

Pivotal Housing Association

England & Wales · Charity number 1121914

Details

Other names PAS HOUSING ASSOCIATION

Status Registered

Legal form Charitable company

Company number [06211760](#)

Registered 2007-12-10

Register [View on the Charity Commission register](#)

Contact

Address CJ House
9 Central Business Park
Southcote Road
Bournemouth
BH1 3SJ

Phone 01202306070

Website <https://www.pivotalhomes.co.uk/who-we-are/pivotal-housing/>

Activities

Objects: THE RELIEF OF POVERTY AND UNEMPLOYMENT AND THE PROMOTION OF GOOD HEALTH AMONG THOSE PEOPLE IN THE INTERIM STAGE BETWEEN FULL GOVERNMENT SUPPORT AND THEIR RETURN TO INDEPENDENCE IN THE COMMUNITY, WITH PARTICULAR REFERENCE TO THE ECONOMICALLY AND SOCIALLY DISADVANTAGED MEMBERS OF THE SOCIETY SUCH AS MENTAL HEALTH PATIENTS, EX-OFFENDERS, OTHER VULNERABLE GROUPS AND YOUNG PEOPLE IN THE UNITED KINGDOM, BY THE PROVISION OF ACCOMMODATION, SOCIAL HOUSING, QUALIFIED SUPPORTING CARE SERVICES AND ADVICE.

Activities: For our clients to realistically take positive steps towards rehabilitation and recovery, providing them with a home and basic support should be complimented with training in life skills, vital for securing employment, their own tenancies and surviving independently. Our aim is to introduce a spectrum of training course to be made available to all of our clients over the next 12 months.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** The Prevention Or Relief Of Poverty, Accommodation/housing
- **Who:** Other Defined Groups

Geography

- **Area of benefit:** ENGLAND
- Bournemouth
- Cornwall
- Devon
- Dorset
- Gloucestershire
- Poole

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	-	-	-	-
2024-03-31	£9,552,295	£12,309,641	£-3,551,210	47
2023-03-31	£9,572,432	£10,269,256	£-793,864	47
2022-03-31	£8,760,259	£8,748,209	£151,897	49
2021-03-31	£8,042,094	£8,014,228	£139,847	45
2020-03-31	£7,256,506	£7,432,788	£111,981	38

Trustees

Name	Role	Appointed
John Clark		2024-12-17
Paul Hackett		2024-12-17
Steven Walton		2024-12-17
Timothy Carpenter		2024-12-17

Pivotal Housing Association

England & Wales - Charity number 1121914

Accounts

**Pivotal Housing Association
Financial Statements
Year Ended 31 March 2024**

Regulator of Social Housing registration number: 4747

Company registration number: 06211760

Charity registration number: 1121914

Pivotal Housing Association

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Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2024

Regulator of Social Housing registration number 4747

Company registration number 06211760

Charity registration number 1121914

Members of the board serving during the year

J Clark, Chair (Appointed 17 December 2024)
T Carpenter (Appointed 17 December 2024)
J Curd (Appointed 9 September 2025)
B Elieli (Appointed 17 December 2024, resigned 29 April 2025)
P Hackett (Appointed 17 December 2024)
R Kataria (Appointed 17 December 2024, resigned 23 June 2025)
S Walton (Appointed 17 December 2024)

S Egan (Appointed 30 November 2023, Resigned 23 May 2024)
R Fowler (Appointed 30 November 2023, Resigned 23 May 2024)
D Furlong (Appointed 25 May 2023, Resigned 17 December 2024)
J E Hughes (Appointed 7 October 2019, Resigned 20 September 2023)
R Kuklinski (Appointed 25 May 2023, Resigned 17 December 2024)
D Lockerman (Appointed 18 May 2020, Resigned 17 December 2024)
D Streek (Appointed 18 June 2019, Resigned 20 September 2023)

Secretary Martin Lewis (Devonshires Solicitors)

Chief Executive Officer J Kingsbury

Registered office CJ House, 9 Central Business Park
Southcote Road
Bournemouth
Dorset
BH1 3SJ

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2024

Auditor

PKF Francis Clark
Chartered Accountants & Statutory Auditors
Towngate House
2-8 Parkstone Road
Poole
BH15 2PW

Solicitor

Frettens Solicitors
The Saxon Centre
11 Bargates
Christchurch
BH23 1PZ

Bankers

National Westminster Bank PLC
The Square
5 Old Christchurch Road
Bournemouth
BH1 1DU

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

The Trustees and Strategic Leadership Team present the Annual Report and Financial Statements of Pivotal Housing Association (“PHA” or “the Association”) for the year ended 31 March 2024.

Principal Activities

Pivotal Housing Association is a company limited by guarantee, a Registered Provider of Social Housing and a registered charity. Established in April 2007, the Association provides supported housing for single vulnerable adults with a range of support needs.

PHA works in partnership with local authorities, health and social care commissioners, property owners and specialist support providers across Dorset, Devon, Cornwall and Gloucestershire. At the reporting date, the Association had oversight of more than 500 units of supported accommodation.

The Association operates as the Registered Provider within a lease-based and partnership delivery model. PHA retains responsibility for housing management, regulatory compliance, property standards and governance oversight, while day-to-day care and support services are delivered by specialist third-party providers.

The Trustees confirm that they have had due regard to the Charity Commission’s guidance on public benefit and are satisfied that the Association’s activities are carried out for the public benefit.

Financial Review and Restructuring

During the period under review, and continuing into 2026, the Association undertook a comprehensive review of its financial structure in response to legacy lease arrangements that were no longer aligned with operating conditions within the supported housing sector.

Constructive negotiations were undertaken with the Association’s principal landlords. In February 2026, these discussions concluded in the formalisation of consensual restructuring agreements. The key outcomes were:

- Resolution of historic landlord liabilities through agreed settlement arrangements.
- Restructuring of lease commitments to better align rental obligations with underlying income levels.
- Introduction of risk-sharing mechanisms reducing exposure to sustained void risk.
- Establishment of a revised financial framework supporting long-term viability.

The restructuring agreements include defined review mechanisms and operate within a structured timeframe to ensure continued alignment between operational performance and lease commitments.

As a result of these agreements, the Association’s balance sheet position has been stabilised and its cash flow risk profile materially reduced. The Trustees consider that the revised lease framework provides a more resilient and sustainable operating base. The financial statements are therefore prepared on a going concern basis.

Operating Model

Following restructuring, the Association operates through a combination of:

Risk-Aligned Lease Arrangements

Existing leased properties continue under renegotiated terms incorporating income-linked or shared-risk structures.

Pivotal Housing Association

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Year Ended 31 March 2024

Partnership Delivery Model

PHA retains Registered Provider oversight and regulatory accountability while partnering with experienced organisations for operational delivery. This structure reduces financial exposure while maintaining compliance and quality assurance.

Future Asset Strategy

Subject to capital availability and prudent financial parameters, the Association will explore opportunities to introduce owned or funded housing assets into its portfolio in order to reduce reliance on lease-based models over time.

Across all models, PHA retains responsibility for regulatory compliance, governance, safeguarding, and property standards.

Governance and Financial Management

During the restructuring period, the Board and executive leadership were strengthened to enhance governance capacity and financial oversight. Improvements implemented include:

- Enhanced cash flow forecasting and financial stress testing.
- Strengthened compliance and property assurance processes.
- Upgraded housing management and reporting systems.
- Formalised risk management frameworks aligned with the revised business model.

The Board's ongoing priorities are to maintain adequate reserves, safeguard regulatory compliance, and ensure sustainable growth consistent with financial capacity.

Future Outlook

The Board considers that the Association has transitioned from a high fixed-cost lease structure to a more balanced and risk-aligned operating model. This transition materially reduces financial volatility and strengthens long-term viability.

Demand for supported housing remains significant across the Association's areas of operation. Growth opportunities will be pursued in a measured manner, subject to compliance, financial viability and risk controls.

The Association remains committed to delivering safe, compliant and high-quality supported housing for vulnerable individuals, while operating with strengthened governance, disciplined financial management and a clear focus on long-term sustainability.

Business Development

The business development strategy for **PHA** has undergone a significant transformation over the past year, aligned with the consensual agreements with the Association's principal landlords and the implementation of a new, low-risk operating model. This has included a pivot towards delivering regulatory and compliance expertise alongside trusted care and support partners, and a deliberate move away from long-term leased properties with high occupancy risk.

Growth Through Strategic Partnerships

Existing relationships have been strengthened, and new partnerships developed across the South West, focusing on specialist supported housing. These partnerships now operate under a **new commercial model** that de-risks the Association's involvement while maintaining high standards of care, property management, and regulatory compliance.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

Key delivery partners include:

- Clear Pathway Care
- Kerensa Care
- Brandon Trust
- Pivotal Support Group
- Rethink
- Northam Care
- Your Choice
- K2 Care
- Shaftesbury
- Young Person's Team, Cornwall Council
- NHS Cornwall
- Pioneering Independence
- Plymouth City Council
- Parallel Independence
- Glassmoon Services

New Schemes Launched in 2023-2024

- **Cornwall (Brandon Trust):** 10-bed supported living scheme for adults with learning disabilities **Went live on 14th March 2023**
- **Plymouth (Plymouth City Council):** Award-winning 12-bed project for care-experienced young people **Went live on 31st August 2023**

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

Pipeline Schemes

Location	Units & Address	Partner	Client Group	Opened	Risk Model
Bournemouth	8 units, 42 Stirling Road	Shaftesbury	Learning Disability	Oct 2024	Support provider pays for Voids over the 7% from council
Plymouth	5 units, North Road East	Pioneering Independence	Mental Health	July 2024	Support provider pays all voids >3.5% negligible occupancy risk
Redruth, Cornwall	1 specialist unit, 16 Green Lane	Kerensa Care	Learning Disability	September 2024	No rent payable on lettable voids
Redruth, Cornwall	2 units, 66 Killiersfield	Kerensa Care	Learning Disability	November 2024	No rent payable on lettable voids
Poole	Langdon Replacement Scheme	Pivotal Support Group	Homelessness	TBC	
Plymouth	1 specialist unit, 181 Sheridan Road	Glassmoon Services	Complex Learning Disability & Mental Health	April 2025	No rent payable on lettable voids
Redruth, Cornwall	5 units, Alma Place	Brandon Trust	Learning Disability agreed 18-25years	October 2025	Council pay 7% voids, support provider pays over7% Voids.
Redruth, Cornwall	2 units, Chili Cottages	Kerensa Care	Learning Disability	February 2026	No rent payable on lettable voids
Plymouth	2 units	Glassmoon Services	Complex Learning Disability	March 2026	No rent payable on lettable voids

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Strategic Board Report

Year Ended 31 March 2024

Looking Ahead

- The new consensual agreements with landlords provide for circa £10m per annum of income, this is expected to increase with occupancy rises after refurbishment (landlord funded) of units.
- Active negotiations are ongoing with **institutional funders and social investors** to introduce **owned stock** into the housing portfolio. This transition will increase turnover, enhance long-term asset value, and eliminate legacy lease-related risk.
- Underpinned by robust partnerships, regulatory assurance, and reduced financial exposure.

Strategic Direction

Following governance and management restructuring and the conclusion of consensual agreements with principal landlords, the Board and executive team have adopted a revised strategic framework reflecting the Association's stabilised financial position and risk-aligned operating model.

The strategic direction focuses on long-term sustainability, regulatory compliance, operational discipline and measured growth through lower-risk structures.

Strategic Objectives

1. Deliver Excellence in Housing Provision

The Association will continue to prioritise safety, compliance and quality across its portfolio.

- Maintain full compliance with statutory health and safety obligations.
- Strengthen repairs, maintenance and property assurance processes.
- Implement a long-term asset management framework to guide investment decisions.
- Ensure properties meet supported housing standards appropriate to client needs.

The revised operating model does not alter the Association's core commitment to safe, compliant and appropriate accommodation.

2. Embed Financial Resilience within a Risk-Aligned Model

The consensual restructuring has materially reduced fixed lease exposure and improved alignment between income and property commitments. The Board's priority is to embed and sustain this position.

- Operate within income-linked and risk-sharing lease frameworks.
- Maintain adequate operating reserves and robust cash flow forecasting.
- Strengthen stress testing and scenario planning.
- Ensure governance and financial controls remain proportionate and effective.

The objective is not growth for its own sake, but controlled stability and resilience.

3. Develop Sustainable Partnership Models

PHA will continue to expand its partnership-led approach, where appropriate, in order to deliver supported housing with reduced balance sheet risk.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

- Expand the Registered Provider oversight model, retaining regulatory accountability while partnering for operational delivery.
- Build strategic relationships with local authorities, funders and specialist providers.
- Pursue structured partnership opportunities that align risk and reward appropriately.

The partnership framework enables service delivery growth while protecting financial sustainability.

4. Strengthen Resident Voice and Service Quality

The Association remains committed to embedding resident engagement within governance and service design.

- Enhance structured tenant feedback mechanisms.
- Improve responsiveness and transparency in service delivery.
- Maintain a culture of safeguarding, dignity and support.

Supported housing provision must remain resident-centred and outcomes-focused.

5. Build Organisational Capability

Sustainable delivery requires capable leadership, skilled staff and effective systems.

- Invest in leadership development and financial capability.
- Embed a culture of accountability and professional pride.
- Strengthen systems for reporting, compliance monitoring and performance management.

Operational discipline is central to maintaining regulator and stakeholder confidence.

Organisational Priorities for 2025/26

The Board has identified the following priority actions for the coming year:

1. Housing and Asset Management

- Reduce void levels through targeted housing management interventions within the revised lease framework.
- Implement a 20-year Stock Condition Plan to inform maintenance and investment decisions.
- Strengthen compliance assurance across fire safety, gas safety, electrical safety and property condition.

2. Financial Stability and Risk Management

- Embed the restructured lease arrangements and monitor performance against agreed parameters.
- Maintain strong cash flow forecasting and stress testing aligned to regulator expectations.
- Continue to rationalise legacy exposure where appropriate within the consensual framework.
- Explore prudent opportunities for introducing lower-risk owned or funded assets, subject to viability.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

3. Partnership Expansion

- Consolidate and scale the Registered Provider oversight model, which is currently generating approximately £500,000 in annualised contribution.
- Formalise governance and compliance oversight arrangements within partnership agreements.
- Develop strategic relationships to support sustainable pipeline growth.

4. Customer and Community Focus

- Strengthen tenant engagement structures and reporting into governance.
- Improve performance transparency and complaint handling processes.
- Work with partners to support positive outcomes for residents.

5. Internal Capacity and Systems

- Enhance financial reporting, data integrity and management information.
- Continue development of the housing management system to improve monitoring of voids, repairs and compliance.
- Align staffing structures to the revised operating model.

Benchmarking

Pivotal Housing Association remains a committed member of the Smaller Providers Benchmarking Network (SPBM), facilitated by Acuity in partnership with HouseMark.

SPBM comprises over 140 member organisations managing more than 75,000 homes across England. Participation enables the Association to compare performance, cost efficiency and service delivery against peer providers, particularly those delivering supported housing at smaller scale or with specialist client groups.

Benchmarking outcomes inform performance improvement planning, cost discipline and governance oversight.

The **Regulator of Social Housing's (RSH) Value for Money (VfM)** metrics are included below. These figures reflect the unique characteristics of Pivotal Housing Association's lease-based supported housing model and the financial restructuring completed via the consensual agreements with the Association's principal landlords. The Association expects significant improvements in these metrics during the consensual deal term as it transitions to a leaner, more financially stable, and operationally efficient organisation.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

RSH Value for Money Metrics

Metric	Description	2023/24	2022/23	2021/22	SPBM Benchmark
1. Reinvestment %	Investment in properties as % of total stock	N/A	N/A	N/A	3.4%
2. New Supply – Social	% of new social homes developed/acquired	4.0%	3.0%	3.4%	0.7%
2. New Supply – Non-Social	% of new non-social homes developed/acquired	N/A	N/A	N/A	0.0%
3. Gearing %	Debt as a percentage of total assets	0.0%	0.0%	0.0%	10.1%
4. Interest Cover %	Operating surplus divided by interest payable	(496%)	(67.8%)	0.0%	804%
5. Cost per Unit	Headline social housing costs per unit	£21.7k	£26.0k	£17.2k	£13.9k
6. Operating Margin (Social)	Operating surplus as % of social housing lettings income	(28.7%)	(10.1%)	0.4%	11.0%
6. Operating Margin (Overall)	Operating surplus as % of total income	(28.7%)	(10.1%)	0.4%	11.0%
7. ROCE %	Return on Capital Employed (Operating surplus ÷ total assets - current liabilities)	N/A	(195.1%)	3.3%	3.3%

Commentary on Benchmark Performance

- Reinvestment & Gearing:** Pivotal Housing Association currently 2024/2025 leases all of its stock, so investment and gearing metrics are not representative. However, if new owned stock is acquired, these metrics will become increasingly relevant.
- New Supply – Social:** The Association has outperformed peers by delivering new supported housing units through partnerships, particularly with local authorities and care providers.
- Interest Cover:** This remains negative due to historic losses. Following the consensual deal and the transition to a surplus-generating model, improvements are anticipated.
- Cost per Unit:** Higher than sector averages due to the nature of specialist supported housing, where services are intensive, properties are customised for high-need tenants, and support is integrated. As scale increases, unit costs would fall.
- Margins & ROCE:** Both remain negative due to structural challenges prior to the consensual deal. Margin recovery is a core focus of the business plan under the restructured model.

Principal Risks and Uncertainties

Following the conclusion of consensual restructuring agreements with the Association’s principal landlords in February 2026, PHA has materially strengthened its financial resilience and reduced exposure to historic fixed lease obligations. The Association now operates within a revised, risk-aligned framework designed to support long-term sustainability.

The principal risks facing the Association are set out below.

1. Income and Void Risk

Void levels within supported housing remain the most significant operational risk. While lease commitments have been restructured to introduce income-linked and shared-risk mechanisms, sustained under-occupancy could affect income recovery and short-term cash flow performance. This however only affects overheads in two out of the three portfolios and only at a level below 80% occupancy in the other so has been largely eliminated.

Void performance is monitored monthly, with enhanced housing management oversight and partner engagement to mitigate prolonged vacancy periods.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

2. Delivery of the Revised Operating Model

The Association's revised model incorporates partnership-based delivery structures and income-aligned lease frameworks. Delays in partnership mobilisation, or underperformance within partnership contracts could affect projected surpluses.

This risk is mitigated through structured agreement terms, defined oversight arrangements and ongoing stress testing.

3. Regulatory and Policy Environment

The supported housing sector remains subject to policy and regulatory change. Adjustments to housing benefit frameworks, temporary accommodation rules, rent policy, or regulatory standards may affect future income streams or compliance obligations.

The Association monitors sector developments and maintains active engagement with the Regulator of Social Housing and commissioning authorities.

4. Compliance and Property Risk

PHA retains responsibility as Registered Provider for property standards, health and safety compliance and safeguarding obligations. Failure to maintain full compliance could result in regulatory intervention or reputational damage.

Robust compliance monitoring systems, regular reporting to the Audit & Risk Committee, and enhanced internal controls are in place to mitigate this risk.

Regulation and Corporate Governance

PHA has previously received regulatory notices from the Regulator of Social Housing (RSH), including in March 2021 and a subsequent enforcement notice in April 2025 and a notice of intended deregistration in January 2026. These identified weaknesses in governance, financial viability, risk management and rent compliance.

Since that time, significant corrective action has been undertaken. The consensual restructuring agreements concluded in February 2026, together with governance and leadership strengthening, have materially improved the Association's financial stability and control environment.

Improvements implemented include:

- Strengthened Board composition and executive capacity.
- Clear reporting lines and formalised decision-making processes.
- Implementation of a comprehensive Financial Planning, Performance and Policy (FPPP) framework.
- Enhanced liquidity monitoring and formal stress testing.
- Strengthened compliance monitoring and documentation controls.
- Confirmation of compliance with the Rent Standard for specialised supported housing.

PHA has adopted the NHF Code of Governance (2015) and is working towards full alignment with the 2020 Code of Practice. A governance effectiveness review has been undertaken, and further enhancements will continue during the next financial year.

In accordance with the RSH Governance and Financial Viability Standard, the Board confirms that it is not aware of any material breaches of English law. The Association continues to engage constructively with the RSH and is committed to full regulatory compliance.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

Board Statement of Public Benefit

The charitable objects of PHA restrict its activities to:

- The relief of poverty and the promotion of good health among economically and socially disadvantaged individuals, including those with mental health needs, ex-offenders, vulnerable adults and young people, through the provision of accommodation, social housing, support services and advice.
- The provision and management of social housing and related activities.

PHA delivers public benefit by:

- Providing supported housing tailored to individuals with complex needs.
- Delivering housing management and tenancy sustainment services.
- Facilitating access to specialist care and support services through partnership arrangements.
- Supporting independent living pathways.

The Board has considered the Charity Commission's guidance on public benefit and is satisfied that PHA's activities are conducted for the public benefit.

Reserves Policy

The Board has agreed a Reserves Policy establishing a target minimum unrestricted reserve of £500,000. The restructuring framework provides for incremental strengthening of free reserves over time, subject to agreed surplus-sharing arrangements and performance thresholds.

At the date of signing, the Association maintains free cash in excess of its current unrestricted reserve target. The Board reviews reserves regularly to ensure appropriate financial resilience.

Dividends

As a company limited by guarantee and registered charity, PHA has no share capital and does not distribute dividends.

Internal Controls Assurance

The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, risk.

Following governance restructuring and implementation of the revised financial framework, the Association has strengthened its control environment through:

- A formal risk register reviewed by the Senior Leadership Team and Audit & Risk Committee.
- Enhanced financial forecasting and stress testing.
- Strengthened compliance and property assurance processes.
- Improved documentation and record-keeping standards.
- Defined delegated authorities and reporting structures.

The Audit & Risk Committee oversees internal control and assurance arrangements, including external audit.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

The Board acknowledges that systems continue to mature but is satisfied that proportionate and reasonable steps are in place to maintain effective internal control.

The Board

PHA is governed by a voluntary Board of Trustees. Trustees serving during the year are listed on page 1.

Key governance arrangements include:

- A competency-based Trustee recruitment framework.
- Formal induction and training processes.
- Defined committee structures including Audit & Risk oversight.

Delegation arrangements are clearly defined. The Board retains responsibility for strategy and oversight. The Audit & Risk Committee oversees statutory reporting, risk management and assurance. Day-to-day management is delegated to the Strategic Leadership Team.

Company Membership

The members of PHA (effective from February 2026) are the current Board members.

Customer Involvement

PHA promotes tenant engagement through structured feedback mechanisms appropriate to supported housing settings. Engagement includes:

- Tenant surveys.
- Repairs and service feedback processes.
- Complaint handling and resolution procedures.
- Engagement through support providers and carers where appropriate.

Statement of Compliance

In preparing this Board report, the Board has followed the principles set out in Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers, and with the Accounting Direction for private registered providers of social housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

Going Concern

The financial statements have been prepared on a going concern basis.

At 31 March 2024 the Association reported net liabilities. These arose primarily from historic lease rent accruals under a fixed-rent lease structure whereby lease payments were contractually payable in full irrespective of receipt of Housing Benefit/Universal Credit income. Under that historic model, sustained occupancy levels in excess of approximately 93% were required to maintain financial equilibrium. During certain periods occupancy was below those levels, resulting in the accumulation of landlord liabilities.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

Following the reporting date, and prior to approval of these financial statements, the Association completed a formal restructuring process overseen by licensed insolvency practitioners. That process resulted in fully executed consensual agreements with the Association's principal landlords.

Under those agreements:

- Approximately £4.3 million of historic landlord liabilities have been irrevocably written off, including £2.5 million relating to this (2023-2024) period.
- The remaining £2.5 million balance does not constitute a fixed or callable debt. It is recoverable solely as a defined share of future income streams generated by specified properties and is ring-fenced to those income streams. It cannot be demanded independently, does not accrue interest, and does not give rise to default where income is insufficient. Approximately £292,000 of this balance relates to the financial period ended 31 March 2024.
- The historic fixed-rent lease model has been replaced for approximately two-thirds of the portfolio with a strict pass-through mechanism, under which lease rent is payable only to the extent funded by income received. Lease rent shortfalls do not accrue and do not create arrears.
- For the remaining portfolio, lease rent is capped at an agreed minimum percentage level which remains above current trading levels, such that no lease rent accrual arises under current forecasts.

The effect of these arrangements is that the Association is no longer exposed to unfunded fixed lease obligations or to debt accumulation arising from occupancy volatility.

The impact of these restructuring arrangements would have significantly strengthened the Association's financial position had they been in place during the year ended 31 March 2024. On a pro-forma basis, the Association's balance sheet position would have moved from net liabilities of approximately £3.5 million to positive reserves of approximately £90,000 following the write-off of historic liabilities and related adjustments.

In addition to landlord liabilities, the Association has written off historic balances with former group entities, including £1,071,888 owed to Pivotal Group Holdings and £56,341 owed to Pivotal Homes Group in the year ended 31 March 2024.

These pro forma balances are shown side by side below.

	Per accounts	Pro-forma accounts
	2024	2024
	£'000	£'000
Current Assets	2,126	2,079
Current Liabilities	(4,862)	(829)
Fixed Assets	273	273
Long Term Liabilities	(269)	(639)
Provision for Liabilities	(819)	(794)
Funds	(3,551)	90

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

The Board has undertaken a detailed review of the Association's financial position following completion of the restructuring. As part of this review the Board has prepared updated cashflow forecasts reflecting the revised operating arrangements and the Association's current operating model.

These forecasts indicate positive cash generation of approximately £10,000 per month under current trading levels, together with unrestricted cash balances of approximately £500,000 at the date of approval of the financial statements, which aligns with the Board's target minimum unrestricted reserve level.

The forecasts have been prepared under the Board's base case assumptions and have also been subjected to a range of alternative scenarios as part of the Association's normal financial governance and stress testing processes. These stress tests include scenarios such as a sudden reduction in occupancy of up to 10%. Under such scenarios, the forecasts indicate continued positive cash generation.

Two-thirds of the portfolio now operates on a pass-through basis and is therefore structurally insulated from occupancy volatility. The remaining portfolio is insulated from occupancy volatility until below 80% occupancy.

Certain restructuring agreements also provide transitional landlord support for limited periods. This support has not been assumed within the base case forecasts but provides additional contingency protection.

The Association has no secured or callable borrowings. The only outstanding loan is a £420,000 subordinated loan from a former related entity. Under the terms of that agreement the loan:

- cannot be repaid if repayment would threaten the Association's financial viability;
- cannot be enforced where repayment would create insolvency pressure;
- requires a minimum 12 months' notice prior to repayment; and
- contains no financial covenants beyond the provision of financial information.

The Board and executive leadership of the Association have also been refreshed, and an Audit & Risk Committee has been re-established. Financial planning, stress testing and cashflow monitoring frameworks have been strengthened.

The Regulator of Social Housing is currently undertaking a review of the Association's registration. The Board has engaged specialist external advisers within the social housing sector to support its engagement with the Regulator and to ensure that all governance and operational matters identified through that process are appropriately addressed. The Board continues to engage constructively with the Regulator as part of that review.

The Board has therefore considered the executed restructuring agreements, the removal of historic debt, the revised lease structure, current cash reserves, forecast cash generation and the results of stress testing. On that basis the Board believes that the steps taken provide a sound platform for the Association's continuing operations.

However, as with all forward-looking projections, the forecasts remain dependent on certain assumptions, most notably the level and timing of rents receivable and the practical operation of the revised lease arrangements which, due to their recent implementation, have not yet been tested over a full operating cycle. In addition, the outcome of the Regulator of Social Housing's ongoing review remains under consideration.

Accordingly, these matters indicate that a material uncertainty exists which may cast significant doubt on the Association's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the Association were unable to continue as a going concern.

The Board will continue to monitor performance against these forecasts closely and remains focused on maintaining compliance with the Regulatory Framework for Social Housing and ensuring the continued stability of the Association's operations.

Accordingly, the financial statements have been prepared on a going concern basis.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2024

Statement of Board responsibilities

Trustee obligations and responsibilities are set out in the Trustee Role Profile, the Standing Orders, and the Terms of Reference of the PHA Board. This includes statements that the Board is collectively responsible for the direction and control of the organisation.

- Each member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements.
- The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.
- Preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.
- The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association.
- It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.
- The Board has a general responsibility for taking reasonable steps to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

At the date of making this report each of the Trustees of the Association confirm the following:

- So far as each Trustee is aware, there is no relevant audit information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- Each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make him/herself aware of any relevant audit information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

The Report of the Directors has been prepared in accordance with the provisions applicable to companies under the Companies Act 2006, subject to the small companies' exemption regime.

Annual general meeting

The annual general meeting will be held in April 2026.

Auditors

A resolution to re-appoint PKF Francis Clark will be proposed at the forthcoming Annual General Meeting.

The report has been prepared having taken advantage of the small company's exemption in the Companies Act 2006.

On behalf of the board

Signed by:

Steven Walton

S Walton

07 March 2026

Date:

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2024

Opinion

We have audited the financial statements of Pivotal Housing Association (the 'association') for the year ended 31 March 2024 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity/ reserves, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as of 31 March 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 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.

Material uncertainty relating to going concern

We draw attention to note 1(o) in the financial statements, which indicates that

- During the period the Association completed a restructuring of landlord liabilities and entered into revised lease arrangements with all major landlords, which were signed on 27 February 2026. Through a variety of mechanisms these agreements either release liabilities for past rent or cap the rate at which they need to be repaid. They also cap current payments based on either the rent received from tenants, or the rent received less costs. These agreements significantly reduce risk, especially the risk of not filling a tenancy, but do not eliminate it.

The Board has prepared updated cashflow forecasts reflecting these revised arrangements under both the current operating model and alternative scenarios. These forecasts show positive cash generation under the Board's base case assumptions, although as with all forecasts, they remain sensitive to certain assumptions. Sensitivity remains, in particular in relation to the level of rents receivable.

- The Regulator of Social Housing is currently undertaking a review of the Association's registration. The Board has engaged specialist external advisers in the social housing sector to support its engagement with the Regulator and to assist in ensuring that all governance and operational matters

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2024

identified as part of that review are addressed. The Board continues to work through these actions and to engage constructively with the Regulator.

As set out in Note 1(o), these matters indicate the existence of a material uncertainty that may cast significant doubt on the Association's ability to continue as a going concern. The financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the Association were unable to continue as a going concern.

Our opinion is not modified in this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The board is responsible for the other information. The other information comprises the information included in the board report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the board report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the board report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

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Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2024

- we have not received all the information and explanations we require for our audit; or
- the board was not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 16, the board members (who are also the directors of the association for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

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

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the association. We gained an understanding of the association and the industry in which the association operates as part of this assessment to identify the key laws and regulations affecting the association. We made enquiries with management and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations identified were health and safety regulations, employment law, regulations regarding the standards of homes (including the governance and financial viability standard and the rent standard), and also those laws and regulations that have a direct impact on the preparation of the financial statements.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries, we also discussed with management whether there have been any known instances of fraud.
-

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2024

- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed filings and correspondence with the Regulator of Social Housing, Charity Commission and Companies House and whether there were any serious incident reports made during the year.
- Discussed with management whether any health and safety incidents have been recorded during the year.
- Reviewed the GDPR policy and enquiries to management as to the occurrence of any reportable breaches.
- Reviewed Board minutes to identify significant issues or correspondence with the Regulator of Social Housing or Charity Commission.
- Reviewed estimates and judgements made in the accounts for any indication of bias.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

These procedures provided sufficient appropriate evidence that the identified risks of fraud or non-compliance have not led to material misstatements in these financial statements. Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate omissions, collusion, forgery, misrepresentations, or the override of internal controls. We are also less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

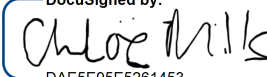
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chloe Mills FCA (Senior Statutory Auditor)
Statutory Auditor
For and on behalf of PKF Francis Clark
Chartered Accountants and Statutory Auditors
Towngate House
2 – 8 Parkstone Road
Poole
BH15 2PW

Date: 09 March 2026

DocuSigned by:

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Pivotal Housing Association

Statement of Comprehensive Income (Including Income and Expenditure Account)

Year Ended 31 March 2024

		Total 2024	Total 2023
		£	£
	Note		
Turnover			
Letting of non-investment property	2	9,464,295	9,509,316
Cost of Sales			
Direct cost of letting properties		8,638,984	7,308,525
Support costs		2,639,064	2,154,382
	2	<u>11,278,048</u>	<u>9,462,907</u>
Gross surplus / (deficit)		(1,813,753)	46,409
Other income			
Miscellaneous income	2	88,000	63,116
		<u>(1,725,753)</u>	<u>109,525</u>
Administrative expenses			
Management and administration	2	1,031,593	1,055,286
Surplus / (deficit) for the year		<u>(2,757,346)</u>	<u>(945,761)</u>
Fund balance brought forward on 1 April		<u>(793,864)</u>	<u>151,897</u>
Fund balance carried forward on 31 March		<u>(3,551,210)</u>	<u>(793,864)</u>

On behalf of the board

S Walton Signed by:
Steven Walton
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Date: 07 March 2026
Date:

Pivotal Housing Association**Balance sheet****Year Ended 31 March 2024**

	Note	2024 £	2023 £
Fixed assets			
Intangible assets	7	42,278	8,623
Tangible fixed assets	8	<u>230,223</u>	<u>581,935</u>
		272,501	590,558
Current assets			
Debtors	9	591,145	1,571,947
Cash at bank and in hand		<u>1,534,711</u>	<u>611,848</u>
		2,125,856	2,183,795
Total assets		2,398,357	2,774,353
Creditors: amounts falling due within one year	10	(4,862,169)	(2,317,874)
Net current assets / (liabilities)		<u>(2,463,812)</u>	<u>456,479</u>
Creditors: amounts falling due after more than one year	11	(268,523)	(421,875)
Provision for liabilities	12	<u>(818,875)</u>	<u>(828,468)</u>
Total net assets / (liabilities)		<u><u>(3,551,210)</u></u>	<u><u>(793,864)</u></u>
Funds:			
Unrestricted funds			
General funds		(3,551,210)	(793,864)
Total funds	14	<u><u>(3,551,210)</u></u>	<u><u>(793,864)</u></u>

The financial statements were approved and authorised for issue by the Board.

Signed on behalf of the board

Signed by:

 002C0131609C4B8...
 S Walton

07 March 2026
 Date:

The notes on pages 25 to 36 form part of these accounts.

Company registration number: 06211760

Pivotal Housing Association**Statement of Changes in Equity / Reserves****Year Ended 31 March 2024**

	Income and expenditure reserve	Total 2024	Total 2023
	£	£	£
As of 1 April	(793,864)	(793,864)	151,897
Surplus / (deficit) for the year	(2,757,346)	(2,757,346)	(945,761)
Total comprehensive income	<u>(3,551,210)</u>	<u>(3,551,210)</u>	<u>(793,864)</u>
As of 31 March	<u>(3,551,210)</u>	<u>(3,551,210)</u>	<u>(793,864)</u>

Pivotal Housing Association**Statement of Cash Flows****Year Ended 31 March 2024**

	Note	2024 £	2023 £
Net cash flow from operating activities			
Net cash flow from operating activities	15	1,214,081	324,339
Cash flows from investing activities			
Payments to acquire intangible fixed assets	7	(37,234)	-
Payments to acquire tangible fixed assets	8	(253,984)	(254,617)
Cash flow from financing activities			
Proceeds from issue of new long-term loans		-	-
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		922,863	69,722
Cash and cash equivalents on 1 April		611,848	542,126
Cash and cash equivalents on 31 March		<hr/> <u>1,534,711</u>	<hr/> <u>611,848</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

1 Summary of significant accounting policies

(a) General information and basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Registered Social Housing Providers: Statement of Recommended Practice applicable to registered social housing providers preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Housing SORP (FRS 102), Accounting Direction for Private Registered Providers of Social Housing 2022, Companies Act 2006 and Accounting Determination.

The association has adapted the Companies Act formats to reflect the special nature of the registerer provider's activities.

(b) Company status

The registered provider is a company registered in the UK and limited by guarantee (Company number 06211760). There are 5 members of the company. In the event of the registered provider being wound up, the liability in respect of the guarantee is limited to £1 per member of the registered provider.

The Association is a Registered Housing Association (No. 4747) and a Registered Charity (No. 1121914). The registered provider constitutes a public benefit entity as defined by FRS 102.

(c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the registered provider and which have not been designated for other purposes.

(d) Incoming resources

All incoming resources are included in the SOCI when the registered provider is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the registered provider being notified of an impending distribution or the legacy being received.

The expected income per property is recorded as income with voids being brought in to account for the opportunity costs lost on the properties not occupied.

Management fees and Training fees are recognised as income in the period in which the services are provided to other organisations.

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis and other overheads have been allocated on the basis of the head count.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

1 Summary of significant accounting policies (continued)

(f) Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	10 years straight line basis
----------	------------------------------

(g) Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Plant and machinery	10 years straight line basis
Leasehold property improvements	5 / 10 / 20 years straight line basis
Office equipment	3 years straight line basis
Fixtures and fittings	5 / 10 years straight line basis

(h) Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

1 Summary of significant accounting policies (continued)

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(j) Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Financial instruments

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

Financial instruments are recognised in the association's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

1 Summary of significant accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that sell the assets in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

(l) Provision for liability

The sinking fund matches the amount on the agreed rent card each month and is accounted for on an accruals basis and the calculation is based upon the number of days per month. The calculation deducts the number of void days in the period. The budget for the sinking fund is calculated using the latest housing stock condition survey. The value of the expected works is calculated on a weekly basis over the timeframe used in the housing stock condition survey. This is then added to the rent card proposals sent to the Local Authority. The sinking fund income is therefore part of the Housing Benefit rental income receivable from the Local Authority.

(m) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(n) Retirement benefit

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

1 Summary of significant accounting policies (continued)

(o) Going Concern

The financial statements have been prepared on a going concern basis.

At 31 March 2024 the Association reported net liabilities. These arose primarily from historic lease rent accruals under a fixed-rent lease structure whereby lease payments were contractually payable in full irrespective of receipt of Housing Benefit/Universal Credit income. Under that historic model, sustained occupancy levels in excess of approximately 93% were required to maintain financial equilibrium. During certain periods occupancy was below those levels, resulting in the accumulation of landlord liabilities.

Following the reporting date, and prior to approval of these financial statements, the Association completed a formal restructuring process overseen by licensed insolvency practitioners. That process resulted in fully executed consensual agreements with the Association's principal landlords.

Under those agreements:

- Approximately £4.3 million of historic landlord liabilities have been irrevocably written off, including £2.5 million relating to this (2023-2024) period.
- The remaining £2.5 million balance does not constitute a fixed or callable debt. It is recoverable solely as a defined share of future income streams generated by specified properties and is ring-fenced to those income streams. It cannot be demanded independently, does not accrue interest, and does not give rise to default where income is insufficient. Approximately £292,000 of this balance relates to the financial period ended 31 March 2024.
- The historic fixed-rent lease model has been replaced for approximately two-thirds of the portfolio with a strict pass-through mechanism, under which lease rent is payable only to the extent funded by income received. Lease rent shortfalls do not accrue and do not create arrears.
- For the remaining portfolio, lease rent is capped at an agreed minimum percentage level which remains above current trading levels, such that no lease rent accrual arises under current forecasts.

The effect of these arrangements is that the Association is no longer exposed to unfunded fixed lease obligations or to debt accumulation arising from occupancy volatility.

The impact of these restructuring arrangements would have significantly strengthened the Association's financial position had they been in place during the year ended 31 March 2024. On a pro-forma basis, the Association's balance sheet position would have moved from net liabilities of approximately £3.5 million to positive reserves of approximately £90,000 following the write-off of historic liabilities and related adjustments.

In addition to landlord liabilities, the Association has written off historic balances with former group entities, including £1,071,888 owed to Pivotal Group Holdings and £56,341 owed to Pivotal Homes Group in the year ended 31 March 2024.

The Board has undertaken a detailed review of the Association's financial position following completion of the restructuring. As part of this review the Board has prepared updated cashflow forecasts reflecting the revised operating arrangements and the Association's current operating model.

These forecasts indicate positive cash generation of approximately £10,000 per month under current trading levels, together with unrestricted cash balances of approximately £500,000 at the date of approval of the financial statements, which aligns with the Board's target minimum unrestricted reserve level.

The forecasts have been prepared under the Board's base case assumptions and have also been subjected to a range of alternative scenarios as part of the Association's normal financial governance and stress testing processes. These stress tests include scenarios such as a sudden reduction in

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

occupancy of up to 10%. Under such scenarios, the forecasts indicate continued positive cash generation.

Two-thirds of the portfolio now operates on a pass-through basis and is therefore structurally insulated from occupancy volatility. The remaining portfolio is insulated from occupancy volatility until below 80% occupancy.

Certain restructuring agreements also provide transitional landlord support for limited periods. This support has not been assumed within the base case forecasts but provides additional contingency protection.

The Association has no secured or callable borrowings. The only outstanding loan is a £420,000 subordinated loan from a former related entity. Under the terms of that agreement the loan:

- cannot be repaid if repayment would threaten the Association's financial viability;
- cannot be enforced where repayment would create insolvency pressure;
- requires a minimum 12 months' notice prior to repayment; and
- contains no financial covenants beyond the provision of financial information.

The Board and executive leadership of the Association have also been refreshed, and an Audit & Risk Committee has been re-established. Financial planning, stress testing and cashflow monitoring frameworks have been strengthened.

The Regulator of Social Housing is currently undertaking a review of the Association's registration. The Board has engaged specialist external advisers within the social housing sector to support its engagement with the Regulator and to ensure that all governance and operational matters identified through that process are appropriately addressed. The Board continues to engage constructively with the Regulator as part of that review.

The Board has therefore considered the executed restructuring agreements, the removal of historic debt, the revised lease structure, current cash reserves, forecast cash generation and the results of stress testing. On that basis the Board believes that the steps taken provide a sound platform for the Association's continuing operations.

However, as with all forward-looking projections, the forecasts remain dependent on certain assumptions, most notably the level and timing of rents receivable and the practical operation of the revised lease arrangements which, due to their recent implementation, have not yet been tested over a full operating cycle. In addition, the outcome of the Regulator of Social Housing's ongoing review remains under consideration.

Accordingly, these matters indicate that a material uncertainty exists which may cast significant doubt on the Association's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the Association were unable to continue as a going concern.

The Board will continue to monitor performance against these forecasts closely and remains focused on maintaining compliance with the Regulatory Framework for Social Housing and ensuring the continued stability of the Association's operations.

Accordingly, the financial statements have been prepared on a going concern basis.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

2 Social housing turnover and costs

	2024	2023
	£	£
Rents receivable excluding service charges	9,215,169	9,374,048
Service charges receivable	249,126	135,268
Other income	88,000	63,116
Total income from lettings	<u>9,552,295</u>	<u>9,572,432</u>
Cost of property letting	8,638,984	7,308,525
Support costs	2,639,064	2,154,382
Management and administration	1,031,593	1,055,286
Total housing activities expenditure	<u>12,309,641</u>	<u>10,518,193</u>
Net surplus / (deficit) from social housing activities	<u>(2,757,346)</u>	<u>(945,761)</u>
Rent losses from voids	1,136,243	1,137,851

3 Bed spaces

	Number of units on 31 March 2024	Number of units on 31 March 2023
<i>Social housing</i>		
Supported housing	<u>542</u>	<u>537</u>
	542	537

4 Auditor's remuneration

	2024	2023
	£	£
Fees payable to the Association's auditor for the audit of the Association's annual accounts	24,100	24,100
	<u>24,100</u>	<u>24,100</u>

5 Directors' remuneration

No remuneration was paid to or receivable by directors during the year (2023: £Nil).

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

6 Staff costs

The aggregate remuneration of such employees was as follows:

	2024	2023
	£	£
Wages and salaries	1,395,450	1,220,434
Social security	128,299	115,730
Other pension costs	46,489	22,150
	<u>1,570,238</u>	<u>1,358,314</u>
 Average number of employees	 45	 47

There are no employees who received more than £60,000 as their employee package.

7 Intangible fixed assets

	Software £
Cost:	
On 1 April 2023	39,392
Additions	37,234
Disposals	-
On 31 March 2024	<u>76,626</u>
 Amortisation:	
On 1 April 2023	30,769
Charge for the year	3,579
Eliminated on disposals	-
On 31 March 2024	<u>34,348</u>
 Net book value:	
On 1 April 2023	<u>8,623</u>
 On 31 March 2024	<u>42,278</u>

Pivotal Housing Association**Notes to the Financial Statements****Year Ended 31 March 2024****8 Tangible fixed assets**

	Plant & machinery	Leasehold property improvements	Office equipment	Furniture & fixtures	Total
	£	£	£	£	£
Cost:					
On 1 April 2023	414,325	459,922	35,214	119,205	1,028,666
Additions	61,270	152,371	11,580	28,763	253,984
Disposals	(215,450)	(534,611)	(10,924)	(125,448)	(886,433)
On 31 March 2024	<u>260,145</u>	<u>77,682</u>	<u>35,870</u>	<u>22,520</u>	<u>396,217</u>
Depreciation:					
On 1 April 2023	238,401	158,090	30,791	19,449	446,731
Charge for year	43,867	55,814	6,778	12,245	118,704
Eliminated on Disposal	(182,162)	(180,628)	(10,106)	(26,545)	(399,441)
On 31 March 2024	<u>100,106</u>	<u>33,276</u>	<u>27,463</u>	<u>5,149</u>	<u>165,994</u>
Net book value:					
On 1 April 2023	<u>175,924</u>	<u>301,832</u>	<u>4,423</u>	<u>99,756</u>	<u>581,935</u>
On 31 March 2024	<u>160,039</u>	<u>44,406</u>	<u>8,407</u>	<u>17,371</u>	<u>230,223</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

9 Debtors

	2024	2023
	£	£
Trade debtors	409,162	909,582
Other debtors	46,589	459,951
Prepayments and other accrued income	135,394	202,414
	<u>591,145</u>	<u>1,571,947</u>

10 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	2,717,139	566,932
Other tax and social security	31,578	27,456
Other creditors	2,034,361	1,695,361
Loans	79,091	28,125
	<u>4,862,169</u>	<u>2,317,874</u>

11 Creditors: amounts falling due after more than one year

	2024	2023
	£	£
Loans	268,523	421,875
	<u>268,523</u>	<u>421,875</u>

In the financial year ended 31 March 2020 Pivotal Housing Group entered into a loan facility agreement for £450,000 with Pivotal Homes Group. At the end of March 2020 £450,000 had been drawn down. From June 2020 interest of 0.5% above National Westminster Bank base lending rate was payable. Capital repayments started in March 2023 and the capital is repayable over 16 quarterly payments.

12 Provision for liability – Rental income sinking fund

	2024
	£
Sinking fund provision on 1 April 2023	828,468
Movement in provision during the year	(9,593)
Sinking fund provision on 31 March 2024	<u>818,875</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

13 Leases

	2024 £	2023 £
Not later than one year	5,999,510	5,034,504
Later than one and not later than five years	23,916,055	20,138,015
Later than five years	44,187,780	44,837,054
	<u>74,103,345</u>	<u>70,009,573</u>

The registered provider has entered into a 20-year lease for the majority of its properties.

14 Funds

	2023 £	Income £	Expenditure £	2024 £
General reserves	(793,864)	9,552,295	(12,309,641)	(3,551,210)
	<u>(793,864)</u>	<u>9,552,295</u>	<u>(12,309,641)</u>	<u>(3,551,210)</u>

The general reserve represents free funds of the registered provider which are not designated for a particular purpose.

15 Reconciliation of operating surplus / (deficit) to cash flow from operating activities

	2024 £	2023 £
Surplus / (deficit) for the year	(2,757,346)	(945,761)
Write off Sinking fund tangible fixed assets	304,997	-
Depreciation and impairment of tangible fixed assets	118,704	158,634
Amortisation and impairment of intangible fixed assets	3,579	3,540
Loss on disposal of tangible fixed assets	181,995	55,801
(Increase) / decrease in trade and other debtors	980,802	(369,257)
Increase / (decrease) in trade and other creditors	2,390,943	1,134,098
Increase / (decrease) in provisions	(9,593)	287,284
Net cash flow from operating activities	<u>1,214,081</u>	<u>324,339</u>

16 Analysis of changes in net debt

	2023 £	Cash flows £	2024 £
Borrowings repayable in < 1 year	(28,125)	(50,966)	(79,091)
Long-term borrowings	(421,875)	153,352	(268,523)
Total liabilities	<u>(450,000)</u>	<u>102,386</u>	<u>(347,614)</u>
Cash and cash equivalents	611,848	922,863	1,534,711
Total net debt	<u>161,848</u>	<u>1,025,249</u>	<u>1,187,097</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2024

17 Related party transactions

The Association had the following related party transactions and balances during the year:

Pivotal Group Holdings

Included in other creditors are £1,071,888 (2023: £877,694).

Pivotal Support Group Limited

A member of the Association is a shareholder of this Company.

Included in other debtors are £Nil (2023: £43,477).

Included in trade debtors are £400 (2023: £Nil).

Included in trade creditors are (£1,697) (2023: £Nil).

Pivotal Care Group Limited

Included in other debtors are £Nil (2023: £122,752).

Pivotal Homes Property

Included in other debtors are £13,225 (2023: £Nil).

Included in trade debtors are £2,031 (2023: £Nil).

Pivotal Development Services Limited

Included in other debtors are £33,364 (2023: £30,346).

Charles Terence Estates Limited

D Dixon is a director and shareholder of this Company.

S Fowley is a director and shareholder of this Company

This Company has paid rentals during the period for hostels occupied by the Association as follows:

£65,271 (2023: £75,279) rentals payable to Charles Terence Estates Limited.

£88,000 (2023: £48,000) bed space contribution income received from Charles Terence Estates Limited

£58,585 (2023: £57,241) rents recharged to Charles Terence Estates Limited

Rentals payable are considered to be at market value.

Included in other debtors/ (other creditors) are (£10,001) (2023: £263,375).

Pivotal Homes Group Limited

Included in other creditors are £56,341 (2023: £312,107).

Included in loans are £347,614 (2023: £450,000).

Pivotal Professional Services Limited

Included in other debtors/ (other creditors) are £Nil (2023: (£22,525)).

Pivotal Housing Association

England & Wales - Charity number 1121914

Accounts

**Pivotal Housing Association
Financial Statements
Year Ended 31 March 2023**

Regulator of Social Housing registration number: 4747

Company registration number: 06211760

Charity registration number: 1121914

Pivotal Housing Association

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Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

Regulator of Social Housing registration number	4747
Company registration number	06211760
Charity registration number	1121914
Members of the board serving during the year	D Streek (Chair) D Lockerman J E Hughes A Hussain Shah (Resigned 7 November 2022) N S Lee (Resigned 31 January 2023) P Levaggi (Resigned 17 October 2022)
Members of the board appointed after the year-end	R Kuklinsk (Appointed 25 May 2023) D Furlong (Appointed 25 May 2023)
Chief Operating Officer	J Kingsbury
Director of Operations	N Stolborg (Resigned 31 May 2023)
Registered office	Unit 1, St. Stephens Court 15-17 St. Stephens Road Bournemouth Dorset BH2 6LA
Auditor	PKF Francis Clark Chartered Accountants & Statutory Auditors Towngate House 2-8 Parkstone Road Poole BH15 2PW
Solicitor	Fretens Solicitors The Saxon Centre 11 Bargates Christchurch BH23 1PZ
Bankers	National Westminster Bank PLC The Square 5 Old Christchurch Road Bournemouth BH1 1DU

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

The Trustees and Strategic Leadership Team are pleased to present the Annual Report and Financial Statements for the year ending 31 March 2023 for Pivotal Housing Association ("PHA").

Principal Activities

PHA is a company limited by guarantee, a Registered Provider of Social Housing and a charity registered with the Charity Commission which was established in April 2007. PHA is proud to provide quality housing with specialist support and compassionate care to over 500 single vulnerable people with a variety of needs. We work closely with local authorities and health service commissioners across a number of locations, including Dorset, Devon, Cornwall and Gloucestershire, to identify suitable homes for the vulnerable people we exist to serve. All current accommodation managed by PHA is operated on a lease-based financing model with the associated support and care delivered by third party partners.

The Trustees have complied with duties contained in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission and are satisfied that all the objectives and activities outlined below are undertaken for public benefit.

Delivering our Strategic Plan

In May 2023 the PHA Board adopted a 3-year business plan - providing more services for more people. This sets out an ambition for PHA to be as follows:

1. Putting customers at the heart of everything that we do
2. Being a stronger business that is fit for the future
3. A simpler business working with communities to shape housing and support
4. Providing products and services for more people
5. Valuing and involving our colleagues

The way in which we will achieve each of these strategic aims is as follows:

Putting Customers at the heart of everything we do.

- Meeting the RSH customer standards.
- Providing clear information for our customers.
- Introducing new customer support services via a new Community interest Company
- Developing volunteering services
- Increased focus on fundraising
- Delivering repairs on time and getting it right first time.

Being fit for the future.

- Review and remove unnecessary overhead costs
- Restructure the Senior Management Team
- Risk is closely managed and an action plan for each risk in place
- Actively seeking out new sources of funding through charitable grants and pursuing appropriate forms of strategic alliances
- Adopt a proactive approach to existing business, taking strategic action to tender for existing and new business, review and renew contracts and to implement exit strategies and remodelling where required to achieve and maintain financial strength
- Use the strength of the wider Pivotal Homes Group to provide financially sound services
- Make a real difference to people's lives, helping them to become more financially or physically independent in order that we can sustain their tenancies
- Help our customers cope with welfare reform by supporting them off benefits and into work
- Work collaboratively across the Pivotal Homes Group, with other housing associations and our partners to revitalise communities and neighbourhoods

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

- Construct effective partnerships with health and care commissioning bodies, to ensure we improve the health and wellbeing in our communities

Working with Communities to shape housing and support services

- Develop creative support services within the Pivotal Care group
- Create training and work opportunities
- Develop a pathway of accommodation through homelessness services.

Creating more services for more people

- Develop 2 new homelessness assessment units in BCP area
- Develop 2 new SSH schemes in Cornwall and Devon
- Work with private landlords to let 80 units of affordable move on accommodation
- To work with Cornwall Council to develop 70 units of accommodation for young people leaving care
- To work with Cornwall Council to develop their pathway through homelessness by remodelling our existing services with additional support contracts
- To work with Cornwall Council and the Pivotal Property Company to identify ways of sharing the risk of providing accommodation to address their identified gap in housing provision
- Work with community support teams to move people through a housing pathway.

Valuing and involving our staff.

- Grow the staff consultative group
- Introduce a bright ideas scheme to listen to our front-line staff idea
- Introduce a range of staff rewards including a long service award
- Develop a volunteering service
- Providing additional training for existing staff.

Our key priorities

- To reduce the risk of Housing Benefit arrears by remodelling Intensive Housing Management services to meet the criteria of managed accommodation
- To work with private landlords to create more affordable move on accommodation
- Reduce void levels to under 5% average across all services with an action plan for long term voids and a robust housing management service to generate new referrals to void properties
- To continue to work with the Pivotal Group to develop more SSH schemes which meet all strands of the rent standard
- To work with the Pivotal Group to develop an asset base of stock which is leased from the group to the HA on shorter term leases
- Develop and implement a robust organisational response to welfare reform, changing government priorities and changing regulatory requirements to minimise loss of rental income while supporting our customers
- Demonstrate a Value for Money approach to deliver further efficiencies, continue to reduce our costs of delivery, and generate a net surplus of £800k by 2025
- Produce a 20-year stock condition plan linked to the stock condition survey carried out in 2023
- Switch on the live Open Housing and Open Accounts systems to automate Pivotal to create a more affordable and efficient central service.

Future Prospects

Pivotal has had to deal with a number of challenges this year both regulatory and financial. This was on the back of the impact of COVID and high inflation this has led to a higher than predicted deficit in the Housing Association.

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

In contrast the reputation of Pivotal with local authorities and partner agencies continues to be excellent with commissioners asking to work with us to resolve the housing crisis they are experiencing. Cornwall are entering into discussions with Pivotal to share the risk of developing and managing new properties by sharing void risk and looking at land opportunities.

Discussions with Bournemouth and Cornwall are taking place to provide support to existing HMOs to create managed accommodation which can provide a half-way house to independent living. Combining this with managing move on accommodation for local landlords will complete the pathway from assessment to independent living.

PHA has limited debt of £450k held with Pivotal Homes Group Limited which it has begun to repay at the end of 2023. It will also source a range of services from the wider Pivotal Group, including arrangement of property leases to achieve growth in delivery of additional units of accommodation over the life of the Business Plan. This model therefore requires no recourse to additional finance to support growth aspirations.

Key focus, achievements and operational performance for 2023/24

The key focus for PHA during 2023/24 can be summarised as follows:

- Review and re-design of underperforming services that were experiencing unacceptable void levels and difficulties with support providers.
- Working with local authority commissioners to find creative, cost-effective solutions to the lack of housing options for young people and homelessness.
- To continue to help our partners in learning disability to re provision their existing, outdated schemes.
- To reduce the percentage of properties managed under long term leases with REIT funds. Aim to have 25% of stock on short-term leases and to hold assets within the Pivotal group.
- Consolidation of systems, policies and governance arrangements to provide a sound basis for future service improvements and business growth.

Details of activities undertaken include:

- New housing management system (Open Housing) continues to be developed. This new system will be operational in 2023 and will assist PHA to automate processes and reporting and improve compliance monitoring.
- Providing an additional 16 units of social housing stock specifically adapted to customer need.
- An ongoing review of governance and financial arrangements for PHA with the aim of reducing the overhead recharge by reviewing and reducing the services required by the HA and moving offices to a lower rental option.
- A new 3-year Customer Engagement strategy agreed aimed at increasing the customers voice in designing and delivering Pivotal services.

Business development

Existing partnerships have been strengthened during the year, and new partnerships have been established, including a new partnership with Pioneering with whom our first scheme was successfully completed and opened in February 2023.

Significant benefits are derived from the wider Pivotal Group of companies in terms of sourcing of properties and finance, and the protection of PHA against development risk whereby PHA only enters new leases where schemes are acquired and partnerships and client groups in place.

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

Partnerships for the delivery of care and support are now in place with the following organisations:

Clear Pathway Care	Nelson Trust
Pivotal Support	Rethink
Your Choice	K2 Care
Young Person's Team, Cornwall CC	NHS (Cornwall)
Northam Care Trust	Brandon Trust
Live West	Pioneering

Details of new schemes launched during the year:

- A 6-bed scheme (with an additional 3 units in future) for customers with a learning disability was opened in partnership with the Brandon Trust.
- A 6-bed scheme for customers with a learning disability were launched in partnership with the Northam Care Trust.
- A 4-bed scheme was launched in partnership with Pioneering.

Additional pipeline schemes for later in 2023/24 include the following:

Location	Location	Partner	Service group	Est Opening
Cornwall	Harmony Road, Roche	Brandon Trust	Learning disability	Apr-23
Devon	Merrivale, Plymouth	Plymouth City Council	Young people / Care leavers	Sep-23
Devon	North Road East, Plymouth	Pioneering	Mental health	Sep-23
Poole	Langdon Replacement, Poole		Homeless	Oct-23

Performance review

A summary of our key operational performance achievements in 2022/23 is as follows:

- Average void levels remained broadly constant during the year at 10.0% at the financial year end. Void loss remained above the 5.4% target throughout the financial year; significantly influenced by a few void schemes. Action was taken in Bournemouth to deal with a long-term void property with a new Support Provider. Solutions for Gloucester including exit from the region have been discussed with the superior landlord to reduce operational spread and voids. Performance outside these schemes improved and was below target for much of the year.
- Average re-let days were 16.3 at the end of Qtr 4 (2022/23); this is a slight increase year-on-year.
- High compliance levels were maintained across all health and safety performance areas: gas safety, legionella testing; electrical safety; asbestos; fire risk assessments; fire alarm testing; and emergency lighting.

Turnover for the Housing Association increased by £0.9m to £9.5m, representing an 9.5% increase year-on-year. A net deficit of (£945.8k) has been recorded, a significant decrease on the small surplus recorded in 2021/22 at a (10.1%) net deficit margin. Net margins have been impacted this year due to higher debt provisioning and inflationary pressures in annual lease reviews and increases in utilities and repair costs have had a significant impact on the overall deficit. The under-delivery on the development programme led to a reduction in income and unrealised efficiencies in central services.

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

Benchmarking

PHA is a member of the Smaller Housing Providers Benchmarking (SPBM) network, facilitated by Acuity in partnership with HouseMark. SPBM has 148 members owning/managing 75,000 homes across eight English regions, with an average stock of 353.

The sector scorecard aims to provide an agreed set of metrics for housing associations to compare their performance and check they are providing value for money. It includes performance and comparisons on the RSH's ViM performance metrics. The service provides additional intelligence for PHA to identify where improvements can be made relative to our peers.

RS H	Metric	Description	PHA 2022/23	PHA 2021/22	PHA 2020/21	SPBM Bench mark
1	Reinvestment %	Investment in properties as percentage of the total properties owned	N/a	N/a	N/a	3.4%
2	New supply – Social	New social housing units acquired or developed / Total Units	3.0%	3.4%	9.2%	0.7%
	New Supply – Non Social	New Non Social housing units acquired or developed in the year / Total Units	N/a	N/a	N/a	0.0%
3	Gearing %	Percentage of assets that are debt	0.0%	0.0%	0.0%	10.1%
4	Interest Cover %	Operating surplus divided by the interest payable	(67.8)%	0.0%	0.0%	804%
5	Social Housing Cost per unit	Headline social housing costs per unit at the end of the period	£26.0k	£17.2k	£17.1k	£13.9k
6	Operating Margin Social	Operating surplus divided by the turnover from lettings	(10.1%)	0.4%	0.14%	11.0%
	Operating Margin Overall	As above	(10.1%)	0.4%	0.14%	11.0%
7	ROCE %	Operating surplus divided by the total assets minus current liabilities	(195.1%)	3.3%	1.0%	3.3%

RSH 1 – all of Pivotal's housing stock is leased

RSH 2 – this is the total number of new units (16) as a percentage of all units leased. All new units are social housing.

RSH 3 - This metric uses the cost/valuation of owned housing but as Pivotal leases all its housing stock this metric gives a nil gearing.

RSH 4 – The HA has a small loan facility with the Pivotal Group on which interest is paid.

RSH 5 - Our overhead costs are high compared to other housing associations. This reflects how all stock is specialised supported housing that is usually acquired to meet specific identified needs of vulnerable tenants, who by definition would otherwise be unable to live independently in the community (i.e. High service charges as units are furnished to a high specification to meet client needs.) Smaller Registered Providers and supported housing providers both have higher costs. As PHA grows, in line with its strategic objectives, it will be able to spread its cost base more efficiently.

RSH 6 - The margin reflects the large deficit that the Housing Association had in 2023. The HA has high costs in relation to our income and inflationary pressures and higher than expected voids have a disproportionately large negative impact on profitability. This reflects the highly specialised nature of the accommodation and the lease-based model. The new Business Plan adopted in 2023 provides for improvements in this position as a result of continued growth and resultant efficiencies.

RSH 7 – The ROCE is impacted as above by the large deficit incurred in 2023.

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

Principal risks and uncertainties

PHA has developed and adopted a risk management and assurance framework. It sets out the arrangements for identifying and managing risk in accordance with the Board's risk appetite. Risks that may prevent us achieving our objectives are considered and reviewed quarterly by the Strategic Leadership Team, the Audit & Risk Committee and the Board.

PHA has adopted the three lines of defence risk management model, which is designed so that assurance may be derived through the strength and source of controls and the level of reliance placed on these.

"All our risks are assessed in terms of their impact and probability, as well as inherent, current and target risk. In addition, reports taken to our Board and Committees are required to contain an evaluation of the risks involved with any recommendations made. Amendments to risks, including the identification of new risks are proposed as part of decision making, which are then approved by the Board or Audit & Risk Committee. "

The key risks to successful achievement of the PHA's objectives are:

Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2023

Risk	Description	Control	Actions
Cashflow	Insufficient cashflow to maintain operations	<ul style="list-style-type: none"> - Monthly cashflow forecasting for Association and report to Board - Register of assets and liabilities - On-going support from Group - Loan facility with Parent in place (£450k) - Limited debt with Parent only. - No treasury function required at present. - Fixed pricing in contracts where feasible to limit exposures. 	<ul style="list-style-type: none"> - Continued growth will be pursued to increase cash reserves and improve financial resilience. - Service rationalisation to reduce overheads - Focus on income processes - Regular review of the Plan with stress testing - Utilities contract fixed for 3 years - Agree lease increases to be capped, or agree pass-on rent with the superior landlord to limit impact.
Inflation	Higher inflation (RPI/CPI) than anticipated.	<ul style="list-style-type: none"> - New properties not handed over until demand confirmed - Contingency planning and established systems to identify suitable replacement tenants - Testing of rent levels ahead of handover and letting - Exit strategies for any unsuitable schemes - Financial monitoring (cash flow) against budget and business plan. - Arrears monitoring in housing management system - Local Authority liaison maintain dialogue and receipt of payments - Compliance with Revenue & Benefits requirements for exempt accommodation status - Comprehensive Financial planning undertaken regularly - Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision - Scheme appraisals providing viability - Established Service Level Agreements for use with Partners - Due diligence for any new Partners and regular monitoring of existing Partners - Executive review and approval of Business and financial plan - Internal audit of new Business Development projects - Governance reviews - Self-assessment of compliance - Governance Action Plans 	<ul style="list-style-type: none"> - Review and exit strategy for Gloucester - Re-provision of services in Bournemouth - Weekly Void review meetings to reduce re-let days and maintenance voids
Voids	Lack of demand for specialised supported housing from suitable tenants / Letting difficulties	<ul style="list-style-type: none"> - Financial monitoring (cash flow) against budget and business plan. - Arrears monitoring in housing management system - Local Authority liaison maintain dialogue and receipt of payments - Compliance with Revenue & Benefits requirements for exempt accommodation status - Comprehensive Financial planning undertaken regularly - Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision - Scheme appraisals providing viability - Established Service Level Agreements for use with Partners - Due diligence for any new Partners and regular monitoring of existing Partners - Executive review and approval of Business and financial plan - Internal audit of new Business Development projects - Governance reviews - Self-assessment of compliance - Governance Action Plans 	<ul style="list-style-type: none"> - Regular dialogue will be maintained with local authorities to ensure continued understanding of the accommodation and support offered to customers - Income Manager appointed
Income collection	Income collection less than expected	<ul style="list-style-type: none"> - Financial monitoring (cash flow) against budget and business plan. - Arrears monitoring in housing management system - Local Authority liaison maintain dialogue and receipt of payments - Compliance with Revenue & Benefits requirements for exempt accommodation status - Comprehensive Financial planning undertaken regularly - Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision - Scheme appraisals providing viability - Established Service Level Agreements for use with Partners - Due diligence for any new Partners and regular monitoring of existing Partners - Executive review and approval of Business and financial plan - Internal audit of new Business Development projects - Governance reviews - Self-assessment of compliance - Governance Action Plans 	<ul style="list-style-type: none"> - Existing relationships will be managed to ensure a supply of properties to match identified customer needs. - Consideration of other sources of new units - Widening the areas of potential growth
Business Growth	Failure to deliver growth of new homes in line with Business Plan assumptions (60 per annum)	<ul style="list-style-type: none"> - Financial monitoring (cash flow) against budget and business plan. - Arrears monitoring in housing management system - Local Authority liaison maintain dialogue and receipt of payments - Compliance with Revenue & Benefits requirements for exempt accommodation status - Comprehensive Financial planning undertaken regularly - Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision - Scheme appraisals providing viability - Established Service Level Agreements for use with Partners - Due diligence for any new Partners and regular monitoring of existing Partners - Executive review and approval of Business and financial plan - Internal audit of new Business Development projects - Governance reviews - Self-assessment of compliance - Governance Action Plans 	<ul style="list-style-type: none"> - Existing relationships will be managed to ensure a supply of properties to match identified customer needs. - Consideration of other sources of new units - Widening the areas of potential growth
Regulation Failure	Negative regulator assessments / regulatory action or intervention	<ul style="list-style-type: none"> - Financial monitoring (cash flow) against budget and business plan. - Arrears monitoring in housing management system - Local Authority liaison maintain dialogue and receipt of payments - Compliance with Revenue & Benefits requirements for exempt accommodation status - Comprehensive Financial planning undertaken regularly - Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision - Scheme appraisals providing viability - Established Service Level Agreements for use with Partners - Due diligence for any new Partners and regular monitoring of existing Partners - Executive review and approval of Business and financial plan - Internal audit of new Business Development projects - Governance reviews - Self-assessment of compliance - Governance Action Plans 	<ul style="list-style-type: none"> - Implementation of Governance Action Plan - Timely and regular meeting with the Regulator and response to Regulatory queries

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

Regulation and Corporate Governance

In March 2021, the Regulator of Social Housing (RSH) issued a Regulatory Notice against PHA. In this Notice, it found that PHA was:

- Non-compliant with the Governance and Financial Viability Standard relating to both governance and financial viability weaknesses.
- The RSH found that PHA had been unable 'to demonstrate that it has managed its affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight. It has failed to demonstrate that its business planning, risk management and internal controls framework have been effective in identifying and managing risk to the delivery of its objectives'.
- Non-compliance with the Rent Standard, and in particular, that PHA was 'unable to provide adequate assurance that the accommodation it provides meets the government's definition of Temporary Social Housing (TSH) or Specialised Supported Housing (SSH) and therefore that it is exempt from the Rent Standard'.

As a result, PHA has an Action Plan agreed and in place that will enable the organisation to move to a position of compliance.

Compliance with Code of Governance

The Regulator of Social Housing's (RSH) Governance and Financial Viability Standard requires all Registered Providers (RPs) to adopt a Code of Governance. RPs must comply with their Code of Governance or explain how and why it does not comply with the Code. PHA has adopted the NHF Code of Governance (2015) ("the Code") and has agreed to work towards compliance with the 2020 Code of Practice. It has undertaken a full assessment of its compliance against the 2020 Code and will be working towards achieving full compliance during the course of the next financial year.

Compliance with all relevant law

In accordance with Part 1.1(a) of the RSH's Governance and Financial Viability Standard, it is necessary for all RPs to adhere with 'all relevant law'.

The Board is able to confirm that there are no known instances of PHA being in breach of any English law. This includes monitoring of compliance against a range of health and safety related matters in which full compliance is in place.

Board Statement of Public Benefit

PHA's charitable objects restrict its activities to:

- The relief of poverty and unemployment and the promotion of good health among those people in the interim stage between full government support and their return to independence in the community, with particular reference to the economically and socially disadvantaged members of the society such as mental health patients, ex-offenders, other vulnerable groups and young people in the United Kingdom, by the provision of accommodation, social housing, qualified supporting care services and advice.
- To providing social housing and any other purposes connected with or incidental to the provision and management of housing, social housing and accommodation.
- Total customers supported by the HA is in the region of 850, with 279 move on's

PHA's aims and activities primarily benefit people in the following ways:

- Provision of housing of a specialised nature to meet the high support and care needs of tenants, provided without support of public capital grants, that enable them to live, or adjust to living, independently within the community.
- Related home repair, improvement and tenancy management services.
- "Intensive housing management support services that promote tenancy sustainment and co-ordination of support services that promote independent living, including:"
 - o sleepover cover
 - o preparation of budget plans

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

- o access to support aids and funds to help customers manage their money
- o workshops for cooking, budgeting and nutrition
- o bedding, towels and laundry facilities
- o assistance with computers and internet access

The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our published policies, and to ensure fair access to our services for all those in housing or other need with additional care and support needs and who would otherwise be unable to live independently.

Reserves Policy

The Board have agreed a Reserves Policy with unrestricted reserves set at £0.5 million. PHA is not expected to achieve the level of reserves stated in the agreed policy until 2024/2025, therefore over the next 12 months PHA will continue to receive support from Charles Terrence Estates Ltd and Pivotal Group Holdings Ltd.

Dividends

As a company limited by guarantee of members (and registered charity), the organisation has no issued share capital and is not permitted to distribute profits by way of a dividend.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. The systems of internal control are designed to manage rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

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

A detailed risk register is considered by each Audit & Risk Committee and at least annually by the Board. The Trustees are satisfied that the major risks to which the organisation is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks.

Trustees have ensured that the following key mechanisms are in place to facilitate effective internal controls assurance:

Identifying and evaluating key risks

The Audit & Risk Committee for the Pivotal Group oversee the Risk Management and Assurance Framework and work of the external auditors and internal auditors. The Senior Leadership Team regularly considers reports on these risks and the Chief Executive is ultimately responsible for reporting any significant change affecting key risks to the Committee (and the Board).

Control environment and internal controls

The process to identify and manage the key risks to which the organisation is exposed are an integral part of the internal control environment. Such processes, reviewed annually, include:

- A formal risk assessment and strategic planning process
- Quarterly review by the Audit & Risk Committee of risk
- Quarterly review by the Board of key performance indicators to assure progress towards the achievement of objectives.
- Adoption of the National Housing Federation Code of Governance 2015, and the Board has conducted a review against this Code and has agreed actions that will lead to full compliance.
- A clearly defined structure with appropriate Articles of Association, Standing Orders, Financial Regulations and Delegated Authorities which Trustees and employees follow.
- Effective procedures to ensure that all Trustee / Senior Leadership Team approval is required as appropriate for all major expenditure commitments.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

- The setting of standards and compliance with health and safety, data protection, fraud prevention and counter bribery and money laundering arrangements.
- All Trustees and employees are covered by Directors and Officers Liability insurance.

Financial reporting arrangements include the setting of detailed annual budgets and rent plans, and a 30-year Plan including cashflow forecasts, all approved by the Board and revised as necessary. Additionally, regular reporting is in place for key areas such as void management, rent collection, major works and stock investment and responsive repairs.

Monitoring arrangements

Regular reporting to the Senior Leadership Team, Committees and Board is part of the control environment.

- The Audit & Risk Committee receive an annual report on internal controls assurance from the Senior Leadership Team.
- Internal Audit regularly reports on periodic testing and quality checks to validate data and identify areas for continuous improvement.
- External auditors provide reports on management and control issues identified during the course of their work.

The Board has reviewed the Audit & Risk Committee's annual report on the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

Fraud Assurance

A Counter Fraud, Bribery and Corruption Policy and Anti-Money Laundering Policy is in place to reduce the risk of fraudulent activities. Whistleblowing arrangements and will be subject to regular review. A Fraud Register is maintained and available for inspection of the Audit & Risk Committee. Internal auditors provide an additional layer of controls designed to reduce the risk of fraud occurring.

Overall internal controls position statement

"The Board is of the view that internal control arrangements are generally effective, but that there are some areas where strengthening of internal controls are required as detailed. There are also improvements required to further strengthen the governance and financial viability of PHA. This is subject to an Action Plan with the RSH."

The Board

PHA is governed by a voluntary Board of Trustees. The Trustees who served during the year and up to the date of signing the financial statements are listed on page 1.

- The Board has established a Competency and Skills Framework that sets out what the Board will require in order to meet the challenges of delivering our priorities.
- Trustee recruitment follows an open and transparent process, with Trustees selected on the basis of their skills and competencies.
- The Board has a Trustee Induction policy. This is designed to ensure all Trustees have knowledge of the organisation and its principal activities.

Delegations

The Board of PHA is responsible for the strategy of the organisation as well as overseeing its performance. Specific responsibilities have been delegated to the PHA Audit & Risk Committee. Day-to-day performance is delegated to the Strategic Leadership Team.

Audit & Risk Committee – responsible for:

- Statutory reporting, internal (when appointed) and external audit, internal controls, and assurance
- Monitoring the Group's risk management and control framework, as set out in the Group Risk Management and Assurance Framework.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

Upon formally joining the Pivotal Group, Committee structures will be reviewed and revised as necessary.

Company membership

There are currently two company members, drawn and selected from the wider Pivotal group. A decision has been taken for PHA to formally become a Subsidiary of Pivotal Group Holdings Limited. Once completed, it is intended that membership of the organisation will be co-terminus with the Board, plus an additional share issued to Pivotal Group Holdings Limited in its capacity as Parent.

Customer Involvement

Direct engagement with customers is encouraged wherever possible, taking in to account the specialist needs of the client groups served. This may often require engagement with family, support and care workers. Involvement includes: information newsletters; new home surveys; repairs feedback; satisfaction feedback.

Statement of Board responsibilities

Trustee obligations and responsibilities are set out in the Trustee Role Profile, the Standing Orders, and the Terms of Reference of the PHA Board. This includes statements that the Board is collectively responsible for the direction and control of the organisation.

- Each member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements.
- The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.
- Preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.
- The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association.
- It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.
- The Board has a general responsibility for taking reasonable steps to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

At the date of making this report each of the Trustees of the Association confirm the following:

- So far as each Trustee is aware, there is no relevant audit information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- Each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make him/herself aware of any relevant audit information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

Statement of Compliance

In preparing this Strategic Report and Board report, the Board has followed the principles set out in Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

Annual general meeting

The annual general meeting will be held in September 2023.

Auditors

A resolution to re-appoint PKF Francis Clark will be proposed at the forthcoming Annual General Meeting.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2023

Going Concern

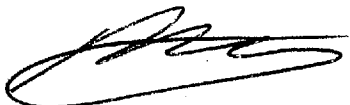
The board have considered the financial forecasts, cash flow forecasts and any apparent uncertainties which could have an impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet liabilities as they fall due during the next 12 months, and therefore in the opinion of the Board at the date of approval of the 2022/23 financial statements, the association requires the continued support of Pivotal Group Holdings.

PHA's business activities, its current financial position and factors likely to affect its future development are set out within this Board Report and Annual Accounts. PHA is undertaking a formal review of its business plan and operations to improve its effectiveness and reduce costs. We are committed to creating a safe and healthy environment - for our staff, customers and all who come into contact with our services.

On this basis, the Board has a reasonable expectation that PHA has adequate support, resources and together with proactively managing cash-flow, has sufficient working capital to continue to meet its financial obligations and 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 financial statements have been prepared on a going concern basis.

The Report of the Directors has been prepared in accordance with the provisions applicable to companies under the Companies Act 2006, subject to the small companies' exemption regime.

On behalf of the board



D Streek, Chair

Date: 20 September 2023

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2023

Opinion

We have audited the financial statements of Pivotal Housing Association (the 'association') for the year ended 31 March 2023 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity/ reserves, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2023, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

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.

Material uncertainty relating to going concern

In auditing the financial statements, we have concluded that a material uncertainty exists that may cast significant doubt on the associations ability to continue as a going concern. We draw your attention to notes 1(o) and 17 in the financial statements which indicate that the association is dependent upon the continued support of related parties. Our opinion is not modified in respect of this matter.

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 board is responsible for the other information. The other information comprises the information included in the board report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2023

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the board report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board report (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the board report (incorporating the strategic report).

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the board was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 12, the board members (who are also the directors of the association for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2023

Auditor's responsibilities for the audit of the financial statements

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

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

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the association. We gained an understanding of the association and the industry in which the association operates as part of this assessment to identify the key laws and regulations affecting the association. We made enquiries with management and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations identified were health and safety regulations, employment law, regulations regarding the standards of homes and also those laws and regulations that have a direct impact on the preparation of the financial statements.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed filings with the Regulator of Social Housing, Charity Commission and Companies House and whether there were any serious incident reports made during the year.
- Discussed with management if any health and safety incidents have been recorded during the year.
- Review of the GDPR policy and enquiries to management as to the occurrence of any reportable breaches.
- Reviewed Board minutes and correspondence with the Regulator of Social Housing and Charity Commission.
- Reviewed estimates and judgements made in the accounts for any indication of bias.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2023

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

*****THIS REPORT HAS NOT BEEN SIGNED BY THE AUDITOR'S*****

Chloe Mills FCA (Senior Statutory Auditor)
Statutory Auditor
For and on behalf of PKF Francis Clark
Chartered Accountants and Statutory Auditors
Towngate House
2 – 8 Parkstone Road
Poole
BH15 2PW

Date: _____

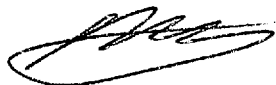
Pivotal Housing Association

Statement of Comprehensive Income (Including Income and Expenditure Account)

Year Ended 31 March 2023

		Total 2023 £	Total 2022 £
	Note		
Turnover			
Letting of non-investment property	2	9,509,316	8,571,482
Cost of Sales			
Direct cost of letting properties		7,308,525	5,764,148
Support costs		<u>2,154,382</u>	<u>1,972,730</u>
	2	<u>9,462,907</u>	<u>7,736,878</u>
Gross surplus		46,409	834,604
Other income			
Miscellaneous income	2	63,116	188,777
		<u>109,525</u>	<u>1,023,381</u>
Administrative expenses			
Management and administration	2	1,055,286	1,011,331
Surplus / (deficit) for the year		<u>(945,761)</u>	<u>12,050</u>
Fund balance brought forward at 1 April		<u>151,897</u>	<u>139,847</u>
Fund balance carried forward at 31 March		<u>(793,864)</u>	<u>151,897</u>

On behalf of the board



D Streek, Chair

Date: 20 September 2023

Pivotal Housing Association

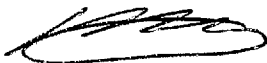
Balance sheet

Year Ended 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	7	8,623	12,163
Tangible fixed assets	8	<u>581,935</u>	<u>541,753</u>
		590,558	553,916
Current assets			
Debtors	9	1,571,947	1,202,690
Cash at bank and in hand		<u>611,848</u>	<u>542,126</u>
		2,183,795	1,744,816
Total assets		2,774,353	2,298,732
Creditors: amounts falling due within one year	10	(2,317,874)	(1,155,651)
Net current assets / (liabilities)		<u>456,479</u>	<u>1,143,081</u>
Creditors: amounts falling due after more than one year	11	(421,875)	(450,000)
Provision for liabilities	12	<u>(828,468)</u>	<u>(541,184)</u>
Total net assets / (liabilities)		<u>(793,864)</u>	<u>151,897</u>
Funds:			
Unrestricted funds			
General funds		(793,864)	151,897
Total funds	14	<u>(793,864)</u>	<u>151,897</u>

The financial statements were approved and authorised for issue by the Board.

Signed on behalf of the board



D Streek, Chair

Date: 20 September 2023

The notes on pages 22 to 32 form part of these accounts.

Company registration number: 06211760

Pivotal Housing Association

Statement of Changes in Equity / Reserves

Year Ended 31 March 2023

	Income and expenditure reserve	Total 2023	Total 2022
	£	£	£
As at 1 April	151,897	151,897	139,847
Surplus / (deficit) for the year	(945,761)	(945,761)	12,050
Total comprehensive income	<u>(793,864)</u>	<u>(793,864)</u>	<u>151,897</u>
As at 31 March	<u>(793,864)</u>	<u>(793,864)</u>	<u>151,897</u>

Pivotal Housing Association

Statement of Cash Flows

Year Ended 31 March 2023

	Note	2023 £	2022 £
Net cash flow from operating activities			
Net cash flow from operating activities	15	324,339	436,958
Cash flows from investing activities			
Payments to acquire tangible fixed assets	8	(254,617)	(269,411)
Cash flow from financing activities			
Proceeds from issue of new long-term loans		-	-
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		69,722	167,547
Cash and cash equivalents at 1 April		542,126	374,579
Cash and cash equivalents at 31 March		<hr/> <u>611,848</u>	<hr/> <u>542,126</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

1 Summary of significant accounting policies

(a) General information and basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Registered Social Housing Providers: Statement of Recommended Practice applicable to registered social housing providers preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Housing SORP 2018 (FRS 102), Accounting Direction for Private Registered Providers of Social Housing 2019, Companies Act 2006 and Accounting Determination.

The association has adapted the Companies Act formats to reflect the special nature of the registerer provider's activities.

(b) Company status

The registered provider is a company registered in the UK and limited by guarantee (Company number 06211760). There are 2 independent members of the company. In the event of the registered provider being wound up, the liability in respect of the guarantee is limited to £1 per member of the registered provider.

The Association is a Registered Housing Association (No. 4747) and a Registered Charity (No. 1121914). The registered provider constitutes a public benefit entity as defined by FRS 102.

(c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the registered provider and which have not been designated for other purposes.

(d) Incoming resources

All incoming resources are included in the SOCI when the registered provider is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the registered provider being notified of an impending distribution or the legacy being received.

The expected income per property is recorded as income with voids being brought in to account for the opportunity costs lost on the properties not occupied.

Management fees and Training fees are recognised as income in the period in which the services are provided to other organisations.

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis and other overheads have been allocated on the basis of the head count.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

1 Summary of significant accounting policies (continued)

(f) Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software 10 years straight line basis

(g) Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Plant and machinery	10 years straight line basis
Leasehold property improvements	5 / 10 / 20 years straight line basis
Office equipment	3 years straight line basis
Fixtures and fittings	5 / 10 years straight line basis
Property set-up costs	3 / 5 / 10 years straight line basis

(h) Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

1 Summary of significant accounting policies (continued)

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(j) Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Financial instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the association's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

1 Summary of significant accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that sell the assets in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

(I) Provision for liability

The sinking fund matches the amount on the agreed rent card each month and is accounted for on an accruals basis and the calculation is based upon the number of days per month. The calculation deducts the number of void days in the period. The budget for the sinking fund is calculated using the latest housing stock condition survey. The value of the expected works is calculated on a weekly basis over the timeframe used in the housing stock condition survey. This is then added to the rent card proposals sent to the Local Authority. The sinking fund income is therefore part of the Housing Benefit rental income receivable from the Local Authority.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

1 Summary of significant accounting policies (continued)

(m) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(n) Retirement benefit

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

(o) Going Concern

The financial statements have been prepared on a going concern basis. As explained in the board report, the board have considered the financial forecasts, cash flow forecasts and any apparent uncertainties which could have an impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet liabilities as they fall due during the next 12 months, and therefore in the opinion of the Board at the date of approval of the 2022/23 financial statements, the association requires the continued support of Pivotal Group Holdings. The directors consider that with this support, together with proactively managing cash-flow, the association has sufficient working capital to continue to meet its financial obligations and pay its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

2 Social housing turnover and costs

	2023	2022
	£	£
Rents receivable excluding service charges	9,374,048	8,477,911
Service charges receivable	135,268	93,571
Other income	63,116	188,777
Total income from lettings	<u>9,572,432</u>	<u>8,760,259</u>
Cost of property letting	7,308,525	5,764,148
Support costs	2,154,382	1,972,730
Management and administration	1,055,286	1,011,331
Total housing activities expenditure	<u>10,518,193</u>	<u>8,748,209</u>
Net surplus / (deficit) from social housing activities	<u>(945,761)</u>	<u>12,050</u>
Rent losses from voids	1,137,851	1,221,527

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

3 Bed spaces

	Number of units at 31 March 2023	Number of units at 31 March 2022
<i>Social housing</i>		
Supported housing	537	517
	<u>537</u>	<u>517</u>

4 Auditor's remuneration

	2023 £	2022 £
Fees payable to the Association's auditor for the audit of the Association's annual accounts	24,100	21,000
	<u>24,100</u>	<u>21,000</u>

5 Directors' remuneration

No remuneration was paid to or receivable by directors during the year (2021: 0)

6 Staff costs

The aggregate remuneration of such employees was as follows:

	2023 £	2022 £
Wages and salaries	1,220,434	1,202,606
Social security	115,730	104,921
Other pension costs	22,150	22,041
	<u>1,358,314</u>	<u>1,329,568</u>
Average number of employees	47	49

There are no employees who received more than £60,000 as their employee package.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

7 Intangible fixed assets

	Software £
Cost:	
At 1 April 2022	39,392
Additions	-
Disposals	-
At 31 March 2023	<u>39,392</u>
Amortisation:	
At 1 April 2022	27,229
Charge for the year	3,540
Eliminated on disposals	-
At 31 March 2023	<u>30,769</u>
Net book value:	
At 1 April 2022	<u>12,163</u>
At 31 March 2023	<u>8,623</u>

Pivotal Housing Association
Notes to the Financial Statements
Year Ended 31 March 2023

8 Tangible fixed assets

	Plant & machinery	Leasehold property improvements	Property set up costs	Office equipment	Furniture & fixtures	Total
	£	£	£	£	£	£
Cost:						
At 1 April 2022	337,396	303,158	262,627	35,214	98,281	1,036,676
Additions	76,929	156,764	-	-	20,924	254,617
Disposals	-	-	(262,267)	-	-	(262,267)
At 31 March 2023	414,325	459,922	-	35,214	119,205	1,028,666
Depreciation:						
At 1 April 2022	200,557	96,247	162,074	27,150	8,895	494,923
Charge for year	37,844	61,843	44,752	3,641	10,554	158,634
Eliminated on Disposal	-	-	(206,826)	-	-	(206,826)
At 31 March 2023	238,401	158,090	-	30,791	19,449	446,731
Net book value:						
At 1 April 2022	136,839	206,911	100,553	8,064	89,386	541,753
At 31 March 2023	175,924	301,832	-	4,423	99,756	581,935

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

9 Debtors

	2023	2022
	£	£
Trade debtors	909,582	582,697
Other debtors	459,951	317,503
Prepayments and other accrued income	202,414	302,490
	<u>1,571,947</u>	<u>1,202,690</u>

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	566,932	368,920
Other tax and social security	27,456	26,000
Other creditors	1,695,361	760,731
Loans	28,125	-
	<u>2,317,874</u>	<u>1,155,651</u>

11 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Loans	421,875	450,000
	<u>421,875</u>	<u>450,000</u>

In the financial year ended 31 March 2020 Pivotal Housing Group entered into a loan facility agreement for £450,000 with Pivotal Homes Group. At the end of March 2020 £450,000 had been drawn down. From June 2020 interest of 0.5% above National Westminster Bank base lending rate was payable. Capital repayments started in April 2023 and the capital is repayable over 16 quarterly payments.

12 Provision for liability – Rental income sinking fund

	2023
	£
Sinking fund provision at 1 April 2022	541,184
Movement in provision during the year	287,284
	<u>828,468</u>
Sinking fund provision at 31 March 2023	<u>828,468</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

13 Leases

	2023 £	2022 £
Not later than one year	5,034,504	4,850,742
Later than one and not later than five years	20,138,015	19,402,969
Later than five years	44,837,054	46,906,508
	<u>70,009,573</u>	<u>71,160,219</u>

The registered provider has entered into a 20-year lease for the majority of its properties.

14 Funds

	2022 £	Income £	Expenditure £	2023 £
General reserves	151,897	9,572,432	(10,518,193)	(793,864)
	<u>151,897</u>	<u>9,572,432</u>	<u>(10,518,193)</u>	<u>(793,864)</u>

The general reserve represents free funds of the registered provider which are not designated for a particular purpose.

15 Reconciliation of operating surplus / (deficit) to cash flow from operating activities

	2023 £	2022 £
Surplus / (deficit) for the year	(945,761)	12,050
Depreciation and impairment of tangible fixed assets	158,634	100,622
Amortisation and impairment of intangible fixed assets	3,540	7,079
Loss on disposal of tangible fixed assets	55,801	-
(Increase) / decrease in trade and other debtors	(369,257)	(10,550)
Increase / (decrease) in trade and other creditors	1,134,098	51,458
Increase / (decrease) in provisions	287,284	276,299
Net cash flow from operating activities	<u>324,339</u>	<u>436,958</u>

16 Analysis of changes in net debt

	2022 £	Cash flows £	2023 £
Borrowings repayable in < 1 year	(28,125)	-	(28,125)
Long-term borrowings	(421,875)	-	(421,875)
Total liabilities	<u>(450,000)</u>	-	<u>(450,000)</u>
Cash and cash equivalents	542,126	69,722	611,848
Total net debt	<u>92,126</u>	<u>69,722</u>	<u>161,848</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2023

17 Related party transactions

The Association had the following related party transactions and balances during the year:

Pivotal Group Holdings

Included in other creditors are £877,694 (2022: £358,764).

Pivotal Support Group Limited

A member of the Association is a shareholder of this Company.

Included in other debtors/(creditors) are £43,477 (2022: (£45,599)).

Pivotal Care Group Limited

Included in other debtors are £122,752 (2022: £81,684).

Pivotal Homes Property

Included in other debtors are £Nil (2022: £3,010).

Pivotal Development Services Limited

Included in other debtors are £30,346 (2022: £24,996).

Charles Terence Estates Limited

D Dixon is a director and shareholder of this Company.

This Company has paid rentals during the period for hostels occupied by the Association as follows:

£75,279 (2022: £187,813) rentals payable to Charles Terence Estates Limited.

£48,000 (2022: £148,000) bed space contribution income received from Charles Terence Estates Limited

£57,241 (2022: £95,740) rents recharged to Charles Terence Estates Limited

Rentals payable are considered to be at market value.

Included in trade creditors are £Nil (2022: £26,382).

Included in other debtors are £263,375 (2022: £230,338).

Pivotal Homes Group Limited

Included in other creditors are £312,107 (2022: £299,623).

Included in loans are £450,000 (2022: £450,000).

Pivotal Professional Services Limited

Included in other debtors/(other creditors) are (£22,525) (2022: £22,525).

Pivotal Housing Association

England & Wales - Charity number 1121914

Accounts

**Pivotal Housing Association
Financial Statements
Year Ended 31 March 2022**

Regulator of Social Housing registration number: 4747

Company registration number: 06211760

Charity registration number: 1121914

Pivotal Housing Association

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Year Ended 31 March 2022

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Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2022

Regulator of Social Housing registration number	4747
Company registration number	06211760
Charity registration number	1121914
Members of the board	P Levaggi D Streek (Chair) N S Lee J E Hughes N Courts (Resigned 27/05/21) D Lockerman A Hussain Shah
Chief Executive Officer	J Kingsbury
Director of Operations	N Stolberg
Registered office	Unit 1, St Stephen's Court 15/17 St Stephen's Road Bournemouth Dorset BH2 6LA
Auditor	PKF Francis Clark Chartered Accountants & Statutory Auditors Towngate House 2-8 Parkstone Road Poole BH15 2PW
Solicitor	Frettens Solicitors The Saxon Centre 11 Bargates Christchurch BH23 1PZ
Bankers	National Westminster Bank PLC The Square 5 Old Christchurch Road Bournemouth BH1 1DU

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

The Trustees and Strategic Leadership Team are pleased to present the Annual Report and Financial Statements for the year ending 31 March 2022 for Pivotal Housing Association (“PHA”).

Principal Activities

PHA is a company limited by guarantee, a Registered Provider of Social Housing and a charity registered with the Charity Commission which was established in April 2007. PHA is proud to provide quality housing with specialist support and compassionate care to over 500 single vulnerable people with a variety of needs. We work closely with local authorities and health service commissioners across a number of locations, including Dorset, Cornwall and Gloucester, to identify suitable homes for the vulnerable people we exist to serve. All current accommodation managed by PHA is operated on a lease-based financing model with the associated support and care delivered by third party partners.

The Trustees have complied with duties contained in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission and are satisfied that all the objectives and activities outlined below are undertaken for public benefit.

Delivering our Strategic Plan

In May 2020, the PHA Board adopted a 5-year business plan – providing more services for more people. This sets out an ambition for PHA to be as follows by 2025:

1. A stronger business with increased capacity for growth of new homes and services.
2. Strengthening our geographic area of operation and customer base in line with the group strategy.
3. Realising positive results from the investments we have made in our existing homes and communities.
4. Providing products and services that are shaped by customers, influenced by market conditions and demonstrably delivering value for money.
5. A smarter, slicker, simpler business, combining the strength of a group structure with the flexibility for group entities to make independent decisions.

Our key strategic aims can be summarised as follows:

- We will deliver excellent services
- We will grow our business
- We will maximise our impact

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

The way in which we will achieve each of these strategic aims is as follows:

Deliver excellent services

- Improve the quality of customers' homes by having an agreed Pivotal Standard shaped by customers and service providers.
- Improve our asset management and repairs service based on our full stock condition survey.
- Be more pro-active in tackling anti-social behaviour and wider tenancy enforcement
- Put in place robust Service Level Agreements with partner agencies to reduce void risk
- Future-proof our HMO housing portfolio
- Embrace new technology to improve customer experience
- Work co-operatively and collaboratively with our partners, funders and regulators.

Grow our business

- Create capacity through improving efficiency and by maximising long-term funding, establishing a sustainable mixed portfolio of leasehold properties by 2025 containing both short and long term leases to ensure a balance between certainty and flexibility.
- Manage risk by reporting on a strong set of KPIs and having an up to date risk framework and monthly updated risk register.
- Deliver a growth programme which meets the strategic objectives of the charity, developing 300 new homes by 2025.
- Actively seeking out new sources of funding through charitable grants and pursuing appropriate forms of strategic alliances, with at least 2 health authority partners and 5 national care and support provider partnerships by 2025.
- Adopt a proactive approach to existing business, taking strategic action to tender for existing and new business, review and renew contracts and to implement exit strategies and remodelling where required to achieve and maintain financial strength.

Maximise our impact

- Use the strength of the wider Pivotal Homes Group to provide financially sound services
- Have a strong enough presence to make a real difference to people's lives, helping them to become more financially or physically independent in order that we can sustain their tenancies.
- Help our customers to cope with welfare reform by supporting them off benefits and into work.
- Work collaboratively across the Pivotal Homes Group, with other housing associations and our partners to revitalise communities and neighbourhoods.
- Construct effective partnerships with health and care commissioning bodies, to ensure we improve the health and wellbeing in our communities.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Our key priorities to March 2025

- Continue to develop the governance structure for PHA within the Pivotal group structure.
- Reduce void levels to under 5% average across all services with an action plan for long term voids and a robust housing management service to generate new referrals to void properties.
- Reduce the risk of new business by providing services which are supported by public sector funding, have a robust Service Level Agreement in place to mitigate void risk, provide a fill up period indemnity, have a lease which provides a review clause where public funding is reduced and have an exit strategy in place.
- Develop and implement a robust organisational response to welfare reform, changing government priorities and changing regulatory requirements to minimise loss of rental income while supporting our customers.
- Demonstrate a Value for Money approach to deliver further efficiencies, continue to reduce our costs of delivery, and generate a net surplus of £800k by 2025.
- Produce a 20 year stock condition plan linked to the full stock condition survey carried out in 2022.
- Complete the appraisal of the preferred operating model for the repairs service moving to a more proactive and less reactive approach.

Future Prospects

In May 2020, the Board agreed a new 5-year Business Plan, which demonstrates strong financial performance in the years to come achieved through continued growth and increased economies of scale. This position will lead to increased levels of cash reserves within the organisation to enhance financial resilience.

PHA has limited debt of £450k held with Pivotal Homes Group Limited which it will begin to repay from Year 3 of the current Business Plan. It will also source a range of services from the wider Pivotal Group, including arrangement of property leases to achieve growth of approximately 300 additional units of accommodation over the life of the Business Plan. This model therefore requires no recourse to additional finance to support growth aspirations.

Key focus, achievements, and operational performance for 2021/22

The key focus for PHA during 2021/22 can be summarised as follows:

1. Review and re-design of underperforming services that were experiencing unacceptable void levels and difficulties with support providers.
2. Consolidation of systems, policies and governance arrangements to provide a sound basis for future service improvements and business growth.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Details of activities undertaken include:

- New housing management and accounts systems (Open Housing and Open Accounts) have been purchased and largely implemented during the course of the year. These new systems will be operational from 2022 and will assist PHA to create workflows; automate processes and reporting; and improve compliance monitoring.
- Providing an additional 47 units of social housing stock specifically adapted to customer need.
- An ongoing review of governance and financial arrangements for PHA with agreement to join the Pivotal Group structure following successful completion of this review.
- New 3-year Customer Engagement strategy developed aimed at increasing the customers voice in designing and delivering Pivotal services.

Business development

Existing partnerships have been strengthened during the year, and several new partnerships have been established, including a new partnership with Your Choice with whom our first scheme was successfully completed and opened in December 2021.

Significant benefits are derived from the wider Pivotal Group of companies in terms of sourcing of properties and finance, and the protection of PHA against development risk whereby PHA only enters new leases where schemes are acquired and partnerships and client groups in place.

Partnerships for the delivery of care and support are now in place with the following organisations:

Clear Pathway Care	Nelson Trust
Pivotal Support	Rethink
Your Choice	K2 Care
Young Person's Team, Cornwall CC	NHS (Cornwall)
Northam Care Trust	Brandon Trust
Live West	

Details of new schemes launched during the year:

- Four schemes for customers suffering with poor mental health were opened in partnership with Brandon Trust; an 11 bed, a 7 bed and two 6 bed schemes.
- Three schemes for customers with a learning disability were launched in partnership with the Northern Care Trust; an 8 bed and a 6 bed scheme
- One, 3 bed scheme was launched in partnership with Your Choice

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Additional pipeline schemes for later in 2022/23 include the following:

Location	Partner	Service group	Estimated opening
Cornwall (St Anne's Grove)	Brandon Trust	Learning disability	May-22
Devon (Winston Park)	Northam Care Trust	Learning disability	May-22
Cornwall (Harmony Road)	Brandon Trust	Learning disability	Dec-22
Devon (Eveleigh House)	TBC	Mental Health	TBC

Performance review

A summary of our key operational performance achievements in 2021/22 is as follows:

- Average void levels improved throughout the year from 11.4% to 9.3% at financial year end. Void loss remained above our 5.4% target throughout the financial year; significantly influenced by a few void schemes. Performance improved towards the end of the year following the award of a new support contract by BCP LA.
- Average re-let days were 13.7 at the end of Quarter 4 (2021/22).
- High compliance levels were maintained across all health and safety performance areas: gas safety, legionella testing; electrical safety; asbestos; fire risk assessments; fire alarm testing; and emergency lighting.

Turnover for the Housing Association increased by £620,000 to £8.5 million, representing an 7.9% increase year-on-year. Net surplus of £12,050 has been recorded in 2021/22, a decrease of £15,816 against the net surplus recorded in 2020/21 and 0.14% net surplus margin versus 0.35% net surplus margin in prior year. Net margins have been impacted this year due to the impact of the Coronavirus pandemic on both void loss and the wider Pivotal development programme, leading to a reduction in income.

The Housing Association has grown by 47 properties during 2021/22 resulting in a portfolio of 511 properties. Over the coming year and beyond, Pivotal will continue to grow its availability of properties for rental through reinvestment of surpluses.

Delivering Value for Money

PHA's approach to delivering Value for Money (VfM) is based on maximising the delivery of its new 5-year Business Plan - Providing more services for more people adopted in May 2020.

We seek to optimise the balance between the three 'E's' - Economy, Efficiency and Effectiveness:

- **Economy** - is the price paid for what goes into providing a service.
- **Efficiency** - is a measure of productivity or how much is gained from what is put in.
- **Effectiveness** - is a measure of the impact achieved and can be both qualitative and quantitative.

This requires PHA to assess the impact of all its costs, to best meet its stakeholder's needs. This means spending efficiently to keep costs low, whilst maintaining high productivity and maximising outcomes.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Value for Money strategic approach

PHA has established a VfM Strategy and reviews this annually to ensure that it continues to meet the organisation's vision and business plan; tenant's needs and expectations; takes account of the operating environment, risk management and regulatory requirements.

A register of VfM initiatives is updated quarterly and presented and discussed at Senior Leadership Team and Board meetings, with highlights included in the management accounts.

PHA's approach to VfM, promotes transparency in terms of:

- Reviewing performance against VfM targets and any metrics set out by the regulator, and how that performance compares to peers
- Establishing measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

The following strategic objectives have been established by PHA:

- Promotion – Embedding of VfM principles within the culture of the organisation.
- People - Encouraging economic awareness amongst staff and VfM principles within all business operations.
- Procurement – Creation, maintenance and promotion of economic, efficient, and effective purchasing principles and continuous review of contracts and services.
- Minimising waste - from our business operations and review of VfM in each department.
- Improvements - in the stock conditions through seeking improvement opportunities.
- Green - Provision of energy saving, water conservation and waste minimisation advice to our employees and customers.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

VfM Goals and Objectives

Area	Goals/Objectives
Culture	Value for Money will be embedded in the culture of organisation and is a key objective in the Business Plan
Benchmarking	PHA will benchmark performance with other organisations to analyse areas of the business and learn from higher performing / lower cost organisations
Budgets	Budgets will be informed by known costs and experience, including detailed stock condition information. We will adopt a zero-based budgeting approach.
Management Accounts	Management accounts will be provided to enable the Senior Leadership Team to effectively manage their budgets and achieve value for money.
Financial Statements	Financial statements will demonstrate control and assist in enabling efficiencies to be maximised and VfM achieved.
Procurement	We will maintain an effective methodology for procuring goods and services that enables PHA to achieve its VfM aims and objectives. This will be achieved through value engineering.
Customer engagement	We will look to involve residents in our tenders and will ask our key business partners to evidence how they have helped us deliver VfM as part of our contract with them.
Reporting	We will record VfM savings within our KPIs and maintain a VfM Register. Performance results will be reported to the Senior Leadership Team and Board quarterly through management accounts and self-assessment reports. The Board will consider delivery of the VfM Strategy annually as part of the sign-off process for the Financial Statements, including performance against the RSH's VfM metrics, and these will be published annually as required as part of our Financial Statements.

Benchmarking

PHA is a member of the Smaller Housing Providers Benchmarking (SPBM) network, facilitated by Acuity in partnership with HouseMark. SPBM has 148 members owning/managing 75,000 homes across eight English regions, with an average stock of 353.

The sector scorecard aims to provide an agreed set of metrics for housing associations to compare their performance and check they are providing value for money. It includes performance and comparisons on the RSH's VfM performance metrics. The service provides additional intelligence for PHA to identify where improvements can be made relative to our peers.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

RSH Value for Money Metrics

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2021/22	SPBM Benchmark results (median)	Global accounts 2021 (median)	Global accounts 2021 (weighted average)	Commentary
1	Reinvestment (%)	This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties owned.	n/a	n/a	3.4%	5.8%	5.7%	This metric compares the investment against the value of stock owned. All of PHA's stock is leased.
2a	New supply (social) (%)	The new supply metrics sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.	3.4%	9.2%	0.7%	1.3%	1.4%	Although the metric states 'units owned' for the purpose of demonstrating our new supply we have used 'units leased'.
2b	New supply (non-social) (%)	As above	n/a	n/a	0.0%	0.0%	0.2%	All PHA stock is specialised supported housing.
3	Gearing (%)	This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.	0.0%	0.0%	10.1%	43.9%	47.2%	This metric uses the cost/valuation of owned housing but as Pivotal leases all its housing stock this metric gives a nil gearing.
4	EBITDA MRI interest cover (%)	The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.	0.0%	0.0%	804.0%	183.0%	151.0%	Due to no interest bearing loan facilities within the housing association, there is no interest payable and so interest cover zero at this point.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2021/22	SPBM Benchmark results (median)	Global accounts 2021 (median)	Global accounts 2021 (weighted average)	Commentary
5	Headline social housing CPU (£k)	The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator. The cost measures set out in the metric are unchanged from the metric used in the Regulator's publication Value for Money metrics technical note feedback and responses published in 2018. However, the numerator now includes a separate line for lease costs.	£17.23	£17.11	£13.94	£3.73	£4.15	Our overhead costs are high compared to other housing associations. This reflects how all stock is specialised supported housing that is usually acquired to meet specific identified needs of vulnerable tenants, who by definition would otherwise be unable to live independently in the community (i.e. High service charges as units are furnished to a high specification to meet client needs.) Smaller Registered Providers and supported housing providers both have higher costs. As PHA grows, in line with its strategic objectives, it will be able to spread its cost base more efficiently.

Pivotal Housing Association

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Year Ended 31 March 2022

RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2021/22	SPBM Benchmark results (median)	Global accounts 2021 (median)	Global accounts 2021 (weighted average)	Commentary
6a	Operating margin (social) (%)	The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. As noted by the RSH, 'Further consideration should also be given to specialist providers who tend to have lower margins than average.'	0.4%	0.14%	14.4%	26.3%	28.3%	This shows that our costs are high in relation to our income. Again, this reflects the highly specialised nature of the accommodation and the lease-based model. The new 5-year Business Plan adopted in May 2020 provides for improvements in this position as a result of continued growth and resultant efficiencies.
6b	Operating margin (overall) (%)	As above	0.4%	0.14%	11.0%	23.9%	22.3%	As above
7	Return on capital employed (ROCE) (%)	This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.	3.3%	1.0%	3.3%	3.3%	3.1%	

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Principal risks and uncertainties

PHA has developed and adopted a risk management and assurance framework. It sets out the arrangements for identifying and managing risk in accordance with the Board's risk appetite. Risks that may prevent us achieving our objectives are considered and reviewed quarterly by the Strategic Leadership Team, the Audit & Risk Committee and the Board.

PHA has adopted the three lines of defence risk management model, which is designed so that assurance may be derived through the strength and source of controls and the level of reliance placed on these.

All our risks are assessed in terms of their impact and probability, as well as inherent, current and target risk. In addition, reports taken to our Board and Committees are required to contain an evaluation of the risks involved with any recommendations made. Amendments to risks, including the identification of new risks are proposed as part of decision making, which are then approved by the Board or Audit & Risk Committee.

The key risks to successful achievement of the PHA's objectives are:

Strategic risk: Financial Plan failures	
<i>Risk description</i>	<i>Risk controls</i>
Incorrect assumptions in the financial plan	<ul style="list-style-type: none">- Financial plan developed and agreed.- Liabilities in plan include stock condition data and asset management resource requirements- Plan developed with knowledge of sector and markets, and realistic growth plans
<i>Priorities for action</i>	
Revised forecast to be produced incorporating current macro-economic and development plan pressures.	

Strategic risk: Cashflow	
<i>Risk description</i>	<i>Risk controls</i>
Insufficient cash flow	<ul style="list-style-type: none">- Monthly cashflow forecasting for Association- Register of assets and liabilities- Regular reporting to SLT and Board- No on-lending in place- Loan facility with Parent in place (£450k)
<i>Priorities for action</i>	
Continued growth will be pursued to increase cash reserves and improve financial resilience. Service rationalisation will be implemented to improve value for money and reduce corporate overheads.	

Strategic risk: Budget failures	
<i>Risk description</i>	<i>Risk controls</i>
Failure in budgetary control leading to service failure and business objectives not being achieved	<ul style="list-style-type: none">- Recent investment in new finance recording and reporting systems- Sense check of financial reports by SLT and Board- Data integrity checking to ensure quality of data input- Regular financial reporting and monitoring to SLT and Boards
<i>Priorities for action</i>	
Embedding of new finance systems (Open Accounts).	

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Principal risks and uncertainties (continued)

Strategic risk: Business Growth	
<i>Risk description</i>	<i>Risk controls</i>
Failure to deliver growth of new homes in line with Business Plan assumptions (60 per annum)	<ul style="list-style-type: none">- Comprehensive Financial planning undertaken regularly- Annual budget prepared and approved- Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision- Scheme appraisals providing viability (in line with agreed parameters for new Business)- Established Service Level Agreements for use with Partners- Due diligence for any new Partners and regular monitoring of existing Partners- Monthly monitoring of Financial performance and operational KPIs by SLT- Quarterly monitoring of Financial performance and operational KPIs to Board- Executive review of Business plan and Financial projections- Board approval of Business plan and Financial projections- Internal audit of new Business Development projects
<i>Priorities for action</i>	
Existing relationships will be managed to ensure a supply of properties to match identified service user needs.	

Strategic risk: Income	
<i>Risk description</i>	<i>Risk controls</i>
Income collection less than expected / Arrears greater than expected	<ul style="list-style-type: none">- Financial monitoring (cash flow) against budget and business plan.- Arrears monitoring in housing management system, with escalation arrangements- Liaison with local authorities to ensure regular dialogue and timely receipt of payments
<i>Priorities for action</i>	
Regular dialogue will be maintained with local authorities to ensure sound understanding the accommodation and support offered to customers.	

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Principal risks and uncertainties (continued)

Strategic risk: Board Leadership	
<i>Risk description</i>	<i>Risk controls</i>
Failure of board to give capable leadership, control and strategic direction and/or inappropriate governance arrangements and structures	<ul style="list-style-type: none"> - Standing Orders and Financial Regulations - Board succession plans - Schedule of delegated authorities - Code of Governance adopted - Code of Conduct - Service Agreements for Trustees - Induction training and development for Trustees - Governance Action Plans - Skills review and established Skills Matrix - Board appointments based on preferred balance of skills and competencies
<i>Priorities for action</i>	
Completion of Governance Action Plan to achieve full compliance with the Governance and Financial Viability Standard and adopted Code of Governance. Completion of action plan attached to Voluntary Undertaking with RSH.	

Strategic risk: Recruitment and Retention failures	
<i>Risk description</i>	<i>Risk controls</i>
Failure to recruit and retain a staff team that is skilled, motivated, and productive within agreed resources	Forward plan resource to meet financial plan delivery targets Staff resourcing monitored at SLT. Regular review and benchmarking of salaries and benefits. Investment in staff learning and development/talent management.
<i>Priorities for action</i>	
Continued focus on new recruitment initiatives.	

Strategic risk: Covid-19 Pandemic	
<i>Risk description</i>	<i>Risk controls</i>
Negative impact of spread of coronavirus (COVID-19) on delivery of Business Plan and viability	Revised operating procedures in line with national and regulatory guidance has been implemented. PPE sourced in ample quantities for front line staff. Full Covid risk assessment published.
<i>Priorities for action</i>	
Vigilance will be applied across all services areas and regular environmental scanning to ensure responsiveness to additional waves of the virus. Respond appropriately to changing Govt. advice.	

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Principal risks and uncertainties (continued)

Strategic risk: Voids	
<i>Risk description</i>	<i>Risk controls</i>
Lack of demand for specialised supported housing from suitable tenants / Letting difficulties	<ul style="list-style-type: none">- New properties not handed over until demand confirmed- Contingency for void fill-up- Established systems to identify suitable replacement tenants when move-on / tenancy failure possible- Void standards- Testing of rent levels ahead of handover and letting- Exit strategies for any unsuitable schemes (including where reduced demand) for onward sale and replacement
<i>Priorities for action</i>	
Continued efforts to address and reduce historical voids.	

Strategic risk: Regulation failures	
<i>Risk description</i>	<i>Risk controls</i>
Negative regulator assessments / regulatory action or intervention	<ul style="list-style-type: none">- Governance reviews (Altair)- Self-assessment of compliance- Governance Action Plans
<i>Priorities for action</i>	
Implementation of Governance Action Plan.	

Strategic risk: Inflation Assumptions	
<i>Risk description</i>	<i>Risk controls</i>
Higher inflation (RPI/CPI) than anticipated.	<ul style="list-style-type: none">- Limited debt with Parent only.- No treasury function required at present.- Fixed pricing in contracts where feasible to limit exposures.
<i>Priorities for action</i>	
Re-configure stress tests completed by Campbell Tickell to map impact of higher inflation rate. Fix all possible contract prices to mitigate impact of high inflation. Discuss inflation rate and potential rent cap with superior landlord to limit impact.	

Regulation and Corporate Governance

In March 2021, the Regulator of Social Housing (RSH) issued a Regulatory Notice against PHA. In this Notice, it found that PHA was:

- Non-compliance with the Governance and Financial Viability Standard relating to both governance and financial viability weaknesses.
- The RSH found that PHA had been unable 'to demonstrate that it has managed its affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight. It has failed to demonstrate that its business planning, risk management and internal controls framework have been effective in identifying and managing risk to the delivery of its objectives'.
- Non-compliance with the Rent Standard, and in particular, that PHA was 'unable to provide adequate assurance that the accommodation it provides meets the government's definition of Temporary Social Housing (TSH) or Specialised Supported Housing (SSH) and therefore that it is exempt from the Rent Standard'.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

As a result, PHA has an Action Plan agreed and in place that will enable the organisation to move to a position of compliance.

Compliance with Code of Governance

The Regulator of Social Housing's (RSH) Governance and Financial Viability Standard requires all Registered Providers (RPs) to adopt a Code of Governance. RPs must comply with their Code of Governance or explain how and why it does not comply with the Code.

PHA has adopted the NHF Code of Governance (2015) ("the Code") and has agreed to work towards compliance with the 2020 Code of Practice, it has undertaken a full assessment of its compliance against the 2020 Code and will be working towards achieving full compliance during the course of the next financial year.

Compliance with Code of Governance (continued)

The Regulator of Social Housing's (RSH) Governance and Financial Viability Standard requires all Registered Providers (RPs) to adopt a Code of Governance. RPs must comply with their Code of Governance or explain how and why it does not comply with the Code.

PHA has adopted the NHF Code of Governance (2020) ("the Code") in February 2021. It has undertaken a full assessment of its compliance against this new Code and will be working towards achieving full compliance during the course of the next financial year.

Compliance with all relevant law

In accordance with Part 1.1(a) of the RSH's Governance and Financial Viability Standard, it is necessary for all RPs to adhere with 'all relevant law'.

The Board is able to confirm that there are no known instances of PHA being in breach of any English law. This includes monitoring of compliance against a range of health and safety related matters in which full compliance is in place.

Board Statement of Public Benefit

PHA's charitable objects restrict its activities to:

- The relief of poverty and unemployment and the promotion of good health among those people in the interim stage between full government support and their return to independence in the community, with particular reference to the economically and socially disadvantaged members of the society such as mental health patients, ex-offenders, other vulnerable groups and young people in the United Kingdom, by the provision of accommodation, social housing, qualified supporting care services and advice.
- To providing social housing and any other purposes connected with or incidental to the provision and management of housing, social housing and accommodation.
- Total customers supported by the HA are in the region of 850, with 279 move on's.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

PHA's aims and activities primarily benefit people in the following ways:

- Provision of housing of a specialised nature to meet the high support and care needs of tenants, provided without support of public capital grants, that enable them to live, or adjust to living, independently within the community.
- Related home repair, improvement and tenancy management services.
- Intensive housing management support services that promote tenancy sustainment and co-ordination of support services that promote independent living, including
 - sleepover cover
 - preparation of budget plans
 - access to support aids and funds to help them manage their money
 - workshops for cooking, budgeting and nutrition
 - bedding, towels and laundry facilities
 - assistance with computers and internet access

The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our published policies, and to ensure fair access to our services for all those in housing or other need with additional care and support needs and who would otherwise be unable to live independently.

The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing and support service are shared by our tenants.

Reserves Policy

The board have agreed a Reserves Policy with unrestricted reserves set at 0.5 million. PHA is not expected to achieve the level of reserves stated in the agreed policy until 2024/25 and therefore over the next 12 months PHA will continue to receive support from Charles Terence Estates Limited and Pivotal Group Holdings Limited. This support will be superseded by the formal group structure approved by the board, but is subject to approval by the charity commission.

Dividends

As a company limited by guarantee of members (and registered charity), the organisation has no issued share capital and is not permitted to distribute profits by way of a dividend.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The systems of internal control are designed to manage rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

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

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

The process for identifying, evaluating and managing the significant risks faced by the organisation is ongoing. This is reflected in every report considered by the Board, as well as review by the Audit & Risk Committee. A detailed risk register is considered by each Audit & Risk Committee and at least annually by the Board. The Trustees are satisfied that the major risks to which the organisation is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks.

Trustees have ensured that the following key mechanisms are in place to facilitate effective internal controls assurance:

Identifying and evaluating key risks

The Audit & Risk Committee for the Pivotal Group oversee the Risk Management and Assurance Framework and work of the external auditors (and internal auditors when in place). The Risk Management and Assurance Framework, approved by the Board, sets the organisation's attitude to risk in the achievement of its objectives, and underpins risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks.

The Senior Leadership Team regularly considers reports on these risks and the Chief Executive is ultimately responsible for reporting any significant change affecting key risks to the Committee (and the Board).

Internal controls assurance (continued)

Control environment and internal controls

The process to identify and manage the key risks to which the organisation is exposed are an integral part of the internal control environment. Such processes, reviewed annually, include:

- A formal risk assessment and strategic planning process enables the Board to confirm that there is an on-going process for identifying, evaluating and managing the significant risks faced by the organisation
- Quarterly review by the Audit & Risk Committee of risk, assurance and controls at each of its meetings, with risk registers being reviewed by the Committee and Board.
- Quarterly review by the Board of key performance indicators to assure progress towards the achievement of objectives.
- Adoption of the National Housing Federation Code of Governance 2015, which promotes excellence for Federation members in governing their organisations and being accountable, independent, and diverse. The Board has conducted a review of its performance against this Code and can either demonstrate compliance with this or has agreed actions that will lead to full compliance on completion of the agreed Governance Action Plan.
- A clearly defined structure with appropriate Articles of Association, Standing Orders, Financial Regulations and Delegated Authorities which Trustees and employees follow, and which cover issues such as delegated authority, procurement, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection
- Clearly determined authority, responsibility and accountability.
- Effective procedures to ensure that all Trustee / Senior Leadership Team approval is required as appropriate for all major expenditure commitments.
- The setting of standards and compliance with health and safety, data protection, fraud prevention and counter bribery and money laundering arrangements.
- All Trustees and employees are covered by Directors and Officers Liability insurance through the National Housing Federation (NHF) to protect them from claims made against them in their capacity as representatives of the organisation. There is also similar nil-based gap insurance in place to cover Trustees and employees up to the claim threshold for the NHF policy cover.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Financial reporting arrangements include the setting of detailed annual budgets and rent plans, and a 5-year Business Plan which includes cash flow forecasts, all approved by the Board and revised during the year if necessary.

Additionally, regular reporting is in place for key areas such as void management, rent collection, major works and stock investment and responsive repairs.

Monitoring arrangements

Regular reporting to the Senior Leadership Team, Committees and Board is part of the control environment. This has been established to follow the three lines of defence model.

The Audit & Risk Committee receive an annual report on internal controls assurance from the Senior Leadership Team.

An internal Audit and Quality team is in place and regularly reports on periodic testing and quality checks to validate data and identify areas for continuous improvement.

External auditors provide reports on management and control issues identified during the course of their work. These too are subject to scrutiny by the Audit & Risk Committee on behalf of the Board.

Reports from the Committees and their minutes are shared with the Board.

The Board has received the Audit & Risk Committee's and the Strategic Leadership Team's annual assurance report which includes evidence to support the review of the effectiveness of the systems of internal control. This process involves the Strategic Leadership Team confirming that throughout the year there were adequate systems of internal control in place. The Strategic Leadership Team provides their assurance to the Audit & Risk Committee whose chair provides a report for the Board. This system is supported by evidence to provide the required level of assurance including details of the key policies and internal control systems together with external evidence from external auditors and other key external stakeholders.

The Board has reviewed the Audit & Risk Committee's annual report on the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. Where issues have been identified, action plans are in place and will be enacted.

The Board cannot delegate responsibility for the system of internal control, but it can, and has, delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the system of internal control. Whilst the Board is satisfied that the new system provides adequate control over the recording and authorisation of transactions, further work is required to develop its reporting capabilities in order to meet the needs of the organisation.

Fraud Assurance

A Counter Fraud, Bribery and Corruption Policy and Anti-Money Laundering Policy is in place to reduce the risk of fraudulent activities and provide clarity of response to suspected instances of fraudulent activity. This includes Whistleblowing arrangements and will be subject to regular review.

A Fraud Register is maintained and available for inspection of the Audit & Risk Committee.

Internal auditors will provide an additional layer of controls designed to reduce the risk of fraud occurring.

Overall internal controls position statement

The Board is of the view that internal control arrangements are generally effective, but that there are some areas where strengthening of internal controls are required as detailed.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

There are also improvements required to further strengthen the governance and financial viability of PHA. This is subject to a Voluntary Undertaking and Action Plan with the RSH.

The Board

PHA is governed by a voluntary Board of Trustees containing a total of seven non-executive Trustees.

The Trustees who served during the year and up to the date of signing the financial statements are listed on page 1.

The supervision of how an organisation is run and how it manages the risks to its business is generally referred to as 'corporate governance'. This includes regulation, corporate structure and the function of the Board. The Board of Trustees meet at least quarterly with officers in attendance to set the strategic direction, review and approve the Business Plan and budgets, track performance against the Business Plan and budget, approve any new developments, and generally review operations. There are also additional 'strategy days' set aside for strategic planning as well as on-going learning and development.

The Board has established a Competency and Skills Framework that sets out what the Board will require in order to meet the challenges of delivering our priorities. It is not expected that all Trustees will possess all the attributes, but in order to achieve a balanced Board containing an appropriate range of skills, experiences and qualities, every effort is made to ensure the Board as a collective achieves an optimum fit. It therefore follows that all Trustee recruitment follows an open and transparent process, with Trustees selected on the basis of their skills and competencies, and their strategic fit with the Board's overall preferred balance of skills and competencies.

The balance of skills contained on the Board is assessed across the following categories:

General business skills / experience	Governance and regulation	Finance, funding and audit
Corporate services	Housing, property and development	Customer services
Additional specialist skills and knowledge	Professional associations	

The Board has a Trustee Induction policy. This is designed to ensure all Trustees have knowledge of the organisation and its principal activities; and also ensures that they are briefed on their legal obligations under charity and company law, the content of the Articles of Association, and relevant regulatory obligations and expectations. Opportunities are also provided for Trustees to meet with key senior staff, and to visit schemes to enhance their knowledge of our properties and the tenants we serve. Additional internal and external training is also arranged for Trustees as appropriate.

Delegations

The Board of PHA is responsible for strategy of the organisation as well as overseeing its performance. Specific responsibilities have been delegated to a PHA Audit & Risk Committee. Day-to-day performance is delegated to the Strategic Leadership Team.

Audit & Risk Committee – responsible for:

- Statutory reporting, internal (when appointed) and external audit, internal controls, and assurance
- Monitoring the Group's risk management and control framework, as set out in the Group Risk Management and Assurance Framework.

Upon formally joining the Pivotal Group, Committee structures will be reviewed and revised as necessary.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Company membership

There are currently two company members, drawn and selected from the wider Pivotal group. A decision has been taken for PHA to formally become a Subsidiary of Pivotal Group Holdings Limited. Once completed, it is intended that membership of the organisation will be co-terminus with the Board, plus an additional share issued to Pivotal Group Holdings Limited in its capacity as Parent.

Customer Involvement

Direct engagement with customers is encouraged wherever possible, taking in to account the specialist needs of the client groups served. This may often require engagement with family, support and care workers. Involvement includes: information newsletters; new home surveys; repairs feedback; satisfaction feedback.

Statement of Board's responsibilities

Trustee obligations and responsibilities are set out in the Trustee Role Profile, the Standing Orders, and the Terms of Reference of the PHA Board. This includes statements that the Board is collectively responsible for the direction and control of the organisation. Each member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements and shares the same legal status and responsibility for decisions taken.

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company Law 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 association and of the income and expenditure of the association 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 association 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 association and to enable it to ensure that the financial statements comply with the Housing SORP 2018 (FRS102), Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board has a general responsibility for taking reasonable steps to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities. The Board is responsible for the maintenance and integrity of the organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

Disclosure of information to the auditors

At the date of making this report each of the Trustees of the Association confirm the following:

- So far as each Trustee is aware, there is no relevant audit information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- Each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make him/herself aware of any relevant audit information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

The Report of the Directors has been prepared in accordance with the provisions applicable to companies under the Companies Act 2006, subject to the small companies' exemption regime.

Statement of Compliance

In preparing this Strategic Report and Board report, the Board has followed the principles set out in Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

Annual general meeting

The annual general meeting will be held in September 2022.

Auditors

A resolution to re-appoint PKF Francis Clark will be proposed at the forthcoming Annual General Meeting.

Going Concern

PHA's business activities, its current financial position and factors likely to affect its future development are set out within this Board Report and Annual Accounts. The board have considered the financial forecasts, cash flow forecasts and any apparent uncertainties which could have an impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet liabilities as they fall due during the next 12 months, and therefore in the opinion of the Board at the date of approval of the 2021/22 financial statements, the association requires the continued support of Charles Terence Estates, Pivotal Homes Group Limited and Pivotal Group Holdings Limited. The board have developed a formal group structure which has been approved by the board and is subject to approval by the charity commission. This group structure replaces the requirement for support from Charles Terence Estates and Pivotal Homes Group Limited and formalises the continuing support from Pivotal Group Holdings Limited. PHA has debt facilities. It has a 5-year business plan which shows that it is able to service this debt facility and all anticipated expenditure requirements.

We are committed to creating a safe and healthy environment - for our staff, customers and all who come into contact with our services.

Our teams have continued to provide essential services during the Coronavirus outbreak. We acted quickly to implement appropriate health and safety measures during the Coronavirus lockdown. Following the Government's easing of lockdown restrictions, our focus continues to be on the health and safety of our staff and clients.

Pivotal Housing Association

Strategic Board Report

Year Ended 31 March 2022

On this basis, the Board has a reasonable expectation that PHA 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, it continues to adopt the going concern basis in the financial statements.

The report has been prepared having taken advantage of the small companies exemption in the Companies Act 2006.

In approving the Board Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board

D Streek, Chair

Date: 28 September 2022

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2022

Opinion

We have audited the financial statements of Pivotal Housing Association (the 'association') for the year ended 31 March 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity/ reserves, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

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.

Material uncertainty relating to going concern

In auditing the financial statements, we have concluded that a material uncertainty exists that may cast significant doubt on the associations ability to continue as a going concern. We draw your attention to notes 1(o) and 17 in the financial statements which indicate that the association is dependent upon the continued support of related parties. Our opinion is not modified in respect of this matter.

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 board is responsible for the other information. The other information comprises the information included in the board report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2022

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the board report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board report (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the board report (incorporating the strategic report).

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the board was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 21, the board members (who are also the directors of the association for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2022

Auditor's responsibilities for the audit of the financial statements

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

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

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the association. We gained an understanding of the association and the industry in which the association operates as part of this assessment to identify the key laws and regulations affecting the association. We made enquiries with management and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations identified were health and safety regulations, employment law, regulations regarding the standards of homes and also those laws and regulations that have a direct impact on the preparation of the financial statements.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed filings with the Regulator of Social Housing, Charity Commission and Companies House and whether there were any serious incident reports made during the year.
- Discussed with management if any health and safety incidents have been recorded during the year.
- Review of the GDPR policy and enquiries to management as to the occurrence of any reportable breaches.
- Reviewed Board minutes and correspondence with the Regulator of Social Housing and Charity Commission.
- Reviewed estimates and judgements made in the accounts for any indication of bias.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2022

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Chloe Mills FCA (Senior Statutory Auditor)
Statutory Auditor
For and on behalf of PKF Francis Clark
Chartered Accountants and Statutory Auditors
Towngate House
2 – 8 Parkstone Road
Poole
BH15 2PW

Date: 29 September 2022

Pivotal Housing Association

Statement of Comprehensive Income (Including Income and Expenditure Account)

Year Ended 31 March 2022

		Total 2022	Total 2021
		£	£
	Note		
Turnover			
Letting of non-investment property	2	8,571,482	7,883,214
Cost of Sales			
Direct cost of letting properties		5,764,148	5,264,761
Support costs		<u>1,972,730</u>	<u>2,003,712</u>
	2	<u>7,736,878</u>	<u>7,268,473</u>
Gross surplus		834,604	614,741
Other income			
Miscellaneous income	2	188,777	158,880
		<u>1,023,381</u>	<u>773,621</u>
Administrative expenses			
Management and administration	2	1,011,331	745,755
Surplus / (deficit) for the year		<u>12,050</u>	<u>27,866</u>
Fund balance brought forward at 1 April		<u>139,847</u>	<u>111,981</u>
Fund balance carried forward at 31 March		<u>151,897</u>	<u>139,847</u>

On behalf of the board

D Streek, Chair

Date: 28 September 2022

Pivotal Housing Association

Balance sheet

Year Ended 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	7	12,163	19,242
Tangible fixed assets	8	<u>541,753</u>	<u>372,964</u>
		553,916	392,206
Current assets			
Debtors	9	1,202,690	1,192,140
Cash at bank and in hand		<u>542,126</u>	<u>374,579</u>
		1,744,816	1,566,719
Total assets		2,298,732	1,958,925
Creditors: amounts falling due within one year	10	(1,155,651)	(1,104,193)
Net current assets / (liabilities)		<u>1,143,081</u>	<u>854,732</u>
Creditors: amounts falling due after more than one year	11	(450,000)	(450,000)
Provision for liabilities	12	<u>(541,184)</u>	<u>(264,885)</u>
Total net assets / (liabilities)		<u>151,897</u>	<u>139,847</u>
Funds:			
Unrestricted funds			
General funds		151,897	139,847
Total funds	14	<u>151,897</u>	<u>139,847</u>

The financial statements were approved and authorised for issue by the Board.

Signed on behalf of the board

D Streek, Chair

Date: 28 September 2022

The notes on pages 32 to 42 form part of these accounts.

Company registration number: 06211760

Pivotal Housing Association

Statement of Changes in Equity / Reserves

Year Ended 31 March 2022

	Income and expenditure reserve £	Total 2022 £	Total 2021 £
As at 1 April	139,847	139,847	111,981
Surplus / (deficit) for the year	12,050	12,050	27,866
Total comprehensive income	<u>151,897</u>	<u>151,897</u>	<u>139,847</u>
As at 31 March	<u>151,897</u>	<u>151,897</u>	<u>139,847</u>

Pivotal Housing Association

Statement of Cash Flows

Year Ended 31 March 2022

	Note	2022 £	2021 £
Net cash flow from operating activities			
Net cash flow from operating activities	15	436,958	401,537
Cash flows from investing activities			
Payments to acquire tangible fixed assets	8	(269,411)	(67,661)
Cash flow from financing activities			
Proceeds from issue of new long-term loans		-	-
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		167,547	333,876
Cash and cash equivalents at 1 April		374,579	40,703
Cash and cash equivalents at 31 March		<hr/> <u>542,126</u>	<hr/> <u>374,579</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

1 Summary of significant accounting policies

(a) General information and basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Registered Social Housing Providers: Statement of Recommended Practice applicable to registered social housing providers preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Housing SORP 2018 (FRS 102), Accounting Direction for Private Registered Providers of Social Housing 2019, Companies Act 2006 and Accounting Determination.

The association has adapted the Companies Act formats to reflect the special nature of the registerer provider's activities.

(b) Company status

The registered provider is a company registered in the UK and limited by guarantee (Company number 06211760). There are 2 independent members of the company. In the event of the registered provider being wound up, the liability in respect of the guarantee is limited to £1 per member of the registered provider.

The Association is a Registered Housing Association (No. 4747) and a Registered Charity (No. 1121914). The registered provider constitutes a public benefit entity as defined by FRS 102.

(c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the registered provider and which have not been designated for other purposes.

(d) Incoming resources

All incoming resources are included in the SOCI when the registered provider is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the registered provider being notified of an impending distribution or the legacy being received.

The expected income per property is recorded as income with voids being brought in to account for the opportunity costs lost on the properties not occupied.

Management fees and Training fees are recognised as income in the period in which the services are provided to other organisations.

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis and other overheads have been allocated on the basis of the head count.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

1 Summary of significant accounting policies (continued)

(f) Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software 20% Straight Line Basis

(g) Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Plant and machinery	3 / 10 years straight line basis
Leasehold property improvements	3 / 5 / 20 years straight line basis
Office equipment	3 years straight line basis
Fixtures and fittings	5 / 10 years straight line basis
Property set-up costs	5 years straight line basis

(h) Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

1 Summary of significant accounting policies (continued)

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(j) Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Financial instruments

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

Financial instruments are recognised in the association's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

1 Summary of significant accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that sell the assets in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

(I) Provision for liability

The sinking fund matches the amount on the agreed rent card each month and is accounted for on an accruals basis and the calculation is based upon the number of days per month. The calculation deducts the number of void days in the period. The budget for the sinking fund is calculated using the latest housing stock condition survey. The value of the expected works is calculated on a weekly basis over the timeframe used in the housing stock condition survey. This is then added to the rent card proposals sent to the Local Authority. The sinking fund income is therefore part of the Housing Benefit rental income receivable from the Local Authority.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

1 Summary of significant accounting policies (continued)

(m) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(n) Retirement benefit

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

(o) Going Concern

The financial statements have been prepared on a going concern basis. As explained in the board report, the board have considered the financial forecasts, cash flow forecasts and any apparent uncertainties which could have an impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet liabilities as they fall due during the next 12 months, and therefore in the opinion of the Board at the date of approval of the 2021/22 financial statements, the association requires the continued support of Charles Terence Estates, Pivotal Homes Group Limited and Pivotal Group Holdings Limited. The board have developed a formal group structure which has been approved by the board and is subject to approval by the charity commission. This group structure replaces the requirement for support from Charles Terence Estates and Pivotal Homes Group Limited and formalises the continuing support from Pivotal Group Holdings Limited. The directors consider that with this support, together with proactively managing cash-flow, the association has sufficient working capital to continue to meet its financial obligations and pay its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

2 Social housing turnover and costs

	2022 £	2021 £
Rents receivable excluding service charges	8,477,911	7,808,186
Service charges receivable	93,571	75,028
Other income	188,777	158,880
Total income from lettings	<u>8,760,259</u>	<u>8,042,094</u>
Cost of property letting	5,764,148	(5,264,761)
Support costs	1,972,730	(2,003,712)
Management and administration	1,011,331	(745,755)
Total housing activities expenditure	<u>8,748,209</u>	<u>(8,014,228)</u>
Net surplus / (deficit) from social housing activities	<u>12,050</u>	<u>27,866</u>
Rent losses from voids	1,221,527	1,106,825

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

3 Bed spaces

	Number of units at 31 March 2022	Number of units at 31 March 2021
<i>Social housing</i>		
Supported housing	<u>517</u>	<u>457</u>
	517	457

4 Auditor's remuneration

	2022 £	2021 £
Fees payable to the Association's auditor for the audit of the Association's annual accounts	21,000	18,000
	<u>21,000</u>	<u>18,000</u>

5 Directors' remuneration

The aggregate remuneration paid to or receivable by directors including pensions of £Nil (2021: £Nil) was £Nil (2021: £Nil). Employers' National Insurance payable was £Nil (2021: £Nil). The pension scheme is a defined contribution scheme with no enhanced pension payments during the year or preceding year. The remuneration paid to the highest paid director excluding pension contributions was £Nil (2021: £Nil).

6 Staff costs

The aggregate remuneration of such employees was as follows:

	2022 £	2021 £
Wages and salaries	1,202,606	990,535
Social security	104,921	71,319
Other pension costs	22,041	25,889
	<u>1,329,568</u>	<u>1,087,743</u>
Average number of employees	49	45

There are no employees who received more than £60,000 as their employee package.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

7 Intangible fixed assets

	Software £
Cost:	
At 1 April 2021	39,392
Additions	-
Disposals	-
At 31 March 2022	<u>39,392</u>
Amortisation:	
At 1 April 2021	20,150
Charge for the year	7,079
Eliminated on disposals	-
At 31 March 2022	<u>27,229</u>
Net book value:	
At 1 April 2021	<u>19,242</u>
At 31 March 2022	<u>12,163</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

8 Tangible fixed assets

	Plant & machinery	Leasehold property improvements	Property set up costs	Office equipment	Furniture & fixtures	Total
	£	£	£	£	£	£
Cost:						
At 1 April 2021	285,383	180,754	262,627	35,214	3,287	767,265
Additions	52,013	122,404	-	-	94,994	269,411
At 31 March 2022	<u>337,396</u>	<u>303,158</u>	<u>262,627</u>	<u>35,214</u>	<u>98,281</u>	<u>1,036,676</u>
Depreciation:						
At 1 April 2021	173,536	61,944	130,400	25,134	3,287	394,301
Charge for year	27,021	34,303	31,674	2,016	5,608	100,622
At 31 March 2022	<u>200,557</u>	<u>96,247</u>	<u>162,074</u>	<u>27,150</u>	<u>8,895</u>	<u>494,923</u>
Net book value:						
At 1 April 2021	<u>111,847</u>	<u>118,810</u>	<u>132,227</u>	<u>10,080</u>	<u>-</u>	<u>372,964</u>
At 31 March 2022	<u>136,839</u>	<u>206,911</u>	<u>100,553</u>	<u>8,064</u>	<u>89,386</u>	<u>541,753</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

9 Debtors

	2022	2021
	£	£
Trade debtors	582,697	562,594
Other debtors	317,503	298,044
Prepayments and other accrued income	302,490	331,502
	<u>1,202,690</u>	<u>1,192,140</u>

10 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	368,920	531,531
Other tax and social security	26,000	23,188
Other creditors	760,731	549,474
	<u>1,155,651</u>	<u>1,104,193</u>

11 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Loans	450,000	450,000
	<u>450,000</u>	<u>450,000</u>

In the financial year ended 31 March 2020 Pivotal Housing Group entered into a loan facility agreement for £450,000 with Pivotal Homes Group. At the end of March 2020 £450,000 had been drawn down. From June 2020 interest of 0.5% above National Westminster Bank base lending rate was payable. Capital repayments will start in March 2023 and the capital is repayable over 16 quarterly payments.

12 Provision for liability – Rental income sinking fund

	2022
	£
Sinking fund provision at 1 April 2021	264,885
Movement in provision during the year	276,299
	<u>541,184</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

13 Leases

	2022 £	2021 £
Not later than one year	4,850,742	4,104,396
Later than one and not later than five years	19,402,969	16,417,584
Later than five years	46,906,508	39,143,736
	<u>71,160,219</u>	<u>59,665,716</u>

The registered provider has entered into a 20-year lease for the majority of its properties.

14 Funds

	2021 £	Income £	Expenditure £	2022 £
General reserves	139,847	8,760,259	(8,748,209)	151,897
	<u>139,847</u>	<u>8,760,259</u>	<u>(8,748,209)</u>	<u>151,897</u>

The general reserve represents free funds of the registered provider which are not designated for a particular purpose.

15 Reconciliation of operating surplus / (deficit) to cash flow from operating activities

	2022 £	2021 £
Surplus / (deficit) for the year	12,050	27,866
Depreciation and impairment of tangible fixed assets	100,622	86,660
Amortisation and impairment of intangible fixed assets	7,079	7,104
(Increase) / decrease in trade and other debtors	(10,550)	(169,086)
Increase / (decrease) in trade and other creditors	51,458	184,108
Increase / (decrease) in provisions	276,299	264,885
Net cash flow from operating activities	<u>436,958</u>	<u>401,537</u>

16 Analysis of changes in net debt

	2021 £	Cash flows £	2022 £
Long-term borrowings	(450,000)	-	(450,000)
Total liabilities	<u>(450,000)</u>	<u>-</u>	<u>(450,000)</u>
Cash and cash equivalents	374,579	167,547	542,126
Total net debt	<u>(75,421)</u>	<u>167,547</u>	<u>92,126</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2022

17 Related party transactions

The Association had the following related party transactions and balances during the year:

Pivotal Group Holdings

Included in other creditors are £358,764 (2021: £Nil).

Pivotal Support Group Limited

A member of the Association is a shareholder of this Company.

Included in trade creditors are £Nil (2021: £9,107).

Included in other debtors/(creditors) are £45,599 (2021: (£28,670)).

Pivotal Care Group Limited

Included in trade creditors are £Nil (2021: £694).

Included in other debtors are £81,684 (2021: £43,690).

Pivotal Homes Property

Included in other debtors are £3,010 (2021: £Nil).

Pivotal Development Services Limited

Included in other debtors are £24,996 (2021: £11,408).

During the year to 31st March 2022, £Nil costs (2021: £31,565) have been recharged to Pivotal Development Services.

Charles Terence Estates Limited

D Dixon is a director and shareholder of this Company.

This Company has paid rentals during the period for hostels occupied by the Association as follows:

£187,813 (2021: £178,457) rentals payable to Charles Terence Estates Limited.

£148,000 (2021: £96,000) bed space contribution income received from Charles Terence Estates Limited

£95,740 (2021: £13,221) rents recharged to Charles Terence Estates Limited

Rentals payable are considered to be at market value.

Included in trade creditors are £26,382 (2021: £Nil).

Included in other debtors are £230,338 (2021: £266,791).

Pivotal Homes Group Limited

Included in other creditors are £299,623 (2021: £290,824).

Included in loans are £450,000 (2021: £450,000).

During the year to 31st March 2022, £Nil costs (2021: £189,075) of wages have been recharged to Pivotal Homes.

Pivotal Professional Services Limited

Included in other debtors are (£22,525) (2021: (£19,597)).

Pivotal Housing Association

England & Wales - Charity number 1121914

Accounts

**Pivotal Housing Association
Financial Statements
Year Ended 31 March 2021**

Regulator of Social Housing registration number: 4747

Company registration number: 06211760

Charity registration number: 1121914

Pivotal Housing Association

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Pivotal Housing Association

Registered Social Housing Provider Information

Year Ended 31 March 2021

Regulator of Social Housing registration number	4747
Charity registration number	1121914
Members of the board	P Levaggi D Streek (Chair) N S Lee J E Hughes N Courts (Appointed 18/05/20) D Lockerman (Appointed 18/05/20) A Hussain Shah (Appointed 03/08/20)
Chief Executive Officer	J Kingsbury
Registered office	Everdene House Deansleigh Road Bournemouth Dorset BH7 7DU
Auditor	PKF Francis Clark Chartered Accountants & Statutory Auditors Towngate House 2-8 Parkstone Road Poole BH15 2PW
Solicitor	Frettons Solicitors The Saxon Centre 11 Bargates Christchurch BH23 1PZ
Bankers	National Westminster Bank PLC The Square 5 Old Christchurch Road Bournemouth BH1 1DU

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

The Trustees and Strategic Leadership Team are pleased to present the Annual Report and Financial Statements for the year ending 31 March 2021 for Pivotal Housing Association ("PHA").

Members of the board

The members of the board who have served during the year were as follows:

P Levaggi
D Streek (Chair)
N S Lee
J E Hughes
N Courts (Appointed 18/05/20)
D Lockerman (Appointed 18/05/20)
A Hussain Shah (Appointed 03/08/20)

Principal Activities

PHA is a company limited by guarantee, a Registered Provider of Social Housing and a charity registered with the Charity Commission which was established in April 2007. PHA is proud to provide quality housing with specialist support and compassionate care to over 450 single vulnerable people with a variety of needs. We work closely with local authorities and health service commissioners across a number of locations, including Dorset, Cornwall and Gloucester, to identify suitable homes for the vulnerable people we exist to serve. All current accommodation managed by PHA is operated on a lease-based financing model with the associated support and care delivered by third party partners.

The Trustees have complied with duties contained in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission and are satisfied that all the objectives and activities outlined below are undertaken for public benefit.

Delivering our Strategic Plan

In April 2019, the PHA Board signed up to a 2-year Pivotal Group Strategy for the period 2019-21 – Doing More Good for More People, alongside its decision to formally become a member of the wider Pivotal Group of companies at a future point in time.

This was augmented by the PHA Board adopting a 5-year Business Plan – Providing more services for more people - in May 2020. This sets out an ambition for PHA to be as follows by 2025:

1. A stronger business with increased capacity for growth of new homes and services.
2. Strengthening our geographic area of operation and customer base in line with the group strategy.
3. Realising positive results from the investments we have made in our existing homes and communities.
4. Providing products and services that are shaped by customers, influenced by market conditions and demonstrably delivering value for money.
5. A smarter, slicker, simpler business, combining the strength of a group structure with the flexibility for group entities to make independent decisions.

Our key strategic aims can be summarised as follows:

- We will deliver excellent services
- We will grow our business
- We will maximise our impact

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

The way in which we will achieve each of these strategic aims is as follows:

Deliver excellent services

- Improve the quality of customers' homes by having an agreed Pivotal Standard shaped by customers and service providers.
- Improve our asset management and repairs service based on our full stock condition survey.
- Be more pro-active in tackling anti-social behaviour and wider tenancy enforcement
- Put in place robust Service Level Agreements with partner agencies to reduce void risk
- Future-proof our HMO housing portfolio
- Embrace new technology to improve customer experience
- Work co-operatively and collaboratively with our partners, funders and regulators.

Grow our business

- Create capacity through improving efficiency and by maximising long-term funding, establishing a sustainable mixed portfolio of leasehold properties by 2025 containing both short and long term leases to ensure a balance between certainty and flexibility.
- Manage risk by reporting on a strong set of KPIs and having an up to date risk framework and monthly updated risk register.
- Deliver a growth programme which meets the strategic objectives of the charity, developing 500 new homes by 2025.
- Actively seeking out new sources of funding through charitable grants and pursuing appropriate forms of strategic alliances, with at least 2 health authority partners and 5 national care and support provider partnerships by 2025.
- Adopt a proactive approach to existing business, taking strategic action to tender for existing and new business, review and renew contracts and to implement exit strategies and remodelling where required to achieve and maintain financial strength.

Maximise our impact

- Use the strength of the wider Pivotal Homes Group to provide financially sound services
- Have a strong enough presence to make a real difference to people's lives, helping them to become more financially or physically independent in order that we can sustain their tenancies.
- Help our customers to cope with welfare reform by supporting them off benefits and into work.
- Work collaboratively across the Pivotal Homes Group, with other housing associations and our partners to revitalise communities and neighbourhoods.
- Construct effective partnerships with health and care commissioning bodies, to ensure we improve the health and wellbeing in our communities.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Our key priorities to March 2025

- Continue to develop the governance structure for PHA within the Pivotal group structure.
- Reduce void levels to under 5% average across all services with an action plan for long term voids and a robust housing management service to generate new referrals to void properties.
- Reduce the risk of new business by providing services which are supported by public sector funding, have a robust Service Level Agreement in place to mitigate void risk, provide a fill up period indemnity, have a lease which provides a review clause where public funding is reduced and have an exit strategy in place.
- Develop and implement a robust organisational response to welfare reform, changing government priorities and changing regulatory requirements to minimise loss of rental income while supporting our customers.
- Demonstrate a Value for Money approach to deliver further efficiencies, continue to reduce our costs of delivery, and generate a net surplus of £800k by 2025.
- Produce a 20 year stock condition plan linked to the full stock condition survey carried out in 2019.
- Complete the appraisal of the preferred operating model for the repairs service moving to a more proactive and less reactive approach.

Future Prospects

In May 2020, the Board agreed a new 5 year Business Plan, which demonstrates strong financial performance in the years to come achieved through continued growth and increased economies of scale. This position will lead to increased levels of cash reserves within the organisation to enhance financial resilience.

PHA has limited debt of £450k held with Pivotal Homes Group Limited which it will begin to repay from Year 3 of the current Business Plan. It will also source a range of services from the wider Pivotal Group, including arrangement of property leases to achieve growth of approximately 500 additional units of accommodation over the life of the Business Plan. This model therefore requires no recourse to additional finance to support growth aspirations.

Key focus, achievements and operational performance for 2020/21

The key focus for PHA during 2020/21 can be summarised as follows:

1. Review and re-design of underperforming services that were experiencing unacceptable void levels and difficulties with support providers.
2. Consolidation of systems, policies and governance arrangements to provide a sound basis for future service improvements and business growth.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Details of activities undertaken include:

- New housing management and accounts systems (Open Housing and Open Accounts) have been purchased and largely implemented during the course of the year. These new systems will be operational from 2021 and will assist PHA to create workflows; automate processes and reporting; and improve compliance monitoring.
- Re-categorisation of PHA properties following a review of housing stock. 395 units now categorised as non-social housing, with 65 units continuing to be categorised as social housing.
- An ongoing review of governance arrangements for PHA; resulting in agreement to join the Pivotal group structure with anticipated completion later in 2021.
- Started work on a 20 year stock condition plan linked to the stock condition survey completed in 2019. Plan to be completed in 2021.
- New 3 year Customer Engagement strategy developed aimed at increasing the customers voice in designing and delivering Pivotal services.
- A new set of KPI's have been developed and agreed to ensure that all key areas are closely monitored, and that performance can be continually improved.

Business development

Existing partnerships have been strengthened during the year, and several new partnerships have been established, including a new partnership with the Northam Care Trust with whom our first scheme was successfully completed and opened in June 2021.

Significant benefits are derived from the wider Pivotal Group of companies in terms of sourcing of properties and finance, and the protection of PHA against development risk whereby PHA only enters new leases where schemes are acquired and partnerships and client groups in place.

Partnerships for the delivery of care and support are now in place with the following organisations:

Clear Pathway Care	Nelson Trust
Pivotal Support	Rethink
SAFFA	K2 Care
Young Person's Team, Cornwall CC	NHS (Cornwall)
Northam Care Trust	Brandon Trust
Live West	

Details of new schemes launched during the year:

- Two schemes for customers suffering with poor mental health were opened in partnership with Rethink; a 13 bed and a 7 bed scheme.
- Three schemes for customers with a learning disability were launched in partnership with the Brandon Trust; a 10 bed, an 8 bed and a 6 bed.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Additional pipeline schemes for later in 2021/22 include the following:

Location	Partner	Service group	Estimated opening
Cornwall (St Anne's Grove)	Brandon Trust	Learning disability	Oct-21
Cornwall (Penmare)	Brandon Trust	Learning disability	Sep-21
Gloucester (Bristol Road)	Brandon Trust	Learning disability	Sep-21
Gloucester (Elmore Lane)	Brandon Trust	Learning disability	Sep-21
Devon (Brunswick House)	Northam Care Trust	Learning disability	Nov-21
Devon (Park Villa)	Northam Care Trust	Learning disability	Dec-21

Performance review

A summary of our key operational performance achievements in 2020/21 is as follows:

- Average void levels improved throughout the year from 12.17% to 11.4% at financial year end. Void loss remained high in the early part of the financial year, and was impacted throughout the year by the Coronavirus pandemic. However; performance improved throughout the year and a new arrangement has been put in place with Gloucester LA which has significantly reduced void loss in the Gloucester area.
- Average re-let days were 13.1 at the end of Quarter 4 (2020/21).
- 100% compliance levels were maintained across all health and safety performance areas: gas safety, legionella testing; electrical safety; asbestos; fire risk assessments; fire alarm testing; and emergency lighting.

Turnover for the Housing Association increased by £750,000 to £7.88 million, representing an 11% increase year-on-year. Net surplus of £27,866 has been recorded in 2020/21, an increase of £204,148 against the net deficit recorded in 2019/20 and 0.35% net surplus margin versus 2.47% net deficit in prior year. Net margins have been impacted this year due to the impact of the Coronavirus pandemic on both void loss and the wider Pivotal development programme; however revenue has grown 10.5% year-on-year and with the focus on cost control through the year net margins have improved.

The Housing Association has grown by 44 properties during 2020/21 resulting in a portfolio of 457 properties. Over the coming year and beyond, Pivotal will continue to grow its availability of properties for rental through reinvestment of surpluses.

A key focus for 2020/21 has been on maintaining financial liquidity and improving operational performance through increased occupancy and improved rent collection. It has been identified that improvements to performance reporting is required and a new performance dashboard containing a broader range of key performance indicators has been developed and launched within 2021.

Delivering Value for Money

PHA's approach to delivering Value for Money (VfM) is based on maximising the delivery of its new 5 year Business Plan - Providing more services for more people adopted in May 2020. This builds upon the wider 2 Year Group Strategy 2019-21 of Doing More Good for More People.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

We seek to optimise the balance between the three 'E's'- Economy, Efficiency and Effectiveness:

- **Economy** - is the price paid for what goes into providing a service.
- **Efficiency** - is a measure of productivity or how much is gained from what is put in.
- **Effectiveness** - is a measure of the impact achieved and can be both qualitative and quantitative.

This requires PHA to assess the impact of all its costs, to best meet its stakeholder's needs. This means spending efficiently to keep costs low, whilst maintaining high productivity and maximising outcomes.

Value for Money strategic approach

PHA has established a VfM Strategy and reviews this annually to ensure that it continues to meet the organisation's vision and business plan; tenant's needs and expectations; takes account of the operating environment, risk management and regulatory requirements.

A register of VfM initiatives is updated quarterly and presented and discussed at Senior Leadership Team and Board meetings, with highlights included in the management accounts.

PHA's approach to VfM, promotes transparency in terms of:

- Reviewing performance against VfM targets and any metrics set out by the regulator, and how that performance compares to peers
- Establishing measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

The following strategic objectives have been established by PHA:

- Promotion – Embedding of VfM principles within the culture of the organisation.
- People - Encouraging economic awareness amongst staff and VfM principles within all business operations.
- Procurement – Creation, maintenance and promotion of economic, efficient and effective purchasing principles and continuous review of contracts and services.
- Minimising waste - from our business operations and review of VfM in each department.
- Improvements - in the stock conditions through seeking improvement opportunities.
- Green - Provision of energy saving, water conservation and waste minimisation advice to our employees and customers.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

VfM Goals and Objectives

Area	Goals/Objectives
Culture	Value for Money will be embedded in the culture of organisation and is a key objective in the Business Plan
Benchmarking	PHA will benchmark performance with other organisations to analyse areas of the business and learn from higher performing / lower cost organisations
Budgets	Budgets will be informed by known costs and experience, including detailed stock condition information. We will adopt a zero-based budgeting approach.
Management Accounts	Management accounts will be provided to enable the Senior Leadership Team to effectively manage their budgets and achieve value for money.
Financial Statements	Financial statements will demonstrate control and assist in enabling efficiencies to be maximised and VfM achieved.
Procurement	We will maintain an effective methodology for procuring goods and services that enables PHA to achieve its VfM aims and objectives. This will be achieved through value engineering.
Customer engagement	We will look to involve residents in our tenders and will ask our key business partners to evidence how they have helped us deliver VfM as part of our contract with them.
Reporting	We will record VfM savings within our KPIs and maintain a VfM Register. Performance results will be reported to the Senior Leadership Team and Board quarterly through management accounts and self-assessment reports. The Board will consider delivery of the VfM Strategy annually as part of the sign-off process for the Financial Statements, including performance against the RSH's VfM metrics, and these will be published annually as required as part of our Financial Statements.

Benchmarking

PHA is a member of the Smaller Housing Providers Benchmarking (SPBM) network, facilitated by Acuity in partnership with HouseMark. SPBM has 140 members owning/managing 75,000 homes across eight English regions, with an average stock of 353.

The sector scorecard aims to provide an agreed set of metrics for housing associations to compare their performance and check they are providing value for money. It includes performance and comparisons on the RSH's VfM performance metrics. The service provides additional intelligence for PHA to identify where improvements can be made relative to our peers.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

RSH Value for Money Metrics

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2019/20	SPBM Bench-mark results (median)	Global accounts 2020 (median)	Global accounts 2020 (weighted average)	Commentary
1	Reinvestment (%)	This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties owned.	n/a	n/a	2.0%	7.2%	7.6%	This metric compares the investment against the value of stock owned. All of PHA's stock is leased.
2a	New supply (social) (%)	The new supply metrics sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.	3.4%	8.1%	0.0%	1.5%	1.8%	Although the metric states 'units owned' for the purpose of demonstrating our new supply we have used 'units leased'.
2b	New supply (non-social) (%)	As above	n/a	n/a	0.0%	0.0%	0.3%	All PHA stock is specialised supported housing.
3	Gearing (%)	This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.	0.0%	0.0%	11.2%	44.0%	47.7%	This metric uses the cost/valuation of owned housing but as Pivotal leases all its housing stock this metric gives a nil gearing.
4	EBITDA MRI interest cover (%)	The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.	0.0%	0.0%	349.0%	170.0%	138.0%	Due to no interest bearing loan facilities within the housing association, there is no interest payable and so interest cover zero at this point.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2019/20	SPBM Bench-mark results (median)	Global accounts 2020 (median)	Global accounts 2020 (weighted average)	Commentary
5	Headline social housing CPU (£k)	The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator. The cost measures set out in the metric are unchanged from the metric used in the Regulator's publication Value for Money metrics technical note feedback and responses published in 2018. However, the numerator now includes a separate line for lease costs.	£16.50	£12.67	£4.73	£3.83	£4.25	Our overhead costs are high compared to other housing associations. This reflects how all stock is specialised supported housing that is usually acquired to meet specific identified needs of vulnerable tenants, who by definition would otherwise be unable to live independently in the community (i.e. High service charges as units are furnished to a high specification to meet client needs.) Smaller Registered Providers and supported housing providers both have higher costs. As PHA grows, in line with its strategic objectives, it will be able to spread its cost base more efficiently.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2020/21	PHA results 2019/20	SPBM Bench-mark results (median)	Global accounts 2020 (median)	Global accounts 2020 (weighted average)	Commentary
6a	Operating margin (social) (%)	The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. As noted by the RSH, 'Further consideration should also be given to specialist providers who tend to have lower margins than average.'	0.4%	-2.5%	17.7%	25.7%	27.8%	This shows that our costs are high in relation to our income. Again, this reflects the highly specialised nature of the accommodation and the lease-based model. The new 5 year Business Plan adopted in May 2020 provides for improvements in this position as a result of continued growth and resultant efficiencies.
6b	Operating margin (overall) (%)	As above	0.4%	-2.5%	17.7%	23.1%	22.1%	As above
7	Return on capital employed (ROCE) (%)	This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.	3.3%	-31.4%	2.7%	3.4%	3.2%	Improvement in the year reflected in the improvement in the year-on-year ROCE %.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Principal risks and uncertainties

PHA has developed and adopted a risk management and assurance framework. It sets out the arrangements for identifying and managing risk in accordance with the Board's risk appetite. Risks that may prevent us achieving our objectives are considered and reviewed quarterly by the Strategic Leadership Team, the Audit & Risk Committee and the Board.

PHA has adopted the three lines of defence risk management model, which is designed so that assurance may be derived through the strength and source of controls and the level of reliance placed on these.

All our risks are assessed in terms of their impact and probability, as well as inherent, current and target risk. In addition, reports taken to our Board and Committees are required to contain an evaluation of the risks involved with any recommendations made. Amendments to risks, including the identification of new risks are proposed as part of decision making, which are then approved by the Board or Audit & Risk Committee.

The top ten risks to successful achievement of the PHA's objectives are:

Strategic risk : Financial Plan failures	
<i>Risk description</i>	<i>Risk controls</i>
Incorrect assumptions in the financial plan	<ul style="list-style-type: none">- Financial plan developed and agreed.- Liabilities in plan include stock condition data and asset management resource requirements- Plan developed with knowledge of sector and markets, and realistic growth plans
<i>Priorities for action</i>	
Additional stress testing and scenario planning will be undertaken on the new 5 year Financial Plan during 2021/22.	

Strategic risk : Cashflow	
<i>Risk description</i>	<i>Risk controls</i>
Insufficient cash flow	<ul style="list-style-type: none">- Monthly cashflow forecasting for Association- Register of assets and liabilities- Regular reporting to SLT and Board- No on-lending in place- Loan facility with Parent in place (£450k)
<i>Priorities for action</i>	
Additional stress testing and scenario planning will be undertaken on the new 5 year Financial Plan during 2021/22. Continued growth will be pursued to increase cash reserves and improve financial resilience. Service rationalisation will be implemented to improve value for money and reduce corporate overheads.	

Strategic risk : Budget failures	
<i>Risk description</i>	<i>Risk controls</i>
Failure in budgetary control leading to service failure and business objectives not being achieved	<ul style="list-style-type: none">- Recent investment in new finance recording and reporting systems- Sense check of financial reports by SLT and Board- Data integrity checking to ensure quality of data input- Regular financial reporting and monitoring to SLT and Boards
<i>Priorities for action</i>	
Embedding of new finance systems (Open Accounts).	

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Principal risks and uncertainties (continued)

Strategic risk : Business Growth	
<i>Risk description</i>	<i>Risk controls</i>
Failure to deliver growth of new homes in line with Business Plan assumptions (100 per annum)	<ul style="list-style-type: none"> - Comprehensive Financial planning undertaken regularly - Annual budget prepared and approved - Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision - Scheme appraisals providing viability (in line with agreed parameters for new Business) - Established Service Level Agreements for use with Partners - Due diligence for any new Partners and regular monitoring of existing Partners - Monthly monitoring of Financial performance and operational KPIs by SLT - Quarterly monitoring of Financial performance and operational KPIs to Board - Executive review of Business plan and Financial projections - Board approval of Business plan and Financial projections - Internal audit of new Business Development projects (to implement)
<i>Priorities for action</i>	
A new 5 Year Business Strategy has been agreed. Existing relationships will be managed to ensure a supply of properties to match identified service user needs.	

Strategic risk : Income	
<i>Risk description</i>	<i>Risk controls</i>
Income collection less than expected / Arrears greater than expected	<ul style="list-style-type: none"> - Financial monitoring (cash flow) against budget and business plan. - Arrears monitoring in housing management system, with escalation arrangements - Liaison with local authorities to ensure regular dialogue and timely receipt of payments
<i>Priorities for action</i>	
Regular dialogue will be maintained with local authorities to ensure sound understanding the accommodation and support supplied to the vulnerable groups serviced.	

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Principal risks and uncertainties (continued)

Strategic risk : Board Leadership	
<i>Risk description</i>	<i>Risk controls</i>
Failure of board to give capable leadership, control and strategic direction and/or inappropriate governance arrangements and structures	<ul style="list-style-type: none"> - Standing Orders and Financial Regulations - Board succession plans - Schedule of delegated authorities - Code of Governance adopted - Code of Conduct - Service Agreements for Trustees - Induction training and development for Trustees - Governance Action Plans - Skills review and established Skills Matrix - Board appointments based on preferred balance of skills and competencies
<i>Priorities for action</i>	
Completion of Governance Action Plan to achieve full compliance with the Governance and Financial Viability Standard and adopted Code of Governance. Completion of action plan attached to Voluntary Undertaking with RSH.	
Strategic risk : Risk and assurance failures	
<i>Risk description</i>	<i>Risk controls</i>
Failure to demonstrate an effective risk management/internal control system	Risk strategy in place Risk management framework in place Risk culture embedded in all formal meetings and board papers Risk register in place, regularly reviewed and updated Internal audit services (internal only; external service to be procured)
<i>Priorities for action</i>	
Rollout of externally sourced Internal Audit service. Further embedding of new risk and assurance framework.	
Strategic risk : Covid-19 Pandemic	
<i>Risk description</i>	<i>Risk controls</i>
Negative impact of spread of coronavirus (COVID-19) on delivery of Business Plan and viability	Revised operating procedures in line with national and regulatory guidance has been implemented. PPE sourced in ample quantities for front line staff. Full Covid risk assessment undertaken and published.
<i>Priorities for action</i>	
Vigilance will be applied across all services areas and regular environmental scanning to ensure responsiveness to additional waves of the virus. Maintaining social distancing arrangements across all areas of business activity. Responding to changing Govt. advice.	

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Principal risks and uncertainties (continued)

Strategic risk : Voids	
<i>Risk description</i>	<i>Risk controls</i>
Lack of demand for specialised supported housing from suitable tenants / Letting difficulties	<ul style="list-style-type: none">- New properties not handed over until demand confirmed- Contingency for void fill-up- Established systems to identify suitable replacement tenants when move-on / tenancy failure possible- Void standards- Testing of rent levels ahead of handover and letting- Exit strategies for any unsuitable schemes (including where reduced demand) for onward sale and replacement
<i>Priorities for action</i>	
Continued efforts to address and reduce historical voids.	

Strategic risk : Regulation failures	
<i>Risk description</i>	<i>Risk controls</i>
Negative regulator assessments / regulatory action or intervention	<ul style="list-style-type: none">- Governance reviews (Altair)- Self-assessment of compliance- Governance Action Plans
<i>Priorities for action</i>	
Implementation of Governance Action Plan, including conclusion of entering into Group structure	

Regulation and Corporate Governance

In March 2021, the Regulator of Social Housing (RSH) issued a Regulatory Notice against PHA. In this Notice, it found that PHA was:

- Non-compliance with the Governance and Financial Viability Standard relating to both governance and financial viability weaknesses.
- The RSH found that PHA had been unable 'to demonstrate that it has managed its affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight. It has failed to demonstrate that its business planning, risk management and internal controls framework have been effective in identifying and managing risk to the delivery of its objectives'.
- Non-compliance with the Rent Standard, and in particular, that PHA was 'unable to provide adequate assurance that the accommodation it provides meets the government's definition of Temporary Social Housing (TSH) or Specialised Supported Housing (SSH) and therefore that it is exempt from the Rent Standard'.

As a result, PHA has offered to enter into a Voluntary Undertaking with the RSH and has an Action Plan agreed and in place that will enable the organisation to move to a position of compliance throughout 2021-22.

Many of these necessary actions had already been identified and formed part of PHA's 'Strengthening Governance' work programme. The Board of PHA therefore fully understands how these weaknesses materialised historically and has a plan of action in place to address the weaknesses in the forthcoming financial year.

Compliance with RSH Governance and Financial Viability Standard

A gap analysis against the Governance and Financial Viability Standard was undertaken by Altair and considered by the Board in October 2019. Actions identified to address gaps identified have informed its Governance Action Plan. A further review of compliance was undertaken in June 2020.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Items of non-compliance with the Standard that remain outstanding are:

As the Housing Association work towards implementation of the NHF Cpde 2020, In total, there are 15 areas of non-compliance with the new NHF Code of Governance (2020) identified. There are summarised as follows:

Item	2020 Code Reference	Actions	Due date (indicative only)
1	Principle 1 1.2 1.6 (2) 1.6 (3) 2.6 (1) 3.4 (4) 3.9 (f)	Develop a Resident Engagement Strategy that incorporates the principles contained in the revised 2020 Code and the Together with Tenants Charter	Sept 21
2	1.2 (4) 1.6 (1)	Publication of Annual Report for Tenants including a summary of how resident focus commitments have been delivered.	Sept 21
3	1.3	Reviews Equality & Diversity Strategy in light of priorities and commitments contained in the 2020 Code.	Dec 21
4	1.3 (1) 1.3 (2)	Equality and Diversity Annual Report prepared and published.	Mar 22
5	1.4 (2)	Board to review its own performance and effectiveness.	Sept 21
6	1.5 (3)	Publication of Board Register of Interests on the PHA website in interests of transparency.	Sept 21
7	2.1 (2)	Board to consider and approve plans for a) carbon neutrality; b) environmental sustainability; c) social sustainability	Mar 22
8	2.5 (1)	Staff survey exercise to be undertaken and results received and considered by the Board.	Mar 22
9	2.6 (2) 4.1 4.4 (1)	Appointment of Internal Audit service provider	Sept 21
10	3.7 (3)	Board to consider change to presumption of 6 years maximum term (with option to extend to 9 years following review)	Sept 21
11	3.7 (4) 3.9 (1)(c)	Review and update of the Standing Orders, including explicit arrangements on exclusions to members who have left the Board not being permitted to re-join the Board for 3 years.	Sept 21
12	3.8 (1)	Revisit position re: Company Secretary and internal appointments	Dec 21
13	3.8 (7)	Policy and procedure setting out how Trustee disputes and grievances can be raised and responded to developed and agreed.	Sept 21
14	3.9 (4) 3.10	Trustee appraisals to be rolled out and individual learning and development plans established as an output from the exercise.	Sept 21
15	4.3 (4)	Business Continuity Plan to be developed / reviewed and implemented	Dec 21

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Items of non-compliance with the Standard that remain outstanding are:

Item	Actions	Commentary
1.	Constitutional amendments are being implemented to formalise PHA becoming part of the Pivotal Group.	Approval of the Charity Commission is required for proposed changes before agreed framework can be implemented.
2.	Enhancements to be implemented to how the voice of tenants can influence strategic decision-making. An Annual Report for Tenants is to be developed and published.	Customer engagement strategy presented to Board but still being finalised. Due date - September 2021.
3.	Actions are required to achieve full compliance with PHA's adopted Code of Governance.	PHA has adopted the NHF Code of Governance 2015. See separate section for actions to be implemented.
4.	Stress testing of the financial plan and scenario planning needs to be developed.	A new 5 year Business Plan was agreed by the Board in May 2020, and this requires additional stressing.
5.	An Assets & Liabilities Register is to be developed.	All property assets are held by PHA on a leasehold basis.

Compliance with Code of Governance

The Regulator of Social Housing's (RSH) Governance and Financial Viability Standard requires all Registered Providers (RPs) to adopt a Code of Governance. RPs must comply with their Code of Governance or explain how and why it does not comply with the Code.

PHA has adopted the NHF Code of Governance (2020) ("the Code") in February 2021. It has undertaken a full assessment of its compliance against this new Code and will be working towards achieving full compliance during the course of the next financial year.

An extensive Governance Action Plan has been compiled in response to the Altair audit, and good progress has been made during the year in the delivery of this plan. Some aspects of the Action Plan are contingent on PHA formally joining the Pivotal Group, subject to regulatory approval by the Charity Commission.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

PHA had previously adopted the NHF Code of Governance (2015) which was the applicable Code adopted for much of the 2020/21 financial year. Items of non-compliance with that Code that remained outstanding and are therefore also being carried forward are as follows:

Code Ref.	Actions	Timescales/Commentary
C3, C5 and C6	Amendments to Articles to formalise PHA's membership of the Pivotal Group and adoption of Ringfencing Agreement and SLA governing group relationships to be entered into pending regulatory approvals for PHA to join the Group.	Anticipated to be in place by September 2021. Arrangements in place pending approval.
F1	Internal auditors are to be appointed.	September 2021 A new risk and assurance framework has been adopted.
Part H	Enhancements to be implemented to how the voice of tenants can influence strategic decision-making.	September 2021 Customer engagement strategy presented to Board but still being finalised.

Compliance with all relevant law

In accordance with Part 1.1(a) of the RSH's Governance and Financial Viability Standard, it is necessary for all RPs to adhere with 'all relevant law'.

The Board is able to confirm that there are no known instances of PHA being in breach of any English law. This includes monitoring of compliance against a range of health and safety related matters in which full compliance is in place.

Statements relating to compliance with all relevant law is qualified by the following point:

- There are further improvements to be made to PHA's internal control and assurance framework which was adopted in May 2020. This includes the appointment of externally sourced internal auditors to enhance the current in-house audit and compliance activities.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Board Statement of Public Benefit

PHA's charitable objects restrict its activities to:

- The relief of poverty and unemployment and the promotion of good health among those people in the interim stage between full government support and their return to independence in the community, with particular reference to the economically and socially disadvantaged members of the society such as mental health patients, ex-offenders, other vulnerable groups and young people in the United Kingdom, by the provision of accommodation, social housing, qualified supporting care services and advice.
- To providing social housing and any other purposes connected with or incidental to the provision and management of housing, social housing and accommodation.
- Total customers supported by the HA are in the region of 750, with 295 move on's.

PHA's aims and activities primarily benefit people in the following ways:

- Provision of housing of a specialised nature to meet the high support and care needs of tenants, provided without support of public capital grants, that enable them to live, or adjust to living, independently within the community.
- Related home repair, improvement and tenancy management services.
- Intensive housing management support services that promote tenancy sustainment and co-ordination of support services that promote independent living, including
 - sleepover cover
 - preparation of budget plans
 - access to support aids and funds to help them manage their money
 - assistance and education with provision of medication
 - shopping, cooking / food preparation
 - workshops for cooking, budgeting and nutrition
 - bedding, towels and laundry facilities
 - assistance with computers and internet access

The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our published policies, and to ensure fair access to our services for all those in housing or other need with additional care and support needs and who would otherwise be unable to live independently.

The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing and support service are shared by our tenants.

Reserves Policy

The board are reviewing the reserves policy with a policy to be established November 2021. Policies in relation to unrestricted reserves is to set aside as designated funds amounts for specific future purposes. The balance of free reserves backed by cash was £139,847 at the 31st March 2021. PHA is not expected to achieve the level of cash reserves stated in the agreed policy until 2022/23 and therefore over the next 12 months PHA will continue to receive support from Charles Terence Estates Limited and Pivotal Group Holdings Limited. This support will be superseded by the formal group structure approved by the board, but is subject to approval by the charity commission.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Dividends

As a company limited by guarantee of members (and registered charity), the organisation has no issued share capital and is not permitted to distribute profits by way of a dividend.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The systems of internal control are designed to manage rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

The systems of internal control are designed to manage rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the organisation is ongoing. This is reflected in every report considered by the Board, as well as review by the Audit & Risk Committee. A detailed risk register is considered by each Audit & Risk Committee and at least annually by the Board. The Trustees are satisfied that the major risks to which the organisation is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks.

Trustees have ensured that the following key mechanisms are in place to facilitate effective internal controls assurance:

Identifying and evaluating key risks

The Audit & Risk Committee for the Pivotal Group oversee the Risk Management and Assurance Framework and work of the external auditors (and internal auditors when in place). The Risk Management and Assurance Framework, approved by the Board, sets the organisation's attitude to risk in the achievement of its objectives, and underpins risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks.

The Senior Leadership Team regularly considers reports on these risks and the Chief Executive is ultimately responsible for reporting any significant change affecting key risks to the Committee (and the Board).

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Control environment and internal controls

The process to identify and manage the key risks to which the organisation is exposed are an integral part of the internal control environment. Such processes, reviewed annually, include:

- A formal risk assessment and strategic planning process enables the Board to confirm that there is an on-going process for identifying, evaluating and managing the significant risks faced by the organisation
- Quarterly review by the Audit & Risk Committee of risk, assurance and controls at each of its meetings, with risk registers being reviewed by the Committee and Board.
- Quarterly review by the Board of key performance indicators to assure progress towards the achievement of objectives .
- Adoption of the National Housing Federation Code of Governance which promotes excellence for Federation members in governing their organisations and being accountable, independent and diverse. The Board has conducted a review of its performance against this Code and can either demonstrate compliance with this or has agreed actions that will lead to full compliance on completion of the agreed Governance Action Plan.
- A clearly defined structure with appropriate Articles of Association, Standing Orders, Financial Regulations and Delegated Authorities which Trustees and employees follow, and which cover issues such as delegated authority, procurement, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection
- Clearly determined authority, responsibility and accountability.
- Effective procedures to ensure that all Trustee / Senior Leadership Team approval is required as appropriate for all major expenditure commitments.
- The setting of standards and compliance with health and safety, data protection, fraud prevention and counter bribery and money laundering arrangements.
- All Trustees and employees are covered by Directors and Officers Liability insurance through the National Housing Federation (NHF) to protect them from claims made against them in their capacity as representatives of the organisation. There is also similar nil based gap insurance in place to cover Trustees and employees up to the claim threshold for the NHF policy cover.

Financial reporting arrangements include the setting of detailed annual budgets and rent plans, and a 5 year Business Plan which includes cash flow forecasts, all approved by the Board and revised during the year if necessary.

Additionally, regular reporting is in place for key areas such as void management, rent collection, major works and stock investment and responsive repairs.

Monitoring arrangements

Regular reporting to the Senior Leadership Team, Committees and Board is part of the control environment. This has been established to follow the three lines of defence model.

The Audit & Risk Committee receive an annual report on internal controls assurance from the Senior Leadership Team.

An internal Audit and Quality team is in place and regularly reports on periodic testing and quality checks to validate data and identify areas for continuous improvement.

External auditors provide reports on management and control issues identified during the course of their work. These too are subject to scrutiny by the Audit & Risk Committee on behalf of the Board.

Reports from the Committees and their minutes are shared with the Board.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

The Board has received the Audit & Risk Committee's and the Strategic Leadership Team's annual assurance report which includes evidence to support the review of the effectiveness of the systems of internal control. This process involves the Strategic Leadership Team confirming that throughout the year there were adequate systems of internal control in place. The Strategic Leadership Team provides their assurance to the Audit & Risk Committee whose chair provides a report for the Board. This system is supported by evidence to provide the required level of assurance including details of the key policies and internal control systems together with external evidence from external auditors and other key external stakeholders.

The Board has reviewed the Audit & Risk Committee's annual report on the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. Where issues have been identified, action plans are in place and will be enacted.

The Board cannot delegate responsibility for the system of internal control, but it can, and has, delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the system of internal control. Whilst the Board is satisfied that the new system provides adequate control over the recording and authorisation of transactions, further work is required to develop its reporting capabilities in order to meet the needs of the organisation. Some areas where further action has been identified as necessary to enhance controls and assurance across the organisation are as follows:

- More robust stress testing and scenario planning for the newly developed 5 year Business Plan to better understand what changes would be damaging and what action could be put in place to mitigate the negative impact.
- Externally sourced internal audit services are to be tendered to procure additional services and expertise in this area, to undertake an audit needs assessment exercise and develop a three year programme of internal audit activity that reports to the Audit & Risk Committee on levels of assurance that can be supplied. The scope of future internal audit will include:
 - o Reviewing and appraising the soundness, adequacy and application of controls
 - o Ascertaining the extent to which PHA's assets are properly controlled and safeguarded from loss
 - o Ascertaining the extent to which controls ensure compliance with policies and procedures, the business plan, laws and regulations
 - o Ascertaining that accounting and other information is reliable as a basis for the financial statements and other returns
 - o Ascertaining integrity and reliability of management decision-making information
 - o Evaluating economy, efficiency and effectiveness of systems and procedures
 - o Identifying inappropriate controls and recommending improvements in procedures and practices

Fraud Assurance

A Counter Fraud, Bribery and Corruption Policy and Anti-Money Laundering Policy is in place to reduce the risk of fraudulent activities and provide clarity of response to suspected instances of fraudulent activity. This includes Whistleblowing arrangements and will be subject to regular review.

A Fraud Register is maintained and available for inspection of the Audit & Risk Committee.

Once in place, the activities of the internal auditors will provide an additional layer of controls designed to reduce the risk of fraud occurring.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Overall internal controls position statement

The Board is of the view that internal control arrangements are generally effective, but that there are some areas where strengthening of internal controls are required as detailed.

There are also improvements required to further strengthen the governance and financial viability of PHA. This is subject to a Voluntary Undertaking and Action Plan with the RSH.

The Board

PHA is governed by a voluntary Board of Trustees containing a total of seven non-executive Trustees.

The Trustees who served during the year and up to the date of signing the financial statements are listed on page 1.

The supervision of how an organisation is run and how it manages the risks to its business is generally referred to as 'corporate governance'. This includes regulation, corporate structure and the function of the Board. The Board of Trustees meet at least quarterly with officers in attendance to set the strategic direction, review and approve the Business Plan and budgets, track performance against the Business Plan and budget, approve any new developments, and generally review operations. There are also additional 'strategy days' set aside for strategic planning as well as on-going learning and development.

The Board has established a Competency and Skills Framework that sets out what the Board will require in order to meet the challenges of delivering our priorities. It is not expected that all Trustees will possess all the attributes, but in order to achieve a balanced Board containing an appropriate range of skills, experiences and qualities, every effort is made to ensure the Board as a collective achieves an optimum fit. It therefore follows that all Trustee recruitment follows an open and transparent process, with Trustees selected on the basis of their skills and competencies, and their strategic fit with the Board's overall preferred balance of skills and competencies.

The balance of skills contained on the Board is assessed across the following categories:

General business skills / experience	Governance and regulation	Finance, funding and audit
Corporate services	Housing, property and development	Customer services
Additional specialist skills and knowledge	Professional associations	

The Board has a Trustee Induction policy. This is designed to ensure all Trustees have knowledge of the organisation and its principal activities; and also ensures that they are briefed on their legal obligations under charity and company law, the content of the Articles of Association, and relevant regulatory obligations and expectations. Opportunities are also provided for Trustees to meet with key senior staff, and to visit schemes to enhance their knowledge of our properties and the tenants we serve. Additional internal and external training is also arranged for Trustees as appropriate.

Delegations

The Board of PHA is responsible for strategy of the organisation as well as overseeing its performance. Specific responsibilities have been delegated to a PHA Audit & Risk Committee. Day-to-day performance is delegated to the Strategic Leadership Team.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Audit & Risk Committee – responsible for:

- Statutory reporting, internal (when appointed) and external audit, internal controls, and assurance
- Monitoring the Group's risk management and control framework, as set out in the Group Risk Management and Assurance Framework.

Upon formally joining the Pivotal Group, Committee structures will be reviewed and revised as necessary.

Company membership

There are currently two company members, drawn and selected from the wider Pivotal group. A decision has been taken for PHA to formally become a Subsidiary of Pivotal Group Holdings Limited. Once completed, it is intended that membership of the organisation will be co-terminus with the Board, plus an additional share issued to Pivotal Group Holdings Limited in its capacity as Parent.

Customer Involvement

Direct engagement with customers is encouraged wherever possible, taking in to account the specialist needs of the client groups served. This may often require engagement with family, support and care workers. Involvement includes: information newsletters; new home surveys; repairs feedback; satisfaction feedback.

PHA has identified that this is an area requiring further improvement. A customer engagement strategy has been drawn up for the period 2021-23 and will be formally agreed in August 21.

Trustee obligations and responsibilities are set out in the Trustee Role Profile, the Standing Orders, and the Terms of Reference of the PHA Board. This includes statements that the Board is collectively responsible for the direction and control of the organisation. Each member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements and shares the same legal status and responsibility for decisions taken.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Board's responsibilities

Trustee obligations and responsibilities are set out in the Trustee Role Profile, the Standing Orders, and the Terms of Reference of the PHA Board. This includes statements that the Board is collectively responsible for the direction and control of the organisation. Each member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements and shares the same legal status and responsibility for decisions taken.

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company Law 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 association and of the income and expenditure of the association for that period.

In preparing these financial statements, the Board is required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- iv. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association 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 association and to enable it to ensure that the financial statements comply with the Housing SORP 2018 (FRS102), Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Disclosure of information to the auditors

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Association's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The Report of the Directors has been prepared in accordance with the provisions applicable to companies under the Companies Act 2006, subject to the small companies' exemption regime.

Statement of Compliance

In preparing this Strategic Report and Board report, the Board has followed the principles set out in Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Annual general meeting

The annual general meeting will be held in September 2021.

Auditors

A resolution to re-appoint PKF Francis Clark will be proposed at the forthcoming Annual General Meeting.

Going Concern

PHA's business activities, its current financial position and factors likely to affect its future development are set out within this Board Report and Annual Accounts. PHA has in place debt facilities which provide adequate resources to finance committed reinvestment and growth programmes, along with the organisation's day to day operations. PHA also has a 5 year business plan which shows that it is able to service this debt facility and all anticipated expenditure requirements.

We are committed to creating a safe and healthy environment - for our staff, customers and all who come into contact with our services.

Our teams have continued to provide essential services during the Coronavirus outbreak. We acted quickly to implement appropriate health and safety measures during the Coronavirus lockdown. Following the Government's easing of lockdown restrictions, our focus continues to be on the health and safety of our staff and clients.

The table below sets out our assessment of the health and safety risks as a result of Covid-19, the controls we have in place and any further action we plan to take.

'This assessment considers the risks within the context of the Government's easing of lockdown restrictions. We will review our risk assessment as and when the Government announces further phases of its Coronavirus response and update it accordingly.

Pivotal Housing Association

Board Report (Including Strategic Report)

Year Ended 31 March 2021

Covid-19 Health and Safety Risk Assessment

Risk	Existing Controls	Further Action
Staff returning to work sites before it is safe to do so.	<p>Staff who can work from home have been facilitated to do so. Only staff performing an essential role that cannot be done from home will be in the office / service. Clear communication issued to staff to maintain the status quo for the time being.</p> <p>Specific risk assessment for support services, HMO's and our Head Office. Person specific risk assessments for those who are vulnerable and need to return to office / service location.</p>	Further communication of support and access to equipment for those working at home. <i>continued...</i>
Risk of infection when travelling to work and between sites.	<p>Only those staff who have to come into work are travelling.</p> <p>This continues to be the position for the current phase.</p> <p>Staffing rotas in some services have been adjusted to minimise travel.</p>	<p>Encourage those staff that need to attend the work site to walk, cycle or drive where possible.</p> <p>Minimise travelling being undertaken wherever possible.</p>
Staff, customers, contactors and visitors do not maintain social distancing	<p>Social distancing arrangements in place and communicated.</p> <p>Warnings procedure in place for customers who do not comply with social distancing.</p> <p>Deliveries and contractors attend by appointment only.</p> <p>Risk assessment in place for support schemes, HMO's and Head Office, including:</p> <ul style="list-style-type: none"> • A plan for offices and kitchens for use with 1m+ rule. • Ensuring signage is up in all locations instructing people to keep at least 1m distance. • Marking out floor areas to stop people getting too close to each other where necessary. 	

Pivotal Housing Association

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Year Ended 31 March 2021

Covid-19 Health and Safety Risk Assessment

Risk	Existing Controls	Further Action
Infection risk is not appropriately managed (where social distancing is not possible).	<p>Clear instructions are in place on isolation if staff have symptoms or a household contact has symptoms.</p> <p>Personal protective equipment is available in all work places.</p> <p>Plans communicated for symptomatic customers and how to isolate and support them in isolation</p> <p>Information provided to customers on how to practice social distancing, report symptoms and isolate.</p> <p>Communal spaces closed where appropriate.</p> <p>No face to face meetings unless 2m distance can be maintained.</p> <p>Use outside space for meetings where possible.</p>	<p>Supply of PPE where it is appropriate / where required to be provided if a new site is opening up.</p> <p>Wherever possible, windows should be open for ventilation.</p> <p>Review our requirements on face coverings following Government advice. Consider the options in terms of provision.</p> <p>Staff to travel between sites as little as possible to reduce infection risk.</p>
Wellbeing of staff working at home and in services is not appropriately managed.	<p>Home working risk assessment undertaken by all home workers.</p> <p>Video-conferencing facilities in place to ensure effective communication.</p> <p>Guidance issued to staff on wellbeing when working remotely.</p>	

On this basis, the Board has a reasonable expectation that PHA 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, it continues to adopt the going concern basis in the financial statements.

The report has been prepared having taken advantage of the small companies exemption in the Companies Act 2006.

In approving the Board Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board



D Streek, Chair

Date: 28/09/21

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2021

Opinion

We have audited the financial statements of Pivotal Housing Association (the 'association') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity/ reserves, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

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.

Material uncertainty relating to going concern

In auditing the financial statements, we have concluded that a material uncertainty exists that may cast significant doubt on the associations ability to to continue as a going concern. We draw your attention to notes 1(o) and 17 in the financial statements which indicate that the association is dependant upon the continued support of related parties. Our opinion is not modified in respect of this matter.

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 board is responsible for the other information. The other information comprises the information included in the board report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2021

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the board report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board report (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the board report (incorporating the strategic report).

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the board was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 25, the board members (who are also the directors of the association for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2021

Auditor's responsibilities for the audit of the financial statements

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

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

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the association. We gained an understanding of the association and the industry in which the association operates as part of this assessment to identify the key laws and regulations affecting the association. We made enquiries with management and made an appropriate team selection (ensuring competence and capability to recognise non-compliance). Key regulations identified were health and safety regulations, employment law, regulations regarding the standards of homes and also those laws and regulations that have a direct impact on the preparation of the financial statements.

Management enquiries covered any knowledge or evidence of actual or potential fraud, litigation and claims which are followed up with corroborative audit review work. We also evaluated management incentives and opportunities for fraudulent manipulation of the financial statements and found nothing to note.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

Enquiries of management regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud, of which there were none.

Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance.

Reviewed filings with the Regulator of Social Housing, Charity Commission and Companies House and whether there were any serious incident reports made during the year, of which there were none.

Discussed with management if any health and safety incidents have been recorded during the year, of which there were none.

Review of the GDPR policy and enquiries to management as to the occurrence of any reportable breaches, of which there were none.

Reviewed Board minutes and correspondence with the Regulator of Social Housing and Charity Commission.

Reviewed estimates and judgements made in the accounts for any indication of bias, of which there were none.

Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Pivotal Housing Association

Independent Auditor's Report to the Board of Pivotal Housing Association

Year Ended 31 March 2021

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

For and on behalf of PKF Francis Clark

Chloe Mills

Chloe Mills FCA (Senior Statutory Auditor)
Statutory Auditor

Chartered Accountants & Statutory Auditors
Towngate House
2-8 Parkstone Road
Poole
BH15 2PW

Date 30 September 2021

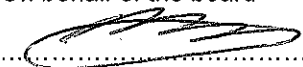
Pivotal Housing Association

Statement of Comprehensive Income (Including Income and Expenditure Account)

Year Ended 31 March 2021

		Total 2021 £	Total 2020 £
	Note		
Turnover			
Letting of non investment property	2	7,883,214	7,131,537
Cost of Sales			
Direct cost of letting properties		5,264,761	4,343,671
Support costs		2,003,712	2,716,316
	2	<u>7,268,473</u>	<u>7,059,987</u>
Gross surplus		614,741	71,550
Other income			
Miscellaneous income	2	158,880	124,969
		<u>773,621</u>	<u>196,519</u>
Administrative expenses			
Management and administration	2	745,755	372,801
Surplus / (deficit) for the year		<u>27,866</u>	<u>(176,282)</u>
Fund balance brought forward at 1 April		<u>111,981</u>	<u>288,263</u>
Fund balance carried forward at 31 March		<u>139,847</u>	<u>111,981</u>

On behalf of the board



D Streek, Chair

Date: 28/09/21

Pivotal Housing Association

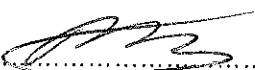
Balance sheet

Year Ended 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	7	19,242	26,346
Tangible fixed assets	8	<u>372,964</u>	<u>391,963</u>
		392,206	418,309
Current assets			
Debtors	9	1,192,140	1,023,054
Cash at bank and in hand		<u>374,579</u>	<u>40,703</u>
		1,566,719	1,063,757
Total assets		1,958,925	1,482,066
Creditors: amounts falling due within one year	10	(1,104,193)	(920,085)
Net current assets / (liabilities)		<u>854,732</u>	<u>561,981</u>
Creditors: amounts falling due after more than one year	11	(450,000)	(450,000)
Provision for liabilities	12	<u>(264,885)</u>	<u>-</u>
Total net assets / (liabilities)		<u>139,847</u>	<u>111,981</u>
Funds:			
Unrestricted funds			
General funds		139,847	111,981
Total funds	14	<u>139,847</u>	<u>111,981</u>

The financial statements were approved and authorised for issue by the Board on 28/09/21.....

Signed on behalf of the board


.....

D Streek, Chair

Date: 28/09/21.....

The notes on pages 9 to 18 form part of these accounts.

Company registration number: 06211760

Pivotal Housing Association

Statement of Changes in Equity / Reserves

Year Ended 31 March 2021

	Income and expenditure reserve	Total 2021	Total 2020
	£	£	£
As at 1 April	111,981	111,981	288,263
Surplus / (deficit) for the year	27,866	27,866	(176,282)
Total comprehensive income	<u>139,847</u>	<u>139,847</u>	<u>111,981</u>
As at 31 March	<u>139,847</u>	<u>139,847</u>	<u>111,981</u>

Pivotal Housing Association

Statement of Cash Flows

Year Ended 31 March 2021

	Note	2021 £	2020 £
Net cash flow from operating activities			
Net cash flow from operating activities	15	401,537	(130,416)
Cash flows from investing activities			
Payments to acquire tangible fixed assets	8	(67,661)	(278,551)
Cash flow from financing activities			
Proceeds from issue of new long-term loans		-	350,000
Net increase / (decrease) in cash and cash equivalents		<u>333,876</u>	<u>(58,967)</u>
Cash and cash equivalents at 1 April		40,703	99,670
Cash and cash equivalents at 31 March		<u>374,579</u>	<u>40,703</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

1 Summary of significant accounting policies

(a) General information and basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Registered Social Housing Providers: Statement of Recommended Practice applicable to registered social housing providers preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Housing SORP 2018 (FRS 102), Accounting Direction for Private Registered Providers of Social Housing 2019, Companies Act 2006 and Accounting Determination.

The association has adapted the Companies Act formats to reflect the special nature of the registerer provider's activities.

(b) Company status

The registered provider is a company registered in the UK and limited by guarantee (Company number 06211760). There are 2 independent members of the company. In the event of the registered provider being wound up, the liability in respect of the guarantee is limited to £1 per member of the registered provider.

The Association is a Registered Housing Association (No. 4747) and a Registered Charity (No. 1121914). The registered provider constitutes a public benefit entity as defined by FRS 102.

(c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the registered provider and which have not been designated for other purposes.

(d) Incoming resources

All incoming resources are included in the SOCI when the registered provider is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the registered provider being notified of an impending distribution or the legacy being received.

The expected income per property is recorded as income with voids being brought in to account for the opportunity costs lost on the properties not occupied.

Management fees and Training fees are recognised as income in the period in which the services are provided to other organisations.

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis and other overheads have been allocated on the basis of the head count.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

1 Summary of significant accounting policies (continued)

(f) Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% Straight Line Basis
----------	-------------------------

(g) Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Plant and machinery	20% reducing balance method
Leashold property improvements	20% reducing balance method
Office equipment	20% reducing balance method
Fixtures and fittings	20% reducing balance method
Property set-up costs	20% reducing balance method

(h) Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

1 Summary of significant accounting policies (continued)

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(j) Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(k) Financial instruments

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

Financial instruments are recognised in the association's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

1 Summary of significant accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that sell the assets in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

(I) Provision for liability

The sinking fund matches the amount on the agreed rent card each month and is accounted for on an accruals basis and the calculation is based upon the number of days per month. The calculation deducts the number of void days in the period. The budget for the sinking fund is calculated using the latest housing stock condition survey. The value of the expected works is calculated on a weekly basis over the timeframe used in the housing stock condition survey. This is then added to the rent card proposals sent to the Local Authority. The sinking fund income is therefore part of the Housing Benefit rental income receivable from the Local Authority.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

1 Summary of significant accounting policies (continued)

(m) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(n) Retirement benefit

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

(o) Going Concern

The financial statements have been prepared on a going concern basis. As explained in the board report on pages 2 to 28 the board have considered the financial forecasts, cash flow forecasts and uncertainty relating to the coronavirus pandemic and the impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet liabilities as they fall due during the next 12 months and therefore in the opinion of the Board, at the date of approval of the 2020/21 financial statements the association requires the continued support of Charles Terrence Estates and Pivotal Homes Group Limited. The board have developed a formal group structure which has been approved by the board and is subject to approval by the charity commission. This group structure replaces the requirement for support from Charles Terrence Estates and Pivotal Homes Group Limited and formalises the continuing support from Pivotal Group Holdings Limited. The directors consider that with this support, together with the Coronavirus Job Retention Scheme and proactively managing cash-flow, the association has sufficient working capital to continue to meet its financial obligations and pay its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

2 Social housing turnover and costs

	2021 £	2020 £
Rents receivable excluding service charges	7,808,186	7,072,279
Service charges receivable	75,028	59,258
Other income	158,880	124,969
Total income from lettings	<u>8,042,094</u>	<u>7,256,506</u>
Cost of property letting	(5,264,761)	(4,343,671)
Support costs	(2,003,712)	(2,716,316)
Management and administration	(745,755)	(372,801)
Total housing activities expenditure	<u>(8,014,228)</u>	<u>(7,432,788)</u>
Net surplus / (deficit) from social housing activities	<u>27,866</u>	<u>(176,282)</u>
Rent losses from voids	1,106,825	996,477

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

3 Bed spaces

	Number of units at 31 March 2021	Number of units at 31 March 2020
<i>Social housing</i>		
Supported housing	457	413
	<u>457</u>	<u>413</u>

4 Auditor's remuneration

	2021 £	2020 £
Fees payable to the Association's auditor for the audit of the Associations's annual accounts	18,000	9,000
	<u>18,000</u>	<u>9,000</u>

5 Directors' remuneration

The aggregate remuneration paid to or receivable by directors including pensions of £nil (2020: £329) was £nil (2020: £17,380). Employers' National Insurance payable was £nil (2020: £974). The pension scheme is a defined contribution scheme with no enhanced pension payments during the year or preceding year. The remuneration paid to the highest paid director excluding pension contributions was £nil (2020: £17,051).

6 Staff costs

The aggregate remuneration of such employees was as follows:

	2021 £	2020 £
Wages and salaries	990,535	833,621
Social security	71,319	73,149
Other pension costs	25,889	13,859
	<u>1,087,743</u>	<u>920,629</u>
Average number of employees	45	38

There are no employees who received more than £60,000 as their employee package.

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

7 Intangible fixed assets

	Software £
Cost:	
At 1 April 2020	39,392
Additions	-
Disposals	-
At 31 March 2021	<u>39,392</u>
Amortisation:	
At 1 April 2020	13,046
Charge for the year	7,104
Eliminated on disposals	-
At 31 March 2021	<u>20,150</u>
Net book value:	
At 1 April 2020	<u>26,346</u>
At 31 March 2021	<u>19,242</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

8 Tangible fixed assets

	Plant & machinery	Leasehold property improvements	Property set up costs	Office equipment	Furniture & fixtures	Total
	£	£	£	£	£	£
Cost:						
At 1 April 2020	243,701	180,052	248,274	24,290	3,287	699,604
Additions	41,682	702	14,353	10,924	-	67,661
At 31 March 2021	<u>285,383</u>	<u>180,754</u>	<u>262,627</u>	<u>35,214</u>	<u>3,287</u>	<u>767,265</u>
Depreciation:						
At 1 April 2020	151,338	32,022	96,704	24,290	3,287	307,641
Charge for year	22,198	29,922	33,696	844	-	86,660
At 31 March 2021	<u>173,536</u>	<u>61,944</u>	<u>130,400</u>	<u>25,134</u>	<u>3,287</u>	<u>394,301</u>
Net book value:						
At 1 April 2020	<u>92,363</u>	<u>148,030</u>	<u>151,570</u>	-	-	<u>391,963</u>
At 31 March 2021	<u>111,847</u>	<u>118,810</u>	<u>132,227</u>	<u>10,080</u>	-	<u>372,964</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

9 Debtors

	2021 £	2020 £
Trade debtors	562,594	94,518
Other debtors	298,044	528,920
Prepayments and other accrued income	331,502	399,616
	<u>1,192,140</u>	<u>1,023,054</u>

10 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	531,531	609,606
Other tax and social security	23,188	16,534
Other creditors	549,474	293,945
	<u>1,104,193</u>	<u>920,085</u>

11 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Loans	450,000	450,000
	<u>450,000</u>	<u>450,000</u>

In the previous financial year Pivotal Housing Group entered into a loan facility agreement for £450,000 with Pivotal Homes Group. At the end of March 2020 £450,000 had been drawn down. From June 2020 interest of 0.5% above National Westminster Bank base lending rate was payable. Capital repayments will start in March 2023 and the capital is repayable over 16 quarterly payments.

12 Provision for liability – Rental income sinking fund

	2021 £
Sinking fund provision at 1 April 2020	-
Movement in provision during the year	264,885
Sinking fund provision at 31 March 2021	<u>264,885</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

13 Leases

	2021 £	2020 £
Not later than one year	4,104,396	3,448,195
Later than one and not later than five years	16,417,584	13,792,782
Later than five years	39,143,736	35,745,481
	<u>59,665,716</u>	<u>52,986,458</u>

The registered provider has entered into a 20 year lease for the majority of it's properties.

14 Funds

	2020 £	Income £	Expenditure £	2021 £
General reserves	111,981	8,042,094	(8,014,228)	139,847
	<u>111,981</u>	<u>8,042,094</u>	<u>(8,014,228)</u>	<u>139,847</u>

The general reserves represents free funds of the registered provider which are not designated for particular purposes.

15 Reconciliation of operating surplus / (deficit) to cash flow from operating activities

	2021 £	2020 £
Surplus / (deficit) for the year	27,866	(176,282)
Depreciation and impairment of tangible fixed assets	86,660	91,278
Amortisation and impairment of intangible fixed assets	7,104	7,869
(Increase) / decrease in trade and other debtors	(169,086)	431,807
Increase / (decrease) in trade and other creditors	184,108	(485,088)
Increase / (decrease) in provisions	264,885	-
Net cash flow from operating activities	<u>401,537</u>	<u>(130,416)</u>

16 Analysis of changes in net debt

	2020 £	Cash flows £	2021 £
Long-term borrowings	(450,000)	-	(450,000)
Total liabilities	<u>(450,000)</u>	<u>-</u>	<u>(450,000)</u>
Cash and cash equivalents	40,703	333,876	374,579
Total net debt	<u>(409,297)</u>	<u>333,876</u>	<u>(75,421)</u>

Pivotal Housing Association

Notes to the Financial Statements

Year Ended 31 March 2021

17 Related party transactions

The Association had the following related party transactions and balances during the year:

Pivotal Support Group Limited

A member of the Association is a shareholder of this Company.

Included in trade creditors are £9,107 (2020: £6,380).

Included in other creditors are £28,670 (2020: £4,211).

During the year to 31st March 2021, £225,598 of costs have been recharged to Pivotal Support Group.

CT2 Developments Limited

D Dixon is a director and shareholder of this Company.

Included in other creditors are £Nil (2020: £711) due to CT2 Developments Ltd.

Charles Terence Estates Limited

D Dixon is a director and shareholder of this Company.

This Company has paid rentals during the period for hostels occupied by the Association as follows:

£178,457 (2020: £231,107) rentals payable to Charles Terence Estates Limited.

Rentals payable are considered to be at market value.

Included in trade creditors are £Nil (2020: £6,500).

Included in other debtors are £266,791 (2020: £267,487).

During the year to 31st March 2021, £390,107 of costs (excluding rentals payable) have been recharged to Charles Terence Estates.

Pivotal Care Group Limited

Included in trade debtors are £Nil (2020: £220,679). Included in trade creditors are £694 (2020: £Nil).

Included in other debtors are £43,690 (2020: £Nil). Included in other creditors are £Nil (2020: £112,754).

During the year to 31st March 2021, £15,973 of costs have been recharged to Pivotal Care Group.

Pivotal Professional Services Limited

Included in trade creditors are £Nil (2020: £18,800).

Included in other debtors are (£19,597) (2020: £Nil). Included in other creditors are £Nil (2020: £32,525).

Pivotal Development Services Limited

Included in other debtors are £11,408 (2020: £2,638).

Included in trade creditors are £Nil (2020: £3,850).

During the year to 31st March 2021, £31,565 of costs have been recharged to Pivotal Development Services.

Pivotal Homes Group Limited

Included in other creditors are £290,824 (2020: £112,754).

Included in loans are £450,000 (2020: £450,000).

During the year to 31st March 2021, £6,570 of costs have been recharged to Pivotal Homes.

During the year to 31st March 2021, £182,505 (2020: £154,214) of wages have been recharged to Pivotal Homes.

