Phoenix House
(Trading as Phoenix Futures)

Report and Financial Statements
for the year ended

31 March 2024

Company's Registered Number 1626869

Office of the Scottish Charity Regulator Registered Number SC039008

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

CONTENTS	**PAGE**

DIRECTORS AND ADVISERS

DIRECTORS	Mr Richard Hill (Chair) Ms Alison Cottrell (Appointed 13th December 2023) Professor Annie Bartlett (Resigned Vice-Chair 20th March 2024) Mrs Catherine Shore (Appointed 13th December 2023) Sheriff David Nicol Mackie Mrs Dorothy Brown (Resigned 13th December 2023) Ms Emanuele Labovitch (Resigned 13th December 2023) Dr Francis Keaney Ms Helen Wollaston (Appointed Vice-Chair 20th March 2024) Mr Iain McGourty Mr Ian Watson Mrs Janina Norton (Appointed 13th December 2023) Dr Simon Street
SENIOR MANAGEMENT	Ms Karen Biggs (Chief Executive) Mr Anthony Pearson (Director of People & Culture) Mr Christen Williams (Director of Operations) Ms Emma Goodes (Director of Finance & IT) Mr James Armstrong (Director of Marketing & Innovation) Mrs Kirstan Butler (Strategic Initiatives Director)
REGISTERED OFFICE	Phoenix House 68 Newington Causeway London SE1 6DF
BANKERS	Barclays Bank plc Level 27 1 Churchill Place London E14 5HP
AUDITOR	Beever & Struthers 150 Minories London EC3N 1LS
REGISTERED CHARITY NUMBER	284880
COMPANY NUMBER	1626869
OFFICE OF THE SCOTTISH CHARITY REGULATOR REGISTERED NUMBER	SC039008
REGULATOR OF SOCIAL HOUSING NUMBER	H 3795

CHAIR'S INTRODUCTION

Chair of Phoenix Futures

As you will read in our report the first year of our new strategic plan 'Making Hope a Reality', has been a successful one.

We have opened our new specialist women's service in Oxford, Ophelia House, following our merger with the Ley Community. We have further embedded our approach in our other new residential services in Derby (New Oakwood Lodge) and our family service in North Aryshire (Harper House). We take our role as the largest provider of state funded residential treatment seriously and have worked hard over recent years to develop specialist approaches to meet need and support people into recovery.

We have also continued to implement approaches to reduce the harm of drug and alcohol use and address the unacceptable level of drug and alcohol related deaths. This has included maintaining the momentum of our Drug and Alcohol Related Death Strategy overseen by a designated management post with oversight provided by our Clinical Governance Committee.

We have added new services to our operational portfolio including services in HMP Altcourse and HMP Belmarsh as well as an alcohol service in Derby City joining our other services across Derby and Derbyshire. We are pleased to welcome staff into Phoenix who have transferred to us through those tender processes and to be working with new stakeholders and commissioners in the delivery of those contracts.

The Board is very proud that we have retained all existing contracts retendered this year. We are very pleased to be able to continue to deliver our much-needed services in Essex, Derby, Derbyshire, Norfolk and Suffolk, HMP Pentonville, and the Rhest Homelessness Service in London.

We welcome publication of the Government's first ever workforce development plan for the drug and alcohol treatment workforce. We have welcomed the opportunity to inform the plan but appreciate it will take time to implement. We have used the principles of the plan to inform our own workforce development strategy launched in March 2023. The first year of that 3 year plan has delivered greater investment and focus on training and upskilling our staff and our managers, as well as developing new approaches for recruitment and induction of new staff. We have a no less ambitious workplan for this year to continue to support and develop our staff who deliver so much for the people who use our services.

Our focus on workforce development is a recognition of how much the excellence of our services depends on our brilliant colleagues, and our wonderful volunteers, who bring great energy and skill to their work.

During a period of sustained growth, and its associated challenges, Karen and her executive team have continued to provide strong and effective leadership to Phoenix. The continued operation of a range of complex services, while delivering new projects and building new capacity, is no easy task, and to the team's credit that they have managed it so elegantly.

Finally, I want to thank our Trustees for their thoughtful and considered approach to governance throughout the year. In particular, thanks should go to Annie Bartlett, Dorothy Brown and Emmy Labovitch who stepped down as Trustees after many years of service. They go knowing that they made substantive contributions to the development of the charity. We are delighted to welcome Janina Norton, Alison Cottrell and Cathy Shore as Trustees, following a very competitive recruitment round.

Signed by:
BAF10CE8E4CB499...

02/08/2024

Richard Hill
Chair of Trustees Phoenix Futures Group

STRATEGIC REPORT

The Directors present their Strategic report for Phoenix House Limited ("the Charity" or "Phoenix Futures") and its subsidiary company (together "the Group") for the year ended 31 March 2024.

This year we directly supported over 17,000 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 specialist treatment to people with co-existing mental health and drug and alcohol treatment needs
- We deliver services in prison and the community to individuals experiencing problematic drug and alcohol use
- We are the largest state-funded provider of residential rehabilitation services for people with substance use issues
- We are a specialist substance use registered housing provider
- We deliver a number of initiatives across the country that address stigma and demonstrate the impact of treatment and the potential of people in recovery
- We deliver a range of environmental sustainability initiatives across the UK that help protect the environment and increase the health and wellbeing of our staff, the people who use our services and the wider community

Purpose, Values and Beliefs

Our guiding principles are contained within our Purpose, Values and Beliefs. We use them to help us make decisions and to ensure the way we behave as individuals, and collectively, meet our expectations and the expectations of those we seek to support. We developed these principles in 2017 following an extensive period of reflection with the people that use our services, staff and stakeholders. In 2023 we took the decision to review our Purpose Statement. Feedback suggested we could better align the Purpose Statement with the work we do. Whilst the core focus of what Phoenix does hasn't changed, we have widened our delivery and developed our approaches which wasn't reflected in the Purpose Statement. Some of the language we used in the purpose had become outdated as we better understand the impact of language on stigma. Throughout 2023/2024 we carried out an extensive coproduction process with staff, volunteers, peer mentors and people who use our services. The aim was to create a more accurate Purpose Statement that better reflects the work we do and aligns better with the aspirations and ambitions of all stakeholders. The Board agreed a new Purpose Statement in March 2024.

Our Purpose

We use our expertise to support people in their personal recovery and to improve their lives.
We are dedicated to advocating for people who are often overlooked and stigmatised, to ensure they have a fair chance to lead healthy and fulfilling lives.
Our aim is for everyone to be able to achieve their potential for themselves, their families and communities.

Our Values and Beliefs

Our Values and Beliefs remain unchanged.

STRATEGIC REPORT (continued)

- We are passionate about recovery

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

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

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

- We believe in being the best

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

Our Services

Residential Rehabilitation Services

We provide six specialist residential rehabilitation services across the UK and are the largest state-funded provider of residential rehabilitation services for people with substance use issues.
We are committed to delivering high quality services that meet unmet needs and provide the very best services as efficiently and effectively as we can. We continue to invest in the quality and range of all our residential services. We are delighted to have recently opened a new women-only rehab in Oxford following our merger with the Ley Community last year. This new service builds on the significant legacy of the Ley Community and meets a largely unmet need for women-only treatment environments.

Criminal Justice Services

Phoenix delivers services in 11 secure settings in England, increasing our prison portfolio this year following successful tenders for HMP Altcourse and HMP Belmarsh. We also deliver innovative community-based criminal justice services in Essex that maximise input from the community to meet the multiple disadvantages faced by people who use our services and promote long term recovery and crime reduction. Delivering both prison and community criminal justice services positions us well to support improved continuity of care rates for people entering and leaving prison.

Psychosocial Provision in the Community

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

STRATEGIC REPORT (continued)

Housing and Homelessness Services

Our housing services adopt a specialist approach in meeting the housing needs of people in treatment and recovery. We value our role as a specialist housing provider regulated by the Social Housing Regulator, providing specialist services within the drug and alcohol treatment sector.

A number of factors including the housing crisis in parts of the UK, financial crisis impacting local authorities, structural barriers to housing and stigma faced by people in recovery mean that an increasing number of people in recovery find it hard to access appropriate housing. This puts treatment gains at risk for people seeking a stable home to build their futures. A safe home is the foundation of long-term recovery. Our housing services play a vital role in helping us to deliver our purpose; we currently have 176 housing units for people in treatment or recovery of which we own 71 which constitutes 40%.

We have a range of innovative housing approaches including abstinent-based post-rehab supported accommodation and housing support for people with multiple and complex needs such as Hosts in Essex.

We also deliver a specialist homelessness outreach service across London, using our expertise in homelessness housing and substance use to create a unique pathway for people sleeping rough to gain access to treatment and support. We are delighted to have been recommissioned again this year to deliver this much needed service.

Phoenix Scotland

In Scotland we deliver a range of psychosocial services, including two residential services, supported housing, peer mentoring service and a community service in Lanarkshire. We are very pleased to be developing innovative new residential services in the Grampian region. This major new project is being developed in association with Scottish Government to support people across the North East of Scotland. Opening in 2025 these new services will confirm our place as a leading provider of residential treatment in Scotland.

Our Strategic Aims 2023-24

This year was the first year of our new Strategy **Making Hope a Reality.**

At Phoenix we know from our own experience that with the right support, care and guidance people can find hope and in time can make their hopes and dreams a reality.

Throughout our history we have walked alongside people until hope is in sight. That hasn’t always been an easy thing to do. It has meant we have spoken out for the rights of people to get access to the support they need, or developed new forms of treatment to support people where they are. It has meant forging relationships with other organisations to develop services or give voice to peoples’ needs.

More people than ever before are dying of drug and alcohol related conditions. This is due in the main to systemic failures including

- pressure on health and social care services meaning people don’t get help they need early enough
- lack of access to good quality services to support people in addiction

The UK Government has recognised the need for greater focus and increased funding to support services to deliver more help to people in addiction.

'Making Hope a Reality' sets out how we will use that opportunity to ensure that good quality responsive and innovative psychosocial services are available to everyone, particularly those people who find it hardest to get help.

'Making Hope a Reality' is made up of three strategic objectives that will focus our activities over the life of the plan

- Support our workforce to be sector leading by providing excellent training and career development opportunities as well as support and recognition
- Develop our expertise to create equity of access to treatment and use our voice to influence policy
- Use our expertise in psychosocial treatment to develop new approaches to meet people's needs

Our Strategic Achievements

Supporting our Workforce to be sector leading

Our 3 year workforce development strategy agreed by the Board in 2024, sets out 6 themes of work Attract, Train, Develop, Retain, Increase and Improve. In the first year of implementation, we focused on Attract, Train and Develop.

- We achieved Real Living Wage Accreditation
- A range of new recruitment initiatives have been developed and implemented and resulted in over 200 new starters joining the organisation
- We have reviewed and subsequently updated our approach to induction, both at the organisational and team level
- We have reviewed our approach to training with the subsequent development of an in-house training tool – Training Excellence Dashboard (TED) which provides greater clarity over training requirements, but also allows managers to monitor and report on training compliance more easily
- We have trained and supported the development of 35 in-house trainers. This allows us to build on the expertise and values of our existing workforce
- Using the apprenticeship levy we have launched two management development programmes: Level 5 Leadership and management qualification & Level 5 coaching qualification

Using our expertise to create equity of access to treatment

We have been advocates of addressing a number of issues in the drug treatment sector: the postcode lottery for access to some services, the availability of high-quality psychosocial treatment in criminal justice settings, and the capacity of the drug sector to manage a higher complexity of needs.
We know that mothers struggle to get access to treatment they need due to stigma. We are working hard on exposing the inequity of that situation and challenging the systemic issues that create it. We are delivering this work through specific Phoenix initiatives and through our leadership of the Anti Stigma Network.

Developing New Approaches to Meet Peoples Needs.

Our new strategy is directing us to create different approaches in different parts of the UK to meet local needs. Our aim is to get to grips with persistent issues such as blended mental health and addiction support and saving lives through our defined Drug and Alcohol Related Deaths prevention strategy for example.

STRATEGIC REPORT (continued)

In the first year of the strategy we have:

- Added new services to our operational portfolio, including services in HMP Altcourse and HMP Belmarsh as well as an Alcohol service in Derby City joining our other services across Derby and Derbyshire
- Opened a new women's only trauma-responsive Therapeutic Community – Ophelia House in Oxford
- And we have been pleased to retain all existing contracts retendered this year allowing us to work with commissioners to ensure our experience in these services can best meet existing and future need. As a result of retendering processes, we are very pleased to be able to continue to deliver our much needed services in Essex, Derby, Derbyshire, Norfolk and Suffolk, HMP Pentonville, Rhest Homelessness Service London

A focus on reducing harm

Recognising the record levels of drug and alcohol related harms and specifically deaths, Phoenix have developed a Drug Related Deaths Strategy and workplan. This work is overseen by a designated management post and reports to our Clinical Governance Committee. Recent progress includes:

- Responding to the risk of Synthetic opioids Nitazenes
- Adapting our naloxone distribution process to ensure it is offered to all people in residential treatment at the point of entering treatment
- Roll out of new Drug and Alcohol awareness training, increasing awareness of harm minimisation and encompassing harm minimisation approaches and considerations
- Improving our residential discharge processes to support people to identify and manage risk when they move on from our residential services

Diversity Equity and Inclusion (DEI)

We know that some of our services aren't as accessible as we wish – pathways into and out of our services experience racial and gender bias due to wider societal and sector issues which we are committed to addressing.

We also seek to better support our trans and non-binary communities to work for us and to access our services.

To do this we have increased training opportunities at all levels of the organisation across a broader range of inclusive practice and we are developing a mechanism to localise our DEI agenda through support training and monitoring.

We root our approach to equity in human rights. This builds on the origins of the charity as a radical alternative to mainstream healthcare that creates new approaches for marginalised people.

Our strategic approach builds on the work of the previous EDI Action plan and is overseen by the Board of Trustees. We have chosen to focus on gender issues as the first phase of work we do. The new formed DEI steering group has decided to focus on women's health – both women that work for us and women who use our services.

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.

STRATEGIC REPORT (continued)

As a result of these robust review processes the Group:

- Agreed a new Corporate Strategy which commenced in April 2023. This set the focus and vision for the organisation for a three-year period, whilst considering various risks facing the Group. 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 reviewed its Risk Assurance Framework and risk map. The risk map focuses on risks that will prevent the organisation from delivering its strategic objectives and therefore its purpose. A heat map approach identifies the high, medium and low risks and the risk register then identifies the controls and mitigations to reduce these risks

- Identified the key risks as being:

    - Rising costs due to inflation impacting our residential development programme
    - Rising inflation, resulting in increased living costs continues to impact staff and people who use our services
    - Availability of staff to fill vacancies.

The Charity's actions to mitigate such risks include:

- Creating a response to the cost-of-living crisis that supports staff and people who use our services
- Extending our approved suppliers to maximise competitive pricing and minimum disruption to the supply chain
- Developing a Workforce Development strategy to attract and retain talent
- Reviewing internal processes to drive efficiency

Measuring our success

Value for Money

Our Approach

For Phoenix Futures, value for money means delivering our strategic objectives in the most cost-effective way, which enables us to maximise our support to people who are impacted by drug and alcohol issues and remain financially sustainable for the long term.

We are committed to delivering Value For Money (VFM) and we apply the principles of VFM through the organisational strategy – Making Hope a Reality and through organisational workplans.

Our strategy uses our expertise and long history in delivering specialist psychosocial drug and alcohol interventions.

We have set ourselves the following objectives within our strategy:

- Maintain the quality of our provision
- Develop, train and improve our workforce including supporting staff to deliver more effective and efficient services
- Develop our recruitment and retention of staff to ensure quality in service delivery
- Deliver new approaches to meet people's needs and ensure the effective delivery of services
- Share learning to improve value across the treatment system
- Increase equity of access to treatment to promote the effective delivery of treatment to more people who need it but may face barriers to accessing treatment
- Review the allocation of our resources and assets to ensure the most effective support for people

Value for Money (continued)

- Identify procurement savings and efficiency improvements
- Simplify our processes to streamline and ensure efficiency and effectiveness for people who work in and use our services
- Deliver specialist psychosocial services appropriate to the needs of individuals, this may increase the cost of provision per unit for more specialist services meeting complexity of need in complex systems
- Invest the maximum possible resource to support our charitable goals
- Review our policies to simplify and make more efficient
- Develop partnerships to enhance the quality of our provision

We provide 200 units of registered care provision and 176 units of supported housing. All of our units have a level of specialised substance use support.
There will be significant variations in the measures for Phoenix Futures as set against the Housing Association sector average. For example we provide specialist Psychosocial support within residential settings and as such our unit costs are likely to be higher than sector benchmarks and are likely to increase as the number of registered care beds that we have increases.

No	Metric	Sector Benchmark 2021/22*	2023/24	2022/23
1	Reinvestment %	3.8%	24.83%	31%
2	New Supply Delivered %	0%	9.59%	48%
3	Gearing %	14.2%	-51%	-36%
4	EBITDA MRI	177%	761%	3,241%
5	Social Housing Cost Per Unit	£5,495	£33,259	£21,874
6a	Operating Margin Social Housing Lettings	13.5%	-7.32%	-21.90%
6b	Operating Margin Overall	13.2%	3.22%	14.01%
7	Return on Capital Employed	2%	6.34%	11.49%

*Sector Benchmark – We take our sector benchmark from Accuity SPMB Membership information of HCA providers with less than 1,000 units. Information from 2021/22 is the latest available.

In September 2022 we merged with Ley Community Drug Services Limited which is reflected in the 22/23 metrics. That merger and Fair Value donation resulting impacted 22/23 and the movement in the metrics from 22/23 to 23/24 can largely be attributed to this merger and the development of new residential units.

Phoenix are the largest provider of state funded addiction treatment CQC/CI registered units across the UK and we have over the last 2 years developed and delivered new units of registered care. As we continue to develop new units of registered care into 2024/5 and beyond we expect our metrics to reflect this investment both in terms of capital investment and revenue costs on start up and implementation of new services.

Carbon Emissions report

In 2019, the Charity devised an Environmental Strategy to reduce net carbon emissions to zero by 2024. In 2020, the Charity achieved Net Zero Carbon emissions, 30 years before the Government target.

STRATEGIC REPORT (continued)

Carbon Emissions report (continued)

In 2023-24 we have achieved the following:

- 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
- Re-negotiated our electricity supply to reduce costs and made the switch to green gas energy supply at the earliest opportunity
- Calculated the carbon capture of our Phoenix Forest programme and used this to offset emissions
- Continued to use technology (such as Microsoft Teams) to reduce travel for meetings where appropriate
- Implemented processes and behaviours that reduce the use of carbon in our offices and our accommodation-based services
- Educated staff and people who use our services about carbon reduction behaviours and approaches
- Increased our use of home-grown food produce

Energy climate

In October 2022, we were unable to meet to secure renewable gas energy, this challenge continued until the contract ended despite consistent efforts to seek alternative gas provision in the year. There has been an increase in the amount of carbon dioxide produced by the organisation during the period April to September 2023 due to 'brown' gas supply, in October we were able to switch our contract to green gas resulting in lower emissions for the period October 2023 to March 2024. In addition to this, throughout the year, there has been an increase in the amount of travel that has taken place within the organisation as we develop new services across the UK, further increasing CO2 emissions.

Carbon Capture programmes

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

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

The next phase of our environmental approach incorporates the additional residential services and the opportunity to use the surrounding land to grow produce and encourage wildlife conservation. The cost-of-living crisis, high inflation and increased energy costs are increasing our service delivery costs. As a result, in the course of the 2023-26 corporate strategy we will embed our approaches to sustainability by:

- Focusing our efforts on supporting our services to reduce energy costs and grow their own – through our champions
- Supporting our staff with cost of living pressures
- Developing a blue print for delivering registered care services in a sustainable way
- Prioritise low carbon/ carbon reducing approaches in all of our work and policy decisions
- 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

STRATEGIC REPORT (continued)

Carbon Emissions report (continued)

Our carbon data for 2023-24:

	CO2 Tonnes	kWh
Gas[1]	236.41	2,464,950[1]
Black Fleet	13.84	34,640
Grey Fleet	34.38	86,026
Public Transport	23.00	N/A
Electricity	-	535,941[2]
Total	**307.63**	**3,121,557**
Emissions ratio	12.40 CO2 tonnes per £m of turnover*	

*based on turnover of £24.7 million per annum
1 – For the period April to October 2023, the gas supply was "brown", we reverted to "green supply from November 2023 to March 2024.

Methodologies used to capture data

Gas and electricity

Data sources:

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

Calculation:
- (Total kWh used) x (CO2e conversion factor) / 1000 = 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. However, for the period 1st April 2022 to 31st October 2023, 100% of gas usage came from non-renewable sources, and consequently is associated with an increase in carbon emissions.

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
  - (Total kWh used) x (CO2e conversion factor) / 1000 = CO2 Tonnes
  - (Total expense) / (Fuel cost) = Litres of Fuel
  - (Litres of Fuel) x (CO2e conversion factor) / 1000 = CO2 Tonnes
  - One litre of fuel equivalent to 8.9 kWh

STRATEGIC REPORT (continued)

Carbon Emissions report (continued)

Methodologies used to capture data (continued)

- Grey Fleet
  Previous methodology:
  - (Cost of Mileage claimed) / (MPG cost of fuel) = Gallons of Fuel
  - (Gallons of Fuel) * 4.55 = Litres of Fuel
  - (Litres of Fuel) * (CO2e conversion factor) / 1000 = CO2 Tonnes

Updated conversion measures in 2022 have resulted in a change to the methodology applied as follows:
  - (Miles claimed) * (CO2e conversion factor) / 1000 = CO2 Tonnes

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

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 vehicles have been used, the average MPG fuel cost has been averaged. This means the figure is reasonably estimated.

Transport Cost

Data sources:

- Cost per mile travelled – taken from expenses submitted by employees
- Conversion factor – averaged from Government conversion factors for greenhouse gas reporting

Calculation:

- (Money spent) * (Cost per mile travelled) = Miles travelled
- (Miles Travelled) * (kgCO2e conversion factor) /1000 = CO2 Tonnes

The mileage data has been taken from expense claims submitted by employees, volunteers and trustees. 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).

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

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

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 7 sub-committees:

- Scotland Board
- Audit and Control Committee
- Clinical Governance Committee
- People and Remuneration Committee
- Strategic Risk Committee
- Investment Committee (merged within Audit & Control Committee from November 2023)
- Ley Board

Key management performance review

As an example, the Executive Team Workplan and the risk management matrix with KPIs 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 Executive 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 Executive Directors prior to updating the Board.

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

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

Customers

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

How we engage customers

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

Outcomes

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

Partnerships

We have defined three partnership segments

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

How we engage

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

Outcomes

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

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

STRATEGIC REPORT (continued)

Section 172 Companies Act Statement (continued)

How we engage

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

Outcomes

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

Staff and volunteers

During the year we launched our new Workforce Development Strategy. This built on the findings of the February 2023 staff survey and was also informed by OHID's and NHS England's Drug and Alcohol Treatment and Recovery Workforce Transformation Programme.

Initially drafted by the People & Culture Team, the Phoenix Workforce Development Strategy went through various consultation stages, including being shared with all staff as part of the annual Chief Executive's Roadshow. Feedback obtained from the various consultation exercises was particularly helpful in both providing the granular detail, but also in helping to prioritise actions within the strategy.

Formally approved by the Board in July 2023 the Phoenix Strategy is centred round six themes, namely that we Attract, Train, Develop, Retain, Increase and Improve the right people to ensure that Phoenix delivers the best services we possibly can.

In the first year, good progress has been made across all six strands of the strategy. However, the priority themes identified through the consultation were those of Attract, Train and Develop of which the following are notable first year achievements:

- Real Living Age Accreditation was awarded in August 2023
- A range of new recruitment initiatives have been developed and implemented
- We have reviewed and subsequently updated our approach to induction, both at the Organisational and team level
- We have reviewed our approach to training with the subsequent development of an in-house training tool – Training Excellence Dashboard (TED) which provides greater clarity over training requirements, but also allows managers to monitor and report on training compliance more easily
- We have trained and supported the development of 35 in-house trainers. This allows us to build on the expertise and values of our existing workforce
- Using the apprenticeship levy we have launched two management development programmes being:
  1. Level 5 Leadership and management qualification
  2. Level 5 coaching qualification

Aligned with both its values and history Phoenix continues to provide volunteering opportunities which are beneficial to both the volunteer and services. Volunteers provide added value to the services they support and in return we support the volunteers to gain valuable work experience as evidenced by 10% of the current workforce joined through volunteering.

Section 172 Companies Act Statement (continued)

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
- The voice of people who use our services – we encourage and facilitate people to input into government consultations on issues that affect them
- Stigma reducing projects – we provide a range of projects designed to improve understanding of addiction within the general public

Outcomes

During the year we have worked with partners to launch a new project called the Anti-Stigma Network. The project aims to encourage people to seek health and social care support by reducing the stigma of substance use.

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.

Scottish Government
Corra Foundation, in partnership with the Scottish government
Big Lottery
Phoenix Association
Ripple+
Jo Malone London
Goldman Sachs

Fundraising

Where fundraising activities are carried out the Group monitors these activities via the Director of Strategic Initiatives. The Group 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 Group's fundraising activities during the year.

Approved by the Board of Directors on 1st August 2024 and signed on behalf of the Board by:

Signed by:
BAF10CE8E4CB499...

R Hill 02/08/2024
(Director)

DIRECTORS' REPORT

The Directors present their report and the consolidated financial statements for the year ended 31 March 2024.

Results for the year

The Group's Results for the year ended 31 March 2024 are shown in the Statement of Comprehensive income on page 28.

Excluding any profit on the disposal of fixed assets, the Group generated an operating surplus of £795k (2023: £2,944k) as shown below.

	2024 £'000	2023 £'000
Turnover	24,721	21,015
Fair Value Donation	-	2,805
Operating expenditure	(23,926)	(20,876)
Operating surplus before surplus on sale of housing properties	795	2,944
Surplus/(loss) on disposal of fixed assets	606	3
Operating surplus	1,401	2,947

Over the last few years, Phoenix has invested in the residential sector, and continues to do so. Having opened two new residential services in 2022/23, Harper House Family Service in Scotland, and New Oakwood Lodge residential service in Derby, we were able to develop pathways to improve access to treatment for people whose needs were previously largely unmet. In addition, we opened a new women-only rehab in Oxford following our merger with the Ley Community last year.

During the year, we also commenced developing a new residential service in the Grampian region in association with Scottish Government, the service is due to open in 2025. As a result of these new investments, residential care income increased by £1.8m (2023: increase of £0.8m). Our housing services income increased by £0.5m (2023: £0.3m).

As the majority of contracts for services in the sector continue to be tendered in very competitive conditions, the Charity made a strategic decision to focus on delivering quality services which are financially sustainable rather than on high-risk growth.

The Charity increased its Community Services income in Essex, Lambeth and Hounslow, as well as adding two new services in North Lanarkshire and an alcohol service in Derby city, resulting in a net increase to income of £1.1m (2023: increase of £1m). We were also successful in procuring two new prison contracts in partnership with PPG at HMP Altcourse and HMP Belmarsh which compensated for the services which ended in 2022/23, increasing income by £0.4m (2023: decrease of £0.6m).

Whilst overall income increased by 19%, overall expenditure only increased by 15% due to the one-off residential costs incurred in 2022/23 mentioned above.

DIRECTORS' REPORT (continued)

Reserve Policy

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

Restricted Reserves comprise of monies which have an imposed condition or are restricted to a specific purpose. Upon the conditions of the restriction being met, the funds are released.

Future Prospects

In 2021 the Government Drug strategy committed to significant additional funding for treatment for a 3 year period. Crucially the spending plans also include a commitment to create equal access to residential treatment for people across England.

Phoenix Futures is 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, Community Services, Registered Care and Housing/Homelessness in England.

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

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

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

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Group and Charity have adequate resources to continue operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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 for people with disabilities falls within a set of over-arching equality and diversity values and lies at the centre of all its activities.

The Charity believes that a diverse organisation is rooted in our values and is essential to being the best. Therefore the charity removes barriers to access employment by guaranteeing interviews to people with disabilities who meet the minimum requirements of a role, making all reasonable adjustments to ensure people can perform at their best. This includes fully including and fostering a sense of belonging within the workplace for staff who may become disabled during employment.

The Charity provides training, development, and career opportunities for all its staff, but flexes the nature and delivery of the support to recognise the individual needs to ensure that everyone is treated equitably.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in cashflow and price risk. The Group 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 Group 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 Group's finance department.

Cash flow risk

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

Price risk

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

Investment risk

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

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

DIRECTORS' REPORT (continued)

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 Group and of the surplus or deficit of the Group 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 and the Group 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.

STRUCTURE AND GOVERNANCE

The Board of Trustees meets at least quarterly to consider strategic business issues. Members of the Board of Trustees do not receive any remuneration. Where claimed, expenses are reimbursed. Travel expenses of £1.5k were reimbursed during this financial year.

The Trustees and Chair are appointed for an initial period of three years that can be extended for further three-year terms. Trustees are recruited using advertisements with potential trustees being invited to complete an application form. Phoenix recruits Trustees who are able to offer a wide range of experience for the benefit of the group including business, finance, clinical governance and quality. A panel of Trustees, together with the Chief Executive, meet with applicants to discuss Phoenix's aims and objectives, outline their responsibilities as Trustees and ensure that there are no conflicts of interest and to answer any questions that applicants may have.

New Trustees are provided with information on legal obligations under Charity and Company Law, the Charity Commission's guidance on public benefit, and the content of the Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the Charity. Regular skills audits and governance reviews also take place to ensure our trustee Board has the requisite skills and attributes required to oversee our group and charity. Trustees' training is an ongoing process via presentations, visits and Away Days.

COMPLIANCE WITH THE GOVERNANCE AND VIABILITY STANDARDS

The organisation regularly reviews its governance and financial viability, compliance with the governance and financial viability standard was formally reviewed in September 2020 and October 2021. No areas of non-compliance were identified.

DIRECTORS' REPORT (continued)

Good Governance

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

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

The organisation has assessed itself against the Charity Commission Code of Governance and is compliant.

Internal Control

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

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

The Charity identified areas on which assurance is sought and matched these to sources of assurance. In order to monitor whether the sources of assurance identified adequately minimise or eliminate risk, a control procedure is operated on a predetermined frequency basis via three Committees set up by the Board; the Audit & Control Committee, the Clinical Governance Committee and the People and Remuneration Committee. The Committees focus on 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 a detailed budget for the year ahead. These are reviewed and approved by the Board. The Board also reviews reforecasts against budget.

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

Fraud prevention, detection and reporting

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

Review

The Directors, through the Audit & Control and Clinical Governance Committees, have reviewed the effectiveness of the Charity's system of internal financial control in operation during 2023-24 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 Group'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 Group'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' REPORT (continued)

Directors

The Directors who served during the year were as follows:

DIRECTORS	Mr Richard Hill (Chair) Ms Alison Cottrell (Appointed 13th December 2023) Professor Annie Bartlett (Resigned as Vice-Chair 20th March 2024) Mrs Catherine Shore (Appointed 13th December 2023) Sheriff David Nicol Mackie Mrs Dorothy Brown (Resigned 13th December 2023) Ms Emanuele Labovitch (Resigned 13th December 2023) Dr Francis Keaney Ms Helen Wollaston (Appointed as Vice-Chair 20th March 2024) Mr Iain McGourty Mr Ian Watson Mrs Janina Norton (Appointed 13th December 2023) Dr Simon Street

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, Beever & Struthers, is deemed to be reappointed as auditor.

Approved by the Board of Directors on 1st August 2024 and signed on behalf of the Board by

Signed by:

BAF10CE8E4CB499...

02/08/2024

R Hill
(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 Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2024 which comprise of the group and charity Statements of Comprehensive Income, the group and charity Statements of Financial Position, the Consolidated and Charity Statements of Changes in Capital and Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including 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 group's and of the parent charitable company's affairs as at 31 March 2024 and of the group's income and expenditure 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, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 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 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 Director's (who are the trustees for charitable purposes) 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 group and parent 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 Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Directors 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.

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

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 Report and Financial Statements, which includes 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 included within the Report and Financial Statements 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report and Financial Statements.

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, proper and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 Directors
As explained more fully in the Director's responsibilities statement set out on page 20, the Board members (who are Directors of the parent 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 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 Directors are responsible for assessing the group's and the parent 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 Directors either intend to liquidate the group or the parent 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
We have been appointed as auditor under 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:

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 identified the laws and regulations applicable to the charitable company through discussions with trustees and other management, and from our knowledge and experience of the housing and charity sector.
• we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group including FRS102, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022, Safeguarding and health and safety, including building and fire safety regulations, Charity law and regulations and Social Housing regulations.
• we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.

- read minutes of meetings of those charged with governance.

• identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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 management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
• considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulation
• performed substantive procedures on income.
• tested journal entries to identify unusual transactions.
• assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias.
• investigated the rationale behind significant or unusual transactions.

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 Directors 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 is available 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 parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the parent charitable company's Director's 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 parent charitable company's members and Director's 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 parent charitable company, the parent charitable company's members as a body, and the parent charitable company's Director's as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
Beever and Struthers
16BF6718FCE145A...

Elizabeth Hatchman ACA 13/08/2024
Senior Statutory Auditor, for and on behalf of
Beever & Struthers
Statutory Auditor
Chartered Accountants
150 Minories
London
EC3N 1LS

PHOENIX HOUSE

CONSOLIDATED AND CHARITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Group		Charity	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Turnover	2	24,721	21,015	24,721	21,014
Fair Value donation		-	2,805	-	2,830
Operating expenditure	2	(23,926)	(20,876)	(23,891)	(20,774)
		795	2,944	830	3,070
Surplus on disposal of fixed assets	10	606	3	606	3
Operating surplus		**1,401**	**2,947**	**1,436**	**3,073**
Interest receivable	6	343	80	369	76
Interest payable and financing costs	7	(187)	(107)	(187)	(107)
Movement in the value of investments	22	345	(139)	345	(139)
Surplus for the financial year		**1,902**	**2,781**	**1,963**	**2,903**
Other Comprehensive Income					
Actuarial (loss)/gain on defined benefit pension liability	24	(1,102)	(931)	(1,102)	(931)
Total comprehensive income for the financial year		800	1,850	861	1,972

All of the Group's operations are classed as continuing.

PHOENIX HOUSE

CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	Group		Charity	
		2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Fixed assets					
Tangible fixed assets - housing properties	11	17,054	13,926	13,354	12,609
Other tangible fixed assets	12	581	1,062	495	1,062
Investment in Ley Community	13	-	-	2,855	2,855
		17,635	14,988	16,704	16,526
Current assets					
Debtors	14	2,950	4,961	4,140	5,089
Cash and cash equivalents		9,000	5,404	8,862	3,830
Investments	22	5,216	4,871	5,216	4,871
Fixed assets held for sale	23	804	-	804	-
		17,970	15,236	19,022	13,790
Creditors: amounts falling due within one year	15	(4,476)	(6,111)	(4,414)	(6,081)
Net current assets		13,494	9,125	14,608	7,709
Total assets less current liabilities		**31,129**	**24,113**	**31,312**	**24,235**
Creditors: amounts falling due after more than one year	16	9,302	3,317	9,302	3,317
Provisions for liabilities and charges					
Provisions for liabilities	17	14	14	14	14
Defined benefits pension liability	24	4,599	4,368	4,599	4,368
Capital and Reserves					
Share capital	19	-	-	-	-
Revenue reserve	20	17,076	16,264	17,397	16,536
Restricted Reserve	20	138	150	-	-
		31,129	**24,113**	**31,312**	**24,235**

The Financial Statements were approved and authorised for issue by the Board of Directors on 1st August 2024 and were signed on its behalf by:

Signed by:
BAF10CE8E4CB499...

R. Hill
(Director)

Signed by:
474CAEB169BE400...

I. Watson
(Director)

PHOENIX HOUSE

CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2024

	Share Capital £'000	Restricted Reserves £'000	Revenue Reserves £'000	Total Capital and Reserves £'000
At 1 April 2023	-	150	16,264	16,414
Surplus for the year	-	-	1,902	1,902
Release of Restricted Reserves	-	(12)	12	-
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	(1,102)	(1,102)
Total comprehensive income	-	(12)	812	800
At 31 March 2024	-	138	17,076	17,214

For the Year Ended 31st March 2023

	Share Capital £'000	Restricted Reserves £'000	Revenue Reserves £'000	Total Capital and Reserves £'000
At 1 April 2022	-	1,055	13,509	14,564
Surplus for the year	-	150	2,631	2,781
Release of restricted Reserves	-	(1,055)	1,055	-
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	(931)	(931)
Total comprehensive income	-	(905)	2,755	1,850
At 31 March 2023	-	150	16,264	16,414

PHOENIX HOUSE

CHARITY STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2024

	Share Capital £'000	Restricted Reserves £'000	Revenue Reserves £'000	Total Capital and Reserves £'000
At 1 April 2023	-	-	16,536	16,536
Surplus for the year	-	-	1,963	1,963
Release of Restricted Reserves	-	-	-	-
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	(1,102)	(1,102)
Total comprehensive income	-	-	861	861
At 31 March 2024	-	-	17,397	17,397

For the Year Ended 31st March 2023

	Share Capital £'000	Restricted Reserves £'000	Revenue Reserves £'000	Total Capital and Reserves £'000
At 1 April 2022	-	1,055	13,509	14,564
Surplus for the year	-	-	2,903	2,903
Release of restricted Reserves	-	(1,055)	1,055	-
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	(931)	(931)
Total comprehensive income	-	(1,055)	3,027	1,972
At 31 March 2023	-	-	16,536	16,536

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £'000	2023 £'000
Net cash (used in) operating activities	A	(1,063)	(1,257)
Cash flow (used in)/generated from investing activities			
Interest received		343	80
Interest paid		-	(107)
Capital grant received		7,817	1,514
Purchase of tangible fixed assets		(4,527)	(4,508)
Net proceeds from disposal of housing properties		1,026	-
Cash arising from acquisition of subsidiary		-	1,874
Net cash generated (used in) investing activities		4,659	(1,147)
Net increase/(decrease) in cash and cash equivalents		3,596	(2,404)
Cash and cash equivalents at beginning of year		5,404	7,808
Cash and cash equivalents at end of year	B	9,000	5,404

PHOENIX HOUSE

NOTES TO THE CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2024

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

	2024 £'000	2023 £'000
Surplus for the year	1,902	2,781
Interest receivable and similar income	(343)	(80)
Movement on fair value of investment	(345)	139
Interest payable and similar charges	187	107
Fair value donation from subsidiary acquisition	-	(517)
Gain/(Loss) on disposal of other fixed assets	(606)	(3)
Depreciation charge on tangible fixed assets	536	373
Decrease/(Increase) in debtors	2,011	(2,437)
(Decrease)/Increase in creditors	(1,559)	851
Release of grant	(1,780)	(1,460)
Pension costs paid	(1,066)	(1,011)
Net cash (outflow) from operating activities	(1,063)	(1,257)

B CASH AND CASH EQUIVALENTS

	Group		Charity	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cash at bank and in hand	9,000	5,404	8,862	3,830

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.

Ley Community Drug Services is a wholly owned subsidiary of Phoenix Futures. It is incorporated as a private company limited by guarantee under the Companies Act 2006 in England, number 03736193. It is also a registered charity, number 1074874, Its registered office is 26 Sandy Lanne, Yarnton, Oxford. OX5 1PB.

The group of companies is collectively known as Phoenix Group and referred to as the "Group".

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

Details of the principal activities of the Group are given in the accompanying narrative reporting.

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 2022.

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

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

Disclosure exemptions

The company is a qualifying entity as defined by FRS 102 and as such, has taken advantage of the exemption from presenting a statement of company cash flows on the grounds that the relevant information is included within the consolidated information presented within these financial statements.

Basis of consolidation

The Group Financial Statements consolidate the financial statements of Phoenix Futures and its subsidiary undertaking, Ley Community Drug Services, for the period to 31st March each year.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The subsidiary is controlled by virtue of the company being the sole member of the subsidiary thereby being able to appoint the trustees of the entity.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

1 Accounting policies (continued)

Business combinations

Acquisitions are accounted for under the acquisition method. This requires the new entity's assets and liabilities to be initially recognised at fair value. Goodwill is calculated as the difference between the fair value of the consideration paid and the fair value of the net assets acquired.

Where the nature of the business combination is of one entity gifting control to the other ("non-exchange transaction"), the fair value of the gifted assets and liabilities are recognised as a gain or loss in the income and expenditure account in the year or the transaction, in accordance with the SORP.

Going concern

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

The Group has considered the potential impact from inflation and increased cost of living. These have been reflected in the budget for 2024-25 and future projections by identifying components which will impact its budgetary assumptions. In addition, the Executive Team and the Board have carried out financial stress testing examining the impact of a number of potential scenarios on its medium to long term financial plan and cashflow. Throughout the year, financial reforecasts and cashflows are presented at regular intervals to the Board, new business opportunities are risk appraised and approved by the Executive Team with subsequent approval from Board where required under a delegation matrix.

The Board has reviewed the Group's financial viability and it is satisfied that the Group is a going concern and it is in a strong position for the foreseeable futures, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

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.

Critical judgements in applying the Group'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 Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Identification of housing property components

The Group 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.

1 **Accounting policies (continued)**

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 2024 was £3,254k (2023: £3,018k).

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 2024 was £98k (2023: £54k).

Bad debt provision

The trade debtors balance of £1,571k (2023: £1,305k) is recorded in the Group'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 2024 was £33k (2023: £63k).

1 Accounting policies (continued)

Key sources of estimation uncertainty and judgements (continued)

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 2023-24 financial year. A liability of £4,599k is recorded the Statement of Financial Position at 31 March 2024.

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.

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 Group 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

1 **Accounting policies (continued)**

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 Group 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 Group 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.

Financial assets are only derecognised when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- the Group transfers to another party substantially all the risks and rewards of ownership of the financial asset, or,
- the Group, 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 Group does not use standalone derivative financial instruments to reduce exposure to interest rate movements.

Investments

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

Cash and cash equivalents

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

1 **Accounting policies (continued)**

Assets held for sale

Current assets for sale are previously held Fixed Assets which are no longer intended for use on a continuous basis, the Board has approved the disposal of the assets, they are available for immediate sale in their present condition and the sale is expected to complete within a year from the date of reclassification. The assets held for sale are valued at the lower of carrying value and fair value less cost to sell.

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.

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.

1 Accounting policies (continued)

Grants (continued)

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 non-housing 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 Group, 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.

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 Group 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.

1 **Accounting policies (continued)**

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 Group 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 Statement of Comprehensive Income 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 Group 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 and its subsidiary are registered charities 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, and from trusts and other charitable donors, given to the Group to allow it to run residential care and other services to support people in their personal recovery and to improve their lives.

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.

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

Restricted Reserves comprise of monies which have an imposed condition or are restricted to a specific purpose. Upon the conditions of the restriction being met, the funds are released.

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

1 Accounting policies (continued)

Pension scheme (continued)

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 2024 (continued)

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

	2024			2023		
	Turnover	Operating costs	Operating surplus /(deficit) before surplus on sale of housing properties	Turnover	Operating costs	Operating surplus /(deficit) before surplus on sale of housing properties
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing lettings (note 2B)	8,577	(9,205)	(628)	6,473	(7,890)	(1,417)
Other Social housing activities						
Revenue grants / expenditure	11,250	(10,443)	807	9,930	(9,138)	792
Charitable donations and sundry income	34	(31)	3	134	(126)	8
	19,861	(19,679)	182	16,537	(17,154)	(617)
Non-social housing activities	4,860	(4,247)	613	4,478	(3,722)	756
Fair Value Donation	-	-	-	2,805	-	2,805
Total	24,721	(23,926)	795	23,820	(20,876)	2,944

PHOENIX HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

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

	2024 Residential care homes £'000	2024 Supported housing £'000	2024 Total £'000	2023 Total £'000
Income from social housing lettings				
Rent receivable net of identifiable service charges	4,436	2,259	6,695	4,941
Other revenue grants	1,861	21	1,882	1,532
Turnover from social housing lettings	6,297	2,280	8,577	6,473
Expenditure on social housing lettings				
Management	1,452	340	1,792	1,580
Housing services	926	430	1,356	1,494
Routine maintenance	125	136	261	459
Depreciation of housing properties	229	72	301	159
Staff costs	3,278	793	4,071	3,193
Property lease charges	82	381	463	431
Resident costs	522	16	538	372
Other costs	307	116	423	202
Operating costs on social housing lettings	6,921	2,284	9,205	7,890
Operating (deficit) on social housing lettings	(624)	(4)	(628)	(1,417)
Rent losses from voids (included in rent receivable above)*	1,050	232	1,282	1,505

* 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.

3 Key management personnel remuneration

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Aggregate emoluments	556	527	556	527
Pension contributions	26	24	26	24
	582	551	582	551

During the year, six Executive Directors accrued retirement benefit under a defined contribution pension scheme (2023: 6).

Highest paid Director*	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Aggregate emoluments (excluding pension contributions)	121	118	121	118
Pension contributions	7	7	7	7
	128	125	128	125

*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 £7,243 (2023: £7,082) were made on behalf of the Chief Executive.

4 Employee information

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

	Group		Charity	
	2024 No.	**2023 No.**	**2024 No.**	**2023 No.**
Permanent staff - full time equivalent (number)	485	413	485	413
Sessional staff - full time equivalent (number)	7	6	7	6
Total employed by FTE	492	419	492	419
Average number of persons employed	539	469	539	469

PHOENIX HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (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:

	Group		Charity	
	2024 No.	**2023 No.**	**2024 No.**	**2023 No.**
£120,001-£130,000	1	-	1	-
£110,001-£120,000	-	1	-	1
£100,001-£110,000	-	-	-	-
£90,001-£100,000	2	-	2	-
£80,001-£90,000	3	4	3	4
£70,001-£80,000	-	-	-	-
£60,001-£70,000	7	8	7	8
	13	13	13	13

5 Staff costs

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Wages and salaries	14,766	12,494	14,766	12,494
Compensation for loss of office	15	55	15	55
Social security	1,372	1,207	1,372	1,207
Pension costs	1,514	1,433	1,514	1,433
	17,667	15,189	17,667	15,189

6 Interest receivable

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Bank interest receivable	343	80	369	76

7 Interest and financing costs

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Net interest cost on defined benefit pension obligations	187	107	187	107
	187	107	187	107

8 Surplus for the year

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
The surplus is stated after charging:				
Depreciation of housing properties	331	195	301	195
Depreciation of tangible fixed assets	206	178	200	178
Operating lease rentals payable:				
- Land and buildings	176	196	176	196

9 Auditor's remuneration (excluding VAT)

	2024 £'000	**2023 £'000**
Fees payable to the Charity's auditor for the audit of the parent company and consolidated annual financial statements	34	52
Fees payable to the Charity's auditor and its associates for other services to the Group:		
Audit of subsidiary undertakings	6	9
Taxation advisory services	2	1

10 Surplus/(loss) on disposal of fixed assets

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Sales proceeds	1,035	3	1,035	3
Net book value	(420)	-	(420)	-
Disposal costs	(9)	-	(9)	-
	606	3	606	3

11 Housing properties

Group	Freeholds £'000	Short Leaseholds £'000	Total £'000
Cost			
At 31 March 2023	15,156	54	15,210
Additions	4,352	-	4,352
Disposals	(119)	(54)	(173)
Transfers to held for sale	(890)	-	(890)
At 31 March 2024	18,499	-	18,499
Depreciation			
At 31 March 2023	1,230	54	1,284
Charge for year	331	-	331
Disposals	-	(54)	(54)
Transfers to held for sale	(116)	-	(116)
At 31 March 2024	1,445	-	1,445
Net book value			
At 31 March 2024	17,054	-	17,054
At 31 March 2023	13,926	-	13,926

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 2024 was 376 (2023: 350).

105 bed spaces (2023: 105) were managed by the Group 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 2024 (continued)

11 **Housing properties**	**Freeholds**	**Short Leaseholds**	**Total**
Charity	**£'000**	**£'000**	**£'000**
Cost			
At 31 March 2023	13,594	54	13,648
Additions	1,940	-	1,940
Disposals	(119)	(54)	(173)
Transfers to held for sale	(890)	-	(890)
At 31 March 2024	14,525	-	14,525
Depreciation			
At 31 March 2023	985	54	1,039
Charge for year	302	-	302
Disposals	-	(54)	(54)
Transfers to held for sale	(116)	-	(116)
At 31 March 2024	1,171	-	1,171
Net book value			
At 31 March 2024	13,354	-	13,354
At 31 March 2023	12,609	-	12,609

12 **Other fixed assets**

GROUP	**Long leasehold investment £'000**	**Leasehold property improvements £'000**	**Office furniture & equipment £'000**	**Motor vehicles £'000**	**Total £'000**
Cost					
At 31 March 2023	508	430	1,635	224	2,797
Additions	-	-	174	-	174
Disposals	(508)	-	(5)	(10)	(523)
Transfers to held for sale	-	-	(59)	-	(59)
At 31 March 2024	-	430	1,745	214	2,389
Depreciation					
At 31 March 2023	90	148	1,275	222	1,735
Charge for year	-	22	183	-	205
Disposals	(90)	-	(3)	(10)	(103)
Transfers to held for sale	-	-	(29)	-	(29)
At 31 March 2024	-	170	1,426	212	1,808
Net book value					
At 31 March 2024	-	260	319	2	581
At 31 March 2023	418	282	360	2	1,062

PHOENIX HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

12 **Other fixed assets**

CHARITY	**Long leasehold investment £'000**	**Leasehold property improvements £'000**	**Office furniture & equipment £'000**	**Motor vehicles £'000**	**Total £'000**
Cost					
At 31 March 2023	508	430	1,635	224	2,797
Additions	-	-	82	-	82
Disposals	(508)	-	(5)	(10)	(523)
Transfers to held for sale	-	-	(59)	-	(59)
At 31 March 2024	-	430	1,653	214	2,297
Depreciation					
At 31 March 2023	90	148	1,275	222	1,735
Charge for year	-	22	177	-	199
Disposals	(90)	-	(3)	(10)	(103)
Transfers to held for sale	-	-	(29)	-	(29)
At 31 March 2024	-	170	1,420	212	1,802
Net book value					
At 31 March 2024	-	260	233	2	495
At 31 March 2023	418	282	360	2	1,062

13 Charity fixed assets investments

	2024 £'000	2023 £'000
Investments in subsidiary undertakings	2,855	2,855

Subsidiary	Status	Activity	Holding
Ley Community Drug Services Acquired 23rd September 2023	Registered as a private company limited by guarantee under the Companies Act 2006 in England	Inactive since March 2019, the building has been redeveloped and is used by the parent company to deliver a women's only residential service.	N/A

Subsidiary undertakings

Cost	**£'000**
At 1st April 2023	2,855
Additions	-
At 31st March 2024	**2,855**

14 Debtors

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Arrears of charges to statutory bodies and others	490	165	490	165
Amounts due from contractual income	1,081	1,140	1,081	1,140
	1,571	1,305	1,571	1,305
Less provision for bad debts	(33)	(63)	(33)	(63)
	1,538	1,242	1,538	1,242
Other debtors	22	2,601	22	2,601
Prepayments and accrued income	1,390	1,118	1,390	1,114
Amounts due from Group undertakings	-	-	1,190	132
	2,950	4,961	4,140	5,089

15 **Creditors: amounts falling due within one year**	**Group**		**Charity**	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Trade creditors	601	581	614	564
Payments in advance	475	432	475	432
Taxation and social security costs	330	291	330	291
Other creditors	159	143	159	143
Accruals, deferred income and grants received in advance	2,908	4,660	2,833	4,647
Multi-employer pension scheme (note 24)	3	4	3	4
	4,476	6,111	4,414	6,081

16 **Creditors: amounts falling due after more than one year**	**Group**		**Charity**	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Deferred grants	9,302	3,315	9,302	3,315
Multi-employer pension scheme (note 24)	-	2	-	2
	9,302	3,317	9,302	3,317

Where properties are acquired by the Charity, they are recognised at cost as disclosed in accounting policies. In line with the SORP for registered providers, grants in relation to these properties are recognised using the accrual model.

The group has historically recognised housing properties acquired in another entity at fair value and hence the associated government grant for these properties is recognised under the performance model of accounting, in line with the SORP for registered providers. £402k (2023: £402k) is therefore potentially recyclable on disposal.

17 **Provisions**	**Group**		**Charity**	
Onerous leases and dilapidations	**2024 £'000**	**2023 £'000**	**2024 £'000**	**2023 £'000**
At 1st April	14	14	14	14
Movement in provision:				
Released	-	-	-	-
As at 31st March	14	14	14	14

18 Leases

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
For leases expiring				
Within one year	159	176	159	176
Between two and five years	120	36	120	36
After five years	34	-	34	-
As at 31st March	313	212	313	212

19 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.

20 Reserves

Revenue reserve

The revenue reserve represents cumulative profits and losses.

Restricted reserve

The restricted reserve represents donations made to The Ley Community Drug Services for specific purposes.

21 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 2022. It is incorporated under the Companies Act 2006 and registered in England and Wales.

22 Current asset investments

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
At 1st April	4,871	5,010	4,871	5,010
Additions in the year	-	-	-	-
Net gain/(loss) recognised through profit and loss	345	(139)	345	(139)
As at 31st March	5,216	4,871	5,216	4,871

22 Current assets investments (continued)

Investments are listed on a recognised stock exchange comprising CCLA COIF Charities Ethical Investment Fund and Cazenove Capital. Distributions are received in the form of income units.

23 Assets held for sale

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
At 1st April	-	-	-	-
Additions in the year	804	-	804	-
As at 31st March	804	-	804	-

Three properties were transferred from fixed assets to current assets, offers have been received on all three properties and the sale is expected to be completed in the first half of the year 2024/25.

24 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 is given below.

The Charity also contributes to a Defined Contribution scheme with SHPS which has 418 (2023: 355) active members.

Pension scheme liabilities recognised in the Statement of Financial Position

	Group		Charity	
	2024 £'000	**2023 £'000**	**2024 £'000**	**2023 £'000**
Pension obligations recognised as Defined Benefit schemes	4,599	4,368	4,599	4,368
Defined contribution schemes:				
- Growth Plan	3	6	3	6
As at 31st March	4,602	4,374	4,602	4,374

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

24 Pension Scheme Arrangements (continued)

Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

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

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

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

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

Historic pension deficit contributions of £1,121k are payable by the Charity for the year ended 31 March 2025.

Statement of Financial Position	**2024 £’000**	**2023 £’000**
Fair value of plan assets	20,239	20,585
Present value of defined benefit obligations	(24,838)	(24,953)
Net liability	(4,599)	(4,368)

Principal actuarial assumptions at the financial position date:

	2024 %	**2023 %**
Discount rate	4.90	4.87
Rate of inflation (RPI)	3.15	3.19
Rate of inflation (CPI)	2.78	2.75
Salary growth	3.78	3.75
Allowance of commutation of pension for cash at retirement	75% of Maximum Allowance	75% of Maximum Allowance

PHOENIX HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

The mortality assumptions applied imply the following life expectancies at age 65:	**At 31 March 2024 Years**	**At 31 March 2023 Years**
Male retiring in 2023/2024	20.5	21.0
Female retiring in 2023/2024	23.0	23.4
Male retiring in 2043/2044	21.8	22.2
Female retiring in 2043/2044	24.4	24.9

Amounts recognised in the Income Statement	**2024 £'000**	**2023 £'000**
Net interest on defined benefit liability	187	107
Expenses paid	34	33
	221	140

Amounts recognised in Other Comprehensive Income	**2024 £'000**	**2023 £'000**
Experience on plan assets	(1,652)	(11,476)
Experience gains/(losses) arising on plan liabilities	196	(105)
Effects of changes in demographic assumptions underlying the present value of scheme liabilities	270	57
Effects of changes in financial assumptions underlying the present value of scheme liabilities	84	10,593
	(1,102)	(931)

Reconciliation of movements on the defined benefit obligation	**2024 £'000**	**2023 £'000**
Defined benefit obligation at the start of the period	24,953	35,202
Administration cost	34	33
Interest expense	1,199	972
Actuarial (gains) and losses	(550)	(10,545)
Benefits paid	(798)	(709)
Defined benefit obligation at the end of the period	24,838	24,953

24 **Pension Scheme Arrangements (continued)**

Reconciliation of movements on the fair value of plan assets	**2024**	**2023**
	£'000	**£'000**
Fair value of plan assets at the start of the period	20,585	30,876
Interest income	1,012	865
Contributions by the employer	1,092	1,029
Experience on plan assets	(1,652)	(11,476)
Benefits paid	(798)	(709)
Fair value of plan assets at the end of the period	20,239	20,585

The actual return on the plan assets over the year ended 31 March 2024 was a loss of £640k.

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

	2024 **£'000**	**2023** **£'000**
Equity	2,034	384
Bonds	9,899	11,453
Property and infrastructure	2,988	3,858
Cash	399	148
Absolute return	790	223
Alternative risk premia	642	38
Insurance linked securities	105	520
Other	3,382	3,961
	20,239	20,585

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before mid-2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

24 Pension Scheme Arrangements (continued)

Growth Plan

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

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

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

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

Note that the scheme’s previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. 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 2024 (continued)

24 **Pension Scheme Arrangements (continued)**

Growth Plan (continued)

Present value of provision (included within creditors)	**2024 £'000**	**2023 £'000**
As at 31 March	3	6

Reconciliation of opening and closing provisions	**2024 £'000**	**2023 £'000**
Provision as at 1 April	6	10
Unwinding of the discount factor	-	-
Deficit contributions paid	(3)	(4)
Impact of changes in assumptions	-	-
Amendments the contribution schedule	-	-
As at 31 March	3	6

Assumptions	**2024**	**2023**
	% per annum	**% per annum**
Rate of discount	5.31	5.52

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.

25 **Ultimate controlling party**

There is no ultimate controlling party.

26 **Related party transactions**

As at year end there is an intragroup loan between the parent company Phoenix Futures and its subsidiary Ley Community Drug Services of £1.2m (2023: nil). Interest is charged on the loan at the Bank of England interest rate.
No donations have been received during the year by the Charity from Board members. (2023: nil).

Key Management personnel	**2024 £'000**	**2023 £'000**
Remuneration paid to Key Management Personnel were:		
Remuneration (as per note 3)	582	551
Employer's social security costs	69	68
	651	619

27 Capital commitments

Capital commitments contracted for by the Group but not provided for at 31 March 2024 were £3.7m (2023: £4.8m).

28 Post Balance Sheet Event

The decision has been approved by the Board to sell four further housing properties. The decant of the properties will occur in the next financial year.