having regard to the risks arising from the Group's activities, the Sector Risk Profile, and the many external factors that challenge our services, the Group has identified its key strategic risks.

As part of the Group's risk management strategy, the Board has set out its statement of Risk Appetite and assigns a risk category of Averse, Minimal, Cautious, Open or Hungry to each of its risks. For risks with an Averse risk appetite, every action possible will be taken to eliminate risk, as opposed to those risks assigned a Hungry risk appetite, where more innovative options would be taken to achieve potentially higher rewards. The Board makes decisions around what risks are captured, the mitigations, controls and further actions required to demonstrate that the risks are being managed to an appropriate level within the Group's risk appetite. Each of the Group's strategic risks is linked to stress testing exercises, performance indicators and other appropriate metrics.

A set of early warning indicators and risk triggers, which take into consideration risk appetite and stress testing scenarios, are monitored by the Executive Team and the Board alongside the Group's key performance targets. The Board has delegated responsibility for overseeing the effective day-to-day management of risk to the Executive Team and receives a detailed risk update at each Board meeting. In addition, the Group Audit Committee provides deeper oversight of strategic risks subject to active management or treatment, as delegated by the Board. These include, but are not limited to, registered care, health and safety and cyber security. During the year, the Board reviewed its risk appetite and made amendments where applicable.

Specific Strategic Risks

The Regulator of Social Housing's Sector Risk Profile (SRP), published in November 2025, highlights that the sector continues to operate in an environment of significant and increasing risk, requiring strong governance and effective risk management to support informed decision-making.

Financial viability remains a key risk to be effectively managed, with many landlords operating within reduced financial headroom. This reflects ongoing pressures including increased investment in existing homes (particularly in relation to safety, damp and mould remediation), higher refinancing costs, labour and materials inflation, and a challenging housing market environment.

The provision of safe and decent homes is identified as a fundamental responsibility, with regulators placing increased emphasis on reliable, up-to-date data on the condition of homes and effective compliance with evolving regulatory requirements, including Awaab's Law and strengthened safety standards. During 2025/26, BCHG continued to balance investment in existing homes with the delivery of new affordable housing, recognising both as central to our social purpose. However, resident safety and statutory compliance remained the overriding priority in investment decisions, with resources prioritised to maintain safe homes, meet regulatory requirements and respond to known risks before progressing wider improvement and development priorities.

The SRP also emphasises the importance of tenant engagement and transparency, and the effective use of Tenant Satisfaction Measures in supporting accountability and maintaining trust.

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Underlying these risks, the importance of robust and comprehensive data is reinforced, with data integrity and effective data management identified as critical enablers of sound governance, risk control and service delivery.

Risks & Assurance

Description of Risk	Source of Assurance
Failure to ensure safe working practices results in harm to colleagues, residents or contractors, regulatory breach or legal liability.	Mandatory health and safety training for all colleagues; bi-monthly Safety Panel oversight; safeguarding protocols; workplace risk assessments; internal and independent audits; and regular reporting to Executive Team and Board.
Failure to maintain safe homes results in harm to residents, regulatory breach and increased compliance risk.	Compliance reporting across all statutory areas (gas, fire, electrical, water, asbestos and lifts); stock condition surveys; contractor performance monitoring; tenant safety communication; and regular reporting to Committee and Board.
Cyber attack or system failure results in disruption to services, data loss or regulatory breach.	Mandatory cyber awareness training and phishing simulations; multi-factor authentication; penetration testing and independent reviews; incident response and disaster recovery testing; secure data standards and backups; and ongoing monitoring of cyber threats.
Governance weaknesses lead to regulatory breach, ineffective oversight or reputational damage.	Annual governance effectiveness reviews; Board assurance framework including risk register and assurance map; forward planning of regulatory submissions; Board succession planning; and ongoing engagement with the Regulator.
Failure to capture and respond to resident voice results in declining satisfaction, increased complaints and potential non-compliance with consumer standards.	Resident Engagement Framework; scrutiny arrangements; monitoring of Tenant Satisfaction Measures and complaints; Board oversight of resident voice; and transparent reporting of feedback and outcomes.
Loss of skilled and experienced colleagues results in reduced organisational effectiveness and service delivery risk.	Employee value proposition; succession planning; learning and development programmes; workforce monitoring including turnover and engagement; and regular reporting to Board and Remuneration Committee.
Failure to maintain a sustainable financial position impacts service delivery, investment capacity and regulatory compliance.	30-year financial plan with stress testing; treasury strategy; covenant and “golden rules” monitoring; management accounts to each Board meeting; and external audit assurance.
Residents’ reduced ability to pay increases arrears and impacts cashflow and financial resilience.	Monitoring of rent collection and arrears; tenancy sustainment and support services; enhanced systems and data insight; and regular reporting of performance trends to Executive Team and Board.

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REPORT OF THE BOARD

Equality, Diversity & Inclusion

At BCHG, Equality, Diversity and Inclusion is embedded within our organisational culture and decision-making. Colleagues are actively encouraged to consider their work through an EDI lens, ensuring that we acknowledge and respect diverse cultures, embrace difference, and foster an environment where open and inclusive conversations can take place.

Our approach to EDI has been strengthened through the embedding of clear commitments across all BCHG 2030 supporting strategies, ensuring shared ownership and accountability across the organisation.

We continue to build maturity in our EDI approach. As members of Onvero (formerly enei), we have undertaken the Talent, Inclusion and Diversity Evaluation (TIDE), for the third time, building on our Silver Award in 2024. During 2025/26 we have strengthened our position within this assessment, reflecting improved performance across key areas including leadership, data insight, and inclusive practices. This progress demonstrates our transition from a foundation building phase towards a more embedded and outcome focused approach to inclusion.

Our colleague-led EDI Sounding Board continues to play a critical role in shaping our culture, providing constructive challenge, supporting awareness, and ensuring that EDI remains integral to *The BCHG Way*. This has contributed to increased colleague engagement and visibility of EDI across the organisation.

Our latest Gender Pay Gap report shows a mean gap of 19.19% at April 2025, our lowest to date, reflecting progress in representation at senior levels, where women make up 75% of the Executive Team. Work is ongoing to reduce the gap further through targeted recruitment, career progression, and talent development initiatives. We also publish our Ethnicity Pay Gap, with a positive gap of 16.30% reported in April 2025. This reflects our ongoing commitment to understanding and addressing disparities through improved data quality, insight, and targeted action.

Our flexible and hybrid working approach continues to support inclusion by enabling colleagues to balance work and personal responsibilities. This has been reinforced through our Investors in People assessment, which highlighted positive outcomes in colleague experience and organisational culture.

Going Concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out above and within the Strategic Report.

The Group has total fixed assets of £153.577m, an increase since the previous year of £5.370m, reflecting the ongoing investment in our residents' homes, alongside the development of new affordable housing properties.

Overall net current liabilities as at 31 March 2026 stand at £3.487m, a movement of £3.204m from the prior year due to an increase in creditors falling due within one year. This is mainly representative of short term debt repayable of £3.085m (£0.779m 2024/25) along with an adverse movement in trade creditors. Recycled Capital Grant Funding (RCGF) of £0.433m and Deferred Capital Grant of £0.618m, are both recognised as potential current liabilities, but are usually able to be recycled within our business.

Long term creditors repayable after one year have increased by £0.614m from £108.961m to £109,575m, with an increase in Deferred Capital Grant, part offset by reductions in RCGF and long term debt. The Group has in place long term debt facilities which provide adequate resources to finance committed development and renewal programmes along with the Group's day-to-day

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REPORT OF THE BOARD

operations. Debt outstanding as at 31 March 2026 was £52.033m excluding costs of finance, which includes £48.614m due after one year.

The statement of financial position shows a strong net asset position for the Group of £39.692m as at the 31 March 2026, and the 2026 iteration of the financial plan has been prepared and stress tested. It is compliant with all lender loan covenants and internal golden rules, demonstrating BCHG to be strong and financially viable, both in the short and longer term.

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

Post Balance Sheet Events

The financial statements for 2025/26 have not been adjusted for any post balance sheet event.

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Statement of Board's responsibilities under the Co-Operative and Community Benefit Societies Act 2014 for a registered provider of social housing

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Registered Provider (RP) and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the RP and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It has general responsibility for taking reasonable steps to safeguard the assets of the RP and to prevent and detect fraud and other irregularities.

Auditors

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.



Sinéad Butters MBE
BCHG Board Chair
30 July 2026

Black Country Housing Group Limited

STRATEGIC REPORT

Strategic Objectives Performance

The 2023–2026 Strategic Plan has been successfully delivered, with BCHG demonstrating strong governance, financial resilience and sustained positive outcomes across all five strategic objectives:

Our Trusted Landlord

- Quality Homes
- Thriving Communities
- Outstanding Employer
- Sound Business

Trusted Landlord
Key Achievements
• Resident satisfaction has remained strong across the life of the strategy, with high levels of trust and perception of fairness maintained. • Tenant Satisfaction Measures are embedded, with quarterly reporting to Board and publication to residents, strengthening transparency and accountability in line with consumer standards. • Resident Voice is now embedded within governance, with a “no voice, no approval” approach across resident facing strategies and policy development. • Resident scrutiny arrangements have been enhanced to increase accessibility and broaden representation. • Annual resident engagement activity, including scrutiny conferences and Board engagement events, has strengthened assurance and oversight. • Complaints handling and insight has improved, with clearer learning outcomes supporting service improvement and compliance with the Housing Ombudsman Code. • Enhanced neighbourhood presence supported by improved data and resident insight capabilities. •
Quality Homes
Key Achievements
• Full compliance with statutory landlord safety requirements maintained throughout the strategy period, with regular reporting to Board and Group Audit Committee. • Significant investment delivered in existing homes, aligned to evolving regulatory expectations including damp, mould and building safety requirements. • Strengthened approach to hazards, with improved data, monitoring and response arrangements. • Improved asset data and stock condition intelligence, providing a stronger evidence base for compliance and long-term investment planning. • Healthy Homes approach implemented, strengthening the link between property condition and resident wellbeing. • Development programme delivered new homes within a challenging market, supported by strengthened financial controls and appraisal processes. • External benchmarking and independent assurance support value for money and compliance outcomes.

Black Country Housing Group Limited

STRATEGIC REPORT

Thriving Communities Key Achievements
• BCHG's role as a social business strengthened, with sustained delivery of community-based support, digital inclusion and employability initiatives. • Digital inclusion programmes expanded, supporting access to services, education and employment opportunities. • Targeted interventions delivered positive outcomes for vulnerable residents, including those at risk of homelessness or financial hardship. • Strong partnerships maintained with local authorities and third sector organisations, supporting wider system outcomes. • Improved capture and reporting of social impact data, strengthening accountability and demonstrating value. • Delivery increasingly aligned to strategic priorities, ensuring effective targeting of resources and outcomes.
Outstanding Employer Key Achievements
• Continued strong colleague engagement, with regular survey feedback informing organisational improvements and action planning. • Investors in People (IIP) Gold accreditation maintained, recognising sustained high performance in people management and organisational culture. • Employers Network for Equality and Inclusion (enei) Silver standard retained, demonstrating continued progress in equality, diversity and inclusion. • A clear Employee Value Proposition established, supported by a refreshed Total Reward Strategy and benchmarking activity. • Investment in leadership, talent and development frameworks, including succession planning for key roles. • Strengthened organisational culture aligned to BCHG values, supported by colleague-led initiatives and engagement forums. • Improved workforce data and insight supporting better decision-making on recruitment, retention and wellbeing.
Sound Business Key Achievements
• Strong regulatory position maintained throughout the strategy period, with G1/V1 ratings retained. • Financial resilience sustained in a challenging operating environment, supported by robust stress testing, treasury management and Board oversight. • Internal control and governance frameworks strengthened, supporting increased regulatory expectations and inspection readiness. • Enhanced risk management approach, including a refined strategic risk register, clear risk appetite and improved early warning indicators. • Investment in core systems has improved operational control, data quality and reporting capability. • Cyber security and data governance significantly strengthened, supported by independent testing, accreditation and enhanced controls.

Black Country Housing Group Limited**STRATEGIC REPORT**

- Increased transparency through publication of performance, Tenant Satisfaction Measures and Board to resident feedback.

Value for Money**Our approach**

Our mission is to be a Social Business Delivering Quality Homes and Care for the Black Country, by the Black Country. For us this means being a well-run not-for-profit organisation, operating effectively and efficiently, generating surpluses which create social value. BCHG has a holistic approach to VfM that encompasses financial prudence, resident satisfaction, resource optimisation, and continuous improvement. We aim to deliver maximum value to residents, while ensuring the long-term financial sustainability of the organisation. We are committed to delivering a diverse range of services to our local communities and employing local people and suppliers. VfM is about maximising the social return achievable through our investment in physical assets (including homes, ICT and our offices) and other assets (such as our people, partners and suppliers), providing homes which are safe and high-quality services, delivered by qualified and proficient colleagues, using systems that are modern and fit for purpose.

Value for Money Metrics

The Regulator for Social Housings' Value for Money Standard requires seven metrics to be reported on annually across the sector. BCHG's results covering both a backwards and forwards look across a three-year period have been included. The latest comparatives for 2024/25 for the overall social housing sector are shown for information. In addition to the seven metrics defined by the regulator, an adjusted headline social housing cost per unit has been included, to remove the impact of the higher cost service provision that BCHG incurs within its care services. Overall, the metrics for 2025/26 demonstrate a strong and positive position.

RSH Value for Money Metrics	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2024/25 Sector Median
	Actual			Forecast			
Reinvestment	8.1%	5.5%	5.4%	13.3%	15.8%	9.2%	7.5%
New supply delivered							
- Social Housing	2.4%	2.7%	0.8%	1.7%	3.5%	3.6%	1.3%
- Non Social Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing	33.3%	33.0%	32.9%	35.9%	36.7%	38.2%	45.5%
EBITDA MRI	220.0%	210.3%	187.8%	145.5%	157.4%	152.8%	112.9%
Headline social housing cost per unit	£6,331	£6,667	£7,508	£7,861	£7,362	£7,534	£5,688
Adjusted social housing cost per unit	£4,354	£4,448	£5,157	£5,414	£5,176	£5,359	£5,688
Operating Margin							
- Social housing lettings	29.6%	29.3%	25.4%	27.8%	23.0%	25.0%	20.0%
- Overall	20.4%	18.7%	15.8%	16.4%	15.6%	17.4%	17.4%
Return on capital employed	2.9%	2.7%	2.5%	2.2%	1.9%	2.1%	3.0%

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Metric 1 – Reinvestment *(Financial investment in acquiring and developing new properties)*

We continue to invest in our existing homes and deliver against a steady development pipeline of new affordable homes. There are 40 units currently on site, with a target to have a further 107 new homes commence on site during the year. Beyond this our development targets will level off to around 50 new affordable homes per year.

Metric 2 – New supply delivered *(The number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total housing units and non-social housing units owned at period end)*

BCHG continue to develop new affordable homes for rent, and in addition to the 19 new homes handed over at Green Lanes in 2025/26, there are currently 26 units on site at Tomlinson Court and 14 units at Blowers Green Road, with handover expected during 2026/27. Beyond that we currently plan to complete on a further 84 homes in 2028 and another 89 in 2029, subject to the availability of grant funding. We have not developed any new units for non-social housing purposes and currently has no plans to do so.

Metric 3 – Gearing *(Assesses our level of debt against the value of our housing properties)*

Our continued commitment to ongoing investment in our homes and new development will result in an increased borrowing requirement over the short to medium term, as the forecast above demonstrates, albeit this measure is still set to remain below the sector median. BCHG has completed a £25m refinancing exercise in June 2026.

Metric 4 – Earning Before Interest, Tax, Depreciation, Amortisation – Major Repairs Included (EBITDA MRI) *(Interest cover test that is an indicator for liquidity and investment capacity)*

BCHG continues to perform strongly against this measure in comparison with the sector as a whole. In the last financial years, the result against this metric has been positive albeit as predicted has

been reducing owing to increased costs of borrowing associated with additional investment and continued development of new affordable housing.

Future performance against the metric is forecast to be at lower levels, due to planned investment in our business and the continued challenges of operating in an increased higher inflation environment. BCHG's performance against this measure has followed a similar trajectory to the wider sector, albeit remains at a consistently higher level.

Metric 5 – Headline social housing cost per unit

Our overall headline social housing cost per unit includes costs associated with the provision of Supported Living and Residential Care and therefore is at a higher level than sector median. The predominant reason for the increased unit cost is that a significant proportion of the costs for these services are for salaries, which have seen significant increases in line with National Living Wage in recent years.

As expected, the metric results during the last three financial years have increased, due to the ongoing investment in the business, an increased demand on services, and the challenging higher inflationary operating environment. Management and service charge costs have also increased due

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to increased investment in ICT transformation programmes, cyber security and other overheads, in support of the high level of service provision that we set out to achieve. Looking ahead to 2026/27 this metric will again increase, associated with the continued investment in our business, with our aim being to provide the best quality services; specifically as we look ahead to the achievement of our BCHG 2030 priorities. Forecast cost per unit for 2027/28 shows a reduction; this is partly due to a slightly lower capital programme, along with cost increases not necessarily being proportionate to the forecast increase in units.

An additional metric (5b) is also included in the table above which removes the impact of Supported Living and Residential Care, to provide greater transparency and read across to the sector comparators. The trend and forward looking trajectory follow the same profile as the headline measure for the reasons as outlined above. Our unit costs remain at a lower level than the sector comparators and forecasts suggest that this will continue to be the case.

Metric 6 – Operating margin *(This aims to measure how efficient an organisation is)*

Social housing lettings – This is a metric where BCHG at 25.4% continues to significantly outperform the sector median, which for 2024/25 was recorded at 20%. Strong levels of performance are expected to continue, despite some reduction in this measure over time reflective of the additional investment within the business and increasing costs. This is consistent with what is being experienced across the sector. The forecast performance shows that the operating margin is expected to increase slightly in 2026/27 followed by a temporary reduction in 2027/28. This is mainly a consequence of additional depreciation charges for new developments completing that year, ahead of a full year's worth of rent being recognised. This is a key year in respect of our development programme, and in the years afterwards our rental income increases due to the handover of these new units, thus we again start to see an increase in operating margins.

Metric 7 – Return on capital employed *(Assesses the efficiency of capital resource investment)*

Performance against this metric largely tracks that of our overall operating margin but can be skewed due to the timing of new development schemes reaching practical completion and rental income streams commencing. Performance in recent years has been boosted by the positive operating surpluses achieved and largely tracks the sector median.

Director Remuneration and Management Costs Metrics

The performance metrics for directors' remuneration and management costs are shown below, in line with the Transparency, Influence and Accountability Standard Value for Money Metrics as directed by The Regulator for Social Housing.

RSH Value for Money Metrics	2025/26 Actual
The remuneration paid to the highest paid Director relative to the size of the landlord	£69.46 per social housing unit that is owned and managed
The aggregate amount of remuneration paid to Directors relative to the size of the landlord	£246.48 per social housing unit that is owned and managed
Management costs relative to the size of the landlord	£1,419.18 per social housing unit that is owned and managed

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Value for Money Achievements

Housing Management and Responsive Repairs

Our established approach to supporting tenants through their dedicated Customer Relations Managers continues to have a positive bearing on our key housing management metrics and the Tenant Satisfaction Measures (TSM's). The role of the Tenancy Support Programme, which looks to provide additional help and advice to our most vulnerable tenants, has been successful in helping to manage arrears, but also in securing new benefits and funding available to tenants. Signposting to other agencies and means of support also adds value.

Our housing management KPI's have continued to show a positive trend over the last three years, our rent collection levels are consistently above 100%, void loss performance improved again during 2025/26, and whilst total arrears increased marginally; this still shows an overall positive result.

	2023/24	2024/25	2025/26
Rent Collected %	100.17%	100.47%	100.37%
Total Arrears %	2.69%	2.24%	2.35%
Void Loss %	0.87%	0.80%	0.35%

Our responsive repairs and maintenance service also continues to perform well; responsive repairs completed on first visit shows a very positive upwards trend over the comparative years with 96.73% being achieved during 2025/26. Emergency repairs performance has tracked at 100% across all of the years. Non-emergency repairs completed on time, shows a slight dip in the last two years and is reflective of recruitment and retention challenges.

	2023/24	2024/25	2025/26
% Responsive Repairs Completed On First Visit	87.80%	93.61%	96.73%
% Emergency repairs completed on time	100%	100%	100%
% Non-Emergency repairs completed on time	94.25%	92.47%	88.22%

Resident Voice

During 2025/26, BCHG has strengthened and matured its approach to Resident Voice, with a clear focus on embedding resident influence within governance, service improvement and organisational decision-making.

A refreshed Resident Engagement Framework has been implemented, introducing a more consistent and structured approach to gathering resident insight. This includes the introduction of new engagement methods, such as targeted focus groups, alongside an Outcomes and Impact Log to capture learning and evidence how resident feedback informs change.

Resident influence has been further embedded within governance through the development of co-regulatory arrangements. The annual resident conference and new and strengthened forums, including the Repairs Partnership Board and the Resident Experience Assurance Panel, enable residents to directly contribute to service oversight and performance assurance.

Residents continue to play an active role in shaping BCHG's strategic direction. Engagement activity during the year informed the development of key strategies and associated improvement plans, while

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resident feedback has also contributed to policy development and behavioural standards, including the organisation's Code of Conduct in support of our 'No Voice, No Approval' philosophy.

There has been a continued focus on improving how resident feedback is triangulated and used. Insight from Tenant Satisfaction Measures, complaints and wider engagement activity is increasingly aligned, providing clearer line of sight from resident experience to service improvement and Board assurance.

Overall, BCHG demonstrates a structured and maturing approach to Resident Voice. While some inconsistency in service experience remains, actions are in place to strengthen communication, capacity and follow-through. Resident Voice is increasingly influencing both operational delivery and strategic decision-making, supporting compliance with the Transparency, Influence and Accountability Standard.

Development of new Affordable Homes

We have continued to develop new units of much needed affordable housing accommodation for rent, all within the Black Country conurbation. We work closely with our development partners, other agencies and our own internal housing and asset management teams to ensure that the product delivered is of high quality and meets the needs of our residents.

We recognise that understanding the financial performance of our properties is fundamental to our business and that we need to invest in the right development opportunities, as well as making the best decisions about the future of our existing properties to make optimal use of resources. We continue to use a development appraisal model which shows how our planned property investments will perform financially over the long term. It identifies how long it will take for the income from a new property to cover its costs (breakeven) and when the loan used to finance the property will be fully repaid (payback). The model enables us to compare how different tenures perform financially, so that the best combination of properties for each development opportunity can be identified. The model generates a net present value of alternative investment options, which enables us to maximise the forecast return on new developments.

We undertake benchmarking of our development parameters as well as development costs and also engage with Employers Agents on all of our development schemes to ensure that works are carried out to high standards and that value for money is also achieved.

During the year we have successfully secured new grant funding from the West Midlands Combined Authority as part of the Social Housing Accelerator Fund. This will enable us to deliver new homes at Social Rent, which are typically lower than the market based Affordable Rents, and therefore of benefit to our residents.

Asset Investment

Our stock is located within the West Midlands conurbation and includes a range of houses, bungalows, and flats with between one and six bedrooms. Our properties are relatively young with over 70% being built post 1970.

We continue to invest through our 30-year Asset Investment Plan and capital works programme, maintaining high standards to existing homes and compliance with the Decent Homes Standard. This programme of works includes the replacement of kitchens, bathrooms, doors, and windows. A

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total of £1.845m was invested in the replacement of components and improvement works during 2025/26.

Our latest stock condition data shows that currently 88.5% of our homes are measured at an EPC rating of C or above, a metric which has increased year on year as we continue to work towards the target for all of our homes to achieve EPC C or above by 2030. This is an area which continues to evolve as technology advances and is closely linked to the matter of fuel poverty which is also very much on our radar. Our financial plan continues to include additional investment in this area over and above the 30-year Asset Investment Plan requirements.

Asset Disposals

BCHG does not currently have a strategic aim to intentionally dispose of assets. Instead, we will look to dispose of assets that are poorly performing and to use the proceeds from these disposals to reinvest back into other properties and regeneration initiatives. In order to meet our high standards, we review all of our homes that become void and may choose to dispose of those which are not cost effective to maintain, largely due to energy efficiency concerns and the impact that this can have on fuel poverty.

Where particular groups of assets with high levels of voids or disrepair for example are identified, options for these properties will be considered and separately reviewed.

Colleagues

Key metrics for colleague turnover, levels of sickness absence and colleague engagement during the last three years are all shown in the table below. Staff turnover has improved year on year and colleague engagement has remained largely consistent between years. Sickness absence has increased to 13.94 days in 2025/26 versus 9.58 days in the previous year and we have implemented further initiatives to support health and well-being, with targeted actions in progress to ensure that we are working to bring this measure back in line with target during 2026/7.

	2023/24	2024/25	2025/26
Colleague Engagement Score	8.68	8.57	8.36
Sickness - average no. days lost overall	8.37	9.58	13.94
% Staff turnover overall	16.08%	15.73%	13.71%

Our colleagues and their wellbeing remain a priority. To deliver high-quality services to our customers, we must attract, develop and retain high-performing colleagues. We continue to invest in learning and development, including our digital learning platform, which enables a significant proportion of training to be delivered efficiently and cost-effectively online. Alongside this, we have a strong management development programme, largely delivered internally, which supports capability building and succession planning.

During the year, we launched our new People and Culture Strategy, building on strong foundations and focusing on leadership development, talent and skills, colleague engagement and effective people support. Engagement remains strong across BCHG. Our values-based behaviours framework, *The BCHG Way*, continues to be embedded across the organisation, and we have introduced *Leading the BCHG Way* for line managers, alongside a leadership skills matrix to clearly set expectations and align leadership behaviours to our values.

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Our EDI Sounding Board remains active, leading activity aligned to our five wellbeing pillars - Connect, Be Active, Take Notice, Keep Learning and Give. During 2025/26, this has included My Whole-Self Day, sexual harassment training, a neurodiversity workshop, a menopause awareness coffee morning, training on hidden disabilities at work, and a mandatory workshop for managers on leading an inclusive culture.

Our investment in colleagues is reflected in our engagement score, which peaked at 8.75 against a target of 7.7 in our quarterly surveys. We continue to support young people into employment, with four colleagues enrolled on apprenticeships during the year, and we are looking to further expand our apprenticeship offer. We have also exceeded our target for colleagues under 29 years of age, who represent 11.24% of our workforce. Where appropriate, we maximise use of the Apprenticeship Levy to support training costs.

We have maintained our hybrid working approach, with colleagues splitting their time between home and the office where roles allow. This continues to deliver cost and environmental benefits, while also supporting colleague wellbeing and engagement, as reflected in survey feedback.

Treasury

Our weighted average cost of capital remains low compared to the wider sector. BCHG has a well-balanced portfolio of borrowing, and where opportunities arise, we work with our Treasury Advisors to stay informed of any advantageous changes in markets that can be beneficial and provide better value for money. Surplus asset security headroom is reviewed regularly to determine whether it is appropriate to release to support financing opportunities or reduce costs.

BCHG has just recently completed a re-financing exercise which has secured £25m of long-term funding, which is yet to be drawn, but has been utilised as an opportunity to repay existing borrowing with that lender and to agree favourable terms across the 15 year tenure.

Tenant Satisfaction Measures

Tenant Satisfaction Measures continue to show strong levels of resident satisfaction overall, with overall satisfaction at 83% in 2025/26 Quarter 4 compared with 85% in 2024/25. The results demonstrate that BCHG continues to perform well across several core service areas, particularly fairness and respect (87%), communication (79%), home maintenance (82%) and home safety (83%). While several measures have reduced slightly year on year, the overall position remains positive and provides a clear basis for continued service improvement.

Resident feedback relating to neighbourhood contribution highlights several strengths including visible care of communal areas, responsive and supportive colleagues, and the wider social value created through BCHG's role in local communities. The measure for neighbourhood contribution has reduced from 74% to 68%; opportunities to strengthen consistency in ground maintenance have been identified, along with repairs, quality completion, and follow-through in communication. Similar themes are reflected in the handling of anti-social behaviour measures which reduced from 69% to 66%, indicating the importance of continuing to build confidence in neighbourhood services and local responsiveness.

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Satisfaction with repairs remains comparatively strong, although lower than in the previous year, with overall satisfaction for repairs at 80% (84% in 2024/25) and satisfaction with the time taken to complete the most recent repair at 81% (85% in 2024/25). Resident feedback continues to recognise the professionalism, accessibility, and responsiveness of colleagues. While also highlighting opportunities to improve communication, reduce repeat visits, and minimise delays for more complex works such as windows, kitchens, and bathrooms. Complaints handling remains the lowest scoring area at 42%, compared with 45% in the previous year, and therefore continues to be a priority.

Overall, these results show that BCHG continues to deliver strong resident satisfaction across many of its core services, while also providing valuable insight into where further improvements will have the greatest impact. This feedback will continue to inform service improvement priorities, resident scrutiny activity and the organisation's ongoing focus on delivering high quality, responsive, and resident-centred services throughout 2026/27.

TSM Perception Question	2024/25	2025/26
Taking everything into account, how satisfied or dissatisfied are you with the service provided by Black Country Housing Group?	85%	83%
How satisfied or dissatisfied are you with the overall repairs service from BCHG over the last 12 months?	84%	80%
How satisfied or dissatisfied are you with the time taken to complete your most recent repair after you reported it?	85%	81%
How satisfied or dissatisfied are you that BCHG provides a home that is well maintained?	83%	82%
Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that BCHG provides a home that is safe?	85%	83%
How satisfied or dissatisfied are you that BCHG listens to your views and acts upon them?	72%	69%
How satisfied or dissatisfied are you that BCHG keeps you informed about things that matter to you?	79%	79%
To what extent do you agree or disagree with the following "BCHG treats me fairly and with respect"?	88%	87%
How satisfied or dissatisfied are you with BCHG's approach to complaints handling?	45%	42%
How satisfied or dissatisfied are you that BCHG keeps these communal areas clean and well maintained?	82%	80%
How satisfied or dissatisfied are you that BCHG makes a positive contribution to your neighbourhood?	74%	68%
How satisfied or dissatisfied are you with BCHG's approach to handling anti-social behaviour?	69%	66%

Social Value

As a social business we strive to make a positive difference to peoples' lives and delivering social value is inherent in the services we provide. Intrinsically the provision of quality homes as a trusted landlord for people and working in partnership to support thriving communities has wide ranging

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social value across several themes and is essential to the health, wellbeing, and economic security of our residents and neighbourhoods.

Sustainable Tenancies

Against a backdrop of increasing economic pressure on households and housing need the provision of affordable and secure housing has never been more important. Latest data shows that BCHG rents are between 43% and 73% of average rents in the private sector, offering affordable homes for those on lower incomes. We also seek to meet the housing needs of our communities in the provision of a range of different tenure including general needs and supported housing at both social and affordable rents; housing for older people; and low-cost home ownership. This is in addition to our purpose build care home, offering care to those with dementia, and our properties managed by other organisations such as Action on Hearing Loss; the Langstone Society; the YMCA; and Women's Aid.

Our Customer Success Strategy continues to support tenants throughout their tenancy, helping to sustain successful tenancies and strengthening compliance with the Neighbourhood & Community Standard and the Tenancy Standard. During the year we further reinforced our commitment to safe and inclusive neighbourhoods through additional training on issues including hate crime and domestic abuse, and we continued our membership and accreditation with the Domestic Abuse Housing Alliance (DAHA), supported by the appointment of Domestic Abuse Champions. We have also maintained strong referral partnerships to provide wider support for tenants, including energy efficiency advice, referrals to the Local Energy Advice Partnership (LEAP), the Discretionary Housing Payment scheme; Better Housing Better Health; access to BCHG's Tenancy Support Programme; and use of the BCHG crisis fund.

Community Investment

We know that having a safe and secure home is only the starting point, our Social Investment Team works with tenants, residents and partner organisations to build confidence, improve wellbeing, and create opportunities for the future. The team work on several different projects across the Black Country tackling issues such as employment support; financial confidence; cost of living help; digital skills; and health & wellbeing. The team offer one-to-one support to individuals and support other community organisations to increase their skillset and capacity, enabling benefits to impact a greater number of beneficiaries.

Key outcomes achieved by the Social Investment Team during 2025/26 included:

Digital inclusion and skills

- 168 hubs in the community supporting digital skills
- 581 volunteers and staff in the third sector trained by BCHG, benefiting 6520 end-users
- 69 people supported to use the NHS App

Employment and economic support

- 13 people supported into work
- 18 businesses provided with business support
- 123 people supported through 1-2-1 employment services
- Engaged with 10 young people who were not in Education, Employment or Training, supporting 7 into training or employment

Support for vulnerable groups

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-
- 9 people supported with transition from rough sleeping/street homelessness into secure housing
 - 141 staff across 39 organisations supporting care experienced young people trained
 - 1944 care experienced young people benefitted

Tenant support and financial gains

- 207 tenants supported through the year with a wide range of interventions and positive outcomes through tenant support programme.
- Supported 40 people who were struggling with rent arrears / at risk of losing their accommodation
- Some of the financial benefits to customers include:
 - £8,775 HACT fuel vouchers issued
 - £4,460 travel passes issued
 - £3,580 foodbank vouchers issued
 - £21,682 DWP benefits (Universal Credit and Pension Credit)
 - £6,876 reduced water tariff claimed
 - £7,685 Council tax reduction claimed
 - £6,811 DHP claimed

The impact of their work delivers real changes to peoples' lives, targeting those that are often disengaged and have complex or multiple needs. The value of early engagement and building trust with individuals leads to impact progression and lasting change.

Financial and Non-Financial Key Performance Indicators (KPIs)

Our Statement of Comprehensive Income shows a decrease of £0.373m in the level of group operating surplus when compared to the previous year mainly as a result of one off works as further detailed below. Turnover year on year has increased by £1.320m but there has been an increase in operating expenditure of £1.693m. Turnover from social housing lettings, mainly income from rents and service charges, has increased by £0.960m, and in our other social housing activities, increased by £0.309m. The operating costs relating to social housing lettings increased by £1.290m.

Asset investment has continued to be a key focus during the year with higher levels of maintenance and repairs works of £0.891m during the year, £0.505m of which related to one off unexpected costs for fire remediation works at one of our specialised housing schemes. Increased housing property depreciation costs of £0.130m were incurred. Service charge costs increased between years by £0.170m and management costs by £0.080m. Operating costs relating to other social housing activities have increased by £0.432m.

Turnover from non-social housing activities has increased slightly by £0.051m between years, this is owing to a reduction in external works contracts within our repairs business, particularly as our focus has moved towards in house activities, such as the in-sourcing of gas servicing and repairs during the year. Overall operating costs of non-social housing have reduced by £0.029m.

The surplus for the year has reduced by £0.211m from £2.130m in 2024/25 to £1.919m in 2025/26. Gains recognised on the disposal of assets have increased by £0.163m between years and interest and financing costs have reduced by £0.111m, whilst interest receivable has reduced by £0.112m, as cash balances have been utilised in the development of new affordable homes.

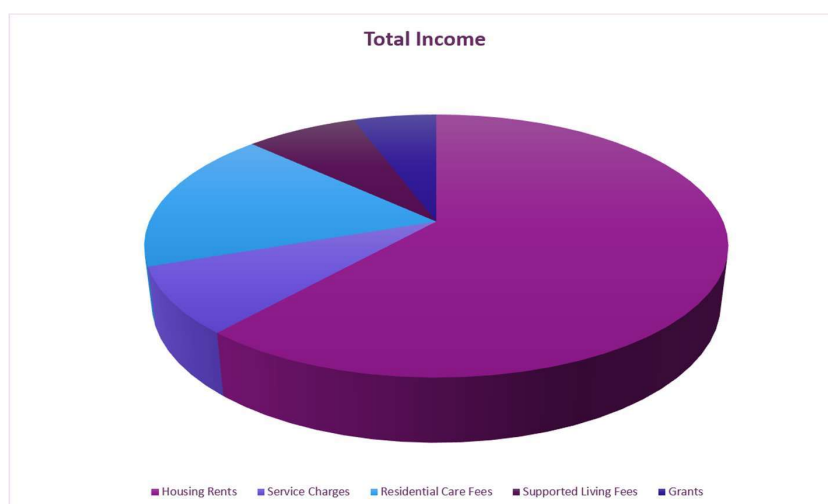
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Where does our income come from and what do we spend our money on?

The charts below provide an analysis in terms of where our income is derived and how we spend these resources. The first chart shows where our income comes from, and the second chart provides detail of where our rents and income in the form of grants is expended.

Our main source of income is rent generated from social housing lettings, which is where 61% of our income is derived. We also receive income from other sources, such as fees from our residential care home and our supported living services. Grant income in the chart below represents support grants that we receive to enable us to provide engagement and support services to residents within our communities through social value activities.



Below we show how each £1 received through social housing rents and grant support is spent within our social housing business. The majority of this income is used to benefit our residents through the provision of maintenance and safeguarding of their homes, ensuring that we are investing to provide decent, compliant and safe homes. Grant funding also helps us to deliver added social value by supporting and engaging through projects and activities within our communities.



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As a Social Landlord, we must also cover our business overheads, management costs and the interest costs of the borrowing that we secure against our housing stock. Any surpluses that are generated at each year end, are reinvested to ensure that we are able to meet future financial liabilities and are able to sustain the continued investment in our homes, communities, colleagues and business activities over the longer term.

Treasury KPIs

Total outstanding debt at the year-end was £52.033m (2024/25 £51.8m). Our high levels of undrawn facilities and cash balances at the end of each financial year as shown in the table below demonstrates good liquidity. Our average cost of borrowing has remained low in recent years as debt with high interest rates has been repaid and replaced with cheaper borrowing, the amount of fixed rate lending has remained at around 86% during the year.

	2023/24	2024/25	2025/26
Total Borrowing	£54.4m	£51.8m	£52.0m
Undrawn Facilities	£25m	£25m	£24m
Cash Balances	£7.652m	£3.025m	£1.628m
Fixed Rate Borrowing %	86.3%	86.7%	85.9%
Average Cost of Borrowing %	3.31%	3.27%	3.18%

The value of debt repaid in the 2025/26 financial year was £0.705m which reflects the agreed amortised debt profile of our facilities. There has been £1m drawn against the £25m revolving credit facility during the year, which now stands at £24m and ends in January 2029.

Loan Covenants

Significant headroom against our Gearing covenant can be seen across all three years. Interest Cover performance has gradually reduced over this period, commensurate with the high level of business wide investment and increased costs in the last few years. The results for 2025/26 still very much demonstrate significant headroom against the target and covenant performance remains strong. The recently approved refresh of the 30-year financial plan continues to demonstrate long-term financial viability.

	2023/24	2024/25	2025/26
Gearing - Debt : Historical Cost	33%	30%	29%
Interest Cover - EBITDA MRI	272%	214%	179%

Future Outlook

Commitment during the year of a longer-term rent settlement and rent convergence provided a degree of welcome stability for the sector, along with the announcement of the new 10-year Social and Affordable Homes Programme. The 2026 annual refresh of the BCHG 30-year financial plan supports delivery of our long-term strategic ambitions, it continues to include ongoing development of new affordable housing, increased investment in the homes of our residents, and resources required to deliver against our new strategic plan, BCHG 2030.

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At the time of writing there are 40 new affordable homes currently being built, with plans to have a further 107 units start on site within the current financial year, subject to the availability of capital grant funding. Beyond that, our strategy is to deliver, on average, 50 new homes per year, again, subject to the availability of grant funding support.

Investment in our residents homes also remains a top priority and capital investment of £2.220m has been included within the approved budget for 2026/27. We continue to make good progress against the target for all homes to reach a minimum EPC rating of C by 2030; this will continue into the next year and will be partly funded by external grant.

We maintain strong relationships with our lenders and investors and remain compliant with all of our loan covenants and golden rules. We have recently completed on a new 15-year £25m loan facility following a successful process, ensuring that resources are in place to continue to provide high quality services and capital investment into both new and existing homes.

We continue to be a well governed and financially strong organisation as demonstrated through our G1/V1 regulatory rating. Whilst we have yet to be inspected under the new consumer standard regime, achieving a C1 rating is something that we are equally committed to.

Approval

This Strategic Report was approved by the Board on 30 July 2026.



Kaye Coulthard
Director of Resources

Black Country Housing Group Limited

REPORT OF THE AUDITOR'S

Independent Auditor's Report to the Members of Black Country Housing Group Limited

Opinion

We have audited the financial statements of Black Country Housing Group Limited (the "Association") for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

Black Country Housing Group Limited

REPORT OF THE AUDITOR'S

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 12, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

Black Country Housing Group Limited

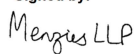
REPORT OF THE AUDITOR'S

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

0F8E80190A27458...
Menzies LLP
Statutory Auditor
4th Floor
95 Gresham Street
London
EC2V 7AB

Date: 13-Aug-2026

Black Country Housing Group Limited

PRIMARY STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

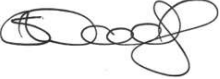
	Notes	Group		Parent	
		2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000
Turnover	4	21,647	20,327	21,647	20,327
Operating Expenditure	4	(18,221)	(16,528)	(18,221)	(16,528)
Operating Surplus		3,426	3,799	3,426	3,799
Gain on disposal of property, plant & equipment	8	297	134	297	134
Interest receivable		39	151	39	151
Interest & financing costs	6	(1,843)	(1,954)	(1,843)	(1,954)
Surplus before tax		1,919	2,130	1,919	2,130
Taxation	10	-	-	-	-
Surplus for the year		1,919	2,130	1,919	2,130
Remeasurements - Actuarial gain/(loss) in respect of pension schemes	31	107	229	107	229
Other comprehensive income / (loss)		107	229	107	229
Total comprehensive income for the year		2,026	2,359	2,026	2,359

The consolidated results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements on pages 31 to 59 were approved by the Board and authorised for issue on 30th July 2026 and are signed on its behalf by:

Member of the Board of Management: 

Member of the Board of Management: 

Company Secretary: 

Black Country Housing Group Limited

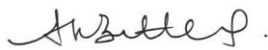
PRIMARY STATEMENTS

STATEMENT OF FINANCIAL POSITION

	Notes	Group		Parent	
		2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000
Fixed Assets					
Housing Properties	11	152,072	146,540	152,072	146,540
Other Fixed Assets	13	812	862	812	862
Intangible Fixed Assets	14	693	805	693	805
		153,577	148,207	153,577	148,207
Current Assets					
Stock	16	42	43	42	43
Trade and Other Debtors	17	2,452	1,387	2,440	1,375
Investments					
Cash & Cash Equivalents	26	1,628	3,025	1,628	3,025
Total Current Assets		4,122	4,455	4,110	4,443
Current Liabilities					
Creditors - Amounts Falling Due Within One Year	18	(7,609)	(4,738)	(7,609)	(4,738)
Net Current Assets / (Liabilities)		(3,487)	(283)	(3,499)	(295)
Total Assets Less Current Liabilities		150,090	147,924	150,078	147,912
Creditors: Amounts Falling Due After One Year	19	(109,575)	(108,961)	(109,575)	(108,961)
Pension Liability	31	(823)	(1,297)	(823)	(1,297)
Total Net Assets		39,692	37,666	39,680	37,654
Reserves					
Income & Expenditure Reserve		39,692	37,666	39,680	37,654
Total Reserves		39,692	37,666	39,680	37,654

The financial statements on pages 31 to 59 were approved by the Board and authorised for issue on 30th July 2026 and are signed on its behalf by:

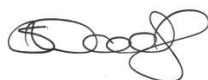
Member of the Board of Management:



Member of the Board of Management:



Company Secretary:



Black Country Housing Group Limited

PRIMARY STATEMENTS

STATEMENT OF CHANGES IN RESERVES

	Group £'000	Parent £'000
Balance as at 1 April 2024	35,307	35,295
Surplus for the year	2,130	2,130
Other comprehensive expenditure	229	229
Balance as at 31 March 2025	37,666	37,654
Surplus for the year	1,919	1,919
Other comprehensive income	107	107
Balance as at 31 March 2026	39,692	39,680

CONSOLIDATED STATEMENT OF CASHFLOWS

	Notes	2025/26 £'000	2024/25 £'000
Operating Activities			
Net cash generated from operations	25	5,001	5,684
Net Cash Generated from Operating Activities		5,001	5,684
Cash Flow from Investing Activities			
Purchase of tangible fixed assets		(7,675)	(8,304)
Purchase of intangible fixed assets		-	-
Proceeds on disposal of tangible fixed assets		686	368
Cost of Disposal		(10)	(5)
Grants received		2,116	2,068
Interest received		45	173
Net Cash (Used) / Generated in Investing Activities		(4,838)	(5,700)
Cash Flow from Financing Activities			
Interest paid		(1,769)	(1,953)
Cost of new borrowings		(12)	(8)
Proceeds of new borrowings		1,000	-
Repayments of borrowings		(779)	(2,650)
Withdrawal from deposits		-	-
Net Cash Generated / (Used) in Financing Activities		(1,560)	(4,611)
Net Increase (Decrease) in Cash and Cash Equivalents		(1,397)	(4,627)
Cash and Cash Equivalents at beginning of Year		3,025	7,652
Cash and Cash Equivalents at end of Year	26	1,628	3,025

Black Country Housing Group Limited

PRIMARY STATEMENTS

1. LEGAL STATUS

Black Country Housing Group Limited ("the Association") is a charitable registered provider and a public benefit entity, incorporated under the Co-operative and Community Benefit Societies Act 2014.

The address of the Company's registered office and principal place of business is 134 High Street, Blackheath, West Midlands, B65 0EE.

The Group comprises Black Country Housing Group (the Association), and its subsidiaries

- BCS Associates Limited (dormant)
- Black Country Care Services Limited (dormant)

The Association is a registered provider of social housing and has charitable status. Key activities during the year included:

- managing and developing homes for rent;
- providing supported housing;
- providing care to residents in our schemes;
- provision of registered care homes;
- supporting people into work and training;
- helping to create sustainable communities, and
- providing home improvements and adaptations.

2. ACCOUNTING POLICIES

i Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, under the historical cost convention.

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

ii Basis of Consolidation

The consolidated financial statements incorporate those of the Association and all of its subsidiaries. All financial statements are made up to 31 March 2026.

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

iii Going Concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Group has in place long term debt facilities, including £24m which was undrawn and available

Black Country Housing Group Limited

PRIMARY STATEMENTS

as at 31 March 2026. Our loan facilities provide adequate resources to finance committed development and renewal programmes along with the group's day to day operations. The long-term financial plan, and the range of modelled scenarios shows that the Group is comfortably able to service its debt facilities whilst continuing to comply with loan covenants.

Overall net current liabilities as at 31 March 2026 stand at £3.487m, including debt repayable within one year of £3.085m, RCGF of £433,000 and Deferred Capital Grant of £618,000.

The statement of financial position shows a strong net asset position of £39.692m as at the 31 March 2026 and the 2026 iteration of the financial plan has been prepared and stress tested with the base financial plan compliant with all lender loan covenants and golden rules, demonstrating BCHG to be a strong, financially viable group, both in the short and longer term.

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

iv Turnover and Revenue Recognition

Turnover comprises income from rental, service charges, the provision of care, shared ownership first tranche sales, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

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

Revenue grants are receivable when the conditions of agreed grant funding have been met.

v Other Income

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

vi Tangible Fixed Assets – Housing Properties

Housing properties include assets for the provision of social housing and residential care. Our social housing assets are principally properties available for rent and shared ownership.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

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

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

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets,

Black Country Housing Group Limited

PRIMARY STATEMENTS

are capitalised as improvements. Such enhancements can occur if improvements result in either:

- an increase in rental income;
- a material reduction in future maintenance costs; and
- a significant extension to the life of the property.

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

vii Government Grants

Government grants include grants receivable from Homes England, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised as income over the useful economic life of the structure of the asset under the accruals model. Government grants relating to revenue are recognised as income over the periods when the related costs are incurred once reasonable assurance has been gained that the Association will comply with the conditions and the funds will be received.

viii Recycling of Capital Grant

Where Social Housing Grant is recycled, it is credited to the Recycled Capital Grant Fund (RCGF) and appears as a creditor until used to fund the acquisition of new properties or other permitted expenditure. Where recycled grant is known to be repayable it is shown as a creditor within one year.

ix Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

x Investments

Investments held as fixed assets are stated at cost less provision for any permanent impairment.

xi Depreciation of Housing Properties and Residential Care Homes

Freehold land and assets under construction are not depreciated. The Group separately identifies the major components of housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight-line basis over the following years:

Structure	100/150 years
Windows & Doors	30 years
Kitchens	20 years
Bathrooms	30 years
Roof	70 years
Boilers	15 years
Lifts	20 years

Black Country Housing Group Limited

PRIMARY STATEMENTS

Solar Panels 25 years

xii Impairments of Fixed Assets

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

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

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

xiii Other Tangible Fixed Assets

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

- freehold offices are depreciated at 2% per annum on cost from the date of handover;
- office furniture and equipment is depreciated at 12.5% per annum on cost;
- motor vehicles are depreciated at 25% per annum on cost;
- computer equipment is depreciated at 25% per annum on cost; and
- residential care homes' fixtures and fittings are depreciated between 5% and 12.5% per annum on cost depending on the asset type.

xiv Intangible Assets

Intangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all intangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life. The Association depreciates computer software between 10-25% per annum on cost depending on the expected life of the asset.

xv Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

xvi Stocks

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

Black Country Housing Group Limited

PRIMARY STATEMENTS

xvii Schemes Managed by Agents

In respect of schemes owned by the Association where the managing agent suffers the risks and has control of benefits, only the net income receivable by the Association is included in the financial statements.

xviii Taxation

The Association has charitable status and is therefore not subject to Corporation Tax on its results for the year. Other members of the group are subject to taxation at the usual rates applicable to any taxable profits after any gift aid payment to the parent entity.

xix Operating Leases

The Association as Lessee

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

xx Employee Benefits

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

xxi Retirement Benefits

Defined benefit plans

The Group participated in the multi-employer defined benefit Social Housing Pension Scheme (SHPS) until 31 August 2022, at which point the scheme was closed to future accrual. Retirement benefits to colleagues were funded by contributions from all participating employers and employees in the Scheme. Payments are made to a fund operated by The Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Actuarial assumptions are applied to determine the share of liabilities. The assumptions are updated annually, and any changes go through 'Other Comprehensive Income', and not through the normal income and expenditure account.

Calculations are carried out annually and independently of the pension triennial valuation. The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Defined contribution plans

The Group continues to participate in the Social Housing Pension Defined Contribution Scheme (SHPS) where the Group and its participating colleagues currently contribute pensionable pay to the plan. The amount charged to the Statement of Comprehensive Income in respect of defined contribution plan pensions costs is the amount payable by the Group in the year.

xxii Financial Instruments

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

Black Country Housing Group Limited

PRIMARY STATEMENTS

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

Financial assets - Debtors

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

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

Financial liabilities – Trade creditors and borrowings

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

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

Derecognition of financial assets and liabilities

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

xxiii Provisions

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

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

3. Critical Accounting Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Black Country Housing Group Limited

PRIMARY STATEMENTS

Assets and Grants

The useful economic lives used to depreciate our assets and amortised social housing grant are as set out in our Accounting Policies and are periodically reviewed by management.

Social Housing Pension Scheme

The rate used to discount the SHPS benefit obligations to their present value is based upon market yields for high quality corporate bonds with terms consistent to those of the benefit obligations. Based on the actuarial assumptions, our commitment to SHPS over the next 10 years has been discounted at a rate of 6.14% (5.85% at 31 March 2025) amounting to a net present value of £823,000 at 31 March 2026 (£1.297m at 31 March 2025).

We were notified in 2021 by the Trustee of the Scheme that it had performed a review of the changes made to the Scheme's benefits over the years and that there was uncertainty surrounding some of the changes.

The Trustee has since been seeking clarification from the Court and this process is ongoing. It was estimated that this could potentially increase the value of the full Scheme liabilities by £155m.

We note that this estimate had been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply.

The most recent update advised that the Court's determination is not expected until mid to late 2026 at the earliest.

Black Country Housing Group Limited

REPORT OF THE BOARD OF MANAGEMENT

4. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Group and Parent

	2025/26			2024/25		
	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000
Social Housing Lettings Activities						
Housing accommodation	12,290	(8,160)	4,130	11,551	(7,452)	4,099
Supported Housing and Retirement Living	2,638	(3,178)	(540)	2,434	(2,594)	(160)
Shared ownership	494	(171)	323	477	(173)	304
	15,422	(11,509)	3,913	14,462	(10,219)	4,243
Other Social Housing Activities						
Charges for Support Services	1,600	(1,903)	(303)	1,528	(1,795)	(267)
Residential Care	3,798	(3,732)	66	3,561	(3,464)	97
Development costs	-	(70)	(70)	-	(14)	(14)
Non Social Housing Activities						
Homeforce	-	(193)	(193)	21	(317)	(296)
Social Business	527	(636)	(109)	448	(560)	(112)
Other	300	(178)	122	307	(159)	148
Total	21,647	(18,221)	3,426	20,327	(16,528)	3,799

Black Country Housing Group Limited

NOTES TO THE FINANCIAL STATEMENTS

Particulars of Income and Expenditure from Social Housing Lettings

Group and Parent

	2025/26				2024/25
	Housing Accommodation £'000	Supported Housing & Retirement Living £'000	Shared Ownership £'000	Total £'000	Total £'000
Turnover from Social Housing Lettings					
Rents receivable (net of voids)	11,209	1,464	405	13,078	12,444
Service charges receivable (net of voids)	617	1,080	71	1,768	1,475
Net Rental Income	11,826	2,544	476	14,846	13,919
Other revenue income - non government	5	1	-	6	-
Amortised grant	459	93	18	570	543
Total Turnover	12,290	2,638	494	15,422	14,462
Expenditure on Social Housing Lettings					
Management	(2,739)	(376)	(81)	(3,196)	(3,116)
Service charge costs	(610)	(1,474)	(45)	(2,129)	(1,959)
Routine maintenance	(2,563)	(452)	(5)	(3,020)	(2,565)
Planned maintenance	(429)	(75)	(5)	(509)	(578)
Major Works	-	(505)	-	(505)	-
Rent losses from bad debts	(43)	(10)	3	(50)	(31)
Depreciation of housing properties	(1,776)	(286)	(38)	(2,100)	(1,970)
Operating Costs on Social Housing Lettings	(8,160)	(3,178)	(171)	(11,509)	(10,219)
Operating Surplus on Social Housing Lettings	4,130	(540)	323	3,913	4,243
Rent losses from voids	34	14	-	48	96

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****5. ACCOMMODATION IN MANAGEMENT****Group and Parent**

	2025/26	2024/25
	Units	Units
General needs	1,353	1,357
General needs - Affordable	346	327
Supported housing & Retirement living	241	241
Supported housing - Affordable	23	24
Low Cost Home Ownership	127	127
Intermediate Rent	45	45
Total social housing owned and managed	2,135	2,121
Residential Care Home	66	66
Properties Owned, Managed by Others	51	51
Leaseholders	26	25
Total Housing Stock	2,278	2,263

6. INTEREST PAYABLE AND SIMILAR CHARGES**Group and Parent**

	2025/26	2024/25
	£'000	£'000
Interest arising on;		
- Bank loans and overdrafts	1,784	1,960
Net interest expense (SHPS)	63	82
Amortisation of issue costs of bank loan	69	69
	1,916	2,111
less: Interest capitalised	(73)	(157)
	1,843	1,954

Interest costs directly attributable to the financing of developments were capitalised based on our long-term cost of borrowings.

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****7. OPERATING SURPLUS****Group and Parent**

	2025/26	2024/25
	£'000	£'000
Operating surplus is stated after charging;		
Depreciation & Amortised Grant		
- Housing properties	2,288	2,227
- Other owned tangible fixed assets	137	135
- Other intangible assets	124	101
- Amortised grant	(619)	(592)
Operating lease rentals	188	83
Auditors Remuneration		
- Statutory audit of the company	36	50
- All other non-audit services	2	-

8. SURPLUS ON SALE OF FIXED ASSETS**Group and Parent**

	2025/26	2024/25
	£'000	£'000
Housing Properties		
- Disposal proceeds	686	368
- Cost of disposal	(389)	(234)
	297	134

9. EMPLOYEES

The average monthly full-time equivalent (FTE) number of employees of the Association, was calculated taking the average of FTEs in post at the end of each calendar month. This includes the Executive Team.

	2025/26	2024/25
	FTE	FTE
- Office and management	24	28
- Care and support	98	102
- Housing, maintenance and development	24	25
- Other	58	55
	204	210

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

Staff costs for the above persons:

	2025/26	2024/25
	£'000	£'000
Wages and salaries	8,127	7,862
Social security costs	957	698
Pension costs		
- Contributions	409	400
	9,493	8,960

Agency costs incurred during the year were £0.292m (£0.147m 2024/25).

Full time equivalent of staff who received remuneration (including employer pension contributions) greater than £60,000:

	2025/26	2024/25
	FTE	FTE
£60,001 - £70,000	3	3
£70,001 - £80,000	5	3
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	-
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1
	12	11

Key Management Personnel

The BCHG Board at 31 March 2026 consisted of eight Non-Executive members plus the Chief Executive. The Executive Team consists of the Chief Executive, Director of Resources, Director of People and Culture and Director of Customer Services.

Executive Team Remuneration:

	2025/26	2024/25
	£'000	£'000
Remuneration and fees	485	511
Company contributions to pension schemes	33	36
	518	547

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

Retirement benefits for all members of the Executive Team are accruing under the SHPS defined contribution scheme.

Board Members Attendance and Emoluments:

Current Members	Attendance			Emoluments	
	Board	Group Audit Committee	Remuneration, Nominations & People Committee	2025/26 £	2024/25 £
S Butters - Board - Chair	6/6	(Ex-Officio)	4/4	13,000	9,750
L Wallace-Davis - R&N Chair/Senior Independent Director (1)	5/6	-	4/4	7,350	7,350
G Price	5/6	3/4	-	5,250	5,250
K Davis	6/6	-	4/4	5,250	5,250
N Simkins - Group Audit Committee Chair	6/6	4/4	-	7,350	7,350
S Brooksbank-Taylor	6/6	-	4/4	5,250	5,250
H Scarlett (2)	6/6	4/4	-	5,250	4,813
M Lawton (3)	4/6	4/4	-	5,250	3,063
A Eggington - Chief Executive (4)	6/6	-	-	-	-
Former Members		-	-		9,124
				53,950	57,200

(1) BCHG Board Chair from 26/09/2024 and Remuneration, Nominations and People Committee from 01/07/2024

(2) BCHG Board and Group Audit Committee from 01/05/2024

(3) BCHG Board and Group Audit Committee from 26/09/2024

(4) BCHG Chief Executive from 01/05/2025

No members of the Board participate in the Social Housing Pension Scheme.

Highest Paid Director:

	2025/26 £'000	2024/25 £'000
Remuneration	156	167
Company contributions to pension schemes	11	12
	167	179

At 31 March 2026 the Chief Executive was a standard member of SHPS with no special arrangements or terms in place. The Chief Executive does not receive a separate emolument for being a member of the Board.

10. TAXATION

The Association has been accepted as having charitable status by HM Revenue and Customs with effect from 8 October 1997 and accordingly no tax is payable on income arising from the group's charitable activities. Trading activities carried out by Homeforce have generated a net deficit of £0.193m (£0.296m deficit 2024/25) after allowing for overheads. Therefore, there is no Corporation Tax liability in 2025/26 (£nil 2024/25).

Black Country Housing Group Limited

NOTES TO THE FINANCIAL STATEMENTS

11. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group and Parent

	Housing Properties £'000	Housing Properties Under Construction £'000	Shared Ownership Properties £'000	Residential Care Properties £'000	Total Housing Properties £'000
Cost					
1 April 2025	157,435	4,191	6,337	5,658	173,621
Additions	489	5,839			6,328
Properties acquired					0
Work to existing properties	1,815			30	1,845
Components written out	(515)			(30)	(545)
Schemes completed	3,986	(3,986)			-
Property disposals	(373)		(31)		(404)
31 March 2026	162,837	6,044	6,306	5,658	180,845
Depreciation and Impairment					
1 April 2025	25,428		619	1,034	27,081
Depreciation charged in year	2,005		35	154	2,194
Released on disposal	(48)		(3)		(51)
Depreciation on component disposal	(421)			(30)	(451)
31 March 2026	26,964	-	651	1,158	28,773
Carrying Amount					
31 March 2025	132,007	4,191	5,718	4,624	146,540
31 March 2026	135,873	6,044	5,655	4,500	152,072

Expenditure on works to existing properties:

Group and Parent

	2025/26 £'000	2024/25 £'000
Improvement works capitalised		-
Components capitalised	1,845	1,430
	1,845	1,430
Amounts charged to I&E account	1,014	578
	2,859	2,008

Black Country Housing Group Limited

NOTES TO THE FINANCIAL STATEMENTS

Total cumulative grants received or receivable at 31 March:

Group and Parent

	2025/26 £'000	2024/25 £'000
Social Housing Grant	70,431	67,341
Other grants	3,782	3,755
	74,213	71,096

Housing properties book value net of depreciation:

Group and Parent

	2025/26 £'000	2024/25 £'000
Freehold land and buildings	141,181	135,384
Long leasehold land and buildings	6,039	6,211
Short leasehold land and buildings	4,852	4,945
Leasehold land and buildings	10,891	11,156
	152,072	146,540

Interest capitalised in the year is £73,000 (£0.157m 2024/25). The aggregate amount of capitalised interest included in the cost of housing properties is £1.536m (£1.463m 2024/25).

12. IMPAIRMENT

BCHG has undertaken an impairment review of the carrying value of its Social Housing and Residential Care assets and is satisfied that there is no impairment.

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****13. TANGIBLE FIXED ASSETS – OTHER****Group and Parent**

	Freehold offices £'000	Residential homes, furniture & fixtures £'000	Office computer, fixtures & vehicles £'000	Total £'000
Cost				
1 April 2025	1,415	377	527	2,319
Additions	-	49	38	87
Disposals	-	(7)	-	(7)
Other				-
31 March 2026	1,415	419	565	2,399
Depreciation and Impairment				
1 April 2025	755	279	423	1,457
Depreciation charged in year	77	25	33	135
Released on disposal	-	(5)	-	(5)
Other	38	(7)	(31)	-
31 March 2026	870	292	425	1,587
Carrying Amount				
31 March 2025	660	98	104	862
31 March 2026	545	127	140	812

14. INTANGIBLE ASSETS**Group and Parent**

	Computer Software £'000
Cost	
1 April 2025	1,333
Additions	12
Disposals	-
31 March 2026	1,345
Depreciation and Impairment	
1 April 2025	528
Amortisation charged in year	124
Released on disposal	-
31 March 2026	652
Carrying Amount	
31 March 2025	805
31 March 2026	693

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****15. SUBSIDIARY UNDERTAKINGS**

BCS Associates Limited (Dormant) and Black Country Care Services Limited (Dormant) are both considered to be subsidiaries of BCHG by virtue of the fact that the parent controls the composition of the Boards. BCS Associates is limited by guarantee of the parent; BCHG currently holds an investment of £1. BCS Associates Limited ceased trading on 31 March 2018, previously providing personal care and support in the community.

16. STOCKS**Group and Parent**

	2025/26	2024/25
	£'000	£'000
Materials	42	43
	42	43

17. DEBTORS**Group**

	2025/26	2024/25
	£'000	£'000
Amounts falling due within one year:		
Rent and services receivable	298	255
less: Provision for bad and doubtful debts	(182)	(137)
	116	118
Housing benefit receivable	162	112
Social Housing Grant receivable	1,361	423
Other taxation and social security costs	-	-
Prepayments and accrued income	813	734
	2,452	1,387
Amounts falling due after more than one year:		
Prepayments and accrued income	-	-
	2,452	1,387

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****Parent**

	2025/26 £'000	2024/25 £'000
Amounts falling due within one year:		
Rent and services receivable	298	255
less: Provision for bad and doubtful debts	(182)	(137)
	116	118
Housing benefit receivable	162	112
Social Housing Grant receivable	1,361	423
Other taxation and social security costs		
Prepayments and accrued income	801	722
	2,440	1,375
Amounts falling due after more than one year:		
Prepayments and accrued income	-	-
	2,440	1,375

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**Group and Parent**

	2025/26 £'000	2024/25 £'000
Bank loans (Note 23)	3,085	779
Rent and service charges received in advance	513	526
Other grants received in advance	7	7
Recycled capital grant funds	433	604
Trade creditors	941	361
Other taxation and social security costs	202	159
Corporation tax	-	-
Unpaid contributions for retirement benefits	76	72
Accruals, other creditors and deferred income	1,734	1,624
Deferred capital grant (Note 21)	618	606
	7,609	4,738

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**Group and Parent**

	2025/26 £'000	2024/25 £'000
Debt (Note 23)	48,614	50,642
Recycled capital grant funds (Note 20)	290	367
Deferred capital grant (Note 21)	60,671	57,952
	109,575	108,961
Included in creditors are:		
Amounts repayable by instalments falling due after more than five years	43,752	44,629
	43,752	44,629

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****20. RECYCLED CAPITAL GRANT FUND****Group and Parent**

	2025/26 £'000	2024/25 £'000
Opening balance as at 1 April	971	1,456
Inputs to RCGF:		
- Grants recycled	132	81
- Interest accrued	21	56
Recycling of grant:		
- New build	(320)	(503)
- Property Acquisitions	(81)	(119)
Closing balance as at 31 March	723	971
Amounts 3+ years old where repayment may be required	203	-

21. DEFERRED CAPITAL GRANT**Group and Parent**

	2025/26 £'000	2024/25 £'000
Opening balance as at 1 April	58,558	54,412
Grant received in year	3,117	2,385
Grant recycled (to) / from RCGF	269	541
Capital grant released to income during the year	(619)	(592)
Capital grant repaid	(63)	-
Write back on disposal of amounts previously amortised	27	7
Other	-	1,805
Closing balance	61,289	58,558
Short term	618	606
Long term	60,671	57,952
	61,289	58,558

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****22. FINANCIAL INSTRUMENTS**

The Group's and Association's financial instruments may be analysed as follows:

Group and Parent

	Group		Parent	
	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000
Financial assets measured at historical cost				
- Rent receivable	116	118	116	118
- Other receivables	1,965	1,087	1,953	1,075
- Short term deposits	-	2,000	-	2,000
- Cash at bank	1,628	1,025	1,628	1,025
Total financial assets	3,709	4,230	3,697	4,218
Financial liabilities measured at amortised cost				
- Loans payable	52,033	51,813	52,033	51,813
Financial liabilities measured at historical cost				
- Trade creditors	941	361	941	361
- Other creditors	63,746	61,153	63,746	61,153
Total financial liabilities	116,720	113,327	116,720	113,327

23. BORROWINGS**Group and Parent**

	2025/26 £'000	2024/25 £'000
Creditors: amounts falling due within one year:		
Housing loans	3,085	779
	3,085	779
Creditors: amounts falling due after more than one year:		
Housing loans repayable by instalments		
- between one and two years	805	3,085
- between two and five years	4,391	3,320
- repayable after five years	43,752	44,629
	48,948	51,034
less: Net finance costs	(334)	(392)
	48,614	50,642
	51,699	51,421

Housing loans from bank are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest from 0.661% to 10.626%.

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

Within total debt of £51.699m, £1.397m is long-standing fixed rate debt and has an interest rate of 10.626%. The overall average cost of borrowing for the year is 3.11% (3.27% 2024/25).

24. SHARE CAPITAL

	2025/26	2024/25
	£	£
As at 1 April	8	7
Issued during the year	-	3
Cancelled during the year	-	(2)
As at 31 March	8	8
Number of members at 31 March	8	8

Each non-executive Board member holds one £1 share of Black Country Housing Group Limited. The shares do not have a right to any dividend or distribution in a winding up and are not redeemable. Each share has full voting rights.

25. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS**Group and Parent**

	2025/26	2024/25
	£'000	£'000
Surplus for the year	1,919	2,130
Adjustments for non-cash movements:		
Depreciation of tangible fixed assets	2,549	2,463
Amortisation of SHG	(619)	(592)
Past service deficit payment	(430)	(452)
(Gain) on disposal of tangible fixed assets	(297)	(134)
Interest receivable	(39)	(151)
Interest payable	1,843	1,954
Operating cash flows before movements in working capital	4,926	5,218
Decrease / (Increase) in stock	1	(11)
(Increase) / Decrease in trade and other debtors	(132)	251
Increase / (Decrease) in trade and other creditors	206	226
Cash generated from operations	5,001	5,684

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****26. CASH AND CASH EQUIVALENTS****Group and Parent**

	2025/26	2024/25
	£'000	£'000
Cash at bank	1,628	1,025
Cash held on deposit	-	2,000
	1,628	3,025

27. ANALYSIS OF CHANGES IN DEBT

	At 1 April	Cash flows	Other non-	At 31 March
	2025		cash	2026
	£'000	£'000	movements	£'000
			£'000	
Cash at bank and in hand	3,025	(1,397)	-	1,628
Debt due within 12 months	(779)	779	(3,085)	(3,085)
Debt due greater than 12 months	(50,642)	(1,000)	3,028	(48,614)
	(48,396)	(1,618)	(57)	(50,071)

28. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS**Group and Parent**

	2025/26	2024/25
	£'000	£'000
Capital expenditure contracted for but not provided in the financial statements	12,204	6,285
Capital expenditure authorised but not yet contracted for	2,289	1,975
	14,493	8,260

Capital expenditure will be financed by a mixture of bank finance that the Association has available, capital grants, and receipts from property sales and other third-party commitments.

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS****29. COMMITMENTS UNDER OPERATING LEASES**

No new leases were entered into during the year. The total future minimum lease payments under non-cancellable operating leases are as follows;

	2025/26 £'000	2024/25 £'000
Amounts due:		
- Within one year	167	37
- Between one and five years	315	11
	482	48

30. CONTINGENT ASSETS

Additional capital grant funding of £5.452m (2024/25 £1.553m) has been approved by Homes England in relation to new social housing developments that were on site as at the year end.

31. RETIREMENT BENEFITS**Social Housing Pension Scheme**

The Association participates in the Social Housing Pension Defined Contribution (DC) Scheme and the Social Housing Pension Defined Benefit (DB) Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers.

For the DC Scheme the amount charged to the Statement of Comprehensive Income are the contributions payable in the year which in 2025/26 were £0.409m (£0.400m 2024/25).

The DB Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, valuation of the scheme was carried out with an effective date of 30 September each year. The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for the accounting year ending 31 March 2026.

Black Country Housing Group Limited**NOTES TO THE FINANCIAL STATEMENTS**

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

The defined benefit contributions made by the Group in year were £0.431m (£0.452m 2024/25), estimated defined benefit contributions for 2026/27 are £0.437m.

The Group elected to close the defined benefit Social Housing Pension Scheme to future accrual with effect from 1 September 2022.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	2025/26 £'000	2024/25 £'000
Fair value of plan assets	8,216	7,870
Present value of defined benefit obligation	9,039	9,168
Defined benefit asset (liability) to be recognised	(823)	(1,297)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025/26 £'000	2024/25 £'000
Defined benefit obligation at start of period	9,168	10,017
Expenses	18	14
Interest expense	522	481
Actuarial losses (gains) due to scheme experience	(107)	385
Actuarial losses (gains) due to changes in demographic assumptions	83	-
Actuarial losses (gains) due to changes in financial assumptions	(146)	(1,275)
Benefits paid and expenses	(499)	(454)
Defined benefit obligation at end of period	9,039	9,168

Reconciliation of opening and closing balances of the fair value of plan assets

	2025/26 £'000	2024/25 £'000
Fair value of plan assets at start of period	7,870	8,120
Interest income	459	399
Experience on plan assets (excluding amounts included in interest income) - gain	(63)	(661)
Contributions by the employer	449	466
Benefits paid and expenses	(499)	(454)
Fair value of plan assets at end of period	8,216	7,870

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was a gain of £0.396m (deficit of £0.262m 2024/25).

Black Country Housing Group Limited

NOTES TO THE FINANCIAL STATEMENTS

Defined benefit costs recognised in the Statement of Comprehensive Income

	2025/26 £'000	2024/25 £'000
Expenses	18	14
Net interest expense	63	82
Defined benefit costs recognised in statement of comprehensive income	81	96

Key Assumptions

	2025/26	2024/25
Discount Rate	6.14%	5.85%
Inflation (RPI)	3.29%	3.09%
Inflation (CPI)	3.03%	2.79%
Salary Growth	4.03%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum	75% of maximum

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	2025/26 Life expectancy at age 65 (Years)	2024/25 Life expectancy at age 65 (Years)
Male retiring in 2026	20.9	20.5
Female retiring in 2026	23.2	23
Male retiring in 2046	22.2	21.7
Female retiring in 2046	24.6	24.5

Black Country Housing Group Limited

NOTES TO THE FINANCIAL STATEMENTS

Assets

	2025/26 £'000	2024/25 £'000
Global Equity	910	882
Liquid Alternatives	1,463	1,460
Insurance-Linked Securities	12	24
Property	401	394
Infrastructure	-	1
Private Equity	18	7
Real Assets	774	942
Private Credit	992	963
Credit	327	301
Investment Grade Credit	483	242
Cash	2	107
Long Lease Property	-	2
Secured Income	249	131
Liability Driven Investment	2,505	2,384
Currency Hedging	-	13
Net Current Assets	80	17
Total assets	8,216	7,870

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

32. RELATED PARTIES

During both the 2025/26 and 2024/25 accounting period BCHG has not identified any relevant related party balances or transactions.