

**Phoenix House
(Trading as Phoenix Futures)
Report and Financial Statements
for the year ended
31 March 2022**

Company's Registered Number 1626869

Office of the Scottish Charity Regulator Registered Number SC039008

PHOENIX HOUSE**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

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DIRECTORS AND ADVISERS

DIRECTORS

Professor Annie Bartlett (Vice-Chair)
Mrs Dorothy Brown
Dr Karim Dar (Resigned 9th December 2021)
Ms Susan Ellenby
Sheriff David Nicol Mackie
Dr Susan Kinnaird (Chair)
Ms Emanuele Labovitch
Mr Iain McGourty
Mr Ian Watson
Dr Francis Keaney (Appointed 17th March 2022)
Ms Helen Wollaston (Appointed 17th March 2022)

SENIOR MANAGEMENT

Mr James Armstrong (Director of Marketing & Innovation)
Ms Karen Biggs (Chief Executive)
Ms Emma Goodes (Director of Finance & IT) (Appointed 21st February 2022)
Mr Anthony Pearson (Director of Human Resources and L&D)
Mr Christen Williams (Director of Operations)
Mrs Kirstan Butler (Strategic Initiatives Director) (Appointed 15th November 2021)

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COMPANY NUMBER

1626869

OFFICE OF THE SCOTTISH CHARITY REGULATOR REGISTERED NUMBER

SC039008

REGULATOR OF SOCIAL HOUSING NUMBER

H 3795

PHOENIX HOUSE

CHAIR'S INTRODUCTION

Through the first year of the pandemic our charity focused on maintaining the highest level of service to people who used our services, supporting our staff to stay safe in their physical and mental health and providing sector leadership to ensure residential services in particular were supported by Government measures.

As we moved into 2021, it was hoped this focus would not be required, sadly it was, as the pandemic continued to impact all of us but those who use our services disproportionately.

In addition to maintaining our COVID-19 response we have also been able to continue progress with our corporate plan objectives.

We have been very relieved to see Governments in Scotland and Westminster respond to the public health crisis that has led to the highest levels of drug and alcohol related deaths in England and Scotland since records began. Over a decade of cuts to services has created this crisis. The announcements from both Governments of significant funding to correct the years of disinvestment will enable the sector to deliver the evidence based services we know can save lives. The additional funding will support the further implementation of our Drug and Alcohol Related Death Strategy overseen by our clinical governance subcommittee.

This year we also published a landmark report on residential treatment. "Making Rehab Work" achieved sector wide support and identified actions required to ensure people across the country can access residential treatment in line with clinical guidance and the evidence base.

For the last 5 years Phoenix has been speaking out against stigma and in this corporate plan we committed to do that more, encouraging others to join us in an anti stigma approach. We have been delighted to work with colleagues across the sector on anti-stigma initiatives, we know this will require a sustained effort to see social change.

The Board were pleased to agree an Environmental Strategy in 2019 that set an ambition for the charity to achieve Net Zero Carbon Emissions by 2023. We were delighted to report last year we achieved this target 2 years in advance of our own ambitions and 30 years in advance of the Governments targets. We take our role in tackling climate change seriously and have continued to maintain our focus by developing our understanding and our partnerships.

I would like to thank Karim Dar for his time served as a trustee of Phoenix. Karim's contribution as a trustee and most notably as the Chair of our Clinical Governance subcommittee has been invaluable.

On a personal note, I will be stepping down as Chair of the Board of Trustees in 2022 following a 6 year term. It has been a privilege to hold this role and lead a charity that is so passionate about supporting people who are so often stigmatised by society. I would like to thank the staff volunteers and my colleagues on the Board for achieving so much through the most challenging period for the sector and for people who use our services.

I wish them and my successor all the very best.

Dr Susan Kinnaird

Chair of Phoenix Futures

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STRATEGIC REPORT

The Directors present their Strategic report for the year ended 31 March 2022.

This year we directly supported over 20,000 people. We deliver our purpose through a number of different activities:

- We are a specialist treatment provider of **psychosocial services to people with drug and alcohol problems**
- We deliver services in **prison and the community** to individuals experiencing problematic drug and alcohol use
- We are the **largest state-funded provider of residential rehabilitation** services for people with substance use issues
- We are the only **specialist substance use registered housing provider**
- We deliver a number of initiatives across the country that address **stigma** and demonstrate the impact of treatment and the potential of people in recovery
- We deliver a range of **environmental sustainability** initiatives across the UK that help protect the environment and increase the health and wellbeing of our staff, the people who use our services and the wider community.

Purpose, Values and Beliefs

Our guiding principles are contained within our Purpose, Values and Beliefs. We developed these principles following an extensive period of reflection with the people that use our services, staff and stakeholders. We use them to help us make decisions and ensure that the way we behave as individuals and collectively meet our expectations and the expectations of those we seek to support.

Our Purpose

Phoenix Futures is dedicated to helping individuals, families and communities recover from drug and alcohol problems.

Our Values and Beliefs

- **We are passionate about recovery**

Our relentless optimism and energy for overcoming dependency motivates those we help to realise their own recovery. Families, friends and carers need hope, care and guidance just as much as their loved ones.

- **We value our history and use it to inform our future**

We believe you can only really know who you are if you understand and respect where you have come from. We have learned much as an organisation over more than 50 years and use that wealth of knowledge to create a bright and brilliant new future for those in need of hope today.

- **We believe in being the best**

We constantly strive to learn and innovate, to challenge ourselves, to adapt and to work together with others who can bring valuable expertise. Striving to be the best doesn't mean wanting to be the biggest, it means giving the very best of ourselves to achieve our purpose.

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STRATEGIC REPORT (continued)

Our Services

Residential Rehabilitation Services

We have 4 residential rehabilitation services across the UK and are the largest state-funded provider of residential rehabilitation services for people with substance use issues. We are committed to delivering the very best services as efficiently and effectively as we can. We continue to invest in the quality of all our residential services and we are delighted to be developing a new family rehab in the west of Scotland in partnership with the Scottish Government.

This year we engaged in creating a significant new report with cross sector support. The report titled "Making Rehab Work" highlights the system changes required to facilitate greater growth of residential treatment services across the UK.

Criminal Justice Services

Phoenix delivers services in 17 secure settings in England including 1 Immigration Removal Centre and 2 Secure Training Centres. We also deliver innovative criminal justice services that maximise input from the community to meet the multiple disadvantages faced by people who use our services and promote long term recovery and crime reduction.

Psychosocial Provision in the community

Our community services work in partnership with a range of national and local providers who bring their expertise to complement our specialist psychosocial models. We deliver community services across the UK, some in partnership with NHS trusts who bring their substance use clinical expertise. Over the last year we have continued to build on the innovative services we offer across Derby, Derbyshire, North Lanarkshire and Essex.

Housing Services

Our housing services adopt a specialist approach in meeting the housing needs of people in treatment and recovery. A number of factors including the housing crisis in parts of the UK, structural barrier to housing and stigma faced by people in recovery mean that an increasing number of people in recovery find it hard to access appropriate housing.

This puts treatment gains at risk for people seeking a stable home to build their futures. A safe home is the foundation of long-term recovery. Our housing income accounts for 11% of our total income but plays a vital role in helping us to deliver our purpose; we currently have 177 housing units for people in treatment or recovery of which we own 65 which constitutes 37%.

Phoenix Scotland

In Scotland we deliver a range of psychosocial services, including a residential rehab, supported housing, peer mentoring service and a community service in Lanarkshire. We are very pleased to be developing a new family residential treatment service in the west of Scotland. This major new project is being developed in association with Scottish Government and North Ayrshire Local Authority and will provide for families across Scotland.

Sustainable Recovery – Our Aspirations and Ambitions 2020 to 2023

The context for our new strategy

Many of the issues we faced over the course of the last strategy still pervade society. The substance misuse sector has experienced a decade of reduced funding which has impacted the sector's ability to deliver the range of evidence-based interventions required to meet people's needs. Funding for drug and alcohol treatment reduced from £750m in 2014-15 to £600m in

STRATEGIC REPORT (continued)

The context for our new strategy (continued)

2018-19. Over the last year we have seen the launch of a new UK drug strategy and significant funds committed by both UK and Scottish Governments to address the harms of addiction.

The reduced public spend over the decade within health and social care generally has also created a higher level of social deprivation, which means people are experiencing a number of different serious physical and mental health conditions by the time they get to our services.

This has been exacerbated by COVID-19 and the measures to limit the harms of COVID-19.

That perfect storm has resulted in record drug related deaths in England and Scotland. Most people who die of drug poisoning are poor, isolated and experience a range of other social and health issues. Over a quarter had already attempted suicide and two thirds had a mental health condition.

We welcome the additional funding for addiction services to seek to address these issues.

The principles guiding our Sustainable Recovery Strategy

Our Strategy Sustainable Recovery has 3 strands:

- **We Deliver Services that Sustain Recovery.** That means we will develop more specialist evidence-based approaches to treatment and recovery, that use our expertise and experience in psychosocial treatment and accommodation based treatment. We will keep quality at the heart of what we do.
- **We are a charity that has the skills and resources to sustain delivery.** That means supporting people to develop in their role and in their career, making processes easier to follow and finding approaches that make us more efficient, leaving more time to focus on delivery of our purpose.
- **We are people that make a sustainable difference in the world we live in,** by continuing to tackle stigma and discrimination that limits life and opportunity for people who use our services and making environmental sustainability a core organisational competence and sharing our learning with others.

Our Strategic Achievements 2021-22

Services that sustain recovery

- Developed our housing approach to support a broader range of needs in a safe environment
- Shared our expertise in managing the COVID-19 crisis with the wider residential treatment sector
- Published a landmark report, "Making Rehab Work", to support the development of residential treatment across England and Wales
- Developed our community based services to better support people facing multiple disadvantages
- Developed our in-house clinical interventions team to support services to review delivery and make improvements, ensuring a psychological practice underpins all our work
- Begun the implementation of a Phoenix Outcome Tool (RADAR) that will better monitor service user outcomes and service impact

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STRATEGIC REPORT (continued)

Our Strategic Achievements 2021-22 (continued)

Skills and Resources to sustain recovery

- Developed a new Equality and Diversity, Inclusion Strategy with both a service delivery and workplace focus
- Delivered a wide range of staff and volunteer wellbeing initiatives responding to suggestions identified by our People and Culture working group
- Developed new approaches to remote delivery of community based support to improve access to support
- Delivered enhanced mental health assessment and support across our residential treatment services
- Created a new Drug Related Deaths strategy to ensure our practise provides optimum protection for people in treatment

People that make a sustainable difference in the world

Having achieved Carbon Neutral Status we have continued to implement our Environmental Sustainability Strategy including:

- Developing a zero carbon Eco-Rehab residential treatment model
- Supporting staff to limit negative impact on the environment through a number of creative campaigns
- Improved the integration of our Recovery through Nature programme within the daily running of our services

Campaigned to demonstrate the importance of psychosocial drug and alcohol treatment including:

- Supporting two major national Anti-Stigma campaigns Taking Action on Addiction and the NHS Addiction Provider Alliance

Our Ambitions for 2022 to 2023

In the last year of our current corporate plan, we will:

Continue to develop more specialist evidence-based approaches to treatment and recovery that use our expertise and experience in psychosocial treatment. To achieve this we will:

- Extend our new approaches to support mental health needs
- Develop two new residential services creating high quality trauma informed services

Continue to make it easier for people to perform their roles by:

- Continuing the processes and systems review and development to find ways to make processes easier to use

Speak out about stigma and discrimination and campaign to demonstrate the importance of psychosocial drug and alcohol treatment through:

- Continuing our anti stigma campaign and working with others in the sector to extend its reach
- Working to ensure new funding delivers improved and equal access to residential and psychosocial support

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STRATEGIC REPORT (continued)

Our Ambitions for 2022 to 2023 (continued)

- Continuing our leadership role across the sector in England and Scotland fostering unity and shared vision

We will support our staff and people who use our services to live carbon neutral lives. To achieve this we intend to:

- Support Environmental Sustainability Champions to fulfil their role as behaviour change agents
- Work towards formal accreditation for our environmental work
- Support staff and people who use our services with the cost of living crisis through Environmental initiatives that reduce cost and provide positive benefit to the environment.

We will continue to implement our Equality, Diversity and Inclusion workplan.

Principal risks and uncertainties

The Board and the Executive Team regularly review the risks to the organisation presented by the changing economic and political environment.

As a result of these robust review processes the Charity:

- Agreed a new Corporate Strategy which commenced in April 2021. This set the focus and vision for the organisation for a 3-year period, whilst considering various risks facing the organisation. The Board is pleased with progress against the plan and the Charity is well positioned to complete its targets and aspirations. The Board is satisfied that the plans for the future allow the organisation to effectively deliver its purpose to its beneficiaries whilst protecting the Charity from undue risk
- Regularly reviews its Risk Assurance Framework and risk map. The risk map focuses on risks that will prevent the organisation from delivering its strategic objectives and therefore its purpose. A heat map approach identifies the high, medium and low risks and the risk register then identifies the controls and mitigations to reduce these risks
- Identified the key risks as being:
 - Rising costs due to inflation impacting our residential development programme
 - War in Ukraine impacting costs and availability of materials and resources
 - Cost of living crisis impacting staff and people who use our services
 - Availability of staff to fill vacancies.

The Charity's actions to mitigate such risks include:

- Implementing a pay and reward review
- Creating an organisational response that reduces costs
- Creating a response to the cost of living crisis that supports staff and people who use our services
- Extending our approved suppliers to maximise competitive pricing and minimum disruption to the supply chain
- Implementing a detailed COVID-19 risk map which identifies overarching actions and updated business continuity plans, in order to ensure that the organisation is able to meet the challenges of the impact of the virus.

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STRATEGIC REPORT (continued)

COVID-19 Our response

In addition to the strategic objectives in Sustainable Recovery we created a set of priorities to guide us through the pandemic. We set them in March 2020 and over the last year they have been fundamental to our day to day approach.

Our response to the COVID-19 pandemic has had 3 strands:

- Protect staff health and wellbeing
- Maintain service delivery and where possible increase our response to meet new needs
- Provide sector leadership and influence to ensure the needs of the sector are understood by decision makers

Measuring our success

Value for Money

Every 3 years the organisation (trustees, staff, people who use our services and volunteers) agree a set of objectives that set out how we will deliver our guiding principles. Phoenix's 2020 to 2023 strategy aims to set a standard for achieving Sustainable Recovery.

Our Sustainable Recovery strategy has 3 areas of focus:

- We will continue to deliver and develop services that sustain recovery
- We will ensure we have the skills and resources to sustain delivery
- We commit to making a sustainable difference in the world

The strategy aims to create a balance of treatment effectiveness, organisational sustainability and environmental impact that is clearly aligned to creating a balance of economy, effectiveness and efficiency. These principles underpin our approach to Value for Money.

Our strategy is to achieve an optimal relationship between economy, efficiency and effectiveness where:

Economy ***means ensuring we have sufficient resources to achieve our objectives***

Efficiency ***means using our resources wisely in line with our objectives***

Effectiveness ***means achieving the best results***

We are able to deliver our purpose through such a wide variety of activities because we focus on the value for money our services deliver. Principles of value for money are embedded in our guiding principles, for instance our focus on being the best – 'being the best doesn't mean we want to be the biggest'.

We somewhat uniquely operate in all the settings and sectors related to recovery. This breadth of provision enables us to support people requiring a higher level of care. It does mean we lack some economies of scale in each sector. However we offer value in the form of operating in a niche that our competitors are unable to.

Phoenix Futures operates in a very competitive market. Frequent retendering of services combined with cuts in funding at local authority level have created a very price sensitive market. The substance misuse sector is also one of the most regulated and monitored health and social care sectors. Outcome returns are provided to local authorities through National Statistics about Drug and Alcohol Misuse Treatment (NDTMS) that measure a myriad of outcomes. A real commitment to effective value for money is required if you are to be successful in this outcome driven price sensitive context, whilst creating long term sustainable value for our beneficiaries.

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STRATEGIC REPORT (continued)

Measuring our success

Value for Money (continued)

We review our Value for Money (VfM) approach annually. This set of measures continues to reflect our regulatory requirements under the Value for Money Standard and Code set by the Regulator of Social Housing. Whilst we set out below our performance against the metrics set by the regulator we have also devised a set of balanced scorecard metrics that better reflect our purpose and values and beliefs, these were renewed in 2021/22.

The activity covered by the housing regulator amounts to a small percentage of the organisation's income and activity however the VfM principles we use in our housing services reflect our overall organisational approach to Value for Money.

Regulator Metrics

As a small housing association delivering specialist support to individuals with often high levels of need, we expect our unit costs to be significantly higher than sector benchmarks.

- We provide 131 units of registered care provision and 177 units of supported housing. We do not provide general needs housing, all of our units have a level of specialised substance use support.

The extent of support provided is driven by client need and costs vary from scheme to scheme. We are involved in tendering for services where support is required 24 hours per day and cannot therefore set targets for reduction of per unit costs as we envisage that they may increase as we increase our social return.

No	Metric	2021/22	2020/21	Comment
1	Reinvestment %	45%	0%	We did not acquire any additional units in 2020/21. In 2021/22 we acquired 2 new residential properties which we are in the process of converting into CQC registered care homes. These will be operational during 2022/23.
2	New Supply Delivered %	0%	0%	We did not deliver new supply in 2020/21. In 2021/22 we acquired 2 new residential properties - a 40 bed Family service in Scotland funded in part with a grant from Scottish Government and a 38 bed CQC registered adult service funded by Phoenix Futures. We are in the process of converting these new properties into CQC registered care homes. These will be operational during 2022/23. We have excluded them from these numbers.

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No	Metric	2021/22	2020/21	Comment
3	Gearing %	-79%	-246%	We do not have any debt financing or long-term loans associated with our properties. The metric covers loans less cash over fixed assets.
4	EBITDA MRI	1,231%	1,103%	Our Financial Statements show our net interest cost on defined benefit pension obligations.
5	Social Housing Cost Per Unit(total social housing costs/number of units owned and managed)	£19,394	£16,512	<p>In 2021/22 we have progressed with our cyclical maintenance plan to maintain all of our accommodation to the same standard. We have managed to complete works despite COVID-19 pressures.</p> <p>There has been significant investment as we continue to refurbish properties to standard.</p> <p>We have had increased costs in staffing due to pressures caused by COVID-19 in 21/22.</p> <p>In 21/22 we have reallocated our management costs in line with where costs/time are being spent resulting in an increased charge for Clinical Interventions through our CQC registered services.</p>
6a	Operating Margin Social Housing Lettings (operating surplus for social housing/turnover for social housing	-5.37%	-6.45%	<p>Operating margin metrics are significantly affected by registered care services' results which reflect market related funding issues.</p> <p>Occupancy in our residential has been impacted by infection control measures that we have needed to put in place thus reducing surplus on registered care beds, this has been offset by pricing increases to reflect the increased quality of our provision as a result of improvements in delivery.</p>

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No	Metric	2021/22	2020/21	Comment
6a	Operating Margin Social Housing Lettings (operating surplus for social housing/turnover for social housing) (Continued)			Supported housing suffered from low occupancy in certain areas of the country due to pathway issues. Offers of accommodation increased in some areas causing move on rates from our houses to increase at a rate which new referrals couldn't keep up with. We are now seeing referrals catch up. However, there are some pockets of the country that are still experiencing a high number of voids, partly, we believe, because of an increase in new exempt accommodation providers. We continue to work with partners to understand the market, promote our offer, and contribute to feedback on improving local authority oversight of exempt accommodation. We believe we are well positioned to take advantage of new funding streams generated by the Drugs Strategy.
6b	Operating Margin Overall (operating surplus overall/turnover overall)	6.97%	3.38%	Operating surplus increased as a percentage of income. Savings on expenditure in prison and community services have been made due to COVID-19 restrictions, for example on client activities and employee expenses and delays in new staff clearance procedures. Occupancy and income in our residential services have been improved due to strategy implementation.
7	Return on Capital Employed (overall operating surplus / total assets less current liabilities)	6.12%	7.68%	There has been little movement in the ROCE. We continue to monitor spend and have throughout increased COVID-19 measures controlled expenditure to ensure value for money is obtained through strong financial management. We have not disposed of assets as we have in previous years.

The metrics above include our registered care beds in line with NROSH requirements. We do not believe we have any direct comparators to enable us to benchmark. We are the only provider of specialist substance misuse housing services.

We also have the largest number of CQC registered substance use residential units. This is a unique mix which is reported on for VfM and as such non-comparable.

Although not comparable we have extracted data from Government data and Acuity data. We have extracted Government data covering providers with over 1000 units and only supported housing specialists. We have extracted Acuity data covering providers with less than 1000 units, both general needs and specialist providers.

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STRATEGIC REPORT (continued)

Value for Money (continued)

The following data shows the comparison for 2019/20 as no comparator information is currently available for 2020/21:

	2020/21		
	Homes England and Regulator of Social Housing. - Providers over 1000 units - Supported Housing Specialists	Accuity SPMB-membership information of HCA providers, with less than 1000 units.	Phoenix Futures
Operating margin (overall) %	23.1%	20.0%	3.38%
Operating margin (social housing lettings) %	25.7%	20.6%	-6.45%
EBITDA MRI (as a percentage of interest) %	170.0%	356.0%	1103%
Gearing (RSH and Scorecard measure)	44.0%	11.8%	-246%
New supply delivered (Social housing units) %	1.5%	0.0%	0.00%
New supply delivered (Non-social housing units)	0.0%	0.0%	0.00%
Reinvestment %	7.2%	2.2%	0.00%
Return on Capital Employed (ROCE) %	3.4%	2.7%	7.68%
Headline social housing cost per unit £	£3,830	£4,847	£16,512

The benchmarking shows that we perform well as a Charity. Our margin for social housing lettings is relatively low, mainly due to exceptional non-capitalised maintenance throughout the year, and our reduced occupancy in registered care. Reduced occupancy is due to funding pressures and implementation of Government Care Home infection control procedures over the last 12 months. We expect infection control measures to be eased over the coming months.

We have a target to break even in social housing lettings. The charity has undertaken a review of social housing rents and charges. This is anticipated to show a significant increase in performance from 2022/23. The announcement of additional Government rehab funding in Scotland (a 5 year commitment to ringfenced rehab funding) and in England (a ten year drug strategy) is likely to positively impact registered care performance from 2022/23.

The comparators show that we have significantly higher unit costs than other housing associations. This is due to the specialised and innovative nature of our supply of supported housing providing intensive housing management and also the inclusion of registered care. We do not have a target to reduce this and indeed with clients presenting with ever more complex needs, this cost per unit may increase. Our services operate within a niche, supporting people with complex and multiple needs and focusing on quality of provision which is likely to mean higher costs.

We do not have a target for new supply delivered, we believe in providing high quality in our existing services. We would only invest in new units should there be a need in a particular region and should the investment analysis show value for money.

Balanced Scorecard

Operating context – delivering Value for Money during the COVID-19 Pandemic

The last year has been particularly challenging due to the COVID-19 pandemic. As a provider of housing and Care Home services we have benefited from our robust Health & Safety and Clinical Governance Structures and swiftly adapted a number of key processes in order to manage the risk to our staff and the people who use our services.

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STRATEGIC REPORT (continued)

Balanced Scorecard (continued)

At the beginning of the pandemic we set clear values-based principles to guide decision making. We have worked to 3 clear priorities; to protect staff, support the people who use our services and provide leadership within our sector. These principles are aligned to our organisational values and beliefs and have aided decision making throughout the pandemic.

A balanced approach to creating Value for Money

Robust Structures

We believe our robust Health & Safety Structure and the competencies within our Health and Safety teams have enabled us to manage this significant risk effectively. Our Governance structure has enabled key information to flow to board of trustees and back to operational teams.

Operating a cross functional approach has been especially important in ensuring the effectiveness of our Health and Safety practice. In particular our infection prevention and control practice has benefitted from a shared response across all departments.

Adapting policy and process

We have developed flexible sickness, absence and dependency leave policies. This has meant that staff have not had to make decisions between their livelihood and their own, and others', safety.

All our services work to COVID-19 Secure Risk Assessment processes. We have followed a consultative approach working with staff to ensure our work environments are as safe as possible and enabled staff the freedom to innovate safety practice that work for their environment.

A balanced approach to creating Value for Money

Our services have a wide range of internal and external performance measures at a local and national level. In order to monitor our Value for Money objectives we operate a balanced scorecard of benchmarked objectives. These are currently being reviewed and will be updated and replaced in 2022/23 for review by the Executive Team and Board of Trustees on a quarterly basis.

As this last year has presented particular challenges due to the pandemic, we have adapted our measures to ensure we are measuring the most relevant metrics. For example we have moved our focus from measuring staff satisfaction to measuring staff wellbeing. Similarly, rather than measuring service user satisfaction we have focused on service user safety measures. In the following section we highlight a number of these measures.

Organisational performance measures

Our bespoke balanced scorecard measures the overall % increase in treatment outcomes. This is a percentage change in wellbeing which is self-reported by the people who use our services across a range of wellbeing measures. We target a percentage improvement of 40%, having achieved 37% over the last year we are pleased, especially considering the impact of COVID-19 on our service provision and in particular on the wellbeing of the vulnerable service users we support. We target a combined residential and housing percentage improvement of 40%, but we are pleased to see housing improvement scores increased by 4%. The residential improvement scores are only down slightly (3% less) than the last year performance.

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STRATEGIC REPORT (continued)

Balanced Scorecard (continued)

Organisational performance measures (continued)

Measure	18/19 Outturn	19/20 Outturn	20/21 Outturn	21/22 Target	21/22 Outturn
% Increase in Treatment Improvement Score	41%	42%	37%	40%	32%

Staff wellbeing has also been a key metric over the last 12 months. We replaced our staff satisfaction score with a focus on wellbeing over the last 12 months.

An increase in reported sickness absence to over 14 days reflects continuing high levels of COVID-19 related absences whilst at the same time non COVID-19 sickness levels returned to pre pandemic levels as a result of the easing of restrictions and greater social and work interaction. Excluding COVID-19 related absences the reported sickness absence figure is under 11 days.

Measure	19/20 Outturn	20/21 Outturn	21/22 Target	21/22 Outturn
Average number of sickness days per employee	12	11	11	14.06

We are also pleased to have made progress over the last year on our environmental targets. These are a vital part of our balanced approach to Value for Money. We set ourselves the objective of becoming a carbon neutral organisation which we achieved in November 2020. We are now developing plans to become a carbon offset organisation through our Environmental Sustainability Strategy.

Housing and residential treatment performance measures

COVID-19 had been a challenge for maintaining safety in these environments over the last year. The key Value for Money measures in this area are improvements in Physical and Psychological Health and treatment completions within our registered Care Home services and occupancy and planned move-ons within our specialist housing services.

Measure	Benchmark	Target	18/19 Outturn	19/20 Outturn	20/21 Outturn	21/22 Outturn
Improvement in Physical Health	27%	50%	54%	41%	35%	42%
Improvement in Psychological Health	45%	60%	68%	72%	66%	67%
Residential Completion Rates	64%	60%	61%	63%	65%	57%

Our registered care services have experienced a very different couple of years to previous years due to the COVID-19 pandemic and therefore to some extent 20/21 and 21/22 outcomes may be considered to be an anomaly. Improvements in physical health and psychological health are highly dependent on the mix of needs within the treatment population and our ability to access wider healthcare to meet our resident's needs. However, we are pleased with the improvement in psychological health has exceeded our target and significant gains in physical health have been made by our residents.

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STRATEGIC REPORT (continued)

Balanced Scorecard (continued)

Housing and residential treatment performance measures (continued)

Over the coming year we will be reviewing how we can improve access to physical healthcare services as NHS services return to a new post-pandemic norm.

In our registered Care Home services our target for treatment completions has not been met with 57% of people completing residential treatment compared to our target of 60%. 21/22 has been a very different year in our Care Home services due to the COVID-19 pandemic however, we believe we have delivered excellent value for money during this period by providing effective services to highly vulnerable people. Outcomes have been impacted we believe by isolation requirements on service entry and periods of non engagement by with services due to COVID-19 restrictions prior to coming into a shared environment.

Our housing occupancy was relatively stable during the pandemic. While we received fewer referrals in some areas due to partner agency closures, rates of throughput into independent accommodation also slowed. Conversely, in 21-22 we noticed an upsurge in offers of accommodation and therefore a move-on rate that new referrals were unable to keep pace with, resulting in voids. In most areas occupancy is now returning to pre-pandemic levels.

However, there are some pockets of the country that are still experiencing a high number of voids, partly, we believe, because of an increase in new exempt accommodation providers. We continue to work with partners to understand the market, promote our offer, and contribute to feedback on improving local authority oversight of exempt accommodation. We believe we're well positioned to take advantage of new funding streams generated by the Drugs Strategy.

Measure	Benchmark	Target	18/19 Outturn	19/20 Outturn	20/21 Outturn	21/22 Outturn
Planned Move-ons	N/A	80%	80%	81%	91%	88%
Occupancy	96%	95%	85%	90%	95%	84%

We believe this evidences an excellent Value for Money for our stakeholders.

Benchmarks are updated annually and sourced as follows:

Registered Care Benchmarking

We use Public Health England (PHE) outcomes reports to benchmark our registered care performance. These reports include data of people supported through residential rehab in England.

Housing Benchmarking

We use SPBM (Smaller Providers Benchmarking) annual reports to benchmark our performance. The SPBM annual report includes data of 140 small providers managing 72,000 homes in England.

Carbon Emissions report

In 2019, the Charity devised an Environmental Strategy to reduce net carbon emissions to zero by 2023. This strategy was approved by the Board for implementation through the 2020/23 strategic plan.

PHOENIX HOUSE

STRATEGIC REPORT (continued)

Carbon Emissions report (continued)

The target was to achieve Net Zero Carbon emissions by 2023, 27 years before the government-mandated national target for Net zero emissions. However, the Charity has achieved Net Zero Carbon emissions in 2020, 30 years before the Government target.

This has been maintained through a range of initiatives including:

Carbon reduction programmes

- Calculated and monitored our carbon emissions across the organisation including through the energy used within our accommodation-based services and the fuel used in the course of our delivery, through our own fleet and travel in the course of Phoenix Futures business
- Assessed through a multi-disciplinary project team our ability to reduce our carbon use
- Set a target to reduce emissions
- Made the decision to switch energy supplies as soon as practically possible
- Calculated the carbon capture of our Phoenix Forest programme
- Continuing to reduce our travel through the increased use of remote meeting technology and approaches
- Reducing our carbon usage in our Black Fleet (company cars and minibuses) and our Grey Fleet (staff vehicles), through reductions in private vehicle usage via increased deployment of technology (such as Microsoft Teams)
- Implementing processes and behaviours that reduce the use of carbon in our offices and our accommodation-based services
- Educating staff and people who use our services about carbon reduction behaviours and approaches
- Increased our use of home grown food produce
- Used low carbon and plant-based products during our rebranding project

Carbon Capture programmes

Over the last 9 years Phoenix has planted over 11,000 trees through our Phoenix Forest programme. We will continue to plant trees through Phoenix Forest and will also identify other carbon capture approaches through partnerships with a range of environmental and community organisations.

In the last year we have created carbon capture gardens in our partnership with Scotrail at Anniesland and Dumfermline stations.

Plans for the next 2 years:

- Continue to focus on emission reduction in our travel and our personal use
- Develop our beyond carbon approaches looking at how we can reduce our use of water across our services
- Support our Environmental sustainability champions in their role across the organisation
- Share our learning across the sector within the UK and amongst other treatment providers across the world
- Develop more carbon capture approaches in partnership with other organisations

PHOENIX HOUSE

STRATEGIC REPORT (continued)

Carbon Emissions report (continued)

Carbon Capture programmes (continued)

Our carbon data for 2021-22:

	CO2 Tonnes	kWh
Gas	0	2,067,569 ¹
Black Fleet	3.62	7,321
Grey Fleet	42.34	85,511
Public Transport	7.366	N/A
Electricity	0	473,731 ¹
Total	53.33	3,411,152
Emissions ratio	2.22 CO2 tonnes per £m of turnover*	

*based on turnover of £24 million per annum

¹ final kWh figures for 21/22 financial year have yet to be produced by the broker. However, this has no impact on CO2 emissions due to carbon neutral status of fuels purchased

Methodologies used to capture data

Gas and electricity

Data sources:

- The Charity's Kilowatt hour (kWh) data is recorded by its energy broker and reported directly to the Charity, the figures provided are provisional figures of kWh usage
- The CO2e conversion factor was taken from the Government's publication on greenhouse gas reporting

Calculation:

- $(\text{Total kWh used}) \times (\text{CO2e conversion factor}) / 1000 = \text{CO2 Tonnes}$

As of 1st November 2019, the Charity migrated approximately 33% of its gas usage from natural gas to renewables, 100% of its electricity usage from non-renewables to renewables, becoming carbon neutral. Consequently, kWh does not directly translate to CO2 Tonnes as stated in the above calculation.

Black and Grey Fleet

Data sources:

- Mileage data – recorded through expense returns from staff
- Fuel pricing data – AA national fuel price reports – average taken between equal mix of diesel and petrol, over whole UK
- Petrol/diesel miles per gallon (MPG) data – taken from gov website
- The CO2e conversion factor was taken from the Governments publication on greenhouse gas reporting

PHOENIX HOUSE

STRATEGIC REPORT (continued)

Carbon Emissions report (continued)

Methodologies used to capture data (continued)

Calculation:

- Black Fleet
 - $(\text{Total kWh used}) \times (\text{CO}_2\text{e conversion factor}) / 1000 = \text{CO}_2 \text{ Tonnes}$
 - $(\text{Total expense}) / (\text{Fuel cost}) = (\text{Litres of Fuel})$
 - $(\text{Litres of Fuel}) \times (\text{CO}_2\text{e conversion factor}) / 1000 = (\text{CO}_2 \text{ Tonnes})$
- Grey Fleet
 - $(\text{Cost of Mileage claimed}) / (\text{MPG cost of fuel}) = (\text{Gallons of Fuel})$
 - $(\text{Gallons of fuel}) \times 4.55 = (\text{litres of fuel})$
 - $(\text{Litres of fuel}) \times (\text{CO}_2\text{e conversion factor}) / 1000 = \text{CO}_2 \text{ Tonnes}$

It is difficult to calculate the exact amounts of diesel and petrol used in the black fleet, but as both types of fuel are used in relatively equal proportions, the usage is treated as a 50:50 split.

This means the figure is reasonably estimated. Calculating the exact amounts of MPG in the grey fleet, as the Charity does not hold data on all types of private vehicles used, but as many types of vehicle have been used, the average fuel cost in MPG has been averaged. This means the figure is reasonably estimated.

Transport Cost

Data sources:

- Cost per mile travelled – taken from sample of Phoenix Futures data
- Conversion factor – averaged from various reports

Calculation:

- $(\text{Money spent}) \times (\text{Cost per mile travelled}) = \text{Miles travelled}$
- $(\text{Miles Travelled}) \times (\text{kgCO}_2\text{e conversion factor}) / 1000 = \text{CO}_2 \text{ Tonnes}$

Transport costs are heavily estimated. The mileage data has been taken as a sample as regularly this information is not actually recorded. There is no standard conversion factor as all types of public transport have various emissions that will also vary between models of vehicle. This has therefore been produced as a guide figure, with the aim to replace heavy emissions transport (planes) with lower emissions transport (trains and buses).

Our plans for 2022 to 2023 include:

- Continuing to reduce fuel emissions by reducing the need for travel and where possible switching to lower carbon means of travel
- Developing community partner relationships – such as with the John Muir Trust
- Developing environmental education initiatives

We will expect to see extremely limited carbon production figures due to the switch to renewables.

Section 172 Companies Act Statement

Phoenix recognises its responsibility to take into consideration the needs and concerns of the Charity's key stakeholders as part of its consultation and decision-making process.

Section 172 Companies Act Statement (continued)

During the year, we engaged a number of stakeholder groups, including employees, volunteers and partners to work together on areas such as mental health, Drug Related Deaths, environmental sustainability and Equality and Diversity. Through this collaborative process, the Charity brings together views from across the organisation, and those we work with, to look at published best practice, research and lived experiences to support our approach in each of these areas.

Phoenix is a values-led organisation that operates in a highly regulated environment. We recognise our responsibility to manage voluntary and public monies appropriately. Our commitment is to support some of the most vulnerable people in the UK and we have a strong desire to offer a safe and rewarding workplace for our staff and volunteers.

Furthermore, we are an environmentally friendly organisation with a strong historic commitment to conserve and preserve our natural environment. Each of these areas of responsibility are clearly recognised in our strategy, work plans and daily activities.

The direction of the Charity is governed by its overall purpose, values and beliefs which form the guiding principles. These are in turn translated into a 3-year corporate strategy which details what we will achieve. The Board plays an active part in the planning and development of strategy from its initial inception through to formally signing off the final document.

The Strategy then informs the various departmental, speciality and service strategies/plans which set out how we shall achieve the overall strategy – these in turn inform the individual targets team members are set.

Throughout the life of the Strategy, performance and risk are managed through a combination of reporting to the Full Board and reports (under delegated authority) to one of the 6 sub-committees:

- Scotland Board
- Audit and Control Committee
- Clinical Governance Committee
- People and Remuneration Committee
- Strategic Risk Committee
- Investment Committee

Key management performance review

As an example, the Executive Team Workplan and the Balanced Scorecard are approved and subsequently monitored by the Board at its meetings whilst the Audit and Control Committee plays a key role in the development of budgets and the subsequent monitoring of budgets.

In terms of managing risk, the Directors have developed a risk matrix, following the standard format of considering both the likelihood and impact of potential risks. This is regularly, but also proactively reviewed by the Directors prior to updating the Board.

All members of the Executive Team go through a rigorous recruitment process which is undertaken by a specialist recruitment agency with the final interview panel having membership from the Board. The process tests not only the competencies of potential Directors, but also their values.

All members of the Executive Team hold as a minimum a master's degree (in business or voluntary sector management) or a professional qualification in their speciality (e.g. FCA or MCIPD).

PHOENIX HOUSE

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

Key management performance review (continued)

The Executive Team is subject to the same appraisal and supervision processes as all staff. An annual workplan for the Executive Team is put before the Board and progress is monitored at every Board meeting. In addition to the Workplan the Directors are also set individual targets, these are agreed by and monitored by the People and Remuneration Committee.

Stakeholder groups

The following statement summarises how Phoenix ensures that we assess the impact and fairness of our actions and decisions on each of Phoenix's defined stakeholder groups so as to maintain our reputation as a leader in our sector.

Customers

Our customers fall into two broad groups: People who use our services and Funders.

How we engage customers

- Insight from people who use our services – we segment and analyse behavioural data through ongoing research into the effectiveness of our services and benchmark where possible against market comparators
- Co-production – the people who use our services are directly involved in decisions that affect them through our co-production processes within each of the settings in which we work
- Service Satisfaction – we regularly survey the satisfaction levels within each service we provide
- Funders - we take part in regular contract reviews to ensure we are meeting the needs of our funders

Outcomes

We offer highly effective, evidence-based services and enjoy a reputation as a high quality provider.

Partnerships

We have defined three partnership segments

- Collaborative partners – peer organisations within our sectors of work
- Strategic delivery partners – key national contracted partnerships
- Local delivery partners – local partnerships that enhance delivery of services

How we engage

- We adopt joint working on a range of issues that affect the sector in which we work through Collective Voice
- We are part of a network of national partnerships essential for delivery of psychosocial work
- We have mapped local delivery partners in the areas where we work, through which we can add mutual value to the people who use our services

Outcomes

The collaborative working with Collective Voice partners has further developed through the creation of both an HR Directors' group and also a separate Learning & Development Group, both of which Phoenix plays an active role. The groups are supporting OHID to implement the Dame Carol Black Review findings – with a particular focus on workforce development matters.

PHOENIX HOUSE

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

Suppliers

We segment suppliers into three groups

- High-value, critical suppliers – An interruption to the supply of these goods would put the operations or security of the organisation at severe risk
- High-value, non-critical suppliers – An interruption to these goods would be damaging to the Charity but it would be manageable
- Low-value suppliers – There are alternatives to purchasing from these suppliers in the event of interruption

How we engage

- We assess all key partnerships to ensure financial viability and a values match with our purpose
- We utilise Business Continuity Plans to ensure that services can continue to operate in the event of supplier interruption

Outcomes

We have a strong and stable supplier network that supports high quality and consistent delivery of our services.

Staff and volunteers

Executive Team members continue to promote the culture and values of the Organisation. Whilst COVID-19 continued to place restrictions and limitations on a physical presence in services in 2021/22 this 'visibility' and promotion was maintained through an active role in workforce focussed projects. For example, the Chief Executive is chairing and promoting the work of the internal Equality, Diversity and Inclusion Group.

How we engage

- Staff surveys – we monitor our staff and volunteer experiences through regular comprehensive surveys
- Health, Safety and Wellbeing focus – we are committed to creating safe work environments that support the wellbeing of our staff and volunteers
- Monitoring KPIs in relation to sector benchmarks – we monitor our performance against key indicators such as staff turnover and sickness absence

Outcomes

Our staff report high levels of engagement with our organisational values and high level of satisfaction and reward through their work, as evidenced by our staff wellbeing survey results.

Society

We consider our wider society to be a key stakeholder. We segment our societal stakeholder as follows:

- The social environment - tackling stigma faced by people affected by addiction for the benefit of all society
- The policy environment – ensuring people affected by addiction have fair access to the resources they need to achieve their potential
- The ecological environment – ensuring we play our part in limiting our negative impact on the environment and maximising our positive impact

PHOENIX HOUSE

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

Society (continued)

How we engage

- Conservation – we have an active tree planting and conservation programme called Recovery Through Nature
- The voice of people who use our services – we encourage and facilitate people to input into government consultations on issues that affect them
- Stigma reducing projects – we provide a range of projects designed to improve understanding of addiction within the general public

Outcomes

During the year we worked with Scotrail to adopt some stations where drug use had become problematic in order to expand our anti stigma and environmental awareness work.

Our funders


The Board would like to thank the following donors for their support. Working together we have been able to increase the depth and reach of the support we offer to our beneficiaries.

Amy Winehouse Foundation
Fife Alcohol & Drug Partnership (ADP)
Martin Geddes Charitable Trust
Phoenix Association
Essex County Council
Ripple+
Corra Foundation, in partnership with the Scottish government
Jo Malone London

Fundraising

Where fundraising activities are carried out the Charity monitors these activities via the Director of Marketing & Innovation. The Charity does not carry out any intrusive or persistent activities neither does it exercise any pressure on the public to donate. There were no complaints relating to the Charity's fundraising activities during the year.

Approved by the Board of Directors on 28th July 2022 and signed on behalf of the Board by:


Susan Kinnaird (Jul 29, 2022 17:41 GMT+1)

**S Kinnaird
(Director)**

29/07/2022

PHOENIX HOUSE

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 2022.

Results for the year

The Results for the year ended 31 March 2022 for the Charity are shown in the Statement of Comprehensive income on page 34.

Excluding any profit on the disposal of fixed assets, the Charity generated an operating surplus of £1,361k (2021: £607k) as shown below.

	2022 £'000	2021 £'000
Turnover	19,531	18,009
Operating expenditure	(18,170)	(17,402)
Operating surplus before surplus on sale of housing properties	1,361	607
Loss / surplus on disposal of housing properties	(3)	919
Operating surplus	1,358	1,526

The Board is pleased with the Charity's operating results which have been achieved in a very difficult market.

The reduction in public spending in the substance misuse sector in recent years has been significant and pricing in tenders has become an increasingly important factor in tender awards. Where contracts for services continue to be tendered in very competitive conditions, the Charity made a strategic decision to reduce reliance on such contracts and focus on full overhead recovery rather than high risk growth.

The Charity increased its Community Services income primarily in Essex, resulting in a net increase to income of £0.6m (2021: increase of £0.4m). Registered Care income increased by £0.9m (2021: decrease of £0.2m), primarily from service income generation with additional funds from grants in relation to COVID-19 (£0.2m) also received. Prison services income decreased by £0.1m (2021: decrease of £1.15m), due to our Winchester prison service coming to an end and Housing services income decreased by £0.07m.

Whilst overall income increased by 8.5%, overall expenditure only increased by 4.4% with COVID-19 continuing to restrict activities and travel, such as the "Voyage of Recovery". The recruitment and on-boarding process, as experienced across the sector, remains a prolonged process, focus upon the charity's culture, ethics and values, with a desire to be the best we can be, remain key to existing and future staff retention and consistent service delivery.

Future Prospects

In England the Government have published a 10 year drug strategy accompanied by significant investment in the sector for the next 3 years. Crucially the spending plans also include a commitment to create equal access to residential treatment for people across England.

Phoenix Futures is however a financially robust value-driven charity with the expertise and passion to deliver the best services to people who need them, no matter how vulnerable they are.

PHOENIX HOUSE

DIRECTORS' REPORT (continued)

Future Prospects (continued)

It has a proven track record of delivering recovery orientated services and its quality frameworks demonstrate its ability to innovate and deliver excellence.

The Board therefore expects that the Charity will continue to seize opportunities within Criminal Justice, Registered Care and Housing in England.

The Charity is well placed to identify opportunities and develop local partnerships and relationships with key commissioners in Scotland so that it can respond effectively to market conditions and build on the success of its service models.

In order to monitor financial performance and evaluate future prospects, the Board carries out regular reviews of the Charity's financial results during the year and reviews financial viability via detailed budgets and quarterly forecasts which are prepared on the basis of prudent underlying assumptions in the context of the Risk Map.

The Board also regularly reviews medium-term financial plans based on specific assumptions aligning corporate strategy with projected financial results which provide comfort to the Board regarding the Charity's financial strength.

Business relationship statement

The Charity nurtures business relationships with key stakeholders, such as customers, suppliers and others and considers the strategic value to the Charity and its stakeholders when making decisions.

Disabled Persons

The Charity's commitment to equality of opportunity between disabled people and other people falls within a set of over-arching equality and diversity values and lies at the centre of all its activities.

The Charity removes barriers to access employment by guaranteeing interviews to disabled applicants who meet the minimum requirements of a role, making all reasonable adjustments to accommodate disabled persons and those staff who may become disabled during employment, within the workplace.

The Charity provides training, development and career opportunities for all its staff, but flexes the nature and delivery of the support to recognise the needs of disabled staff, to ensure that they are treated fairly.

Financial risk management

The Charity's operations expose it to a variety of financial risks that include the effects of changes in cashflow and price risk. The Charity has in place a risk management programme that seeks to limit the adverse effects on its financial performance by monitoring levels of debt and applying its procurement policy to purchasing.

The Charity does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The Board has delegated the responsibility of monitoring financial risk management to the Audit & Control Committee. The policies set by the Board are implemented by the Charity's finance department.

Cash flow risk

The Charity has interest bearing assets. Interest bearing assets include only cash balances which earn interest at a fixed rate.

PHOENIX HOUSE

DIRECTORS' REPORT (continued)

Financial risk management(continued)

Price risk

The Charity is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in purchases in the UK.

Investment risk

The investments are split between the Cazenove Charity multi-asset fund and CCLA-COIF's ethical fund (relatively low risk funds), both portfolios engaging only with opportunities which can demonstrate high ethical standards. Investment managers present regularly to our Investment Committee to ensure that the evidence of these standards is robust.

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMPLIANCE WITH THE GOVERNANCE AND VIABILITY STANDARDS

The Board reviewed the Charity's compliance with the governance and financial viability standard in September 2020 and October 2021. No areas of non-compliance were identified.

The Board has adopted and complies with the 2016 National Housing Federation's (NHF) Code on Governance and is working towards the full adoption of the 2020 NHF Code.

PHOENIX HOUSE

DIRECTORS' REPORT (continued)

Good Governance

A clear strategic framework is deeply embedded in the organisation and aligns purpose to objectives and workplans across each tier and within each department.

The budget is set with reference to the objectives and following a Board strategic review – ensuring resources align to corporate objectives.

The organisation has assessed itself against the NHF 2016 Governance Code and has determined that it complies in all areas of the code. As a charity the organisation is also assessing itself against the Charity Commission Code of Governance and aims to achieve full compliance with the code.

Internal Control

The Board has overall responsibility for establishing and maintaining the system of internal control for the Charity and for reviewing its effectiveness. No system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Charity's assets and interests.

The Board has adopted a risk-based approach to internal control which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Charity is exposed.

The Charity identified areas on which assurance is sought and matched these to sources of assurance. In order to monitor whether the sources of assurance identified adequately minimise or eliminate risk, a control procedure is operated on a predetermined frequency basis via three Committees set up by the Board; the Audit & Control Committee, the Clinical Governance Committee and the People and Remuneration Committee. The Committees have different areas of internal control although some areas overlap.

The Chief Executive reports on the overall adequacy of these areas of internal control via six-monthly reports to the Audit & Control and the Clinical Governance Committees. The Chief Executive also reports on any particular risks identified during the period covered by the report, and action taken, which affect specific areas on which assurance is being sought. The Committees report their conclusions to the Board.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Risk management

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and on-going process of management review in each area of the Charity's activities. This process is coordinated through a regular reporting framework by the Executive Team. The Executive Team regularly considers reports on significant risks facing the Charity and the Chief Executive is responsible for reporting to the Committees and the Board any significant changes affecting key risks.

Monitoring and corrective action

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes rigorous procedures for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

PHOENIX HOUSE

DIRECTORS' REPORT (continued)

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted and disseminated to all employees the governance document and staff handbook. These set out the Charity's policies with regard to the quality, integrity and ethics expected of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include a detailed budget for the year ahead. These are reviewed and approved by the Board. The Board also reviews reforecasts against budget.

The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. The internal control framework and the risk management process are subject to regular review by the Committees which are responsible for providing independent assurance to the Board via regular reports. The Committees consider internal control and risk regularly during the year.

Fraud prevention, detection and reporting

A financial policy and financial controls and procedures have been established in order to prevent and detect fraud. The Charity operates a Fraud Register which itemises all instances of fraud/attempted fraud and the Audit & Control Committee regularly reviews the Fraud Register.

Review

The Directors, through the Audit & Control and Clinical Governance Committees, have reviewed the effectiveness of the Charity's system of internal financial control in operation during 2021-22 and up to date of approval of the financial statements and confirmed that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Charity.

Disclosure of information to the auditor

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant audit information of which the Charity's auditor was unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Charity's auditor was aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Directors

The Directors who served during the year were as follows:

Professor Annie Bartlett (Vice-Chair)
Mrs Dorothy Brown
Dr Karim Dar (Resigned 9th December 2021)
Ms Susan Ellenby
Dr Susan Kinnaird (Chair)
Ms Emanuele Labovitch
Sheriff David Nicol Mackie
Mr Iain McGourty

PHOENIX HOUSE

DIRECTORS' REPORT (continued)

Directors (continued)

Mr Ian Watson

Dr Francis Keaney (Appointed 17th March 2022)


Ms Helen Wollaston (Appointed 17th March 2022)

All of the Directors are non-beneficial members of the Charity. All members of the Charity guarantee to contribute to a maximum of £1, should there be a call on their guarantee whilst members of the Charity or within one year after ceasing to be a member. The Directors of the Charity are also the Trustees.

Auditor

The current auditor, Nexia Smith & Williamson, is deemed to be reappointed as auditor.

Approved by the Board of directors on 28th July 2022 and signed on behalf of the Board by


Susan Kinnaird (Jul 29, 2022 17:41 GMT+1)

S Kinnaird
(Director)

29/07/2022

Registered number 1626869

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND THE TRUSTEES OF PHOENIX HOUSE LIMITED**Opinion**

We have audited the financial statements of Phoenix House (the 'Charity') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves, the Statement of Cash Flows and the 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 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 Charity's affairs as at 31 March 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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 Charity'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF PHOENIX HOUSE LIMITED (continued)

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board members are 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.

Opinion 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 Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Charity and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper 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 Board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Director's responsibilities statement in respect of the financial statements set out on page 25, the Board members (who are also the directors of the Charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 trustees are responsible for assessing the Charity'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 trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF PHOENIX HOUSE LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006, section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011, and report in accordance with those Acts and relevant regulations made or having effect thereunder.

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

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

We obtained a general understanding of the Charity's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Charity's industry and regulation.

We understand that the Charity complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A risk assessment framework and register that includes regular review and scrutiny by the Board and Audit & Control Committee;
- An internal audit process is performed to check the quality of compliance;
- A dedicated clinical governance officer and a Clinical Governance and Quality Assurance Committee;
- Designated health and safety representatives and dedicated training programme;
- An annual assessment of compliance with regulatory standards as applied to Registered Providers and enforced by the Regulator of Social Housing; and
- A report is prepared for the Audit & Control committee every time that a meeting is held noting compliance with procedures and regulations.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Charity's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Charity:

- FRS 102, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019, in respect of the preparation and presentation of the financial statements;
- Safeguarding and health and safety, including building and fire safety, regulations;
- Charity law and regulations; and
- Social housing regulations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries of management and those charged with governance as to the risks of non-compliance and any instances thereof;
- Reading minutes of meetings of those charged with governance; and
- Review of any internal audit reports and correspondence between regulators and the Charity.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Charity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the Charity's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive work on revenue transactions.

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 Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Charity's members and 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 Charity and the Charity's members as a body, and the Charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Andrew Bond
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

29/07/2022

45 Gresham Street
London
EC2V 7BG


PHOENIX HOUSE**STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 MARCH 2022**

	Notes	2022 £'000	2021 £'000
Turnover	2	19,531	18,009
Operating expenditure	2	(18,170)	(17,402)
		<hr/>	<hr/>
		1,361	607
(Loss)/surplus on disposal of housing properties	10	(3)	919
Operating surplus		1,358	1,526
Interest receivable	6	15	32
Interest payable and financing costs	7	(140)	(72)
Movement in the value of investments		10	-
		<hr/>	<hr/>
Surplus for the financial year	8	1,243	1,486
		<hr/>	<hr/>
Other Comprehensive Income			
Actuarial gain/(loss) on defined benefit pension liability	23	1,653	(4,329)
		<hr/>	<hr/>
Total comprehensive income for the financial year		2,896	(2,843)
		<hr/>	<hr/>

PHOENIX HOUSE
STATEMENT OF FINANCIAL POSITION as at 31 MARCH 2022

		2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets - housing properties	11	8,852	4,989
Other tangible fixed assets	12	1,041	970
		<hr/>	<hr/>
		9,893	5,959
Current assets			
Debtors	13	2,524	1,820
Cash and cash equivalents		7,808	14,649
Investments	22	5,010	-
		<hr/>	<hr/>
		15,342	16,469
Creditors: amounts falling due within one year	14	(5,681)	(3,101)
		<hr/>	<hr/>
Net current assets		9,661	13,368
		<hr/>	<hr/>
Total assets less current liabilities		19,554	19,327
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	15	650	562
Provisions for liabilities and charges			
Provisions for liabilities	16	14	96
Defined benefits pension liability	23	4,326	7,001
Capital and Reserves			
Share capital	18	-	-
Revenue reserve	19	13,509	10,613
Restricted Reserve	19	1,055	1,055
		<hr/>	<hr/>
		19,554	19,327
		<hr/>	<hr/>

The Financial Statements were approved and authorised for issue by the Board of Directors on 28th July 2022 and were signed on its behalf by:


 Susan Kinnaird (Jul 29, 2022 17:41 GMT+1)

S. Kinnaird
 (Director) 29/07/2022


 Ian Watson (Jul 29, 2022 12:57 GMT+1)

I. Watson
 (Director) 29/07/2022

PHOENIX HOUSE

STATEMENT OF CHANGES IN CAPITAL AND RESERVES
for the year ended 31 MARCH 2022

	Share Capital £'000	Restricted Reserves £'000	Revenue Reserves £'000	Total Capital and Reserves £'000
At 1 April 2021	-	1,055	10,613	11,668
Surplus for the year	-	-	1,243	1,243
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	1,653	1,653
Total comprehensive income	-	-	2,896	2,896
At 31 March 2022	-	1,055	13,509	14,564

	Share Capital £'000	Restricted Reserves £'000	Revenue Reserves £'000	Total Capital and Reserves £'000
At 1 April 2020	-	1,055	13,456	14,511
Surplus for the year			1,486	1,486
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	(4,329)	(4,329)
Total comprehensive income	-	-	(2,843)	(2,843)
At 31 March 2021	-	1,055	10,613	11,668

PHOENIX HOUSE

STATEMENT OF CASH FLOWS for the year ended 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Net cash (used in)/generated from operating activities	A	(115)	787
Cash flow (used in)/generated from investing activities			
Interest received		15	32
Capital grant received		2,778	-
Recycled Grant Fund returned		(294)	-
Purchase of tangible fixed assets		(4,225)	(145)
Net proceeds from disposal of housing properties		-	1,786
Purchase of investments		(5,000)	-
Net cash (used in)/ generated from investing activities		(6,726)	1,673
Net (decrease)/increase in cash and cash equivalents		(6,841)	2,460
Cash and cash equivalents at beginning of year		14,649	12,189
Cash and cash equivalents at end of year	B	7,808	14,649

PHOENIX HOUSE**NOTES TO THE STATEMENT OF CASHFLOWS for the year ended
31 MARCH 2022****A RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW
FROM OPERATING ACTIVITIES**

	2022 £'000	2021 £'000
Surplus for the year	1,243	1,486
Interest receivable and similar income	(15)	(32)
Movement on fair value of investment	(10)	-
Interest payable and similar charges	140	72
Surplus on sale of housing properties	-	(919)
Loss on disposal of other fixed assets	3	-
Depreciation charge on tangible fixed assets	288	257
(Increase)/decrease in debtors	(704)	354
Increase in creditors	217	412
Decrease in provisions	(83)	-
Movement in pension liability	(1,194)	(843)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(115)	787
	<hr/>	<hr/>

B CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
	<hr/>	<hr/>
Cash at bank and in hand	7,808	14,649
	<hr/>	<hr/>

1 Accounting policies

General information

The Charity is a private Company limited by guarantee and incorporated in the United Kingdom under the Companies Act 2006. The Charity is also a registered charity and a Registered Provider of Social Housing registered with the Regulator of Social Housing. A description of the nature of the Charity's operations and its principal activity is disclosed in the Strategic Report on page 4.

The Charity's registered office is 68 Newington Causeway London SE1 6DF.

The Charity meets the definition of a Public Benefit Entity per FRS 102.

Basis of accounting

The Financial Statements of the Charity are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2018 "Statement of Recommended Practice for registered social housing providers" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£'000).

Going concern

As the Charity's intention is to continue in business, the Financial Statements are prepared on a going concern basis.

The Charity's response to the COVID-19 pandemic has 3 strands:

- Protecting the health and wellbeing of its staff
- Maintaining the service delivery to all of the people who use and need its services and increase support where needed
- Working with the sector to provide leadership and support.

The Charity continued to evaluate the impact of COVID-19 upon our services and administrative offices.

The crisis in Ukraine, rising inflation and increases in energy costs have been considered in the budget for 2022-23 and future projections by identifying components which will impact its budgetary assumptions. In addition, the Executive Team and the Board have carried out financial stress testing examining the impact of a number of potential scenarios on its medium to long term financial plan.

The Board reviewed the Charity's financial viability and it is satisfied that the Charity is a going concern and it is in a strong position.

Key sources of estimation uncertainty and judgements

The preparation of Financial Statements requires the use of estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses for the year. Although these estimates and associated assumptions are based on historical experience and the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

1 Accounting policies (continued)

Key sources of estimation uncertainty and judgements (continued)

Critical judgements in applying the Charity's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Board has made in the process of applying the Charity's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Identification of housing property components

The Charity accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in allocating property costs between components and in determining the useful economic lives of each component.

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Identification of cash generating units for impairment testing

For impairment purposes, as explained in the accounting policies, housing properties are grouped into schemes which reflects how the properties are managed.

Recoverable amounts are based on either future cash flows or, for assets held for their service potential, depreciated replacement cost. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset.

If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

The recoverable amount for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. The cost of purchasing an equivalent property on the open market is estimated based on the sale prices for similar properties in or near the same location. The rebuilding cost of structures and components is based on the current build costs, based on market data (being primarily construction indices) applied to the relevant building size and type.

Key sources of estimation uncertainty

The estimates and assumptions which have the most significant effect on amounts recognised in the Financial Statements are discussed below:

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to 'technological obsolescence' with regard to IT equipment/software and any changes to decent homes standards requiring frequent replacement of components. The accumulated depreciation at 31 March 2022 was £2,466k (2021: £2,525k).

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

1 Accounting policies (continued)

Key sources of estimation uncertainty and judgements (continued)

Amortisation of government grants

Government grants received for housing properties are recognised in income over the useful life (as identified for the depreciation charge) of the housing property structure (excluding land), on a pro rata basis under the accrual model. The accumulated amortisation at 31 March 2022 was £11k (2021: £11k).

Bad debt provision

The trade debtors balance of £1,486k (2021: £960k) is recorded in the Charity's Statement of Financial Position and comprises a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. The bad debt provision at 31 March 2022 was £48k (2021: £9k).

Multi-employer pension obligation

Various estimates are used in the calculation of the defined pension liability, such as discount rate, inflation, salary growth and mortality rates. The Pensions Trust provided base assumptions which the Charity has reviewed for accuracy and appropriateness to us as an organisation. In determining the appropriate discount rate, consideration is made of the interest rates of corporate bonds with at least an AA rating. Inflation is set by considering market expectations, salary growth is set by aligning with the Charity's business plan and mortality rates have been adjusted to allow for any expectation of higher or lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. The value of the provision is highly sensitive to relatively small changes in these assumptions. Management have concluded that it was not necessary to adjust the base assumptions used in the scheme for the 2021-22 financial year. A liability of £4,326k is recorded the Statement of Financial Position at 31 March 2022.

Tangible Fixed assets

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Freehold and long leasehold housing properties are stated at cost less any provision for any diminution in value and depreciation. The cost of land is not depreciated.

The cost of properties is the initial purchase price together with those costs that are directly attributable to acquisition and construction. Where an asset comprises components with materially different useful lives, those assets are separately identified and depreciated over those individual lives.

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

PHOENIX HOUSE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

1 Accounting policies (continued)

Tangible Fixed assets (continued)

Depreciation is provided on a straight line basis over the periods shown below:

Housing properties

Land	Infinite
Structure	50 years
Roofs	40 years
Heating System	30 years
Kitchens	15 years
Bathrooms	10 years
Leasehold improvements	Over the period of the lease

Other fixed assets are included at cost to the Charity less depreciation.

Other tangible fixed assets

Motor vehicles	4 years
Computer hardware and software	3 years
Office & hostel furniture and equipment	4 - 5 years
Hostel electrical equipment	3 years
Long leasehold	Over the period of the lease
Leasehold improvements	Over the period of the lease

Financial Instruments

Financial assets and liabilities comprise trade and other debtors, cash and cash equivalents and trade and other payables.

Financial assets and financial liabilities are recognised when the Charity becomes party to the contractual provisions of the financial instrument.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition, and which meet the above conditions, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

1 Accounting policies (continued)

Financial Instruments (continued)

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- the Charity transfers to another party substantially all the risks and rewards of ownership of the financial asset, or,
- the Charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Charity does not use standalone derivative financial instruments to reduce exposure to interest rate movements.

Investments

Investments made in listed funds are measured at fair value with any changes in fair value recognised through profit and loss. These investments are highly liquid and are readily convertible to cash.

Cash and cash equivalents

Cash and Cash Equivalents comprise cash in hand and at bank and short-term deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

Impairment

Non-financial assets

Non-financial assets comprise housing properties and other tangible fixed assets.

Non-financial assets, other than those measured at fair value, are assessed for indications of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Income Statement as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use.

Value in use for housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

Financial assets

Financial assets comprise trade and other debtors, cash and cash equivalents and trade and other payables.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

1 Accounting policies (continued)

Impairment (continued)

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Grants

Government grants

Government grants include grants receivable from Homes England, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure (excluding land), on a pro rata basis under the accrual model of accounting.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position.

Where a component is replaced the amount of any unamortised government grant associated with this component is taken to income.

Government grant is repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the Government grant repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Homes England right to recover Government grant to their own loans.

Government grant received in respect of revenue expenditure is recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received using the performance model of grant accounting.

Recycled capital grant fund

Following certain relevant events, primarily the sale of dwellings, Homes England can direct the Charity to recycle capital grant or to repay the recoverable capital grant back to the Authority. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes a specific future performance related conditions on the Charity, is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

1 Accounting policies (continued)

Grants (continued)

Supporting People Grant

Supporting People Grant is payable by Local authorities. The amount credited to income has been evaluated in accordance with Supporting People Grant arrangements with specific Local Authorities and under the performance model of accounting.

Provisions

Provisions for liabilities and charges are recognised when the Charity has a present obligation (whether legal or construction) as a result of a past event that can be reliably estimated and it is probable that a transfer of economic benefit will be required to settle the obligation.

Short term employee benefits

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date, has been carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Employee termination benefits

Where the Charity has committed to pay employee termination benefits before the year end, those benefits are accrued in the current year.

Operating leases

Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the lease term. The aggregate benefits of any lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

The Charity has applied the exemption in Section 35.10(p) and will continue to recognise any residual benefit or cost associated with lease incentives on the same basis as that applied at the date of transition to FRS 102.

Taxation

The Charity is a registered charity and therefore is not subject to Corporation Tax on surpluses arising from charitable activities.

The Charity is registered for VAT. Amounts within the financial statements are stated gross of VAT.

Turnover

Turnover represents amounts receivable for the year from statutory authorities including the Homes & Communities Agency, and from trusts and other charitable donors, given to the Charity to allow it to run residential care and other support services for the rehabilitation of problematic substance misusers.

Income is recognised on the basis of the amount receivable for the year. Income received in advance is disclosed within creditors in the Statement of Financial Position.

1 Accounting policies (continued)

Turnover (continued)

Other income is accounted for on the basis of the value of goods or services supplied during the period. Grant income is recognised as set out in the Grants accounting policy. Donations are accounted for once any conditions for receipt are met.

Revenue Reserves

It is the policy of the Charity to maintain sufficient free reserve levels to enable it to invest and respond to new opportunities and grow sustainably and withstand any shortfall in income or unforeseen expenditure while any necessary adjustments are made to the Charity's operations. This level of free reserves will provide some protection to the Charity and its charitable services during changing financial circumstances. Such circumstances may include a downturn in utilisation or other income, the need for unanticipated expenditure or strategic investment.

Pension scheme

Defined benefit

The Charity has material obligations under a defined benefit pension scheme, the Social Housing Pension Scheme (SHPS). In the Statement of Financial Position, the assets of the scheme are measured at fair value and the liabilities are measured on an actuarial basis, discounted at a rate equivalent to yields on "high quality" corporate bonds of appropriate duration and currency, or a suitable proxy. The resulting net asset or liability is then presented separately on the face of the balance sheet as a provision. Current service costs and net financial returns are included in the Income Statement in the period to which they relate. Any actuarial gains or losses for the year are taken to the Statement of Other Comprehensive Income.

Growth Plan

The Charity is party to a multi-employer defined benefit (final salary) contributory pension scheme administered independently. The Charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As there is a contractual agreement between the scheme and the Charity that determines how the deficit will be funded, the contributions payable that arise from the agreement to the extent that they relate to the deficit are recognised as a liability in the Statement of Financial Position and the resulting expense in the Statement of Comprehensive Income. When the contributions are not expected to be settled within 12 months after the reporting period, the liability is measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds.

PHOENIX HOUSE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

2A Particulars of turnover, operating costs and operating surplus/(deficit)

	Turnover	2022 Operating costs	Operating surplus /(deficit) before surplus on sale of housing properties £'000	Turnover	2021 Operating costs	Operating surplus /(deficit) before surplus on sale of housing properties £'000
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings (note 2B)	5,720	(6,027)	(307)	4,890	(5,205)	(315)
Other Social housing activities						
Revenue grants	8,513	(7,553)	960	7,848	(7,415)	433
Charitable donations and sundry income	208	(53)	155	100	(80)	20
	14,441	(13,633)	808	12,838	(12,700)	138
Non-social housing activities	5,090	(4,537)	553	5,171	(4,702)	469
Total	19,531	(18,170)	1,361	18,009	(17,402)	607

PHOENIX HOUSE

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

**2B Particulars of turnover, operating costs and operating surplus/(deficit)
(continued)**

	Residential care homes £'000	2022 Supported housing £'000	Total £'000	2021 Total £'000
Income from social housing lettings				
Rent receivable net of identifiable service charges	3,447	1,948	5,395	4,812
Other revenue grants	313	12	325	78
Turnover from social housing lettings	3,760	1,960	5,720	4,890
Expenditure on social housing lettings				
Management	889	386	1,275	985
Housing services	504	289	793	522
Routine maintenance	64	257	321	204
Depreciation of housing properties	52	62	114	114
Staff costs	1,805	802	2,607	2,469
Property lease charges	75	355	430	428
Resident costs	351	18	369	385
Other costs	50	68	118	98
Operating costs on social housing lettings	3,790	2,237	6,027	5,205
Operating (deficit) on social housing lettings	(30)	(277)	(307)	(315)
Rent losses from voids (included in rent receivable above)*	-	130	130	670

* The Charity calculates voids by comparing actual income with theoretical income. Theoretical income is based on the number of units registered with the Care Quality Commission. This theoretical number of units assumes that a number of adults or family members could potentially share a specific bedroom in a specific property and it fundamentally represents maximum potential capacity of clients as opposed to housing units.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

3	Key management personnel remuneration	2022 £'000	2021 £'000
	Aggregate emoluments	480	448
	Pension contributions	20	22
		<hr/>	<hr/>
		500	470
		<hr/>	<hr/>

During the year, eight Directors accrued retirement benefit under a defined contribution pension scheme (2021: 5).

Highest paid Director*

Aggregate emoluments (excluding pension contributions)	115	123
Pension contributions	7	7
	<hr/>	<hr/>
	122	130
	<hr/>	<hr/>

*Not a Director under the Companies Act or a member of the Board.

Chief Executive's pension arrangements

The Chief Executive is a member of the industry-wide defined contribution salary scheme in which the Charity participates. No special terms or conditions apply to her membership. During the year pension contributions of £6,868 (2021: £6,886) were made on behalf of the Chief Executive.

4 Employee information

The average monthly number of full-time equivalent persons (based on 37.5 hour week) employed during the year was as shown below:

	2022 No.	2021 No.
Permanent staff - full time equivalent (number)	408	404
Sessional staff - full time equivalent (number)	9	8
	<hr/>	<hr/>
Total employed by FTE	417	412
	<hr/>	<hr/>
Average number of persons employed	471	463
	<hr/>	<hr/>

PHOENIX HOUSE

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

4 Employee information (continued)

Salary banding for all employees earning over £60,000 including salaries and bonuses but excluding pension contributions paid by employer:

	2022 No.	2021 No.
£110,001-£120,000	1	1
£100,001-£110,000	-	-
£90,001-£100,000	1	1
£80,001-£90,000	1	1
£70,001-£80,000	2	3
£60,001-£70,000	7	3
	<hr/>	<hr/>
	12	9
	<hr/>	<hr/>

5 Staff costs

	2022 £'000	2021 £'000
Wages and salaries	11,841	11,660
Compensation for loss of office	34	12
Social security	1,092	1,067
Pension costs	1,324	1,315
	<hr/>	<hr/>
	14,291	14,054
	<hr/>	<hr/>

6 Interest receivable

	2022 £'000	2021 £'000
Bank interest receivable	15	32
	<hr/>	<hr/>

7 Interest and financing costs

	2022 £'000	2021 £'000
Unwinding of discount on defined contribution pension scheme liability	-	1
Net interest cost on defined benefit pension obligations	140	71
	<hr/>	<hr/>
	140	72
	<hr/>	<hr/>

PHOENIX HOUSE

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

8	Surplus for the year	2022 £'000	2021 £'000
	The surplus is stated after charging:		
	Depreciation of housing properties	114	114
	Depreciation of tangible fixed assets	174	143
	Operating lease rentals payable:		
	- Land and buildings	337	337
9	Auditor's remuneration (excluding VAT)	2022 £'000	2021 £'000
	Fees payable to the Charity's auditor for the audit of the annual financial statements	40	39
	Fees payable to the Charity's auditor and its associates for other services to the Charity:		
	- Taxation advisory services	-	1
10	Surplus/loss on disposal of fixed assets	2022 £'000	2021 £'000
	Sales proceeds	-	1,851
	Net book value	(3)	(1,293)
	Grants released	-	426
	Disposal Costs	-	(65)
		(3)	919

PHOENIX HOUSE

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

11	Housing properties	Freeholds	Short Leaseholds	Total
		£'000	£'000	£'000
	Cost			
	At 31 March 2021	5,703	54	5,757
	Additions	3,980	-	3,980
	Disposals	(5)	-	(5)
	At 31 March 2022	9,678	54	9,732
	Depreciation			
	At 31 March 2021	714	54	768
	Charge for year	114	-	114
	Disposals	(2)	-	(2)
	At 31 March 2022	826	54	880
	Net book value			
	At 31 March 2022	8,852	-	8,852
	At 31 March 2021	4,989	-	4,989

There are charges on certain properties, as security, relating to funding received, that may lead to amounts becoming repayable in certain circumstances such as the sale of the relevant properties.

Accommodation owned and in management

The number of registered care and supported housing units owned and in management at 31 March 2022 was 308 (2021: 308).

147 bed spaces (2021: 147) were managed by the Charity but were in properties owned by other Registered Social Providers of Social Housing or other third parties.

PHOENIX HOUSE

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

12 Other fixed assets	Long leasehold investment £'000	Leasehold property improvements £'000	Office furniture & equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 31 March 2021	508	767	1,209	243	2,727
Additions	-	-	245	-	245
Disposals	-	(337)	(8)	-	(345)
At 31 March 2022	508	430	1,446	243	2,627
Depreciation					
At 31 March 2021	70	411	1,035	241	1,757
Charge for year	10	51	113	-	174
Disposals	-	(337)	(8)	-	(345)
At 31 March 2022	80	125	1,140	241	1,586
Net book value					
At 31 March 2022	428	305	306	2	1,041
At 31 March 2021	438	356	174	2	970

PHOENIX HOUSE

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

13 Debtors

	2022 £'000	2021 £'000
Arrears of charges to statutory bodies and others	294	108
Amounts due from contractual income	1,192	852
	<hr/> 1,486	<hr/> 960
Less provision for bad debts	(48)	(9)
	<hr/> 1,438	<hr/> 951
Other debtors	11	6
Prepayments and accrued income	1,075	863
	<hr/> 2,524	<hr/> 1,820
	<hr/> <hr/>	<hr/> <hr/>

14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	687	386
Payments in advance	413	441
Taxation and social security costs	246	245
Other creditors	145	153
Accruals, deferred income and grants received in advance	4,186	1,572
Recycled capital grant fund (note 17)	-	294
Multi-employer pension scheme (note 23)	4	10
	<hr/> 5,681	<hr/> 3,101
	<hr/> <hr/>	<hr/> <hr/>

PHOENIX HOUSE

15 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Deferred grants	644	532
Multi-employer pension scheme (note 23)	6	30
	<hr/>	<hr/>
	650	562
	<hr/>	<hr/>

The Charity has historically recognised housing properties acquired at fair value and the associated government social housing grant, under the performance model of accounting. £402k (2021: £402k) is therefore potentially recyclable on disposal.

16 Provisions

Onerous leases and dilapidations	2022 £'000	2021 £'000
At 1 April	96	96
Movement in provision		
Additions	-	15
Released	(82)	(15)
	<hr/>	<hr/>
As at 31 March	14	96
	<hr/>	<hr/>

17 Recycled capital grant fund

	2022 £'000	2021 £'000
Balance at 1 April	294	294
- Repayment of funds to Homes England	(294)	-
	<hr/>	<hr/>
Balance at 31 March	-	294
	<hr/>	<hr/>
Amount due for repayment to Homes England (due within one year)	-	294
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

18 Share Capital

The Charity is limited by guarantee and has no equity or non-equity share capital. Members of the Charity guarantee to contribute a maximum of £1 should there be a call on their guarantee.

19 Reserves

Revenue reserve

The revenue reserve represents cumulative profits and losses.

Restricted reserve

The restricted reserve represents the proceeds of disposal of the Charity's freehold properties which are required to be reinvested in accordance with a specific covenant. The Charity acquired during the year a property to expand its registered care provision in Derbyshire in the financial year 2022/23. This property investment will meet the covenant requirements upon the opening of the residential service in 2022/23.

20 Incorporation

The Charity is registered with the Regulator of Social Housing and prepares its Financial Statements under the Accounting Direction for Private Registered Providers of Social Housing 2019. It is incorporated under the Companies Act 2006 and registered in England and Wales.

21 Leases

	2022 £'000	2021 £'000
For leases expiring:		
Within one year	134	125
Between two and five years	203	212
	<hr/>	<hr/>
	337	337
	<hr/>	<hr/>

22 Current asset investments

	2022 £'000	2021 £'000
Balance at 31st March 2021	-	-
Additions in the year	5,000	-
Net gain recognised through profit and loss	10	-
	<hr/>	<hr/>
At 31st March 2022	5,010	-

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

Current asset investments (continued)

Investments listed on a recognised stock exchange comprise CCLA COIF Charities Ethical Investment Fund (Accumulation units) and Cazenove Capital.

23 Pension Scheme Arrangements

The Charity's employees and past employees are deferred members or pensioners of the Social Housing Pension Scheme (SHPS). The Charity also participates in the Growth Plan.

Further information on these defined benefit schemes are given below.

The Charity also contributes to a Defined Contribution scheme with SHPS which has 333 (2021: 327) active members.

Pension scheme liabilities recognised in the Statement of Financial Position

	2022 £'000	2021 £'000
Pension obligations recognised as Defined Benefit schemes	4,326	7,001
Defined contribution schemes:		
-Growth Plan	10	40
	<hr/>	<hr/>
As at 31 March	4,336	7,041
	<hr/>	<hr/>

The Charity participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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 last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Charity 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.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

23 Pension Scheme Arrangements (continued)

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

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

Historic pension deficit contributions of £1,007k are payable by the Charity for the year ended 31 March 2022.

Statement of Financial Position	2022 £'000	2021 £'000
Fair value of plan assets	30,876	28,986
Present value of defined benefit obligations	(35,202)	(35,987)
Net liability	(4,326)	(7,001)

Principal actuarial assumptions at the financial position date:

	2022 £'000	2021 £'000
Discount rate	2.79	2.18
Rate of inflation (RPI)	3.57	3.27
Rate of inflation (CPI)	3.19	2.87
Salary growth	4.19	3.87
Allowance of commutation of pension for cash at retirement	75% of Maximum Allowance	75% of Maximum Allowance

The mortality assumptions applied imply the following life expectancies at age 65:

	At 31 March 2022 Years	At 31 March 2021 Years
Male retiring in 2021/2022	21.1	21.6
Female retiring in 2021/2022	23.7	23.5
Male retiring in 2041/2042	22.4	22.9
Female retiring in 2041/2042	25.2	25.1

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)

23 Pension Scheme Arrangements (continued)

Amounts recognised in the Income Statement	2022 £'000	2021 £'000
Net interest on defined benefit liability	140	71
Expenses paid	34	34
	<hr/>	<hr/>
	174	105
	<hr/>	<hr/>
Amounts recognised in Other Comprehensive Income	2022 £'000	2021 £'000
Experience on plan assets	1,015	2,670
Experience (losses)/gains arising on plan liabilities	(2,514)	116
Effects of changes in demographic assumptions underlying the present value of scheme liabilities	546	(130)
Effects of changes in financial assumptions underlying the present value of scheme liabilities	2,606	(6,985)
	<hr/>	<hr/>
	1,653	(4,329)
	<hr/>	<hr/>
Reconciliation of movements on the defined benefit obligation	2022 £'000	2021 £'000
Defined benefit obligation at the start of the period	35,987	29,798
Administration cost	34	34
Interest expense	774	688
Actuarial (gains) and losses	(638)	6,999
Benefits paid	(955)	(1,532)
	<hr/>	<hr/>
Defined benefit obligation at the end of the period	35,202	35,987
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

23 Pension Scheme Arrangements (continued)

Reconciliation of movements on the fair value of plan assets

	2022 £'000	2021 £'000
Fair value of plan assets at the start of the period	28,986	26,363
Interest income	634	617
Contributions by the employer	1,196	868
Experience on plan assets	1,015	2,670
Benefits paid	(955)	(1,532)
	<hr/>	<hr/>
Fair value of plan assets at the end of the period	30,876	28,986
	<hr/>	<hr/>

The actual return on the plan assets over the year ended 31 March 2022 was £1,649k.

The fair values of each main class of assets held by the Fund and the expected rates of return for the ensuing year are set out in the following table.

Categories of assets held by the Plan

	2022 £'000	2021 £'000
Equity	5,925	4,620
Bonds	13,515	12,146
Property and infrastructure	3,828	3,103
Cash	105	-
Absolute return	1,239	1,600
Alternative risk premia	1,018	1,092
Insurance linked securities	720	696
Other	4,526	5,729
	<hr/>	<hr/>
	30,876	28,986
	<hr/>	<hr/>

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

23 Pension Scheme Arrangements (continued)

Growth Plan

The Charity participates in the scheme, 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 Charity 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 Charity 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 Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions	
From 1 April 2022	£3,312,000 per annum (payable monthly)
to 31 January 2025:	

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 asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions	
From 1 April 2019	£11,243,000 per annum (payable monthly and increasing by
to 30 September 2025:	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. Where the scheme is in deficit and where the Charity has agreed to a deficit funding arrangement the Charity 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.

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022
(continued)**

23 Pension Scheme Arrangements (continued)

Growth Plan (continued)

Present value of provision (included within creditors)	2022 £'000	2021 £'000
As at 31 March	10	40

Reconciliation of opening and closing provisions	2022 £'000	2021 £'000
Provision as at 1 April	40	47
Unwinding of the discount factor	-	1
Deficit contributions paid	(10)	(10)
Impact of changes in assumptions	-	2
Amendments to the contribution schedule	(20)	-
As at 31 March	10	40

Assumptions	2022 % per annum	2021 % per annum
Rate of discount	1.92	0.66

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 using a full AA corporate bond yield curve to discount the same recovery plan contributions.

24 Ultimate controlling party

There is no ultimate controlling party.

25 Related party transactions

No donations have been received during the year by the Charity from Board members. (2021: nil).

<i>Key Management personnel</i>	2022 £'000	2021 £'000
Remuneration paid to Key Management Personnel were:		
Remuneration (as per note 3)	500	470
Employer's social security costs	57	56
	557	526

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2022 (continued)

26 Capital commitments

Capital commitments contracted for but not provided for at 31 March 2022 were £3.7m (2021: £Nil).