

Companies House

Charity registered number 292579
Company registration number 01859070

Pathways to Independence Ltd

Report and financial statements

For the year ended 31 March 2022



**Social
Interest
Group**

Pathways to Independence.
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Reference and Administrative details of the Charity, its trustees and advisors

Pathways to Independence Ltd was established in October 2013 following the merger of two well established, Kent based charities; Medway Cyrenians and Hope (Kent) Limited. Pathways joined the Social Interest Group on the 19th January 2021.

Directors and Charity trustees

The directors of the Charity are its trustees for the purposes of charity law and throughout this document are collectively referred to as trustees. The current trustees and those that served during the year:

Chairman

Karl Marlowe

Other trustees

Rami Bibi (Resigned – 4th
February 2022)

Dylan Kerr

Stuart Jenkin

Lindsey Wishart (Treasurer)
(Resigned – 25th May 2022)

Jeff Loo (Appointed – 4th February
2022)

Claire Barton (Appointed – 4th
February 2022)

Company Secretary

Michael Rutherford

Executive Officers

Group Chief Executive

Gill Arukpe

Senior Director of Operations

Cassie Newman

Director of Finance & Resources

Michael Rutherford

Director of People & Culture

Zainah Baker (Resigned – 25th
April 2022)

Maria Speight (Appointed – 11th
July 2022)

Registered office

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N1 1TY

Auditor

Buzzacott LLP
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Bankers

Lloyds Bank plc
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London
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Solicitors

Russell Cooke LLP
2 Putney Hill
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SW15 6AB

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M3 3AA

Company registration number

01859070

Charity registration number **292579**

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The trustees present their report and the audited financial statements for the year ended 31st of March 2022.

The reference and administration information set out on the previous page form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives

Purposes and Aims

The objects of Pathways to Independence Ltd as set out in the Articles of Association are for the public benefit:

- Provide support and relief, including rehabilitation from the causes and effects of poverty, homelessness, illness and criminal behaviour for persons aged 16 and over in the county of Kent and surrounding area by providing or assisting in the provision of accommodation, education, training for employment, advice and counselling and other supportive facilities for such persons.

The trustees review the aims, objectives and activities of the Charity each year. This report looks at what the Charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the Charity has brought to the people that it is set up to help. The review also helps the trustees ensure the Charity's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Activities

Pathways works with vulnerable, single homeless people who have additional support needs; they may be recovering from substance misuse, suffering from mental health problems and around 50% of the clients we work with have committed offences and are homeless because they have spent some time in prison. All of our clients want to help themselves back into independent living.

Pathways has been serving marginalised and socially excluded clients within communities across Kent and Medway for many years and has a proven track record in improving the lives of homeless people. Our support enables clients to significantly improve their opportunities in life and allows them to develop fulfilling and settled lives within their local community.

'Housing related support needs' is the mainstay of Pathways work and encompass any skill deficiency or personal issue that affects a person's life in such a way that it inhibits their ability to maintain their own independent accommodation.

A resident's journey is measured at a minimum of every three months during their stay with Pathways through regular key-work sessions with an allocated support coach. The aim is to develop skills so that the individual can sustain independent accommodation and not fall back into homelessness.

Pathways provide a peer mentoring service, Housing First service in Maidstone, and a rough sleeper project in Medway

Chief Executive's Statement

I'm very proud of what we achieved at the Social Interest Group (SIG) this year, of which Pathways to Independence is a subsidiary member. We supported 4,400 residents and participants during the pandemic and managed to keep everyone safe, well, active and involved.

We developed a Peer Mentoring Programme and volunteer scheme to enhance the participant and resident's journey, increasing how we can support people who find participating or living in supported housing challenging. Health Education England helped fund this new program. As part of the business growth plan, we established fundraising, marketing and a sales team.

Equality, Diversity and Inclusivity (EDI) is the main reason for our purpose and why we are here. Ensuring our people have equal of access to housing, employment, training, and health and social care services, no matter how complex their lives. To ensure EDI remains core in all we do, we appointed an EDI Program Manager who quickly established Ambassadors across the organisation, each with a particular interest in the protected groups. We included menopause as its crucial to health and wellbeing. We brought in several new services, retained existing ones via tenders and direct contracting. We finished the year strong and united as one team under one quality brand - SIG.

This year, the after-effects of the lockdowns and Covid-19 have become more apparent within the cohorts of people we support. We have seen dramatic rises in those referred to our services being more complex. Cases of dual diagnosis, depression and suicidal idealisation caused by poverty, isolation, and higher cost of living have increased. Alcohol and substance misuse continues to be a constant factor, and the number of women being exploited, trafficked and living in abusive and controlled environments is increasing. These impacts are why all of us at SIG Pathways strive for change, and this year, our most notable achievements were

Property Strategy

Our property strategy aims to increase the quality of estate management within Penrose and charge fairly for this service to ensure residents' satisfaction, particularly concerning repairs and easy access to our services. We continue to build enduring partnerships with local authorities to jointly invest in the communities where Penrose has accommodation to maximise social impact and boost economic growth.

Social Impact and Value

Social value is vital to us as we deliver local services to local people with staff working and living in the local community. We devoted considerable time to finding ways to measure and understand the social impact and value of Penrose. Working with commissioners, we have been laying out plans for how each of our services engages more profoundly with the local area, infrastructure, and community.

ICT Strategy

We invested in making our ICT infrastructure the most secure within the sector. The changes ensure we reduce risk on services and operations and increase visibility and assurance in Cyber-Security. We now have the flexibility to scale and evolve as our business needs change and provide a greater collaborative experience for all staff.

People and Culture

Recruitment is the most significant risk in the sector. Finding and retaining the best staff is our challenge. We invested in our staff teams, deepening our connection to them by understanding what inspires, motivates, and hinders them from reaching their full potential. We implemented reflective practice at all levels within the Group to allow staff to openly discuss what they have seen, heard, or experienced in a safe environment. We brought in workplace apprenticeships, developed more in-house training around safeguarding and risk management, and focused on shaping the future of the leadership team by recognising and developing in-house talent. We are proud of our career progression opportunities for frontline staff. Many have gone on to manage services and become senior leaders. We started to develop our pay and reward strategy and joined other thought leaders in raising the issue of pay in the sector. Without the support of commissioners and the central government, this will remain high risk.

Fundraising, Marketing and Development of New Services

Our Development Team worked closely with operations to secure contracts delivering Peer Mentoring and Training in Kent. We also retained and grew our Kent and Medway contracts. We secured several smaller but vital pots of funding to support other services. We enhanced our support by proactively promoting our spot purchase offers, leading to new referrals and a reduction in voids. Recognising how busy Care Coordinators are, this change has made it as simple as possible to make referral partners' lives easier, and all have welcomed it.

In closing, we won awards, onboarded new funders and trustees, took on new properties and services, and overcame many challenges. I'm so proud of everyone at SIG Pathways for rising to the challenges we face each day and overcoming them together. I've seen strength and innovation, and I know the future will continue to be bright for the people we support and us.



Gill Arukpe, Group Chief Executive
27th September 2022

Strategic Report

Results and Impacts

In 21/22 we supported 197 people across our different services.

Residential Services

SIG Pathways to Independence Ltd (trades as SIG Pathways) provides supported housing for vulnerable, single homeless people with additional support needs across Kent and Medway. Over 75% of move-on in FY2021-22 were positive. None of our residents experienced returns to prison or unplanned returns to hospital during their time in our care. 3.6% of residents were convicted of a new offence.

KPI	TARGET	ACTUAL
% Positive move-ons	>85%	75.3%
% unplanned return to hospital	<3%	0%
% convicted of new offence	<3%	3.6%
% unplanned return to prison	<3%	0%

- Positive Move on means people that secure independent accommodation or move into a safe location for continued support.
- Total Departures means every resident or participant that has left the service that year.

Total departures	73
Positive move-ons	55
Total clients seen	197
Unplanned returns to hospital	0
Convicted of a new offence	7
Unplanned return to prison	0

Client Transformations

Tom's Story

Tom is still on his journey with Pathways. He joined us at the beginning of this year after nearly dying from alcohol poisoning. It was not his first time in the hospital close to death. He had previously been through twelve hospital detox programmes. But this time, something was different; he wanted to succeed.

Tom drank from age 13; to make things go away and sometimes to give himself some confidence. He found it helped in his job as a door-to-door salesman. His drinking became more of a problem at age 26 when his Dad died. However, despite being an alcoholic, he still managed to hold down jobs which enabled him to pay for his alcohol. At the height of his drinking, Tom consumed at least 2 litres of vodka and four cans of strong beer daily. He remembers very little of the last 23 years, but he was violent towards men, which got him into trouble with the Police from time to time. His Mum felt unable to remain in contact with him. By the end of last year, he was living in shared accommodation with other drinkers.

This year his New Year celebrations resulted in a spell in hospital, then detox. He realised he couldn't return to his previous home, so he was referred to Pathways. Tom now has a Key Worker and a team of supporters at Pathways helping him. They have engaged several partner agencies who regularly work with him to help him stay off the alcohol, and Pathways worked with him to remain healthy. They helped build his confidence and broker opportunities for Tom to reengage with his community and family. He now volunteers weekly in a timber yard, has got back in touch with his Mum, and spends most of his evenings and weekends helping at a local sports club. Tom has made a very positive start, and ultimately, he would like to get back into employment and find a home.

"Pathways have helped turn my life around. My Key Workers are always there if needed, and they are part of a team towards my recovery."

Our Focus

Equality, Diversity and Inclusion (EDI)

As part of our strategic objective to make access to health, social care, housing and employment more equitable, we appointed an Equality, Diversity and Inclusion Programme Manager to develop our three-year strategy working with our Group CEO. The plan provides a framework and roadmap to identify and address any barriers that limit access to our services. Among the strategy's broader aims and objectives is to challenge the over-representation of People of Colour within the Criminal Justice and Mental Health System. SIG made real strides toward our EDI plans. An internal audit during the year concluded SIG as an "Age-Friendly Employer". We intend to promote this as a unique selling point as part of future social media campaigns and recruitment drives.

Disability Confident

We achieved Level 2 certification as a registered disability accredited employer. Recognised as a Disability Confident organisation, we lead in changing attitudes for the better. We aim to change behaviours and cultures internally and within our external networks and communities where possible and reap the benefits of inclusive recruitment practices. We are working towards ensuring that all our properties have disabled access. As part of our property development strategy, we aim to replace or renovate to ensure we can offer equal access for disabled people over the next five years

Reflective Practice

Reflective Practice is essential to creating Psychologically Informed Environments (PIE). It provides a safe place for staff to share best practice and reflect on our work's emotional impact, facilitated by external facilitators. Monthly Reflective Practice continued in the year provided by Brett Grellier Psychology Services for frontline staff. Bi-monthly sessions took place for Managers, Deputy Managers, senior management team and members of the Executive Management Team. Sessions are online, enabling staff to share learning across various services and geographical locations.

Best Practice

Project Boards

Our Best Practice Team introduced Project Boards to manage new services' development, mobilisation and implementation. Using a project management approach, they promote best practices ensuring all new contracts are delivered on time, within budget and achieve or surpass the required outcomes. Support services, subject matter experts, residents and participants, families and carers are engaged, and any potential or current obstacles to progress are resolved. A Project Management Coordinator provides support, chairing meetings for each Project Board and maintaining accurate records.

Theory of Change

We finalised our Theory of Change model and presented it to staff, stakeholders and the Board. We base it on three core elements; identity, community and relationships. We started work reviewing all the activities and interventions we deliver across our services and aligning them with these elements. We began embedding the Theory of Change concept early with staff ensuring they understood how their work aligns with these fundamental principles. We began to develop a communication cascade with our Communications Team, working with a small, already engaged group of employees who helped build our Theory of Change.

Quality Handbook

We completed work on our Quality Handbook, a new digital interactive Best Practice Guide for staff developing, mobilising and implementing new services. It has been a historic collaborative effort, involving over 115 staff and 18 workshops to codevelop the contents. We designed the handbook for group settings with guides and best practice examples. We will continue to add more examples as they develop.

We announced its launch and introduced its contents in July through an all-staff webinar, and it went live on our staff intranet in August. Our Director of Innovation and Impact facilitated workshops on using the handbook in August and September, the first on resident and participant involvement and the second on embedding PIE in local services.

Development, Mobilisation and Implementation Handbook (DMI)

We introduced the DMI Handbook as part of an improvement plan to help maintain service delivery standards across each stage of the business development cycle, from bidding and winning business to mobilisation, implementation and ongoing performance review. The handbook breaks down each stage, how they intersect, and the sign-off processes for each.

Quality and Performance

Across the organisation, we worked to improve Quality and Performance reporting and workflow management for Service Managers and Heads of Service. We established what information could be utilised and defined new governance standards for capturing and curating data to create larger datasets for evidence-based decision-making. We worked across the organisation to better accustom frontline staff to data entry, reporting, systems and software. We used bi-weekly Excel training and Inform 'Clinics' to work through issues and queries live on-screen.

Business Intelligence Reporting

Implementing and using various reporting dashboards within Microsoft PowerBI against internal KPIs has been a priority. Reports will add valuable insight into our performance as contractual evidence related to compliance and our impact, providing invaluable data for bids, grants and fundraising opportunities. The improvements we are making will continue to feed into the work on PowerBI, increasing the level and standard of business intelligence across the organisation and live reporting functionality.

ISO9001 Accreditation

The Social Interest Group achieved Certification with ISO 9001 following an assessment by The Certification Group in January 2022. The assessor inspected a portfolio of audits carried out across the organisation that demonstrate our commitment to the Quality output of our services. Audits were a collaborative effort, with representatives from a range of services and all departments of SIG involved. ISO 9001 is the market's most credible, robust and effective business improvement tool. SIG has held Certification since its inception.

Voids Management

We implemented weekly void meetings and reviewed collaborative working approaches between our Operations, Housing and Business Intelligence teams to create a more targeted and supportive approach to those higher-risk voids, including clear escalation routes for unpicking barriers. We developed a live void dashboard through Microsoft PowerBI to see the voids across Pathways and drill down into each service to provide an up-to-date picture.

Programmes Development and Roll Out

Our in-house Programme Team designs and develops creative learning activities and interventions, supplementing them with e-learning and utilising practical exercises, toolkits and coaching approaches for residents and participants. Each targets specific needs and includes: *Resonate* is a 6-step process to understand better, manage and cope with emotions; *Amplify* seeks to explore two key themes: motivation and employability creatively; *Insight* is a self-awareness programme combining CBT with theatre and storytelling to improve confidence and self-esteem. *Insight*, *Resonate* and *Amplify* were delivered in our new contract in Kent. Our Programmes Team finalised the staff training programme ensuring all services had the opportunity to provide our Group Programmes to a high standard with support and quality assurance. The team supported moving all our intervention toolkits and resources into one place, making it easier to share best practices to ensure quality and consistency of provision

People and Culture

Service Managers Development Programme

Despite the pandemic, we delivered our staff development program and devised multiple ways to ensure staff could access onboarding and refresher training resources. Our development programme for Managers and Deputy Managers aims to support their roles with internal and external delivery of crucial topics. These have included Resilience, Be More Assertive, Working to a Budget, Introduction to Coaching and Time Management. These were delivered interactively online in three cohort groups of 15 per group. During Q2, we continued expanding our programme offer, which includes eight modules.

Agency Reduction

Work in this area continues to improve and has been one of the significant success areas for 2021/22 with our colleagues in People & Culture. Agency use has dramatically dropped, and we continue to see a reduction in the use of bank staff and overtime per month, despite challenges with self-isolation due to Covid. The work with Microsoft PowerBI will be able to compare the salaried headcount, vacancy, agency, bank and overtime hours via a dashboard to track hours delivered. The end-of-year result demonstrated that savings made against permanent staff were not 100% offset by agency, bank or overtime spending. Whilst this is a positive result for our agency use from previous years, it has meant undertaking further scrutiny to understand better how services functioned safely with less than budgeted headcount and how we can utilise these approaches into 2022/23.

Uptake of Apprenticeships and Increased Spending of the Levy Pot

With the Social Interest Group contributing to the apprenticeship levy pot, we have encouraged staff at all levels to take advantage of accredited qualifications in Health and Social Care, Operational Management and Housing. Currently, with 12 participants on their learning journeys, we hope to expand this in the coming years.

Significant Events

New Peer Mentoring Service in Medway

We partnered with Health Education England to develop our peer mentoring offer as the need for residents and participants to have support from those with lived experience is increasing. We set up and ran a Peer Mentor Project in Medway to support vulnerable people who are either street-based or living in supported accommodation. The project works exclusively with people at risk of overdose who are either not under a treatment service or not engaging with a treatment service. The Project started in September, and we recruited and trained seven Peer Mentors with lived experience. The service receives referrals from community partners and has worked with over 30 men and women. The Peer Mentor Group has also set up regular badminton and swimming groups.

We completed an initial service report sent to commissioners in March 2022. Although the data was from a small cohort and early in the project's life, the feedback from people accessing the service is encouraging, given the challenges they present:

- 84% are motivated to work with their Peer Mentor and find them helpful.
- 84% have improved mental health.
- 100% have improved physical health.
- 72% have reduced their drug misuse levels.
- 100% feel less likely to offend since having a mentor.

The report was well-received by commissioners and received positive feedback. Funded until the end of May 2022, we continue to work with Health Education England to invest in peer mentoring as a support mechanism and grow the reach of our Peer Mentoring Program across Kent.

What participants using the service have to say:

'My Peer mentor has given me ideas on managing my mental health better and engaging with Turning Point. My mental health has improved since working with the Peer Mentor.'

'It is good to meet and be supported by someone who has walked the walk'.

Meet Simon, one of our Peer Mentors:

Simon has been a resident with Pathways for several months now. With one eye on the future and hopefully returning to employment, he undertakes several volunteering assignments to maintain his knowledge and experience. Simon's volunteering is very much around his areas of interest and previous knowledge. He provides IT expertise to local Sue Ryder charity shops. He is also an office-based helpline advisor for UNLOCK, a charity providing support, information and advice to improve people's lives with criminal records. Simon's interest in volunteering led him to Pathways' Inspiring Change project. After undertaking an induction, he is now a Peer Mentor. Simon described the need for peer mentors at Pathways: "People who have spent a long time in prison struggle to get into the community. Many were sentenced before the internet existed, so they need a helping hand now."

So far, as a Peer Mentor, Simon has accessed training for himself on dealing with challenging behaviour, confidentiality and benefits so he can support residents more effectively. His practical support includes offering basic computer skills to residents so they can familiarise themselves with the local area and support services and search for jobs online.

Medway' A Grade' for Quality Assessment Framework (QAF):

Medway Council's Quality Assessment Framework Team audited our Medway accommodation services commissioned by the council. These work with ex-offenders and people experiencing homelessness. The service is audited annually by Medway Council and graded against a performance matrix covering various areas, which on this occasion focused on Health & Safety & Safeguarding. Extensive work from the whole team paid off as we were awarded an 'A' grade for our Quality Assessment Framework (QAF) in both areas.

with the report commending the comprehensive range of policies and procedures in place and the staff support. We are incredibly proud of this achievement.

Link House Report

Research has shown comparatively high rates of homelessness amongst the offending population, with various studies highlighting a strong connection between homelessness and reoffending (HMIP, 2020). At the beginning of the year, the Research and Policy Unit of Kent, Surrey, and Sussex Community Rehabilitation Company (CRC) published and presented the findings of their independent evaluation of our Link Project in Maidstone. The Link Project works with people who are homeless, multiply disadvantaged and have complex needs relating to substance misuse, mental health, physical health and offending.

The Kent County Council Homeless Connect Service is not commissioned to work with this group. Many do not meet the Local Authority criteria for temporary accommodation or are classed as a lower priority than other disadvantaged groups. Following the initiation of the Link Project, the KSS CRC Research and Policy Unit was commissioned to evaluate the role of supported accommodation in reducing reoffending and improving outcomes for clients in the Link Project. The critical question was, does supported accommodation help rehabilitate people on probation?

The study was a longitudinal evaluation between February 2020 and March 2021. Although the evaluation period coincided with two national lockdowns, which hindered the remit of the research and limited move-on from the service, the residents interviewed reported substantial improvements in their self-efficacy, wellbeing and independent living skills. Moving forward, we recognise that to be a leader in the sector for robust evaluation; we need a dedicated resource. Our ambition is for an internal Evaluation Lead to collate evidence, work with research partners and steering groups and, where possible, commission (independent) evaluations of our services.

Financial Review 2021/22

Pathways made a surplus of £13k (2020/21 - £61k) at the operating profit level before a past service surplus pension payment of £69k (2020/21 - £1k). This results in an unrestricted fund balance of £1,733k at 31st March 2022 (2020/21 - £1,718k). In addition, it had a restricted fund balance of £30k (2020/21 - £30k).

The pensions reserve at the end of the year was £523k and relates to the past service deficit liability relating to the defined benefit and retirement Local Government Pension Schemes. Pathways has no ability to influence the actuarial gains/losses or balance sheet liability and could see losses and increased liability in future. New legislation with effect from 23rd September 2020 allows Employers (known as Deferred employer) to enter into an agreement with the administering authority to defer the obligation to make the exit payment (enter into a Deferred Debt Agreement) and continue to make contributions at the secondary rate as determined by the actuarial valuation until the termination of the deferred debt agreement. This is available to us even if the last member leaves. We will be reviewing this to put in place.

Given the wider economic environment and on-going changes and increased competition within the sector, the trustees consider the results to be disappointing but understandable. Therefore, it is essential that moving forward our focus remains on developing new services, new funding models, effective and financially efficient models of service delivery.

The principal funding sources remain Local Authority block contracts largely for our resettlement projects alongside funding from Clinical Commissioning Groups and NHS Trusts towards our work with people recovering or living with mental ill health and or personality disorders, and the work we do with preventing homelessness and homeless people. The trustees are appreciative of the funding received from its funders including those statutory commissioners for the work streams they support as well as the vital non-statutory funding received from individuals, trusts and foundations.

Principle Risks and Uncertainties

Pathways to Independence Ltd has a risk management strategy, which is overseen by the trustees. The risk register is reviewed monthly by the Executive Management Team, in consultation with all managers, and subsequently by the trustees at each quarterly Board meeting. The principal risks are that a resident or participant commits a serious act and that there is class A and/or B drug usage on our premises. This is not surprising in view of the activities undertaken by Pathways. To mitigate these risks, we have robust risk management policies, a pandemic strategy and contingency plans, well trained staff, incident and near miss reporting and learning, a safeguarding officer, a clinical lead and people safe systems, testing procedures and good relationships with experts by experience and co-production with our residents and participants, responsible officers, and the police. In addition, Pathways is experiencing great difficulties in procuring properties either for rent or outright purchase, given that we cannot expand at the rate of demand or that we may lose contracts.

Another significant risk is the pension deficit contributions made to TPT and to the KCC to fund the shortfall in the pension liability of the schemes. The risk is regularly reviewed to ensure any contributions are affordable and do not place a significant financial burden on the Charity.

Reserves Policy and Going Concern

The Trustees reviewed the reserves policy in the light of the relevant guidance on the established level of reserves (those funds that are freely available) that the charity ought to have at any given time. Reserves are needed to bridge the funding gap between spending on services, as well as to cover the impact on working capital to increasing demand for its services and unforeseen budget variances. Reserves are also held to cover risks faced by Pathways to Independence Ltd, including loss of contract income.

The trustees evaluated the commitment to future expenditure against likely future income streams weighing each element according to size, probability, spread of risk and operational impact. The trustees consider that

in light of the ongoing challenging financial environment the reserves target should be approximately £300k. The charity needs to maintain sufficient funds to cover any potential loss in contract income and short-term cash flow and to have approximately three months of expenditure available at all times and to cover costs in the event of the charity winding up. The unrestricted free reserves, excluding the past service pension plan, are £1,733k at 31st March 2022 (£1,718k at 31st March 2021). This comprises of the designated fund and the property revaluation reserve.

The trustees will continue to review the reserves policy and position.

The trustees are in the process of considering options to maintain the charities continued viability and do not consider there are any material uncertainties about the charities ability to continue as a going concern for the immediate future.

Plans for the Future

Our *Making Change, Changing Lives* three-year strategy ends in 2023. As we enter 2022/23, we will begin to map out the next 3-5 years to ensure we continue to meet our next five strategic objectives and change the lives of those we support. We are reimagining how we work and our long-term financial sustainability, putting equity, diversity and inclusivity at the centre for the people we serve and our staff. We will remain ambitious for our participants and residents with our growth strategy and transparent in our work. We wish to extend our geographical footprint and will develop pilots and new ways of working, delivering new services wherever possible.

The areas of health and social care continue to transform. Integrated Care Boards (ICBs) go live in 2022. We will invest time and resources to understand their needs as their strategies develop and work with them and other commissioners to find effective solutions to service gaps. Our ambitions for next year include focusing energy and resources on our Equality, Diversity and Inclusion agenda, including completing an all-staff strategy consultation. Priorities are to understand any disparities in experience and accessing our services to ensure we are inclusive. We will audit our staff, residents and participants' demographic profiles to address underrepresented cohorts and provide equitable access to suitable housing, health, training and employment options.

We will continue to work with commissioners and local authorities to grow and develop our service provision to adapt to the increasingly complex needs of the most vulnerable people with the highest needs. Alcohol and substance misuse remain among the UK's most destructive and costly addictive behaviours. Our focus next year includes staff training on trauma-informed practice, shame awareness and sharing the learnings. Moving towards stabilisation assessment will be part of our focus to ensure women with specific vulnerabilities and complex needs who do not engage well learn to trust and build sustainable support circles.

We are increasing our capacity to improve and develop our business intelligence to strengthen the quality and analysis of outcomes data compliance and ensure a cohesive approach to understand any disparities to deliver fair outcomes for staff, participants and residents. We will continue to utilise the opportunity with contract extensions to negotiate with commissioners to share the risk around void loss, aiming for a significant contribution.

We will continue to bring lived experience into our service offering by building on our Peer Support Model as part of our Volunteering Programme. Doing so will be a crucial enabler in facilitating the personal growth of our residents and participants and inspiring and motivating them to get involved in activities such as seeking employment and developing independent living skills. Due to the rising cost of living, we are increasingly aware of the financial struggles going into 2022/23, including our staff members. We have worked hard to ensure a 3% pay increase for all staff next year, but we want to do more to help address our staff reward and recognition strategy. As a well-trusted and innovative third-sector organisation, we will continue to strengthen our offering and footprint within the health and social care sector.

New Business and Fundraising

New Sales and Marketing Manager

We recruited a new post within our Communications and Marketing Team. The Sales and Marketing Manager's focus is to promote and sell our full range of residential and community care services and ensure these meet their revenue and occupancy targets. Much of their time requires working with hospitals, local authorities, Clinical Commissioning Groups (CCGs) and broader to generate new leads and secure placements. This new post joined in January 2022 and has already helped provide greater oversight and support with referral pathways working closely with Service Managers and partner agencies and increasing awareness of our voids resulting in a reduction.

Insight Programme Delivery in Kent and Medway

In Q3, we delivered the first of our programmes under the Live Well Kent and Medway contracts, providing our *Insight* self-awareness programme both face-to-face and digitally to participants referred into the Shaw Trust's Live Well Programme. Although recruitment, overseen by the Shaw Trust, proved a challenge due to the difficult circumstances of many of the targeted participants, the three people who took part provided highly positive feedback including:

"A brilliant course with fresh and innovative content, delivered by a highly-skilled, self-reflecting facilitator. This by far exceeds similar courses I've attended and other programmes that fall vastly short. Keep it up! Thank you so much."

LWK (Live Well Kent) commissioned a further course to be delivered across Medway, recognising the value and impact on participants to date.

Medway Supported Housing Contract

We successfully retendered our Homeless and Ex-Offender supported accommodation services in Medway. Both services have three-year contracts with a further 2-year extension being possible.

Medway Enhanced Hostel Provision

We secured an extension to our Enhanced Hostel provision funding until Jul 22 under the Medway Rough Sleeper Initiative (RSI) funding. The project offers extra support to RSI clients in Medway with complex needs. The service has worked with 24 clients since its inception, including 11 in the past financial year. The project has received positive feedback from Medway Council, the RSI team, and the commissioner.

Maidstone Supported Housing Contract

We secured a 6-month extension of our supported housing service for ex-offenders in Maidstone. The service is the only one of its kind in Kent and closely manages relationships with central and local government stakeholders. In February, we started working with Maidstone Council and the Department for Levelling Up, Housing and Communities (DLUHC) to submit a proposal to access Rough Sleeper Accommodation Programme (RSAP) Funding to secure and expand the service for a further 2.5 years. The outcome of this bid will be June 2022.

Maidstone Housing First Pilot

In Q2, we began mobilising a new 12-month contract of a Housing First pilot in partnership with Maidstone Council, offering engagement and support to offenders with a complex history of unstable housing, offending and hardest to engage in Maidstone district whilst Maidstone Borough Council source accommodation for said individuals on their caseload.

Link House Contract Extension

Pathways were delighted to have secured funding from the Link Project consortium and Maidstone Borough Council to run the Link House Service until March 2022. During that time, SIG and Pathways developed and submitted a bid to the Ministry of Justice to transform the service offer and move away from reliance on solely 'housing-related funding sources. Although unsuccessful, we undertook extensive consultations and partnership collaboration in designing and developing the pilot to capture evidence of local and regional needs across Kent. Our pilot Steering Group consisted of critical representatives from Kent Probation Seetec, Maidstone and Folkestone and Hythe Council) and HMPPS, and together helped us identify gaps in existing services and understand and gain feedback from residents, participants, and local delivery staff across multiple agencies

Communications

Webinars

This year, we continued with quarterly staff webinars, focusing on strategy and quarterly updates, led by the Executive Management Team members. Additional webinars took place updating staff on significant issues affecting the business and staff consultations. We also used webinars to support staff engagement linked to our new EDI Ambassador Scheme and Support Groups hosting webinars on race, disability, menopause and LGBTQI+.

The SIG Awards

The SIG Honours Awards is an annual ceremony reflecting the year that recognises individuals and teams for contributing to the SIG and making it what it is today. As a member of the Social Interest Group, the event is open to all Pathways staff, residents and participants. Last year's event was virtual due to covid restrictions, but we were able to host the event in London in March of this year.

We screened a short film on our achievements and provided a buffet lunch. We included a networking session as part of the event programme. There were many deserving nominations, and because of this, we extended the categories, including Going the Extra Mile, Coaching Champion, Healthy Living Awards and a Social Value and Community Award. A CEO Award is a discretionary award chosen and presented by Gill Arukpe, Group CEO, for people that have particularly stood out to her within the year.

World Mental Health Day

We continued on the success of the first online Tea & Talks, aimed at providing staff with a safe space to share experiences and information and discuss their mental wellbeing. In October, we held an organisation-wide Tea & Talk to mark World Mental Health Day. Staff, residents and participants from various services and the central office came together and had a lively discussion and shared experiences. Amongst attendees was our Clinical Lead Muriel Gutu, who advised on managing mental health. Participants and residents were in attendance from several services. They duly participated in the discussions, offering candid and insightful observations on mental health. The session closed with five minutes of mindfulness.

Black History Month

Working with our EDI Programme Manager, we celebrated Black History Month across services. Pathways' celebration recognised different backgrounds and heritage, led by two residents. They prepared a meal for all residents, bringing people together. Residents raved about the food, and there was nothing left over.

Social Media Review

We continued to focus on growing our social media presence and increasing activity to showcase our work, events and activities.

PLATFORM	APRIL 2021 Followers	MARCH 2022 Followers
Facebook	718	1,450
Twitter	337	459
LinkedIn	1,001	1,187
Instagram	108	135

Key achievements over the year:

- Grew LinkedIn following by 18.5%
- Grew Twitter following by 36.2%
- Doubled our Facebook followers

Structure, Governance and Management

Pathways is a charitable company limited by guarantee, governed by Articles of Association. Members of the company are Trustees named on page three and, in the event of the company winding up, are limited in liability to £1 per member.

The sole member of Pathways to Independence Ltd is the Social Interest Group with effect from 1st of January 2021 and the non-executive trustees of the Social Interest Group were appointed as the trustees.

All the trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 5 to the accounts.

Appointment of Trustees

The trustees are listed on page three. They hold office for an initial period of three years with the possibility of a second term of three years plus in exceptional circumstance where the trustee has specific skills, this can be extended by the board. The board consists of no fewer than three and no more than nine persons appointed by the members and the executive trustees. No person under the age of 18 may be appointed as a trustee.

Trustees are recruited by the Nominations Committee using specialist recruitment agents and by advertisement. A rigorous interview process takes place, which includes residents and participants. Candidates attend a board meeting and visit projects before being confirmed in post by the Chairperson.

Trustee Induction and Training

New trustees must familiarise themselves with the content of the Articles of Association, their legal obligations under charity and company law, the organisational structure and its recent financial performance. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. All trustees have participated in Safeguarding training.

Related Parties and Relationships with other Organisations

Pathways is a member of the Social Interest Group of which it is a subsidiary. It provides all support functions, senior management and strategic guidance. The Charity is supported in its charitable objectives by all Social Interest Group companies: Equinox Care, Penrose Options, SIG Investments and Pathways to Independence.

Remuneration Policy for Key Management Personnel

The Group Chief Executive's remuneration is set by the Social Interest Group non-executive trustees. Their remuneration and all other staff are remunerated in accordance with a job evaluation process and market rates, which is reviewed by external consultants.

Policy for Employment of Disabled Persons

In April 2019 we became a Disability Confident Employer.

It is the Charity's policy not to discriminate against persons falling under the Disability Discrimination Act 1995 for reasons of their disability whether in, or applying for, employment or in the delivery of services.

The key areas of our policy cover recruitment and employment (disabled applicants not being considered any less favourably on the ground of their disability) service delivery (disabled applicants, residents and participants not being treated less favourably on account of their disability) and information (ensuring information is accessible to all).

Employee Information

The Charity requires line managers to conduct one-to-one meetings with their staff on a regular basis together with an annual appraisal.

The Executive Management Team meet on a weekly basis and updates from this meeting and the monthly Senior Managers Team meeting are disseminated to the Managers' meeting and then to the individual projects' monthly staff meeting.

The Charity takes its investment in its staff's professional development seriously and aims to provide different learning opportunities. It is the Charity's aim to see staff develop and share learning so that value can be added, and staff contribute to our growth and success. We introduced a new core training programme based around the Care Certificate made up of face-to-face and e-learning to ensure all modules are covered.

The trustees would like to thank all staff and volunteers for their hard work and dedication during the year, in a climate that continues to be extremely challenging. We confirm that the Charity pays at least the London Living Wage to our employees working in London.

Statement of Responsibilities of the Trustees

The trustees (who are also directors of the Charity for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and UK Accounting Standards (UK GAAP).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates which are reasonable and prudent
- State whether the applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on an ongoing concern basis unless it is inappropriate to presume that the Charity will continue in operation.

Pathways to Independence Ltd
Trustee report
For the year ended 31 March 2022

The trustees are responsible for keeping adequate accounting records that 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. The trustees are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at the year-end was five (2021: five). The non-executive trustees are members of the Charity, the executive trustee is not a member of the Charity and does not have any beneficial interest in it.

The trustees' annual report, which includes the strategic report, has been approved by the board of trustees on 27th September 2022 and signed on their behalf.



Dr Karl Marlowe
Chairman

Opinion

We have audited the financial statements of Pathways to Independence Ltd (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company 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 trustees 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements;

- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of representatives of management and the review of minutes of Trustee meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of where management considers there was susceptibility to fraud and knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Tested the authorisation of expenditure; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Review of the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Agreeing financial statements disclosures to underlying supporting documentation.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

01 December 2022

Pathways to Independence Ltd
Statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 March 2022

	Note	Unrestricted £'000	Restricted £'000	Pension Reserve £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	Pension Reserve £'000	2021 Total £'000
Income from:									
Donations and legacies	2	2	-	-	2	8	-	-	8
Charitable activities		1,705	-	-	1,705	1,586	133	-	1,719
Total income		1,707	-	-	1,707	1,594	133	-	1,727
Expenditure on:									
Charitable activities	4a	(1,694)	-	-	(1,694)	(1,563)	(103)	-	(1,666)
Total expenditure		(1,694)	-	-	(1,694)	(1,563)	(103)	-	(1,666)
Net income for the year	5	13	-	-	13	31	30	-	61
Transfers between funds		15	-	(15)	-	-	-	-	-
Other recognised gains and losses									
Actuarial gains on defined benefit pension schemes	15	-	-	69	69	-	-	1	1
Revaluation of tangible fixed assets		-	-	-	-	73	-	-	73
Designated funds		(13)	-	-	(13)	-	-	-	-
Net movement in funds		15	-	54	69	104	30	1	135
Reconciliation of funds:									
Total funds brought forward		1,718	30	(577)	1,171	1,614	-	(578)	1,036
Total funds carried forward	17	1,733	30	(523)	1,240	1,718	30	(577)	1,171

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

Pathways to Independence Ltd
Balance Sheet
As at 31 March 2022

	Note	£'000	2022 £'000	£'000	2021 £'000
Fixed assets					
Tangible assets	10		<u>1,315</u>		<u>1,365</u>
			1,315		1,365
Current assets					
Debtors	11	190		229	
Cash at bank and in hand		<u>602</u>		<u>462</u>	
		792		691	
Liabilities					
Creditors: amounts falling due within one year	12	<u>(295)</u>		<u>(238)</u>	
Net current assets			<u>497</u>		<u>453</u>
Total assets less current liabilities			<u>1,812</u>		<u>1,818</u>
Creditors: amounts falling due after one year	13		<u>(49)</u>		<u>(70)</u>
Net assets excluding pension scheme provision			<u>1,763</u>		<u>1,748</u>
Defined benefit pension scheme provision	15		<u>(523)</u>		<u>(577)</u>
Total net assets			<u>1,240</u>		<u>1,171</u>
The funds of the charity	17a				
Restricted income funds			30		30
Unrestricted income funds					
General funds		1,181		1,153	
Pension reserve		(523)		(577)	
Designated funds		108		121	
Revaluation reserve		<u>444</u>		<u>444</u>	
Total Unrestricted funds			<u>1,210</u>		<u>1,141</u>
Total Charity funds			<u>1,240</u>		<u>1,171</u>

Approved by the trustees on 27th September 2022 and signed on their behalf by



Dr Karl Marlowe
Chair

Pathways to Independence Ltd: A company limited by guarantee, Company Registration Number 01859070 (England and Wales)

Pathways to Independence Ltd
Cashflow statements
For the year ended 31 March 2022

	2022 £'000	2021 £'000
Cash flows from operating activities:		
Net income for the reporting period (as per the statement of financial activities)	69	61
Depreciation charges	55	48
Movement in long-term pension deficit liability	(54)	-
Decrease / (increase) in debtors	39	(18)
Increase in creditors	57	70
Net cash provided by operating activities	166	161
Cash flows from investing activities:		
Purchase of fixed assets	(5)	(35)
Net cash used in investing activities	(5)	(35)
Cashflows from financing activities		
Repayments of borrowing	(14)	(12)
Payment of obligations under finance leases	(7)	(12)
Net cash (used in) financing activities	(21)	(24)
Change in cash and cash equivalents in the year	140	102
Cash and cash equivalents at the beginning of the year	462	360
Cash and cash equivalents at the end of the year	602	462

1 Accounting Policies

a) Statutory information

Pathways to Independence Ltd is a charitable company limited by guarantee and is incorporated in England & Wales.

The registered office is 1 Waterloo Gardens, Milner Square, London, N1 1TY.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Company continues to be profitable and with net assets. The Trustees have looked at the performance to 31st March 2022 and the post year end period. They have also taken into consideration the underlying cashflows expected over a period of at least twelve months from the date of signing this report. The Trustees consider that the outlook presents challenges and uncertainty in terms of Service Users and contract renewal, and the ever-changing impact of COVID-19. The Trustees have instigated measures to manage liquidity.

The Company continues to operate under contracts which are subject to renewal within the next 12 months. Analysis and budgeting has determined that the Company is in a healthy position, and continues to be profitable. In addition, with the Company joining the Social Interest Group, there are additional opportunities for the Company to explore.

Stress testing has emphasized the Company's ability to continue operating for the foreseeable future even with severe impacts on revenue generation. Based on the above, the Trustees believe the company will continue to operate as a going concern.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1 Accounting Policies (continued)

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Unrestricted funds are donations and other income received or generated for the charitable purposes.

h) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Central support costs

Central support costs are incurred by the parent company, Social Interest Group, and are for senior management, finance, human resources, payroll, workforce development, housing income management, quality & performance and information & communication technology. These departments are vital to the smooth running of Equinox's charitable activities.

j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|-------------------------|----------------------------|
| • Freehold property | 50 years straight line |
| • Leasehold property | 50–100 years straight line |
| • Office equipment | 3 years straight line |
| • Other fixed assets | 3 years straight line |
| • Fixtures and fittings | 3 years straight line |
| • Motor vehicles | 5 years straight line |

l) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1 Accounting Policies (continued)

m) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of residents and participants.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

p) Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

2 Donations

	Unrestricted funds 2022 £'000	Unrestricted funds 2021 £'000
Donation and gifts	2	8

3 Charitable activities – supporting vulnerable people

Pathways activities are to relieve people in need, including but not limited to those with mental health illness, those currently suffering from substance misuse or other addictive behaviour patterns, ex-offenders, the homeless, poor people, aged, disabled (whether physically or mentally) or chronically sick. This is achieved by providing support in the form of housing, or accommodation, or services including but not limited to medical, social, welfare, rehabilitative, resettlement, care services, education, training, employment, mentoring and other similar services. Pathways income is predominantly contractual income from local authorities and rental income and service charges from residents.

4a Analysis of expenditure (current year)

	Charitable activities £'000	Governance costs £'000	Support costs £'000	2022 Total £'000	2021 Total £'000
Staff costs (Note 6)	707	-	179	886	753
Recruitment & training	-	-	24	24	15
Subsistence & travel	7	-	1	8	7
Premises Costs	263	-	7	270	436
Office running costs	77	-	14	91	38
Insurance	-	-	12	12	11
Information technology	-	-	27	27	56
Bank charges	-	-	-	-	-
Legal & Professional	-	-	7	7	58
Depreciation	58	-	-	58	48
Audit fees	-	4	-	4	5
Other Costs	307	-	-	307	239
Total expenditure 2022	1419	4	271	1,694	
Total expenditure 2021	1,262	5	399		1,666

4b Analysis of expenditure (prior year)

	Charitable activities £'000	Governance costs £'000	Support costs £'000	2021 Total £'000
Staff costs (Note 6)	677	-	76	753
Recruitment & training	-	-	15	15
Subsistence & travel	6	-	1	7
Premises Costs	433	-	3	436
Office running costs	-	-	38	38
Insurance	-	-	11	11
Information technology	-	-	56	56
Legal & Professional	13	-	45	58
Depreciation	-	-	48	48
Audit fees	-	5	-	5
Other Costs	133	-	106	239
Total expenditure 2021	1,262	5	399	1,666

5 Net Income / (expenditure) for the year

This is stated after charging :

	2022 £'000	2021 £'000
Depreciation	55	48
Operating lease rentals:		
Property	274	433
Auditor's remuneration (excluding VAT):		
Audit	5	5

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows

	2022 £'000	2021 £'000
Salaries and wages	627	497
Redundancy and termination costs	3	-
Social security costs	62	47
Employer's contribution to defined contribution pension schemes	22	62
Operating costs of defined benefit pension schemes	-	-
Agency costs	172	147
	886	753

No employee earned more than £60,000 during the year (2021: One).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £nil (2021: £134k). These were borne by the parent entity Social Interest Group.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

No trustees' expenses were paid or reimbursed £Nil (2021: £nil).

7 Staff numbers

	2022 £'000	2021 £'000
Operational	19	13
Administration	1	6
	20	19

8 Related party transactions

Pathways was charged £278,755 for central office functions provided by the parent charity Social Interest Group (2021: £Nil).

Pathways was owed £28,985 by SIG at the year-end (2021: owed £Nil).

Pathways owed £112,190 to Penrose Options at the year-end (2021: £Nil).

9 Taxation

Pathways is a registered charity and is exempt from Corporation Tax on its charitable income as it is spent on charitable purposes.

The Charity is part of the Social Interest Group VAT registration. However, as virtually 100% of its income is exempt, the VAT on purchases is irrecoverable and therefore included in expenditure.

10 Tangible fixed assets

	Freehold Property £'000	Leasehold Property £'000	Fixtures & fittings £'000	Office Equipment £'000	Motor Vehicles £'000	Other fixed assets £'000	Total £'000
Cost of valuation							
At the start of the year	1,150	170	46	118	12	126	1,622
Additions in year				5			5
Disposals in year	-	-	-	-	-	-	-
At the end of the year	1,150	170	46	123	12	126	1,627
Depreciation							
At the start of the year	-	17	32	112	3	93	257
Charge for the year	23	3	9	3	2	15	55
At the end of the year	23	20	41	115	5	108	312
Net book value							
At the end of the year	1,127	150	5	8	7	18	1,315
At the start of the year	1,150	155	14	6	9	33	1,365

All of the above assets are used for charitable purposes.

11 Debtors

	2022	2021
	£'000	£'000
Trade debtors	130	181
Amounts due from Group undertakings	29	-
Other debtors	-	5
Prepayments	27	43
Accrued Income	4	-
	<u>190</u>	<u>229</u>

12 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Bank loan	13	14
Obligations under finance leases	10	16
Trade creditors	7	29
Taxation and social security	2	9
Other creditors	86	7
Amounts due to Group undertakings	112	-
Accruals	65	163
	<u>295</u>	<u>238</u>

13 Creditors: amounts falling due after one year

	2022	2021
	£'000	£'000
Bank loans	49	63
Obligations under finance leases	-	7
	<u>49</u>	<u>70</u>

14 Loans and overdrafts

	2022	2021
	£'000	£'000
Bank loans	<u>64</u>	<u>77</u>
Payable within one year	15	14
Payable after one year	<u>49</u>	<u>63</u>

The bank loan is secured by way of a first legal charge over a freehold property owned by the Charity.

15 Pension Schemes

Defined Contribution Schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

15 Pension Schemes (continued)

Kent County Council Pension Fund ("Scheme")

The charity operates a pension scheme providing benefits based on final pensionable pay for 1 employee and 10 ex-employees. The assets of the scheme are held separately from those of the charity, being invested in an independently administered fund. The charity is an employing body within the Kent County Council Pension Fund which itself is part of the Local Government Pension Scheme. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2022.

The independent actuary also prepares an annual valuation specific to the Charity for the sole purpose of accounting and reporting details of the Fund under the provisions of Financial Reporting Standard (FRS102) and the details that follow are drawn from that report for the year ended 31 March 2022. The accounts are prepared under the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). It should be noted that the figures presented are only for the purposes of FRS 102 and have no validity in other circumstances. In particular, they are not relevant for calculation undertaken for funding purposes or for other statutory purposes under UK legislation.

The pension charge for the year was £16,000 (2021 – £12,180) and is shown under pension costs; defined benefit, in Note 6. The contributions of the company for the year were 19.50% and employees are 6.8% and 6.5%.

The defined benefit scheme is now closed to new members and so under the projected unit method the current service cost would be expected to increase over time as members of the scheme approach retirement.

Number of active members in the scheme

	2022 No.	2021 No.
Active	2	2
Deferred	4	4
Pensioners	4	4

Financial assumptions

	2022 % pa	2021 % pa
Rate of discount	2.60	2.00
Earnings increases	3.20	3.80
Expected rate of increase of pensions in payment	4.20	2.80

Other material assumptions

	years	years
Life expectancies in retirement:		
Male currently aged 65	21.6	21.6
Female currently aged 65	23.7	23.6
Male currently aged 45	23.0	22.9
Female currently aged 45	25.1	25.1

15 Pension Schemes (continued)

Kent County Council Pension Fund ("Scheme")

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

	2022	2021
	£'000	£'000
Fair value of plan assets	1,237	1,241
Present value of defined benefit obligation	(1,760)	(1,818)
Net defined liability to be recognised	(523)	(577)

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

	2022	2021
	£'000	£'000
Opening fair value of employer assets	1,241	937
Interest income	25	22
Experience on plan assets	1	262
Contributions by the employer	13	48
Contributions by scheme members	2	2
Benefits paid and expenses	(45)	(30)
	1,237	1,241

The fair value of plan assets at the reporting period end was as follows:

	2022	2021
	£'000	£'000
Debt Instruments	297	314
Equity Instruments	795	799
Property	145	128
	1,237	1,241

Reconciliation of opening and closing balances of defined benefit obligation

	2022	2021
	£'000	£'000
Opening defined benefit obligation	1,818	1,515
Current service cost	16	13
Interest cost	36	35
Actuarial losses / (gains)	(68)	282
Benefits paid and expenses	(44)	(29)
Other	2	2
Closing defined benefit obligation	1,760	1,818

Defined benefit costs recognised in the statement of financial activities (SOFA)

	2022 £'000	2021 £'000
Current service cost	16	13
Net interest expense	11	13
Other costs and income	1	1
Defined benefit costs recognised in the SOFA	<u>28</u>	<u>27</u>

Amounts taken to other comprehensive income

	2022 £'000	2021 £'000
Actual return on scheme assets	(26)	(284)
Less: calculated interest element	25	22
Return on scheme assets excluding interest income	(1)	(262)
Actuarial changes related to obligations	(68)	282
Other gains and losses	-	-
	<u>(69)</u>	<u>20</u>

16a Analysis of net assets between funds (current year)

	General unrestricted £'000	Pension Reserve £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	1,315	-	-	1,315
Net current assets/(liabilities)	467	-	30	497
Defined benefit pension provision	(49)	(523)	-	(572)
	<u>1,733</u>	<u>(523)</u>	<u>30</u>	<u>1,240</u>

16b Analysis of net assets between funds (prior year)

	General unrestricted £'000	Pension Reserve £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	1,365	-	-	1,365
Net current assets/(liabilities)	423	-	30	453
Defined benefit pension provision	(70)	(577)	-	(647)
	<u>1,718</u>	<u>(577)</u>	<u>30</u>	<u>1,171</u>

17a Movements in funds (current year)

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	At 1 April 2021 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 31 March 2022 £'000
Restricted funds:					
Move on fund	30	-	-	-	30
Total restricted funds	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>
General funds	<u>1,153</u>	<u>1,707</u>	<u>(1,694)</u>	<u>15</u>	<u>1,181</u>
Pension reserve	(577)	69	-	(15)	(523)
Revaluation reserve	444	-	-	-	444
Designated funds					
Development fund	25	-	-	-	25
Counselling	7	-	-	-	7
Legacy	39	-	-	-	39
Major repairs sinking fund	50	-	(13)	-	37
Total designated funds	<u>121</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>108</u>
Total funds including pension fund	<u>1,171</u>	<u>1,776</u>	<u>(1,707)</u>	<u>-</u>	<u>1,240</u>

The narrative to explain the purpose of each fund is given at the foot of the note below.

Purposes of designated funds

Development fund

Trustees agree to hold a designated development fund to finance developments within the business plan in terms of the structure and resources of the organisation and any increase or change in services provided. In 2019/20 we incurred costs to cover external support on organisational development (including all client policies being reviewed), to help embed our Trauma Informed and Psychologically Informed Environment approach. Funds were also expended on a pension (defined benefit pension liability) and strategy review. We hope it will also help us to adapt to survive in the changing funding environment and improve our service provision for clients. The fund will be available for qualifying developing business needs in 2022/23.

Purposes of designated funds (Continued)

Counselling

Development of added value services for clients such as counselling, anger management support, restorative justice and life and work-related skills. We have further counselling service planned across services during 2022/23.

Legacy

We received a very welcome but unexpected legacy of £50,000 in December 2017. We were given a name, but no other details as regards the donor. The trustees agreed that the funds be used for the direct benefit of clients, towards client related services, such as Education and Welfare. This might be for short courses, study or work equipment, travel to see relatives or basic toiletries or clothes.

Major repairs sinking fund

This fund is used for major works and decoration required at our properties. We have some works planned and will assess need across other services during 2022/23.

17b Movements in funds (prior year)

	At 1 April 2020 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 31 March 2021 £'000
Restricted funds:					
Move on fund	-	-	-	30	30
Total restricted funds	-	-	-	30	30
General funds	1,122	1,727	(1,666)	(30)	1,153
Pension reserve	(578)	1	-	-	(577)
Revaluation reserve	371	73	-	-	444
Designated funds					
Development fund	25	-	-	-	25
Counselling	7	-	-	-	7
Legacy	39	-	-	-	39
Major repairs sinking fund	50	-	-	-	50
	121	-	-	-	121
Pension reserve					
Total funds including pension fund	1,036	1,801	(1,666)	-	1,171

18 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods

	2022 £'000	2021 £'000
Less than one year	159	73
One to five years	25	73
Over five years	37	46
	<u>221</u>	<u>192</u>

19 Guarantees and ultimate parent undertaking

Pathways is a company limited by guarantee not having a share capital. The Social Interest Group became the sole member of Pathways on the 19 January 2021. Each member has guaranteed to pay £1 in the event that Pathways was wound up. Social Interest Group is the ultimate parent undertaking. Its charity registered number is 158402. Its company registered number is 9122052. Its registered office is: 1 Waterloo Gardens, Milner Square, London N1 1TY.