

BHT SUSSEX

England & Wales · Charity number 284839

Details

Other names	BHT, BRIGHTON HOUSING TRUST, B H T
Status	Registered
Legal form	Charitable company
Company number	01618610
Registered	1982-07-08
Register	View on the Charity Commission register

Contact

Address	Brighton Housing Trust 144 London Road Brighton BN1 4PH
Phone	01273645400
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Website	www.bht.org.uk

Activities

Objects: OBJECTS 2.1 THE OBJECTS OF THE CHARITY ARE: 2.1.1 (I) TO RELIEVE POVERTY BY THE PROVISION OF HOUSING; (II) THE RELIEF OF SICKNESS; (III) THE ADVANCEMENT OF EDUCATION AND TRAINING OF PERSONS WHO ARE EITHER HOMELESS OR IN NEED OR BOTH, AND THE FAMILIES OF SUCH PERSONS; IN SUCH WAYS AS THE BOARD (AS DEFINED IN THE ARTICLES OF ASSOCIATION) THINK FIT; AND 2.1.2 TO PROMOTE THE STUDY OF AND RESEARCH INTO ALL ASPECTS AND METHODS OF RELIEF AND PREVENTION OF HOMELESSNESS AND RELIEF OF THOSE PERSONS IN NEED AND MAKE RECORDS AND DISSEMINATE THE USEFUL RESULTS OF SUCH RESEARCH BOTH NATIONALLY AND MORE PARTICULARLY IN SUSSEX.

Activities: BHT's Mission, delivered through its services, is aimed at combating homelessness, creating opportunities and promoting change. Since the 1960s BHT has developed a range of services to meet the needs of homeless, insecurely housed and vulnerable men and women. Our services aim to tackle both the causes and effects of homelessness and poverty.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** The Prevention Or Relief Of Poverty, Accommodation/housing
- **Who:** Children/young People, People With Disabilities, Other Defined Groups

Geography

- **Area of benefit:** NOT DEFINED IN PRACTICE SUSSEX
- Brighton And Hove
- East Sussex
- West Sussex

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£18,123,805	£18,065,498	£11,344,784	309
2024-03-31	£17,379,293	£17,620,031	£11,700,263	301
2023-03-31	£16,943,224	£16,848,427	£11,479,061	292
2022-03-31	£14,976,407	£14,628,100	£11,384,262	270
2021-03-31	£13,754,070	£13,374,751	£11,035,954	234

Trustees

Name	Role	Appointed
Andrew Rose		2021-12-13
Angeline Walker		2021-12-13
Gerald Main		2018-12-03
Jonathan Rosser		2025-06-23
Lawrence Santcross		2021-12-13
Lee Davies		2023-09-18
MELANIE JANE HOLLAND DAVIS		2017-12-11
Mary Davies		2023-09-18
Paul Featherstone		2020-04-01
SARAH BUTLER		2017-12-11

Accounts



Report and Financial Statements

For the Year ended 31 March 2025

Companies House Number 01618610

Charity Commission Number 284839

Regulator of Social Housing Number H1696

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Reference and Administrative Details

Board of Trustees

Sarah Butler
Lee Davies
Mary Davies
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald, Chair of the Board
Gerald Main
Andrew Rose, Chair of FARC
Lawrence Santcross
Angeline Walker

Governance Committee

Melanie Davis, Chair of OPC
Kelvin MacDonald,
Chair of the Board
Andrew Rose, Chair of FARC

Finance, Audit and Risk Committee

Andrew Rose, Chair of FARC
Sarah Butler
Lee Davies
Mary Davies
Lawrence Santcross

Operations & Personnel Committee

Sarah Butler
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald,
Chair of the Board
Gerald Main
Angeline Walker

Remuneration Committee

Sarah Butler
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald,
Chair of the Board
Andrew Rose, Chair of FARC

Executive Management

David Chaffey
Chief Executive

Jo Berry
Head of Business Development

Sunil Desai
Director of Finance & Resources

Nikki Homewood
Director of Advice & Support Services

Rachael Kenny
Director of Mental Health & Support Services

Daniel O'Connell
Director of People, Safety & Learning

Company Secretary & Registered Office

Sunil Desai
144 London Road
Brighton
BN1 4PH

Principal Solicitors

DMH Stallard LLP
1 Jubilee Street
Brighton
East Sussex
BN1 1GE

Bankers

Royal Bank of Scotland
PO Box 300
Brighton
East Sussex

Auditors

Beever and Struthers
150 Minories
London
EC3N 1LS

Chair's Report for the year ended 31 March 2025

Chair's Report

The statistics in the annual report tell many stories. They tell of a small but truly excellent organisation that delivers a wide range of housing, mental health, homeless, addiction, recovery, advice, employment support and housing services that are linked not only in the pathways that they provide for our clients and tenants but by the humanity and sheer professionalism with which they are delivered.

They tell the story of a charity whose work lies at the heart of national priorities, homelessness, supporting people back into work, providing housing, tackling addiction, debt and immigration advice. Yet it struggles financially to do so due to lack of funding. They tell a story of Government spending priorities that have the effect of hitting hardest those whom the state should consider most in need of support. This was exemplified by East Sussex County Council having to make a very significant funding cut to our Floating Support Service that has prevented so much homelessness.

They tell a story of people whose lives have been changed by the work that we do. They tell a story of a way of working across all that we do that involves deep understanding, patient support and a deep well of knowledge and experience. They tell a story of an amazing staff whose expertise and commitment are not, as yet, matched by the remuneration that we can afford to give them.

They tell the story of a Board – all acting entirely voluntarily – a Chief Executive and an Executive Management Team who together have identified and faced up to a range and an intensity of historic and current challenges and who have embarked on a programme of sometimes very painful actions to place BHT Sussex on a sound financial basis that means it can continue its extraordinary work into the future.

When looking at those statistics, I always look for one in particular. In the year covered by this report, our welfare advisers raised £4,063,042 (up by over £922k since last year) in income for 519 clients. This to me seems like throwing a pebble in a pool. The ripples going outward affect not only our clients in so many ways but their loved ones and the groups with whom they interact.

Other key statistics are also up since last year – we had a underlying year-end surplus of £101k (previous year it was a deficit) before gains from property disposals; we supported 10,683 clients and tenants up from 10,374 last year; 1,838 people were supported by our community Mental Health services in West Sussex (previously was 1,751), and we continue to prevent homelessness in over 2,300 cases.

This is the final year that I write this Chair's Report. BHT Sussex has chosen a new Chair, Jon Rosser, and the regrets that I have in standing down are eased by knowing that my successor has all the qualities needed, and more, to lead the organisation through its challenges and to guide Board Members, the Chief Executive and Executive Management Team in achieving the stability that BHT Sussex needs and so richly deserves.

I do leave with genuine regrets – I have served the mandatory nine years – but with such powerfully positive memories. I have benefitted so much from meeting our clients, our tenants and our staff. Being the Chair has changed me significantly for the better and I have no doubt that BHT Sussex will thrive in fulfilling its aim of Inspiring Change Across Sussex.

Thank you, Board Members, thank you David Chaffey, thank you Executive Management Team, thank you to all the BHT Sussex staff, thank you to all our tenants and to all our inspirational clients.



Kelvin MacDonald, Chair of the Board

Date: 22/09/25

Strategic Report from the Board of Trustees for the year ended 31 March 2025

Report of the Board of Trustees

The Board of Trustees (The Board) are pleased to present their Annual Report and the Financial Statements of BHT Sussex for the year ended 31 March 2025.

Aims And Objectives

BHT Sussex is a progressive and highly valued, charitable organisation delivering a unique blend of interlinked projects and services. We empower people to overcome homelessness, poverty, addiction and mental ill health by working in partnership across Sussex with local councils, the NHS and voluntary organisations. Our Mission is 'Combatting Homelessness, Creating Opportunities, Promoting Change'. We have updated our Strategic Plan for 2024-2026, which outlines three Strategic Objectives:

- Sustainability: We are committed to securing both the environmental and the financial future of BHT Sussex. Over the past fifty years, we have developed high-quality services across Sussex, valued by clients, tenants and stakeholders. We continue to invest in 'mission critical' services such as our groundbreaking legal and housing advice work and the First Base Day Centre.
- Quality: Renowned for excellence, BHT Sussex works collaboratively with staff, clients, tenants, commissioners and stakeholders to maintain and increase the quality of services across Sussex.
- Growth: To meet rising demand, we aim to expand our services, launch innovative projects and generate annual surpluses that support our sustainability and quality commitments. This includes exploring options for investment in our housing stock and staff to benefit clients and tenants.

Our Business Model

Our business model is based on five core principles:

- Recruiting and Retaining Quality Employees: We maintain a skilled workforce capable of delivering excellent services. Our employment terms and conditions attract high-quality applicants, and we retain key staff despite sector-wide recruitment challenges. Although turnover has been higher than anticipated, no underlying negative causes have been identified. We continue to hold Investors in People Gold accreditation, and we aim to achieve Platinum. Two strategic roles – Head of Health and Safety and Head of Asset Management – have been successfully created and filled.
- Maximising Income Streams: Rents and service charges accounted for over 41% of our income. Void rent loss increased to 10.4% above our target of 5.5%, due to referral challenges and service reconfiguration in Supported Housing. Staffing underspends helped offset the impact. Net Rent Arrears stood at 5.49% (£537k) as of 31 March 2025, better than the forecast of 5.8% (£567k).

Despite the cost-of-living crisis, performance in Housing Services and Supported Housing remained strong. While high levels of bad debt write offs can disguise poor performance in rent collection, bad debts write offs to 31 March 2025 were lower: Supported Housing £34k (2024: £73k), Housing Services £0k (2024: £14k). Most income streams met targets, though Legal Services income was £769k, below the £944k target due to fewer clients and court referrals.

Strategic Report from the Board of Trustees (continued) for the year ended 31 March 2025

- Delivering Value for Money: We focus on Social Value (SV) and Value for Money (VfM) for continuous improvement through a SV and VfM Framework. Regular monitoring includes service usage, income and expenditure, and strategic and operational key performance indicators. Our SV and VfM Statement ensures outcomes remain clients and tenant focused.
- Maintaining Liquidity: Our cash balance as of 31 March 2025 was £2.2m, (2024: £2.7m), consistently meeting our minimum target of £2.2m. A key challenge over the next five years is generating sufficient funds to meet the £550k annual investment needs outlined in our Asset Management Strategy.
- Securing Profitable Growth: We continue to increase our turnover and retain contracts. Our plans include expanding our services across Sussex, increasing housing provision, and reaching more clients and tenants.

Financial Results

A net operating surplus of £463k (2024: £221k) was generated during the year, which includes a gain from the disposal of a property that had become unviable for our service needs. Increasing our surplus remains a priority to strengthen financial viability, invest in current and future services, and continue investing in our properties.

Income: Total income reached £18.1m (2024: £17.4m), driven by higher contract and rental income, excluding the proceeds from the property sale.

Expenditure: Total expenditure was £18.0m (2024: £17.6m), which was £700k less than expected. Whilst void loss remained a concern this was partly offset by lower employee and repairs and maintenance costs.

Despite sector-wide increases in rent arrears due to the cost-of-living crisis and the increased uptake of Universal Credit (UC), BHT Sussex maintained stable arrears levels. There was a modest increase among clients and tenants who migrated to UC, but this risk was successfully mitigated through a refocusing of employee resources.

Our Financial Position remains healthy with Total Net Assets of £11.3m (2024: £11.7m), supported by Income and Expenditure Reserves of £10.9m (Restated 2024: £10.5m) and Restricted Reserves of £0.5m (2024: £0.4m). A provision has been raised for £0.9m within these accounts for 2024/25 to cover potential refunds of historic over charging of rent. This issue was referred to the Regulator of Social Housing as a potential breach of the Rent Standard and we are actively working with the Regulator to resolve this matter, and this provision has reduced our reserves.

Development And Performance

The Board received quarterly reports monitoring financial and operational performance, including:

- Cash Management - Our cashflows and average cash balances decreased during the year, mainly due to void rent losses. Cash at bank and in hand as at 31 March 2025 was £2.2m (2024: £2.7m).
- Void Rent Loss - Supported Housing: Expressed as a percentage of gross rents, void rent loss was 14.9% (2024: 15.9%), against a target of 7.8%.
- Void Rent Loss - Housing Services: Expressed as a percentage of gross rents, void rent loss was 2.0% (2024: 1.3%), meeting our target of 2.0%.

Strategic Report from the Board of Trustees (continued) for the year ended 31 March 2025

- Bad Debts - Supported Housing: Bad debts as a percentage of rents receivable were 0.8% (2024: 0.9%), below the target of 1.5%.
- Bad Debts - Housing Services: Bad debts as a percentage of rents receivable were 0.0% (2024: 0.2%), below the target of 1.5%.
- Gas Safety Certificates: Units with a valid safety certificate stood at 100% (2024: 100%).
- Employee Sickness: Working days lost per FTE employee were 4.9 days (2024: 5.9 days), better than the target of 7.0 days, excluding long term sickness cases.

Future Prospects

Apart from the concern of funding our Asset Management Plans going forward, which our new Head of Asset Management will be addressing, the challenges successfully faced to date due to the cost-of-living crisis demonstrate that BHT Sussex is an organisation that is well governed and well-managed. It also highlights our capacity to adapt operations in response to changing circumstances, including those that could not have been foreseen.

We will continue to seek new opportunities as our communities and the wider economy recover from the financial and psychological impacts of the cost-of-living crisis.

Our employees are our greatest asset, supporting the delivery of both our charitable and strategic objectives. We continue to invest in the recruitment and retention of quality employees at all levels. Like many organisations, we have faced difficulties over the past year, but employees continue to demonstrate dedication and resilience.

Governance arrangements have been reviewed and strengthened in recent years. All governing documents, including our Strategic and Business Plans, have been reviewed and updated.

Health And Safety

Health and Safety remains a key priority. We have a Working Group that looks at strategic health and safety issues, including compliance with the Fire Safety Act 2021 and the 2022 Regulations. Our new Head of Health and Safety will lead further improvements in this area.

Health and Safety is monitored quarterly via our Strategic Risk Register. Throughout the year Health and Safety and Fire Risk Assessments were conducted across all properties, with £254k (2024: £262k) spent on remedial works to enhance fire safety.

Gas Safety Inspections: Performance in the final quarter of 2024/25 was 100% (2024: 100%).

Safeguarding

Following safeguarding failures in some domestic charities and wider failings in international aid agencies, BHT Sussex has reviewed the robustness of its own policies and procedures in these and other areas.

Strategic Report from the Board of Trustees (continued) for the year ended 31 March 2025

We maintain strong reporting arrangements, including a widely publicised Whistleblowing Policy and Procedure. Clients and tenants are surveyed on their confidence in our policies and procedures. Safeguarding training is embedded in our employee training programme.

Employees

Our employees are our most valuable resource. Through them, we deliver our strategic objectives, including our highly reputable services. We continue to strengthen our senior capacity with recruitment of a Head of Health and Safety and a Head of Asset Management, enhancing our strategic management capacity going forward. Our ongoing improvements in sickness management have resulted in an average of 4.9 days absence per employee during the final quarter of the year (excluding long term sickness cases), which is 30% below the target of 7 days.

Board Membership

BHT Sussex seeks to appoint and retain Board Members with the skills, knowledge, business acumen, integrity, values and commitment to lead the organisation with drive, ambition and enthusiasm.

We recruit new Board Members through open advertisements and effective use of our sector networks. All new Board Members receive a full induction programme. We have two individuals with lived experience on the Board.

Board Members serve on a voluntary basis and receive out-of-pocket expenses only. No other payments are made to the Chair or individual Board Members. The Board and its Committees undertake annual reviews and appraisals to ensure compliance with the National Housing Federation's Code of Governance 2020. The Chair also conducts individual reviews with each Board Member.

Decision-making responsibilities between the Board and Executive Management Team are clearly defined in our Standing Orders and a separate Financial Levels of Delegated Authority schedule, both reviewed and approved regularly by the Board.

Cost-of-living Crisis

We continue to monitor and adapt to the financial climate shaped by the cost-of-living crisis. Our response has generally been strong, and we have adapted well to the challenges and opportunities faced by both our employees and the organisation.

BHT Sussex has successfully continued its vital work over the past year. Our approach, best described as 'slow and steady', has enabled us to respond effectively to the needs of key stakeholders, underpinned by a culture of continuous improvement.

We remain committed to prudent planning, with the safety of our employees, clients and tenants remaining our highest priority.

The Board recognised the extraordinary work employees have undertaken to successfully keep the organisation going under the considerable external pressures.

Risks, Uncertainties and Opportunities

The new Labour Government, the war in Ukraine and the ongoing cost-of-living crisis presents both opportunities and challenges. Uncertainty around public finances, inflation and energy costs may limit our ability to significantly increase our surplus in the short term. The financial and psychological impact of the crisis is expected to increase demand for our services.

BHT Sussex has a mature and well-developed approach to strategic risk management. Our Strategic Risk Register provides the Board with clear information across three key areas:

- Improving our financial strength
- Enhancing our operating environment
- Increasing our influence and reputation

Under these areas, eleven specific risks have been identified. During the year we engaged our Internal Auditors (RSM), to review our Strategic Risk Register, with the aim of refreshing the strategic risks in light of our new Strategic Plan and aligning our risk framework with best practice.

Risks are reviewed quarterly by the Executive Management Team and reported regularly to both the Finance, Audit and Risk Committee and the full Board. Reports include quantification of individual risks, mitigation strategies and recovery plans should multiple risks impact simultaneously.

Going Concern

Following an assessment of our current financial position, future forecasts and available resources, including the £3m loan facility from Charity Bank, we have reviewed our services and projected cashflow over the next 18 months. Based on this analysis, which includes sensitivity testing, the Board believes that BHT Sussex can manage its business risks effectively.

We have a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. Therefore, we continue to adopt the going concern basis of accounting in preparing these annual financial statements.

Despite the risks and uncertainties we face, we are confident that BHT Sussex has a positive future, based on the following assessment:

- Over 54% of our income comes from rental and service charges - a relatively secure and well-managed stream, though void rent losses remain a concern.
- 86% of this income is paid directly to BHT Sussex from Housing Benefits, Universal Credit and Adult Social Care, providing confidence in future payments.
- For 2025/26, over 80% for our contracted income is secure. Most other income is secure for the duration of contracts, and we can flex costs if contracts are terminated. The reduction in our East Sussex Floating Support Service contract is offset by securing a significant new contract in West Sussex.
- Challenges in funding the Asset Management Programme and charitable fundraising are expected to be temporary and not materially our going concern assessment.

Strategic Report from the Board of Trustees (continued) **for the year ended 31 March 2025**

- We maintain controls over inflationary pressures on salaries and rewards, though this may be a challenge going forward.
- Our cash balance, at the time of account approval, was 45% greater than the £2.2 million working capital head room required by our Reserves Policy. Forecasts for April 2025 to September 2026 show a healthy £3.1m average cash balance.
- We have limited exposure to money market fluctuations with fixed rate borrowing and no involvement in property development for sale.
- We retain the ability to withdraw from activities with reasonable notice if they become an unacceptable drain on cash resources.

Based on this assessment, the Board has concluded that no material uncertainty exists, and the organisation is expected to continue operating for the foreseeable future.

Pensions

BHT Sussex participates in the Scottish Widows Pension Scheme, the NHS Pension Scheme, Local Government Pension Scheme, and a Social Housing Pension Scheme - Growth Plan Scheme with TPT Retirement Solutions. Please see Note 22 to the Financial Statements for more details.

The TPT scheme is a multi-employer scheme providing benefits to some 521 non-associated participating employers (see Note 22) and currently applies to 11 employees.

This scheme is classified as a 'last man standing arrangement'. As the result of a merger, BHT Sussex has inherited the potential liabilities of Sussex Oakleaf for other participating employers' obligations; should those employers be unable to meet their share of the scheme deficit upon withdrawal.

Participating employers in the TPT scheme are legally required to meet their share of the deficit on an annuity purchase basis upon withdrawal. During 2024/25 BHT Sussex contributed £3,202 towards the pension deficit. The Board considers the contribution rate demanded by the scheme to be affordable.

All members contributing to Series 3 were switched to Growth Plan Series 4 in 2013, and any new employee contributions have been made into Series 4 since its closure. Growth Plan Series 4 is a defined contribution scheme, with assets held separately from those of the entity in independently administered funds. Further details are available in Note 22.

Compliance With Governance And Financial Viability Standard

The Board has reviewed BHT Sussex compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and concluded that the organisation fully complies. BHT Sussex has reviewed its Assets and Liabilities Register to ensure that it meets the required standards. Ongoing work is being undertaken to ensure the Register remains accurate and complete, with timely adjustments made as needed.

Strategic Report from the Board of Trustees (continued)
for the year ended 31 March 2025

Internal Controls

In accordance with the Regulator of Social Housing's expectations, the Board is required to conduct an annual review of the effectiveness of internal control systems, and to issue a formal statement on the outcome within the annual report and accounts.

The Board acknowledges its ultimate responsibility for the system of internal controls, including reviewing their effectiveness and managing the risk of fraud within BHT Sussex. It also acknowledges that risk management and control processes must operate continuously and be embedded across all activities. It should be recognised that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal controls is designed to manage risk and provide reasonable assurance that key business objectives will be achieved, financial information is reliable, and assets are safeguarded.

BHT Sussex has adopted the National Housing Federation Code of Governance 2020. Following a review the Board is confident it complies with the Code.

Processes for identifying, evaluating and managing significant risks faced by BHT Sussex are ongoing, have been in place throughout the year under review (including up to the date of approval of the annual report and accounts), and are regularly reviewed by the Board. Key elements of the control framework, which provide evidence for the Board's review of effectiveness, include:

- ✓ A comprehensive risk management framework that regularly identifies key business risks monitors mitigation measures.
- ✓ An organisational structure with clearly defined responsibilities and delegated authority, as set out in the BHT Sussex standing orders and financial regulations.
- ✓ A Code of Ethics supported by a framework of policies and procedures, with which employees must comply.
- ✓ A three-year, risk-based strategic internal audit plan, with all audit reports reviewed by the Finance, Audit and Risk Committee.
- ✓ Monitoring of audit-related action plans to ensure implementation of recommendations.
- ✓ Review of audit reports from regulators, funders and commissioning bodies.
- ✓ Board approval of annual budgets and the Strategic Plan.
- ✓ Comprehensive budgetary control arrangements that identify variances and their underlying causes.
- ✓ A performance reporting framework involving Strategic and Operational Key Performance Indicators (SPIs and KPIs), with regular measurement against targets.
- ✓ A New Developments and Business Opportunities Policy, requiring Board approval for proposals meeting specific financial and non-financial criteria, with quarterly reporting.
- ✓ A Whistleblowing Policy providing confidential channels for employees and third parties to report unlawful, improper, or suspicious activity.

Strategic Report from the Board of Trustees (continued) for the year ended 31 March 2025

- ✓ Maintenance of a fraud register, with reporting to the Board in the event of any fraud.

The Board's review of the effectiveness of the BHT Sussex internal control systems has identified no significant failings, weaknesses or instances of fraudulent activity resulting in material misstatement or loss requiring disclosure in the financial statements for the year ended 31 March 2025, or up to the date of signing.

Value For Money

BHT Sussex continues prioritise Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Framework.

What SV and VfM means at BHT Sussex

We exist for a social purpose, with our efforts focused on changing lives across Sussex. Our Mission and Values drive us to continuously learn and improve how we engage with local communities and deliver our services.

Our Mission is to combat homelessness, create opportunities for our clients and tenants to improve their wellbeing, and to promote positive change.

Whilst a robust approach to VfM is a regulatory requirement, we would pursue it regardless. We aim to make a difference through the outcomes we achieve for our clients, tenants and the communities in which we work, whilst also being mindful of employee wellbeing.

The outcomes we achieve reflect both the Social Value and Value for Money of the services we provide as a viable and sustainable organisation. SV and VfM aim to maximise our impact, enabling us to make a greater difference than we could without a focused approach. Achieving VfM is central to being a successful and effective social organisation.

What Outcomes do we want to achieve?

Over the past 50+ years, BHT Sussex has developed a diverse range of services to support people who are homeless, at risk of homelessness, or have complex needs. Prevention is the cornerstone of our work:

- Preventing homelessness.
- Preventing escalation of mental health issues - from hospital admissions accessing secondary services.
- Preventing the negative consequences of addiction.
- Providing specialist housing, benefit and immigration advice to prevent homelessness.
- Providing work, learning and employment opportunities to prevent unemployment and poverty.
- Where prevention is not possible, we mitigate impact through effective, VfM services aimed at changing lives.
- BHT Sussex Housing Services provides homes for over 749 residents across Sussex, offering good quality, safe and secure general needs housing at sub-market rents for those unable to rent or buy their own home.

We are highly conscious of our role in our local communities. Many of our tenants represent positive move-ons from our support and addiction services, and sustaining tenancies is key to securing long-term positive change.

Strategic Report from the Board of Trustees (continued) for the year ended 31 March 2025

Why do we provide our services and who benefits?

- Our clients and tenants are amongst the most marginalised and vulnerable in society. We provide:
 - Good quality short and long-term accommodation to offer a stable base for building a future.
 - A range of support services to improve wellbeing, independence and secure lasting change.
 - Specialist legal advice in housing, homelessness, immigration and welfare benefits to ensure fair representation.
- Family and friends benefit from knowing their loved ones are receiving targeted support, contributing to their own wellbeing and peace of mind.
- The wider community benefits from our services, which are sensitive to the environments in which our clients and tenants live. We invest in local communities and work collaboratively to help make places that thrive socially, economically and environmentally.
- Local authorities, service providers and government benefit from our growth and service provision, which supports local and national housing strategies and addresses key agendas such as homelessness, poverty, inequality and environmental sustainability. Our services reduce pressure on health, social services, police and other local services. Increasingly, our work aligns with Integrated Care Partnerships (ICPs), local joint commissioning bodies comprising local authorities, health and the wider Voluntary, Community and Social Enterprise (VCSE) sector.

When setting strategic and enabling objectives, the BHT Sussex Board seeks to balance the legitimate, and sometimes competing, expectations of stakeholders with the finite resources available.

- Total Rent Received - Supported Housing: Rent received as a percentage of amounts due was 81.1%, (2024: 100.1%), against a target of 98.5%.
- Total Rent Received - Housing Services: Rent received as a percentage of amounts due was 90.6%, (2024: 97.5%), against a target of 98.5%.
- Arrears Management - Supported Housing: Gross arrears as a percentage of the annual rent roll were 4.0% (2024: 3.6%), against a target of 5.8%.
- Arrears Management - Housing Services: Gross arrears as a percentage of annual rent roll were 8.3% (2024: 6.9%), against a target of 5.8%.

The Regulator of Social Housing has issued value for money metrics. BHT Sussex figures are shown below, alongside Acuity benchmarking data for small housing providers in the Southeast and London:

Strategic Report from the Board of Trustees (continued)
for the year ended 31 March 2025

Value for Money Metrics	Acuity Median 2024/25	BHT Sussex 2024/25	BHT Sussex 2023/24
Reinvestment	2.12%	11.36%	6.12%
New Supply Delivered	-	1.40%	-
Gearing	24.22%	3.00%	1.48%
EBITDA Major Repairs Included Interest Cover	144.20%	3.17%	4.17%
Headline Social Housing Cost per Unit	£6,253	£6,847	£6,196
Operating Margin	18.88%	2.56%	1.27%
Return on Capital Employed	2.50%	1.83%	0.89%

These metrics are typically used by larger housing associations with active development portfolios. Not all are directly applicable to BHT Sussex, whose primary focus is Combating Homelessness, Creating Opportunities and Promoting Change. However, we have benchmarked our performance, using Acuity data, and the table shows that BHT Sussex compares favourably in areas such as Reinvestment, Gearing and Social Housing Cost per Unit. There is improvement needed in Operating Margin and Return on Capital Employed.

In future, BHT Sussex will continue to demonstrate value not only through the metrics outlined above, but also by aligning with our strategic objectives, evidencing our impact on clients and tenants, and drawing on additional benchmarking data from the Acuity group.

Use Of Reserves

Accumulated reserves are deployed to achieve our principal objective of supporting homeless and vulnerable people.

After setting aside an amount to cover day to day financial commitments, reserves are primarily invested in our properties, which provide accommodation and services. At the end of 2024/25 BHT Sussex held total reserves of £10.9m (2024: £11.7m), of which £479k were restricted reserves.

The primary purpose of the BHT Sussex Reserves Policy is to ensure that adequate funds are maintained to support the organisation's long-term viability. The policy is designed to ensure that BHT Sussex:

- Can continue to meet its financial commitments.
- Can deploy funds promptly, in a planned way, and respond to new opportunities.
- Can avoid the erosion of its asset base and maintain and upgrade properties that accommodate clients and tenants.
- Can balance sound investment with good liquidity management.
- Is not forced into short term decisions that compromise its long-term vision.

To achieve these aims, BHT Sussex has adopted target measures for key reserves indicators. The policy sets out that BHT Sussex should:

- Hold a minimum of £1m in free reserves to protect its charitable work from the risk of disruption. Free reserves are defined as the value of unrestricted reserves less fixed assets net of deferred capital grants.

Strategic Report from the Board of Trustees (continued) **for the year ended 31 March 2025**

- Hold a minimum of 1.5 months of operating cash outflow requirements in cash or short-term investments to manage short term volatility in income or liquidity. This equates to £2.2m f based on current cash outflows.

As at 31 March 2025 BHT Sussex held £2.2m as cash or short-term investments, providing 1.8 months of cash cover (2024: 1.8), exceeding the target of 1.5 months.

It is noted the minimum cash balance of £2.2m, should be sufficient to fund the repayment of any restricted reserves, should BHT Sussex be required to do so.

The Board has identified the main financial risks to the organisation as:

- Failure to meet income targets in Supported Housing and Housing Services
- Failure to meet income targets for Advice Services
- Impact on income from Housing Benefits and Universal Credit
- The impact of increasing inflation
- Further cuts to the value of advice and support contracts
- Failure to achieve profitable growth.

In the light of these risks, and to meet future investment opportunities, the Board has identified the need to strengthen the organisation's reserves. As at 31 March 2025 Free Reserves were in deficit at £0.7m (2024: £1.1m).

Post Balance Sheet Events

Since the year end there have been no significant issues to report. However, the cost-of-living crisis continues, and we are experiencing price increases in labour, raw materials, fuel and energy bills.

Board Members' Responsibilities

The Board is responsible for preparing the Strategic Report, Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law and social housing legislation require the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), including UK Accounting Standards and applicable law.

Under company law, the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the organisation and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

Strategic Report from the Board of Trustees (continued)
for the year ended 31 March 2025

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the BHT Sussex transactions, disclose, with reasonable accuracy the financial position of the organisation at any time, and ensure compliance with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the organisation and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board members are responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018.

Financial statements are published on the BHT Sussex website in accordance with UK legislation governing the preparation and dissemination of financial statements, which may differ from legislation in other jurisdictions. The maintenance and integrity of the BHT Sussex website is the responsibility of the Board, and this responsibility extends to the ongoing integrity of the financial statements contained therein.

Auditors

Current Board Members have taken all necessary steps to ensure they are aware of any information required by the auditors for the purposes of the audit and to establish that the auditors are aware of that information. The Executive Management Team is not aware of any relevant audit information that has not been disclosed to the auditors.

Beever and Struthers have expressed its willingness to continue as our auditors. A recommendation for their reappointment as auditors of BHT Sussex will be presented at a forthcoming Board meeting.

On behalf of the Board



K MacDonald
Chair of the Board

Date: 22/09/25

Independent Auditor's Report to the members of BHT Sussex

Opinion on the financial statements

We have audited the financial statements of BHT Sussex for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its result for the year.
- 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 Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for Opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Board Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the 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; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 15 the Board 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 are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

**Michael Tourville FCA
(Senior Statutory Auditor)**

Date:

**For and on behalf of
Beever and Struthers
Chartered Accountants and Statutory Auditor
150 Minories
London
EC3N 1LS**

Statement of Comprehensive Income for the year ended 31 March 2025

	Note	2025 £	2024 £
Turnover	4	18,123,805	17,379,293
Operating costs	4	(18,033,086)	(17,586,059)
Surplus on disposal of property	7a	361,962	414,675
Operating Surplus		452,681	207,909
Interest receivable and similar income	12	42,900	47,267
Interest and financing costs	13	(32,412)	(33,972)
Surplus before taxation		463,169	221,204
Taxation		-	-
Surplus for the year after taxation		463,169	221,204
Total comprehensive Income for the year		463,169	221,204

All activities relate to continuing operations.

The notes on pages 25 to 43 form part of these financial statements.

Statement of Financial Position as at 31 March 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible fixed assets - housing properties	14	22,201,347	21,050,571
Tangible fixed assets – other	15	1,835,653	1,743,470
		24,037,000	22,794,041
Current assets			
Trade and other debtors	16	1,867,310	2,155,551
Cash and cash equivalents		2,312,428	2,757,055
	29	4,179,738	4,912,606
Creditors: amounts falling due within one year	17	(2,911,412)	(2,849,061)
Net Current Assets		1,268,326	2,063,545
Total Assets less current liabilities		25,305,326	24,857,586
Creditors: amounts falling due after more than one year	18	(12,565,039)	(12,715,661)
Other provisions (Restated 2024)	21	(1,395,503)	(1,260,312)
Total Net Assets		11,344,784	10,881,613
Capital and Reserves			
Restricted Reserves	28	479,316	365,078
Income and Expenditure Reserves (Restated 2024)	28	10,865,468	10,516,535
Total Reserves (Restated 2024)		11,344,784	10,881,613

The notes on pages 25 to 42 form part of these financial statements.

Company Number No.01618610
Registered Charity No.284839

The financial statements were approved and authorised by the Board on the 22 September 2025 and were signed on behalf of the Board by:



K MACDONALD
Chair of the Board



A ROSE
Chair of Finance, Audit and Risk Committee

Statement of Changes in Reserves for the year ended 31 March 2025

		Restricted Reserves	Income and Expenditure Reserves	Total
	Note	£	£	£
Balance at 01 April 2024		365,078	10,516,535	10,881,613
Surplus for the year	28	114,238	348,933	463,171
		479,316	10,865,468	11,344,784
Reserves Transfers:				
Transfer from Restricted Reserves	28	-	-	-
Balance at 31 March 2025		479,316	10,865,468	11,344,784

Statement of Changes in Reserves for the year ended 31 March 2024

		Restricted Reserves	Income and Expenditure Reserves	Total
		£	£	£
Balance at 01 April 2023 (Restated)		310,503	10,349,906	10,660,409
Surplus for the year	28	54,575	166,629	221,204
		365,078	10,516,535	10,881,613
Reserves Transfers:				
Transfer from reserves	28	-	-	-
Balance at 31 March 2024 (Restated)		365,078	10,516,535	10,881,613

The notes on pages 25 to 42 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Surplus for the financial year		463,171	221,204
Adjustments for:			
Depreciation of fixed assets - housing properties	14	463,325	462,385
Depreciation of fixed assets - other	15	189,495	184,536
Amortised grant	5	(178,184)	(171,876)
Gift of Assets		-	-
Loss on disposal of fixed assets	14	-	-
Interest payable and finance costs	13	32,412	33,972
Interest received	12	(42,900)	(47,267)
Accelerated depreciation (Social Housing and Non-Social housing)	5, 14, 15	139,369	98,664
Decrease in trade and other debtors	16, 29	288,240	3,829,710
Increase / (Decrease) in trade creditors and other creditors	17, 29	92,074	(3,651,101)
Gain on revaluation of Pension Liability	18	-	(3,302)
Increase/ (Decrease) in provisions	21	135,191	(128,596)
Net cash generated from operating activities		1,582,193	828,329
Cash flows (used) in investing activities			
Interest received	12	42,900	47,267
Purchases of fixed assets - housing properties	14	(1,752,328)	(528,779)
Purchase of new housing property – Rapley Court	14	-	-
Purchases of fixed assets – other	15	(282,818)	(169,824)
Receipt of grant	21, 23	-	-
Net cash used in investing activities		(1,992,246)	(651,336)
Cash flows used in financing activities			
Interest paid	13	(32,412)	(33,972)
Repayment of loans – other	20	(2,162)	(1,949)
Net cash used in financing activities		(34,574)	(35,921)
Net (Decrease)/ Increase in cash and cash equivalents		(444,627)	141,072
Cash and cash equivalents at beginning of year		2,757,055	2,615,984
Cash and cash equivalents at end of year		2,312,428	2,757,056

The notes on page 25 to 42 form part of these financial statements.

Notes Forming Part of the Financial Statements for the year ended 31 March 2025

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1. Legal Status

BHT Sussex is registered with the Financial Conduct Authority and the Regulator for Social Housing, as a social housing provider. BHT Sussex is a charitable housing association, a company limited by guarantee under the Companies Act 2006 and is governed by its Articles of Association. BHT Sussex is also registered with the Charity Commission in accordance with the Charities Act 2011. BHT Sussex is a public benefit entity registered in England with Charity number 284839, Regulator of Social Housing number H1696 and Company number 01618610. The Registered Office is 144 London Road, Brighton, East Sussex BN1 4PH.

2. Accounting Policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for BHT Sussex includes FRS 102 "the Financial Reporting Standard applicable in the United Kingdom, the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, "Accounting by registered social housing providers" 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. These estimates and judgements are outlined in Note 3.

The currency used in preparing these financial statements is the pound sterling and all figures have been rounded up to the nearest pound.

The following principal accounting policies have been applied:

Going Concern

Following assessment of the BHT Sussex financial position and resources available going forward, including the cashflow position for the next eighteen months, the Board believes that BHT Sussex can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis), and has a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, BHT Sussex continues to adopt the going concern basis of accounting, in the preparation of the annual financial statements. Based on this assessment the Board has concluded that a material uncertainty does not exist, and BHT Sussex is expected to continue to operate for the foreseeable future.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income coming from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation. 85.9% of this income is paid directly to BHT Sussex from Housing Benefit, Universal Credit and Adult Social Care, which provide confidence in future income payments via this stream.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and is not expected to have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures, although we recognise that this will be a challenge going forward.
- Our very limited exposure to fluctuations in the money markets, our limited borrowing is at a fixed rate and our non-involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice, should they become an unacceptable drain on the cash resources of the organisation.

Income

Income is measured at the fair value of the consideration received or receivable. BHT Sussex generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable.
- Revenue grants from statutory and other authorities; and
- Legal Aid Association income.

Rental Income

Rental income from residential properties is recognised in the Statement of Comprehensive Income when it falls due.

2. Accounting policies (continued)

Supported Housing Schemes

BHT Sussex receives Supporting People grants from statutory and other authorities. The grants received in the period, as well as costs incurred by BHT Sussex in the provision of support services, have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by BHT Sussex, where it is not recoverable from tenants.

Service Charges

BHT Sussex adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

Legal Aid Association Income

Legal Aid income is accounted for when earned. Income is recognised at agreed rates for all work carried out up to the balance sheet date. Any income earned, where full settlement will not be received until the case is closed, is accrued, and stated at the lower of cost and net realisable value.

Expenditure

All expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts.

Costs of generating income comprise the costs associated with generating donations, attracting fundraising, delivering services that are funded by grants, providing advice services funded by the Legal Aid Agency and providing housing services funded by rent and service charge income.

Charitable activities comprise all costs incurred in the pursuit of the charitable objectives of BHT Sussex. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure therefore include support costs and an apportionment of overheads, as show in note 5.

Support costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of BHT Sussex.

Management of Units Owned by Others

Rent and grant income receivable are included in income. The costs of carrying out the management of contracts and rechargeable expenses are included in operating costs.

Schemes Managed by Agents

Income from these schemes is included within rent receivable. The costs associated with these properties relate to depreciation and loan interest. No management fees are charged by the agents.

Finance Costs

Interest is incurred on loans held by BHT Sussex and is charged to the Statement of Comprehensive Income.

Current and Deferred Taxation

BHT Sussex is a Charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, it is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

Impairment of Fixed Assets

The housing property portfolio for BHT Sussex is assessed for indicators of impairment at each balance sheet date. Where indicators are identified, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An options appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return, or potential sale proceeds, are obtained and used to inform the options. BHT Sussex looks at the net realisable value, from the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value, less costs to sell or value, in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned, or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

No properties have been valued at Value in Use – Service Potential (VIU-SP).

2. Accounting policies (continued)

BHT Sussex defines cash generating units as schemes, except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset, or cash generating unit, is lower than its carrying value, an impairment is recorded through a charge to income and expenditure.

Value Added Tax

BHT Sussex charges Value Added Tax (VAT) on a small proportion of its income relating to legal and IT services and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by BHT Sussex and is not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Pension Costs

BHT Sussex operates a defined contribution pension scheme with Scottish Widows and 1 (2024: 1) employee belongs to the NHS pension scheme. The assets of the schemes are held separately from those of BHT Sussex. Contributions to the schemes are charged to the profit and loss in the year in which they become payable.

As part of the Sussex Oakleaf gift, BHT Sussex took over its Defined Benefit scheme held with TPT – the Growth Plan. This scheme is closed to new members. The scheme is a multi-employer defined benefit pension scheme. Sufficient information is not available to enable BHT Sussex to identify its share of assets and liabilities and as a result, and in accordance with FRS102, these financial statements account for the scheme as if it were a defined contribution scheme.

Where a recovery plan is in place to address the deficit, BHT Sussex recognise, as a liability, its commitment to make contributions under the terms of that recovery plan with changes to the value of this commitment recognised within the Statement of Comprehensive Income.

It should be noted that 3 (2024: 3) employees are in the Local Government Pension Scheme (LGPS) for which BHT Sussex will pay a fixed contribution rates for the duration of the contract. All other employees that TUPE'd with the new service are in our Scottish Widows pension scheme.

Tangible Fixed Assets - Housing Properties

All housing properties are stated at cost together with incidental costs of acquisition less depreciation and impairment (where applicable).

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental

income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Depreciation of Housing Property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	60
External doors	30
Boilers	15
Heating	30
External windows	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

BHT Sussex adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the organisation. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of Other Tangible Fixed Assets

Land is not depreciated. Depreciation on other assets is charged, so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Leasehold properties and improvements	Lease term
Freehold non-housing properties (excluding land)	100
Fixtures, fittings, tools and equipment	5
Computers	4

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Government Grants

Grants are carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the Housing SORP 2018, the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where a social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities. During the year, we tried to minimise the number of people on the government's Job Retention Scheme.

Debtors and Creditors

Debtors and creditors with no stated interest rate, that are receivable or payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in other operating expenses.

Recoverable Amount of Rental and Other Trade Receivables

BHT Sussex estimates the recoverable value of rental, and other receivables, and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Loans

All loans held by BHT Sussex are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price. FRS102 requires that basic financial instruments are subsequently measured at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Leased Assets - Lessee

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

2. Accounting policies (*continued*)

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Provision for Liabilities

BHT Sussex has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, dilapidations, restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent Liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources, or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

Gift of Assets

All assets and liabilities transferred are recognised at fair value.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements key judgements have been made in respect of the following:

- whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. BHT Sussex has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. BHT Sussex has also considered impairment based on their assumptions to define cash or asset generating units.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 14 and 15)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as asset and market condition are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Housing property assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Rental and other trade receivables (debtors) (see note 16)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Provision of potential rental bad debts is based on 100% or former tenant arrears balances and for current balances, a variable percentage specific to each service based on past write-off levels.

4 Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	Turnover	Operating Costs	Surplus on Disposal	Operating Surplus/ (Deficit)
	2025 £	2025 £	2025 £	2025 £
Social Housing Lettings (Note 5)	8,882,350	(7,735,591)	-	1,146,759
Other Social Housing Activities				
Supporting people	1,297,221	(1,245,983)	-	51,238
Residential Care and Other grants	1,177,767	(1,131,247)	-	46,520
			-	
Total Social Housing	11,357,338	(10,112,821)		1,244,517
Activities other than Social Housing Activities (Note 6)				
Legal Advisory Services	1,124,842	(1,509,454)	-	(384,612)
Day Centre	312,988	(419,470)	-	(106,482)
Non-housing rent income	56,926	(56,926)	-	
Other activities	5,271,711	(5,934,415)	-	(662,704)
Surplus on disposal of property (Note 7a)	-	-	361,962	361,962
Total Activities other than Social Housing	6,766,467	(7,920,265)	361,962	(791,836)
Total	18,123,805	(18,033,086)	361,962	452,681

	Turnover	Operating Costs	Surplus on Disposal	Operating Surplus/ (Deficit)
	2024 £	2024 £	2024 £	2024 £
Social Housing Lettings (Note 5)	7,667,792	(7,041,023)	-	626,769
Other Social Housing Activities				
Supporting people	1,214,557	(1,199,966)	-	14,591
Residential Care and Other grants	1,488,064	(1,467,972)	-	20,092
			-	
Total Social Housing	10,370,413	(9,708,961)		661,452
Activities other than Social Housing Activities (Note 6)				
Legal Advisory Services	1,293,625	(1,426,325)	-	(132,700)
Day Centre	310,038	(393,905)	-	(83,867)
Non-housing rent income	55,706	(55,706)	-	
Other activities	5,349,512	(6,001,164)	-	(651,652)
Surplus on disposal of property (Note 7a)	-	-	414,675	414,675
Total Activities other than Social Housing	7,008,881	(7,877,100)	414,675	(453,544)
Total	17,379,294	(17,586,060)	414,675	207,908

5 Income and Expenditure from Social Housing Lettings

	General Needs £	Supported Housing £	Temporary Social Housing £	Total 2025 £	Total 2024 £
Income					
Rents net of identifiable service charges	2,636,139	3,006,419	308,339	5,950,897	5,060,057
Service charge income	570,053	1,993,808	109,914	2,673,775	2,366,724
Release of government capital grants	110,514	67,670	-	178,184	171,876
Other income	250	79,244	-	79,494	69,135
Turnover from social housing lettings	3,316,956	5,147,141	418,253	8,882,350	7,667,792
Expenditure					
Management	(58,898)	(2,468,569)	(250,362)	(2,777,829)	(388,806)
Service costs	(1,087,616)	(2,058,318)	(266,857)	(3,412,791)	(5,055,266)
Routine maintenance	(516,810)	(306,329)	(53,037)	(876,176)	(937,474)
Planned maintenance	(74,167)	(53,754)	(7,606)	(135,527)	(85,437)
Major repairs expenditure	(8,714)	(32,128)	(1,451)	(42,293)	(45,346)
Bad debts	(131)	(23,472)	(2,907)	(26,510)	(66,308)
Depreciation of housing properties:					
- annual charge	(207,215)	(231,471)	(24,639)	(463,325)	(462,385)
- accelerated depreciation	-	(1,140)	-	(1,140)	-
Operating expenditure on social housing lettings	(1,953,551)	(5,175,181)	(606,859)	(7,735,591)	(7,041,022)
Operating surplus/(deficit) on social housing lettings	1,363,405	(28,040)	(188,606)	1,146,759	626,770
Void Rent Losses (memorandum only)	(68,445)	(875,494)	(71,783)	(1,015,722)	(791,820)

6 Particulars of Turnover from Non-Social Housing Activities

	2025 £	2024 £
Advice Services:		
Legal aid including costs & disbursements recovered	768,983	842,950
Grant contract incomes	296,035	352,756
Donations, fundraising and other income	59,824	97,919
Total for Advice Services (Note 4)	1,124,842	1,293,625
Day Centre		
Grant contract incomes	215,947	193,274
Donations, fundraising & other income (Note 4)	97,041	116,764
Total for Day Centre (Note 4)	312,988	310,038

6 Particulars of Turnover from Non-Social Housing Activities (continued)

	2025 £	2024 £
Non-housing rent income		
Renaissance House	16,495	16,495
Chatsworth Road	40,431	39,211
Total for Non-housing rent Income (Note 4)	56,926	55,706
Other Activities		
Grant contract incomes	5,203,822	5,290,512
BHT Sussex IT Solutions	3,840	-
Donations & fundraising	224	100
Other Income (Note 4)	63,825	58,899
Total for other activities (Note 4)	5,271,711	5,349,511
Turnover from non-social housing activities (Note 4)	6,766,467	7,008,881

7a Gain/(loss) on disposal of property, plant and equipment (fixed assets)

	2025 £	2024 £
Proceeds of sale	515,000	521,435
Less: Cost of sales	(153,038)	(106,760)
Surplus	361,962	414,675

7b Units of Housing Stock

	2025 Number	2024 Number
General needs social housing	304	305
Supported housing	137	127
Total social housing units	441	432
Total owned	441	432
Accommodation managed for others	314	299
Total managed accommodation	755	731
Units managed by other Trusts	6	6
Total owned and managed accommodation	761	737

The increase in the number of units owned and managed from 737 to 761 is a result of the purchase of 2 properties (10 units), an increase in the number of managed properties by 25 units, the hand back of 10 managed properties and the sale of 1 property.

8 Operating Surplus

	2025 £	2024 £
The operating surplus is arrived at after charging:		
Depreciation of housing properties - annual charge (Notes 5, 14)	463,325	462,385
Depreciation of other tangible fixed assets (Note 15)	189,495	184,504
Operating lease charges – land, building and vehicles (Notes 8, 24)	1,686,401	1,594,324
Auditor's remuneration (excluding VAT):		
- fees payable for the audit of the annual accounts of the Trust	□□□□□	34,875

9 Employees

	2025 £	2024 £
Employee costs (including Executive Management Team) consist of:		
Wages and salaries	9,523,677	8,900,515
Social security costs	811,697	755,733
Cost of defined contribution scheme	487,907	433,503
	10,823,281	10,089,751

The average number of employees (including Executive Management Team) expressed as full-time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	2025	2024
Administration	69	68
Housing, Support and Care	240	233
	309	301

The full-time equivalent number of employees receiving remuneration, including company pension contribution, in excess of £60,000 was:

	2025 No.	2024 No.
£50,000 - £59,999	-	1
£60,000 - £69,999	1	-
£70,000 - £79,999	2	2
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1

10 Directors and Senior Executive Remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team (EMT) disclosed on page 2.

Key management personnel are defined as members of the EMT. Their remuneration is disclosed below:

	2025 £	2024 £
Executive directors' emoluments	384,919	364,407
Contributions to money purchase pension schemes	20,983	19,359
Total	405,902	383,766

No members of the Board of Management received any emoluments in 2025: nil (2024: nil). The Board of Management received £469.01 (2024: nil) for Board expenses during the year.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments, was £96,408 (2024 - £92,700). Additionally, pension contributions of £5,302 (2024: £5,099) were made to a defined contribution pension scheme on his behalf as an ordinary member of the scheme.

As a member of the company pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were 5 directors in the Trust's defined contribution pension scheme (2024: 5).

11 Board Members

Board Members	Member of -					Board
	Remuneration Committee	Finance Audit & Risk Committee	Operations & Personnel Committee	Governance Committee		
Kelvin MacDonald	√		√	√		√
Sarah Butler	√	√	√			√
Melanie Davis	√		√	√		√
Gerald Main			√			√
Paul Featherstone	√		√			√
Lawrence Santcross		√				√
Angeline Walker			√			√
Andrew Rose	√	√		√		√
Mary Davies		√	√			√
Lee Davies		√				√

No remuneration was paid to Board members. (2024: nil).

12 Interest Receivable and Income from Investments

	2025 £	2024 £
Interest receivable and similar income	42,900	47,267

13 Interest Payable and Similar Charges

	2025 £	2024 £
Interest on loans and overdrafts	32,412	33,972

14 Tangible Fixed Assets – Housing Properties

	General Needs	Supported Housing	Total
	£	£	£
Cost			
At 01 April 2024	16,778,953	11,821,576	28,600,529
Additions:			
- replaced components	324,672	37,532	362,204
- other	519,808	187,831	707,639
Land and Building	-	682,486	682,486
Disposals:			
- replaced components	(172,510)	-	(172,510)
- other	-	-	-
At 31 March 2025	17,450,923	12,729,425	30,180,348
Depreciation:			
At 01 April 2024	(4,054,890)	(3,495,067)	(7,549,957)
Charge for the year	(207,215)	(256,110)	(463,325)
Eliminated on disposals:			
- replaced components	34,281	-	34,281
At 31 March 2025	(4,227,824)	(3,751,177)	(7,979,001)
Net book value at 31 March 2025	13,223,099	8,978,248	22,201,347
Net book value at 31 March 2024	12,724,063	8,326,509	21,050,571

The net book value of housing properties may be further analysed as:

	2025 £	2024 £
Freehold	18,398,266	17,713,428
Long Leasehold	3,139,990	2,680,738
Leasehold Improvements	663,090	656,405
	22,201,346	21,050,571

Total Social Housing Grant received is as follow

	2025 £	2024 £
Capital Grant – Housing Properties	15,628,608	15,628,608

Total Trust expenditure during the year on works to existing properties was £2,806,325 (2024: £1,597,035) of which £1,752,328 (2024: £528,778) has been capitalised. The difference between £2,806,325 and £1,752,328 is repairs and maintenance costs. This amount of £1,053,997 (2024: £1,068,257) has been split between General Needs, Supported Housing and Temporary Social Housing as detailed in note 5. Of the amounts capitalised, £362,204 (2024: £528,778) relates to the replacement of components, £707,639 (2024: £0) relates to the enhancement of properties and £682,486 (2024: £0) was for the purchase of two properties.

15 Tangible Fixed Assets – Other

	Non-Housing Property	Fixtures, Fittings and Equipment	IT Equipment and Software	Total
	£	£	£	£
Cost or valuation				
At 01 April 2024	2,019,394	310,294	353,055	2,682,743
Additions	232,863	18,299	31,656	282,818
Disposals	-	(2,208)	-	(2,208)
At 31 March 2025	2,252,257	326,385	384,711	2,963,353
Depreciation				
At 01 April 2024	(500,863)	(163,599)	(274,811)	(939,273)
Charge for year	(75,394)	(54,144)	(59,957)	(189,495)
Disposal	-	1,068	-	1,068
At 31 March 2025	(576,257)	(216,675)	(334,768)	(1,127,700)
Net book value at 31 March 2025	1,676,000	109,710	49,943	1,835,653
Net book value at 31 March 2024	1,518,531	146,695	78,244	1,743,470

Total Capital Grant received is as follows:

	2025 £	2024 £
Capital Grant – Freehold Non-Housing Properties	680,000	680,000

The net book value of non-housing property may be further analysed as:

	2025 £	2024 £
Freehold	1,592,283	1,408,641
Long Leasehold	83,718	109,890
	-	-
At 31 March	1,676,001	1,518,531

16 Debtors

	2025 £	2024 £
Due within one year		
Rent and service charge arrears	914,773	642,683
Less: Provisions for doubtful debts	(193,229)	(193,229)
(Note 29)	721,544	449,454
Other debtors (Note 29)	711,329	1,349,481
Prepayments and accrued income (Note 29)	434,437	356,615
	1,867,310	2,155,550

17 Creditors: Amounts Falling Due Within One Year

	2025	2024
	£	£
Loans and borrowings (Note 20)	2,399	2,162
Trade creditors (Note 29)	595,828	580,014
Taxation and social security (Note 29)	197,006	201,970
Prepaid rent accounts	137,858	104,051
Other creditors (Note 29)	143,221	100,556
Accruals and deferred income (Note 29)	1,668,858	1,664,106
Deferred Capital Grant (note 19)	166,242	196,203
	2,911,412	2,849,062

Included within Other creditors is £2,746 relating to TPT Pension Liability due within one year.

18 Creditors: Amounts Falling Due After One Year

	2025	2024
	£	£
Loans and borrowings (Note 20)	306,313	308,712
Deferred Capital Grant (Note 19)	12,258,726	12,406,949
TPT Pension Liability	-	-
	12,565,039	12,715,661

19 Deferred Capital Grant

	2025	2024
	£	£
At 01 April	12,603,152	12,775,028
Addition (SCF)	-	-
Released to income during year (Note 5)	(178,184)	(171,876)
At 31 March	12,424,968	12,603,152
	2025	2024
	£	£
In one year or less, or on demand (Note 17)	166,242	196,203
In more than one year but not more than two years (Note 18)	166,242	196,203
In more than two years but not more than five years (Note 18)	498,727	568,020
In five years or more (Note 18)	11,593,757	11,642,726
	12,424,968	12,603,152

20 Loans and Borrowings

Maturity of debt:

	Bank Loans	Bank Loans
	2025 £	2024 £
In one year or less, or on demand	2,399	2,162
In more than one year but not more than two years	2,662	2,399
In more than two years but not more than five years	9,871	8,895
In five years or more	293,780	297,418
	308,712	310,874

Loans are secured by specific charges on the housing properties of BHT Sussex. The loans bear interest at fixed rates ranging from 9.25% to 13.375% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. There were no issue costs associated with the loans. At the 31 March 2025 the BHT Sussex had no bank overdraft facility.

21 Provisions for Liabilities

Dilapidations	2025 £	2024 £
At 1 st April	441,661	570,257
Released to income and expense	25,605	(128,596)
Dilapidation Charged as at 31 March	467,266	441,661
Overcharge of Rent		
At 1 st April (restated Note 31)	818,651	818,651
Provision relating to 2024-25	109,586	-
Overcharge of Rent as at 31 March	928,237	818,651
Total Provision for Liabilities as at 31 March	1,395,503	1,260,312

Maintenance costs of returning properties, under operating leases, to their landlords in a lettable state. These costs are subject to the lease conditions; includes only client/tenant damage and excludes landlord responsibility repairs.

22 Pensions

Defined Contribution Scheme

A defined contribution pension scheme is operated by BHT Sussex on behalf of the employees. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by Scottish Widows. The pension charge represents 5.5% (2024: 5.5%) of pensionable salary contributions payable by BHT Sussex to the fund and amounted to £429,121 (2024: £380,965). Contributions totalling nil (2024: nil) were payable to the fund at the year end.

BHT Sussex also operates a defined contribution pension scheme for the ex-Sussex Oakleaf employees who TUPE'd to BHT Sussex. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by TPT. The pension charge represents contributions payable by BHT Sussex to the fund and amounted to £33,724 (2024: £30,140).

In November 2021, BHT Sussex TUPE'd seven employees from South East Independent Living Limited (SEILL) and made contributions payable to the Local Government Pension Fund (LGPS) of £20,277 2025 Ledger (2024 £22,128). There are only 3 people left in scheme.

One (2024: 1) employee belong to the NHS pension scheme. Membership of this scheme is not open to other BHT Sussex employees. BHT Sussex contributes 14.38% (2024: 14.38%) of their pensionable salaries of members to this scheme.

Defined Benefit Scheme**TPT Retirement Solutions – The Growth Plan**

The organisation participates in a multi-employer scheme which provides benefits to some 521 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

TPT Retirement Solutions – The Growth Plan (continued)

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

A full actuarial valuation for the scheme was carried out at 30 September 2023. This valuation showed assets of £800.3m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Scheme Trustees have asked the participating employers to pay additional contributions. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

TPT – The Growth Plan	31 March 2025 (£s)	31 March 2024 (£s)
Present value of provision	7,695	3,141

Reconciliation Of Opening and Closing Provisions	31 March 2025 (£s)	31 March 2024 (£s)
Provision at start of period	3,141	6,724
Unwinding of the discount factor (interest expense)	83	258
Deficit contribution paid	(3,202)	(3,843)
Remeasurements - impact of any change in assumptions	49	2
Remeasurements - amendments to the contribution schedule	7,624	-
Provision at end of period	7,695	3,141

	31 March 2025	31 March 2024
Rate of discount	4.84%	5.31%

Assumptions

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

23 Contingent Liabilities

BHT Sussex received Social Housing Grants which were used to fund the acquisition and development of housing properties and their components. A grant of £4,066,721 (2024: £□□□□□□2) was received in respect of housing properties held at 31 March 2025 in respect of adoption of historic cost. BHT Sussex has a future obligation to recycle such grants once the properties are disposed of. At 31 March 2025 the value of grants received in respect of these properties that had not been disposed of was £11,748,502 (2024: £11□□□5□□).

In addition, non-social housing grants of £639,200 (2024: £639,200) had been received in respect of properties that had not been disposed of. As referred to in Note 31 below, there is a rent overcharge liability recognised for previous years in these accounts. It should be noted that an estimated amount of £96k rent overcharge relates to 2025/26.

24 Operating Leases

BHT Sussex had minimum lease payments under non-cancellable operating leases as set out below:

Amounts Payable as Lessee

	2025 £	2024 £
Not later than 1 year	1,640,377	1,555,135
Later than 1 year and not later than 5 years	2,447,813	2,862,601
Later than 5 years	1,414,746	1,763,858
Total	5,502,936	6,181,594

Amounts Receivable as Lessor

	2025 £	2024 £
Not later than 1 year	45,437	50,669
Later than 1 year and not later than 5 years	1,994	35,860
Total	47,431	86,529
Average rents receivable from tenants per week	193,716	164,879

25 Capital Commitments

The capital commitments as at 31 March 2025 were £305k (2024: £675k).

Tangible fixed assets/intangible fixed assets

	2025 £'000	2024 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	168	675
Capital expenditure that has been authorised by the Board but has not been contracted for	136	
	305	675
These commitments are expected to be contracted within the next year and financed with:		
General Reserves	305	675

26 Related Party Disclosures

One member of our Board is also a tenant of BHT Sussex. This Board member pays rent and service charges, and these transactions have taken place at arm's length. The average rent charge for the type of property rented is £136.00 (2024: £123.00) per week including service charges. The rent charge paid by this Board member is £136.00 (2024: £123) per week.

There is also a further Board member who is a Trustee of BHT Charitable Trust. There were no transactions (2024: nil) with BHT Charitable Trust.

There were no other related party transactions in the year to 31 March 2025.

27 Members' Liability

BHT Sussex has no share capital, and the liability of the members is limited by guarantee as set out in the provisions of the Articles of Association.

Each of the 10 (2024: 10) members has undertaken to contribute £1 in the event of BHT Sussex being wound up.

28 Capital and Reserves**Restricted Reserves**

	01 April 2024	Income	Expenditure	Released to General Reserves	31 March 2025
	£	£	£	£	£
The Academy	176,827	75,605	(62,032)	-	190,400
East Sussex Floating Support Designated Reserves – Development	145,859	3,986,097	(3,885,432)	-	246,524
Property Maintenance Reserve	2,896	-	-	-	2,896
Restricted Reserves	37,000	-	-	-	37,000
	2,496	-	-	-	2,496
Total Restricted Reserves	365,078	4,061,702	(3,947,464)	-	479,316
Unrestricted Reserves*	10,516,535	14,062,105	(13,713,172)	-	10,865,468
Total Reserves	10,881,613	18,123,807	(17,660,636)	-	11,344,784

	01 April 2023	Income	Expenditure	Released to General Reserves	31 March 2024
	£	£	£	£	£
The Academy	159,752	99,515	(82,440)	-	176,827
East Sussex Floating Support Designated Reserves – Development	108,359	3,896,493	(3,858,993)	-	145,859
Property Maintenance Reserve	2,896	-	-	-	2,896
Restricted Reserves	37,000	-	-	-	37,000
	2,496	-	-	-	2,496
Total Restricted Reserves	310,503	3,996,008	(3,941,433)	-	365,078
Unrestricted Reserves*	10,349,906	13,383,285	(13,216,656)	-	10,516,535
Total Reserves	10,660,409	17,379,293	(17,158,089)	-	10,881,613

Reserve**Purpose and restriction in use**

The Academy	Helping homeless people move into employment and accommodation
East Sussex Floating Support	The provision of a Housing related Floating Support Services to support people to live well and independently in their own homes in East Sussex
Designated Reserves – Development	Transferred from Sussex Oakleaf and is for Millhaven Fund
Property Maintenance Reserve	Transferred from Sussex Oakleaf and is for Capital Major Works
Restricted Reserves	Transferred from Sussex Oakleaf and is for Children in Need

Release of Restricted Reserves to General Reserves is the result of funding for specific projects coming to an end and the funder confirming that no future liability exists. During 2024/25, a total sum of nil (2023/24: nil) was released from Restricted Reserves to General Reserves.

29 Financial Instruments

The financial instruments may be analysed as follows:

	2025 £	2024 £
Financial Assets		
Financial assets measured at amortised cost		
- Trade receivables (Note 16)	721,544	449,454
- Other receivables (Note 16)	1,145,766	1,706,096
Financial assets measured at historical cost		
- Cash and cash equivalents (SCF)	2,312,428	2,757,055
Total Financial Assets	4,179,738	4,912,605
	2025 £	2024 £
Financial Liabilities		
Financial liabilities measured at amortised cost		
- Loans payable (Note 17 & 18)	308,712	310,875
Financial liabilities measured at historical cost		
- Trade creditors (Note 17)	595,828	580,014
- Other creditors (Note 17)	2,146,943	2,070,683
Total financial liabilities at historic cost	2,742,771	2,650,697
Total Financial Liabilities	3,051,483	2,961,572

30 Net Fund Reconciliation

	1 April 2024 £	Cashflows £	31 March 2025 £
Cash at Bank and in Hand	2,757,055	(444,627)	2,312,428
Bank Loans	(310,875)	2,163	(308,712)
TOTAL	2,446,180	(442,464)	2,003,716

31 Prior Year Restatement

There has been restatement of prior year figures following the identification of rent overcharges both in the current year and prior years due to a breach of the Rent Standard. BHT Sussex engaged the services of a consultant, and their findings show that there was a total overcharge of £928k, split between £109k relating to 2025 and £819k for prior years. The figures in the year ended 31 March 2024 have been amended to decrease reserves by £819k and increase provisions for liabilities to reflect the rent refunds.

	Before restatement £	Restatement movement £	After restatement £
Unrestricted Reserves at 31 March 2023	11,168,557	(818,651)	10,349,906
Surplus for the year ended 31 March 2024	-	0	166,629
Reserves at 31 March 2024	11,168,557	(818,651)	10,516,535
Provision for liabilities for 2023/24	441,661	818,651	1,260,312

Accounts



Report and Financial Statements
For the Year ended 31st March 2024

Companies House Number 01618610

Charity Commission Number 284839

Regulator of Social Housing Number H1696

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Reference and Administrative Details

Board of Trustees

Sarah Butler
Lee Davies - Appointed 18/09/23
Mary Davies - Appointed 18/09/23
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald, Chair of the Board
Gerald Main
Ian Millar - Resigned 18/09/2023
Andrew Rose, Chair of FARC
Lawrence Santcross
Mary Tawiah - Resigned 26/06/2023
Angeline Walker

Governance Committee

Melanie Davis, Chair of OPC
Kelvin MacDonald, Chair of the Board
Andrew Rose, Chair of FARC

Finance, Audit and Risk Committee

Andrew Rose, Chair of FARC
Sarah Butler
Lee Davies - Appointed 18/09/23
Mary Davies - Appointed 18/09/23
Ian Millar - Resigned 18/09/2023
Lawrence Santcross
Mary Tawiah - Resigned 26/06/2023

Operations & Personnel Committee

Sarah Butler
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald, Chair of the Board
Gerald Main

Remuneration Committee

Sarah Butler
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald, Chair of the Board
Ian Millar - Resigned 18/09/2023
Andrew Rose, Chair of FARC

Executive Management

David Chaffey
Chief Executive

Jo Berry
Head of Business Development

Sunil Desai
Director of Finance & Resources

Nikki Homewood
Director of Advice & Support Services

Rachael Kenny
Director of Mental Health & Support Services

Katherine Masters
Director of Housing & Property - Resigned 30/11/2023

Daniel O'Connell
Head of People and Learning & Development

Company Secretary & Registered Office

Sunil Desai
144 London Road
Brighton
BN1 4PH

Principal Solicitors

DMH Stallard LLP
1 Jubilee Street
Brighton
East Sussex
BN1 1GE

Bankers

Royal Bank of Scotland
PO Box 300
Brighton
East Sussex

Auditors

Beever & Struthers
150 Minories
London
EC3N 1LS

Chair's Report

Where should I start with such a tumultuous year?

A year in which our clients, tenants, and staff faced the sharp end of the cost of living crisis. A year in which we dealt with the aftermath of a serious fire at one of our properties. A year in which our new Chief Executive, David Chaffey, brought a fresh approach to our work and led the work on our new Strategic Plan and a year in which it became increasingly stretching to deliver our unique range of services – but a year in which we managed to do so to ever higher standards.

I could start with the statistics which are impressive enough, but at the heart of BHT Sussex are people – those we serve and our staff. One of the highlights of the year for me was the staff conference held near Eastbourne in November. Everything that we achieve is down to those gathered in that venue and to those who could not attend that day. One of our defining strengths is that nearly 1 in 5 staff at BHT Sussex have lived experience of the issues our support services address, and I recognise the enormous value they bring to the organisation.

The work of all these wonderful people is brought home to me every time I meet them and visit one of our services. It is also reflected in the statistics that are contained in this report.

All of them are very impressive, but some of them stand out in particular for me - 10,374 clients and tenants were supported, 2,323 cases of homelessness were prevented, 1,751 people were supported by our community Mental Health services in West Sussex, and the BHT Sussex welfare benefit advisers raised £3,140,554 in income for 443 clients. Can you imagine what effect that figure had, not only for the individual, but for their families, their relationships and their wellbeing?

At least one piece of work does not figure in statistics but is starting to have a real national impact. We are campaigning to end an unfairness in the benefits system which results in homeless hostel residents being financially disadvantaged when they start working. This is a national problem affecting both individuals and the economy as a whole.

I could go on – and on – with these impressive statistics but, fundamentally, the attribute that makes BHT Sussex stand out from almost every other provider in the country is that, through our work, people can walk the path from street homelessness and addiction to having a secure and decent home and a job. BHT Sussex employees walk that path alongside them, and it is this dedicated approach to all the work that we do that makes BHT Sussex stand out. Our financial result for the year was a surplus of £221k however this is after allowing for a gain from the disposal of a property which became unviable for our service needs.

Finally, I must not – and cannot – forget our Board of Trustees. They give up their time entirely voluntarily for the myriad activities in which they engage and without the wisdom, knowledge and commitment they bring, BHT Sussex would be the lesser.



Kelvin MacDonald

Chair of the Board

Date – 23/9/24

Report of the Board of Trustees

The Board of Trustees (The Board) are pleased to present their Annual Report and the Financial Statements of BHT Sussex for the year ended 31st March 2024.

Aims And Objectives

BHT Sussex is a highly valued, progressive and unique charitable organisation made up of interlinked projects and services. We empower people to overcome homelessness, poverty, addiction and mental ill health by working in partnership across Sussex with local councils, the NHS and voluntary organisations. Our Mission is 'Combatting Homelessness, Creating Opportunities, Promoting Change'. We have updated our Strategic Plan for 2024-2026. Our existing plan, which was applicable during 2023/24, contained six Strategic Objectives. These Objectives were:

- *Empowering Clients and Tenants:* Clients and tenants are supported to take greater control over their own lives. This includes helping people come to terms with mental health problems, thereby reducing hospital admissions and allowing people to live more independently. Individuals with addictions are supported into abstinence and recovery, thereby increasing their choices around education, training and employment, as well as sustainable housing.
- *Prevention of Homelessness:* Those facing homelessness were supported by our First Base and Legal Advice Centres where we prevented 1,072 (2023: 917) individuals from becoming homeless, with all the negative consequences to their lives and those of their families. Those with a limited or no history of employment are supported to gain work experience, undertake education and training, and secure employment. It's worth noting that we offer a range of other services aside from First Base and Advice which support our work to prevent people from becoming homeless.
- *Improving Our Services:* All services are reviewed on an annual basis and teams prepare improvement plans to ensure their services remain relevant to client and tenant needs and that they meet local strategic priorities. We are very proud of having achieved Gold rating for our Investors in People accreditation. We review and act on feedback received from clients and tenants to improve services. This includes reviewing learning from complaints received.
- *Increasing Our Influence:* By promoting the experience of our clients and tenants, we attract attention from policymakers, commissioners, and other opinion makers. During the year, we remained the 'Go To' organisation for the media and have had input into various policy reviews at a local and national level. Recently, we have been campaigning to change the system that discriminates against homeless hostel residents who start work [New BHT Sussex campaign: Make Work Pay For Everyone - BHT Sussex](#).
- *Improving Our Financial Strength:* By retaining a clear focus on the financial performance of the organisation and seeking opportunities to grow as well as spreading costs more widely, we improve our financial strength.
- *Seeking Quality Growth:* Notwithstanding the cost of living crisis, we have achieved growth since April 2023, with an increase in contract values and employees. Our employee numbers have increased from 250 to over 350 and our turnover has increased from £15m and is expected to be £19m by March 2025. This has already led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of sites to increase the number of homes that we provide.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2024

Aims and Objectives (continued)

Our Business Model

Our business model is based on five core principles:

- **Recruiting and Retaining Quality Employees:** We have continued to have a workforce equipped to deliver services of excellence. Our salaries and employment terms remain competitive locally so that we can attract quality applicants, and we do not lose key employees to partners and competitors. More difficulties have been experienced in recruitment across the sector since Covid. While employee turnover has been higher than anticipated, no underlying negative causes have been identified. We are aiming to increase our Investors in People accreditation to Platinum in the coming years, evidence that we are an organisation that seeks continuous improvement in our employment practices.
- **Maximising Income Streams:** Income from rents and service charges continued to make up over 44% of our income. Void rent loss increased to 10% compared to a target of 5%. This adverse trend was due to higher voids in Supported Housing because of the issues relating to getting appropriate referrals and the need to reconfigure service delivery for some of our services. This is not expected to be an issue as we move to a new norm, nor does it reflect an underlying problem. Increased loss of income through void properties was offset, in part, by staffing underspends. Arrears were 5.9% (£491k) on 31st March 2024 compared to a forecast of 5.8% (£484k). This reflects strong performance in both Housing Services and Supported Housing given the cost of living crisis. While high levels of bad debt write offs can disguise poor performance in rent collection, bad debts to 31st March 2024 were higher for Supported Housing £73k (2023: £31k) and slightly higher for Housing Services £14k (2023: £12k). Other income streams were on or near target, although Legal Service income was £843k against a target of £944k as there were fewer clients and referrals from the courts due to a backlog.
- **Delivering Value for Money:** BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Framework. We regularly monitor these by reviewing service usage, focusing on our income and expenditure, measuring both strategic and operational key performance indicators and we use our SV and VfM Statement to focus on outcomes for our clients and tenants.
- **Maintaining Liquidity:** Our cash balance as at 31st March 2024 remained healthy, at £2.7m, (2023: £3.6m). Our minimum cash balance target of £2.2m continues to be exceeded. A continued challenge will remain over the next five years to ensure that sufficient funds are generated to allow us to meet the investment needs set out in our Asset Management Strategy, which averages £550k per annum.
- **Securing Profitable Growth:** As mentioned above, you continue to increase our turnover and retain our contracts. Our plans include continuing to expand our services across Sussex, seeking opportunities to increase the number of homes that we provide and to increase the number of clients and tenants that we provide services to.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2024

Financial Results

A net operating surplus of £221k (2023: £95k) was generated during the year however this is after allowing for a gain from the disposal of a property which became unviable for our service needs. A priority moving forward is to increase our surplus levels, to strengthen our financial viability, invest in current and new services, and to allow us to continue to invest in our major works programme.

Income: Total income of £17.4m (2023: £16.9m) was received during the year. The increase from the previous year was due to sale of a property and some additional contract income.

Expenditure: Total expenditure of £17.6m (2023: £16.8m) was made during the year. Overall, expenditure was £210k more than expected, particularly in relation to void rent loss. This was partly offset by lower than expected employee and repairs and maintenance related costs.

While others in our peer group have reported significant increases in rent arrears because of the cost of living crisis and increased uptake of Universal Credit (UC), we have been able to maintain our arrears levels, notwithstanding a modest increase in arrears of those clients / tenants who have migrated to over to UC. A refocusing of employee resources has resulted in this risk being successfully mitigated.

Our Financial Position also continues to be healthy with Total Net Assets of £11.7m (2023: £11.5m), supported by Income and Expenditure Reserves of £11.3m (2023: £11.2m) and Restricted Reserves of £0.4m (2023: £0.3m).

Development And Performance

The Board received quarterly reports to monitor performance within the organisation. The performance measures included financial and operational performance indicators, such as:

- Cash management – cash flows and average cash balances decreased during the year with cash at bank and in hand as at 31st March 2024 – £2.7m (2023: £3.6m).
- Void loss in Supported Housing – voids as a % of gross rents of 15.9% (2023: 12.5%), target: 3.9%.
- Void loss in Housing Services – voids as a % of gross rents 1.3% (2023: 3.9%), target: 3.9%.
- Bad debts in Supported Housing – bad debts as a % of rents receivable of 0.9% (2023: 0.0%), target: 1.5%.
- Bad debts in Housing Services – bad debts as a % of rents receivable of 0.2% (2023: 0.9%), target: 1.5%.
- Gas safety certificates – units with a valid safety certificate 100% (2023: 97.4%), target: 100%.
- Employee sickness – working days lost per FTE employee 5.9 days (2023: 5.2 days), target: 7.0 days excluding long term sickness cases.

Future Prospects

Apart from the concern of funding our Asset Management Plans going forward, the challenges successfully faced to date due to the cost of living crisis, demonstrates an organisation that is well-governed and well-managed, able to flex its operations according to circumstances, not least ones that could not be foreseen.

We will continue to seek new opportunities as our communities and economy recovers from the financial and psychological injuries caused by the pandemic and the cost of living crisis.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2024

Future Prospects (continued)

Our employees are our biggest asset, they support the delivery of our charitable and strategic objectives. We continue to invest in the recruitment and retention of quality employees at all levels. Like many organisations, we have had difficulties over the past year, but employees continue to work with dedication and resilience.

Governance arrangements have been reviewed and strengthened in recent years. All governing documents have also been reviewed and updated including our Strategic and Business Plans.

Health And Safety

Health and Safety continues to be one of our key priorities and we have a Working Group that looks at strategic health and safety issues, including the Fire Safety Act 2021 and the 2022 Regulations.

Health and Safety is also monitored quarterly via our Strategic Risk Register. During the year we continued the Health and Safety / Fire risk assessments of all properties, carrying out additional remedial tasks to improve fire safety at a cost of £262k (£208k).

Gas Safety Inspections: our performance for the final quarter of 2023/24 was 100% (97.4%), where gas safety inspections were completed in time and the relevant certificate was on file. There were some issues during the year due to access to properties and the outstanding checks were completed soon after the year end.

Safeguarding

Following failings in some international aid agencies, along with safeguarding failures in domestic charities, BHT Sussex has considered the robustness of its own policies and procedures in this and other areas.

BHT Sussex has robust processes and reporting arrangements in place, including our Whistleblowing procedure, which is widely publicised and on our website. Clients and tenants are asked specific questions in surveys regarding their confidence in the organisation's policies and procedures. Training on safeguarding is part of the training programme for employees.

Employees

Our employees are our most valuable resource. Through them we deliver our strategic objectives, not least our reputable services. We continue to strengthen our capacity at senior level with a new Head of Housing and recruitment for a Head of Health & Safety and a Head of Asset Management. These additions will help to provide strategic management capacity within the organisation going forward. Our continued improvements in employee sickness management has resulted in there being an average of 5.9 days absence per employee during the year (excluding long term sickness cases), which is 16% below the target of an average of 7 days.

Board Membership

BHT Sussex seeks to appoint and retain Board members who have the skills, knowledge, business acumen, integrity, values, and commitment to lead the organisation with drive, ambition and enthusiasm.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2024

Board Membership (continued)

We recruited new board members through open advertisement and the effective use of our wide sector networks. All new members receive a full induction programme. We have one client / tenant with lived experience on the Board.

Board members are appointed on a voluntary basis and receive out-of-pocket expenses. No other payments are made to the chair or individual board members. The Board and its Committees undertake annual reviews and appraisals of their activities helping ensure that we comply with the National Housing Federation's Code of Governance 2020. The Chair of the Board undertakes individual reviews with all Board members.

The policy for delegated levels of decision-making between the Board and Executive Management Team is clearly defined within Standing Orders and a separate Financial Levels of Delegated Authority schedule, which is reviewed and approved by the Board on a regular basis.

Cost of Living Crisis and Post Pandemic

We continue to monitor our responses to the financial climate due the impacts from the cost of living crisis and post Covid pandemic. Generally, it has been very good, and we adapted well to the opportunities and challenges faced by our employees and the organisation. BHT Sussex has succeeded in carrying on its much needed work over the last year. The approach we have taken can be characterised as a 'slow and steady' approach ensuring we meet the needs as best as we can of key stakeholders and with a continuous improvement culture.

We wish to be prudent in the way we plan our work and, as always, our priority is to try to keep all employees, clients and tenants as safe as possible.

Most of our employees continued to work face-to-face with their clients / tenants. We recognise the increased risk this had, but without this dedication we would not have been able to ensure that all our services continued to be delivered throughout the pandemic. The Board recognised the extraordinary work employees have undertaken to successfully to keep the organisation going under the considerable external pressures.

Risks, Uncertainties And Opportunities

The post pandemic, war in Ukraine and Cost of Living Crisis world is providing both opportunities and challenges moving forward. There is uncertainty regarding the public finances due to the impact of inflation and continued higher energy costs. Both will reduce our ability to significantly increase our surplus, at least in the short term. The financial and psychological injury caused by the pandemic and Cost of Living Crisis will result in a continuation and mostly likely an increase in the demands for services.

Our organisation has a well-developed and mature approach to strategic risk management. Our Strategic Risk Register provides the Board with clear information on three key areas, which are improving our financial strength, our operating environment and increasing our influence / reputation. Underneath these three areas, there are eleven specific risks that have been identified. We have also asked our Internal Auditors (RSM), to review our Strategic Risk Register with an aim of refreshing the strategic risks in light of our new Strategic Plan and seeking guidance on the risk framework aligned to good practice.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2024

Risks, Uncertainties and Opportunities (continued)

Our risks are reviewed on a quarterly basis by the Executive Management Team and are reported on a regular basis to both the Finance, Audit and Risk Committee and the full Board. Detailed information provided includes the quantification of individual risks, the management strategy for mitigating their likelihood and impact, and a recovery strategy should one or more risks impact at the same time.

Going Concern

Following an assessment of our current financial position, forecasts and the resources available to us, including our cashflow position for the next eighteen months, the Board believes that BHT Sussex can manage its business risks (including a forecast with sensitivity analysis).

We have a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, we continue to adopt the going concern basis of accounting in preparing these annual financial statements.

Allowing for the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 44% of our income comes from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation.
- 73% of this income is paid directly to BHT Sussex from Housing Benefits, Universal Credit and Adult Social Care, which provides confidence in future payments of this stream of income.
- For 2024/25, over 80% for our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, we can flex costs accordingly.
- Allowing for our current challenges relating to funding the Asset Management Programme and charitable fundraising, any shortfall is likely to be temporary and is not expected to have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures, although we recognise that this may be a challenge going forward.
- Our cash balance, as at the point of approval of these accounts, was 45% greater than the £2.2 million working capital head room agreed as policy. We have also undertaken a cashflow forecast for the period April 2024 to March 2026 and this shows we will be able to maintain a healthy £3.1m average cash balance.
- Our very limited exposure to fluctuations in the money markets, our limited borrowing is at a fixed rate and our non-involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice, should they become an unacceptable drain on the cash resources of the organisation.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2024

Going Concern (continued)

Based on this assessment, the Board has concluded that a material uncertainty does not exist, and the organisation is expected to continue to operate for the foreseeable future.

Pensions

BHT Sussex participates in the Scottish Widows Pension Scheme, the NHS Pension Scheme, Local Government Pension Scheme, and a Social Housing Pension Scheme, Growth Plan Scheme with TPT Retirement Solutions, please see note 22 to the Financial Statements for more details.

The TPT scheme is a multi-employer scheme which provides benefits to some 638 non-associated participating employers (see note 22) and applies to 30 employees.

This scheme is classified as a 'last-man standing arrangement'; therefore, because of the merger, BHT Sussex has inherited the potential liabilities of Sussex Oakleaf for other participating employers' obligations, if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers of the TPT scheme are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. During 2023/24 BHT Sussex contributed £3,843 towards the pension deficit. The Board considers that the contribution rate demanded of the scheme is affordable.

All members contributing to Series 3 were switched to Growth Plan Series 4 in 2013, and any new employee contributions were made into Series 4 from the closure date onwards. Growth Plan Series 4 is a defined contribution scheme in which the assets are held separately from those of the entity in independently administered funds. Further Details are in Note 22.

Compliance With Governance And Financial Viability Standard

The Board has reviewed our compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and has concluded that BHT Sussex complies with the Standard. BHT Sussex has reviewed its Assets and Liabilities Register to ensure that it meets the requirements. There is ongoing work on this Register to ensure that it remains accurate and complete, and that timely adjustments are made as circumstances require.

Internal Controls

In accordance with regulatory expectations of the Regulator of Social Housing, the Board is required to conduct an annual review of the effectiveness of the systems of internal control, and to issue a formal statement within the annual report and accounts on the outcome of this review.

The Board acknowledges its ultimate responsibility for the system of internal controls, for reviewing the effectiveness of those controls and for managing the risk of fraud within BHT Sussex. The Board also acknowledges that risk management and control processes should operate continuously and should be embedded within and across all of our activities. It should be recognised that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal controls is designed to manage risk and provide reasonable assurance that key business objectives will be achieved and to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the assets of BHT Sussex.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2024

Internal Controls (continued)

BHT Sussex has adopted the National Housing Federation Code of Governance 2020. A review of the Code has been undertaken and the Board is confident it complies with the Code.

The processes for identifying, evaluating, and managing the significant risks faced by BHT Sussex are ongoing, have been in place for the year under review and up to the date of approval of the annual report and accounts, and are regularly reviewed by the Board. The elements of the control framework, incorporating the key sources of evidence utilised by the Board in reviewing the effectiveness of the system of internal control, include:

- ✓ A comprehensive risk management framework which identifies key risks to the business on a regular basis and seeks to mitigate and monitor the risks and the associated mitigation.
- ✓ An organisational structure with clearly defined lines of responsibility and delegation of authority set out in the BHT Sussex standing orders and financial regulations.
- ✓ A Code of Ethics supported by a framework of policies and procedures, with which employees must comply.
- ✓ A three year risk-based strategic internal audit plan and the consideration by the Finance, Audit and Risk Committee of all internal audit reports produced during the year.
- ✓ The monitoring of action plans arising from audits to ensure that recommendations have been implemented.
- ✓ The review of audit reports undertaken by regulators, funders, and commissioning bodies.
- ✓ Approval of the annual budgets and the Strategic Plan by the Board.
- ✓ Comprehensive budgetary control arrangements which identify variances and their underlying causes.
- ✓ A performance reporting framework which involves the setting of a suite of Strategic and Operational Key Performance Indicators (SPIs and KPIs) targets and the measurement of achievement against these KPIs.
- ✓ A New Developments and Business Opportunities Policy which requires Board approval of proposals meeting certain financial and non-financial criteria combined with quarterly reporting to the Board.
- ✓ A Whistleblowing Policy providing employees and third parties with confidential channels of communication to report unlawful, improper, or suspicious activity.
- ✓ Maintenance of a fraud register, with reporting to the Board if fraud occurs.

The Board's review of the effectiveness of the BHT Sussex system of internal control has identified no significant failings, weaknesses or instances of fraudulent activity which have resulted in material misstatement or loss that require disclosure within the financial statements for the year ended 31st March 2024, and up to the date of signing these financial statements.

Value For Money

BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Framework.

What SV and VfM means at BHT Sussex

We exist for a social purpose and our efforts are focused on changing lives across Sussex. Our Mission and Values drive us forward, seeking to continuously learn and improve how we engage with our local communities and deliver our services.

Our Mission is to combat homelessness, create opportunities for our clients and tenants to improve their wellbeing and to promote positive change.

We are conscious that a robust approach to VfM is a regulatory requirement, but we would want to do it anyway. We aim to make a difference by the outcomes we achieve for our clients, tenants, and the communities in which we work, and by being mindful of employee wellbeing.

The outcomes we achieve represent both the SV and VfM services that we provide as a viable and sustainable organisation. SV and VfM, therefore, aims to maximise our outcomes and make a bigger difference than if we had not taken a focused approach to it. Achieving VfM is at the heart of being a successful and effective social organisation.

What are the Outcomes we want to achieve?

Over the past 50+ years BHT Sussex has developed a diverse menu of services to support people who are homeless, or at risk of homelessness, and people who have complex needs.

Prevention is the cornerstone of what we do:

- Preventing homelessness.
- Preventing escalation of mental health issues across a broad spectrum - from admissions to psychiatric hospitals to the need to access secondary mental health services.
- Preventing the negative consequences of addictions.
- Providing specialist housing, benefit and immigration advice to prevent homelessness.
- Providing work, learning and employment opportunities to prevent unemployment and poverty.
- Where prevention has not been achieved, we look to mitigate the impact on individuals by providing effective, VfM services aimed at changing lives.
- BHT Sussex Housing Services provides homes for over 749 residents in across Sussex. We provide good quality, safe and secure general needs housing at sub-market rents for those who cannot afford to rent or buy their own home.

We are very conscious of our role in our local communities. In addition, many of our tenants represent positive move-ons from our support and addiction work, sustaining tenancies is key to securing long-term positive change.

Why do we provide our services and who benefits from our outcomes?

- Our clients and tenants are amongst the most marginalised and vulnerable in our society and therefore we provide:

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2024

Value for Money (continued)

- good quality short and long-term accommodation for a range of needs to provide a stable base on which to build a future.
- a range of support to improve wellbeing, independence, and secure lasting change.
- specialist legal advice spanning housing and homelessness, immigration, and welfare benefits to ensure that individuals' rights are fairly represented.
- Family and friends of clients benefit from knowing that their loved one is getting the targeted support they need to make positive changes, contributing in turn, to their wellbeing and peace of mind.
- Wider community – our services are sensitive to the wider community in which our clients and tenants live. We invest in local communities and collaborate with others to help make places work socially, economically and environmentally.
- Local authorities, other local service providers and government – through growth and service provision, we contribute to local and national housing strategies whilst also addressing important agendas such as supporting the most vulnerable, homelessness, poverty, inequality, and the environment. Our support services take pressure off health, social services, police and other local services. Increasingly, our work falls under the remit of Integrated Care Partnerships (ICPs): local joint commissioning bodies comprising local authorities, health and the wider Voluntary, Community and Social Enterprise (VCSE) sector - effectively a stakeholder in its own right.

When setting our strategic and enabling objectives, the BHT Sussex Board seeks to balance the legitimate, and sometimes competing, expectations of our stakeholders with the finite resources at our disposal.

- Total rent received in Supported Housing – rent received as a % of amounts due 100.1%, (2022: 97.7%), (target: 98.5%).
- Total rent received In Housing Services – rent received as a % of amounts due 97.5%, (2022: 98.8%), (target: 98.5%).
- Arrears management Supported Housing – gross arrears as a % of annual rent roll of 3.6% (2022: 2.0%) (target: 5.8%).
- Arrears management Housing Services– gross arrears as a % of annual rent roll of 6.9% (2022: 3.4%), (target: 5.8%).

The Regulator for Social Housing has issued value for money metrics and BHT Sussex figures are shown below:

Value for Money Metrics	Acuity Median 2023/24	BHT Sussex 2023/24	BHT Sussex 2022/23
Reinvestment	3.05%	6.12%	7.59%
New Supply Delivered - units	N/a	0	2
Gearing	14.63%	1.48%	1.48%
EBITDA Major Repairs Included Interest Cover	209.47	4.17%	5.59%
Headline Social Housing Cost per Unit	£6,196	£4,693	£4,759
Operating Margin	16.06%	1.27%	0.56%
Return on Capital Employed	2.57%	0.89%	0.38%

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2024

Value for Money (continued)

These types of metrics are generally used by larger housing associations with development portfolios and all of these metrics are not applicable to BHT Sussex as its primary focus is on Combating Homelessness, Creating Opportunities and Promoting Change. We have compared our performance against these metrics by using the Acuity benchmarking group data for small housing providers in the Southeast and London, as shown above. The table above shows that BHT Sussex compares favourably on Reinvestment, Gearing and Social Housing Cost per Unit and there is improvement needed on our Operating Margin and rate of Return on Capital Employed.

In the future, alongside the metrics above, BHT Sussex will define and show value, by drawing on our strategic objectives, our impact on clients and tenants, and from the other Acuity benchmarking information available.

Use Of Reserves

Accumulated reserves are deployed to achieve our principal objective of supporting homeless and vulnerable people. After setting aside an amount to cover day to day financial commitments, reserves are mainly invested in our properties that provide accommodation and services. At the end of 2023/24 we had total reserves of £11.7m (2023: £11.5m) of which £311k were restricted reserves.

The primary purpose of the BHT Sussex Reserves Policy is to ensure that adequate funds exist to ensure its long-term viability. The policy is designed to ensure that BHT Sussex:

- Can continue to meet its financial commitments.
- Can deploy funds promptly, in a planned way, and react to new opportunities.
- Can avoid erosion of its asset base, maintain, and upgrade the properties that accommodate our clients and tenants.
- Can balance sound investment with good liquidity management; and
- Is not forced into short term decisions to the detriment of its long-term vision.

To achieve this, BHT Sussex has adopted target measures for key reserves indicators. The BHT Sussex policy aims to:

- Hold a minimum of £1m in free reserves, to protect its charitable work from the risk of disruption. The definition of free reserves is the value of unrestricted reserves less fixed assets net of the deferred capital grants.
- Hold a minimum of 1.5 months of operating cash outflow requirements in cash, or short-term investments, to manage short term volatility in income or liquidity. This equates to £2.2m for the BHT Sussex current cash outflows.

As at 31st March 2024 BHT Sussex held £2.7m as cash or short-term investments. This is cash cover of 1.8 months (2021: 1.77) compared to a target of 1.5 months.

It should be noted the minimum cash balance quoted above £2.2m, should be able to fund the repayment of any restricted reserves, should BHT Sussex be asked to repay these amounts.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2024

Use of Reserves (continued)

The Board has identified the main financial risks to the organisation to be:

- Failure to meet income targets in Supported Housing and Housing Services
- Failure to meet income targets for Advice Services
- Impact on income from Housing Benefits / Universal Credit
- The impact of increasing inflation
- Further cuts to the value of advice and support contracts
- Failure to achieve profitable growth.

In the light of these risks, and to meet future investment opportunities, the Board has identified the need to strengthen the reserves of the organisation. Free Reserves as at 31st March 2024 were £1.1m (2023: £1.1m).

Post Balance Sheet Events

Since the year end there have been no significant issues to report. However, the cost of living crisis continues, and we experience price increases in the cost of labour, raw materials, fuel and energy bills.

Board Members' Responsibilities

The Board is responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations. Company law and social housing legislation requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State Ex applicable UK Accounting Standards and the Statement of Recommended Practice Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the BHT Sussex transactions and disclose, with reasonable accuracy at any time, the financial position of the association, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and therefore taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2024

Board Members' Responsibilities (Continued)

Board members are responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the BHT Sussex website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the BHT Sussex website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

Current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by our auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Executive Management Team are not aware of any relevant audit information of which the auditors are unaware.

Beever & Struthers have expressed its willingness to continue and a recommendation for the re-appointment of Beever & Struthers as auditors of BHT Sussex is to be presented at a forthcoming Board Meeting.

On behalf of the Board



K MacDonald
Chair of the Board

Date – 23/09/24

Independent Auditor's Report

Opinion on the financial statements

We have audited the financial statements of BHT Sussex for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its result for the year.
- 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 Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for Opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Board Report.

Independent Auditor's Report to the Members of BHT Sussex

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; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 15 the Board 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 are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Independent Auditor's Report to the Members of BHT Sussex

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

Use of our report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members for our audit work, for this report, or for the opinions we have formed.



Michael Tourville FCA
(Senior Statutory Auditor)

Date: 30 September 2024

For and on behalf of
Beever and Struthers
Chartered Accountants and Statutory Auditor
150 Minories
London
EC3N 1LS

Statement of Comprehensive Income for the year ended 31st March 2024

	Note	2024 £	2023 £
Turnover	4	17,379,293	16,929,933
Operating costs	4	(17,586,059)	(16,812,558)
Surplus on disposal of property	7a	414,675	-
Operating Surplus		207,909	117,375
Interest receivable and similar income	12	47,267	13,291
Interest and financing costs	13	(33,972)	(35,869)
Surplus before taxation	7a	221,204	94,797
Taxation		-	-
Surplus for the year after taxation		221,204	94,797
Total comprehensive Income for the year		221,204	94,797

All activities relate to continuing operations.

The notes on pages 24 to 42 form part of these financial statements.

Statement of Financial Position as at 31st March 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible fixed assets - housing properties	14	21,050,571	21,080,096
Tangible fixed assets – other	15	1,743,470	1,760,927
		22,794,041	22,841,023
Current assets			
Trade and other debtors	16	2,155,551	5,985,261
Cash and cash equivalents		2,757,055	2,615,983
	29	4,912,606	8,601,244
Creditors: amounts falling due within one year	17	(2,849,061)	(6,503,937)
Net Current Assets		2,063,545	2,097,307
Total Assets less current liabilities		24,857,586	24,938,330
Creditors: amounts falling due after more than one year	18	(12,715,662)	(12,889,012)
Other provisions	21	(441,661)	(570,257)
Total Net Assets		11,700,263	11,479,061
Capital and Reserves			
Restricted Reserves	28	365,078	310,504
Income and Expenditure Reserves	28	11,335,185	11,168,557
Total Reserves		11,700,263	11,479,061

The notes on pages 24 to 42 form part of these financial statements.

Company Number No.01618610
Registered Charity No.284839

The financial statements were approved and authorised by the Board on the 23rd September 2024 and were signed on the Board's behalf by:

K MACDONALD
Chair of the Board

A ROSE
Chair of Finance, Audit and Risk Committee

Statement of Changes in Reserves for the year ended 31st March 2024

	Note	Restricted Reserves £	Income and Expenditure Reserves £	Total £
Balance at 1 st April 2023		310,503	11,168,556	11,479,060
Surplus for the year	28	54,575	166,629	221,204
		365,078	11,335,185	11,700,264
Reserves Transfers:				
Transfer from Restricted Reserves	28	-	-	-
Balance at 31st March 2024		365,078	11,335,185	11,700,264

Statement of Changes in Reserves for the year ended 31st March 2023

		Restricted Reserves £	Income and Expenditure Reserves £	Total £
Balance at 1 st April 2022		556,876	10,827,386	11,384,262
Surplus for the year	28	61,757	33,040	94,797
		618,633	10,860,426	11,479,059
Reserves Transfers:				
Transfer from reserves	28	(308,130)	308,130	-
Balance at 31st March 2023		310,503	11,168,556	11,479,059

The notes on pages 24 to 42 form part of these financial statements.

Statement of Cash Flows for the year ended 31st March 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Surplus for the financial year		221,204	94,797
<u>Adjustments for:</u>			
Depreciation of fixed assets - housing properties	14	462,385	444,555
Depreciation of fixed assets - other	15	184,536	146,424
Amortised grant	5	(171,876)	(174,289)
Gift of Assets		-	-
Loss on disposal of fixed assets	14	-	-
Interest payable and finance costs	13	33,972	35,869
Interest received	12	(47,267)	(13,291)
Accelerated depreciation (Social Housing and Non-Social housing)	5, 14, 15	98,664	29,943
Decrease / (Increase) in trade and other debtors	16, 29	3,829,710	(1,357,084)
(Increase) / (Decrease) in trade creditors and other creditors	17, 29	(3,651,101)	620,828
(Gain) / Loss on revaluation of Pension Liability	18	(3,302)	(3,403)
(Decrease) / Increase in provisions	21	(128,596)	185,667
Net cash generated from operating activities		828,329	10,016
Cash flows (used) in investing activities			
Interest received	12	47,267	13,291
Purchases of fixed assets - housing properties	14	(528,779)	(855,607)
Purchase of new housing property – Rapley Court	14	-	(357,552)
Purchases of fixed assets – other	15	(169,824)	(83,398)
Receipt of grant	21, 23	-	376,811
Net cash used in investing activities		(651,336)	(906,455)
Cash flows used in financing activities			
Interest paid	13	(33,972)	(35,869)
Repayment of loans – other	20	(1,949)	(36,401)
Net cash used in financing activities		(35,921)	(72,270)
Net Increase / (Decrease) in cash and cash equivalents		141,072	(968,709)
Cash and cash equivalents at beginning of year		2,615,984	3,584,692
Cash and cash equivalents at end of year		2,757,056	2,615,983

The notes on page 24 to 42 form part of these financial statements.

Notes Forming Part of the Financial Statements for the year ended 31st March 2024

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1. Legal Status

BHT Sussex is registered with the Financial Conduct Authority and is registered with the Regulator for Social Housing as a social housing provider. BHT Sussex is a charitable housing association, a company limited by guarantee under the Companies Act 2006 and is governed by its Articles of Association. BHT Sussex is also registered with the Charity Commission in accordance with the Charities Act 2011. BHT Sussex is a public benefit entity registered in England with Charity number 284839, Regulator of Social Housing number H1696 and Company number 01618610. The Registered Office is 144 London Road, Brighton, East Sussex BN1 4PH.

2. Accounting Policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for BHT Sussex includes FRS 102 “the Financial Reporting Standard applicable in the United Kingdom, the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, “Accounting by registered social housing providers” 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. These estimates and judgements are outlined in Note 3.

The currency used in preparing these financial statements is the pound sterling and all figures have been rounded up to the nearest pound.

The following principal accounting policies have been applied:

Going Concern

Following assessment of the BHT Sussex financial position and resources available going forward, including the cashflow position for the next eighteen months, the Board believes that BHT Sussex can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis), and has a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, BHT Sussex continues to adopt the going concern basis of accounting, in the preparation of the annual financial statements. Based on this assessment the Board has concluded that a material uncertainty does not exist, and BHT Sussex is expected to continue to operate for the foreseeable future.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation. 84.9% of this income is paid directly to BHT Sussex from Housing Benefits, Universal Credit and Adult Social Care, which provides confidence in future payments of this stream of income.
- For 2023/24, over 80% for our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, and we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and is not expected to have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures, although we recognise that this will be a challenge going forward.
- Our cash balances, at the point of signing these accounts, is 45% greater than the £2.2 million head room agreed as policy. We have also undertaken a cashflow forecast for the period April 2023 to March 2025 and this shows we will be able to maintain a healthy £3.4m average cash balance. Sensitivity analysis for higher levels of inflation and loss of a contract on this forecast shows that we would continue to maintain cashflows above our £2.2 million target.
- Our very limited exposure to fluctuations in the money markets, our limited borrowing is at a fixed rate and our non-involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice, should they become an unacceptable drain on the cash resources of the organisation.

Income

Income is measured at the fair value of the consideration received or receivable. BHT Sussex generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable.
- Revenue grants from statutory and other authorities; and
- Legal Aid Association income.

Rental Income

Rental income from residential properties is recognised in the Statement of Comprehensive Income when it falls due.

2. Accounting policies (continued)

Supported Housing Schemes

BHT Sussex receives Supporting People grants from statutory and other authorities. The grants received in the period, as well as costs incurred by BHT Sussex in the provision of support services, have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by BHT Sussex, where it is not recoverable from tenants.

Service Charges

BHT Sussex adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

Legal Aid Association Income

Legal Aid income is accounted for when earned. Income is recognised at agreed rates for all work carried out up to the balance sheet date. Any income earned, where full settlement will not be received until the case is closed, is accrued, and stated at the lower of cost and net realisable value.

Expenditure

All expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts.

Costs of generating income comprise the costs associated with generating donations, attracting fundraising, delivering services that are funded by grants, providing advice services funded by the Legal Aid Agency and providing housing services funded by rent and service charge income.

Charitable activities comprise all costs incurred in the pursuit of the charitable objectives of BHT Sussex. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure therefore include support costs and an apportionment of overheads, as show in note 5.

Support costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of BHT Sussex.

Management of Units Owned by Others

Rent and grant income receivable are included in income. The costs of carrying out the management of contracts and rechargeable expenses are included in operating costs.

Schemes Managed by Agents

Income from these schemes is included within rent receivable. The costs associated with these properties relate to depreciation and loan interest. No management fees are charged by the agents.

Finance Costs

Interest is incurred on loans held by BHT Sussex and is charged to the Statement of Comprehensive Income.

Current and Deferred Taxation

BHT Sussex is a Charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, it is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

Impairment of Fixed Assets

The housing property portfolio for BHT Sussex is assessed for indicators of impairment at each balance sheet date. Where indicators are identified, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An options appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return, or potential sale proceeds, are obtained and used to inform the options. BHT Sussex looks at the net realisable value, from the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value, less costs to sell or value, in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned, or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

No properties have been valued at Value in Use – Service Potential (VIU-SP).

2. Accounting policies (continued)

BHT Sussex defines cash generating units as schemes, except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset, or cash generating unit, is lower than its carrying value, an impairment is recorded through a charge to income and expenditure.

Value Added Tax

BHT Sussex charges Value Added Tax (VAT) on a small proportion of its income relating to legal and IT services and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by BHT Sussex and is not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Pension Costs

BHT Sussex operates a defined contribution pension scheme with Scottish Widows and 1 (2023: 2) employee belongs to the NHS pension scheme. The assets of the schemes are held separately from those of BHT Sussex. Contributions to the schemes are charged to the profit and loss in the year in which they become payable.

As part of the Sussex Oakleaf gift, BHT Sussex took over its Defined Benefit scheme held with TPT – the Growth Plan. This scheme is closed to new members. The scheme is a multi-employer defined benefit pension scheme. Sufficient information is not available to enable BHT Sussex to identify its share of assets and liabilities and as a result, and in accordance with FRS102, these financial statements account for the scheme as if it were a defined contribution scheme.

Where a recovery plan is in place to address the deficit, BHT Sussex recognise, as a liability, its commitment to make contributions under the terms of that recovery plan with changes to the value of this commitment recognised within the Statement of Comprehensive Income.

It should be noted that 3 (2023: 4) employees are in the Local Government Pension Scheme (LGPS) for which BHT Sussex will pay a fixed contribution rates for the duration of the contract. All other employees that TUPE'd with the new service are in our Scottish Widows pension scheme.

Tangible Fixed Assets - Housing Properties

All housing properties are stated at cost together with incidental costs of acquisition less depreciation and impairment (where applicable).

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental

income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Depreciation of Housing Property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	60
External doors	30
Boilers	15
Heating	30
External windows	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

BHT Sussex adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the organisation. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of Other Tangible Fixed Assets

Land is not depreciated. Depreciation on other assets is charged, so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Leasehold properties and improvements	Lease term
Freehold non-housing properties (excluding land)	100
Fixtures, fittings, tools and equipment	5
Computers	4

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Government Grants

Grants are carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the Housing SORP 2018, the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where a social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities. During the year, we tried to minimise the number of people on the government's Job Retention Scheme.

Debtors and Creditors

Debtors and creditors with no stated interest rate, that are receivable or payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in other operating expenses.

Recoverable Amount of Rental and Other Trade Receivables

BHT Sussex estimates the recoverable value of rental, and other receivables, and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Loans

All loans held by BHT Sussex are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price. FRS102 requires that basic financial instruments are subsequently measured at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Leased Assets - Lessee

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

2. Accounting policies (continued)

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Provision for Liabilities

BHT Sussex has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, dilapidations, restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent Liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources, or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

Gift of Assets

All assets and liabilities transferred are recognised at fair value.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements key judgements have been made in respect of the following:

- whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. BHT Sussex has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. BHT Sussex has also considered impairment based on their assumptions to define cash or asset generating units.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 14 and 15)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as asset and market condition are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Housing property assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Rental and other trade receivables (debtors) (see note 16)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Provision of potential rental bad debts is based on 100% of former tenant arrears balances and for current balances, a variable percentage specific to each service based on past write-off levels.

4 Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	Turnover	Operating Costs	Surplus on Disposal	Operating Surplus/ (Deficit)
	2024 £	2024 £	2024 £	2024 £
Social Housing Lettings (Note 5)	7,667,792	(7,041,023)	-	626,769
Other Social Housing Activities				
Supporting people	1,214,557	(1,199,966)	-	14,591
Residential Care and Other grants	1,488,064	(1,467,972)	-	20,092
			-	
Total Social Housing	10,370,413	(9,708,961)		661,452
Activities other than Social Housing Activities (Note 6)				
Legal Advisory Services	1,293,625	(1,426,325)	-	(132,700)
Day Centre	310,038	(393,905)	-	(83,867)
Non-housing rent income	55,706	(55,706)	-	
Other activities	5,349,512	(6,001,164)	-	(651,652)
Surplus on disposal of property (Note 7a)	-	-	414,675	414,675
Total Activities other than Social Housing	7,008,881	(7,877,100)	414,675	(453,544)
Total	17,379,294	(17,586,060)	414,675	207,908

	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	2023 £	2023 £	2023 £
Social Housing Lettings (Note 5)	7,743,093	(6,905,261)	837,832
Other Social Housing Activities			
Supporting people	1,184,807	(1,113,947)	70,860
Residential Care and Other grants	1,328,512	(1,246,775)	81,737
Total Social Housing	10,256,412	(9,265,983)	990,429
Activities other than Social Housing Activities (Note 6)			
Legal Advisory Services	1,269,982	(1,368,150)	(98,168)
Day Centre	361,949	(371,720)	(9,771)
Non-housing rent income	46,337	(46,337)	-
Other activities	4,995,253	(5,760,369)	(765,116)
Total Activities other than Social Housing	6,673,521	(7,546,576)	(873,055)
Total	16,929,933	(16,812,559)	117,374

5 Income and Expenditure from Social Housing Lettings

	General Needs £	Supported Housing £	Temporary Social Housing £	Total 2024 £	Total 2023 £
Income					
Rents net of identifiable service charges	2,574,425	2,222,465	263,167	5,060,057	4,909,474
Service charge income	548,415	1,714,868	103,441	2,366,724	2,447,972
Release of government capital grants	110,514	61,362	-	171,876	174,289
Other income	1,578	67,557	-	69,135	211,358
Turnover from social housing lettings	3,234,932	4,066,252	366,607	7,667,792	7,743,093
Expenditure					
Management	(59,286)	(294,316)	(35,204)	(388,806)	(351,167)
Service charge costs	(1,108,703)	(3,408,759)	(537,804)	(5,055,266)	(4,885,379)
Routine maintenance	(663,506)	(211,664)	(62,304)	(937,474)	(792,576)
Planned maintenance	(66,313)	(18,002)	(1,122)	(85,437)	(105,831)
Major repairs expenditure	(4,006)	(40,956)	(384)	(45,346)	(235,150)
Bad debts	(20,170)	(43,706)	(2,432)	(66,308)	(83,944)
Depreciation of housing properties:					
- annual charge	(206,256)	(229,809)	(26,320)	(462,385)	(444,555)
- accelerated depreciation	-	-	-	-	(6,659)
Operating expenditure on social housing lettings	(2,128,240)	(4,247,212)	(665,570)	(7,041,022)	(6,905,261)
Operating surplus/deficit on social housing lettings	1,106,692	(180,960)	(298,962)	626,770	837,832
Void losses (memorandum only)	(41,604)	(554,618)	(195,598)	(791,820)	(746,642)

6 Particulars of Turnover from Non-Social Housing Activities

	2024 £	2023 £
Advice Services:		
Legal aid including costs & disbursements recovered	842,950	775,998
Grant contract incomes	352,756	457,355
Donations, fundraising and other income	97,919	36,629
Total for Advice Services (Note 4)	1,293,625	1,269,982
Day Centre		
Grant contract incomes	193,274	269,161
Donations, fundraising & other income (Note 4)	116,764	92,788
Total for Day Centre (Note 4)	310,038	361,949

6 Particulars of Turnover from Non-Social Housing Activities (*continued*)

	2024 £	2023 £
Non-housing rent income		
Renaissance House	16,495	15,350
Chatsworth Road	39,211	30,987
Total for Non-housing rent Income (Note 4)	55,706	46,337
Other Activities		
Grant contract incomes	5,290,512	4,783,980
BHT Sussex IT Solutions	-	97,582
Donations & fundraising	100	4,208
Other Income (Note 4)	58,899	38,977
Total for other activities (Note 4)	5,349,512	4,924,747
Turnover from non-social housing activities (Note 4)	7,008,881	6,603,015

7a Gain/(loss) on disposal of property, plant and equipment (fixed assets)

	2024 £	2023 £
Proceeds of sale	521,435	-
Less: Cost of sales	(106,760)	-
Surplus	414,675	-

7b Units of Housing Stock

	2024 Number	2023 Number
General needs social housing	305	305
Supported housing	127	133
Total social housing units	432	438
Total owned	432	438
Accommodation managed for others	299	305
Total managed accommodation	731	743
Units managed by other Trusts	6	6
Total owned and managed accommodation	737	749

The decrease in the number of units owned and managed from 749 to 737 is a result of a property sale and the handback of some units managed.

8 Operating Surplus

	2024 £	2023 £
The operating surplus is arrived at after charging:		
Depreciation of housing properties - annual charge (Notes 5, 14)	462,358	444,555
Depreciation of other tangible fixed assets (Note 15)	184,504	146,424
Operating lease charges – land, building and vehicles (Notes 8, 24)	1,594,324	1,511,002
Auditor's remuneration (excluding VAT):		
- fees payable for the audit of the annual accounts of the Trust	34,875	41,700

9 Employees

	2024 £	2023 £
Employee costs (including Executive Management Team) consist of:		
Wages and salaries	8,900,515	8,364,532
Social security costs	755,733	736,638
Cost of defined contribution scheme	433,503	404,038
	10,089,751	9,505,208

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	2024	2023
Administration	68	71
Housing, Support and Care	233	221
	301	292

The full time equivalent number of employees receiving remuneration, including company pension contribution, in excess of £50,000 was:

	2024 No.	2023 No.
£50,000 - £59,999	1	-
£60,000 - £69,999	-	1
£70,000 - £79,999	2	3
£80,000 - £89,999	1	1
£90,000 - £99,999	1	-

10 Directors and Senior Executive Remuneration

The directors are defined as the members of the Board of Trustees (the Board), the Chief Executive and the Executive Management Team (EMT) disclosed on page 2.

Key management personnel are defined as members of the EMT. Their remuneration is disclosed below:

	2024 £	2023 £
Executive directors' emoluments	364,407	372,920
Contributions to money purchase pension schemes	19,359	20,372
Total	383,766	393,292

No members of the Board received any emoluments in 2024: nil (2023: nil). The Board received nil (2023: £46) for Board expenses during the year.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments, was £92,700 (2023 - £74,719 please note he resigned in Jan-23). Additionally, pension contributions of £5,099 (2023: £4,099) were made to a defined contribution pension scheme on his behalf as an ordinary member of the scheme.

As a member of the company pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were 6 directors in the Trust's defined contribution pension scheme (2023: 6).

11 Board Members

Board Members	Remuneration Committee	Member of -				Board
		Finance Audit & Risk Committee	Operations & Personnel Committee	Governance Committee		
Kelvin MacDonald	√		√	√		√
Sarah Butler	√	√	√			√
Ian Millar	√	√				√
Melanie Davis	√		√	√		√
Gerald Main			√			√
Mary Tawiah		√				√
Paul Featherstone	√		√			√
Lawrence Santcross		√				√
Angeline Walker			√			√
Andrew Rose	√	√		√		√
Mary Davies						√
Lee Davies						√

No remuneration was paid to Board members. (2023: nil).

12 Interest Receivable and Income from Investments

	2024 £	2023 £
Interest receivable and similar income	47,267	13,291

13 Interest Payable and Similar Charges

	2024 £	2023 £
Interest on loans and overdrafts	33,972	35,869

14 Tangible Fixed Assets – Housing Properties

	General Needs £	Supported Housing £	Total £
Cost			
At 1 st April 2023	16,382,233	11,831,432	28,213,665
Additions:			
- replaced components	411,843	116,936	528,779
- other	-	-	-
Disposals:			
- replaced components	(15,123)	(126,793)	(141,915)
- other	-	-	-
At 31st March 2024	16,778,953	11,821,576	28,600,529
Depreciation:			
At 1 st April 2023	(3,858,359)	(3,275,210)	(7,133,569)
Charge for the year	(206,256)	(256,129)	(462,385)
Eliminated on disposals:			
- replaced components	9,725	36,272	45,997
At 31st March 2024	(4,054,890)	(3,495,067)	(7,549,957)
Net book value at 31st March 2024	12,724,063	8,326,509	21,050,571
Net book value at 31 st March 2023	12,523,874	8,556,222	21,080,096

The net book value of housing properties may be further analysed as:

	2024 £	2023 £
Freehold	17,713,428	17,877,795
Long Leasehold	2,680,738	2,462,742
Leasehold Improvements	656,405	739,559
	21,050,571	21,080,096

Total Social Housing Grant received is as follow:

	2024 £	2023 £
Capital Grant – Housing Properties	15,628,608	15,628,608

Total Trust expenditure during the year on works to existing properties was £2,403,252 (2023: £2,094,394) of which £528,778 (2023: £1,079,141) has been capitalised. The difference between £2,403,252 and £528,778 is repairs and maintenance costs. This amount has been split between Social Housing £1,133,557 (2023: £921,366) (as detailed in note 5) and supporting people £740,917 (2023: £93,887). Of the amounts capitalised, £231,167 (2023: £400,972) relates to the replacement of components £297,611 (2023: £294,511) relates to the enhancement of properties and £357,552 (2023: 383,658) was for the purchase of Land and Building.

15 Tangible Fixed Assets – Other

	Non-Housing Property £	Fixtures, Fittings and Equipment £	IT Equipment and Software £	Total £
Cost or valuation				
At 1 st April 2023	1,959,440	262,495	319,896	2,541,831
Additions	59,954	76,711	33,159	169,824
Disposals	-	(28,912)	-	(28,912)
At 31st March 2024	2,019,394	310,294	353,055	2,682,743
Depreciation				
At 1 st April 2023	(436,962)	(134,074)	(209,868)	(780,904)
Charge for year	(63,901)	(55,660)	(64,943)	(184,504)
Disposal	-	26,135	-	26,135
At 31st March 2024	(500,863)	(163,599)	(274,811)	(939,273)
Net book value at 31st March 2024	1,518,531	146,695	78,244	1,743,470
Net book value at 31 st March 2023	1,522,478	128,421	110,028	1,760,927

Total Capital Grant received is as follows:

	2024 £	2023 £
Capital Grant – Freehold Non-Housing Properties	680,000	680,000

The net book value of non-housing property may be further analysed as:

	2024 £	2023 £
Freehold	1,408,641	1,421,955
Long Leasehold	109,890	123,398
	-	-
At 31st March	1,518,530	1,545,353

16 Debtors

	2024 £	2023 £
Due within one year		
Rent and service charge arrears	642,683	564,712
Less: Provisions for doubtful debts	(193,229)	(193,977)
(Note 29)	449,454	370,735
Other debtors (Note 29)	1,349,481	5,004,336
Prepayments and accrued income (Note 29)	356,615	610,190
	2,155,550	5,985,261

Notes Forming Part of the Financial Statements for the year ended 31st March 2024 (continued)

17 Creditors: Amounts Falling Due Within One Year

	2024	2023
	£	£
Loans and borrowings (Note 20)	2,162	1,938
Trade creditors (Note 29)	580,014	342,383
Taxation and social security (Note 29)	201,970	182,469
Prepaid rent accounts	104,051	63,681
Other creditors (Note 29)	100,556	24,249
Accruals and deferred income (Note 29)	1,664,106	5,689,014
Deferred Capital Grant (note 19)	196,203	200,203
	2,849,062	6,503,937

Included within Other creditors is £3,202 relating to TPT Pension Liability due within one year.

18 Creditors: Amounts Falling Due After One Year

	2024	2023
	£	£
Loans and borrowings (Note 20)	308,712	310,885
Deferred Capital Grant (Note 19)	12,406,949	12,574,825
TPT Pension Liability	-	3,302
	12,715,661	12,889,012

19 Deferred Capital Grant

	2024	2023
	£	£
At 1 st April 2023	12,775,028	12,572,509
Addition (SCF)	-	376,808
Released to income during year (Note 5)	(171,876)	(174,289)
At 31 st March	12,603,152	12,775,028
	2024	2023
	£	£
In one year or less, or on demand (Note 17)	196,203	200,203
In more than one year but not more than two years (Note 18)	196,203	200,203
In more than two years but not more than five years (Note 18)	568,020	568,020
In five years or more (Note 18)	11,642,726	11,806,602
	12,603,152	12,775,028

20 Loans and Borrowings

Maturity of debt:

	Bank Loans 2024 £	Bank Loans 2023 £
In one year or less, or on demand	2,162	1,938
In more than one year but not more than two years	2,399	2,172
In more than two years but not more than five years	8,895	8,016
In five years or more	297,418	300,697
	310,875	312,823

Loans are secured by specific charges on the housing properties of BHT Sussex. The loans bear interest at fixed rates ranging from 9.25% to 13.375% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. There were no issue costs associated with the loans. At the 31st March 2024 the BHT Sussex had no bank overdraft facility.

21 Provisions for Liabilities

Dilapidations	2024 £	2023 £
At 1 st April	570,257	384,590
Released to income and expense	(128,596)	185,667
Charged as at 31 st March	441,661	570,257

Maintenance costs of returning properties, under operating leases, to their landlords in a lettable state. These costs are subject to the lease conditions; includes only client/tenant damage and excludes landlord responsibility repairs.

22 Pensions

Defined Contribution Scheme

A defined contribution pension scheme is operated by BHT Sussex on behalf of the employees. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by Scottish Widows. The pension charge represents 5.5% (2023:5.5%) of pensionable salary contributions payable by BHT Sussex to the fund and amounted to £380,965 (2023: £348,036). Contributions totalling nil (2023: nil) were payable to the fund at the year end.

BHT Sussex also operates a defined contribution pension scheme for the ex-Sussex Oakleaf employees who TUPE'd to BHT Sussex. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by TPT. The pension charge represents contributions payable by BHT Sussex to the fund and amounted to £30,140 (2023: £28,180).

In November 2021, BHT Sussex TUPE'd seven employees from South East Independent Living Limited (SEILL) and made contributions payable to the Local Government Pension Fund (LGPS) of £22,128 (2023 £22,128).

One (2023: 1) employee belong to the NHS pension scheme. Membership of this scheme is not open to other BHT Sussex employees. BHT Sussex contributes 14.38% (2023: 14.38%) of their pensionable salaries of members to this scheme.

Defined Benefit Scheme

TPT Retirement Solutions – The Growth Plan

The organisation participates in a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

TPT Retirement Solutions – The Growth Plan (continued)

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Scheme Trustees have asked the participating employers to pay additional contributions. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

TPT – The Growth Plan	31 March 2024 (£s)	31 March 2023 (£s)
Present value of provision	3,141	6,724

Reconciliation Of Opening and Closing Provisions	31 March 2024 (£s)	31 March 2023 (£s)
Provision at start of period	6,724	10,548
Unwinding of the discount factor (interest expense)	258	199
Deficit contribution paid	(3,843)	(3,843)
Remeasurements - impact of any change in assumptions	2	(180)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	3,141	6,724

	31 March 2024	31 March 2023
Rate of discount	5.31%	5.52%

Assumptions

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

23 Contingent Liabilities

BHT Sussex received Social Housing Grants which were used to fund the acquisition and development of housing properties and their components. A grant of £4,331,682 (2023: £4,173,530) was received in respect of housing properties held at 31st March 2024 in respect of adoption of historic cost. BHT Sussex has a future obligation to recycle such grants once the properties are disposed of. At 31st March 2024 the value of grants received in respect of these properties that had not been disposed of was £11,483,541 (2023: £11,641,693).

In addition, non-social housing grants of £639,200 (2023: £639,200) had been received in respect of properties that had not been disposed of.

24 Operating Leases

BHT Sussex had minimum lease payments under non-cancellable operating leases as set out below:

Amounts Payable as Lessee

	2024 £	2023 £
Not later than 1 year	1,555,135	1,511,002
Later than 1 year and not later than 5 years	2,862,601	2,658,898
Later than 5 years	1,763,858	2,110,107
Total	6,181,594	6,280,007

Amounts Receivable as Lessor

	2024 £	2023 £
Not later than 1 year	50,669	48,447
Later than 1 year and not later than 5 years	35,860	65,567
Total	86,529	114,014
Average rents receivable from tenants per week	164,879	164,129

25 Capital Commitments

There were no capital commitments as at 31st March 2024 (2023: £325k).

26 Related Party Disclosures

Two members of our Board are also tenants of BHT Sussex. These Board members pay rent and service charges and these transactions have taken place at arm's length. The average rent charge for the type of property rented is £123 (2023: £116) per week including service charges. The rent charge paid by both Board members is £123 (2023: £116) per week.

They no longer working here - One Board member whose partner is a member of The Board of Sussex Interpreting Services, who are a supplier of Services to BHT Sussex Advice, there were nil (2023: 9) transactions and the sum paid was nil (2023: £932).

There is also a further Board member who is a Trustee of BHT Charitable Trust. There were no transactions (2023: nil) with BHT Charitable Trust.

There were no other related party transactions in the year to 31st March 2024.

27 Members' Liability

BHT Sussex has no share capital, and the liability of the members is limited by guarantee as set out in the provisions of the Articles of Association.

Each of the 10 (2023: 14) members has undertaken to contribute £1 in the event of BHT Sussex being wound up.

28 Capital and Reserves**Restricted Reserves**

	1 April 2023	Income	Expenditure	Released to General Reserves	31 March 2024
	£	£	£	£	£
The Academy	159,752	99,515	(82,440)	-	176,827
Fulfilling Lives	-	-	-	-	-
East Sussex Floating Support	108,359	3,896,493	(3,858,993)	-	145,859
Designated Reserves – Development	2,896	-	-	-	2,896
Property Maintenance Reserve	37,000	-	-	-	37,000
Restricted Reserves	2,496	-	-	-	2,496
Total Restricted Reserves	310,503	3,996,008	(3,941,433)	-	365,078
Unrestricted Reserves*	11,168,557	13,383,285	(13,216,656)	-	11,335,186
Total Reserves	11,479,060	17,379,293	(17,158,089)	-	11,700,264

	1 April 2022	Income	Expenditure	Released to General Reserves	31 March 2023
	£	£	£	£	£
The Academy	201,143	91,983	(133,374)	-	159,752
Fulfilling Lives	304,565	437,235	(433,670)	(308,130)	-
East Sussex Floating Support	8776	3,312,405	(3,212,822)	-	108,359
Designated Reserves – Development	2,896	-	-	-	2,896
Property Maintenance Reserve	37,000	-	-	-	37,000
Restricted Reserves	2,496	-	-	-	2,496
Total Restricted Reserves	556,876	3,841,623	(3,779,866)	(308,130)	310,503
Unrestricted Reserves*	10,827,387	13,088,310	(13,055,270)	308,130	11,168,557
Total Reserves	11,384,263	16,929,933	(16,835,136)	-	11,479,060

Reserve**Purpose and restriction in use**

The Academy	Helping homeless people move into employment and accommodation
Fulfilling Lives	Promoting change with people with multiple and complex needs
East Sussex Floating Support	The provision of a Housing related Floating Support Services to support people to live well and independently in their own homes in East Sussex
Designated Reserves – Development	Transferred from Sussex Oakleaf and is for Millhaven Fund
Property Maintenance Reserve	Transferred from Sussex Oakleaf and is for Capital Major Works
Restricted Reserves	Transferred from Sussex Oakleaf and is for Children in Need

Release of Restricted Reserves to General Reserves is the result of funding for specific projects coming to an end and the funder confirming that no future liability exists. During 2023/24, a total sum of nil (2023: £308,130) was released from Restricted Reserves to General Reserves.

29 Financial Instruments

The financial instruments may be analysed as follows:

	2024 £	2023 £
Financial Assets		
Financial assets measured at amortised cost		
- Trade receivables (Note 16)	449,454	370,735
- Other receivables (Note 16)	1,706,097	5,614,526
Financial assets measured at historical cost		
- Cash and cash equivalents (SCF)	2,757,056	2,615,983
Total Financial Assets	4,912,607	8,601,244
	2024 £	2023 £
Financial Liabilities		
Financial liabilities measured at amortised cost		
- Loans payable (Note 17 & 18)	310,875	312,823
Financial liabilities measured at historical cost		
- Trade creditors (Note 17)	580,014	342,383
- Other creditors (Note 17)	2,070,682	5,959,413
Total financial liabilities at historic cost	2,650,696	6,301,796
Total Financial Liabilities	2,961,570	6,614,619

30 Net Fund Reconciliation

	1 April 2023 £	Cashflows £	31 March 2024 £
Cash at Bank and in Hand	2,615,983	141,072	2,757,055
Bank Loans	(312,823)	1,948	(310,875)
TOTAL	2,303,160	143,020	2,446,180

Accounts



Report and Financial Statements
For the Year ended 31st March 2023

Companies House Number 01618610

Charity Commission Number 284839

Regulator of Social Housing Number H1696

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Reference and Administrative Details

Board of Trustees

Sarah Butler
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald, Chair of the Board
Gerald Main
Ian Millar - Resigned 18/09/2023
Andrew Rose, Chair of FARC
Lawrence Santcross
Mary Tawiah - Resigned 26/06/2023
Angeline Walker

Governance Committee

Melanie Davis, Chair of OPC
Kelvin MacDonald, Chair of the Board
Andrew Rose, Chair of FARC

Finance, Audit and Risk Committee

Sarah Butler
Ian Millar - Resigned 18/09/2023
Andrew Rose, Chair of FARC
Lawrence Santcross
Mary Tawiah - Resigned 26/06/2023

Operations & Personnel Committee

Sarah Butler
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald, Chair of the Board
Gerald Main

Remuneration Committee

Sarah Butler
Melanie Davis, Chair of OPC
Paul Featherstone
Kelvin MacDonald, Chair of the Board
Ian Millar - Resigned 18/09/2023
Andrew Rose, Chair of FARC

Executive Management

David Chaffey
Chief Executive

Katherine Masters
Director of Housing & Property

Sunil Desai
Director of Finance & Resources

Nikki Homewood
Director of Advice & Support Services

Rachael Kenny
Director of Mental Health & Support Services

Company Secretary & Registered Office

Sunil Desai
144 London Road
Brighton
BN1 4PH

Principal Solicitors

DMH Stallard LLP
1 Jubilee Street
Brighton
East Sussex
BN1 1GE

Bankers

Royal Bank of Scotland
PO Box 300
Brighton
East Sussex

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Chair's Report

The past year has been another momentous one for BHT Sussex. Having emerged from the global Covid-19 pandemic, our clients, tenants and employees are facing the spiral of rising prices and cut-backs in some public services that combine to form a cost of living crisis.

Not only does this crisis mean that our unique range of services are needed more than ever, but employees delivering our services are also faced with the difficult choices that a cost of living crisis entails and they are owed a huge debt of gratitude.

It was my first full year as Chair, and I benefitted hugely from being able to start meeting employees, clients and tenants face-to-face once again and to be re-engaged and inspired once again by the range and extraordinary work that BHT Sussex does, and by the huge commitment and expertise of our employees.

I am always humbled by hearing the stories of clients and tenants and of their very personal journeys, and by their personal determination.

As always, it is invidious to pick out a particular service or statistic as one of the very great strengths of BHT Sussex is the range of services that we provide – but suffice it to say that in 2022-23 we prevented over 2,701 cases of homelessness and over 10,000 people used our services.

BHT Sussex has a varied range of services, from addiction and recovery projects to services for those with mental health needs, from specialist advice on housing, benefits and immigration to projects supporting people into employment and independent accommodation – as well as being a housing association providing homes for over 450 residents.

One of the attributes that makes BHT Sussex stand out from almost every other provider in the country is that, through our work, people can walk the path from street homelessness and addiction to having a secure and decent home and a job. BHT Sussex employees walk that path alongside them, and it is this dedicated approach to all the work that we do that makes BHT Sussex stand out.

BHT Sussex continues to widen the services we offer with, in particular, 2022-23 saw the start of the East Sussex Floating Support Service which provides short-term housing-related support across East Sussex for vulnerable people. With this growth comes a strengthening of the fact that we now operate firmly across East and West Sussex as well as in Brighton and Hove.

Another event that made this year momentous was the retirement of our Chief Executive, Andy Winter. In his 20 years as Chief Executive (which followed 18 years working for the organisation in other roles) Andy brought a vision, expertise and drive that created BHT Sussex as it is now. I would like to personally thank Andy for all that he has done for BHT Sussex.

In January 2023, David Chaffey was appointed Chief Executive who has already brought his own range of talents and commitment to the job and stamped his own mark on the role.

Finally, I want to give my thanks to the members of the BHT Sussex Board who bring their wisdom, support and challenge on an entirely voluntary basis. Their care for all we do is palpable.



Kelvin MacDonald

Chair of the Board

Date – 26/9/23

Report of the Board of Trustees

The Board of Trustees (The Board) are pleased to present their Annual Report and the Financial Statements of BHT Sussex for the year ended 31st March 2023.

Aims And Objectives

BHT Sussex is a highly valued, progressive and unique charitable organisation made up of interlinked projects and services. We empower people to overcome homelessness, poverty, addiction and mental ill health by working in partnership across Sussex with local councils, the NHS and voluntary organisations. Our Mission is 'Combatting Homelessness, Creating Opportunities, Promoting Change'. We are in the process of updating our Strategic Plan for 2023-2025. Our existing plan which was applicable during 2022/23 contained six Strategic Objectives. These Objectives were:

- *Empowering Clients and Tenants*: Clients and tenants are supported to take greater control over their own lives. This includes helping people come to terms with mental health problems, thereby reducing hospital admissions and allowing people to live more independently. People with addictions are supported into abstinence and recovery, thereby increasing life choices around education, training and employment, as well as sustainable housing.
- *Prevention of Homelessness*: Those facing homelessness were supported by our First Base and Legal Advice Centres where we prevented 917 (2022: 959) individuals from becoming homeless, with all the negative consequences to their lives and those of their families and children. Those with a limited or no history of employment are supported to gain work experience, undertake education and training, and secure employment. The reduction in the number of prevention cases was due to the government's continued moratorium on evictions.
- *Improving Our Services*: All services are reviewed on an annual basis and teams prepare improvement plans to ensure that their services remain relevant to client and tenant needs and that they meet local strategic priorities. We are very proud in achieving Gold rating for our *Investors in People* accreditation. We review and act on feedback received from clients and tenants to improve services. This includes reviewing learning from complaints received.
- *Increasing Our Influence*: By promoting the experience of our clients and tenants, we attract attention from policymakers, commissioners, and other opinion makers. During the year, we remained the 'Go To' organisation for the media and have had input into various policy reviews at a local and national level. Although our Fulfilling Lives contract came to an end on 30th June 2022, through our leadership of the Fulfilling Lives Partnership in the south-east, the <https://www.bht.org.uk/ripple-effect-overview-systems-principles-and-methods.pdf> sets out several measures to improve and strengthen services offered to those who have multiple and complex needs. More recently, we have been campaigning to change the system that discriminates against homeless hostel residents who start work [New BHT Sussex campaign: Make Work Pay For Everyone - BHT Sussex](#).
- *Improving Our Financial Strength*: By retaining a clear focus on the financial performance of the organisation and seeking opportunities to grow as well as spreading costs more widely, we improve our financial strength. The merger with Sussex Oakleaf saw us extend our services into Mid Sussex and Crawley, and the successful tender for the East Sussex Floating Support Service consolidated our position as a major service provider throughout East Sussex.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2023

Aims and Objectives (continued)

- **Seeking Quality Growth:** Notwithstanding the Covid-19 pandemic, we have achieved significant growth since March 2022, with an increase in contract values and employees. Our employee numbers have increased from 250 to over 350 and our turnover has increased from £15m and is expected to be £18m by March 2024. This has already led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of sites to increase the number of homes that we provide.

Our Business Model

Our business model is based on five core principles:

- **Recruiting and Retaining Quality Employees:** We have continued to have a workforce equipped to deliver services of excellence. Our salaries and employment terms remain competitive locally so that we can attract quality applicants and we do not lose key employees to partners and competitors. More difficulties have been experienced in recruitment across the sector since Covid. While employee turnover has been higher than anticipated, no underlying negative causes have been identified. We are aiming to increase our Investors in People accreditation to Platinum in the coming years, evidence that we are an organisation that seeks continuous improvement in our employment practices.
- **Maximising Income Streams:** Income from rents and service charges continued to make up over 50% of our income. Void rent loss increased to 8% compared to a target of 5%. This adverse trend was due to higher voids in Supported Housing because of the pandemic. This is not expected to be an issue as we result to a new norm, nor does it reflect an underlying problem. Increased loss of income through void properties was offset, in part, by better rent collection. Arrears were 4.9% (£389k) on 31st March 2023 compared to a forecast of 5.8% (£458k). This reflects strong performance in both Housing Services and Supported Housing. While high levels of bad debt write offs can disguise poor performance in rent collection, bad debts to 31st March 2023 were higher for Supported Housing £31k (2022: £15k) and lower for Housing Services £12k (2022: £12k). Other income streams were on or near target, although Legal Service income was £664k against a target of £729k due to restrictions during the Covid pandemic as there were fewer clients and referrals from the courts.
- **Delivering Value for Money:** BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Framework. We regularly monitor these by reviewing service usage, a focus on our income and expenditure, measuring both strategic and operational key performance indicators and we use our SV and VfM Statement to focus on outcomes for our clients and tenants.
- **Maintaining Liquidity:** Our cash balance as at 31st March 2023 remained healthy, at £3.6m, (2022: £2.7m). Our minimum cash balance target of £2.2m continues to be exceeded. A continued challenge will remain over the next five years to ensure that sufficient funds are generated to allow us to meet the investment needs set out in our Asset Management Strategy, which averages £550k per annum.
- **Securing Profitable Growth:** As mentioned above, the merger with Sussex Oakleaf led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of two sites owned by BHT Sussex to increase the number of homes that we provide.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2023

Financial Results

A net operating surplus of £95k (2022: £348k) was generated during the year. A priority moving forward is to increase surplus levels, to strengthen our financial viability, invest in current and new services, and allow us to continue to invest in our major works programme.

Income: Total income of £16.9m (2022: £15.0m) was received during the year. The increase from the previous year was due to new contracts and additional income for our Legal Advice Services.

Expenditure: Total expenditure of £16.8m (2022: £14.6m) was made during the year. Overall, expenditure was £605k less than expected. Lower than expected employee numbers and related costs accounted for most of this underspend. There were also lower than expected costs for Repairs and Maintenance, lower overhead costs, and there were some overspends and underspend compensating for each other.

While others in our peer group have reported significant increases in arrears as a result of Covid-19 and increased uptake of Universal Credit, we have been able to maintain arrears levels notwithstanding a modest increase in arrears of those clients and tenants who have migrated to the new benefit. A refocusing of employee resources has resulted in this risk being successfully mitigated.

Our Financial Position also continues to be healthy with Total Net Assets of £11.5m (2022: £11.4m), supported by Income and Expenditure Reserves of £11.2m (2022: £10.8m) and Restricted Reserves of £0.3m (2022: £0.6m).

Development And Performance

The Board received quarterly reports to monitor performance within the organisation. The performance measures included financial and operational performance indicators, such as:

- Cash management – cash flows and average cash balances decreased during the year with cash at bank and in hand as at 31st March 2023 – £2.6m (2022: £3.6m).
- Void loss in Supported Housing – voids as a % of gross rents of 12.5% (2022: 10.6%), target: 3.9%.
- Void loss in Housing Services – voids as a % of gross rents 3.9% (2022: 2.5%), target: 3.9%.
- Bad debts in Supported Housing – bad debts as a % of rents receivable of 0.0% (2022: 0.6%), target: 1.5%.
- Bad debts in Housing Services – bad debts as a % of rents receivable of 0.9% (2022: 0.4%), target: 1.5%.
- Gas safety certificates – units with a valid safety certificate 97.4% (2022: 100%), target: 100%.
- Employee sickness – working days lost per FTE employee 5.2 days (2022: 10 days), target: 7.0 days excluding long term sickness cases.

Future Prospects

Notwithstanding the concern of funding our Asset Management Plans going forward, the challenges successfully faced to date as a result of the Covid-19 pandemic demonstrates an organisation that is well-governed and well-managed, able to flex its operations according to circumstances, not least ones that could not be foreseen.

Covid-19 itself will result in new opportunities as our communities and economy recovers from the financial and psychological injuries caused by the pandemic.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2023

Future Prospects (continued)

Our employees are our biggest asset, they support the delivery of our charitable and strategic objectives. We continue to invest in the recruitment and retention of quality employees at all levels. Like many organisations, we have had difficulties over the past year, but employees continue to work with dedication and resilience.

Governance arrangements have been reviewed and strengthened in recent years. All governing documents have also been reviewed and updated.

Health And Safety

Health and Safety continues to be one of our key priorities and we have a Working Group set up that looks at strategic health and safety issues, including the Fire Safety Act 2021 and the 2022 Regulations.

Health and Safety is also monitored quarterly via our Strategic Risk Register. During the year we continued the Health and Safety / Fire risk assessments of all properties, carrying out additional remedial tasks to improve fire safety at a cost of £208k (£204k).

Gas Safety Inspections: our performance for the final quarter of 2022/23 was 97.4% (100%), where gas safety inspections were completed in time and the relevant certificate was on file. There were some issues during the year due to access to properties and the outstanding checks were completed soon after the year end.

Safeguarding

Following failings in some international aid agencies, along with safeguarding failures in domestic charities, BHT Sussex has considered the robustness of its own policies and procedures in this and other areas.

BHT Sussex has robust processes and reporting arrangements in place, including our Whistleblowing procedure, that are widely publicised including on our website. Clients and tenants are asked specific questions in surveys regarding their confidence in the organisation's policies and procedures. Training on safeguarding is part of the mandatory training for employees.

Employees

Our employees are our most valuable resource. Through them we deliver our strategic objectives, not least our reputable services. We continue to strengthen our capacity at senior level with a new Chief Executive and Director of Housing and Property Service (both promotions for existing employees). These additions will help to provide strategic management capacity within the organisation going forward. Our continued improvements in employee sickness management has resulted in there being an average of 5.2 days absence per employee during the year (excluding long term sickness cases), which is 26% below the target of an average of 7 days.

Board Membership

BHT Sussex seeks to appoint and retain Board members who have the skills, knowledge, business acumen, integrity, values, and commitment to lead the organisation with drive, ambition and enthusiasm.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2023

Board Membership (continued)

We recruit new board members through open advertisement and the effective use of our wide sector networks. Currently, we are in the process of recruiting at least two new board. All new members receive a full induction programme. We have one client / tenant with lived experience on the Board with one vacancy which is being recruited to, correcting an area of deficit that had previously been identified.

Board members are appointed on a voluntary basis and receive out-of-pocket expenses. No other payments are made to the chair or individual board members. The Board and its Committees undertake annual reviews and appraisals of their activities helping ensure that we comply with the National Housing Federation's Code of Governance 2022. The Chair of the Board undertakes individual reviews with all Board members.

The policy for delegated levels of decision-making between the Board and Executive Management Team is clearly defined within Standing Orders and a separate Schedule of Delegation, which is reviewed and approved by the Board on a regular basis.

Post Covid-19

We have undertaken a review of our responses to the Covid-19 pandemic and generally it has been very good, and we adapted well to the opportunities and restrictions it placed on our employees and the organisation. BHT Sussex has succeeded in carrying on its much needed work over the last year post the pandemic. The approach we have taken will be characterised by a 'slow and steady' approach.

We wish to be prudent in the way we plan our work and, as always, our priority is to try to keep all employees, clients and tenants as safe as possible. We have disbanded our Covid Task Team and have built in any new responses required into our regular operational work whilst remembering the health and safety lessons learnt during the pandemic - basic hygiene, physical distancing (when required), and good ventilation requirements will continue to be in place.

Most of our employees continued to work face-to-face with their clients / tenants. We recognise the increased risk that this has had, but without this dedication we would not have been able to ensure that all our services continued to be delivered throughout the pandemic. The Board recognised the extra ordinary work employees have undertaken to successfully have kept infections within the organisation to very low levels.

Risks, Uncertainties And Opportunities

The Post Covid-19 pandemic, war in Ukraine and Cost of Living Crisis world is providing both opportunities and challenges moving forward. There is uncertainty regarding the public finances due to the impact of inflation and rising energy costs. Both will reduce our ability to significantly increase our surplus, at least in the short term. The financial and psychological injury caused by Covid-19 and Cost of Living Crisis will result in a continuation and mostly likely an increase in the demands for services.

Our organisation has a well-developed and mature approach to strategic risk management. Our Strategic Risk Register provides the Board with clear information on three key areas, which are improving our financial strength, our operating environment and increasing our influence / reputation. Underneath these three areas, ten specific risks have been identified.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2023

Risks, Uncertainties and Opportunities (continued)

These risks are reviewed on a quarterly basis by the Executive Management Team and are reported on a regular basis to both the Finance, Audit and Risk Committee and the full Board. Detailed information provided includes the quantification of individual risks, the management strategy for mitigating their likelihood and impact, and a recovery strategy should one or more risks impact at the same time.

Going Concern

Following an assessment of our financial position and resources available, including the cashflow position for the next eighteen months, the Board believes that the BHT Sussex can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis). We have a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation.
- 85% of this income is paid directly to BHT Sussex from Housing Benefits, Universal Credit and Adult Social Care, which provides confidence in future payments of this stream of income.
- For 2023/24, over 80% for our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and is not expected to have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures, although we recognise that this will be a challenge going forward.
- Our cash balances, as at the point of approval of these accounts, was 67% greater than the £2.2 million working capital head room agreed as policy. We have also undertaken a cashflow forecast for the period April 2023 to March 2025 and this shows we will be able to maintain a healthy £3.4m average cash balance. Sensitivity analysis for higher levels of inflation and loss of a contract on this forecast shows that we would continue to maintain cashflows above our £2.2 million target.
- Our very limited exposure to fluctuations in the money markets, our limited borrowing is at a fixed rate and our non-involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice, should they become an unacceptable drain on the cash resources of the organisation.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2023

Going Concern (continued)

Based on this assessment, the Board has concluded that a material uncertainty does not exist, and the organisation is expected to continue to operate for the foreseeable future.

Pensions

BHT Sussex participates in the Scottish Widows Pension Scheme, the NHS Pension Scheme, Local Government Pension Scheme, and a Social Housing Pension Scheme, Growth Plan Scheme with TPT Retirement Solutions, please see note 22 to the Financial Statements for more details.

The TPT scheme is a multi-employer scheme which provides benefits to some 638 non-associated participating employers (see note 22) and applies to 30 employees.

This scheme is classified as a 'last-man standing arrangement'; therefore, because of the merger, BHT Sussex has inherited the potential liabilities of Sussex Oakleaf for other participating employers' obligations, if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers of the TPT scheme are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. During 2022/23 BHT Sussex contributed £3,843 towards the pension deficit. The Board considers that the contribution rate demanded of the scheme is affordable.

All members contributing to Series 3 were switched to Growth Plan Series 4 in 2013, and any new employee contributions were made into Series 4 from the closure date onwards. Growth Plan Series 4 is a defined contribution scheme in which the assets are held separately from those of the entity in independently administered funds. Further Details are in Note 22.

Compliance With Governance And Financial Viability Standard

The Board has reviewed our compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and has concluded that BHT Sussex complies with the Standard. BHT Sussex has reviewed its Assets and Liabilities Register to ensure that it meets the requirements. There is ongoing work on this Register to ensure that it remains accurate and complete, and that timely adjustments are made as circumstances require.

Internal Controls

In accordance with regulatory expectations of the Regulator of Social Housing, the Board is required to conduct an annual review of the effectiveness of the systems of internal control, and to issue a formal statement within the annual report and accounts on the outcome of this review.

The Board acknowledges its ultimate responsibility for the system of internal controls, for reviewing the effectiveness of those controls and for managing the risk of fraud within BHT Sussex. The Board also acknowledges that risk management and control processes should operate continuously and should be embedded within and across all of our activities. It should be recognised that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal controls is designed to manage risk and provide reasonable assurance that key business objectives will be achieved and to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the assets of BHT Sussex.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2023

Internal Controls (continued)

BHT Sussex has adopted the National Housing Federation Code of Governance 2020. A review of the Code has been undertaken and the Board is confident it complies with the Code.

The processes for identifying, evaluating, and managing the significant risks faced by BHT Sussex are ongoing, have been in place for the year under review and up to the date of approval of the annual report and accounts, and are regularly reviewed by the Board. The elements of the control framework, incorporating the key sources of evidence utilised by the Board in reviewing the effectiveness of the system of internal control, include:

- ✓ A comprehensive risk management framework which identifies key risks to the business on a regular basis and seeks to mitigate and monitor the risks and the associated mitigation.
- ✓ An organisational structure with clearly defined lines of responsibility and delegation of authority set out in the BHT Sussex standing orders and financial regulations.
- ✓ A Code of Ethics supported by a framework of policies and procedures, with which employees must comply.
- ✓ A three year risk-based strategic internal audit plan and the consideration by the Finance, Audit and Risk Committee of all internal audit reports produced during the year.
- ✓ The monitoring of action plans arising from audits to ensure that recommendations have been implemented.
- ✓ The review of audit reports undertaken by regulators, funders, and commissioning bodies.
- ✓ Approval of the annual budgets and the Strategic Business Plan by the Board.
- ✓ Comprehensive budgetary control arrangements which identify variances and their underlying causes.
- ✓ A performance reporting framework which involves the setting of a suite of Strategic and Operational Key Performance Indicators (SPIs and KPIs) targets and the measurement of achievement against these KPIs.
- ✓ A new developments and opportunities policy which requires Board approval of proposals meeting certain financial and non-financial criteria combined with quarterly reporting to the Board.
- ✓ A whistleblowing policy providing employees and third parties with confidential channels of communication to report unlawful, improper, or suspicious activity.
- ✓ Maintenance of a fraud register, with reporting to the Board if fraud occurs.

The Board's review of the effectiveness of the BHT Sussex system of internal control has identified no significant failings, weaknesses or instances of fraudulent activity which have resulted in material misstatement or loss that require disclosure within the financial statements for the year ended 31st March 2023, and up to the date of signing these financial statements.

Value For Money

BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Framework.

What SV and VfM means at BHT Sussex

We exist for a social purpose and our efforts are focused on changing lives across Sussex. Our Mission and Values drive us forward, seeking to continuously learn and improve how we engage with our local communities and deliver our services.

Our Mission is to combat homelessness, create opportunities for our clients and tenants to improve their wellbeing and to promote positive change.

We are conscious that a robust approach to VfM is a regulatory requirement, but we would want to do it anyway. We aim to make a difference by the outcomes we achieve for our clients, tenants, and the communities in which we work, and by being mindful of employee wellbeing.

The outcomes we achieve represent both the SV and VfM services that we provide as a viable and sustainable organisation. SV and VfM, therefore, aims to maximise our outcomes and make a bigger difference than if we had not taken a focused approach to it. Achieving VfM is at the heart of being a successful and effective social organisation.

What are the Outcomes we want to achieve?

Over the past 50+ years BHT Sussex has developed a diverse menu of services to support people who are homeless, or at risk of homelessness, and people who have complex needs.

Prevention is the cornerstone of what we do:

- Preventing homelessness.
- Preventing escalation of mental health issues across a broad spectrum - from admissions to psychiatric hospitals to the need to access secondary mental health services.
- Preventing the negative consequences of addictions.
- Providing specialist housing, benefit and immigration advice to prevent homelessness.
- Providing work, learning and employment opportunities to prevent unemployment and poverty.
- Where prevention has not been achieved, we look to mitigate the impact on individuals by providing effective, VfM services aimed at changing lives.
- BHT Sussex Housing Services provides homes for over 749 residents in across Sussex. We provide good quality, safe and secure general needs housing at sub-market rents for those who cannot afford to rent or buy their own home.

We are very conscious of our role in our local communities. In addition, many of our tenants represent positive move-ons from our support and addiction work, sustaining tenancies is key to securing long-term positive change.

Why do we provide our services and who benefits from our outcomes?

- Our clients and tenants are amongst the most marginalised and vulnerable in our society and therefore we provide:

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2023

Value for Money (continued)

- good quality short and long-term accommodation for a range of needs to provide a stable base on which to build a future.
- a range of support to improve wellbeing, independence, and secure lasting change.
- specialist legal advice spanning housing and homelessness, immigration, and welfare benefits to ensure that individuals' rights are fairly represented.
- Family and friends of clients benefit from knowing that their loved one is getting the targeted support they need to make positive changes, contributing in turn, to their wellbeing and peace of mind.
- Wider community – our services are sensitive to the wider community in which our clients and tenants live. We invest in local communities and collaborate with others to help make places work socially, economically and environmentally.
- Local authorities, other local service providers and government – through growth and service provision, we contribute to local and national housing strategies whilst also addressing important agendas such as supporting the most vulnerable, homelessness, poverty, inequality, and the environment. Our support services take pressure off health, social services, police and other local services. Increasingly, our work falls under the remit of Integrated Care Partnerships (ICPs): local joint commissioning bodies comprising local authorities, health and the wider Voluntary, Community and Social Enterprise (VCSE) sector - effectively a stakeholder in its own right.

When setting our strategic and enabling objectives, the BHT Sussex Board seeks to balance the legitimate, and sometimes competing, expectations of our stakeholders with the finite resources at our disposal.

- Total rent received in Supported Housing – rent received as a % of amounts due 98.4%, (2022: 97.7%) (target: 98.5%).
- Total rent received In Housing Services – rent received as a % of amounts due 99.4%, (2022: 98.8%) (target: 98.5%).
- Arrears management Supported Housing – gross arrears as a % of annual rent roll of 3.4% (2022: 2.0%) (target: 2.5%).
- Arrears management Housing Services – gross arrears as a % of annual rent roll of 4.8% (2022: 3.4%) (target: 5.8%).

The Regulator for Social Housing has issued value for money metrics and BHT Sussex figures are shown below:

Value for Money Metrics	Acuity Median 2022/23	BHT Sussex 2022/23	BHT Sussex 2021/22
Reinvestment	3.80%	7.59%	6.77%
New Supply Delivered - units	N/a	2	2
Gearing	20.80%	1.48%	1.72%
EBITDA Major Repairs Included Interest Cover	128.00	5.59%	4.47%
Headline Social Housing Cost per Unit	£5,776	£4,759	£3,784
Operating Margin	17.75%	0.56%	2.60%
Return on Capital Employed	1.60%	0.38%	1.59%

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2023

Value for Money (continued)

These types of metrics are generally used by larger housing associations with development portfolios and all of these metrics are not applicable to BHT Sussex as its primary focus is on Combating Homelessness, Creating Opportunities and Promoting Change. We have compared our performance against these metrics by using the Acuity benchmarking group data for small housing providers in the Southeast and London, as shown above. The table above shows that BHT Sussex compares favourably on Reinvestment, Gearing and Social Housing Cost per Unit and there is improvement needed on our Operating Margin and rate of Return on Capital Employed.

In the future, alongside the metrics above, BHT Sussex will define and show value, by drawing on our strategic objectives, our impact on clients and tenants, and from the other Acuity benchmarking information available.

Use Of Reserves

Accumulated reserves are deployed to achieve our principal objective of supporting homeless and vulnerable people. After setting aside an amount to cover day to day financial commitments, reserves are mainly invested in our properties that provide accommodation and services. At the end of 2022/23 we had total reserves of £11.5m (2022: (£11.4m) of which £311k were restricted reserves.

The primary purpose of the BHT Sussex Reserves Policy is to ensure that adequate funds exist to ensure its long-term viability. The policy is designed to ensure that BHT Sussex:

- Can continue to meet its financial commitments.
- Can deploy funds promptly, in a planned way, and react to new opportunities.
- Can avoid erosion of its asset base, maintain, and upgrade the properties that accommodate our clients and tenants.
- Can balance sound investment with good liquidity management; and
- Is not forced into short term decisions to the detriment of its long-term vision.

To achieve this, BHT Sussex has adopted target measures for key reserves indicators. The BHT Sussex policy aims to:

- Hold a minimum of £1m in free reserves, to protect its charitable work from the risk of disruption. The definition of free reserves is the value of unrestricted reserves less fixed assets net of the deferred capital grants.
- Hold a minimum of 1.5 months of operating cash outflow requirements in cash, or short-term investments, to manage short term volatility in income or liquidity. This equates to £2.2m for the BHT Sussex current cash outflows.

As at 31st March 2023 BHT Sussex held £2.6m as cash or short-term investments. This is cash cover of 1.77 months (2021: 2.11) compared to a target of 1.5 months.

It should be noted the minimum cash balance quoted above £2.2m, should be able to fund the repayment of any restricted reserves, should BHT Sussex be asked to repay these amounts.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2023

Use of Reserves (continued)

The Board has identified the main financial risks to the organisation to be:

- Failure to meet income targets in Supported Housing and Housing Services
- Failure to meet income targets for Advice Services
- Impact on income from Housing Benefits / Universal Credit
- The impact of increasing inflation
- Further cuts to the value of advice and support contracts
- Failure to achieve profitable growth.

In the light of these risks, and to meet future investment opportunities, the Board has identified the need to strengthen the reserves of the organisation. Free Reserves as at 31st March 2023 were £1.1m (2022: £1.3m).

Post Balance Sheet Events

Since the year end there have been no significant issues to report. However, the cost of living crisis continues, and we experience price increases in the cost of labour, raw materials, fuel and energy bills.

Board Members' Responsibilities

The Board is responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations. Company law and social housing legislation requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State Ex applicable UK Accounting Standards and the Statement of Recommended Practice Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the BHT Sussex transactions and disclose, with reasonable accuracy at any time, the financial position of the association, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and therefore taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2023

Board Members' Responsibilities (Continued)

Board members are responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the BHT Sussex website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the BHT Sussex website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

Current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by our auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Executive Management Team are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed its willingness to continue and a recommendation for the re-appointment of BDO LLP as auditors of BHT Sussex is to be presented at a forthcoming Board Meeting.

On behalf of the Board



K MacDonald
Chair of the Board

Date – 26/09/23

Independent Auditor's Report

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the BHT Sussex affairs as at 31st March 2023 and of the BHT Sussex 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 properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of BHT Sussex ("the Association") for the year ended 31st March 2023 which comprise the Association statement of comprehensive income, the Association statement of financial position, the Association statement of changes in equity, the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

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

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

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

Other information

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

Other Companies Act 2006 Reporting

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

Independent Auditor's Report to the Members of BHT Sussex (continued)

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

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report from the Board of Trustees.

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 by the Association, or returns adequate for our audit have not been received from branches not visited by us; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board members' responsibilities statement set out on page 16, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members 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 are 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of BHT Sussex and the sector in which it operates;
- Discussion with management and those charged with governance including the Finance, Risk and Audit Committee; and
- Obtaining and understanding of the Association's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Housing SORP, Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

BHT Sussex is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, UK tax legislation, Employment Taxes and the Bribery Act 2010.

Independent Auditor's Report to the Members of BHT Sussex (continued)

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Finance, Risk and Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Association's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and Internal controls established to mitigate risks related to fraud;
- Read minutes of meetings of those charged with governance, reviewed internal audit reports and reviewed correspondence with HMRC, Charity Commission and the Regulator of Social Housing;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be improper revenue recognition and management override in relation to accounting estimates and journal posting.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including revenue recognition, impairment of housing properties and rent arrears provision;
- Testing the application of cut off on revenue for the evidence that is was recorded in the correct period;
- Testing the existence and accuracy of supporting people, residential care and grant income.

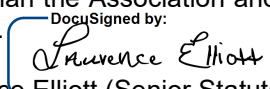
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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 concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's Trustees 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 members as a body, for our audit work, for this report, or for the opinions we have formed.


Laurence Elliott (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London,
United Kingdom

Date: 29 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Statement of Comprehensive Income for the year ended 31st March 2023

	Note	2023 £	2022 £
Turnover	4	16,929,933	14,975,090
Operating costs	4	(16,812,558)	(14,586,229)
Operating Surplus	4,8	117,375	388,861
Interest receivable and similar income	12	13,291	1,317
Interest and financing costs	13	(35,869)	(41,871)
Surplus before taxation		94,797	348,307
Taxation on surplus		-	-
Surplus after taxation, Comprehensive Income for the financial year		94,797	348,307

All activities relate to continuing operations.

The notes on pages 24 to 42 form part of these financial statements.

Statement of Financial Position as at 31st March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets - housing properties	14	21,080,096	20,317,044
Tangible fixed assets – other	15	1,760,927	1,848,345
		22,841,023	22,165,389
Current assets			
Debtors - receivable within one year	16	5,985,261	4,628,177
Cash and cash equivalents		2,615,983	3,584,692
		8,601,244	8,212,869
Creditors: amounts falling due within one year	17	(6,503,937)	(5,977,523)
Net Current Assets		2,097,307	2,235,346
Total Assets less Current Liabilities		24,938,330	24,400,735
Creditors: amounts falling due after more than one year	18	(12,889,012)	(12,631,883)
Provision or liabilities - other provisions	21	(570,257)	(384,590)
Total Net Assets		11,479,061	11,384,262
Capital and Reserves			
Restricted Reserves	28	310,504	556,876
Income and Expenditure Reserves	28	11,168,557	10,827,386
Total Reserves		11,479,061	11,384,262

The notes on pages 24 to 42 form part of these financial statements.

Company Number No.01618610
Registered Charity No.284839

The financial statements were approved and authorised by the Board on the 18th September 2023 and were signed on the Board's behalf by:



K MACDONALD
Chair of the Board



A ROSE
Chair of Finance, Audit and Risk Committee

Statement of Changes in Reserves for the year ended 31st March 2023

		Restricted Reserves	Income and Expenditure Reserves	Total
	Note	£	£	£
Balance at 1 st April 2023		556,876	10,827,386	11,384,262
Surplus for the year		61,757	33,040	94,797
		618,633	10,860,426	11,479,059
Reserves Transfers:				
Transfer from Restricted Reserves	28	(308,130)	308,130	-
Balance at 31st March 2023		310,503	11,168,556	11,479,059

Statement of Changes in Reserves for the year ended 31st March 2022

		Restricted Reserves	Income and Expenditure Reserves	Total
		£	£	£
Balance at 1 st April 2021		892,833	10,143,122	11,035,955
Surplus for the year		128,583	219,724	348,307
		1,021,416	10,362,846	11,384,262
Reserves Transfers:				
Transfer from reserves		(464,540)	464,540	-
Balance at 31st March 2022		556,876	10,827,386	11,384,262

The notes on pages 24 to 42 form part of these financial statements.

Statement of Cash Flows for the year ended 31st March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Surplus for the financial year		94,797	348,307
<u>Adjustments for:</u>			
Depreciation of fixed assets - housing properties	8,14	444,555	423,519
Depreciation of fixed assets - other	8,15	146,424	145,103
Amortised grant	5	(174,289)	(172,354)
Gift of Assets	31	-	-
Interest payable and finance costs	13	35,869	41,871
Interest received	12	(13,291)	(1,317)
Accelerated depreciation (Social Housing and Non-Social housing)	5,14,15	29,943	7,878
Increase in trade and other debtors	16,29	(1,357,084)	(2,511,473)
Increase in trade creditors and other creditors	17,29	620,828	3,927,288
Gain on revaluation of Pension	18	(3,403)	(22,529)
Increase in provisions	21	185,667	62,492
Net cash generated from operating activities		10,016	2,248,785
Cash flows (used) in investing activities			
Interest received	12	13,291	1,317
Purchases of fixed assets - housing properties	14	(855,607)	(695,483)
Purchase of new housing property – Rapley Court	14	(357,552)	(383,658)
Purchases of fixed assets – other	15	(83,398)	(238,622)
Receipt of grant	19	376,811	67,500
Net cash used in investing activities		(906,455)	(1,248,946)
Cash flows used in financing activities			
Interest paid	13	(35,869)	(41,871)
Repayment of loans – other	20	(36,401)	(69,967)
Net cash used in financing activities		(72,270)	(111,838)
Net Decrease/(Increase) in cash and cash equivalents		(968,709)	888,001
Cash and cash equivalents at beginning of year		3,584,692	2,696,691
Cash and cash equivalents at end of year		2,615,983	3,584,692

The notes on page 24 to 42 form part of these financial statements.

Notes Forming Part of the Financial Statements for the year ended 31st March 2023

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1. Legal Status

BHT Sussex is registered with the Financial Conduct Authority and is registered with the Regulator for Social Housing as a social housing provider. BHT Sussex is a charitable housing association, a company limited by guarantee under the Companies Act 2006 and is governed by its Articles of Association. BHT Sussex is also registered with the Charity Commission and as such is governed by applicable Charities Act legislation. BHT Sussex is a public benefit entity registered in England with Charity number 284839, Regulator of Social Housing number H1696 and Company number 01618610. The Registered Office is 144 London Road, Brighton, East Sussex BN1 4PH.

2. Accounting Policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for BHT Sussex includes FRS 102 “the Financial Reporting Standard applicable in the United Kingdom, the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, “Accounting by registered social housing providers” 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022, and the Companies Act 2022.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. These estimates and judgements are outlined in Note 3.

The currency used in preparing these financial statements is the pound sterling and all figures have been rounded up to the nearest pound.

The following principal accounting policies have been applied:

Going Concern

Following assessment of the BHT Sussex financial position and resources available going forward, including the cashflow position for the next eighteen months, the Board believes that BHT Sussex can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis), and has a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, BHT Sussex continues to adopt the going concern basis of accounting, in the preparation of the annual financial statements. Based on this assessment the Board has concluded that a material uncertainty does not exist, and BHT Sussex is expected to continue to operate for the foreseeable future.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation. 84.9% of this income is paid directly to BHT Sussex from Housing Benefits, Universal Credit and Adult Social Care, which provides confidence in future payments of this stream of income.
- For 2023/24, over 80% for our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, and we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and is not expected to have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures, although we recognise that this will be a challenge going forward.
- Our cash balances, at the point of signing these accounts, is almost xx% greater than the £2.2 million head room agreed as policy. We have also undertaken a cashflow forecast for the period April 2023 to March 2025 and this shows we will be able to maintain a healthy £3.4m average cash balance. Sensitivity analysis for higher levels of inflation and loss of a contract on this forecast shows that we would continue to maintain cashflows above our £2.2 million target.
- Our very limited exposure to fluctuations in the money markets, our limited borrowing is at a fixed rate and our non-involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice, should they become an unacceptable drain on the cash resources of the organisation.

Income

Income is measured at the fair value of the consideration received or receivable. BHT Sussex generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable.
- Revenue grants from statutory and other authorities; and
- Legal Aid Association income.

Rental Income

Rental income from residential properties is recognised in the Statement of Comprehensive Income when it falls due.

2. Accounting policies (continued)

Supported Housing Schemes

BHT Sussex receives Supporting People grants from statutory and other authorities. The grants received in the period, as well as costs incurred by BHT Sussex in the provision of support services, have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by BHT Sussex, where it is not recoverable from tenants.

Service Charges

BHT Sussex adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

Legal Aid Association Income

Legal Aid income is accounted for when earned. Income is recognised at agreed rates for all work carried out up to the balance sheet date. Any income earned, where full settlement will not be received until the case is closed, is accrued, and stated at the lower of cost and net realisable value.

Expenditure

All expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts.

Costs of generating income comprise the costs associated with generating donations, attracting fundraising, delivering services that are funded by grants, providing advice services funded by the Legal Aid Agency and providing housing services funded by rent and service charge income.

Charitable activities comprise all costs incurred in the pursuit of the charitable objectives of BHT Sussex. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure therefore include support costs and an apportionment of overheads, as show in note 5.

Support costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of BHT Sussex.

Management of Units Owned by Others

Rent and grant income receivable are included in income. The costs of carrying out the management of contracts and rechargeable expenses are included in operating costs.

Schemes Managed by Agents

Income from these schemes is included within rent receivable. The costs associated with these properties relate to depreciation and loan interest. No management fees are charged by the agents.

Finance Costs

Interest is incurred on loans held by BHT Sussex and is charged to the Statement of Comprehensive Income.

Current and Deferred Taxation

BHT Sussex is a Charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, it is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

Impairment of Fixed Assets

The housing property portfolio for BHT Sussex is assessed for indicators of impairment at each balance sheet date. Where indicators are identified, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An options appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return, or potential sale proceeds, are obtained and used to inform the options. BHT Sussex looks at the net realisable value, from the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value, less costs to sell or value, in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned, or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

No properties have been valued at Value in Use – Service Potential (VIU-SP).

2. Accounting policies (continued)

BHT Sussex defines cash generating units as schemes, except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset, or cash generating unit, is lower than its carrying value, an impairment is recorded through a charge to income and expenditure.

Value Added Tax

BHT Sussex charges Value Added Tax (VAT) on a small proportion of its income relating to legal and IT services and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by BHT Sussex and is not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Pension Costs

BHT Sussex operates a defined contribution pension scheme with Scottish Widows and 1 (2022: 2) employee belongs to the NHS pension scheme. The assets of the schemes are held separately from those of BHT Sussex. Contributions to the schemes are charged to the profit and loss in the year in which they become payable.

As part of the Sussex Oakleaf gift, BHT Sussex took over its Defined Benefit scheme held with TPT – the Growth Plan. This scheme is closed to new members. The scheme is a multi-employer defined benefit pension scheme. Sufficient information is not available to enable BHT Sussex to identify its share of assets and liabilities and as a result, and in accordance with FRS102, these financial statements account for the scheme as if it were a defined contribution scheme.

Where a recovery plan is in place to address the deficit, BHT Sussex recognise, as a liability, its commitment to make contributions under the terms of that recovery plan with changes to the value of this commitment recognised within the Statement of Comprehensive Income.

It should be noted that 3 (2022: 4) employees are in the Local Government Pension Scheme (LGPS) for which BHT Sussex will pay a fixed contribution rates for the duration of the contract. All other employees that TUPE'd with the new service are in our Scottish Widows pension scheme.

Tangible Fixed Assets - Housing Properties

All housing properties are stated at cost together with incidental costs of acquisition less depreciation and impairment (where applicable).

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental

income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Depreciation of Housing Property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	60
External doors	30
Boilers	15
Heating	30
External windows	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

BHT Sussex adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the organisation. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of Other Tangible Fixed Assets

Land is not depreciated. Depreciation on other assets is charged, so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Leasehold properties and improvements	Lease term
Freehold non-housing properties (excluding land)	100
Fixtures, fittings, tools and equipment	5
Computers	4

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Government Grants

Grants are carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the Housing SORP 2018, the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where a social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities. During the year, we tried to minimise the number of people on the government's Job Retention Scheme.

Debtors and Creditors

Debtors and creditors with no stated interest rate, that are receivable or payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in other operating expenses.

Recoverable Amount of Rental and Other Trade Receivables

BHT Sussex estimates the recoverable value of rental, and other receivables, and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Loans

All loans held by BHT Sussex are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price. FRS102 requires that basic financial instruments are subsequently measured at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Leased Assets - Lessee

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

2. Accounting policies (*continued*)

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Provision for Liabilities

BHT Sussex has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, dilapidations, restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent Liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources, or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

Gift of Assets

All assets and liabilities transferred are recognised at fair value.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements key judgements have been made in respect of the following:

- whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. BHT Sussex has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. BHT Sussex has also considered impairment based on their assumptions to define cash or asset generating units.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 14 and 15)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as asset and market condition are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Housing property assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Rental and other trade receivables (debtors) (see note 16)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Provision of potential rental bad debts is based on 100% or former tenant arrears balances and for current balances, a variable percentage specific to each service based on past write-off levels.

4 Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	Turnover 2023 £	Operating Costs 2023 £	Operating Surplus/ (Deficit) 2023 £
Social Housing Lettings (Note 5)	7,743,093	(6,905,261)	837,832
Other Social Housing Activities			
Supporting people	1,184,807	(1,113,947)	70,860
Residential Care and Other grants	1,328,512	(1,246,775)	81,737
Total Social Housing	10,256,412	(9,265,983)	990,429
Activities other than Social Housing Activities (Note 6)			
Legal Advisory Services	1,269,982	(1,368,150)	(98,168)
Day Centre	361,949	(371,720)	(9,771)
Non-housing rent income	46,337	(46,337)	-
Other activities	4,995,253	(5,760,369)	(765,116)
Total Activities other than Social Housing	6,673,521	(7,546,576)	(873,055)
Total	16,929,933	(16,812,559)	117,374

	Turnover 2022 £	Operating Costs 2022 £	Operating Surplus/ (Deficit) 2022 £
Social Housing Lettings (Note 5)	7,438,043	(6,464,598)	973,445
Other Social Housing Activities			
Supporting people	1,165,986	(1,134,602)	31,384
Residential Care and Other grants	1,235,687	(1,201,728)	33,959
Total Social Housing	9,839,716	(8,800,928)	1,038,788
Activities other than Social Housing Activities (Note 6)			
Legal Advisory Services	1,289,253	(1,267,445)	21,808
Day Centre	412,024	(444,684)	(32,660)
Non-housing rent income	40,012	(40,012)	-
Other activities	3,394,085	(4,033,160)	(639,075)
Total Activities other than Social Housing	5,135,374	(5,785,301)	(649,927)
Total	14,975,090	(14,586,229)	388,861

5 Income and Expenditure from Social Housing Lettings

	General Needs £	Supported Housing £	Temporary Social Housing £	Total 2023 £	Total 2022 £
Income					
Rents net of identifiable service charges	2,407,635	2,196,227	305,612	4,909,474	4,862,695
Service charge income	540,845	1,780,251	126,876	2,447,972	2,357,789
Release of government capital grants	110,514	63,775	-	174,289	172,354
Other income	-	211,358	-	211,358	45,205
Turnover from social housing lettings	3,058,994	4,251,611	432,488	7,743,093	7,438,043
Expenditure					
Management	(41,834)	(280,837)	(28,496)	(351,167)	(338,933)
Service charge costs	(1,052,572)	(3,397,210)	(435,597)	(4,885,379)	(4,726,214)
Routine maintenance	(549,319)	(195,599)	(47,658)	(792,576)	(676,642)
Planned maintenance	(70,191)	(34,258)	(1,382)	(105,831)	(121,995)
Major repairs expenditure	(185,698)	(42,438)	(7,014)	(235,150)	(122,729)
Bad debts	(45,605)	(46,991)	8,652	(83,944)	(60,865)
Depreciation of housing properties:					
- annual charge	(199,861)	(221,697)	(22,997)	(444,555)	(423,519)
- accelerated depreciation	(5,658)	(1,001)	-	(6,659)	6,299
Operating expenditure on social housing lettings	(2,150,738)	(4,220,031)	(534,492)	(6,905,261)	(6,464,598)
Operating surplus/deficit on social housing lettings	908,256	31,580	(102,004)	837,832	973,445
Void losses (memorandum only)	(119,466)	(455,233)	(171,943)	(746,642)	(589,665)

The difference between £2,094,394 and £1,079,141 (both Note 14) is repairs and maintenance costs. The difference of £1,015,253 is repairs and maintenance expenditure. This amount has been split between Social Housing (£857,647) as detailed in note 14 and supporting people (£93,887). It should also be noted that within accelerated depreciation, there is a gain of sale of land for the value of £14,176.

6 Particulars of Turnover from Non-Social Housing Activities

	2023 £	2022 £
Advice Services:		
Legal aid including costs & disbursements recovered	775,998	728,944
Grant contract incomes	457,355	515,269
Donations, fundraising and other income	36,629	45,040
Total for Advice Services	1,269,982	1,289,253
	2023 £	2022 £
Day Centre		
Grant contract incomes	269,161	316,763
Donations, fundraising & other income	92,788	95,261
Total for Day Centre	361,949	412,024

6 Particulars of Turnover from Non-Social Housing Activities (*continued*)

	2023 £	2022 £
Non-housing rent income		
Renaissance House	46,337	40,012
Total for Non-housing rent income	46,337	40,012
Other Activities		
Grant contract incomes	4,783,980	3,117,889
BHT Sussex IT Solutions	97,582	124,998
Donations & fundraising	4,208	17,908
Other Income	38,977	133,290
Total for other activities	4,924,747	3,394,085
Turnover from non-social housing activities	6,603,015	5,135,374

7 Units of Housing Stock

	2023 Number	2022 Number
General needs social housing	305	305
Supported housing	133	132
Total social housing units	438	437
Total owned	438	437
Accommodation managed for others	305	323
Total managed accommodation	743	760
Units managed by other Trusts	6	6
Total owned and managed accommodation	749	766

The increase in the number of units Owned Supported Accommodation from 132 to 133 is a result of the purchase of a flat.

8 Operating Surplus

	2023 £	2022 £
The operating surplus is arrived at after charging:		
Depreciation of housing properties - annual charge	444,555	423,519
Depreciation of other tangible fixed assets	146,424	145,103
Operating lease charges – land, building and vehicles	1,511,002	1,605,202
Auditor's remuneration (Including VAT):		
- fees payable for the audit of the annual accounts of the Trust	41,700	29,280

9 Employees

	2023 £	2022 £
Employee costs (including Executive Management Team) consist of:		
Wages and salaries	8,364,532	7,301,355
Social security costs	736,638	599,476
Cost of defined contribution scheme	404,038	334,856
	9,505,208	8,235,687

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	2023	2022
Administration	71	75
Housing, Support and Care	221	195
	292	270

The full time equivalent number of employees receiving remuneration, including company pension contribution, in excess of £60,000 was:

	2023 No.	2022 No.
£60,000 - £69,999	1	3
£70,000 - £79,999	3	1
£80,000 - £89,999	1	0
£90,000 - £99,999	0	1

10 Directors and Senior Executive Remuneration

The directors are defined as the members of the Board of Trustees (the Board), the Chief Executive and the Executive Management Team (EMT) disclosed on page 2.

Key management personnel are defined as members of the EMT. Their remuneration is disclosed below:

	2023 £	2022 £
Executive directors' emoluments	372,920	356,907
Contributions to money purchase pension schemes	20,372	19,562
Total	393,292	376,469

No members of the Board received any emoluments in 2023: nil (2022: nil). The Board received £46 (2022: £40) for Board expenses during the year.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments, was £74,719 (2022 - £87,670) but resigned in Jan-23. Additionally, pension contributions of £4,099 (2022: £4,822) were made to a defined contribution pension scheme on his behalf as an ordinary member of the scheme.

As a member of the company pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were 6 directors in the defined contribution pension scheme (2022: 5).

11 Board Members

Board Members	Remuneration Committee	Member of -				Board
		Finance Audit & Risk Committee	Operations & Personnel Committee	Governance Committee		
Kelvin MacDonald	√		√	√		√
Sarah Butler	√	√	√			√
Ian Millar	√	√				√
Melanie Davis	√		√	√		√
Gerald Main			√			√
Mary Tawiah		√				√
Paul Featherstone	√		√			√
Lawrence Santcross		√				√
Angeline Walker			√			√
Andrew Rose	√	√		√		√

No remuneration was paid to Board members. (2022: nil).

12 Interest Receivable and Income from Investments

	2023 £	2022 £
Interest receivable and similar income	13,291	1,317

13 Interest Payable and Similar Charges

	2023 £	2022 £
Interest on loans and overdrafts	35,869	41,871

14 Tangible Fixed Assets – Housing Properties

	General Needs £	Supported Housing £	Total £
Cost			
At 1 st April 2022	15,787,154	11,266,138	27,053,292
Additions:			
- replaced components	213,610	26,462	240,072
- Enhancements	428,431	187,104	615,535
- Purchase of new property – Rapley Court	-	357,552	357,552
Disposals:			
- replaced components	(46,962)	(5,824)	(52,786)
At 31st March 2023	16,382,233	11,831,432	28,213,665
Depreciation:			
At 1 st April 2022	(3,700,020)	(3,036,228)	(6,736,248)
Charge for the year	(199,861)	(244,694)	(444,555)
Eliminated on disposals:			
- replaced components	41,522	5,712	47,234
At 31st March 2023	(3,858,359)	(3,275,210)	(7,133,569)
Net book value at 31st March 2023	12,523,874	8,556,222	21,080,096
Net book value at 31st March 2022	12,087,134	8,229,910	20,317,044

The net book value of housing properties may be further analysed as:

	2023 £	2022 £
Freehold	17,877,795	17,045,369
Long Leasehold	2,462,742	2,492,132
Leasehold Improvements	739,559	779,543
	21,080,096	20,317,044

Total Social Housing Grant received is as follow:

	2023 £	2022 £
Capital Grant – Housing Properties	15,628,608	15,941,108

Total Trust expenditure during the year on works to existing properties was £2,403,252 (2022: £2,094,394) of which £1,213,159 (2022: £1,079,141) has been capitalised. The difference between £2,403,252 and £1,213,159 is repairs and maintenance costs. This amount has been split between Social Housing £1,133,557 (2022: £921,366) (as detailed in note 5) and supporting people £56,536 (2022: £93,887). Of the amounts capitalised, £240,072 (2022: £400,972) relates to the replacement of components £615,535 (2022: £294,511) relates to the enhancement of properties and £357,552 (2022: 383,658) was for the purchase of Land and Building.

15 Tangible Fixed Assets – Other

	Non-Housing Property £	Fixtures, Fittings and Equipment £	IT Equipment and Software £	Total £
Cost or valuation				
At 1 st April 2022	2,119,153	240,196	273,528	2,632,877
Additions	-	37,030	46,368	83,398
Disposals	(159,713)	(14,731)	-	(174,444)
At 31st March 2023	1,959,440	262,495	319,896	2,541,831
Depreciation				
At 1 st April 2022	(542,970)	(96,302)	(145,260)	(784,532)
Charge for year	(30,830)	(50,986)	(64,608)	(146,424)
Disposal	136,838	13,214	-	150,052
At 31st March 2023	(436,962)	(134,074)	(209,868)	(780,904)
Net book value at 31st March 2023	1,522,478	128,421	110,028	1,760,927
Net book value at 31st March 2022	1,576,183	143,894	128,268	1,848,345

Total Capital Grant received is as follows:

	2023 £	2022 £
Capital Grant – Freehold Non-Housing Properties	680,000	680,000

The net book value of non-housing property may be further analysed as:

	2023 £	2022 £
Freehold	1,421,955	1,443,869
Long Leasehold	123,398	132,314
	-	-
At 31st March	1,545,353	1,576,183

16 Debtors

	2023 £	2022 £
Due within one year		
Rent and service charge arrears	564,712	469,885
Less: Provisions for doubtful debts	(193,977)	(129,972)
	370,735	339,913
Other debtors	5,004,336	3,168,039
Prepayments and accrued income	610,190	1,120,225
	5,985,261	4,628,177

Notes Forming Part of the Financial Statements for the year ended 31st March 2023 (continued)

17 Creditors: Amounts Falling Due Within One Year

	2023	2022
	£	£
Loans and borrowings (Note 20)	1,938	36,390
Trade creditors	342,383	587,808
Taxation and social security	182,469	200,622
Other creditors	87,930	89,596
Accruals and deferred income	5,689,014	4,802,942
Deferred Capital Grant (note 19)	200,203	260,165
	6,503,937	5,977,523

Included within Other creditors is £9,103 relating to TPT Pension Liability due within one year.

18 Creditors: Amounts Falling Due After One Year

	2023	2022
	£	£
Loans and borrowings (Note 20)	310,885	312,834
Deferred Capital Grant (Note 19)	12,574,825	12,312,344
TPT Pension Liability	3,302	6,705
	12,889,012	12,631,883

19 Deferred Capital Grant

	2023	2022
	£	£
At 1 st April 2022	12,572,509	12,677,363
Addition	376,808	67,500
Released to income during year	(174,289)	(172,354)
At 31 st March	12,775,028	12,572,509
	2023	2022
	£	£
In one year or less, or on demand	200,203	260,165
In more than one year but not more than two years	200,203	260,165
In more than two years but not more than five years	568,020	568,020
In five years or more	11,806,602	11,484,159
	12,775,028	12,572,509

20 Loans and Borrowings

Maturity of debt:

	Bank Loans 2023 £	Bank Loans 2022 £
In one year or less, or on demand	1,938	36,390
In more than one year but not more than two years	2,172	1,959
In more than two years but not more than five years	8,016	7,224
In five years or more	300,697	303,651
	312,823	349,224

Loans are secured by specific charges on the housing properties of BHT Sussex. The loans bear interest at fixed rates ranging from 9.25% to 13.375% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. There were no issue costs associated with the loans.

21 Provisions for Liabilities

Dilapidations	2023 £	2022 £
At 1 st April 2022	384,590	322,098
Released to income and expense	185,667	62,492
Charged as at 31 st March	570,257	384,590

Maintenance costs of returning properties, under operating leases, to their landlords in a lettable state. These costs are subject to the lease conditions; includes only client/tenant damage and excludes landlord responsibility repairs.

22 Pensions

Defined Contribution Scheme

A defined contribution pension scheme is operated by BHT Sussex on behalf of the employees. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by Scottish Widows. The pension charge represents 5.5% (2022: 5.5%) of pensionable salary contributions payable by BHT Sussex to the fund and amounted to £348,036 (2022: £310,260). Contributions totalling nil (2022: 0) were payable to the fund at the year end.

BHT Sussex also operates a defined contribution pension scheme for the ex-Sussex Oakleaf employees who TUPE'd to BHT Sussex. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by TPT. The pension charge represents contributions payable by BHT Sussex to the fund and amounted to £28,180 (2022: £29,073).

In November 2022, BHT Sussex TUPE'd seven employees from South East Independent Living Limited (SEILL) and made contributions payable to the Local Government Pension Fund (LGPS) of £22,128 (2022 5 months £8,990).

Two (2022: 2) employees belong to the NHS pension scheme. Membership of this scheme is not open to other BHT Sussex employees. BHT Sussex contributes 14.38% (2022: 14.38%) of their pensionable salaries of members to this scheme.

Defined Benefit Scheme

TPT Retirement Solutions – The Growth Plan

The organisation participates in a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

TPT Retirement Solutions – The Growth Plan (continued)

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Scheme Trustees have asked the participating employers to pay additional contributions. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

TPT – The Growth Plan	31 March 2023 (£s)	31 March 2022 (£s)
Present value of provision	6,724	10,548

Reconciliation Of Opening and Closing Provisions	31 March 2023 (£s)	31 March 2022 (£s)
Provision at start of period	10,548	39,137
Unwinding of the discount factor (interest expense)	199	226
Deficit contribution paid	(3,843)	(9,904)
Remeasurements - impact of any change in assumptions	(180)	(242)
Remeasurements - amendments to the contribution schedule	-	(18,669)
Provision at end of period	6,724	10,548

	31 March 2023	31 March 2022
Rate of discount	5.52%	2.35%

Assumptions

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

23 Contingent Liabilities

BHT Sussex received Social Housing Grants which were used to fund the acquisition and development of housing properties and their components. A grant of £4,173,530 (2022: £4,015,378) was received in respect of housing properties held at 31st March 2023 in respect of adoption of historic cost. BHT Sussex has a future obligation to recycle such grants once the properties are disposed of. At 31st March 2022, the value of grants received in respect of these properties that had not been disposed of was £11,641,693 (2022: £11,799,845).

A grant of £312,350 (2022: 67,500) was received from Homes England Grant received in respect of housing properties in 2022-22. At 31st March 2023, the value of grant received in respect of these properties that had not been disposed of was £309,227 (2022: £66,825).

In addition, non-social housing grants of £639,200 (2022: £639,200) had been received in respect of properties that had not been disposed of.

There are two properties (Bear Road and the Whitehawk in) which are due to be handed back in the 2023 (2020 - nil). The dilapidations costs associated with these properties are not yet known and will be subject to negotiation.

24 Operating Leases

BHT Sussex had minimum lease payments under non-cancellable operating leases as set out below:

Amounts Payable as Lessee

	2023 £	2022 £
Not later than 1 year	1,511,002	1,605,202
Later than 1 year and not later than 5 years	2,658,898	2,348,425
Later than 5 years	2,110,107	1,599,725
Total	6,280,007	5,553,352

Amounts Receivable as Lessor

	2023 £	2022 £
Not later than 1 year	48,447	46,591
Later than 1 year and not later than 5 years	65,567	92,203
Total	114,014	138,794
Average rents receivable from tenants per week	164,129	159,509

25 Capital Commitments

There were no capital commitments as at 31st March 2023 (2022: £324,589).

26 Related Party Disclosures

Two members of our Board are also tenants of BHT Sussex. These Board members pay rent and service charges and these transactions have taken place at arm's length. The average rent charge for the type of property rented is £116 (2022: £110) per week including service charges. The rent charge paid by both Board members is £116 (2022: £110) per week.

One Board member whose partner is member of The Board of Sussex Interpreting Services, who are a supplier of Services to BHT Sussex Advice, there was 9 (2022: 1) transaction and the sum paid was £932 (2022: £414).

There is also a further Board member who is a Trustee of BHT Charitable Trust. There were no transactions (2022: nil) with BHT Charitable Trust.

There were no other related party transactions in the year to 31st March 2023.

27 Members' Liability

BHT Sussex has no share capital, and the liability of the members is limited by guarantee as set out in the provisions of the Articles of Association.

Each of the 14 (2022: 14) members has undertaken to contribute £1 in the event of BHT Sussex being wound up.

28 Capital and Reserves**Restricted Reserves**

	1 April 2022	Income	Expenditure	Released to General Reserves	31 March 2023
	£	£	£	£	£
The Academy	201,143	91,983	(133,374)	-	159,752
Fulfilling Lives	304,565	437,235	(433,670)	(308,130)	-
East Sussex Floating Support	8,776	3,312,405	(3,212,822)	-	108,359
Designated Reserves – Development	2,896	-	-	-	2,896
Property Maintenance Reserve	37,000	-	-	-	37,000
Restricted Reserves	2,496	-	-	-	2,496
Total Restricted Reserves	556,876	3,841,623	(3,779,866)	(308,130)	310,503
Unrestricted Reserves*	10,827,387	13,088,310	(13,055,270)	308,130	11,168,557
Total Reserves	11,384,263	16,929,933	(16,835,136)	-	11,479,060

	1 April 2021	Income	Expenditure	Released to General Reserves	31 March 2022
	£	£	£	£	£
Advice Plus	(7,388)	-	(3,750)	11,138	-
The Academy	105,875	95,268	-	-	201,143
Reaching Communities /First Impressions	(7,268)	-	-	7,268	-
Fulfilling Lives	762,338	1,040,827	(1,010,918)	(487,682)	304,565
East Brighton Gateway	(3,116)	-	(1,620)	4,736	-
East Sussex Floating Support	-	1,201,147	(1,192,371)	-	8,776
Designated Reserves – Development	2,896	-	-	-	2,896
Property Maintenance Reserve	37,000	-	-	-	37,000
Restricted Reserves	2,496	-	-	-	2,496
Total Restricted Reserves	892,833	2,337,242	(2,208,659)	(464,540)	556,876
Unrestricted Reserves*	10,143,122	12,637,849	(12,418,124)	464,540	10,827,387
Total Reserves	11,035,955	14,975,091	(14,626,783)	-	11,384,263

Reserve**Purpose and restriction in use**

Advice Plus	Local advice services in East Sussex
The Academy	Helping homeless people move into employment and accommodation
Reaching Communities /First Impressions	Helping homeless people overcome barriers to employment
Fulfilling Lives	Promoting change with people with multiple and complex needs
East Brighton Gateway	Partnership based learning and education activities
East Sussex Floating Support	The provision of a Housing related Floating Support Services to support people to live well and independently in their own homes in East Sussex
Designated Reserves – Development	Transferred from Sussex Oakleaf and is for Millhaven Fund
Property Maintenance Reserve	Transferred from Sussex Oakleaf and is for Capital Major Works
Restricted Reserves	Transferred from Sussex Oakleaf and is for Children in Need

Release of Restricted Reserves to General Reserves is the result of funding for specific projects coming to an end and the funder confirming that no future liability exists. During 2022/23, a total sum of £308,130 (2022: £464,540) was released from Restricted Reserves to General Reserves.

29 Financial Instruments

The financial instruments may be analysed as follows:

	2023 £	2022 £
Financial Assets		
Financial assets measured at historical cost		
- Trade receivables	370,735	339,913
- Other receivables	5,614,526	4,288,264
- Cash and cash equivalents	2,615,983	3,584,692
Total Financial Assets	8,601,244	8,212,869
	2023 £	2022 £
Financial Liabilities		
Financial liabilities measured at amortised cost		
- Loans payable	312,823	349,224
Financial liabilities measured at historical cost		
- Trade creditors	342,383	587,808
- Other creditors	5,959,413	5,093,160
Total financial liabilities at historic cost	6,301,796	5,680,968
Total Financial Liabilities	6,614,619	6,030,192

30 Net Fund Reconciliation

	1 April 2022 £	Cashflows £	31 March 2023 £
Cash at Bank and in Hand	3,584,692	(968,709)	2,615,983
Bank Loans	(349,224)	36,401	(312,823)
TOTAL	3,235,468	(932,308)	2,303,160

Accounts

BHT Sussex

Report and Financial Statements
For the Year ended 31st March 2022

Companies House Number 01618610

Charity Commission Number 284839

Regulator of Social Housing Number H1696

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Reference and Administrative Details

Board of Trustees

Joan Mortimer - Chair, Resigned 13/12/2021
Sarah Butler
Leona Daniel - Resigned 13/12/2021
Melanie Davis
Peter Freeman - Resigned 23/09/2022
Roger Hinton - Resigned 19/06/2022
Kelvin MacDonald, Chair from 13/12/2021
Gerald Main
Ian Millar
Mary Tawiah
Paul Williams - Resigned 06/09/2021
Paul Featherstone
Nicholas Willmore - Resigned 23/09/2022
Lawrence Santcross - Appointed 13/12/2021
Angeline Walker - Appointed 13/12/2021
Andrew Rose - Appointed 13/12/2021

Governance Committee

Joan Mortimer
Peter Freeman
Melanie Davis
Kelvin MacDonald, Chair

Finance, Audit and Risk Committee

Peter Freeman, Chair
Leona Daniel
Roger Hinton
Mary Tawiah
Paul Williams
Sarah Butler
Lawrence Santcross
Angeline Walker
Andrew Rose

Operations & Personnel Committee

Melanie Davis, Chair
Sarah Butler
Gerald Main
Ian Millar
Joan Mortimer
Kelvin MacDonald
Nicholas Willmore
Paul Featherstone

Remuneration Committee

Melanie Davis, Chair
Sarah Butler
Kelvin MacDonald
Gerald Main
Ian Millar
Joan Mortimer
Paul Featherstone
Nicholas Willmore

Executive Management

Andy Winter
Chief Executive

David Chaffey
Director of Housing & Property

Sunil Desai
Director of Finance & Resources

Nikki Homewood
Director of Advice & Support Services

Rachael Kenny
Director of Mental Health & Support Services

Company Secretary & Registered Office

Sunil Desai
144 London Road
Brighton
BN1 4PH

Principal Solicitors

DMH Stallard LLP
1 Jubilee Street
Brighton
East Sussex
BN1 1GE

Bankers

Royal Bank of Scotland
PO Box 300
Brighton
East Sussex

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Chair's Report

I have had the honour of being the Chair of BHT Sussex from December 2021, having been on the Board for four and a half years. I realised when I joined the Board that I had started on a journey of learning day by day about the extraordinary work that BHT Sussex does and the many ways in which it changes individual lives.

This Annual Report sets out in statistics and in client stories how we have aided, guided, advised and housed.

I find the pure breadth of this work hard to take in – ranging as it does from specialist housing, benefits and immigration advice services to supporting those in their journey out of addiction; from assisting people into decent housing and into employment to helping people deal with the consequences of sleeping rough; from mental health and wellbeing services to being a housing association with 766 properties.

In doing all this, BHT Sussex is driven by a way of working that puts our clients and tenants first and listens to their needs and aspirations before accompanying them on their journey of change. Our experience shows that those with whom we work may well have a variety of challenges that they face – 2,788 of our clients identified as disabled, for example – and the range of services that we offer and the pure professionalism of the staff that deliver them means that we can address complex challenges in a holistic way, notably through taking a psychologically informed approach – a fact about which I am tremendously proud.

It would be invidious for me to focus on any one measure of the work we do as all are equally important. However, when I see from this report that, for example, we have provided services for 9,702 unique clients – a 50% increase from two years ago, that we have prevented homelessness in 1,777 cases or that our welfare benefit advisers have raised £4.7 million for 581 clients, I think of the lives that we have touched – not only of our clients and tenants, but of their colleagues, friends and families.

These figures are impressive enough in themselves, but it has also been yet another year of overall change for BHT Sussex. Having merged with Sussex Oakleaf in 2020, in 2021 BHT Sussex secured its largest ever contract, valued at £3.8 million per annum, to deliver the East Sussex Floating Support service, supporting 6,000 people in their own homes. With this contract, 93 new members of staff joined BHT Sussex.

All this work has carried on whilst dealing with the global pandemic and I want to particularly mark the dedication and professionalism of all the staff and volunteers who have worked unsparingly to minimise the effects that this has had on our staff and on the delivery of our services. Thank you to you all.

Thank you also to Joan Mortimer, my predecessor, and my fellow Board members who have willingly given their time and their wisdom to guide BHT Sussex in all that it does.

The figures set out in this Annual Report clearly demonstrate the vital work that BHT Sussex for those most in need. I write this Chair's report as the real impacts of rising prices and costs, notably in energy prices, are becoming clear. The cost of living crisis – and it is a crisis – is already hitting the poorest and most vulnerable in society the hardest. BHT Sussex's services will be needed more than ever but our ability to provide them faced as we are too with rising costs will be severely challenged.

Finally, this is the final Annual Report to be produced under the direction of our Chief Executive, Andy Winter, who is to retire in January 2023 after 37 years, 20 as its Chief Executive. BHT Sussex's debt to Andy is immeasurable and, more importantly, so is the debt owed by many thousands of our clients and our tenants. This report is not the place to set out in full our thanks to Andy and these will be recorded elsewhere.

Kelvin MacDonald
Chair of the Board



Date – 23/09/2022

Report of the Board of Trustees

The Trustees are pleased to present their Annual Report and the Financial Statements of BHT Sussex for the year ended 31st March 2022.

AIMS AND OBJECTIVES

Our overall Mission is to combat homelessness, create opportunities for our clients and tenants, and to promote change. In order to do this, we have established six Strategic Objectives. These Objectives are:

- *Empowering Clients and Tenants:* Clients and tenants are supported to take greater control over their own lives. This includes helping people come to terms with mental health problems, thereby reducing hospital admissions and allowing people to live more independently. People with addictions are supported into abstinence and recovery, thereby increasing life choices around education, training and employment, as well as sustainable housing.
- *Prevention of Homelessness:* Those facing homelessness were supported by the Advice Centres where we prevented 688 (2021: 453) households from becoming homeless, with all the negative consequences to their lives and those of their children. Those with a limited or no history of employment are supported to gain work experience, undertake education and training, and secure employment. The reduction in the number of prevention cases was due to the government's moratorium on evictions.
- *Improving Our Services:* All services are reviewed on an annual basis and teams prepare improvement plans to ensure that their services remain relevant to client needs and meet local strategic priorities. We retained our *Investors in People* Silver rating. We review and act on feedback received from tenants and clients to improve services. This includes reviewing learning from complaints received.
- *Increasing Our Influence:* By promoting the experience of our clients and tenants, we attract attention from policymakers, commissioners and other opinion makers. We remain a 'Go To' organisation for the media and have had input into various policy reviews at a local and national level. Through our leadership of the Fulfilling Lives Partnership in the south-east, the <https://www.bht.org.uk/ripple-effect-overview-systems-principles-and-methods.pdf> sets out a number of measures to improve and strengthen services offered to those who have multiple and complex needs.
- *Improving Our Financial Strength:* By retaining a clear focus on the financial performance of the organisation and seeking opportunities to grow as well as spreading costs more widely, we improve our financial strength. The merger with Sussex Oakleaf saw us extend our services into Mid Sussex and Crawley, and the successful tender for the East Sussex Floating Support Service consolidated our position as a major service provider throughout East Sussex.
- *Seeking Quality Growth:* Notwithstanding the Covid-19 pandemic, we have achieved significant growth during the period since March 2020 with the merger and new contracts. Our staff numbers have increased from 250 to over 350 and our turnover has increased from £14m to £15m and is expected to be £17m by March 2023.

This has already led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of sites to increase the number of homes that we provide.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2022

OUR BUSINESS MODEL

Our business model is based on five core principles:

- Recruiting and Retaining Quality Staff: We have continued to have a workforce equipped to deliver services of excellence. Our salaries and employment terms remain competitive locally so that we can attract quality applicants and we do not lose key staff to partners and competitors. More difficulties have been experienced in recruitment although there is a recognition that salary levels for staff who transferred from the former Sussex Oakleaf has posed a few recruitment challenges. While staff turnover has been higher than anticipated, no underlying negative causes have been identified. We are aiming to increase our Investors in People accreditation to Gold, evidence that we are an organisation that seeks continuous improvement in our employment practices.
- Maximising Income Streams: Income from rents and service charges continued to make up over 50% of our income. Void rent loss increased to 8% compared to a target of 5%. This adverse trend was due to higher voids in Supported Housing as a result of the restrictions due to the continuation of the pandemic. This is not an ongoing issue as restrictions are lifted, nor does it reflect an underlying problem. Increased loss of income through void properties was offset, in part, by better rent collection. Arrears were 4.9% (£389k) on 31st March 2022 compared to a forecast of 5.8% (£458k). This reflects strong performance in both Housing Services and Supported Housing. While high levels of bad debt write offs can disguise poor performance in rent collection, bad debts to 31st March 2022 were higher for Supported Housing £31k (2021: £15k) and lower for Housing Services £12k (2021: £12k). Other income streams were on or near target, although Legal Service income was £664k against a target of £729k due to restrictions during the Covid pandemic as there were fewer clients and referrals from the courts.
- Delivering Value for Money: BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Statement. We regularly monitor these by reviewing service usage, a focus on our income and expenditure, measuring both strategic and operational key performance indicators and we use our SV and VfM Statement to focus on outcomes for our clients and tenants.
- Maintaining Liquidity: Our cash balance as at 31st March 2022 remained healthy, at £3.6m, (2021: £2.7m). Our minimum cash balance target of £1.7m continues to be exceeded. A continued challenge over the next five years to ensure that sufficient funds are generated to allow us to meet the investment needs set out in our Asset Management Strategy, which averages £550k per annum.
- Securing Profitable Growth: As mentioned above, the merger with Sussex Oakleaf has already led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of two sites owned by BHT Sussex to increase the number of homes that we provide.

FINANCIAL RESULTS

A net operating surplus of £348k (2021: £379k) was generated during the year. A priority moving forward is to increase surplus levels, to strengthen our financial viability, invest in current and new services, and allow us to invest in our major works programme.

Income: Total income of £15.0m (2021: £13.7m) was received during the year. The increase from the previous year was due to new contracts and additional income for our Legal Advice Services.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2022

Expenditure: Total expenditure of £14.6m (2021: £13.3m) was made during the year. Overall, expenditure was £786k less than expected. Lower staffing and related costs accounted for most of this underspend. There were also lower costs for Repairs and Maintenance, lower overhead costs, and there were some overspends and underspend compensating for each other.

While others in our peer group have reported significant increases in arrears as a result of Covid-19 and the roll-out of Universal Credit, we have been able to maintain arrears levels notwithstanding a modest increase in arrears of those tenants who have migrated to the new benefit. A refocusing of staff resources has resulted in this risk being successfully mitigated.

Our Financial Position also continues to be healthy with Total Net Assets of £11.4m (2021: £11.0m), supported by Income and Expenditure Reserves of £10.8m (2021: £10.1m) and Restricted Reserves of £0.6m (2021: £0.9m).

DEVELOPMENT AND PERFORMANCE IN THE FINANCIAL YEAR

The Board of Trustees received quarterly reports to monitor performance within the organisation. The performance measures included financial and operational performance indicators, including:

- Cash management – cash flows and average cash balances increased during the year with cash at bank and in hand as at 31st March 2022 – £3.6m (2021: £2.7m).
- Void loss in Supported Housing – voids as a % of gross rents of 10.6% (2021: 8.7%), target: 3.9%.
- Void loss in Housing Services – voids as a % of gross rents of 2.5% (2021: 2.0%), target: 3.9%.
- Bad debts in Supported Housing – bad debts as a % of rents receivable of 0.6% (2021: 0.3%), target: 1.5%.
- Bad debts in Housing Services – bad debts as a % of rents receivable of 0.4% (2021: 0.4%), target: 1.5%.
- Gas safety certificates – units with a valid safety certificate 100.0% (2021: 100%), target: 100%.
- Staff sickness – working days lost per FTE employee 10.8 days (2021: 6.2 days), target: 7.0 days.

FUTURE PROSPECTS

Notwithstanding the concern of funding our Asset Management Plans going forward, the challenges successfully faced to date as a result of the Covid-19 pandemic demonstrates an organisation that is well-governed and well-managed, able to flex its operations according to circumstances, not least ones that could not be foreseen.

Covid-19 itself will result in new opportunities as our communities and economy recovers from the financial and psychological injuries caused by the pandemic.

Our staff are our biggest asset, they support the delivery of our charitable and strategic objectives. We continue to invest in the recruitment and retention of quality staff at all levels. Like many organisations, we have had difficulties over the past year, but staff continue to work with dedication and resilience.

Governance arrangements have been reviewed and strengthened in recent years. All governing documents have also been reviewed and updated. The appointment of three new members has further strengthen the range and expertise of Board of Trustees.

HEALTH AND SAFETY

Health and Safety continues to be one of our key priorities and we have a Working Group set up that looks at strategic health and safety issues, including the Fire Safety Act 2021 and the 2022 Regulations.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2022

Health and Safety (continued)

Health and Safety is also monitored quarterly via our Strategic Risk Register. During the year we continued the Health and Safety / Fire risk assessments of all properties, carrying out additional remedial tasks to improve fire safety at a cost of £204k (£197k).

Gas Safety Inspections: our performance for the final quarter of 2021/22 was 100% (100%), where gas safety inspections were completed in time and the relevant certificate was on file. There were some issues during the year due to access to properties and the continuation of the Covid-19 pandemic,

SAFEGUARDING

Following failings in some international aid agencies, along with safeguarding failures in domestic charities, BHT Sussex has considered the robustness of its own policies and procedures in this and other areas. The Board acknowledges the general alert issued in June 2021 by the Charity Commission regarding this, particularly at a time where governance and management arrangements might be compromised by the Covid-19 pandemic.

BHT Sussex has robust processes and reporting arrangements in place, including our Whistleblowing procedure, that are widely publicised including on our website. Clients and tenants are asked specific questions in surveys regarding their confidence in the organisation's policies and procedures. Training on safeguarding is part of the mandatory training for staff.

STAFFING

Our staff are our most valuable resource. Through them we deliver our strategic objectives, not least excellent services. We have strengthened capacity at a senior level through the creation of a Director of Mental Health and Support Services and designated another senior employee as Head of Business Development. These additions will help to provide strategic management capacity within the enlarged organisation going forward. Staff sickness management continues to be an area we are working on. There was an average of 10.8 days absence per employee during the year (6.0 days excluding long term sickness cases), which is above the target of an average of 7 days.

BOARD MEMBERSHIP

BHT Sussex seeks to appoint and retain Board members who have the skills, knowledge, business acumen, integrity, values and commitment to lead the organisation with drive, ambition and enthusiasm. We recruit new board members through open advertisement and the effective use of our wide sector networks. Three new board members were appointed during the year and three members resigned. All new members receive a full induction programme.

We have two tenants as independent members of the Board, correcting an area of deficit that had previously been identified.

Board members are appointed on a voluntary basis and receive out-of-pocket expenses. No other payments are made to the chair or individual board members.

The Board and its Committees undertake annual reviews and appraisals of their activities helping ensure that we comply with the National Housing Federation's Code of Governance 2020.

The policy for delegated levels of decision-making between the Board and Executive Management Team is clearly defined within Standing Orders and a separate Schedule of Delegation, which is reviewed and approved by the Board on a regular basis.

The Chair of the Board undertakes individual reviews with all Board members.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2022

COVID-19

Despite the continuation of the Covid-19 pandemic and its restrictions, BHT Sussex has succeeded in carrying on its much needed work over the last year. Notwithstanding the national easing of restrictions, the approach we will be taking within BHT Sussex will be characterised by a 'slow and steady' approach.

We wish to be prudent in the way we plan our work and, as always, our priority is to try to keep all members of staff, clients and tenants as safe as possible. Our Covid Task Team continued to meet twice a week during last year and the team considered social distancing, the numbers who can return to the office, the ongoing necessity to wear face masks, etc.

The majority of our staff have continued to work face-to-face with their clients. We recognise the increased risk that this has had, without this dedication we would not have been able to ensure that all our services continued to be delivered throughout the pandemic.

The measures that BHT Sussex had in place throughout the pandemic are not being lifted for the time being. Basic hygiene, physical distancing, and good ventilation requirements will continue in place. Trustees recognise that all members of staff have successfully kept infections within the organisation to very low levels.

RISKS, UNCERTAINTIES AND OPPORTUNITIES

The Covid-19 pandemic is providing both opportunities and challenges moving forward. There is uncertainty regarding the public finances due to the impact of inflation and rising energy costs. Both of these will reduce our ability to significantly increase our surplus, at least in the short term. The financial and psychological injury caused by Covid -19 may result in new demands for services, not least in areas such as Crawley and Mid Sussex which will be particularly impacted by the effect the pandemic is having on the aviation industry.

The organisation has a well-developed and mature approach to strategic risk management. Our Strategic Risk Register provides the Board with clear information on three key areas, which are improving our financial strength, our operating environment and increasing our influence / reputation. Underneath these three areas, there are ten specific risks identified.

These risks are reviewed on a quarterly basis by the Executive Management Team and reported on a regular basis to both the Finance, Audit and Risk Committee and the full Board. Detailed information provided includes the quantification of individual risks, the management strategy for mitigating their likelihood and impact, and a recovery strategy should one or more risks impact at the same time.

GOING CONCERN

Following an assessment of our financial position and resources available, including the cashflow position for the next eighteen months, the Board believes that the BHT Sussex can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis). We have a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation. 87.8% of this income is paid directly to BHT Sussex from Housing Benefits, Universal Credit and Adult Social Care, which provides confidence in future payments of this stream of income.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2022

Going Concern (continued)

- For 2022/23, over 80% for our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, and we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and is not expected to have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures, although we recognise that this will be a challenge going forward.
- Our cash balances, at the point of signing these accounts, is almost 100% greater than the £1.7 million head room agreed as policy. We have also undertaken a cashflow forecast for the next three years (April 2022 to March 2025) and this shows we will be able to maintain a healthy £2.5m cash balance. Sensitivity analysis for higher levels of inflation and loss of a contract on this forecast shows that we would continue to maintain cashflows above our £1.7 million target.
- Our very limited exposure to fluctuations in the money markets, our limited borrowing is at a fixed rate and our non-involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice, should they become an unacceptable drain on the cash resources of the organisation.

Based on this assessment, the Board has concluded that a material uncertainty does not exist, and the organisation is expected to continue to operate for the foreseeable future.

PENSIONS

BHT Sussex participates in the Scottish Widows Pension Scheme, the NHS Pension Scheme, Local Government Pension Scheme, and a Social Housing Pension Scheme, Growth Plan Scheme with TPT Retirement Solutions, please see note 22 to the Financial Statements for more details.

The TPT scheme is a multi-employer scheme which provides benefits to some 638 non-associated participating employers (see note 22) and applies to 32 former employees of Sussex Oakleaf.

This scheme is classified as a 'last-man standing arrangement'; therefore, because of the merger, BHT Sussex has inherited the potential liabilities of Sussex Oakleaf for other participating employers' obligations, if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers of the TPT scheme are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. During 2021/22 BHT Sussex contributed £9,904 towards the pension deficit. The Board considers that the contribution rate demanded of the scheme is affordable.

All members contributing to Series 3 were switched to Growth Plan Series 4 in 2013, and any new employee contributions were made into Series 4 from the closure date onwards. Growth Plan Series 4 is a defined contribution scheme in which the assets are held separately from those of the entity in independently administered funds. Further Details are in Note 22.

COMPLIANCE WITH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board has reviewed our compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and has concluded that BHT Sussex complies with the Standard. BHT Sussex has reviewed its Assets and Liabilities Register to ensure that it meets the requirements. There is ongoing work on this Register to ensure that it remains accurate and complete, and that timely adjustments are made as circumstances require.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2022

INTERNAL CONTROLS

In accordance with the regulatory expectations of the Regulator of Social Housing, the Board is required to conduct an annual review of the effectiveness of the systems of internal control, and to issue a formal statement within the annual report and accounts on the outcome of this review.

The Board acknowledges its ultimate responsibility for the system of internal controls, for reviewing the effectiveness of those controls and for managing the risk of fraud within BHT Sussex. The Board also acknowledges that risk management and control processes should operate continuously and should be embedded within and across all activities. It should be recognised that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives will be achieved, and to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the assets of BHT Sussex.

BHT Sussex has adopted the National Housing Federation Code of Governance 2020. A review of the Code has been undertaken. The Board is confident it complies with the Code but continues to set a maximum period of nine years for non-executive directors.

The processes for identifying, evaluating, and managing the significant risks faced by BHT Sussex are ongoing and are regularly reviewed by the Board. They have been in place during 2021/22 and up to the date of the approval of the annual report and accounts. The elements of the control framework, incorporating the key sources of evidence utilised by the Board in reviewing the effectiveness of the system of internal control, include:

- ✓ a comprehensive risk management framework which identifies key risks to the business on a regular basis and seeks to mitigate and monitor the risks and the associated mitigation.
- ✓ An organisational structure with clearly defined lines of responsibility and delegation of authority set out in the BHT Sussex standing orders and financial regulations.
- ✓ a Code of Ethics supported by a framework of policies and procedures, with which employees must comply.
- ✓ a three year risk-based strategic internal audit plan and the consideration by the Finance, Audit and Risk Committee of all internal audit reports produced during the year.
- ✓ the monitoring of action plans arising from audits to ensure that recommendations have been implemented.
- ✓ the review of audit reports undertaken by regulators, funders, and commissioning bodies.
- ✓ approval of the annual budgets and the Strategic Business Plan by the Board.
- ✓ comprehensive budgetary control arrangements which identify variances and their underlying causes.
- ✓ a performance reporting framework which involves the setting of a suite of Strategic and Operational Key Performance Indicator (SPIs and KPIs) targets and the measurement of achievement against these KPIs.
- ✓ a new developments and opportunities policy which requires Board approval of proposals meeting certain financial and non-financial criteria combined with quarterly reporting to the Board.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2022

Internal Controls (continued)

- ✓ a whistleblowing policy providing staff and third parties with confidential channels of communication to report unlawful, improper, or suspicious activity.
- ✓ maintenance of a fraud register, with reporting to the Board if fraud occurs.

The Board's review of the effectiveness of the BHT Sussex system of internal controls has identified no significant failings, weaknesses or instances of fraudulent activity which has resulted in material misstatement or loss that require disclosure.

This applies to the financial statements for the year ended 31st March 2022, and up to the date of signing these financial statements.

VALUE FOR MONEY

BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Statement.

What SV and VfM means at BHT Sussex

We exist for a social purpose and our efforts are focused on changing lives across Sussex. Our Mission and Values drive us forward, seeking to continuously learn and improve how we engage with our local communities and deliver our services.

Our Mission is to combat homelessness, create opportunities for our clients and tenants to improve their wellbeing and to promote positive change.

We are conscious that a robust approach to VfM is a regulatory requirement, but we would want to do it anyway. We aim to make a difference by the outcomes we achieve for our clients, tenants, and the communities in which we work, and by being mindful of staff wellbeing.

The outcomes we achieve represent both the SV and VfM services that we provide as a viable and sustainable organisation. SV and VfM, therefore, aims to maximise our outcomes and make a bigger difference than if we had not taken a focused approach to it. Achieving VfM is at the heart of being a successful and effective social organisation.

What are the Outcomes we want to achieve?

Over the past 50 years BHT Sussex has developed a diverse menu of services to support people who are homeless, or at risk of homelessness, and people who have complex needs.

Prevention is the cornerstone of what we do:

- Preventing homelessness
- Preventing escalation of mental health issues across a broad spectrum - from admissions to psychiatric hospitals to the need to access secondary mental health services
- Preventing negative consequences of addictions
- Providing specialist housing, benefit and immigration advice to prevent homelessness
- Providing work, learning and employment opportunities to prevent unemployment and poverty
- Where prevention has not been achieved, we look to mitigate the impact on individuals by providing effective, VfM services aimed at changing lives
- BHT Sussex Housing Services provides homes for over 450 residents in Brighton and Hove, Eastbourne and Hastings. We provide good quality, safe and secure general needs housing at sub-market rents for those who cannot afford to rent or buy their own home.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2022

Value for Money (continued)

We are very conscious of our role in our local communities. In addition, many of our tenants represent positive move-ons from our support and addiction work, sustaining tenancies is key to securing long-term positive change.

Why do we provide our services and who benefits from our outcomes?

- Our clients and tenants are amongst the most marginalised and vulnerable in our society and therefore we provide:
 - good quality short and long-term accommodation for a range of needs to provide a stable base on which to build a future
 - a range of support to improve wellbeing, independence and secure lasting change
 - specialist legal advice spanning housing and homelessness, immigration and welfare benefits to ensure that individuals' rights are fairly represented
- Family and friends of clients benefit from knowing that their loved one is getting the targeted support they need to make positive changes, contributing in turn, to their wellbeing and peace of mind.
- Wider community – our services are sensitive to the wider community in which our clients and tenants live. We invest in those communities and collaborate with others to help make places work socially, economically and environmentally.
- Local authorities, other local service providers and government – through growth and service provision, we contribute to local and national housing strategies whilst also addressing important agendas such as supporting the most vulnerable, homelessness, poverty, inequality and the environment. Our support services take pressure off health, social services, police and other local services. Increasingly, our work falls under the remit of Integrated Care Partnerships (ICPs): local joint commissioning bodies comprising local authorities, health and the wider Voluntary, Community and Social Enterprise (VCSE) sector - effectively a stakeholder in its own right.

When setting our strategic and enabling objectives, the BHT Sussex Board seeks to balance the legitimate, and sometimes competing, expectations of our stakeholders with the finite resources at our disposal.

- Total rent received in Supported Housing – rent received as a % of amounts due 97.7%, (2021: 100.2%) (target: 98.5%).
- Total rent received In Housing Services – rent received as a % of amounts due 98.8%, (2021: 100.6%) (target: 98.5%).
- Arrears management Supported Housing – gross arrears as a % of annual rent roll of 2.0% (2021: 1.6%) (target: 2.5%).
- Arrears management Housing Services – gross arrears as a % of annual rent roll of 3.4% (2021: 3.5%) (target: 5.8%).

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2022

The Regulator for Social Housing has issued value for money metrics and BHT Sussex figures are shown below:

Value for Money Metrics	Acuity Median 2021/22	BHT Sussex 2021/22	BHT Sussex 2020/21
Reinvestment	2.30%	6.77%	5.22%
New Supply Delivered - units	0	2	0
Gearing	37.43%	1.72%	2.13%
EBITDA Major Repairs Included Interest Cover	182%	4.47%	5.66%
Headline Social Housing Cost per Unit	£4,880	£3,784	£4,366
Operating Margin	16.68%	2.60%	3.14%
Return on Capital Employed	1.87%	1.59%	1.78%

These types of metrics are generally used by larger housing associations with development portfolios and all of these metrics are not applicable to BHT Sussex as its primary focus is on Combating Homelessness, Creating Opportunities and Promoting Change. We have compared our performance against these metrics by using the Acuity benchmarking group data for small housing providers in the South East and London, as shown above. This table above shows that BHT Sussex compares favourably on Reinvestment, Gearing and Social Housing Cost per Unit and there is improvement needed on our Operating Margin and rate of Return on Capital Employed.

In the future, alongside the metrics above, BHT Sussex will define and show value, by drawing on our strategic objectives, our impact on clients and tenants, and from the other Acuity benchmarking information available.

USE OF RESERVES

Accumulated reserves are deployed to achieve our principal objective of supporting homeless and vulnerable people. After setting aside an amount to cover day to day financial commitments, reserves are mainly invested in properties that provide accommodation and services. At the end of 2021/22 we had total reserves of £11.4m (2020: (£11.1m) of which under £600k were restricted reserves.

The primary purpose of the BHT Sussex Reserves Policy is to ensure that adequate funds exist to ensure its long-term viability.

The policy is designed to ensure that BHT Sussex can:

- Continue to meet its financial commitments.
- Deploy funds promptly, in a planned way, and react to new opportunities.
- Avoid erosion of its asset base, maintain and upgrade the homes of our tenants.
- Balance sound investment with good liquidity management; and
- Is not forced into short term decisions to the detriment of its long-term vision.

To achieve this, BHT Sussex has adopted target measures for key reserves indicators. The BHT Sussex policy aims to:

- Hold a minimum of £500k in free reserves, to protect its charitable work from the risk of disruption.
- Hold a minimum of 1.5 months of operating cash outflow requirements in cash, or short-term investments, to manage short term volatility in income or liquidity. This equates to £1.7m for the current BHT Sussex cash outflows.

On 31st March 2022 BHT Sussex held £3.6m as cash or short-term investments.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2022

Use of Reserves (continued)

As at 31st March 2022, BHT Sussex had cash cover of 2.11 months (2021: 1.59) compared to a target of 1.7.

The Board of Trustees has identified the main financial risks to the organisation to be:

- Failure to meet income targets in Supported Housing and Housing Services
- Failure to meet income targets for Advice Services
- Impact on income from Universal Credit
- The impact of increasing inflation
- Further cuts to the value of advice and support contracts
- Failure to achieve profitable growth.

In the light of these risks, and to meet future investment opportunities, the Board has identified the need to strengthen the reserves of the organisation. Free Reserves as at 31st March 2022 were £1.3m (2021: £1.1m).

POST BALANCE SHEET EVENTS

Since the year end there have been significant price increases in the cost of labour, raw materials, fuel and energy bills. The Government has announced temporary relief measures for charities, details of which are not yet known. BHT Sussex has been and will be affected particularly when our existing fixed-term energy contracts end. It should also be noted that our current Chief Executive Andy Winter will be retiring in January 2023 after thirty seven years of dedicated service.

BOARD MEMBERS' RESPONSIBILITIES

The Board is responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations. Company law and social housing legislation requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State Ex applicable UK Accounting Standards and the Statement of Recommended Practice Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the BHT Sussex transactions and disclose, with reasonable accuracy at any time, the financial position of the association, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and therefore taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2022

Board members are responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

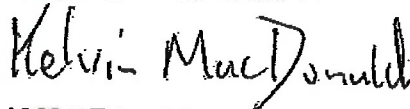
Financial statements are published on the BHT Sussex website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the organisation's website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

Current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by our auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Executive Management Team are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed its willingness to continue and a recommendation for the re-appointment of BDO LLP as auditors of BHT Sussex is to be presented at a forthcoming Board Meeting.

On behalf of the Board



K MacDonald
Chair of the Board

Date – 23/09/22

Independent Auditor's Report to the Members of BHT Sussex

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the BHT Sussex affairs as at 31st March 2021 and of the BHT Sussex 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 properly 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 2019.

We have audited the financial statements of BHT Sussex ("the Association") for the year ended 31st March 2021 which comprise the Association statement of comprehensive income, the Association statement of financial position, the Association statement of changes in equity, the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

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

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

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

Other information

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

Independent Auditor's Report to the Members of BHT Sussex (continued)

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report from the Board of Trustees.

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 by the Association, or returns adequate for our audit have not been received from branches not visited by us; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board members' responsibilities statement set out on page 16, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members 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 are 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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:

Based on our understanding of the Association and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

Independent Auditor's Report to the Members of BHT Sussex (continued)

We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

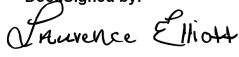
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Reading minutes of meeting of those charged with governance, and reviewing correspondence with HMRC
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the impairment of housing properties, depreciation on tangible fixed assets (including component accounting); dilapidations and bad debt provisions
- In addressing the risk of fraud, including the management override of controls and improper income recognition on grants and contracts, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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 concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's Trustees 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

C9A7C7386A35456...

Laurence Elliott (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London,
United Kingdom

Date: 29 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Statement of Comprehensive Income for the year ended 31st March 2022

	Note	2022 £	2021 £
Turnover	4	14,975,090	13,748,861
Operating costs	4	(14,586,229)	(13,322,552)
Operating surplus	4,8	388,861	426,309
Gift of Assets from Sussex Oakleaf Transfer	31	-	665,735
Interest receivable and similar income	12	1,317	5,209
Interest and financing costs	13	(41,871)	(52,199)
Surplus before taxation		348,307	1,045,054
Taxation on surplus		-	-
Surplus before and after taxation		348,307	1,045,054
Surplus before and after taxation and total comprehensive income for the financial year		348,307	1,045,054

All activities relate to continuing operations.

The notes on pages 24 to 44 form part of these financial statements.

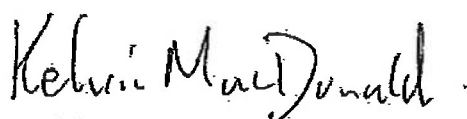
Statement of Financial Position at 31st March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets - housing properties	14	20,317,044	19,668,804
Tangible fixed assets - other	15	1,848,345	1,755,321
		22,165,389	21,424,125
Current assets			
Debtors - receivable within one year	16	4,628,177	2,116,704
Cash and cash equivalents		3,584,692	2,696,691
		8,212,869	4,813,395
Creditors: amounts falling due within one year	17	(5,977,523)	(2,012,576)
Net current assets		2,235,346	2,800,819
Total assets less current liabilities		24,400,735	24,224,944
Creditors: amounts falling due after more than one year	18	(12,631,883)	(12,866,892)
Provision or liabilities - other provisions	21	(384,590)	(322,098)
Total Net assets		11,384,262	11,035,954
Capital and reserves			
Restricted Reserves	28	556,876	892,833
Income and Expenditure Reserves	28	10,827,386	10,143,121
Total Reserves		11,384,262	11,035,954

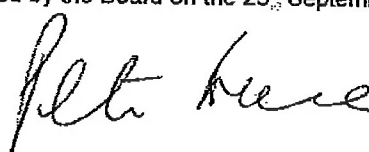
The notes on pages 24 to 44 form part of these financial statements.

Company Number No.01618610
Registered Charity No.284839

The financial statements were approved and authorised by the Board on the 23rd September 2022 and were signed on the Board's behalf by:



K MACDONALD
Chair of the Board



P FREEMAN
Chair of Finance, Audit and Risk Committee

Statement of Changes in Reserves for the year ended 31st March 2022

	Note	Restricted Reserves	Income and Expenditure Reserves	Total
		£	£	£
Balance at 1 st April 2021		892,833	10,143,122	11,035,955
Surplus for the year		128,583	219,724	348,307
		1,021,416	10,362,846	11,384,262
Reserves Transfers:				
Transfer from Restricted Reserves	28	(464,540)	464,540	-
Balance at 31 st March 2022		556,876	10,827,386	11,384,262

Statement of Changes in Reserves for the year ended 31st March 2021

		Restricted Reserves	Income and Expenditure Reserves	Total
		£	£	£
Balance at 1 st April 2020		808,954	9,181,946	9,990,900
Surplus for the year		488,234	556,821	1,045,055
		1,297,188	9,738,767	11,035,955
Reserves Transfers:				
Transfer from reserves		(404,355)	404,355	-
Balance at 31 st March 2021		892,833	10,143,122	11,035,955

The notes on pages 24 to 44 form part of these financial statements.

Statement of Cash Flows for the year ended 31st March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Surplus for the financial year		348,307	1,045,054
Adjustments for:			
Depreciation of fixed assets - housing properties	8,14	423,519	388,823
Depreciation of fixed assets - other	8,15	145,103	103,261
Amortised grant	5	(172,354)	(161,268)
Gift of Assets	31	-	(665,735)
Interest payable and finance costs	13	41,871	52,199
Interest received	12	(1,317)	(5,209)
Accelerated depreciation (Social Housing and Non-Social housing)	5,14,15	7,878	4,761
Sale of land		-	4,178
Ex Sussex Oakleaf recoded to revenue		-	12,855
Increase in trade and other debtors	16,29	(2,511,473)	(479,559)
Increase/(decrease) in trade creditors and other creditors	17,29	3,927,288	(115,788)
Gain on revaluation of Pension	18	(22,529)	-
Increase in provisions	21	62,492	49,309
Net cash generated from operating activities		2,248,785	232,881
Cash flows from/(used) in investing activities			
Interest received	12	1,317	5,209
Purchases of fixed assets - housing properties	14	(695,483)	(508,623)
Purchase of new housing property – Rapley Court	14	(383,658)	-
Purchases of fixed assets - other	15	(238,622)	(128,290)
Cash received relating to gift		-	272,396
Receipt of grant	19	67,500	71,359
Net cash used in investing activities		(1,248,946)	(287,949)
Cash flows used in financing activities			
Interest paid	13	(41,871)	(52,199)
Repayment of loans – other	20	(69,967)	(68,352)
Net cash used in financing activities		(111,838)	(120,551)
Net Increase/(Decrease) in cash and cash equivalents		888,001	(175,619)
Cash and cash equivalents at beginning of year		2,696,691	2,872,310
Cash and cash equivalents at end of year		3,584,692	2,696,691

The notes on page 24 to 44 form part of these financial statements.

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1. Legal Status

BHT Sussex is registered with the Financial Conduct Authority and is registered with the Regulator for Social Housing as a social housing provider. BHT Sussex is a charitable housing association, a company limited by guarantee under the Companies Act 2006 and is governed by its Articles of Association. BHT Sussex is also registered with the Charity Commission and as such is governed by applicable Charities Act legislation. BHT Sussex is a public benefit entity registered in England with Charity number 284839, Regulator of Social Housing number H1696 and Company number 01618610. The Registered Office is 144 London Road, Brighton, East Sussex BN1 4PH.

2. Accounting Policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for BHT Sussex includes FRS 102 "the Financial Reporting Standard applicable in the United Kingdom, the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, "Accounting by registered social housing providers" 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. These estimates and judgements are outlined in Note 3.

The following principal accounting policies have been applied:

Going Concern

Following assessment of the BHT Sussex financial position and resources available going forward, including the cashflow position for the next eighteen months, the Board believes that BHT Sussex can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis), and has a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, BHT Sussex continues to adopt the going concern basis of accounting, in the preparation of the annual financial statements. Based on this assessment the Board has concluded that a material uncertainty does not exist, and BHT Sussex is expected to continue to operate for the foreseeable future.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charges, a relatively secure income stream and one which is well managed within the organisation. 83.4% of this income is paid directly to BHT Sussex from Housing benefits, Universal Credit and Adult Social Care, which provides confidence in future payments of this stream of income.
- For 2021/22, 62% of our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and would not have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures.
- Our cash balances, at the point of signing these accounts, is almost 100% greater than the £1.5 million head room agreed as policy. We have also undertaken a cashflow forecast for the next 18 months (April 2022 to September 2023) and this shows we will be able to maintain a healthy £3m cash balance. Sensitivity analysis for higher levels of inflation on this forecast show that we would continue to maintain cashflows above our £1.5 million target.
- Our very limited exposure to fluctuations in the money markets. Where we have borrowing, this is at a fixed rate. We have no involvement in developing properties for sale.
- Our ability to withdraw from activities with reasonable notice should they become an unacceptable drain on the cash resources of the organisation.

Income

Income is measured at the fair value of the consideration received or receivable. BHT Sussex generates the following material income streams:

- rental income receivable (after deducting lost rent from void properties available for letting);
- service charges receivable.
- revenue grants from statutory and other authorities; and
- legal Aid Association income.

Rental Income

Rental income from residential properties is recognised in the Statement of Comprehensive Income when it falls due.

Supported Housing Schemes

BHT Sussex receives Supporting People grants from a number of Boroughs and County Councils. The grants received in the period, as well as costs incurred by BHT Sussex in the provision of support services, have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by BHT Sussex, where it is not recoverable from tenants.

Service Charges

BHT Sussex adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

Legal Aid Association Income

Legal Aid income is accounted for when earned. Income is recognised at agreed rates for all work carried out up to the balance sheet date. Any income earned, where full settlement will not be received until the case is closed, is accrued, and stated at the lower of cost and net realisable value.

Expenditure

All expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts.

Costs of generating income comprise the costs associated with generating donations, attracting fundraising, delivering services that are funded by grants, providing advice services funded by the Legal Aid Agency and providing housing services funded by rent and service charge income.

Charitable activities comprise all costs incurred in the pursuit of the charitable objectives of BHT Sussex. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure therefore include support costs and an apportionment of overheads, as show in note 5.

Support costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of BHT Sussex.

Management of Units Owned by Others

Rent and grant income receivable are included in income. The costs of carrying out the management of contracts and rechargeable expenses are included in operating costs.

Schemes Managed by Agents

Income from these schemes is included within rent receivable. The costs associated with these properties relate to depreciation and loan interest. No management fees are charged by the agents.

Finance Costs

Interest is incurred on loans held by BHT Sussex and is charged to the Statement of Comprehensive Income.

Current and Deferred Taxation

BHT Sussex is a Charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, it is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

Impairment of Fixed Assets

The housing property portfolio for BHT Sussex is assessed for indicators of impairment at each balance sheet date. Where indicators are identified, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An options appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return, or potential sale proceeds, are obtained and used to inform the options. BHT Sussex looks at the net realisable value, from the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value, less costs to sell or value, in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned, or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

2. Accounting policies - Impairment of Fixed Assets (continued)

No properties have been valued at Value in Use – Service Potential (VIU-SP).

BHT Sussex defines cash generating units as schemes, except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset, or cash generating unit, is lower than its carrying value, an impairment is recorded through a charge to income and expenditure.

Value Added Tax

BHT Sussex charges Value Added Tax (VAT) on a small proportion of its income relating to legal and IT services and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by BHT Sussex and is not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Pension Costs

BHT Sussex operates a defined contribution pension scheme with Scottish Widows and 2 (2021: 2) staff members belong to the NHS pension scheme. The assets of the schemes are held separately from those of BHT Sussex. Contributions to the schemes are charged to the profit and loss in the year in which they become payable.

As part of the Sussex Oakleaf gift, BHT Sussex took over its Defined Benefit scheme held with TPT – the Growth Plan. This scheme is closed to new members. The scheme is a multi-employer defined benefit pension scheme. Sufficient information is not available to enable BHT Sussex to identify its share of assets and liabilities and as a result, and in accordance with FRS102, these financial statements account for the scheme as if it were a defined contribution scheme.

Where a recovery plan is in place to address the deficit, BHT Sussex recognise, as a liability, its commitment to make contributions under the terms of that recovery plan with changes to the value of this commitment recognised within the Statement of Comprehensive Income.

As part of our successful tender of the East Sussex Floating Support Service, 4 (2021: nil) members of staff are in the Local Government Pension Scheme (LGPS) for which BHT Sussex will pay a fixed contribution rates for the duration of the contract. All other staff that TUPE'd with the new service are in our Scottish Widows pension scheme.

Tangible Fixed Assets - Housing Properties

All housing properties are stated at cost together with incidental costs of acquisition less depreciation and impairment (where applicable).

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Depreciation of Housing Property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	60
External doors	30
Boilers	15
Heating	30
External windows	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

2. Accounting policies (continued)

Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BHT Sussex adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the organisation. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of Other Tangible Fixed Assets

Land is not depreciated. Depreciation on other assets is charged, so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Leasehold properties and improvements	Lease term
Freehold non-housing properties (excluding land)	100
Fixtures, fittings, tools and equipment	5
Computers	4

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Government Grants

Grants are carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the Housing SORP 2018, the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where a social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities. During the year, we tried to minimise the number of people on the government's Job Retention Scheme.

Debtors and Creditors

Debtors and creditors with no stated interest rate, that are receivable or payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income in other operating expenses.

Recoverable Amount of Rental and Other Trade Receivables

BHT Sussex estimates the recoverable value of rental, and other receivables, and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Loans

All loans held by BHT Sussex are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price. FRS102 requires that basic financial instruments are subsequently measured at amortised cost.

2. Accounting policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

Leased Assets - Lessee

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Provision for Liabilities

BHT Sussex has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, dilapidations, restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent Liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources, or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

Gift of Assets

All assets and liabilities transferred are recognised at fair value.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements key judgements have been made in respect of the following:

- Covid-19 has not triggered any reductions for BHT Sussex property values as net rental inflows are broadly not affected, due to both ongoing high demand for social housing, the limited impact on future cash flows due to highly certain rental streams, and the impact of rising bad debts/arrears being limited; and
- Whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. BHT Sussex has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. BHT Sussex has also considered impairment based on their assumptions to define cash or asset generating units.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 14 and 15)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as asset and market condition are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Notes Forming Part of the Financial Statements for the year ended 31st March 2022 (continued)

Other key sources of estimation uncertainty (continued)

Housing property assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Rental and other trade receivables (debtors) (see note 16)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Provision of potential rental bad debts is based on 100% or former tenant arrears balances and for current balances, a variable percentage specific to each service based on past write-off levels.

4 Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	2022	2022	2022
	£	£	£
Social Housing Lettings (Note 5)	7,438,043	(6,464,598)	973,445
Other Social Housing Activities			
Supporting people	1,165,986	(1,134,602)	31,384
Residential Care and Other grants	1,235,687	(1,201,728)	33,959
Total Social Housing	9,839,716	(8,800,928)	1,038,788
Activities other than Social Housing Activities (Note 6)			
Legal Advisory Services	1,289,253	(1,267,445)	21,808
Day Centre	412,024	(444,684)	(32,660)
Non-housing rent income	40,012	(40,012)	-
Other activities	3,394,085	(4,033,160)	(639,075)
Total Activities other than Social Housing	5,135,374	(5,785,301)	(649,927)
Total	14,975,090	(14,586,229)	388,861

	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	2021	2021	2021
	£	£	£
Social Housing Lettings (Note 5)	7,532,948	(6,235,698)	1,297,250
Other Social Housing Activities			
Supporting people	1,180,663	(1,083,883)	96,780
Residential Care and Other grants	1,158,980	(1,063,977)	95,003
Total Social Housing	9,872,591	(8,383,558)	1,489,033
Activities other than Social Housing Activities (Note 6)			
Legal Advisory Services	1,006,928	(1,261,361)	(254,433)
Day Centre	364,473	(510,013)	(145,540)
Non-housing rent income	22,626	(28,457)	(5,831)
Other activities	2,482,243	(3,139,163)	(656,920)
Total Activities other than Social Housing	3,876,270	(4,938,994)	(1,062,724)
Total	13,748,861	(13,322,552)	426,309

5 Income and Expenditure from Social Housing Lettings

	General Needs £	Supported Housing £	Temporary Social Housing £	Total 2022 £	Total 2021 £
Income					
Rents net of identifiable service charges	2,369,098	2,171,344	322,253	4,862,695	4,932,376
Service charge income	522,888	1,703,217	131,684	2,357,789	2,361,667
Release of government capital grants	110,514	61,840	-	172,354	161,268
Other income	-	45,205	-	45,205	77,637
Turnover from social housing lettings	3,002,500	3,981,606	453,937	7,438,043	7,532,948
Expenditure					
Management	(42,080)	(276,193)	(20,660)	(338,933)	(325,478)
Service charge costs	(1,109,602)	(3,298,892)	(317,720)	(4,726,214)	(4,630,836)
Routine maintenance	(446,146)	(203,086)	(27,410)	(676,642)	(505,372)
Planned maintenance	(83,141)	(36,298)	(2,556)	(121,995)	(199,673)
Major repairs expenditure	(94,530)	(28,302)	103	(122,729)	(152,602)
Bad debts	(27,988)	(31,666)	(1,211)	(60,865)	(28,153)
Depreciation of housing properties:					
- annual charge	(187,474)	(220,778)	(15,267)	(423,519)	(388,823)
- accelerated depreciation	8,113	(1,814)	-	6,299	(4,761)
Operating expenditure on social housing lettings	(1,982,848)	(4,097,029)	(384,721)	(6,464,598)	(6,235,698)
Operating surplus/deficit on social housing lettings	1,019,652	(115,423)	69,216	973,445	1,297,250
Void losses (memorandum only)	(74,627)	(486,718)	(28,320)	(589,665)	(477,197)

The difference between £2,094,394 and £1,079,141 (both Note 14) is repairs and maintenance costs. The difference of £1,015,253 is repairs and maintenance expenditure. This amount has been split between Social Housing (£921,366) as detailed in note 5 and supporting people (£93,887). It should also be noted that within accelerated depreciation, there is a gain of sale of land for the value of £14,176.

6 Particulars of Turnover from Non-Social Housing Activities

	2022 £	2021 £
Advice Services:		
Legal aid including costs & disbursements recovered	728,944	553,089
Grant contract incomes	515,269	431,410
Donations, fundraising and other income	45,040	22,429
Total for Advice Services	1,289,253	1,006,928
	2022 £	2021 £
Day Centre		
Grant contract incomes	316,763	253,485
Lunches	-	150
Donations, fundraising & other income	95,261	110,838
Total for Day Centre	412,024	364,473

6 Particulars of Turnover from Non-Social Housing Activities (continued)

	2022 £	2021 £
Non-housing rent income		
Renaissance House	40,012	22,626
Total for Non-housing rent Income	40,012	22,626
	2022 £	2021 £
Other Activities		
Grant contract incomes	3,117,889	2,057,638
BHT Sussex IT Solutions	124,998	124,998
Donations & fundraising	17,908	(7,886)
Furlough (job retention scheme)	-	107,721
Other Income	133,290	199,772
Total for other activities	3,394,085	2,482,243
Turnover from non-social housing activities	5,135,374	3,876,270

7 Units of Housing Stock

	2022 Number	2021 Number
General needs social housing	305	305
Supported housing	132	130
Total social housing units	437	435
Total owned	437	435
Accommodation managed for others	323	324
Total managed accommodation	760	759
Units managed by other Trusts	6	6
Total owned and managed accommodation	766	765

The increase in the number of units Owned Supported Accommodation from 130 to 132 is a result of the purchase of two flats.

8 Operating Surplus

	2022 £	2021 £
The operating surplus is arrived at after charging:		
Depreciation of housing properties - annual charge	423,519	388,823
Depreciation of other tangible fixed assets	145,103	103,261
Operating lease charges – land, building and vehicles	1,605,202	1,638,396
Auditor's remuneration (Including VAT):		
- fees payable for the audit of the annual accounts of the Trust	29,280	29,280

9 Employees

	2022 £	2021 £
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	7,301,355	6,434,707
Social security costs	599,476	534,561
Cost of defined contribution scheme	334,856	308,781
	8,235,687	7,278,049

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	2022 £'000	2021 £'000
Administration	75	71
Housing, Support and Care	195	163
	270	234

The full time equivalent number of staff receiving remuneration, including company pension contribution, in excess of £60,000 was:

	2022 No.	2021 No.
£60,000 - £69,999	3	3
£70,000 - £79,999	1	1
£80,000 - £89,999	0	0
£90,000 - £99,999	1	1

10 Directors and Senior Executive Remuneration

The directors are defined as the members of the Board of Trustees (the Board), the Chief Executive and the Executive Management Team (EMT) disclosed on page 2.

Key management personnel are defined as members of the EMT. Their remuneration is disclosed below:

	2022 £	2021 £
Executive directors' emoluments	356,907	345,217
Contributions to money purchase pension schemes	19,562	18,493
Total	376,469	363,710

No members of the Board of Trustees received any emoluments in 2022: nil (2021: nil). The Board of Trustees received £40 (2021: £35) for Board expenses during the year.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments, was £87,670 (2021 - £86,802). Additionally, pension contributions of £4,822 (2021: £4,774) were made to a defined contribution pension scheme on his behalf as an ordinary member of the scheme.

As a member of the company pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were 5 directors in the defined contribution pension scheme (2021: 5).

11 Board Members

Board Members	Member of -					Board
	Remuneration Committee	Finance Audit & Risk Committee	Operations & Personnel Committee	Governance Committee		
Joan Mortimer	√		√	√		√
Leona Daniel		√				√
Peter Freeman		√		√		√
Sarah Butler	√	√	√			√
Ian Millar	√		√			√
Melanie Davis	√		√	√		√
Roger Hinton		√				√
Kelvin MacDonald			√			√
Gerald Main	√		√			√
Mary Tawiah		√				√
Paul Williams		√				√
Paul Featherstone	√		√			√
Nicholas Willmore	√		√			√
Lawrence Santcross		√				√
Angeline Walker		√				√
Andrew Rose		√				√

No remuneration was paid to Board members. (2021: nil).

Notes Forming Part of the Financial Statements for the year ended 31st March 2022 (continued)

12 Interest Receivable and Income from Investments

	2022 £	2021 £
Interest receivable and similar income	1,317	5,209

13 Interest Payable and Similar Charges

	2022 £	2021 £
Interest on loans and overdrafts	41,871	52,199

14 Tangible Fixed Assets – Housing Properties

	General Needs £	Supported Housing £	Total £
Cost			
At 1 st April 2021	15,378,406	10,664,314	26,042,720
Additions:			
- replaced components	256,604	144,368	400,972
- other	206,803	87,708	294,511
- Purchase of new property – Rapley Court	-	383,658	383,658
Disposals:			
- replaced components	(54,659)	(13,910)	(68,569)
At 31st March 2022	15,787,154	11,266,138	27,053,292
Depreciation:			
At 1 st April 2021	(3,561,141)	(2,812,775)	(6,373,916)
Charge for the year	(187,475)	(236,044)	(423,519)
Eliminated on disposals:			
- replaced components	48,596	12,591	61,187
At 31st March 2022	(3,700,020)	(3,036,228)	(6,736,248)
Net book value at 31st March 2022	12,087,134	8,229,910	20,317,044
Net book value at 31st March 2021	11,817,265	7,851,539	19,668,804

The net book value of housing properties may be further analysed as:

	2022 £	2021 £
Freehold	17,045,369	16,373,464
Long Leasehold	2,492,132	2,500,956
Leasehold Improvements	779,543	794,384
	20,317,044	19,668,804

Notes Forming Part of the Financial Statements for the year ended 31st March 2022 (continued)

Note 14 (continued)

Total Social Housing Grant received is as follow:

	2022 £	2021 £
Capital Grant – Housing Properties	15,941,108	15,873,608

Total Trust expenditure during the year on works to existing properties was £2,094,394 (2021: £1,373,521) of which £1,079,141 (2021: £508,623) has been capitalised. The difference between £2,094,394 and £1,079,141 is repairs and maintenance costs. This amount has been split between Social Housing £921,366 (2021: £857,647) (as detailed in note 5) and supporting people £93,887 (2021: £7,251). Of the amounts capitalised, £400,972 (2021: £329,285) relates to the replacement of components £294,511 (2021: £179,338) relates to the enhancement of properties and £383,658 (2021: nil) was for the purchase of Land and Building.

15 Tangible Fixed Assets – Other

	Non-Housing Property £	Fixtures, Fittings and Equipment £	IT Equipment and Software £	Total £
Cost or valuation				
At 1 st April 2021	2,107,767	147,420	207,715	2,462,902
Additions	11,386	97,977	129,259	238,622
Disposals	-	(5,201)	(63,446)	(68,647)
At 31st March 2022	2,119,153	240,196	273,528	2,632,877
Depreciation				
At 1 st April 2021	(512,108)	(56,775)	(138,698)	(707,581)
Charge for year	(30,862)	(44,233)	(70,008)	(145,103)
Disposal		4,706	63,446	68,152
At 31st March 2022	(542,970)	(96,302)	(145,260)	(784,532)
Net book value at 31st March 2022	1,576,183	143,894	128,268	1,848,345
Net book value at 31st March 2021	1,595,659	90,645	69,017	1,755,321

Total Capital Grant received is as follows:

	2022 £	2021 £
Capital Grant – Freehold Non-Housing Properties	680,000	680,000

The net book value of non-housing property may be further analysed as:

	2022 £	2021 £
Freehold	1,443,869	1,460,949
Long Leasehold	132,314	134,710
At 31st March	1,576,183	1,595,659

Notes Forming Part of the Financial Statements for the year ended 31st March 2022 (continued)

16 Debtors

	2022 £	2021 £
Due within one year		
Rent and service charge arrears	469,885	284,764
Less: Provision for doubtful debts	(129,972)	(99,475)
	339,913	185,289
Other debtors	3,168,039	912,532
Prepayments and accrued income	1,120,225	1,018,883
	4,628,177	2,116,704

17 Creditors: Amounts Falling Due Within One Year

	2022 £	2021 £
Loans and borrowings (Note 20)	36,390	69,556
Trade creditors	587,808	399,939
Taxation and social security	200,622	154,131
Other creditors	89,596	162,688
Accruals and deferred income	4,802,942	1,036,922
Deferred Capital Grant (note 19)	260,165	189,340
	5,977,523	2,012,576

Included within Other creditors is £9,103 relating to TPT Pension Liability due within one year.

Accruals and deferred income increases in 2021/22 are due to new contract with East Sussex County Council which runs from November to October, with an annual value of £3.8m.

18 Creditors: Amounts Falling Due After One Year

	2022 £	2021 £
Loans and borrowings (Note 20)	312,834	349,635
Deferred Capital Grant (Note 19)	12,312,344	12,488,023
TPT Pension Liability	6,705	29,234
	12,631,883	12,866,892

19 Deferred Capital Grant

	2022 £	2021 £
At 1 st April 2021	12,677,363	12,767,272
Addition	67,500	71,359
Released to income during year	(172,354)	(161,268)
At 31 st March	12,572,509	12,677,363

Notes Forming Part of the Financial Statements for the year ended 31st March 2022 (continued)

Note 19 (continued)

	2022 £	2021 £
In one year or less, or on demand	260,165	189,340
In more than one year but not more than two years	260,165	189,340
In more than two years but not more than five years	568,020	568,020
In five years or more	11,484,159	11,730,663
	12,572,509	12,677,363

20 Loans and Borrowings

Maturity of debt:

	Bank Loans 2022 £	Bank Loans 2021 £
In one year or less, or on demand	36,390	69,556
In more than one year but not more than two years	1,959	36,812
In more than two years but not more than five years	7,224	6,510
In five years or more	303,651	306,313
	349,224	419,191

Loans are secured by specific charges on the housing properties of BHT Sussex. The loans bear interest at fixed rates ranging from 9.25% to 13.375% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. There were no issue costs associated with the loans.

21 Provisions for Liabilities

	Dilapidations 2022 £	2021 £
At 1 st April 2021	322,098	206,244
Transferred from Sussex Oakleaf	-	66,545
Released to income and expense	62,492	49,309
Charged as at 31 st March	384,590	322,098

Maintenance costs of returning properties, under operating leases, to their landlords in a lettable state. These costs are subject to the lease conditions; includes only client/tenant damage and excludes landlord responsibility repairs.

22 Pensions

Defined Contribution Scheme

A defined contribution pension scheme is operated by BHT Sussex on behalf of the employees. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by Scottish Widows. The pension charge represents 5.5% (2021: 5.5%) of pensionable salary contributions payable by BHT Sussex to the fund and amounted to £310,260 (2021: £281,961). Contributions totalling £0 (2021: £40,356) were payable to the fund at the year end.

BHT Sussex also operates a defined contribution pension scheme for the ex-Sussex Oakleaf employees who TUPE'd to BHT Sussex. The assets of the scheme are held separately from those of BHT Sussex in an independently administered fund provided by TPT. The pension charge represents contributions payable by BHT Sussex to the fund and amounted to £29,073 (2021: £26,820).

Pensions (continued)

In November 2021, BHT Sussex TUPE'd seven staff from South East Independent Living Limited (SEILL) and made contributions payable to the Local Government Pension Fund (LGPS) of £8,990

Two (2021: 2) staff belong to the NHS pension scheme. Membership of this scheme is not open to other BHT Sussex members of staff. BHT Sussex contributes 14.38% (2021: 14.38%) of their pensionable salaries of members to this scheme.

Defined Benefit Scheme

TPT Retirement Solutions – The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 (2021: 950) non-associated participating employers. The scheme is a defined benefit scheme in the UK (now closed). It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out on 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
--	-----------------------------	--------------------------

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2016 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
--	------------------------------	--

	31 March 2022 (£s)	31 March 2021 (£s)	31 March 2020 (£s)
Present value of provision	10,548	39,137	46,372

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VAULES OF PROVISION

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Provision at start of period	39,137	46,372
Unwinding of the discount factor (interest expense)	226	1,042
Deficit contribution paid	(9,904)	(9,615)
Remeasurements - impact of any change in assumptions	(242)	1,338
Remeasurements - amendments to the contribution schedule	(18,669)	-
Provision at end of period	10,548	39,137

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2022 (£s)	Period Ending 31 March 2021 (£s)
Interest expense	226	1,042
Remeasurements – impact of any change in assumptions	(242)	1,338
Remeasurements – amendments to the contribution schedule	(18,669)	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31 March 2022 % per annum	31 March 2021 % per annum	31 March 2020 % per annum
Rate of discount	2.35	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

ADDITIONAL INFORMATION

FOR THE PERIOD ENDING 31st March 2022

COMPANY: BHT Sussex

SCHEME: TPT Retirement Solutions – The Growth Plan

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2022 (£s)	31 March 2021 (£s)	31 March 2020 (£s)
Year 1	3,843	9,904	9,615
Year 2	3,843	10,201	9,904
Year 3	3,302	10,507	10,201
Year 4	-	9,018	10,507
Year 5	-	-	9,018
Year 6	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

23 Contingent Liabilities

BHT Sussex received Social Housing Grants which were used to fund the acquisition and development of housing properties and their components. A grant of £4,015,378 (2021: £3,857,266) was received in respect of housing properties held at 31st March 2022 in respect of adoption of historic cost. BHT Sussex has a future obligation to recycle such grants once the properties are disposed of. At 31st March 2021, the value of grants received in respect of these properties that had not been disposed of was £11,799,845 (2021: £11,957,997).

A grant of £67,500 (2021: nil) was received from Homes England Grant received in respect of housing properties in 2021-22. At 31st March 2022, the value of grant received in respect of these properties that had not been disposed of was £66,825.

In addition, non-social housing grants of £639,200 (2021: £639,200) had been received in respect of properties that had not been disposed of.

BHT Sussex has no plans to sell properties, so no provision has been recognised in these financial statements.

Grant received in respect of the Archway project for improvements is nil (2021: £22,431).

Total infection control grants received for housing properties is nil (2021: £48,928).

24 Operating Leases

BHT Sussex had minimum lease payments under non-cancellable operating leases as set out below:

Amounts Payable as Lessee		
	2022	2021
	£	£
Not later than 1 year	1,605,202	1,638,396
Later than 1 year and not later than 5 years	2,348,425	3,195,291
Later than 5 years	1,599,725	2,974,345
Total	5,553,352	7,808,032

Amounts Receivable as Lessor		
	2022	2021
	£	£
Not later than 1 year	46,591	44,292
Later than 1 year and not later than 5 years	92,203	113,099
Total	138,794	157,391
Average rents receivable from tenants per week	159,509	149,195

25 Capital Commitments

There were capital commitments contracted for nine properties to the values of £324,589 as at 31st March 2022 (2021: nil).

26 Related Party Disclosures

Two members of our Board are also tenants of BHT Sussex. These Board members pay rent and service charges and these transactions have taken place at arm's length. The average rent charge for the type of property rented is £110 (2021: £108) per week including service charges. The rent charge paid by both Board members is £110 (2021: £108) per week.

One Board member whose partner is member of The Board of Sussex Interpreting Services, who are a supplier of Services to BHT Sussex Advice, there was 1 (2021: 1) transaction and the sum paid was £414 (2021: £417).

There is also a further Board member who is a Trustee of BHT Charitable Trust. There were no transactions (2021: nil) with BHT Charitable Trust.

There were no other related party transactions in the year to 31st March 2022.

27 Members' Liability

BHT Sussex has no share capital, and the liability of the members is limited by guarantee as set out in the provisions of the Articles of Association.

Each of the 14 (2021: 15) members has undertaken to contribute £1 in the event of BHT Sussex being wound up.

28 Capital and Reserves

Restricted Reserves

	1 April 2021	Transfer from Sussex Oakleaf	Income	Expenditure	Released to General Reserves	31 March 2022
	£	£	£	£	£	£
Advice Plus	(7,388)	-	-	(3,750)	11,138	-
The Academy	105,875	-	95,268	-	-	201,143
Reaching Communities /First Impressions	(7,268)	-	-	-	7,268	-
Fulfilling Lives	762,338	-	1,040,827	(1,010,918)	(487,682)	304,565
East Brighton Gateway	(3,116)	-	-	(1,620)	4,736	-
East Sussex Floating Support Designated Reserves	-	-	1,201,147	(1,192,371)	-	8,776
Development	2,896	-	-	-	-	2,896
Property Maintenance Reserve	37,000	-	-	-	-	37,000
Property Revaluation Reserve	-	-	-	-	-	-
Restricted Reserves	2,496	-	-	-	-	2,496
Revaluation Investment Reserve	-	-	-	-	-	-
Total Restricted Reserves	892,833	-	2,337,242	(2,208,659)	(464,540)	556,876
Unrestricted Reserves*	10,143,122	-	12,637,849	(12,418,124)	464,540	10,827,387
Total Reserves	11,035,955	-	14,975,091	(14,626,783)	-	11,384,263

	1 April 2020	Transfer from Sussex Oakleaf	Income	Expenditure	Released to General Reserves	31 March 2021
	£	£	£	£	£	£
Advice Plus	(3,676)	-	-	(3,712)	-	(7,388)
The Academy	85,766	-	71,288	(51,179)	-	105,875
Reaching Communities /First Impressions	(7,268)	-	-	-	-	(7,268)
Fulfilling Lives	737,248	-	1,234,787	(1,209,697)	-	762,338
East Brighton Gateway	(3,116)	-	-	-	-	(3,116)
East Sussex Floating Support Designated Reserves	-	-	-	-	-	-
Development	-	2,896	-	-	-	2,896
Property Maintenance Reserve	-	37,000	-	-	-	37,000
Property Revaluation Reserve	-	295,524	-	-	(295,524)	-
Restricted Reserves	-	3,958	-	-	(1,462)	2,496
Revaluation Investment Reserve	-	107,369	-	-	(107,369)	-
Total Restricted Reserves	808,954	446,747	1,306,075	(1,264,588)	(404,355)	892,833
Unrestricted Reserves*	9,181,946	218,990	12,447,995	(12,110,163)	404,355	10,143,122
Total Reserves	9,990,900	665,737	13,754,070	(13,374,751)	-	11,035,955

*The opening balance for Unrestricted Reserves has been restated to the 2021 signed accounts for Statement of Changes in equity and the Financial Position.

Note 28 (continued)

Reserve	Purpose and restriction in use
Advice Plus	Local advice services in East Sussex
The Academy	Helping homeless people move into employment and accommodation
Reaching Communities /First Impressions	Helping homeless people overcome barriers to employment
Fulfilling Lives	Promoting change with people with multiple and complex needs
Eastbourne Housing Access	Support for individuals to access private rented sector in Eastbourne
Hastings Housing Access	Support for individuals to access private rented sector in Hastings
East Brighton Gateway	Partnership based learning and education activities
Designated Reserves - Development	Transferred from Sussex Oakleaf and is for Millhaven Fund
Property Maintenance Reserve	Transferred from Sussex Oakleaf and is for Capital Major Works
Property Revaluation Reserve	Transferred from Sussex Oakleaf
Restricted Reserves	Transferred from Sussex Oakleaf and is for Children in Need
Revaluation Investment Reserve	Transferred from Sussex Oakleaf
East Sussex Floating Support	The provision of a Housing related Floating Support Services to support people to live well and independently in their own homes in East Sussex

Release of Restricted Reserves to General Reserves is the result of funding for specific projects coming to an end and the funder confirming that no future liability exists. During 2021/22, a total sum of £487,683 (2021: £404,355) was released from Restricted Reserves to General Reserves.

29 Financial Instruments

The financial instruments may be analysed as follows:

	2022 £	2021 £
Financial Assets		
Financial assets measured at historical cost		
- Trade receivables	339,913	185,289
- Other receivables	4,288,264	1,931,415
- Cash and cash equivalents	3,584,692	2,696,691
Total financial assets	8,212,869	4,813,395
	2022 £	2021 £
Financial Liabilities		
Financial liabilities measured at amortised cost		
- Loans payable	349,224	419,191
Financial liabilities measured at historical cost		
- Trade creditors	587,808	399,939
- Other creditors	5,093,160	1,353,741
Total financial liabilities at historic cost	5,680,968	1,753,680
Total financial liabilities	6,030,192	2,172,871

30 Net Fund Reconciliation

	1 April 2021 £	Cashflows £	31 March 2022 £
Cash at Bank and in Hand	2,696,694	887,998	3,584,692
Bank Loans	(419,191)	69,967	(349,224)
TOTAL	2,277,503	957,965	3,235,468

31 Gift of Assets and Liabilities

Gift of Assets and liabilities in 2021/22 was nil. BHT Sussex completed the transfer in of Sussex Oakleaf on 1st April 2020. The business transfer into BHT Sussex has been treated as a gift of assets and liabilities for nil consideration as a net fair value of £665,735.

On 1st April 2020, BHT Sussex transferred in the assets and liabilities of Sussex Oakleaf at nil consideration. The book value of the assets and liabilities transferred is equal to the fair value as shown below -

	Fair value 2021 £000s
<u>Fixed Assets</u>	
Tangible assets - Housing Properties	347
Tangible assets - Fixtures, Fitting and IT equipment	29
<u>Current Assets</u>	
Cash at Bank and In Hand	272
Debtors	244
Total assets	892
<u>Creditors</u>	
Due within one year	(159)
Due after one year	(67)
Total Gift of Assets & Liabilities on transfer into BHT Sussex - Net Assets	666
Cash and cash equivalents inflows from business transfer	272

Accounts

BHT Sussex
(formerly known as Brighton Housing Trust)

Report and Financial Statements
For the Year ended 31st March 2021

Companies House Number 01618610

Charity Commission Number 284839

Regulator of Social Housing Number H1696

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Reference and Administrative Details

Board of Management

Joan Mortimer, Chair
Sarah Butler
Kirsty Coates - Resigned 08/02/2021
Leona Daniel
Melanie Davis
Peter Freeman
Roger Hinton
Kelvin MacDonald
Gerald Main
Ian Millar
Bill Randall - Resigned 14/12/2020
Mary Tawiah
Paul Williams - Resigned 06/09/2021
Paul Featherstone - Appointed 01/04/2020
Nicholas Wilmore - Appointed 01/04/2020

Governance Committee

Joan Mortimer, Chair
Peter Freeman
Melanie Davis

Finance, Audit and Risk Committee

Peter Freeman, Chair
Leona Daniel
Roger Hinton
Kelvin MacDonald
Mary Tawiah
Sarah Butler – Joined 14/12/2020
Paul Williams

Operations & Personnel Committee

Melanie Davis, Chair
Kirsty Coates
Sarah Butler
Gerald Main
Ian Millar
Joan Mortimer
Bill Randall
Kelvin MacDonald – Joined 14/12/2020
Nicholas Wilmore
Paul Featherstone

Remuneration Committee

Melanie Davis, Chair
Kirsty Coates
Sarah Butler
Gerald Main
Ian Millar
Joan Mortimer
Bill Randall
Paul Featherstone
Nicholas Wilmore

Executive Management

Andy Winter
Chief Executive

David Chaffey
Director of Housing & Property

Sunil Desai
Director of Finance & Resources

Nikki Homewood
Director of Advice & Support Services

Rachael Kenny
Director of Mental Health & Support Services

Company Secretary & Registered Office

Sunil Desai
144 London Road
Brighton
BN1 4PH

Principal Solicitors

DMH Stallard LLP
1 Jubilee Street
Brighton
East Sussex
BN1 1GE

Bankers

Royal Bank of Scotland
PO Box 300
Brighton
East Sussex

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Chair's Report

Nobody could have expected a year quite like the one just ended. Yet 2020/21, a year dominated by Covid-19 has demonstrated how robust an organisation BHT Sussex is. While many others had to suspend their services and furloughed staff, the vast majority of our services continued, either face-to-face or online.

The year started with the completion of the merger between Brighton Housing Trust and Sussex Oakleaf and ended with the merged organisation adopting a new name, BHT Sussex, and new Articles of Association, both of which reflects the work we do beyond housing and beyond Brighton and Hove.

Previously we reported that we are an organisation that takes everything in our stride. We adapted to working in all our residential services in a covid-secure way, continuing face-to-face engagement, while community-based advice and support services were delivered largely, remotely although, when needed, some in-person work continued.

Leaders in the organisation ensured that the required personal protective equipment was sourced, practice was adjusted, and new safeguards were introduced. The success of this can be measured by the absence of outbreaks anywhere in the organisation. We had fewer than ten confirmed cases of covid.

During 2020/21, we worked with 4,890 clients and tenants (2019/20: 6,934). Our day centre for rough sleepers, First Base, saw a reduction in the number of people using its service because of the government's 'Everyone In' initiative aimed at making sure that nobody should be living on the streets during the pandemic. Nevertheless, the service continued to see between six and twelve people new to rough sleeping every week during the pandemic and, in total, we worked with 701 individuals (2019/20: 1,275). I am also pleased to report that we ended the year with a net operating surplus of £379k, (2019/20: £121k) before adjustments for the transfer in of Sussex Oakleaf.

In collaboration with Brighton and Hove City Council and other charities, we assisted 517 individuals to move away from rough sleeping, including helping to move 423 people into emergency accommodation.

Our three advice centres in Brighton, Eastbourne and Hastings helped to prevent homelessness for 443 people and their families. This is lower than in previous years (2019/20: 927), but this was in spite of the government putting a hold on possession proceedings during the pandemic, which was a move we fully supported.

Our housing advisers raised £141,267 in Discretionary Housing Payment for 55 clients to help with a housing crisis, including to pay off rent arrears. Our welfare benefit advisers raised £3,262,710 in income for 512 clients.

Our immigration/asylum team secured refugee status, or the right to stay/enter in the country, for 41 of our clients over the past year. This number is significantly lower than last year because of cases being held up at the Home Office, due to the pandemic.

We remained in close contact with our tenants throughout the year, checking on their welfare and general wellbeing. While there have been reports of rent arrears throughout the country, arrears amongst our tenants actually fell, from 3.3% on 31st March 2020 to 2.8% on 31st March 2021.

While we put a total of 15 members of staff on furlough, most for short periods while services were restructured (such as our learning and development service), we did not compromise on quality.

Chair's Report for the year ended 31st March 2021 (continued)

We continue to receive external validation for our services. We retained our ISO9001 accreditation, as well as our Special Quality Mark from the Legal Aid Agency, and Silver accreditation with Investors in People.

The failure elsewhere to protect vulnerable people in care homes was not replicated in our homes where, because we employ motivated and committed staff, we had no cases of covid. Three of our care homes retain 'Outstanding' ratings from the Care Quality Commission and in their most recent assessment for Detox Support Project, Portland Road, Recovery Project, Sackville Gardens, and Shore House they said, "we have not found evidence that we need to carry out an inspection or reassess our rating at this stage". Of 200 community-based services in Brighton and Hove, only eight have achieved 'Outstanding' ratings.

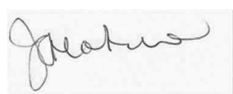
While our fundraising income reduced by almost 50%, because of the careful stewardship of our resources and the controls in place throughout the organisation, coupled with high levels of performance. This year's net operating surplus of £379k, is important as it allows us to invest in current and new services and allows us to invest in our Asset Management Plan, improving the quality and safety of our homes.

Board members have remained very supportive of staff, yet haven't held back from appropriate challenge. They have also been willing to show great flexibility as we adapted our governance practices in light of the pandemic. I would like to pay tribute to them, to our management team, and to all staff for their dedication and work throughout the pandemic.

I would also like to pay tribute to our Life President, Patricia Norman, who was involved in our work for over 50 years. Her death at the end of last year, at the age of 96, was sharply felt by all those who knew her.

My period of office ends in December 2021 and a new Chair elect has been selected. Serving BHT Sussex as its Chair since 2013 and working with the BHT Sussex team has been an honour and a privilege. We give hope to people who society has ignored, we change the lives of people who have experienced trauma, we provide recovery, opportunities and homes. 2020/21, in spite of the pandemic, has been no exception. When there is nobody else to turn to, BHT Sussex is there, changing lives across Sussex.

Joan Mortimer



Chair of the Board
Date – 28/9/21

Report of the Board

The Trustees are pleased to present their Annual Report and the Financial Statements of BHT Sussex (formerly known as Brighton Housing Trust) for the year ended 31st March 2021.

THE AIMS AND OBJECTIVES OF THE ORGANISATION

Our overall Mission is to combat homelessness, create opportunities for our clients and tenants, and to promote change. In order to do this, we have established five Strategic Objectives. These Objectives are:

- *Empowering Clients and Tenants*: Clients and tenants are supported to take greater control over their own lives. This includes helping people come to terms with mental health problems, thereby reducing hospital admissions and allowing people to live more independently. People with addictions are supported into abstinence and recovery, thereby increasing life choices around education, training and employment as well as sustainable housing.
- *Prevention of Homelessness*: Those facing homelessness were supported by the Advice Centres where we prevented 443 (2020: 927) households from becoming homeless, with all the negative consequences to their lives and those of their children. Those with a limited or no history of employment are supported to gain work experience, undertake education and training, and secure employment. The reduction in the number of prevention cases was due to the government's moratorium on evictions.
- *Improving Our Services*: All services are reviewed on an annual basis and teams prepare improvement plans to ensure that their services remain relevant to client needs and meet local strategic priorities. We achieved our target of improving our *Investors in People* rating from Bronze to Silver. We review and act on feedback received from tenants and clients to improve services. This includes reviewing learning from complaints received.
- *Increasing Our Influence*: By promoting the experience of our tenants and clients, we attract attention from policymakers, commissioners and other opinion makers. We remain a 'Go To' organisation for the media and have had input into various policy reviews at a local and national level. Through our leadership of the Fulfilling Lives Partnership in the south-east, the Manifesto for Change sets out a number of measures to improve and strengthen services offered to those who have multiple and complex needs.
- *Improving Our Financial Strength*: By retaining a clear focus on the financial performance of the organisation and seeking opportunities to grow as well as spreading costs more widely, we improve our financial strength. The merger of Sussex Oakleaf with BHT Sussex, which took place on the 1st of April 2020, has allowed the spreading of costs and risk and strengthened our balance sheet by £666k.
- *Seeking Quality Growth*: The merger with Sussex Oakleaf had, as one driver, the expansion into new areas of operation. This has already led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of sites in order to increase the number of homes that we provide.

Underpinning these objectives, are our five values: Collaboration; Being Accountable; Empowering People; Inspiring Change; Delivering Excellence. These values guide how we undertake our work to achieve these objectives.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

OUR BUSINESS MODEL

Our business model is based on six core principles:

- Recruiting and Retaining Quality Staff: We have continued to have a workforce equipped to deliver services of excellence. Our salaries and employment terms remain competitive locally so that we can attract quality applicants and we do not lose key staff to partners and competitors. Few difficulties have been experienced in recruitment although there is a recognition that salary levels for staff who transferred from the former Sussex Oakleaf has posed a few recruitment challenges. While staff turnover has been higher than anticipated, no underlying negative causes have been identified. We have increased our Investors in People accreditation to Silver, evidence that we are achieving continuous improvement in our employment practices.
- Maximising Income Streams: Income from rents and service charges made up just over 50% of our income. Voids were 6% compared to a target of 5%. This adverse trend was due to higher than expected voids in Supported Housing as a result of the restrictions due to the pandemic. This is not an ongoing issue as restrictions are lifted, nor does it reflect an underlying problem. Increased loss of income through void properties were offset, in part, by better than target rent collection. Arrears were 3.3% (£256k) on 31st March 2021 compared to a forecast of 5.8% (£426k). This reflects strong performance in both Housing Services and Support Housing. While high levels of bad debt write offs can disguise poor performance in rent collection, bad debts to 31st March 2021 were lower than historic levels: £15k (2020: £29k) in Supported Housing and £12k (2020: £67k) in Housing Services. Other income streams were on or near target, although Legal Service income was £553k against a target of £667k.
- Delivering Value for Money: BHT Sussex continues to have a focus on Social Values (SV) and Value for Money (VfM) as part of its continuous improvement process and by developing its own SV and VfM Statement. We regularly monitoring these by reviewing service usage, a focus on our income & expenditure, measuring both strategic and operational key performance indicators and we will use our SV and VfM Statement to focus on outcomes for our clients and tenants.
- Maintaining Liquidity: Our cash balance as at 31st March 2021 remains healthy, at £2.7m, (2020: £2.8m). It should be noted that our minimum cash balance target of £1.7m continues to be exceeded. When Sussex Oakleaf merged with us in April 2020, it resulted in our cash balances increasing by £447k. A challenge over the next five years is to ensure that sufficient funds are generated to allow us to meet the investment needs set out in our Asset Management Strategy, averaging £450k per annum. Our overall surplus for the year was £1,045k including £666k gift of assets from transfer in of Sussex Oakleaf.
- Securing Profitable Growth: As mentioned above, the merger with Sussex Oakleaf has already led to new opportunities in both Mid Sussex and Crawley. A review of existing assets has presented opportunities for the redevelopment of two sites owned by BHT Sussex to increase the number of homes that we provide.

FINANCIAL RESULTS

A net operating surplus of £379k (2020: £121k) was generated during the year before adjustments of £666k for the transfer in of Sussex Oakleaf. A priority moving forward is to increase surplus levels, to strengthen our financial viability, invest in current and new services, and allow us to invest in our major works programme.

Income: Total income of £13.7m (2020: £12.3m) was received during the year. Overall, income was £201k or 1.4% lower than expected. This was due, in part, to lower net rental income (£136k) and lower Legal Service income (£114k). This was offset by additional income of £41k from Fundraising and Donations.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

Expenditure: Total expenditure of £13.3m (2020: £12.2m) was made during the year. Overall, expenditure was £540k less than expected. Lower staffing and related costs totalling £281k, account for the majority of this underspend. There were also lower costs for Repairs & Maintenance £62k, £92k lower overhead costs and there were some overspends and underspend compensating for each other.

While others in our peer group have reported significant increases in arrears as a result of Covid-19 and the roll-out of Universal Credit, we have been able to maintain arrears levels notwithstanding a modest increase in arrears of those tenants who have migrated to the new benefit. A refocusing of staff resources has resulted in this risk being successfully mitigated.

Our Balance Sheet also continues to be in a healthy position with Total Net Assets of £11.0m (2020: £10.0m), supported by Income & Expenditure Reserve of £10.1m (2020: £9.2m), Restricted Reserves of £0.9m (2020: £0.8m) and Free Reserves of £1.1m (2020: £854k).

DEVELOPMENT & PERFORMANCE IN THE FINANCIAL YEAR

The Board of Trustees received quarterly reports to monitor performance within the organisation. The performance measures included financial and operational performance indicators, including:

- Cash management – cash flows and average cash balances decreased marginally during the year with cash at bank and in hand as at 31st March 2021 – £2.7m (2020: £2.9m).
- Void loss in Supported Housing – voids as a % of gross rents of 8.7% (2020: 6.3%), target: 3.9%.
- Void loss in Housing Services – voids as a % of gross rents of 2.0% (2020: 1.3%), target: 3.9%.
- Bad debts in Supported Housing – bad debts as a % of rents receivable of 0.3% (2020: 0.7%), target: 1.5%.
- Bad debts Housing Services – bad debts as a % of rents receivable of 0.4% (2020: 0.9%), target: 1.5%.
- Gas safety certificates – units with a valid safety certificate 100.0% (2020: 98.2%), target: 100%.
- Staff sickness – working days lost per FTE employee 6.2 days (2020: 7.9 days), target: 7.0 days.

FUTURE PROSPECTS

Notwithstanding the concern of funding our Asset Management Plans going forward, the challenges successfully faced to date as a result of the Covid-19 pandemic demonstrates an organisation that is well-governed and well-managed, able to flex its operations according to circumstances, not least ones that could not be foreseen.

Covid-19 itself will result in new opportunities as our communities and economy recovers from the financial and psychological injuries caused by the pandemic.

Sussex Oakleaf joined us from 1st April 2020, has already led to opportunities for the development of new services in Mid and West Sussex and also our new name BHT Sussex. There are also opportunities to acquire and develop additional accommodation in Brighton and Hove, and we have plans to develop land we own and to redevelop a site currently with low density occupation. The merger has also allowed us to increase capacity at a senior management level, in part to manage the enlarged organisation but also to increase capacity to bid for new contracts and services.

We have appointed a Head of Business Development to allow focus on the identification of new opportunities and to work with others to secure new business.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

FUTURE PROSPECTS (Continued)

Our staff are our biggest asset through which we can deliver our charitable and strategic objectives. We continue to invest in the recruitment and retention of quality staff at all levels. Although during the Covid-19 pandemic we furloughed staff in our Learning and Development Team, the team had successfully introduced an online training programme that has enabled staff to continue with their personal and professional development during the lockdown.

Governance arrangements have been reviewed and strengthened in recent years and in March we approved a new set of Articles of Association. All other governing documents have also been reviewed and updated. The appointment of two tenants as independent members of the Board has corrected an area of deficit that had been identified. The appointment of three Board members to the Board from Sussex Oakleaf has further strengthen the range and expertise of Board members.

HEALTH AND SAFETY

Following the dreadful fire at Grenfell Tower, like many other organisations, we have had a renewed focus on fire safety. During the year we continued the H&S / Fire risk assessments of all properties, carrying out additional remedial tasks to improve fire safety at a cost of £197k.

Gas Safety Inspections: our performance for the final quarter of 2020/21 was 100%, where gas safety inspections were completed in time and the relevant certificate was on file. The percentage was lower than expected due to access issues and onset of the Covid-19 pandemic. Our performance was back up to 100% in the next quarter.

SAFEGUARDING

Following failings in some international aid agencies, along with safeguarding failures in domestic charities, BHT has considered the robustness of its own policies and procedures in this and other areas. The Board acknowledges the general alert issued in June 2021 by the Charity Commission regarding this, particularly at a time where governance and management arrangements might be compromised by the Covid-19 pandemic.

BHT has robust processes and reporting arrangements in place, including our Whistleblowing procedures, that are widely publicised including on our website, and clients are asked specific questions in surveys regarding their confidence in the organisation's policies and procedures. Training on safeguarding is part of the mandatory training for staff.

STAFFING

Our staff are our most valuable resource. Through them we deliver our strategic objectives, not least excellent services. We have strengthened capacity at a senior level through the creation of a Director of Mental Health and Support Services and designated another senior employee as Head of Business Development. These additions will help to provide strategic management capacity within the enlarged organisation going forward. Staff sickness management continues to be an area we have been working on and there was an average of 6.2 days absence per employee during the year, below the target of an average of 7 days.

BOARD MEMBERSHIP

BHT seeks to appoint and retain Board members who have the skills, knowledge, business acumen, integrity, values and commitment to lead the organisation with drive, ambition and enthusiasm. We recruit new board members through open advertisement and the effective use of our wide sector networks. No new board members were appointed during the year although three members of the Sussex Oakleaf Board transferred to the BHT board as independent members from 1st April 2021.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

BOARD MEMBERSHIP (continued)

We have two tenants as independent members of the Board, correcting an area of deficit that had been identified. These members are now playing an increasingly full part in the business of the Board.

Board members are appointed on a voluntary basis and receive out-of-pocket expenses. No other payments are made to the chair or the individual board members.

The Board and its Committees undertake annual reviews and appraisals of their activities helping ensure that we comply with the National Housing Federation's Code of Governance 2020.

The policy for delegated levels of decision-making between Board and the Executive Management Team is clearly defined within Standing Orders and a separate Schedule of Delegation which is reviewed and approved by the Board on a regular basis.

The Chair of the Board undertakes individual reviews with all Board members.

For a period during the year, in response to COVID-19, the Board established a Board Executive comprising the Chair of the Board and the Chairs of the two main committees. The Board Executive met with senior managers on a regular basis to ensure that critical decisions could be made in a timely fashion.

COVID-19

Despite the COVID-19 pandemic and the restrictions, BHT Sussex has succeeded in carrying on its much needed work over the last year. This has included having virtual staff forums, a staff conference and Board / Committee meetings. We know that well over 200 members of staff have already had their first vaccination and the majority have also had their second jabs. While this does not make us immune from the risks posed by Covid, there is evidence that vaccinations will reduce the likelihood of contracting or passing on the virus and, if infected, they can reduce its severity. Notwithstanding the national easing of restrictions, the approach we will be taking within BHT Sussex will be characterised by a 'slow and steady' approach. We wish to be prudent in the way we plan our work and, as always, our priority is to try to keep all members of staff, tenants and clients as safe as possible. It would be such a shame to have got this far with relatively few confirmed cases to see a sudden spike in infections within the organisation.

Following the initial lockdown, we enabled well over 100 employees to work from home, achieving this within 24 hours. The government has now said that it is up to each employer to decide how to respond. Our Covid Task Team continues to meet twice a week and we will be considering how we will respond regarding social distancing, the numbers who can return to the office, the ongoing necessity to wear face masks, etc.

The majority of our staff have continued to work face-to-face with their clients. We recognise the increased risk that this has had and without this dedication, we would not have been able to ensure that all our services continued to be delivered throughout the pandemic.

The measures we have had in place throughout the pandemic are not being lifted for the time being. Notwithstanding what the government might announce, basic hygiene, physical distancing, and good ventilation requirements will continue in place. The wearing of facemasks, for example, will still be required and we must make sure that we don't ease up on cleansing workstations before and after use. We would like to thank all members of the staff for their efforts in these regards which have been significant in limiting the level of infections within the organisation to such very low levels. It is tempting to think covid might be all over, or might soon be, but it is not. The indicators are showing spikes in infections. So many people have made sacrifices and staff teams have adapted in the way that they are working to keep services operating and people safe.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

Covid-19 (continued)

We are aware of the impact Covid and the restrictions have had on us, and how having to work in the ways that have been introduced across the organisation have been a source of stress and anxiety. We are particularly aware of the additional challenges faced by those of you with children at school and nurseries that might require your children to isolate. The discussion at Staff Forums and, particularly, the Staff Conference, brought home just how we have experienced Covid, individually and as staff teams.

RISKS, UNCERTAINTIES AND OPPORTUNITIES

The COVID-19 pandemic is providing both opportunities and challenges moving forward. There is uncertainty regarding the public finances and the possible reintroduction of austerity measures. While it is unlikely that the measures will be as stringent as those introduced in 2010, they are likely to be more long-lasting. The financial and psychological injury caused by COVID-19 may result in new services for the organisation, not least in areas such as Crawley and Mid Sussex which will be particularly impacted by the effect the pandemic is having on the aviation industry.

The organisation has a well-developed and mature approach to strategic risk management. Our Strategic Risk Register provides the Board with clear information on three key areas, which are improving our financial strength, our operating environment and increase our influence / reputation. Underneath these three areas, there are ten specific risks identified. These risks are reviewed on a quarterly basis by the Executive Management Team and reported on a regular basis to both the Finance, Audit and Risk Committee and the full Board. Detailed information provided includes the quantification of individual risks, the management strategy for mitigating their likelihood and impact, and a recovery strategy should one or more risks impact at the same time.

GOING CONCERN

Following an assessment of our financial position and resources available going forward the cashflow position for the next eighteen months, the Board believes that the Trust can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis) and has a reasonable expectation that BHT Sussex has adequate resources to continue operating for the foreseeable future. For this reason, we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT Sussex has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation. 87.8% of this income is paid directly to BHT from Housing benefits, Universal Credit and Adult Social Care; which provides confidence in future payments of this stream of income.
- For 2021/22, 62% for our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, and we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and is not expected to have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

GOING CONCERN (Continued)

- Our cash balances, at the point of signing these accounts, is almost 100% greater than the £1.7 million head room agreed as policy. We have also undertaken a cashflow forecast for the next 18 months (April 2021 to September 2022) and this shows we will be able to maintain a healthy £3m cash balance. Sensitivity analysis for higher levels of inflation and loss of a contract on this forecast shows that we would continue to maintain cashflows above our £1.7 million target.
- Our very limited exposure to fluctuations in the money markets, and where we have borrowing, this is at a fixed rate and our non-involvement in the developing properties for sale.
- Our ability to withdraw from activities with reasonable notice should they become an unacceptable drain on the cash resources of the organisation.

Based on this assessment the Board have concluded that a material uncertainty does not exist, and the organisation is expected to continue to operate for the foreseeable future.

PENSIONS

BHT Sussex participates in the Scottish Widows Pension Scheme, the NHS Pension Scheme and also a Social Housing Pension Scheme, Growth Plan Scheme with TPT Retirement Solutions, please see note 22 to the Financial Statements for more details.

The TPT schemes is a multi-employer schemes which provides benefits to some 1,300 non-associated participating employers (see note 22) and applies to 38 former employees of Sussex Oakleaf. This scheme is classified as a 'last-man standing arrangement'; therefore, because of the merger, BHT Sussex has inherited the potential liabilities of Sussex Oakleaf for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers of the TPT scheme are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. During 2020/21 BHT Sussex contributed £9,615 towards the pension deficit. The Board considers that the contribution rate demanded of the scheme is affordable.

All members contributing to Series 3 were switched to Growth Plan Series 4 in 2013, and any new employee contributions were made into Series 4 from the closure date onwards. Growth Plan Series 4 is a defined contribution scheme in which the assets are held separately from those of the entity in independently administered funds.

COMPLIANCE WITH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board has reviewed our compliance with the Regulator of Social Housing's Governance and Financial Viability Standard and has concluded that BHT Sussex complies with the Standard. The Trust has reviewed its Assets and Liabilities Register to ensure that it meets the requirements. There is ongoing work on this Register to ensure that it remains accurate and complete, and that timely adjustments are made as circumstances require.

INTERNAL CONTROLS

In accordance with regulatory expectations of the Regulator for Social Housing, the Board is required to conduct an annual review of the effectiveness of the systems of internal control, and to issue a formal statement within the annual report and accounts on the outcome of this review. The Board acknowledges its ultimate responsibility for the system of internal controls, for reviewing the effectiveness of those controls and for managing the risk of fraud within the Trust.

Strategic Report from the Board of Trustees (continued)
for the year ended 31st March 2021

INTERNAL CONTROLS (continued)

The Board also acknowledges that risk management and control processes should operate continuously and should be embedded within and across all activities. It should be recognised that no system of internal control can provide absolute assurance or eliminate all risk.

The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives will be achieved and to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the assets of the Trust.

BHT has adopted the National Housing Federation's Code of Governance 2020. A review of the Code has been undertaken and the Board is confident it complies with the Code.

The processes for identifying, evaluating and managing the significant risks faced by the Trust are ongoing, have been in place for the year under review and up to the date of approval of the annual report and accounts, and are regularly reviewed by the Board. The elements of the control framework, incorporating the key sources of evidence utilised by the Board in reviewing the effectiveness of the system of internal control, include:

- ✓ a comprehensive risk management framework which identifies key risks to the business on a regular basis and seeks to mitigate and monitor the risks and the associated mitigation;
- ✓ an organisational structure with clearly defined lines of responsibility and delegation of authority as set out in our Standing Orders and Financial Regulations;
- ✓ a Code of Ethics supported by a framework of policies and procedures, with which employees must comply;
- ✓ a three year risk-based strategic internal audit plan and the consideration by the Finance, Audit & Risk Committee of all internal audit reports produced during the year;
- ✓ the monitoring of action plans arising from audits to ensure that recommendations have been implemented;
- ✓ the review of audit reports undertaken by regulators, funders and commissioning bodies;
- ✓ approval of the annual budgets and the Interim Strategic Business Plan by the Board;
- ✓ comprehensive budgetary control arrangements which identify variances and their underlying causes;
- ✓ a performance reporting framework which involves the setting of a suite of Strategic and Operational Key Performance Indicators (SPIs and KPIs) targets and the measurement of achievement against these KPIs;
- ✓ a new business appraisal policy which requires Board approval of proposals meeting certain financial and non-financial criteria combined with quarterly reporting to the Board;
- ✓ a whistleblowing policy providing staff and third parties with confidential channels of communication to report unlawful, improper or suspicious activity;
- ✓ The Board receives bi-annually a detailed report with KPI's on Health & Safety matters;
- ✓ maintenance of a fraud register with reporting to the Board if fraud occurs and
- ✓ The Board's review of the effectiveness of our system of internal control has identified no significant failings, weaknesses or instances of fraudulent activity which have resulted in material misstatement or loss that require disclosure within the financial statements for the year ended 31st March 2021, and up to the date of signing these financial statements.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

VALUE FOR MONEY

BHT Sussex continues to have a focus on Social Value (SV) and Value for Money (VfM) as part of its continuous improvement process and has developed its own SV and VfM Statement.

What SV and VfM means at BHT Sussex

We exist for a social purpose and our efforts are focused on changing lives across Sussex. Our Mission and Values drive us forward, seeking to continuously learn and improve how we engage with our local communities and delivery our services.

Our Mission is to combat homelessness, create opportunities for our clients and tenants to improve their wellbeing and to promote positive change.

We are conscious that a robust approach to VfM is a regulatory requirement, but we would want to do it anyway. We aim to make a difference by the outcomes we achieve for our Clients, Tenants, and the communities in which we work and by being mindful of our staff's wellbeing.

The outcomes we achieve represent both the SV and VfM services that we provide as a viable and sustainable organisation. SV and VfM, therefore, aims to maximise our outcomes and make a bigger difference than if we had not taken a focused approach to it. Achieving VfM is at the heart of being a successful and effective social organisation.

What are the Outcomes we want to achieve ?

Over the past 50 years BHT has developed a diverse menu of services to support people who are homeless, or at risk of homelessness, and people who have complex needs. Prevention is the cornerstone of what we do:

- Preventing homelessness;
- Preventing escalation of mental health issues across a broad spectrum - from admissions to psychiatric hospitals to the need to access secondary mental health services;
- Preventing negative consequences of addictions;
- Providing specialist housing, benefits and immigration Advice to prevent homelessness;
- Providing work, learning and employment opportunities to prevent unemployment and poverty;
- Where prevention has not been achieved, we look to mitigate the impact on individuals by providing effective, VfM services aimed at changing lives and
- BHT Housing Services provides homes for over 450 residents in Brighton and Hove, Eastbourne and Hastings. We provide good quality, safe and secure general needs housing at sub-market rents for those who cannot afford to rent or buy their own home.

We are very conscious of our role in our local communities. In addition, many of our tenants represent positive move-ons from our support and addiction work, sustaining tenancies is key to securing long-term positive change.

Why do we provide our services and who benefits from our Outcomes ?

Our tenants and clients are amongst the most marginalised and vulnerable in our society and therefore we provide:

- good quality short and long-term accommodation for a range of needs to provide a stable base on which to build a future;

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

Why do we provide our services and who benefits from our outcomes (continued) ?

- a range of support to improve wellbeing, independence and secure lasting change, and;
- specialist legal advice spanning housing and homelessness, immigration and welfare benefits to ensure that individuals' rights are fairly represented.

Family and friends of clients benefit from knowing that their loved one is getting the targeted support they need to make positive changes, contributing in turn, to their wellbeing and peace of mind.

Wider community – our services are sensitive to the wider community in which our tenants and clients live. We invest in those communities and collaborate with others to help make places work socially, economically and environmentally.

Local authorities, other local service providers and government – through growth and service provision, we contribute to local and national housing strategies whilst also addressing important agendas such as supporting the most vulnerable, homelessness, poverty, inequality and the environment. Our support services take pressure off health, social services, police and other local services. Increasingly, our work falls under the remit of Integrated Care Partnerships (ICPs): local joint commissioning bodies comprising local authorities, health and the wider Voluntary, Community and Social Enterprise (VCSE) sector - effectively a stakeholder in its own right.

The BHT Board, when setting our strategic and enabling objectives, seeks to balance the legitimate and sometimes competing expectations of our stakeholders with the finite resources at our disposal.

- Total rent received in Supported Housing – rent received as a % of amounts due 100.2%, (2020: 100.6%) (target: 98.5%).
- Total rent received In Housing Services – rent received as a % of amounts due 100.6%, (2020: 98.5%) (target: 98.5%).
- Arrears management Supported Housing – gross arrears as a % of annual rent roll of 1.6%, (2020: 1.6%) (target: 2.5%).
- Arrears management Housing Services – gross arrears as a % of annual rent roll of 3.5%, (2020: 3.5%) (target: 5.8%).

The Regulator for Social Housing has issued value for money metrics and BHT figures are shown below -

Value for Money Metrics	Acuity Median 2020/21	BHT 2020/21	BHT 2019/20
Reinvestment	5.2%	5.22%	6%
New Supply Delivered	0%	0%	0%
Gearing	23.87%	2.13%	3%
EBITDA Major Repairs Included Interest Cover	230%	5.66%	9%
Headline Social Housing Cost per Unit	£4,758	£4,366	£3,587
Operating Margin	21.21%	3.14%	1%
Return on Capital Employed	2.1%	1.78%	1%

These types of metrics are generally used by larger housing associations with development portfolios and all of these metrics are not applicable to BHT as its primary focus is on Combating Homelessness, Creating Opportunities and Promoting Change. We have compared our performance against these metrics by using the Acuity benchmarking group data for small housing providers in the South East and London as shown above. This table above shows that BHT compares favourably on Reinvestment, Gearing and Social Housing Cost per Unit and there is improvement needed on our Operating Margin and rate of Return on Capital Employed.

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

Why do we provide our services and who benefits from our outcomes (continued) ?

In the future alongside these metrics above, BHT will define and show value, by drawing on our strategic objectives and our impact on clients and tenants and from the other Acuity benchmarking information available.

USE OF RESERVES

Accumulated reserves are deployed to achieve our principal objective of supporting homeless and vulnerable people. After setting aside an amount to cover day to day financial commitments, reserves are invested in the refurbishment and redecoration of properties that provide accommodation and services to our clients and tenants, in accordance with our Asset Management Plan. At the end of 2020/21 we had total reserves of £11.0m (2020: £10.0m) of which £893k (2020: £809k) were restricted reserves.

The primary purpose of the BHT Sussex Reserves Policy is to ensure that adequate funds exist to ensure its long-term viability, to avoid erosion of its asset base and to manage short term volatility in income or liquidity.

The policy is designed to ensure that BHT Sussex:

- Can continue to meet its financial commitments;
- Can deploy funds promptly, in a planned way, and react to new opportunities;
- Can balance sound investment with good liquidity management; and
- Is not forced into short term decisions to the detriment of its long-term vision.

To achieve this, BHT Sussex has adopted target measures for key reserves indicators. The BHT Sussex policy aims to:

Hold a minimum of £500k in free reserves, to protect its charitable work from the risk of disruption. The definition of free reserves is the value of unrestricted reserves less fixed assets net of the deferred capital grants. It is our policy that we hold a minimum of 1.5 months of operating cash outflow requirements in cash, or short-term investments, to manage short term volatility in income or liquidity. This equates to £1.7m for BHT Sussex's current cash outflows.

It should be noted the minimum cash balance of £1.7m quoted above, should be able to fund the repayment of any restricted reserves should BHT Sussex be asked to repay these amounts.

As at 31st March 2021 the Trust had cash cover of 1.59 months (2020: 2.84) compared to a target of 1.5.

The Board of Management has identified the main financial risks to the organisation to be:

- Failure to meet income targets in supported housing and housing services;
- Failure to meet income targets for Advice Services;
- Impact on income from Universal Credit;
- Further cuts to the value of advice and support contracts; and
- Failure to achieve profitable growth.

In the light of these risks and in order to meet future investment opportunities, the Board has identified the need to strengthen the reserves of the organisation. Free Reserves at 31st March 2021 were £1.1m (2020: £854,000).

Strategic Report from the Board of Trustees (continued) for the year ended 31st March 2021

POST BALANCE SHEET EVENTS

There are no significant post balance sheet events which require reporting.

BOARD MEMBERS' RESPONSIBILITIES

The Board is responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations. Company law and social housing legislation requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed and the Statement of Recommended Practice Accounting by registered social housing providers 2018, 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 charitable company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board members are responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

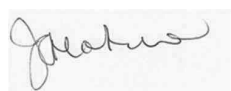
Financial statements are published on the organisation's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the organisation's website is the responsibility of the Board. The Board responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

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

BDO LLP have expressed its willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Trust is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



J Mortimer
Chair of the Board

Date – 28/9/21

Independent Auditor's Report to the Members of Brighton Housing Trust

Opinion on the financial statements

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 the Association's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly 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 2019.

We have audited the financial statements of BHT Sussex ("the Association") for the year ended 31 March 2021 which comprise the Association statement of comprehensive income, the Association statement of financial position, the Association statement of changes in equity, the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

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

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

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

Other information

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

Independent Auditor's Report to the Members of Brighton Housing Trust (continued)

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report from the Board of Management.

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 by the association, or returns adequate for our audit have not been received from branches not visited by us; or
- the association financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the board members' responsibilities statement set out on page 16, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members 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 are 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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:

Based on our understanding of the Association and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

Independent Auditor's Report to the Members of Brighton Housing Trust (continued)

We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

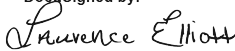
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meeting of those charged with governance, and reviewing correspondence with HMRC;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the impairment of housing properties, depreciation on tangible fixed assets (including component accounting); dilapidations and bad debt provisions;
- In addressing the risk of fraud, including the management override of controls and improper income recognition on grants and contracts, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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 concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

C9A7C7386A35456...

Laurence Elliott (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London,
United Kingdom

Date: 29 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Statement of Comprehensive Income for the year ended 31st March 2021

	Note	2021 £	2020 £
Turnover	4	13,748,861	12,283,126
Operating costs	4	(13,322,552)	(12,120,775)
Operating surplus	4,8	426,309	162,351
Gift of Assets from Sussex Oakleaf Transfer	31	665,735	-
Interest receivable and similar income	12	5,209	12,636
Interest and financing costs	13	(52,199)	(54,048)
Surplus before taxation		1,045,054	120,939
Taxation on surplus		-	-
Surplus before and after taxation and total comprehensive income for the financial year		1,045,054	120,939

All activities relate to continuing operations.

The notes on pages 24 to 45 form part of these financial statements.

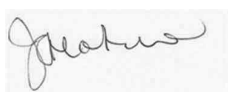
Statement of Financial Position at 31st March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets - housing properties	14	19,668,804	19,215,434
Tangible fixed assets – other	15	1,755,321	1,709,623
		21,424,125	20,925,057
Current assets			
Debtors - receivable within one year	16	2,116,704	1,393,499
Cash and cash equivalents		2,696,691	2,872,310
		4,813,395	4,265,809
Creditors: amounts falling due within one year	17	(2,012,576)	(1,965,570)
Net current assets		2,800,819	2,300,239
Total assets less current liabilities		24,224,944	23,225,296
Creditors: amounts falling due after more than one year	18	(12,866,892)	(13,028,152)
Provision or liabilities - other provisions	21	(322,098)	(206,244)
Total Net assets		11,035,954	9,990,900
Capital and reserves			
Restricted Reserves	28	892,833	808,954
Income and Expenditure Reserves	28	10,143,121	9,181,946
Total Reserves		11,035,954	9,990,900

The notes on pages 24 to 45 form part of these financial statements.

Company Number No.01618610
Registered Charity No.284839

The financial statements were approved and authorised by the Board on the 20th September 2021 and were signed on the Board's behalf by:



J MORTIMER
Chair of the Board



P FREEMAN
Chair of Finance, Audit & Risk Committee

Statement of Changes in Reserves for the year ended 31st March 2021

	Note	Restricted Reserves £	Income and Expenditure Reserves £	Total £
Balance at 1 st April 2020		808,954	9,181,946	9,990,900
Surplus for the year		488,234	556,821	1,045,055
		1,297,188	9,738,767	11,035,955
Reserves Transfers:				
Transfer from Restricted Reserves	28	(404,355)	404,355	-
Balance at 31 st March 2021		892,833	10,143,122	11,035,955

Statement of Changes in Reserves for the year ended 31st March 2020

	Restricted Reserves £	Income and Expenditure Reserves £	Total £
Balance at 1 st April 2019	1,133,274	8,736,687	9,869,961
Surplus for the year	43,374	77,565	120,939
	1,176,648	8,814,252	9,990,900
Reserves Transfers:			
Restricted income from income and expenditure reserves	(367,694)	367,694	-
Balance at 31 st March 2020	808,954	9,181,946	9,990,900

The notes on pages 24 to 45 form part of these financial statements.

Statement of Cash Flows for the year ended 31st March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Surplus for the financial year		1,045,054	120,939
Adjustments for:			
Depreciation of fixed assets - housing properties	14	388,823	323,903
Depreciation of fixed assets - other	15	103,261	79,609
Amortised grant	5	(161,268)	(158,152)
Gift of Assets	31	(665,735)	-
Interest payable and finance costs	13	52,199	54,048
Interest received	12	(5,209)	(12,636)
Accelerated depreciation	5,14	4,761	11,356
Sale of land		4,178	-
Ex Sussex Oakleaf recoded to revenue		12,855	-
Increase in trade and other debtors	16,29	(479,559)	181,394
Decrease in trade creditors and other creditors	17,29	(115,788)	(51,269)
Increase in provisions	21	49,309	35,521
Net cash generated from operating activities		232,881	584,713
Cash flows from investing activities			
Interest received	12	5,209	12,636
Purchases of fixed assets - housing properties	14	(508,623)	(549,935)
Purchases of fixed assets - other	15	(128,290)	(52,827)
Cash received relating to gift		272,396	-
Receipt of grant	19	71,359	11,922
Net cash used in investing activities		(287,949)	(578,204)
Cash flows from financing activities			
Interest paid	13	(52,199)	(54,048)
Repayment of loans – other	20	(68,352)	(68,649)
Net cash used in financing activities		(120,551)	(122,697)
Net decrease in cash and cash equivalents		(175,619)	(116,188)
Cash and cash equivalents at beginning of year		2,872,310	2,988,498
Cash and cash equivalents at end of year		2,696,691	2,872,310

The notes on page 24 to 45 form part of these financial statements.

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1. Legal Status

The Trust is registered with the Financial Conduct Authority and is registered with the Regulator for Social Housing as a social housing provider. The Trust is a charitable housing association, a company limited by guarantee under the Companies Act 2006 and is governed by its Memorandum and Articles of Association. The Trust is also registered with the Charity Commission and as such is governed by applicable Charities Act legislation. Brighton Housing Trust is public benefit entity registered in England with Charity number 284839, Regulator of Social Housing number H1696 and Company number 01618610. Registered Office is 144 London Road Brighton East Sussex BN1 4PH.

2. Accounting Policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Brighton Housing Trust includes FRS 102 "the Financial Reporting Standard applicable in the United Kingdom, the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, "Accounting by registered social housing providers" 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. These estimates and judgements are outlined in Note 3.

The following principal accounting policies have been applied:

Going Concern

Following assessment of BHT's financial position and resources available going forward the cashflow position for the next eighteen months, the Board believes that the Trust can manage its business risks, financial forecast (including monthly cashflow forecasts with sensitivity analysis) and has a reasonable expectation that BHT has adequate resources to continue operating for the foreseeable future. For this reason, BHT continues to adopt the going concern basis of accounting in preparing the annual financial statements. Based on this assessment the Board have concluded that a material uncertainty does not exist, and the Trust is expected to continue to operate for the foreseeable future.

Notwithstanding the risks and uncertainties that we face, we are confident that BHT has a positive future. We have reached this conclusion by reference to:

- Over 50% of our income comes from rental and service charge income, a relatively secure income stream and one which is well managed within the organisation. 83.4% of this income is paid directly to BHT from Housing benefits, Universal Credit and Adult Social Care; which provides confidence in future payments of this stream of income.
- For 2021/22, 62% for our contracted income is secure, most other income is secure during the lifetime of contracts, and should these contracts be terminated, and we can flex costs accordingly.
- Notwithstanding current challenges relating to charitable fundraising, any shortfall is likely to be temporary and would not have a material impact on our assessment of going concern.
- Controls we have on inflationary aspects of our salary and reward structures.
- Our cash balances, at the point of signing these accounts, is almost 100% greater than the £1.5 million head room agreed as policy. We have also undertaken a cashflow forecast for the next 18 months (April 2021 to September 2021) and this shows we will be able to maintain a healthy £3m cash balance. Sensitivity analysis for higher levels of inflation on this forecast show that we would continue to maintain cashflows above our £1.5 million target.
- Our very limited exposure to fluctuations in the money markets, and where we have borrowing, this is at a fixed rate and our non-involvement in the developing properties for sale.
- Our ability to withdraw from activities with reasonable notice should they become an unacceptable drain on the cash resources of the organisation.

Income

Income is measured at the fair value of the consideration received or receivable. The Trust generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable;
- Revenue grants from statutory and other authorities; and
- Legal Aid Association income.

Rental Income

Rental income from residential properties is recognised in the Statement of Comprehensive Income when it falls due.

Supported Housing Schemes

The Trust receives Supporting People grants from a number of Boroughs and County Councils. The grants received in the period as well as costs incurred by the Trust in the provision of support services have been included in the Statement of Comprehensive Income. Any excess of cost over the grant received is borne by the Trust where it is not recoverable from tenants.

Service Charges

The Trust adopts the fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

Legal Aid Association Income

Legal Aid income is accounted for when earned. Income is recognised at agreed rates for all work carried out up to the balance sheet date. Any income earned, where full settlement will not be received until the case is closed, is accrued and stated at the lower of cost and net realisable value.

Expenditure

All expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts.

Costs of generating income comprise the costs associated with generating donations, attracting fundraising, delivering services that are funded by grants, providing advice services funded by the Legal Aid Agency and providing housing services funded by rent and service charge income.

Charitable activities comprise all costs incurred in the pursuit of the charitable objectives of BHT. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure therefore include support costs and an apportionment of overheads, as show in note 5.

Support costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of BHT.

Management of Units Owned by Others

Rent and grant income receivable are included in income. The costs of carrying out the management of contracts and rechargeable expenses are included in operating costs.

Schemes Managed by Agents

Income from these schemes is included within rent receivable. The costs associated with these properties relate to depreciation and loan interest. No management fees are charged by the agents.

Finance Costs

Interest is incurred on loans held by the Trust and is charged to the Statement of Comprehensive Income.

Current and Deferred Taxation

The Trust is a Charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, it is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

Impairment of Fixed Assets

The housing property portfolio for the Trust is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Trust looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

No properties have been valued at Value in Use – Service Potential (VIU-SP).

The Trust defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Value Added Tax

The Trust charges Value Added Tax (VAT) on a small proportion of its income relating to legal and IT services and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Pension Costs

The Trust operates a defined contribution pension scheme with Scottish Widows and 2 (2020: 2) staff members belong to the NHS pension scheme. The assets of the schemes are held separately from those of the Trust. Contributions to the schemes are charged to the profit and loss in the year in which they become payable.

As part of the Sussex Oakleaf gift, the Trust took over its Defined Benefit scheme held with TPT – the Growth Plan. This scheme is closed to new members. The scheme is a multi-employer defined benefit pension scheme. Sufficient information is not available to enable BHT Sussex to identify its share of assets and liabilities and as a result, and in accordance with FRS102, these financial statements account for the scheme as if it were a defined contribution scheme.

Where a recovery plan is in place to address the deficit, BHT Sussex recognise as a liability its commitment to make contributions under the terms of that recovery plan with changes to the value of this commitment recognised within the Statement of Comprehensive Income.

Tangible Fixed Assets - Housing Properties

All housing properties are stated at cost together with incidental costs of acquisition less depreciation and impairment (where applicable).

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Depreciation of Housing Property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	30
Roofs	60
External doors	30
Boilers	15
Heating	30
External windows	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes Forming Part of the Financial Statements for the year ended 31st March 2021 (continued)

The Trust adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Trust. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of Other Tangible Fixed Assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Leasehold properties and improvements	Lease term
Freehold non-housing properties (excluding land)	100
Fixtures, fittings, tools and equipment	5
Computers	4

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Government Grants

Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Where a social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities. During the year, we tried to minimise the number of people on the government's Job Retention Scheme.

Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of comprehensive income statement in other operating expenses.

Recoverable Amount of Rental and Other Trade Receivables

The Trust estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Loans

All loans held by the Trust are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price. FRS102 requires that basic financial instruments are subsequently measured at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Leased Assets - Lessee

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Provision for Liabilities

The Trust has recognised provisions for liabilities of uncertain timing or amounts including those for major repairs on stock transfers and leaseholders, dilapidations, restructuring.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent Liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

Gift of Assets

All assets and liabilities transferred are recognised at fair value.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- Covid-19 has not triggered any reductions for BHT's property values as net rental inflows are broadly not affected due to both ongoing high demand for social housing, the limited impact on future cash flows due to highly certain rental streams and the impact of rising bad debts/arrears being limited; and
- Whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Trust has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The Trust have also considered impairment based on their assumptions to define cash or asset generating units.
- All assets and liabilities transferred from Sussex Oakleaf are recognised at fair value.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 14 and 15)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as asset and market condition are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Notes Forming Part of the Financial Statements for the year ended 31st March 2021 (continued)

- *Rental and other trade receivables (debtors) (see note 16)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Provision of potential rental bad debts is based on 100% or former tenant arrears balances and for current balances, a variable percentage specific to each service based on past write-off levels.

4 Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	2021	2021	2021
	£	£	£
Social Housing Lettings (Note 5)	7,532,948	(6,235,698)	1,297,250
Other Social Housing Activities			
Supporting people	1,180,663	(1,083,883)	96,780
Other	1,158,980	(1,063,977)	95,003
Total Social Housing	9,872,591	(8,383,558)	1,489,033
Activities other than Social Housing Activities (Note 6)			
Legal Advisory Services	1,006,928	(1,261,361)	(254,433)
Day Centre	364,473	(510,013)	(145,540)
Non-housing rent income	22,626	(28,457)	(5,831)
Other activities	2,482,243	(3,139,163)	(656,920)
Total Activities other than Social Housing	3,876,270	(4,938,994)	(1,062,724)
Total	13,748,861	(13,322,552)	426,309

	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	2020	2020	2020
	£	£	£
Social Housing Lettings (Note 5)	6,311,371	(5,051,964)	1,259,407
Other Social Housing Activities			
Supporting people	1,136,052	(1,104,326)	31,726
Other	1,062,141	(1,032,479)	29,662
Total Social Housing	8,509,564	(7,188,769)	1,320,795
Activities other than Social Housing Activities (Note 6)			
Legal Advisory Services	1,256,314	(1,431,879)	(175,565)
Day Centre	731,071	(770,417)	(39,346)
Non-housing rent income	32,710	(32,710)	-
Other activities	1,753,467	(2,697,000)	(943,533)
Total Activities other than Social Housing	3,773,562	(4,932,006)	(1,158,444)
Total	12,283,126	(12,120,775)	162,351

5 Income and Expenditure from Social Housing Lettings

	General Needs £	Supported Housing £	Temporary Social Housing £	Total 2021 £	Total 2020 £
Income					
Rents net of identifiable service charges	2,371,778	2,238,345	322,253	4,932,376	3,936,357
Service charge income	529,480	1,700,503	131,684	2,361,667	2,136,126
Release of government capital grants	110,514	50,754	-	161,268	158,152
Other income	-	77,637	-	77,637	80,736
Turnover from social housing lettings	3,011,772	4,067,239	453,937	7,532,948	6,311,371
Expenditure					
Management	(44,437)	(260,378)	(20,663)	(325,478)	(270,741)
Service charge costs	(1,043,462)	(3,269,654)	(317,720)	(4,630,836)	(3,829,152)
Routine maintenance	(309,099)	(168,863)	(27,410)	(505,372)	(447,123)
Planned maintenance	(180,614)	(16,503)	(2,556)	(199,673)	(31,956)
Major repairs expenditure	(145,490)	(7,215)	103	(152,602)	(120,424)
Bad debts	(15,713)	(11,229)	(1,211)	(28,153)	(17,309)
Depreciation of housing properties:					
- annual charge	(182,476)	(191,080)	(15,267)	(388,823)	(323,903)
- accelerated depreciation	(4,167)	(594)	-	(4,761)	(11,356)
Operating expenditure on social housing lettings	(1,925,458)	(3,925,516)	(384,724)	(6,235,698)	(5,051,964)
Operating surplus on social housing lettings	1,086,314	141,723	69,213	1,297,250	1,259,407
Void losses (memorandum only)	(60,613)	(388,264)	(28,320)	(477,197)	(256,827)

The difference between £1,373,521 and £508,623 (both Note 14) is repairs and maintenance costs. The difference of £864,898 is repairs and maintenance expenditure. This amount has been split between Social Housing (£857,647) as detailed in note 5 and supporting people (£7,251).

6 Particulars of Turnover from Non-Social Housing Activities

	2021 £	2020 £
Advice Services:		
Legal aid including costs & disbursements recovered	553,089	875,962
Grant contract incomes	431,410	344,152
Donations, fundraising and other income	22,429	36,200
Total for Advice Services	1,006,928	1,256,314
	2021 £	2020 £
Day Centre		
Grant contract incomes	253,485	561,991
Lunches	150	2,789
Donations, fundraising & other income	110,838	166,291
Total for Day Centre	364,473	731,071

6 Particulars of Turnover from Non-Social Housing Activities (*continued*)

	2021 £	2020 £
Non-housing rent income		
Renaissance House	22,626	32,710
Total for Non-housing rent Income	22,626	32,710
	2021 £	2020 £
Other Activities		
Grant contract incomes	2,057,638	1,484,951
BHT IT Solutions	124,998	102,033
Donations & fundraising	(7,886)	43,850
Furlough	107,721	-
Other Income	199,772	122,633
Total for other activities	2,482,243	1,753,467
Turnover from non-social housing activities	3,876,270	3,773,562

7 Units of Housing Stock

	2021 Number	2020 Number
General needs social housing	305	305
Supported housing	130	125
Total social housing units	435	430
Total owned	435	430
Accommodation managed for others	324	293
Total managed accommodation	759	723
Units managed by other Trusts	6	6
Total owned and managed accommodation	765	729

The increase in the number of units from 729 to 765 is the result of 4 units of the Owned Supported Accommodation and 32 units of the Managed Accommodation for others that were transferred from Sussex Oakleaf as part of the merger.

8 Operating Surplus

	2021 £	2020 £
The operating surplus is arrived at after charging:		
Depreciation of housing properties - annual charge	388,823	323,903
Depreciation of other tangible fixed assets	103,261	79,609
Operating lease charges – land, building and vehicles	1,638,396	1,458,562
Auditor's remuneration (Including VAT):		
- fees payable for the audit of the annual accounts of the Trust	29,280	29,280

9 Employees

	2021 £	2020 £
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	6,434,707	5,532,645
Social security costs	534,561	455,995
Cost of defined contribution scheme	308,781	272,219
	7,278,049	6,260,859

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	2021 £'000	2020 £'000
Administration	71	61
Housing, Support and Care	163	133
	234	194

The full time equivalent number of staff receiving remuneration, including company pension contribution, in excess of £60,000 was:

	2021 No.	2020 No.
£60,000 - £69,999	3	2
£70,000 - £79,999	1	1
£80,000 - £89,999	0	0
£90,000 - £99,999	1	1

10 Directors and Senior Executive Remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team (EMT) disclosed on page 2.

Key management personnel are defined as members of the EMT. Their remuneration is disclosed below:

	2021 £	2020 £
Executive directors' emoluments	345,217	286,816
Contributions to money purchase pension schemes	18,493	15,708
Total	363,710	302,524

None of the members of the Board of Management received any emoluments 2021: nil (2020: nil). The Board of Management received £35 (2020: £251) for board expenses during the year.

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £86,802 (2020 - £85,943). Additionally, pension contributions of £4,774 (2020: £4,727) were made to a defined contribution pension scheme on his behalf as an ordinary member of the scheme.

As a member of the company pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were 5 directors in the defined contribution pension scheme (2020: 4).

11 Board Members

Board Members	Remuneration Committee	Member of -			
		Finance Audit & Risk Committee	Operations & Personnel Committee	Governance Committee	Association Board
Joan Mortimer	✓		✓	✓	✓
Leona Daniel		✓			✓
Peter Freeman		✓		✓	✓
Kirsty Coates	✓		✓		✓
Sarah Butler	✓	✓	✓		✓
Ian Millar	✓		✓		✓
Melanie Davis	✓		✓	✓	✓
Roger Hinton		✓			✓
Kelvin MacDonald	✓	✓	✓	✓	✓
Bill Randall	✓		✓		✓
Gerald Main	✓		✓		✓
Mary Tawiah		✓			✓
Paul Williams		✓		✓	✓
Paul Featherstone	✓		✓		✓
Nicholas Willmore	✓		✓		✓

No remuneration was paid to Board members. (2020: nil).

12 Interest Receivable and Income from Investments

	2021 £	2020 £
Interest receivable and similar income	5,209	12,636

13 Interest Payable and Similar Charges

	2021 £	2020 £
Interest on loans and overdrafts	52,199	54,048

14 Tangible Fixed Assets – Housing Properties

	General Needs £	Supported Housing £	Total £
Cost			
At 1 April 2020	15,120,256	10,133,253	25,253,509
Net Gift of Assets from Sussex Oakleaf Transfer	-	346,591	346,591
Additions:			
- replaced components	150,269	179,016	329,285
- other	165,735	13,603	179,338
Disposals:			
- replaced components	(57,854)	(8,149)	(66,003)
At 31st March 2021	15,378,406	10,664,314	26,042,720
Depreciation:			
At 1 April 2020	(3,425,833)	(2,612,242)	(6,038,075)
Charge for the year	(182,476)	(206,347)	(388,823)
Eliminated on disposals:			
- replaced components	47,168	5,814	52,982
At 31st March 2021	(3,561,141)	(2,812,775)	(6,373,916)
Net book value at 31st March 2021	11,817,265	7,851,539	19,668,804
Net book value at 31st March 2020	11,694,423	7,521,011	19,215,434
The net book value of housing properties may be further analysed as:			
	2021 £	2020 £	
Freehold	16,373,464	15,926,651	
Long Leasehold	2,500,956	2,530,402	
Leasehold Improvements	794,384	758,381	
	19,668,804	19,215,434	

Notes Forming Part of the Financial Statements for the year ended 31st March 2021 (continued)

Note 14 continued

Total Social Housing Grant received is as follow:

	2021 £	2020 £
Capital Grant – Housing Properties	15,873,608	15,827,196

Total Trust expenditure during the year on works to existing properties was £1,373,521 (2020: £1,210,869) of which £508,623 (2020: £549,935) has been capitalised. The difference between £1,373,521 and £508,623 is repairs and maintenance costs. This amount has been split between Social Housing £857,647 (2020: £599,503) (as detailed in note 5) and supporting people £7,251 (2020: £61,431). Of the amounts capitalised, £329,285 (2020: £444,607) relates to the replacement of components whilst £179,338 (2020: £105,328) relates to the enhancement of properties.

15 Tangible Fixed Assets - Other

	Non-Housing Property £	Fixtures, Fittings and Equipment £	IT Equipment and Software £	Total £
Cost or valuation				
At 1 April 2020	2,104,005	469,041	863,730	3,436,776
Net Gift of Assets from Sussex Oakleaf Transfer	-	2,951	13,636	16,587
Additions	3,762	72,927	51,601	128,290
Disposals	-	(397,499)	(721,252)	(1,118,751)
At 31st March 2021	2,107,767	147,420	207,715	2,462,902
Depreciation				
At 1 April 2020	(483,784)	(423,853)	(819,516)	(1,727,153)
Charge for year	(28,324)	(30,087)	(44,850)	(103,261)
Disposal	-	397,165	725,668	1,122,833
At 31st March 2021	(512,108)	(56,775)	(138,698)	(707,581)
Net book value at 31st March 2021	1,595,659	90,645	69,017	1,755,321
Net book value at 31st March 2020	1,620,221	45,188	44,214	1,709,623
Total Capital Grant received is as follows:				
			2021 £	2020 £
Capital Grant – Freehold Non-Housing Properties			680,000	680,000

The net book value of non-housing property may be further analysed as:

	2021 £	2020 £
Freehold	1,460,949	1,479,335
Long Leasehold	134,710	140,886
At 31st March	1,595,659	1,620,221

16 Debtors

	2021 £	2020 £
Due within one year		
Rent and service charge arrears	284,764	368,791
Less: Provision for doubtful debts	(99,475)	(95,979)
	185,289	272,812
Other debtors	912,532	321,756
Prepayments and accrued income	1,018,883	798,931
	2,116,704	1,393,499

17 Creditors: Amounts Falling Due Within One Year

	2021 £	2020 £
Loans and borrowings (note 20)	69,556	67,912
Trade creditors	399,939	481,511
Taxation and social security	154,131	133,672
Other creditors	162,688	196,409
Accruals and deferred income	1,036,922	927,315
Deferred Capital Grant (note 19)	189,340	158,751
	2,012,576	1,965,570

Included within Other creditors is £9,103 relating to TPT Pension Liability due within one year.

18 Creditors: Amounts Falling Due After One Year

	2021 £	2020 £
Loans and borrowings (Note 20)	349,635	419,631
Deferred Capital Grant (Note 19)	12,488,023	12,608,521
TPT Pension Liability	29,234	-
	12,866,892	13,028,152

Notes Forming Part of the Financial Statements for the year ended 31st March 2021 (continued)

19 Deferred Capital Grant

	2021	2020
	£	£
At 1 April	12,767,272	12,913,502
Addition	71,359	11,922
Released to income during year	(161,268)	(158,152)
At 31st March	12,677,363	12,767,272
	2021	2020
	£	£
In one year or less, or on demand	189,340	158,751
In more than one year but not more than two years	189,340	158,751
In more than two years but not more than five years	568,020	476,252
In five years or more	11,730,663	11,973,518
	12,677,363	12,767,272

20 Loans and Borrowings

Maturity of debt:

	Bank Loans 2021	Bank Loans 2020
	£	£
In one year or less, or on demand	69,556	67,912
In more than one year but not more than two years	36,812	69,066
In more than two years but not more than five years	6,510	41,853
In five years or more	306,313	308,712
	419,191	487,543

Loans are secured by specific charges on the housing properties of the Trust. The loans bear interest at fixed rates ranging from 9.25% to 13.375% or at variable rates calculated at a margin above the London Inter Bank Offer Rate. There were no issue costs associated with the loans.

21 Provisions for Liabilities

	Dilapidations 2021	2020
	£	£
At 1 April	206,244	170,723
Transferred from Sussex Oakleaf	66,545	-
Released to income and expense	49,309	35,521
Charged as at 31st March	322,098	206,244

Maintenance costs of returning properties under operating leases to their landlords in a lettable state. These costs are subject to the lease conditions; includes only client/tenant damage and exclude landlord responsibility repairs.

22 Pensions

Defined Contribution Scheme

A defined contribution pension scheme is operated by the Trust on behalf of the employees. The assets of the scheme are held separately from those of the Trust in an independently administered fund provided by Scottish Widows. The pension charge represents 5.5% (2020: 5.5%) of pensionable salary contributions payable by the Trust to the fund and amounted to £281,961 (2020: £272,219). Contributions totalling £0 (2020: £40,356) were payable to the fund at the year end.

From April 2020 the Trust also operates a defined contribution pension scheme for the ex-Sussex Oakleaf employees who TUP'D to BHT Sussex. The assets of the scheme are held separately from those of the Trust in an independently administered fund provided by TPT. The pension charge represents contributions payable by the Trust to the fund and amounted to £26,820.

2 (2020: 2) staff belong to the NHS pension scheme. Membership of this scheme is not open to other BHT members of staff. The Trust contributes 14% (2020: 14%) of their pensionable salaries of members to this scheme.

Defined Benefit Scheme

TPT Retirement Solutions – The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK (now closed for new members). It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out on 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Notes Forming Part of the Financial Statements for the year ended 31st March 2021 (continued)

Note 22 continued

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation.

	31 March 2021	31 March 2020	31 March 2019
Present value of Provision	£39,137	£46,372	56,253

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VAULES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2021 (£s)	Period Ending 31 March 2020 (£s)
Provision at start of period	46,372	56,253
Unwinding of the discount factor (interest expense)	1,042	712
Deficit contribution paid	(9,615)	(9,335)
Remeasurements - impact of any change in assumptions	1,338	(1,258)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	39,137	46,372

Income and expenditure impact

	Period ending 31 March 2021 £	Period ending 31 March 2020 £
Interest expense		712
Remeasurements – impact of any change in assumptions		(1,258)
Remeasurements – amendments to the contribution schedule	-	
Contributions paid in respect of future service*	9,615	9,335
Costs recognised in income and expenditure account	26,820	36,757

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	0.66	2.53	1.39

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Notes Forming Part of the Financial Statements for the year ended 31st March 2021 (continued)

Note 22 continued

ADDITIONAL INFORMATION

FOR THE PERIOD ENDING 31 March 2021

COMPANY: Brighton Housing Trust

SCHEME: TPT Retirement Solutions - The Growth Plan

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2021 (£s)	31 March 2020 (£s)	31 March 2019 (£s)
Year 1	9,904	9,615	9,335
Year 2	10,201	9,904	9,615
Year 3	10,507	10,201	9,904
Year 4	9,018	10,507	10,201
Year 5	-	9,018	10,507
Year 6	-	-	9,018

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

23 Contingent Liabilities

Grants received in respect of leasehold improvements of £703,244 have been written off to the income and expenditure account (2020: £703,244). The conditions for the repayment of one of these grants are set out below:

Brighton and Hove Clinical Commissioning Group has made grants of £453,930 (2020: £453,930). The Trust will be required to pay a penalty to them if any of the associated leases are sold prior to their expiry. The penalty would be the total value of the capital grant limited to the maximum open market premium achievable for the sale of the lease. This is secured by way of charge over the leasehold properties. The Trust has no plans to sell the lease prior to its expiry.

The Trust received Social Housing Grants which were used to fund the acquisition and development of housing properties and their components. A grant of £3,857,266 (2020: £3,699,074) received in respect of housing properties held at 31st March 2021 in respect of adoption of historic cost. The Trust has a future obligation to recycle such grant once the properties are disposed of. At 31st March 2021, the value of grant received in respect of these properties that had not been disposed of was £11,957,997 (2020: £12,116,149). In addition, non-social housing grants of £639,200 (2020: £639,200) had been received in respect of properties that had not been disposed of.

Grant received in respect of the Archway project for improvements of £22,431 (2020: £11,922).

Total infection control grants received for housing properties is £48,928 (2020: nil)

The Trust has no plans to sell properties, so no provision has been recognised in these financial statements.

24 Operating Leases

The Trust had minimum lease payments under non-cancellable operating leases as set out below:

Amounts Payable as Lessee		
	2021	2020
	£	£
Not later than 1 year	1,638,396	1,458,562
Later than 1 year and not later than 5 years	3,195,291	3,241,583
Later than 5 years	2,974,345	3,002,799
Total	7,808,032	7,702,944

Amounts Receivable as Lessor		
	2021	2020
	£	£
Not later than 1 year	44,292	16,381
Later than 1 year and not later than 5 years	113,099	-
Total	157,391	16,381
Average rents receivable from tenants per week	149,195	127,189

25 Capital Commitments

There were no capital commitments contracted as at 31st March 2021 (2020: £80k).

26 Related Party Disclosures

Two members of our Board are also tenants of BHT. These Board members pay rent and service charges and these transactions have taken place at arm's length. The average rent charge for the type of property rented is £108 (2020: £105) per week including service charges. The rent charge paid by both Board members is £108 (2020: £105) per week.

One Board member whose partner is member of The Board of Sussex Interpreting Services, who are a supplier of Services to BHT Advice, there was 1 (2020: 7) transaction and the sum paid was £417 (2020: £597).

There is also a further Board member is a director of The Brighton & Hove Chamber of Commerce which provides training for senior staff and Trustee of BHT Charitable Trust. There were 12 (2020: 12) transactions and the sum paid was £418 (2020: £418). There were no (2020: nil) transactions with BHT Charitable Trust. There were no other related party transactions in the year to 31 March 2021.

27 Members' Liability

The Trust has no share capital and the liability of the members is limited by guarantee as set out in the provisions of the Memorandum and Articles of Association.

Each of the 15 (2020: 13) members has undertaken to contribute £1 in the event of the Trust being wound up.

28 Capital and Reserves

Restricted Reserves

	1 April 2020	Transfer from Sussex Oakleaf	Income	Expenditure	Released to General Reserves	31 March 2021
	£	£	£	£	£	£
Advice Plus	(3,676)	-	-	(3,712)	-	(7,388)
The Academy	85,766	-	71,288	(51,179)	-	105,875
Reaching Communities /First Impressions	(7,268)	-	-	-	-	(7,268)
Fulfilling Lives	737,248	-	1,234,787	(1,209,697)	-	762,338
East Brighton Gateway	(3,116)	-	-	-	-	(3,116)
Designated Reserves - Development	-	2,896	-	-	-	2,896
Property Maintenance Reserve	-	37,000	-	-	-	37,000
Property Revaluation Reserve	-	295,524	-	-	(295,524)	-
Restricted Reserves	-	3,958	-	-	(1,462)	2,496
Revaluation Investment Reserve	-	107,369	-	-	(107,369)	-
Total Restricted Reserves	808,954	446,747	1,306,075	(1,264,588)	(404,355)	892,833
Unrestricted Reserves	9,181,946	218,990	12,447,995	(12,110,163)	404,355	10,143,122
Total Reserves	9,990,900	665,737	13,754,070	(13,374,751)	-	11,035,955

	1 April 2019	Transfer from Sussex Oakleaf	Income	Expenditure	Released to General Reserves	31 March 2020
	£	£	£	£	£	£
Advice Plus	-	-	-	(3,676)	-	(3,676)
The Academy	86,330	-	97,091	(97,655)	-	85,766
Reaching Communities /First Impressions	(7,268)	-	-	-	-	(7,268)
Fulfilling Lives	678,667	-	1,196,301	(1,137,720)	-	737,248
Eastbourne Housing Access	155,351	-	-	(495)	(154,856)	-
Hastings Housing Access	220,194	-	-	(7,356)	(212,838)	-
East Brighton Gateway	-	-	-	(3,116)	-	(3,116)
Total Restricted Reserves	1,133,274	-	1,293,392	(1,250,018)	(367,694)	808,954
Unrestricted Reserves	8,736,687	-	11,002,370	(10,924,805)	367,694	9,181,946
Total Reserves	9,869,961	-	12,295,762	(12,174,823)	-	9,990,900

Notes Forming Part of the Financial Statements for the year ended 31st March 2021 (continued)

Note 28 continued

Reserve	Purpose and restriction in use
Advice Plus	Local advice services in East Sussex
The Academy	Helping homeless people move into employment and accommodation
Reaching Communities /First Impressions	Helping homeless people overcome barriers to employment
Fulfilling Lives	Promoting change with people with multiple and complex needs
Eastbourne Housing Access	Support for individuals to access private rented sector in Eastbourne
Hastings Housing Access	Support for individuals to access private rented sector in Hastings
East Brighton Gateway	Partnership based learning and education activities
Designated Reserves - Development	Transferred from Sussex Oakleaf and is for Millhaven Fund
Property Maintenance Reserve	Transferred from Sussex Oakleaf and is for Capital Major Works
Property Revaluation Reserve	Transferred from Sussex Oakleaf
Restricted Reserves	Transferred from Sussex Oakleaf and is for Children in Need
Revaluation Investment Reserve	Transferred from Sussex Oakleaf

Release of Restricted Reserves to General Reserves is the result of funding for specific projects coming to an end and the funder confirming that no future liability exists. During 2020/21, a total sum of £404,355 (2020: £367,694) was released from Restricted Reserves to General Reserves as our policy is not to have designated reserves such as a Revaluation Reserve that were transferred from Sussex Oakleaf.

29 Financial Instruments

The financial instruments may be analysed as follows:

	2021 £	2020 £
Financial Assets		
Financial assets measured at historical cost		
- Trade receivables	185,289	368,791
- Other receivables	1,931,415	1,120,687
- Cash and cash equivalents	2,696,691	2,872,310
Total financial assets	4,813,395	4,361,788
	2021 £	2020 £
Financial Liabilities		
Financial liabilities measured at amortised cost		
- Loans payable	419,191	487,543
Financial liabilities measured at historical cost		
- Trade creditors	399,939	481,511
- Other creditors	1,353,741	1,257,396
Total financial liabilities at historic cost	1,753,680	1,738,907
Total financial liabilities	2,172,871	2,226,450

30 Net Fund Reconciliation

	1 April 2020 £	Cashflows £	31 March 2021 £
Cash at Bank and in Hand	2,872,310	(175,616)	2,696,694
Bank Loans	(487,543)	69,556	(419,191)
TOTAL	2,384,767	(106,060)	2,277,503

31 Gift of Assets & Liabilities

BHT Sussex completed the transfer in of Sussex Oakleaf on 1st April 2020. The business transfer into BHT Sussex has been treated as a gift of assets & liabilities for nil consideration as a net fair value of £665,735.

On 1st April 2020, BHT Sussex transferred in the assets and liabilities of Sussex Oakleaf at nil consideration. The book value of the assets and liabilities transferred is equal to the fair value as shown below -

	Fair value £000s
<u>Fixed Assets</u>	
Tangible assets - Housing Properties	347
Tangible assets - Fixtures, Fitting and IT equipment	29
<u>Current Assets</u>	
Cash at Bank and In Hand	272
Debtors	244
Total assets	892
<u>Creditors</u>	
Due within one year	(159)
Due after one year	(67)
Total Gift of Assets & Liabilities on transfer into BHT Sussex - Net Assets	666
Cash and cash equivalents inflows from business transfer	272