

**Phoenix House  
(Trading as Phoenix Futures)**  
**Report and Financial Statements  
for the year ended**  
**31 March 2021**

**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 2021**

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**PHOENIX HOUSE**

**DIRECTORS AND ADVISERS**

**DIRECTORS**

Professor Annie Bartlett (Vice-Chair)  
Mrs Dorothy Brown  
Dr Karim Dar  
Ms Susan Ellenby  
Sheriff David Nicol Mackie  
Dr Susan Kinnaird (Chair)  
Ms Emanuele Labovitch  
Mr Iain McGourty  
Mr Ian Watson

**SENIOR MANAGEMENT**

Mr James Armstrong (Director of Marketing & Innovation)  
Ms Karen Biggs (Chief Executive)  
Mr George Lambis (Director of Finance)  
Mr Anthony Pearson (Director of Human Resources and L&D)  
Mr Christen Williams (Director of Operations)

**REGISTERED OFFICE**

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**REGISTERED  
CHARITY NUMBER**

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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**

There is no doubt that the last year has been the most challenging in the history of the Charity. We have used our values and beliefs to guide us through these challenges and will continue to do so as we progress through the next year.

We have been supported by some brilliant partnerships over the last year who have shared our values. We have worked together to deliver the best we could to the people who need our help and our partnerships have strengthened as a result.

We have always known that staff and volunteers at Phoenix have a unique relationship with our charity. We truly have only been able to do what we have done to support people who need our help and each other, because the whole organisation joined forces in a common aim.

Whilst it has been a year when we have been grateful that we are surrounded by such support, it has also been a year of pain. The pandemic has taken people from us in many ways and we have lost people who have died of the virus but also through addiction. We feel privileged to have been a part of the lives of people who come to us for help. We mourn the people who have died over the last year and hold their memories close. We will remember their lives and their stories.

We are very grateful to have been able to walk alongside people and organisations that share our values and our purpose.

Despite the challenges presented to us by the pandemic we maintained our focus on supporting people who needed our help:

- By keeping our residential and housing services open to admissions, developing protocols to ensure the safety of staff and people who use our services. We were pleased to be able to share our approaches with the rest of the sector
- By developing innovative approaches to support people when it was impossible or unsafe for them to visit our services in the community and in our prison settings
- By supporting our staff to stay safe and in their physical and mental wellbeing
- By providing sector leadership to ensure access to PPE and testing for our residential care services

We have also been able to keep a focus on our strategic objectives including achieving carbon neutral status 2 years ahead of our target and 30 years ahead of the Governments target.

In the coming year we will continue the work we have started to develop our approaches and expertise to support people with mental health and addiction needs. We will continue to advocate to ensure people can access the treatment they need when they need it regardless of where they live.

I would like to thank the staff, volunteers and Trustees of Phoenix for making all of this possible.

Dr Susan Kinnaird

Chair of Phoenix Futures

## **PHOENIX HOUSE**

### **STRATEGIC REPORT**

The Directors present their Strategic report for the year ended 31 March 2021.

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 provider of residential rehabilitation** services for people with substance misuse issues
- We are the only **specialist substance misuse 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 our service users, 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 the last 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.

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Our Services**

##### **Residential Rehabilitation Services**

We have 4 residential rehabilitation services across the UK and are the largest provider of residential rehabilitation services for people with substance misuse issues. We are committed to delivering the very best services as efficiently and effectively as we can.

##### **Criminal Justice Services**

Phoenix delivers services in 21 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 complex needs of service users and promote long term recovery and crime reduction. In Essex our liaison and diversion services and specialist service for offenders with complex needs have been recognised for their innovative approaches. This range of service provision gives us a breadth of experience and expertise that positions us as the sector leader in psychosocial substance misuse services within a criminal justice setting.

##### **Psychosocial Provision in the community**

All of our community services are delivered in partnership with other 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 misuse clinical expertise. We are also very proud to deliver a range of innovative services in Essex commissioned across mental health and substance misuse boundaries to deliver very successful recovery approaches.

##### **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 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 and investment at risk for these people. 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 registered care service, supported housing, peer mentoring service and a community service in Lanarkshire. Our Recovery Culture work opens up opportunities for people to develop new skills across the arts, sport and conservation. Recovery Culture initiatives also support our anti-stigma work and demonstrate the potential of people in recovery.

#### **Sustainable Recovery – Our Aspirations and Ambitions 2020/23**

##### **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 2018-19.

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **The context for our new strategy (continued)**

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.

That perfect storm has resulted in the highest drug related deaths ever recorded in England and Scotland in 2019. 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.

The **Scottish Government** has begun to address the issue with a significant increase in funding for addiction services and a renewed focus on residential treatment.

**In England** the Home Office has commissioned a review of drug treatment led by Dame Carol Black. The review was published in July 2021 and makes strong recommendations for increased investment in drug treatment.

#### **The principles guiding our work**

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 2020-21**

##### **Services that sustain recovery**

- Developed our expertise in supporting more people with mental health issues and experience of trauma
- Developed a partnership with John Moores University enabling us to better evaluate and enhance quality
- Created an in-house clinical interventions project team that supports services to review delivery and make improvements
- Improved the data quality of incident reporting, review and lessons learned processes
- Developed a Phoenix Outcome Tool that will better monitor service user outcomes and service impact

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Our Strategic Achievements 2020-21 (continued)**

##### **Skills and Resources to sustain recovery**

- Focus on Equality and Diversity, Inclusion and Belonging
- Launched the People and Culture working group
- Winter Wellbeing Initiative has included a range of activities promoting equality and diversity
- Marked Black History month and LGBT+ History Month with a range of events and activities
- Residential group programme redeveloped to take account of diversity of treatment population
- Brand developed with broader range of imagery and service user stories to represent diversity of people affected by addiction
- Raised profile for our women specific support through Jo Malone London campaign on International Women's Day to 1.6m JML social media followers
- Launched our new Learning Management System PXL

##### **People that make a sustainable difference in the world**

Implemented our Environmental Sustainability Strategy including:

- Achieved Carbon Neutral Status
- Recruited Environmental Sustainability Champions
- Developed partnerships with Scotrail through the Adopt a Station programme

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

- Lobbied to access testing and PPE funding with Local Authorities and Public Health England
- Campaigned for equality of access to residential treatment funding and ran a residential funding campaign in Scotland which included people with lived experience and our experts

##### **Our Ambitions for 2021-22**

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

- Implement and embed the new approaches to support mental health needs in all our services
- Upskill staff to deliver our new mental health approaches
- Review our quality assurance model
- Commission research to evidence the effectiveness of our interventions and approaches

We will 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

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

- The launch of our anti stigma campaign

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Our Ambitions for 2021-22 (continued)**

- Working to ensure new funding delivers improved and equal access to residential and psychosocial support
- 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
- Launch our national training school at Shipley Park
- Promote our environmental credentials and ideas through COP26

#### **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:
  - Changes in government drug policy leading to changing priorities and impacting funding
  - Changing requirements relating to quality standards from Care Quality Commission and Scottish Care Inspectorate
  - Increases in historic pension shortfall requirements
  - Increases in complexity of client demands requiring greater level of skill and expertise from staff at all levels and the impact of increased voids on utilisation performance
- The Charity's actions to mitigate such risks include:
  - Keeping up to date with policy development within government and seeking to lead and influence through sector interest groups
  - Developing new models of service delivery that meet the needs of funders
  - Increasing the expertise within the organisation to support increased complexity of client needs
  - Continually monitoring the application of financial strategy to ensure that the Charity maintains long term viability
  - Agreed a detailed risk map to deal with the eventualities arising from the exit from the EU. The Board is satisfied with the mitigations and actions incorporated in the risk map

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Principal risks and uncertainties (continued)**

- Agreed 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

As stated in the Strategic Report, in England, the Home Office has commissioned a review of Drug Treatment led by Dame Carol Black and the Scottish Government has begun to address the issue of higher drug related deaths with increased funding for addiction services.

#### **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 they are still fundamental to our day to day approach over a year later.

Through the pandemic we have worked tirelessly to ensure people can access the treatment they need when they need it. We have led the sector to develop good practice approaches to treatment provision and continued to highlight the need for additional funding and local leadership to support access to treatment.

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

#### **Protect staff health and wellbeing**

- Refocused our Wellbeing approach to recognise the personal and individual experience of staff during the pandemic
- Offered Mental health awareness training offered to all Central office Staff
- Took a policy decision on flexible working and no member of staff losing salary due to a COVID-19 related absence whatever the reason

#### **Maintain service delivery and where possible increase our response to meet new need**

- Amended some processes to respond to remote working and alleviate pressure on key operational managers
- Kept all accommodation based services open and accepting referrals to provide a vital lifeline to people when they most needed it
- Quickly developed a COVID-19 secure service model that responded to individual needs, some online approaches and mechanisms to ensure vital face to face contact for the most vulnerable in our community services and in our prison services
- Created Recovery TV, providing hope and support for people in treatment and recovery available across all social media outlets to anyone who needed it
- Contributed our Psychosocial expertise to the London Rough Sleepers Everyone In initiative, creating workbooks and providing telephone support to people in hotels

#### **Provide sector leadership and influence to ensure the needs of the sector are understood by decision makers**

As the pandemic hit it became clear that addiction registered care homes weren't getting the same support as other care homes. We worked with partners and stakeholders to represent the needs of our sector and people who use our services. We:

- Lobbied for and achieved access to testing and PPE
- Wrote sector guidance published by Social Care Institute of Excellence to support addiction RCH to operate within COVID Secure guidance
- Lobbied for and achieved inclusion in vaccination (JCVI) priority cohorts
- Highlighted the needs of people in addiction through the pandemic within social media and to Government

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Measuring our success**

##### **Value for Money**

Every 3 years the organisation (trustees, staff, service users 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'.

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.

We review our Value for Money (VfM) approach annually. This set of measures continue 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 updated for 2019/20 and renewed in 2020/21.

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 misuse support

**PHOENIX HOUSE**

**STRATEGIC REPORT (continued)**

**Value for Money (continued)**

- 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	2020/21	2019/20	Comment
1	Reinvestment %	0%	0%	Housing is a small part of the business. We did not acquire any additional units in 2020/21 or in 2019/20.
2	New Supply Delivered %	0%	0%	We did not deliver new supply in 2019/20 or 2020/21.
3	Gearing %	-246%	-166%	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	1,103%	533%	Impacted by the net interest cost on defined benefit pension obligations.
5	Social Housing Cost Per Unit (total social housing costs/number of units owned and managed)	£16,512	£18,367	In 2020/21 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.  In 2019/20 there was significant investment in refurbishment and fire retardancy furniture rating improvements.
6a	Operating Margin Social Housing Lettings (operating surplus for social housing/turnover for social housing)	-6.45%	-12.61%	Operating margin metrics are significantly affected by registered care services' results which reflect market related funding issues.  Occupancy in our residentials 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 good occupancy throughout our supported housing.  There was significant expenditure incurred in 2019/20 to refurbish housing stock in 2020/21 the number was lower, thus reducing the deficit.

**PHOENIX HOUSE**

**STRATEGIC REPORT (continued)**

**Value for Money (continued)**

No	Metric	2020/21	2019/20	Comment
6b	Operating Margin Overall (operating surplus overall/turnover overall)	3.38%	3.79%	Operating surplus reduced 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 however, this has been offset by increased infection control costs in housing and residential units.
7	Return on Capital Employed (overall operating surplus / total assets less current liabilities)	7.68%	8.21%	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.

The metrics above include our registered care beds in line with ROSH 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 misuse 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.

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

	2019/20		
	HCA - Providers over 1000 units - Supported Housing Specialists	Accuity SPMB-membership information of HCA providers, with less than 1000 units.	Phoenix Futures
Operating margin (overall) %	29.2%	17.5%	3.8%
Operating margin (social housing lettings) %	28.5%	18.1%	-12.6%
EBITDA MRI (as a percentage of interest) %	158.4%	250.5%	533.0%
Gearing (RSH and Scorecard measure)	43.1%	16.7%	-166%
New supply delivered (Social housing units) %	1.4%	0.0%	0.0%
New supply delivered (Non-social housing units)	0.0%	0.0%	0.0%
Reinvestment %	5.6%	3.6%	0.0%
Return on Capital Employed (ROCE) %	3.6%	2.4%	8.2%
Headline social housing cost per unit £	£3,814	£4,577	£18,367

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Value for Money (continued)**

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 2021/22. The announcement of additional Government rehab funding in Scotland (a 5 year commitment to ringfenced rehab funding) and in England (a one year commitment) is likely to positively impact registered care performance from 2021/22.

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.

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 our service users and provide leadership within our sector. These principles are aligned to our organisational values and beliefs and have aided decision making throughout the pandemic.

##### **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.

## PHOENIX HOUSE

### STRATEGIC REPORT (continued)

#### Balanced Scorecard (continued)

##### 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 reviewed 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.

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

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. The survey highlights a range of wellbeing measures, notably staff sickness has remained stable across 2020/21 despite the pandemic as COVID-19 related sickness absences has been offset by a reduction in other causes of sickness absences.

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

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.

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### STRATEGIC REPORT (continued)

#### Balanced Scorecard (continued)

##### Housing and residential treatment performance measures (continued)

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

Our registered care services have experienced a very different year to previous years due to the COVID-19 pandemic and therefore to some extent 20/21 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. 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 we are pleased to have exceeded our target for treatment completions with 66% of people completing residential treatment compared to our target of 60%. 2020/21 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.

We are also pleased to have achieved our target occupancy rates within housing of 95% and exceeded our planned move-on target at 91% versus a target of 80%. Our innovative housing models are highly effective and have protected the wellbeing of people who would otherwise have been homeless during the pandemic.

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

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.

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Carbon Emissions report**

##### **Emission Reduction Strategy**

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.

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 1,100 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)

##### Our carbon data for 2020-21:

	CO2 Tonnes	kWh
Gas	110	2,321,108
Black Fleet	6	14,550
Grey Fleet	18	46,660
Public Transport	6	N/A
Electricity	-	412,521
<b>Total</b>	<b>143</b>	<b>2,794,839</b>
<b>Emissions ratio</b>	5.8 CO2 tonnes per £m of turnover	

#### 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 and is therefore an actual reflection of kWh usage
- The CO2e conversion factor was taken from the Governments 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

###### Calculation:

- Black Fleet
  - $(\text{Total kWh used}) \times (\text{CO2e conversion factor}) / 1000 = \text{CO2 Tonnes}$
  - $(\text{Total expense}) / (\text{Fuel cost}) = (\text{Litres of Fuel})$
  - $(\text{Litres of Fuel}) \times (\text{CO2e conversion factor}) / 1000 = (\text{CO2 Tonnes})$
- Grey Fleet
  - $(\text{Cost of Mileage claimed}) / (\text{MPG cost of fuel}) = (\text{Gallons of Fuel})$
  - $(\text{Gallons of fuel}) \times 4.55 = (\text{litres of fuel})$
  - $(\text{Litres of fuel}) \times (\text{CO2e conversion factor}) / 1000 = \text{CO2 Tonnes}$

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Carbon Emissions report (continued)**

##### **Methodologies used to capture data (continued)**

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:

- (Money spent) \* (Cost per mile travelled) = Miles travelled
- (Miles Travelled) \* (kgCO<sub>2</sub>e conversion factor) /1000 = CO<sub>2</sub> 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 2021/22 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. Q4 of 2020/21 saw our lowest ever carbon production – just 5.765 tonnes of CO<sub>2</sub> across the whole organisation.

##### **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.

During the year, in order to develop its COVID-19 response, the Charity engaged with various stakeholder groups including employees and partners. Through this collaborative process the Charity agreed its 3 strand response to the pandemic as set out in the Strategic Report, which has benefited our customers, employees, partners and other stakeholders.

Phoenix are 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.

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Section 172 Companies Act Statement (continued)**

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 5 sub-committees:

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

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.

#### **Key management performance review**

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).

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.

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Section 172 Companies Act Statement (continued)**

##### **Customers**

Our customers fall into two broad groups: Service Users and Funders.

How we engage customers

- Service User Insight – we segment and analyse behavioural data through ongoing research into the effectiveness of our services for our service users and benchmark where possible against market comparators
- Service User Involvement – our service users are directly involved in decisions that affect them through our co-production processes within each of the settings in which we work
- Service User 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 evidenced by the EFQM quality model.

##### **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

We have worked with Collective Voice and Commissioner groups to highlight the importance of access to residential treatment.

##### **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.

## **PHOENIX HOUSE**

### **STRATEGIC REPORT (continued)**

#### **Section 172 Companies Act Statement (continued)**

##### **Suppliers (continued)**

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 worked with government bodies to enable access to PPE within the sector.

##### **Staff and volunteers**

Directors live and promote the culture and values of the Organisation. For example, we created a representative Taskforce of senior managers who engaged with staff across the organisation to measure and monitor the impact of COVID-19 on the health and wellbeing of staff and implement actions to maintain staff health and wellbeing.

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.

How we engage

- Conservation – we have an active tree planting and conservation programme called Recovery Through Nature
- Service user voice on policy – we encourage and facilitate service users 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

**PHOENIX HOUSE**

**STRATEGIC REPORT (continued)**

**Section 172 Companies Act Statement (continued)**

**Society (continued)**

Outcomes

During the year we worked with Scotrail to adopt some stations where drug use have 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  
Big Lottery-Fund  
Essex Police, Fire and Crime Commissioner  
Fife Alcohol & Drug Partnership (ADP)  
Martin Geddes Charitable Trust  
Phoenix Association

**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 29 July 2021 and signed on behalf of the Board by:**



Susan Kinnaird (Aug 19, 2021 08:25 GMT+1)

**S Kinnaird  
(Director)**

## **PHOENIX HOUSE**

### **DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 March 2021.

#### **Results for the year**

The Results for the year ended 31 March 2021 for the Charity are shown in the Statement of Comprehensive income.

Excluding any profit on the disposal of fixed assets, the Charity generated an operating surplus of £607k (2020: £715k).

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 £0.35m (2020: increase of £0.85m). Prison services income decreased by £1.15m, due to our Central Lancashire and Winchester prison services coming to an end. Housing services income increased by £0.1m whilst Registered Care income decreased by £0.2m (2020: decrease of £0.2m), primarily reflecting the closure of the Charity's Grace House women's specialist service in Camden.

Whilst overall income decreased by 4.9%, overall expenditure decreased by 4.5% as expenditure was invested by the Charity in COVID-19 measures including PPE and additional staff support, a non-consolidated payment to staff was also made.

#### **Future Prospects**

The substance misuse sector has experienced a decade of reduced funding which continues to decline with overall expenditure now estimated at approximately £600m. However, the Scottish Government has begun to address the issue with a significant increase in funding for addiction services and a renewed focus on residential treatment. In England the Home Office has commissioned a review of drug treatment led by Dame Carol Black. The review was published in July 21 and makes strong recommendations for increased investment in drug treatment. We await the Governments response to the review.

The Board believes that operating conditions will be particularly difficult in the context of COVID-19 and the UK's exit from the EU. 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. 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 and Brexit Maps and the current economic environment created by COVID-19 uncertainty.

## **PHOENIX HOUSE**

### **DIRECTORS' REPORT (continued)**

#### **Future Prospects (continued)**

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.

##### *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. The Charity has no exposure to equity securities price risk as it holds no listed or other equity investments.

### **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".

## **PHOENIX HOUSE**

### **DIRECTORS' REPORT (continued)**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE FINANCIAL STATEMENTS**

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 July 2021. No areas of non-compliance were identified.

The Board has adopted and complies with the 2015 NHF Code on Governance and is working towards the full adoption of the 2020 NHF Code.

#### **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 National Housing Federation's 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.

## **PHOENIX HOUSE**

### **DIRECTORS' REPORT (continued)**

#### **COMPLIANCE WITH THE GOVERNANCE AND VIABILITY STANDARDS (continued)**

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.

#### **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 detailed budgets for the year ahead. These are reviewed and approved by the Board. The Board also reviews reforecasts against budgets.

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.

## **PHOENIX HOUSE**

### **DIRECTORS' REPORT (continued)**

#### **COMPLIANCE WITH THE GOVERNANCE AND VIABILITY STANDARDS (continued)**

##### **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 2020-21 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  
Ms Susan Ellenby  
Dr Susan Kinnaird (Chair)  
Ms Emanuele Labovitch  
Sheriff David Nicol Mackie  
Mr Iain McGourty  
Mr Ian Watson

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 29 July 2021 and signed on behalf of the Board by



Susan Kinnaird (Aug 19, 2021 08:25 GMT+1)

**S Kinnaird**  
**(Director)**

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 2021 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 2021 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
- Housing association 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.

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

**Auditor's responsibilities for the audit of the financial statements (continued)**

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](http://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.

*Nexia Smith & Williamson*

Jacqueline Oakes  
Senior Statutory Auditor, for and on behalf of  
Nexia Smith & Williamson  
Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY

19/08/2021

**PHOENIX HOUSE****STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 MARCH 2021**

	<b>Notes</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Turnover</b>	2	18,009	18,944
Operating expenditure	2	(17,402)	(18,229)
Surplus on sale of housing properties	10	919	848
		<hr/>	<hr/>
<b>Operating surplus</b>		1,526	1,563
Interest receivable	6	32	93
Interest payable and financing costs	7	(72)	(200)
		<hr/>	<hr/>
<b>Surplus for the financial year</b>	8	<b>1,486</b>	<b>1,456</b>
		<hr/>	<hr/>
<b>Other Comprehensive Income</b>			
Actuarial (loss)/gain on defined benefit pension liability	23	(4,329)	4,983
		<hr/>	<hr/>
<b>Total comprehensive income for the financial year</b>		<b>(2,843)</b>	<b>6,439</b>
		<hr/>	<hr/>

**PHOENIX HOUSE**

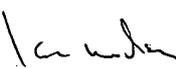
**STATEMENT OF FINANCIAL POSITION as at 31 MARCH 2021**

		<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>			
Tangible fixed assets - housing properties	11	4,989	6,354
Other tangible fixed assets	12	970	1,010
		<hr/>	<hr/>
		5,959	7,364
<b>Current assets</b>			
Debtors	13	1,820	2,185
Cash and cash equivalents		14,649	12,189
		<hr/>	<hr/>
		16,469	14,374
<b>Creditors: amounts falling due within one year</b>	14	(3,101)	(2,690)
		<hr/>	<hr/>
<b>Net current assets</b>		13,368	11,684
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		19,327	19,048
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	15	562	1,006
		<hr/>	<hr/>
<b>Provisions for liabilities and charges</b>			
Provisions for liabilities	16	96	96
Defined benefits pension liability	23	7,001	3,435
<b>Capital and Reserves</b>			
Share capital	18	-	-
Revenue reserve	19	10,613	13,456
Restricted Reserve	19	1,055	1,055
		<hr/>	<hr/>
		19,327	19,048
		<hr/>	<hr/>

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 July 2021 and were signed on its behalf by:

  
 Susan Kinnaird (Aug 19, 2021 08:25 GMT+1)

S. Kinnaird  
 (Director)



I. Watson  
 (Director)

**PHOENIX HOUSE**

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
for the year ended 31 MARCH 2021**

	<b>Share Capital £'000</b>	<b>Restricted Reserves £'000</b>	<b>Revenue Reserves £'000</b>	<b>Total Capital and Reserves £'000</b>
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)
	-	-	(2,843)	(2,843)
Total comprehensive income	-	-	(2,843)	(2,843)
	-	1,055	10,613	11,668
At 31 March 2021	-	1,055	10,613	11,668

	<b>Share Capital £'000</b>	<b>Restricted Reserves £'000</b>	<b>Revenue Reserves £'000</b>	<b>Total Capital and Reserves £'000</b>
At 1 April 2019	-	-	8,072	8,072
Surplus for the year	-	-	1,456	1,456
Transfer to restricted reserves	-	1,055	(1,055)	-
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	4,983	4,983
	-	1,055	5,384	6,439
Total comprehensive income	-	1,055	5,384	6,439
	-	1,055	13,456	14,511
At 31 March 2020	-	1,055	13,456	14,511

**PHOENIX HOUSE****STATEMENT OF CASH FLOWS for the year ended 31 MARCH 2021**

	<b>Notes</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Net cash generated from operating activities</b>	A	787	589
<b>Cash flow from investing activities</b>			
Interest received		32	93
Recycled Grant Fund returned		-	(279)
Purchase of tangible fixed assets		(145)	(96)
Net proceeds from disposal of housing properties		1,786	998
<b>Net cash generated from investing activities</b>		1,673	716
<b>Net increase in cash and cash equivalents</b>		2,460	1,305
<b>Cash and cash equivalents at beginning of year</b>		12,189	10,884
<b>Cash and cash equivalents at end of year</b>	B	14,649	12,189

**PHOENIX HOUSE**

**NOTES TO THE STATEMENT OF CASHFLOWS for the year ended  
31 MARCH 2021**

**A RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Surplus for the year	1,486	1,456
Interest receivable and similar income	(32)	(93)
Interest payable and similar charges	72	200
Surplus on sale of housing properties	(919)	(848)
Depreciation charge on tangible fixed assets	257	291
Decrease in debtors	354	105
Increase in creditors	412	84
(Increase) in provisions	-	(20)
Movement in pension liability	(843)	(586)
	<hr/>	<hr/>
Net cash inflow from operating activities	787	589
	<hr/>	<hr/>

**B CASH AND CASH EQUIVALENTS**

	<b>2021 £'000</b>	<b>2020 £'000</b>
	<hr/>	<hr/>
Cash at bank and in hand	14,649	12,189
	<hr/>	<hr/>

## **PHOENIX HOUSE**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021**

#### **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 has developed a COVID-19 risk map and action plan which included the creation of business continuity plans to empower the organisation to continue to manage its services and administrative offices.

The Charity has evaluated the impact of COVID-19 on its budget for 2021-22 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 to face the COVID-19 challenge.

##### **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.

## PHOENIX HOUSE

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021 (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 2021 was £2,525 (2020: £2,680k).

## PHOENIX HOUSE

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021 (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 2021 was £11k (2020: £17k).

###### Bad debt provision

The trade debtors balance of £960k (2020: £1,355k) 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 2021 was £9k (2020: £27k).

###### 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 2020-21 financial year. A liability of £7,001k is recorded the Statement of Financial Position at 31 March 2021.

##### 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 2021 (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.

## PHOENIX HOUSE

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021 (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.

##### 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.

## PHOENIX HOUSE

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021 (continued)

#### 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.

## PHOENIX HOUSE

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021 (continued)

#### 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.

## PHOENIX HOUSE

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021 (continued)

#### 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 the equivalent of three months of expenditure in general revenue (free) reserves. 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 2021 (continued)**

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

	Turnover	2021 Operating costs	Operating surplus /(deficit) before surplus on sale of housing properties £'000	Turnover	2020 Operating costs	Operating surplus /(deficit) before surplus on sale of housing properties £'000
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Housing lettings</b> (note 2B)	4,890	(5,205)	(315)	5,013	(5,685)	(672)
<b>Other Social housing activities</b>						
Revenue grants	7,848	(7,415)	433	7,434	(6,812)	622
Charitable donations and sundry income	100	(80)	20	166	(194)	(28)
	12,838	(12,700)	138	12,613	(12,691)	(78)
<b>Non-social housing activities</b>	5,171	(4,702)	469	6,331	(5,538)	793
<b>Total</b>	18,009	(17,402)	607	18,944	(18,229)	715

**PHOENIX HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)**

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

	<b>Residential care homes £'000</b>	<b>2021 Supported housing £'000</b>	<b>Total £'000</b>	<b>2020 Total £'000</b>
<b>Income from social housing lettings</b>				
Rent receivable net of identifiable service charges	2,776	2,036	4,812	4,924
Other revenue grants	60	18	78	89
<b>Turnover from social housing lettings</b>	<b>2,836</b>	<b>2,054</b>	<b>4,890</b>	<b>5,013</b>
<b>Expenditure on social housing lettings</b>				
Management	640	345	985	894
Housing services	271	251	522	698
Routine maintenance	37	167	204	180
Depreciation of housing properties	52	62	114	115
Staff costs	1,731	738	2,469	2,793
Property lease charges	73	355	428	456
Resident costs	360	25	385	396
Other costs	54	44	98	153
<b>Operating costs on social housing lettings</b>	<b>3,218</b>	<b>1,987</b>	<b>5,205</b>	<b>5,685</b>
<b>Operating (deficit) on social housing lettings</b>	<b>(382)</b>	<b>67</b>	<b>(315)</b>	<b>(672)</b>
Rent losses from voids (included in rent receivable above)*	670	-	670	660

\* 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.

**PHOENIX HOUSE****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)**

<b>3 Key management personnel remuneration</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Aggregate emoluments	448	484
Pension contributions	22	21
	<hr/>	<hr/>
	470	505
	<hr/>	<hr/>

During the year, five Directors accrued retirement benefits under a defined contribution pension scheme (2020: 5).

Highest paid Director\*

Aggregate emoluments (excluding pension contributions)	123	120
Pension contributions	7	7
	<hr/>	<hr/>
	130	127
	<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 £6,886 (2020: £7,246) 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:

	<b>2021 No.</b>	<b>2020 No.</b>
Permanent staff - full time equivalent (number)	404	425
Sessional staff - full time equivalent (number)	8	9
	<hr/>	<hr/>
Total employed by FTE	412	434
	<hr/>	<hr/>
Average number of persons employed	463	507
	<hr/>	<hr/>

**PHOENIX HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(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:

	<b>2021 No.</b>	<b>2020 No.</b>
£110,001-£120,000	1	1
£100,001-£110,000	-	-
£90,001-£100,000	1	1
£80,001-£90,000	1	2
£70,001-£80,000	3	2
£60,001-£70,000	3	1
	<hr/>	<hr/>
	9	7
	<hr/>	<hr/>

**5 Staff costs**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Wages and salaries	11,660	11,758
Compensation for loss of office	12	43
Social security	1,067	1,055
Pension costs	1,315	1,022
	<hr/>	<hr/>
	14,054	13,878
	<hr/>	<hr/>

**6 Interest receivable**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Bank interest receivable	32	93
	<hr/>	<hr/>

**7 Interest and financing costs**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Unwinding of discount on defined contribution pension scheme liability	1	1
Net interest cost on defined benefit pension obligations	71	199
	<hr/>	<hr/>
	72	200
	<hr/>	<hr/>

**PHOENIX HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)**

<b>8 Surplus for the year</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
The surplus is stated after charging:		
Depreciation of housing properties	114	115
Depreciation of tangible fixed assets	143	176
Operating lease rentals payable:		
- Land and buildings	337	469
<b>9 Auditor's remuneration (excluding VAT)</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Fees payable to the Charity's auditor for the audit of the annual financial statements	39	34
Fees payable to the Charity's auditor and its associates for other services to the Charity:		
- Taxation advisory services	1	9
<b>10 Surplus on disposal of fixed assets</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Sales proceeds	1,851	1,055
Net book value	(1,293)	(153)
Grants released	426	3
Disposal Costs	(65)	(57)
	919	848

**PHOENIX HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)**

11 Housing properties	Freeholds	Short Leaseholds	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 31 March 2020	7,250	106	7,356
Additions	31	-	31
Disposals	(1,578)	(52)	(1,630)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	5,703	54	5,757
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 31 March 2020	896	106	1,002
Charge for year	114	-	114
Disposals	(296)	(52)	(348)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	714	54	768
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 March 2021	4,989	-	4,989
	<hr/>	<hr/>	<hr/>
At 31 March 2020	6,354	-	6,354
	<hr/>	<hr/>	<hr/>

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 2021 was 308 (2020: 310).

147 bed spaces (2020: 149) 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 2021 (continued)**

12 Other fixed assets	Long leasehold investment £'000	Leasehold property improvements £'000	Office furniture & equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 31 March 2020	508	767	1,160	253	2,688
Additions	-	-	114	-	114
Disposals	-	-	(65)	(10)	(75)
At 31 March 2021	508	767	1,209	243	2,727
<b>Depreciation</b>					
At 31 March 2020	60	349	1,018	251	1,678
Charge for year	10	62	71	0	143
Disposals	-	-	(54)	(10)	(64)
At 31 March 2021	70	411	1,035	241	1,757
<b>Net book value</b>					
At 31 March 2021	438	356	174	2	970
At 31 March 2020	448	418	142	2	1,010

**PHOENIX HOUSE****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)****13 Debtors**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Arrears of charges to statutory bodies and others	108	258
Amounts due from contractual income	852	1,097
	<hr/>	<hr/>
	960	1,355
Less provision for bad debts	(9)	(27)
	<hr/>	<hr/>
	951	1,328
Other debtors	6	30
Prepayments and accrued income	863	827
	<hr/>	<hr/>
	1,820	2,185
	<hr/>	<hr/>

**14 Creditors: amounts falling due within one year**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Trade creditors	386	586
Payments in advance	441	412
Taxation and social security costs	245	260
Other creditors	153	118
Accruals, deferred income and grants received in advance	1,572	1,010
Recycled capital grant fund (note 17)	294	294
Multi-employer pension scheme (note 23)	10	10
	<hr/>	<hr/>
	3,101	2,690
	<hr/>	<hr/>

**PHOENIX HOUSE****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)****15 Creditors: amounts falling due after more than one year**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Deferred grants	532	969
Multi-employer pension scheme (note 23)	30	37
	<hr/>	<hr/>
	562	1,006
	<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 (2020: £402k) is therefore potentially recyclable on disposal.

**16 Provisions**

<b>Onerous leases and dilapidations</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
At 1 April	96	116
Movement in provision		
Additions	15	15
Released	(15)	(35)
	<hr/>	<hr/>
As at 31 March	96	96
	<hr/>	<hr/>

**17 Recycled capital grant fund**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Balance at 1 April	294	573
- Repayment of funds to Homes England	-	(279)
	<hr/>	<hr/>
Balance at 31 March	294	294
	<hr/>	<hr/>
Amount due for repayment to Homes England (due within one year)	294	294
	<hr/>	<hr/>

## PHOENIX HOUSE

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021 (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.

#### 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

	2021 £'000	2020 £'000
For leases expiring:		
Within one year	125	211
Between two and five years	212	258
	<hr/>	<hr/>
	337	469
	<hr/>	<hr/>

#### 22 Contingent liabilities and assets

After winning a significant new business contract, the Charity has assumed a contingent pensions liability under the government's Fair Deal guidance and the Best Value Authorities Staff Transfers (Pensions) Direction 2007. The funder has however fully indemnified the Charity for any such liabilities which may arise under the contract.

#### 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 327 (2020: 345) active members.

**PHOENIX HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)**

**23 Pension Scheme Arrangements (continued)**

**Social Housing Pension Scheme ("SHPS")**

**Pension scheme liabilities recognised in the Statement of Financial Position**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Pension obligations recognised as Defined Benefit schemes	7,001	3,435
Defined contribution schemes:		
-Growth Plan	40	47
	<hr/>	<hr/>
As at 31 March	7,041	3,482
	<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 triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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.

For accounting purposes, a valuation of the Scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the Scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 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.

**PHOENIX HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)**

**23 Pension Scheme Arrangements (continued)**

Historic pension deficit contributions of £869k are payable by the Charity for the year ended 31 March 2022.

<b>Statement of Financial Position</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Fair value of plan assets	28,986	26,363
Present value of defined benefit obligations	(35,987)	(29,798)
	<hr/>	<hr/>
<b>Net liability</b>	<b>(7,001)</b>	<b>(3,435)</b>
	<hr/> <hr/>	<hr/> <hr/>

**Principal actuarial assumptions at the financial position date:**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Discount rate	2.18	2.37
Rate of inflation (RPI)	3.27	2.60
Rate of inflation (CPI)	2.87	1.60
Salary growth	3.87	2.60
Allowance of commutation of pension for cash at retirement	75% of Maximum Allowance	75% of Maximum Allowance
	<hr/>	<hr/>

<b>The mortality assumptions applied imply the following life expectancies at age 65:</b>	<b>At 31 March 2021 Years</b>	<b>At 31 March 2020 Years</b>
Male retiring in 2020/2021	21.6	21.5
Female retiring in 2020/2021	23.5	23.5
Male retiring in 2040/2041	22.9	22.9
Female retiring in 2040/2041	25.1	24.5
	<hr/>	<hr/>

**PHOENIX HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)**

**23 Pension Scheme Arrangements (continued)**

<b>Amounts recognised in the Income Statement</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Net interest on defined benefit liability	71	199
Expenses paid	34	34
	105	233
	105	233
<b>Amounts recognised in Other Comprehensive Income</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Experience on plan assets	2,670	407
Experience gains arising on plan liabilities	116	215
Effects of changes in demographic assumptions underlying the present value of scheme liabilities	(130)	294
Effects of changes in financial assumptions underlying the present value of scheme liabilities	(6,985)	4,067
	(4,329)	4,983
	(4,329)	4,983
<b>Reconciliation of movements on the defined benefit obligation</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Defined benefit obligation at the start of the period	29,798	34,150
Administration cost	34	34
Interest expense	688	791
Actuarial losses and (gains)	6,999	(4,576)
Benefits paid	(1,532)	(601)
	35,987	29,798
<b>Defined benefit obligation at the end of the period</b>	35,987	29,798

**PHOENIX HOUSE****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)****23 Pension Scheme Arrangements (continued)**

<b>Reconciliation of movements on the fair value of plan assets</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Fair value of plan assets at the start of the period	26,363	25,356
Interest income	617	592
Contributions by the employer	868	609
Experience on plan assets	2,670	407
Benefits paid	(1,532)	(601)
	<hr/>	<hr/>
<b>Fair value of plan assets at the end of the period</b>	<b>28,986</b>	<b>26,363</b>
	<hr/> <hr/>	<hr/> <hr/>

The actual return on the plan assets over the year ended 31 March 2021 was £3,287k

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**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Equity	4,620	3,856
Bonds	12,146	12,582
Property and infrastructure	3,103	2,999
Absolute return	1,600	1,375
Alternative risk premia	1,092	1,843
Insurance linked securities	696	810
Other	5,729	2,898
	<hr/>	<hr/>
	<b>28,986</b>	<b>26,363</b>
	<hr/> <hr/>	<hr/> <hr/>

## PHOENIX HOUSE

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021 (continued)

#### 23 Pension Scheme Arrangements (continued)

##### Growth Plan

The Charity participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. 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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1 April)
------------------------------------------	---------------------------------------------------------------------------------

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m.

To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1 April)
--------------------------------------------	---------------------------------------------------------------------------------

From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1 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.

**PHOENIX HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 MARCH 2021  
(continued)**

**23 Pension Scheme Arrangements (continued)**

**Growth Plan (continued)**

<b>Present value of provision</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
As at 31 March	40	47

<b>Reconciliation of opening and closing provisions</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Provision as at 1 April	47	57
Unwinding of the discount factor	1	1
Deficit contributions paid	(10)	(10)
Impact of changes in assumptions	2	(1)
As at 31 March	40	47

<b>Assumptions</b>	<b>2021 % per annum</b>	<b>2020 % per annum</b>
Rate of discount	0.66	2.53

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results 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**

During the year, the Charity received a £nil donation from a Board member, (2020: £10k).

<i>Key Management personnel</i>	<b>2021 £'000</b>	<b>2020 £'000</b>
Remuneration paid to Key Management Personnel were:		
Remuneration (as per note 3)	470	505
Employer's social security costs	56	60
	526	565