Phoenix House
(Trading as Phoenix Futures)

Report and Financial Statements
for the year ended

31 March 2025

Company's Registered Number 1626869

Office of the Scottish Charity Regulator Registered Number SC039008

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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DIRECTORS AND ADVISERS

Directors	Mr Richard Hill (Chair) Ms Alison Cottrell Mrs Catherine Shore Sheriff David Nicol Mackie Dr Francis Keaney Ms Helen Wollaston Mr Henry Black (Appointed 5th December 2024) Mr Iain McGourty (Resigned 5th December 2024) Mr Ian Watson Mrs Janina Norton Dr Marcus Mattison (Appointed 5th December 2024) Dr Shamil Wanigaratne (Appointed 5th December 2024) 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
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Registered Charity Number	**284880**
Company Number	**1626869**
Office of the Scottish Charity Regulator Registered Number	**SC039008**
Regulator of Social Housing Number	**H3795**

Introduction:

Purpose, Values & Beliefs

At Phoenix, we advocate for those often overlooked and stigmatised, ensuring they have a fair chance to lead healthy and fulfilling lives. What makes hope a reality for us is the dedication and collective will at Phoenix, combined with our expertise in psychosocial treatment, turning dreams into realistic ambitions.

Phoenix is guided by a set of principles contained within our Purpose, Values and Beliefs. We use these guiding principles 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.

In recent years we have reviewed our Purpose Statement through a comprehensive coproduction process to ensure it reflects the breadth of our delivery our focus on equity of treatment access and the evolving nature of language. The Board agreed a new more inclusive 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

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.

Making a Difference

Our Making Hope a Reality strategy guides us to work together to make hope a reality, transform lives and build a brighter future for all.

Over the last year we have done this by:

Creating more opportunities to save lives and improve health and wellbeing of communities by increasing the reach, capable and inclusivity of our services

Empowering our staff and volunteers through providing efficient processes and partnerships that enable highly trained and supported staff to thrive

Striving for a more equitable society that offers hope and equality for all

Our work is informed by our guiding principles to ultimately make the hope offered by the UK Drug Strategy a reality for everyone

Over the last year we have directly supported more than 17,000 people

97% of our staff enjoy the work they do

71% of our staff have either direct or indirect experience of substance use

Gender pay gap reporting – mean gender pay gap 3.3%

Average satisfaction score for our services rated by the people who use them 9.3/10

Letter from the Chair

Making Progress

As we enter the final year of our strategy, "Making Hope a Reality," we reflect on our successes and identify areas for future focus to achieve our ambitions. Despite geopolitical and domestic changes, Phoenix remains committed to local communities, families, and individuals affected by substances. Over the past decade, we've learned that national and international politics significantly impact our sector's ability to deliver on our goals.

Uncertainty is the strategic constraint we face. Yet, the daily needs we witness in our services drive us to achieve the best outcomes for those we serve.

Drug and alcohol-related deaths remain high in England and Scotland. Our key priority is to enhance our services and approaches to protect those at risk.

In 2023, amidst the pandemic and a cost-of-living crisis, we set clear ambitions to address stigma and tackle inequality. We aimed to make care accessible to anyone in need, at the time they need it most. Today, our services are more accessible than ever.

In Aberdeen and Aberdeenshire, Rae House and the city-based dispersed rehab have revolutionised rehab access in Northeast Scotland.

These new environments are high quality places for people to pursue their recovery and our innovative funding model with the Scottish Government has removed traditional barriers to access.

We continue to develop our approaches at New Oakwood Lodge, Harper House, and Ophelia House, reducing barriers for women, families, and people with co-existing mental health needs. These services set a high standard of physical accessibility and like all our services they provide welcoming and inclusive communities.

Phoenix leads the charge for investment in the rehab sector, ensuring anyone who wants access to rehab can achieve it.

Across our community-based services, we specialise in supporting people with multiple and complex needs. Whether it's vulnerable women in Derby City, homeless people in London through our Rhest service, or those in Essex who find the mainstream systems inaccessible. Offering hope and care to those who might otherwise be left behind is our passion.

We've tackled stigma head-on. Phoenix's unique history in the sector makes us ideally placed to take a lead. We've created a strong team to form The Anti-Stigma Network. The Network continues to thrive, delivering language guides, training educational opportunities and much more. While initiatives like the anti-stigma strategy at HMP Wayland continue to grow. Working with others we can put an end to stigma.

As we move into the final year of our strategy, we focus on:

- Expanding our EDI approach to address racial inequality while maintaining momentum on gender equality.

- Increasing the impact of our criminal justice work by expanding psychosocial approaches in prison and community settings.

- Enhancing the visibility of our psychosocial expertise to position ourselves as sector leaders.

- Improving the impact of our Drug and Alcohol Related Deaths (DARD) approach aligned with the OHID National Strategy.

- Implementing our innovative research and development plan.

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 Mr. Iain McGourty 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 Mr. Henry Black, Dr. Marcus Mattison and Dr. Shamil Wanigaratne as Trustees who will be adding their expertise and energy to our highly dedicated leadership and governance team.

Richard Hill
Chair of Trustees Phoenix Futures Group

Our Impact

Our Impact

Making an Impact

At Phoenix, we know that with the right support, care, and guidance, people can find hope and turn their dreams into reality. Throughout our history, we've walked alongside people until hope is within reach. This journey hasn't always been easy. We've advocated for access to necessary support, developed new treatments, and forged partnerships to amplify voices and develop services.

This year we directly supported over 17,000 people and indirectly been in touched with many more through a number of different activities:

Phoenix is a leading specialist in psychosocial treatment, empowering people facing drug and alcohol challenges – we work with people to set clear incremental health improvement goals in a trusting care relationship. We support people to engage in positive social networks, building confidence and coping skills within a compassionate and structured approach.

We provide expert care for individuals with co-occurring mental health and substance use needs.

Around 60% of people in treatment have a co-existing mental health need, yet many services still struggle to offer integrated care. Phoenix ensures no one is turned away for being 'too complex'.

Our specialist services span both prisons and communities, supporting individuals in the criminal justice system.

Substance use is a factor in nearly 50% of all acquisitive crimes in the UK. Our work addresses the root causes of offending in a non-judgemental approach, offering a path to recovery and reintegration.

Phoenix is the largest state-funded provider of residential rehabilitation for people with substance use issues.

Residential rehab remains a vital but limited resource - less than 2% of people in treatment access residential services. Phoenix is proud to lead in expanding this essential support.

We are a registered housing provider with a specialist focus on substance use.

Stable housing is a key factor in recovery, yet 1 in 5 people leaving treatment report housing problems. Our housing services provide the foundation for long-term stability.

Across the UK, we lead initiatives that challenge stigma, celebrate recovery, and showcase the transformative power of treatment.

Despite progress, stigma remains a major barrier to seeking help. Our campaigns and lived experience advocacy are changing perceptions and opening doors.

We champion environmental sustainability through a range of initiatives that benefit the planet and enhance wellbeing.

Our green initiatives not only reduce our carbon footprint but also improve mental health and community cohesion – aiming for a carbon net zero by 2050.

Making Change Possible

We're delighted to showcase some of those innovative approaches, partnerships and projects in this report.

Revolutionising Rehab Access in Northeast Scotland

We continue to develop our approaches at our residential services in Glasgow, Derby, the Wirral, Oxford and Sheffield reducing barriers for women, families, and people with co-existing mental health needs. These services set a high standard of physical accessibility and like all our services they provide welcoming and inclusive communities.

In January 2025 we were delighted to be able to add services in Aberdeen and Aberdeenshire to our network of services. Rae House and the Aberdeen city-based dispersed rehab have offered an integrated model of residential care to the Northeast of Scotland. Funded through a partnership with the Scottish Government the innovative funding model has enabled us to create 80 beds across the region.

Rae House brings together our specialisms in residential care and conservation therapy in a beautiful rural setting. The service is located in an ideal rural setting for a centre that combines treatment for substance use and mental health needs with the therapeutic benefits of the natural environment. We offer support for people to address their health and social care needs, support for the rural economy and conservation of our shared natural environment. An ideal combination of sustainable personal and environmental growth and recovery

We have long understood the value of connecting to our environment to support our mental health and wellbeing. In 2001 we developed a therapeutic approach to support people in treatment for drug and alcohol issues to connect to nature and open spaces. Over the last 20 years this work has contributed to the conservation and environmental regeneration of many areas across the UK.

The Aberdeen city-based service offers a complementary urban environment allowing for broad access and flexible journeys through the services that meet the changing needs of each stage of recovery.

Both the urban and rural environments benefits from services based on principles of Psychologically Informed Environments and Therapeutic Community. These are spaces that are intentionally designed and structured to consider and address the psychological and emotional well-being of the people who occupy them.

The goal is to create an environment that promotes healing, recovery, and personal growth by taking into account the psychological and emotional needs of the people they serve. These are services designed by and for the people that use them.

We were delighted to welcome First Minister of Scotland John Swinney to open Rae House in March 2025. The significant demand for the service since opening has evidenced the desperate need for these innovative services, delivered through a partnership that puts people and communities first.

Equity of access and care for women

In 2024 we set ourselves an objective to reduce the specific barrier to access to treatment faced by women. Traditionally male dominated environments have led to service designs that do not fully cater for the gender-specific needs of women.

Women's patterns of substances use, parenting and wider family care responsibilities vary from those of men. Furthermore, women in treatment are more likely to have experienced domestic abuse, sexual violence, or trauma, and often present with co-occurring mental health conditions such as anxiety, depression, or PTSD.

Whilst many of the needs of men and women are common, the differences matter. Our work to address stigma has demonstrated that women face different gender-related challenges in accessing support. Women often having to work much harder to access appropriate care and overcome prejudice.

Focused on the development of a cross-departmental Equity, Diversity and Inclusion working group we have taken a strategic approach to ensuring women's needs are considered in a range of aspects of our service delivery.

The aim is to address systemic bias in key areas such as experience of domestic abuse, parenting, women's health and trauma response.

To better address the highly prevalent harms **of domestic abuse:**

- The National Specialist Family Service based in Sheffield is the only residential treatment service in England where parents can stay with children in their care. The service enhanced their offer with delivery of the 'You and Me, Mum' domestic abuse course in 2024.
- Phoenix's Reducing Harm Working Group and Serious Incident Review Panel considered Safety Planning guidance and training for people experiencing Domestic Violence.
- We are further rolling the Freedom Programme across all our residential services.

Better Access for Parents

When seeking support, the wider treatment system tends to view parents as individuals whether they have current care of their children or not. We want to see parents viewed, valued and supported through their parental responsibilities and relationships.

- To address the fear parents have accessing treatment we are reviewing safeguarding threshold when a parent enters treatment to ensure we have a consistent nuanced approach based in a trusting relationship.
- Working with our insurers we have made it easier for people who have childcare (under school age) responsibilities to attend community keywork appointments.
- We are seeking to develop improved access through recovery cafes for parents-only flexible drop-in sessions.
- Our community-based family support services offer flexible appointments if childcare is a barrier to support with outreach appointments held in cafes and soft plays.

Improved Care for Women's Health

On accessing treatment, we have an ideal opportunity to support women's desire for care for a wide range of health needs which may previously be neglected and unsupported.

- Our family residential services provide enhanced breast-feeding support engaging with local services to support in line with parental choice of feeding.
- Our residential services have enhanced their approach to ensuring all women are up to date with their smear test and this is prioritised in their health care plan.
- At Ophelia House the Hep C mobile testing unit visits regularly for testing.
- Our family residential services have also reviewed post-natal care to ensure appropriate checks have been completed with health professionals. This includes review of post-natal depression.
- Our Sheffield based family residential service has also established links with Sheffield peri-natal care. This has included service visit which enables them to understand the service and environment the mother potentially requiring support. Bonding sessions offered in service for mother's accessing support to enable a safe and supportive environment to explore their attachment to their child.

Trauma responsive services as standard

A systemic trauma-responsive approach is rooted in prioritising emotional safety, trust and transparency, empowerment and choice. Alongside integrated care delivered by staff who are trained and processes that avoid dynamics of control.

As such we ensure that:

- We provide psychologically informed environments such as our women-only residential service Ophelia House where models of care, delivery and physical environments have been designed by women for women.
- Feedback and complaints processes across Phoenix seek to place people who use services in control of the service they are experiencing.
- Underpinning our psychosocial approach is clear communication, expectations and essentially a re-building a sense of trust that many of the women who use our services have lost through previously had poor experiences with state services.

Anti-Stigma activism in custodial environments

Phoenix have been active in addressing substance -use related stigma throughout our history. Societal stigma creates a barrier across our services and wider health and social care support vital for health improvement.

We renewed our focus on stigma through the Making Hope a Reality strategy supporting and encouraging services to work with stakeholders to take action.

In response to the significant barrier to support that substance use stigma creates. The Phoenix team in HMP Wayland established a dedicated Stigma Committee. This committee is made up of people from across the prison community, including those with both lived and living experience of substance use, as well as key members of staff. The primary aim of the committee is to foster an environment where open, informed, and respectful discussions around stigma can take place, and where action can be taken to dismantle negative perceptions.

Each member of the committee takes on the role of Anti-Stigma Champion, playing an active role in leading and supporting a series of targeted Anti-Stigma campaigns designed to educate and engage the wider prison community. Campaign initiatives have focused on several key areas, including promoting the use of non-stigmatising language, challenging misconceptions, encouraging help-seeking behaviours, and reducing barriers to accessing treatment and support services within the prison.

A central objective of the campaign is to not only address external stigma from others but also the internalised stigma that may of the men in prison with experience of substance use carry themselves. Internalised stigma can have a profound impact on self-esteem, recovery, and engagement with rehabilitative opportunities, the campaign seeks to create a prison culture where such barriers are openly acknowledged and actively dismantled.

The impact of the initiative has been significant. The overall culture within HMP Wayland has shifted towards greater awareness, understanding, and compassion regarding issues of stigma. Staff and people in custody alike have reported increased levels of constructive dialogue around substance use and recovery. Furthermore, there has been a measurable rise in the number of people voluntarily coming forward to seek support.

The success of the Stigma Committee initiative at HMP Wayland demonstrates the powerful impact that proactive, peer-led efforts can have in enabling inclusive environments where everyone is switched on to challenging entrenched attitudes and creating a more supportive and rehabilitative environment.

Challenging Stigma – The Impact of the POMS Approach

Based in Derby City the Prescription Only Medication Support (POMS) service is leading the way in challenging the stigma surrounding opioid use, providing compassionate harm-reduction support to people navigating prescription drug use. With a focus on education, collaboration, and lived experience, Paul Hemsil, has been empowering patients and healthcare professionals to approach opioid use with greater empathy and understanding.

At the heart of the POMS model is a commitment to meeting people where they are, recognising the complex factors behind medication dependency and supporting people to make informed decisions about their health. A key strength of the service lies in its ability to build trusting, non-judgmental relationships with patients. This has created safer spaces where people feel empowered to speak openly about their medication use and consider change at their own pace. Paul tells patients about his own experience with opiates, taking the shame out of asking for support.

One powerful example of the POMS service involved a 19-year-old woman who had been using high doses of opioids purchased online. Through consistent, supportive conversations, she gained a deeper understanding of the risks associated with unregulated substances and the long-term effects of opioid use. With guidance from Paul, she was supported through a gradual reduction plan that prioritised both her physical safety and emotional wellbeing - a testament to the value of trauma-informed, person-centred care.

The work of the POMS team is also influencing wider change in clinical practice. By engaging with local GPs and other professionals, the service has raised awareness of the risks of abrupt opioid withdrawal. In some instances, people were having prescriptions stopped suddenly without a tapering plan, leading to harmful outcomes. Paul challenged this approach and advocated for more considered, compassionate prescribing practices.

As a result, there has been a noticeable shift in attitudes. Clinicians are increasingly open to conversations around harm reduction, and more patients are being referred into the service. The ripple effect of his work is clear, both in the growing number of people seeking support, and in the gradual dismantling of the stigma that often surrounds prescription medication dependency.

The POMS service is not only helping people reduce their reliance on opioids—it is reshaping the culture around prescription drug use. By combining lived experience, clinical insight, and a commitment to compassionate care.

Reducing Harm, Saving Lives

The causes of serious harm and drug and alcohol deaths are multifaceted and complex relating to personal, social and environmental factors. In 2022 we developed and published our Drug Related Death Strategy which we called 'Hope and Opportunity. The strategy outlined actions at Service, Organisational and Societal level to prevent deaths and serious harm.

Over the past two years we have delivered against those actions while further refining our approach to reducing harm and promoting hope and opportunities.

We remain focused on addressing the psychosocial drivers of harm. Our psychosocial focus aligns perfectly with harm reduction initiatives. By bringing the two approaches together we strive to develop harm reduction initiatives that are relevant to people's lives and personal circumstances.

As we adapt to changing drug markets and the rise in substances contaminated with Nitazenes, and Xylazine, as well as the post-covid lockdown increase in alcohol related harms, we need to ensure our staff and services are equipped to support people at increased risk and presenting need.

Our key ambitions with this work are to ensure:

a) that people have relevant information around any changes to drug trends.

b) we robustly review serious incidents and deaths in order to identify learning and take preventative action.

c) that we share good practice across the organisation through Phoenix's serious review panel and reducing harm working group.

d) we continue to ensure people have access to naloxone regardless of their selected drug, as we have seen the poisoning of other substances with synthetic opiates.

Following this review a refreshed action plan has been created for 2025 and 2026 which we are calling 'Reducing Harm' to reflect the better integration of targeted harm reduction into our approach.

Key actions include

Organisation Level

• Physical Health Harms; Introduce smoking cessation and sustainable BBV testing into our support offer within Residential and Community provision. Within housing and prisons services to ensure staff are aware of how and when to sign post people.

• Staff mental wellbeing is considered through our incident review process following serious incidents/Overdoses and they are offered adequate support for their mental health.

• To champion equity of access and capture the voices of those not or underrepresented in treatment services of those not accessing treatment.

Working with others

• Work and better communicate with partner agencies to ensure that people moving from secure settings back into the community are supported to reduce the risk of drug related harm and death on release from secure settings.

• Improve pathways for those leaving prison into residential treatment.

• Continue to push for access to residential rehab for those who want it and can benefit, end postcode of access and replace inappropriate access process with trauma informed processes.

Societal Level

• Developing the Anti -Stigma Network (ASN) – driving forward the ASN to end stigma and improve access to treatment.

• Continue to raise awareness of Naloxone and work with others to ensure that those most at risk have access to Naloxone.

Our Guiding Principle ensure that reducing harm and saving lives will remain a focus for us as an organisation.

Complex needs and intensive support and advocacy

Our Essex based Housing and Supported Tenancy Service (HoSTS) is a collaboration between Phoenix, Colchester Borough Homes and Essex County Council. The service supports people with multiple and complex needs who were previously placed in unsuitable housing with little to no appropriate support due to their needs being deemed too complex or requiring specialist support.

The partnership offers a secure home and a route to a sustained tenancy by supporting people to navigate the housing system through early intervention and support to avoid the negative cycle of homelessness and to improve long-term outcomes.

- All of our clients to date have had multiple diagnosed mental health conditions. All have experienced childhood trauma and 87% have experienced physical or sexual abuse.
- All of the women supported by HoSTS to date have experienced domestic abuse.

Phoenix staff are located onsite which enables them to develop the trusting relationships that are crucial in helping clients maintain tenancies. Staff have a deep insight into how best to support clients and how to avoid and de-escalate high risk situations.

HoSTS is successful because of its collaborative approach, strong relationships have been developed with housing and policing partners. These relationships and others are vital to advocate for client to receive appropriate housing, benefits and wider system support.

When treatment and support systems are too fixed and inflexible to stretch to meet the needs of our HoSTS client, the intensive support offered by the HoSTS team is invaluable. They ensure no one is left behind or falls between the complex combination of threshold and access criteria of services they need. Staff are empowered to challenge and advocate by developing a reputation that is based on trust.

Trust and Inclusion

Enhanced Support and Access Team (ESAT)

Improving Health Outcome and Reducing Inequality for Gypsy, Roma and Traveller Communities in Essex

The Enhanced Support and Access Team (ESAT) is a new and innovative service delivered in partnership with Essex County Council, designed to tackle long-standing health and social inequalities experienced by Gypsy, Roma and Traveller (GRT) communities across the county.

These communities often face significantly poorer health outcomes, with lower life expectancy and higher suicide rates than the general population. ESAT was created to respond directly to these disparities by improving access to a wide range of services, not only around drugs and alcohol, but also physical health, mental health, housing, education, and financial support.

However, deep-rooted stigma and historic exclusion from mainstream institutions have created widespread mistrust toward public services. Many people within the GRT communities have had little or no engagement with healthcare or social systems. Some of those we now support have never visited a GP, do not possess formal identification, and left school at a very early age, if they attended at all.

From the outset, building trust was an essential and non-negotiable foundation for the service. Rather than assuming what people need, ESAT staff have focused on listening carefully, developing relationships, and tailoring support to each person’s circumstances.

Phoenix have built long standing partnerships and a comprehensive local network throughout the years of service provision across the borough, grounding the approach for the EAST service in an extensive local knowledge, with staff who are deeply familiar with services and resources across the county.

Delivering a culturally sensitive service has involved listening and learning, working with people facing multiple and complex needs, often across generations.

Michael, a 47-year-old Irish Traveller. Before engaging with ESAT, he had never seen a GP, had no ID, and had no bank account. Through consistent support, he has now been registered with a GP, obtained his birth certificate and formal ID, opened a bank account, and is accessing financial and housing support. He is now cutting down on his alcohol use and working towards learning to read and write for the first time.

"I've been really happy with the support from ESAT. I wouldn't have known how to do any of this without my support workers help. She's helped me get my birth certificate, benefits, ID, my first bank account & is supporting me with housing. She has convinced me to see a GP & I have blood tests – I hate needles! She is taking me to classes for helping with alcohol and is going to teach me how to cook. I'm going to teach her to cook Coddle."

— Michael, Irish Traveller, Age 47

As case numbers steadily grow, ESAT continues to demonstrate that trust, consistency, and listening are key to unlocking change in communities that have too often been left behind.

STRATEGIC REPORT

Financial Review

The Directors present their report and the consolidated financial statements for the year ended 31 March 2025.

Results for the year

Our activities in 2024/25 generated a total income of £27.7m (2024: £24.7m) an increase of 12% on the previous year. Our expenditure was also up by 10.7% to £26.5m, resulting in an operating surplus before disposal of fixed assets of £1.2m. This enabled the repayment of the Social Housing Pension Scheme (SHPS) defined benefit scheme pension liability payment £1.12m to be made without reducing our cash reserves.

Following the review our London housing stock, three properties were vacated and sold in 2024/25, resulting in a profit on sale of £2.5m. Whilst the profit has increased our reserves, over the next 24-36 months, the proceeds will be reinvested into supported housing located around our residential services, as well as the development of the Wirral residential.

The headline financial position for the Group is shown below:

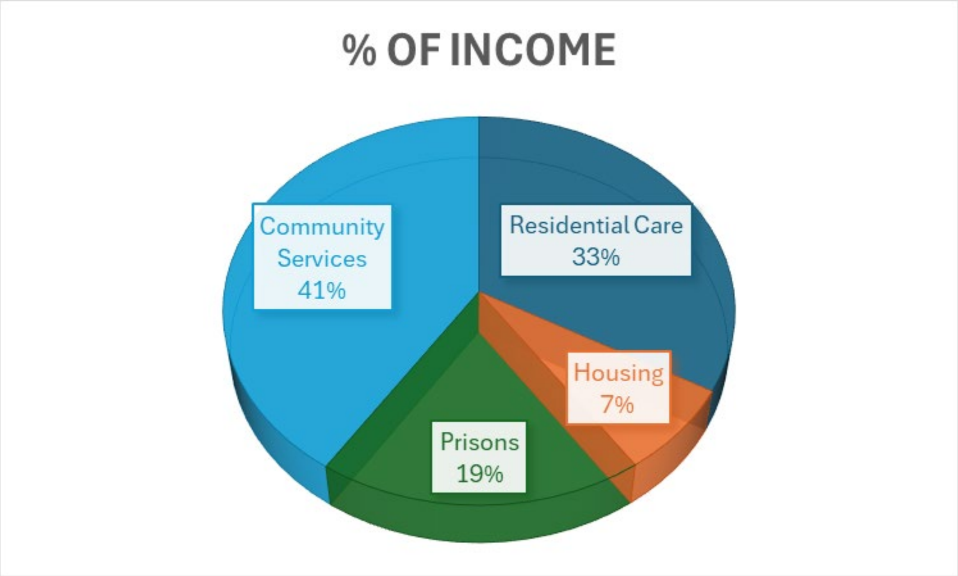
	2025	**2024**
	£'000	**£'000**
Turnover	27,645	24,721
Operating expenditure	-26,436	-23,926
	1,209	795
Surplus / (loss) on disposal of fixed assets	2,486	606
Operating Surplus	**3,695**	**1,401**

The Statement of Comprehensive income for the Group is on page 33.

Throughout the financial year, we continued to expand our residential care in Scotland.

In January 2025, we launched Rae House alongside our Aberdeen-based dispersed rehabilitation services, collectively offering 80 beds across the region. This marks the fourth residential service we have opened in the past three years. Phoenix now provides a total of 227 beds across our residential services, significantly extending our reach to individuals whose treatment needs have historically been unmet in both England and Scotland.

STRATEGIC REPORT (continued)



Our continued investment in residential care generated an additional £2.8 million in income. However, the decanting of our remaining London housing stock resulted in a £1 million reduction. Overall, this led to a net income increase of £1.8 million compared to the previous year.

While our prison and community services remain under contract, we have successfully expanded our impact through several Supplemental Substance Misuse Treatment & Recovery Grants (SSMTRG). Given the highly competitive nature of service tenders in the sector, the Charity has strategically prioritised the delivery of high-quality, financially sustainable services over high-risk expansion.

In community services, we achieved income growth in Essex, Derby, and Derbyshire, resulting in a net increase of £831,000 (compared to a £1.1 million increase in 2024).

Our prison service contracts remained stable year-on-year, with a modest income increase of £100,000 (2024: £400,000).

Reserve Policy

To achieve its objectives, Phoenix relies on its five-year projections and stress test plans to guide its cashflow requirements and establish its reserve range. The Trustees have adopted a reserves policy that sets the free reserve target at £6.8m. This policy ensures that we maintain adequate free reserve levels to invest in new opportunities, grow sustainably, and withstand any income shortfalls or unexpected expenses.

Restricted Reserves consist of funds with specific conditions or purposes. Once the conditions are met, these funds are released.

At the end of the financial year, total funds amounted to £34.7 million. Of this, £92k was restricted and not available for general use, while £21.3 million was allocated to fixed assets necessary for the charity's activities and long-term pension liabilities. The level of general charitable funds is higher than the free reserve target following the sale of housing assets, the proceeds of which will be reinvested over the next 24-36 months.

Going Concern

The Board of Trustees has reviewed Phoenix's activities, financial position and risk management policies together with factors likely to affect future development. Our Trustees have concluded through the ongoing monitoring of financial performance and risk management that it is reasonable to expect the Group and Charity to have adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements.

STRATEGIC REPORT (continued)

Pensions

We participate in several pension schemes. For funded defined benefit schemes, regular actuarial valuations are conducted, and appropriate financial recognition is made. The Social Housing Pension Scheme valuations indicate deficits of £3.3 million (2024: £4.6 million). These deficits are being addressed through a payment plan expected to continue until March 2028.

Provisions for these liabilities are included in our financial statements, reducing the reserves available for investment. The financial position of our pension schemes is considered in our planning and contracting decisions.

Our Aspirations

Financial Measures

Phoenix has established the 2025/26 budget based on current residential and service contracts. The expenditure includes one-time costs for reinvesting property proceeds to undertake significant refurbishment of existing residential services, costs associated with implementing the housing strategy, and expenses related to achieving the final year's corporate strategy objectives. Additionally, the budget accounts for anticipated inflationary increases.

Service & Operational Development

Quality & Governance

As a values-based organisation we are culturally driven to continuously enhance our offer to the people and communities who can benefit. Better coordinated mental health support and improved equity of access are key to our plans over the year ahead. Underpinning our plans is the enhancement of a psychosocial approach that is core to all our activity. We will also continue to focus strategically on evidence-based approaches that prevent drug and alcohol related deaths. This activity is overseen by a robust governance approach that considers the activities, structures and culture that enable high quality care provision.

Clinical effectiveness and safety

The effectiveness of our interventions is continuously reviewed and evaluated in partnership with staff and volunteers who deliver them and the people who experience them. We aim to improve equity of access to care for people who face multiple disadvantages so that no one's needs are considered 'too complex' for safe and effective care provision.

Research

Over the last 12 month we have created a Research department led by a newly appointed Research Manager. This will enable us to better understand emerging evidence in prevention, harm reduction and treatment and integrate new learning into our work. We have also developed a research strategy that helps prioritise our efforts and maximises partnership working opportunities to develop innovative research projects for the benefit of Phoenix services and the sector as a whole. Phoenix has an open approach to knowledge sharing and dissemination and we welcome collaboration with anyone who shares our purpose.

People

We have throughout the year looked to support our staff and mangers with a particular focus in 2024/25 on training and development. Building on our previous success of launching PXL (our learning management system) we subsequently launched our 'Training Excellence Dashboard' (TED). Developed internally within Phoenix as a tool to enable and support managers/services to record, monitor and evidence staff mandatory training.

STRATEGIC REPORT (continued)

The TED project has been a cross-departmental effort, led by the People and Culture team, and with significant input and engagement from across Phoenix, including Operations, Quality, and IT.

Rolled out in the early part of 2024 we were able to produce the first whole organisational report in October 2024 – a report that summarised organisational training completions on a single page.

In looking to deliver our organisational Purpose we shall continue to focus on how we can best support or staff. We shall continue to focus on training and development, career pathways and benefits recognising that no two individuals will have the same personal aspirations and that therefore our approach to supporting staff needs to be as inclusive as possible to both attract and retain the best People.

Digital Innovation

Phoenix Futures' IT and Digital Strategy remains dedicated to evolving the organisation's core IT systems, enhancing our existing infrastructure, and bolstering security. This includes achieving and maintaining the UK Government's National Cyber Security Centre's Cyber Essentials Plus certification.

Co-Production - working with others, and especially people who use, or may benefit from our services, is at the core of our work.

Since our origin as an innovative peer support organisation, lived experience has been the driving force for how we create and improve our treatment and support. In addition, coproduction as a methodology is defined within a clear set of policies and protocols that guide implementation.

Governance

Section 172 Companies Act Statement

Structure, Governance & Accountability

Phoenix House, trading as Phoenix Futures, is a private Company Limited by guarantee and incorporated in the United Kingdom under the Companies Act 2006 (company number 1626869). It is governed by its Memorandum and Articles of Association that determine the legal framework within which we operate, and which set out our charitable objects. Phoenix House is a registered charity in England and Wales (charity number 284880) and in Scotland (charity number SC039008), as well as being a Registered Provider of Social Housing registered with the Regulator of Social Housing (number H3795).

A description of the nature of the Charity's operations and its principal activity is disclosed in the Strategic Report on page 14.

Ley Community Drug Services is a wholly owned subsidiary of Phoenix House. 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), sharing the same registered office address as Phoenix.

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.

The organisation regularly reviews its governance and financial viability, compliance with the governance and financial viability standard was formally reviewed in June 2025. No areas of non-compliance were identified.

STRATEGIC REPORT (continued)

The Board

Directors who served in the financial year are as follows:

Mr Richard Hill (Chair)
Ms Alison Cottrell
Mrs Catherine Shore
Sheriff David Nicol Mackie
Dr Francis Keaney
Ms Helen Wollaston
Mr Henry Black (Appointed 5th December 2024)
Mr Iain McGourty (Resigned 5th December 2024)
Mr Ian Watson
Mrs Janina Norton
Dr Marcus Mattison (Appointed 5th December 2024)
Dr Shamil Wanigaratne (Appointed 5th December 2024)
Dr Simon Street

Auditor

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

Duties and responsibilities

The Trustees (Directors) of the Charity, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised below.

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole, and in doing so have regard (amongst other matters) to:

a. the likely consequences of any decision in the long term;

b. the interests of the company's employees;

c. the need to foster the company's business relationships with suppliers, commissioners and others;

d. the impact of the company's operations on the community and the environment;

e. desirability of the company maintaining a high reputation for high standards of business conduct.

The management of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The Board of Trustees meet at least quarterly to consider strategic business issues.

The Board is comprised of volunteers, each Trustee sits independently and does not represent any other agencies. Where claimed, expenses are reimbursed. Travel expenses of £755 were reimbursed during this financial year. The Trustees who held office during the 2024/25 financial year are set out on page 1 of the report.

The Trustees and Chair are appointed for an initial term of three years, which may be extended for an additional three years. They may also be eligible for reappointment for up to three further one-year terms to support effective succession planning and as agreed by the Chair. Trustees are recruited using advertisements with potential trustees being invited to complete an application form. Phoenix appoints 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 respond to any questions the 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. Trustees' training is an ongoing process via presentations, visits and Away Days. 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.

Good Governance

Good governance is fundamental to our sustained success, it ensures we are best placed to deliver on our strategy, achieve our goals and promote the sustainable and long-term success of our charity for the benefit of the communities we serve. Our governance helps ensure we are compliant with all relevant legislation, constantly reviewing the risks we are facing, ensuring we provide safeguarding standards of the highest quality, and it supports a positive culture for all of our people, including our volunteers.

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, which sets out principles and recommended practices for good governance in the not-for-profit sector, and it is compliant.

Internal Control

The Board holds overall responsibility for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. While no system can provide absolute assurance or eliminate all risk, our internal control system is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also aims to ensure the preparation and reliability of financial and operational information and safeguard the Charity's assets and interests.

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

The Charity identifies areas where assurance is sought and matches these to sources of assurance. To monitor whether these sources adequately minimize or eliminate risk, control procedures are operated on a predetermined frequency basis via three Committees established by the Board: the Audit, Control & Investment Committee, the Clinical Governance Committee, and the People and Remuneration Committee. While these Committees focus on different areas of internal control, some areas overlap.

The Chief Executive reports on the overall adequacy of these internal control areas through six-monthly reports to the Audit, Control & Investment and Clinical Governance Committees. Additionally, the Chief Executive reports on any specific risks identified during the reporting period and actions taken to address them. The Committees then present 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 is clearly defined for the identification, evaluation, and control of significant risks. A formal and ongoing process of management review is in place for each area of the Charity's activities. This process is coordinated through a regular reporting framework managed by the Executive Team. The Executive Team regularly reviews reports on significant risks facing the Charity, and the Chief Executive is responsible for reporting any significant changes affecting key risks to the Committees and the Board.

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 & Investment 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.

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 the Board. This includes rigorous procedures to ensure corrective action is taken for any significant control issues, especially those with a material impact on the financial statements.

Control environment and control procedures

The Board retains responsibility for a defined range of strategic, operational, financial, and compliance issues, including treasury strategy and new investment projects. It has adopted and disseminated a governance document and staff handbook to all employees, outlining the Charity's policies on the quality, integrity, and ethics expected of its staff. This is supported by a comprehensive framework of policies and procedures that employees must follow. These cover areas 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 upcoming year, which is reviewed and approved by the Board. The Board also reviews reforecasts against the budget.

STRATEGIC REPORT (continued)

Additionally, the Board regularly reviews key performance indicators to assess progress towards achieving key business objectives, targets, and outcomes. The internal control framework and risk management process are subject to regular review by the Committees, which provide independent assurance to the Board through regular reports. These Committees consider internal control and risk throughout the year.

Fraud prevention, detection and reporting

A financial policy, along with financial controls and procedures, has been established to prevent and detect fraud. The Charity maintains a Fraud Register that itemises all instances of fraud or attempted fraud. The Audit, Control & Investment Committee regularly reviews the Fraud Register.

Review

The Directors, through the Audit, Control & Investment 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 the date of approval of the financial statements. They have confirmed that there is an ongoing process for identifying, evaluating, and managing significant risks faced by the Charity.

Principal Risks and Uncertainties

Our work is inevitably subject to a broad range of risk.

These are actively and closely managed to ensure any potential impacts are understood and effectively addressed. This work is closely monitored by our Executive team members and the Board.

As we ended the 2024-25 financial year we continued to remain fully aware of the economic climate and uncertainty this creates, and how this adds a further dimension to our risks and how we manage them.

These conditions create a greater demand for the services we provide, and we believe our strategic approach has informed and is closely aligned to the National Drug Strategy From Harm to Hope. We continue to ensure we advocate for the people who use our services with external partners and stakeholders, and we believe the outcomes generated from our service delivery support a number of key Government priorities, In particular Safer Streets, giving children the best start in life and reducing the pressures on the National Health Service.

Our risk management process have effective oversight and remain alert to the emerging factors which could impact our services and the people who use them.

Our key corporate risks for 2024/2025 are listed below:

Objective	**Risk**
To ensure that the residential sector has a clear and prominent place in local and national drug strategies	Devolution of commissioning decisions can lead to a lack of national strategy for residential treatment. Residential services have a fixed cost base meaning the organisation has financial sensitivity to occupancy fluctuations. Variable levels of access across the UK can lead to inequality of care and increase in harm as people are unable to access suitable treatment.
	Mitigation and control

	Take a leadership role in promoting the Residential Sector and to influence commissioning context on behalf of people who use and could benefit from this treatment. Dedicated Residential Access and Placements Team to problem solve access issues for potential residential clients. Invest in research to continuously support the development of the evidence base.
Objective	**Risk**
To maintain and strengthen staff satisfaction with their role and contribution to out shared purpose.	Cost of living increases erode satisfaction with salaries. Competitors have access to workforce funding that is unavailable to Phoenix. A sense of unfairness may lead to lower motivation, higher vacancies/absence and difficulty in maintaining culture. Workforce leaving the sector as organisations are unable to meet salary requirements for a skilled workforce.
	Mitigation and control An active Remuneration Strategy including Real Living Wage commitment, market supplement policy, cost of living initiatives , flexible benefit structure. The staff survey has shown that people are in the main happy working for Phoenix and for the majority of people the positive culture offsets the pay which may not be as high for some roles as other providers.
Objective	**Risk**
To effectively safeguard our data and information.	As we increasingly rely on technology, systems and data management we increase our risk of data breach. Data breaches can lead to large financial fines and reputational damage which impacts our ability to deliver services.
	Mitigation and control An active Data Protection strategy that includes robust risk appraisals of new and existing systems, ongoing compliance with cyber essentials and GDPR.

	Ensure review data centre security per cyber essentials. Continue to provide Training and clear communication.
Objective	**Risk**
To prevent drug and alcohol specific deaths and avoid deaths related to drug and alcohol causes.	Increased instances of drug and alcohol related harm are being seen both for people in treatment as well as those not in treatment. If we fail to take action on this to reduce the harm it is likely we will see more deaths for people who use our services. An increased risk of death and harm impacts our ability to deliver our purpose across services.
	Mitigation and control An active Reducing Harm strategy that has a clear focus on person centred care and continuous organisational learning helps us to manage safety in services. Robust Clinical Governance oversight and improvement planning. Ensure equity of access to all services and high quality of culturally competence care through our EDI approach. Work to end the stigma of substance use through the Anti-Stigma Network partnership.

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.

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

Economy	means ensuring we have sufficient resources to achieve our objectives
Efficiency	means using our resources wisely in line with our objectives
Effectiveness	means achieving the best results
Equity	means using our expertise to create equity of access to treatment

VfM is incorporated into both strategic and operational activities, we apply the principles of VfM through the organisational strategy – Making Hope a Reality, organisational workplans and Key Performance Indicators, which are updated annually and approved by the Board. Our policies, processes and reporting incorporate VfM principles and therefore it is naturally integrated into our day-to-day processes and the KPI's / measures of success. Everyone within Phoenix is responsible for VfM and contributes towards the success of our services and organisation.

Phoenix provides 227 units of registered care provision and 184 units of supported housing, they are core to the work we do and in achieving our charitable objectives. All of our units have a level of specialised substance use support. Most of the value for money metrics required of a typical Registered Provider by the Regulator for Social Housing do not provide meaningful information for the annual report and are therefore not included. The following two metrics are included:

Metric	Sector Benchmark 2021/22*	2024/25	2023/24
Operating Margin Overall	13.2%	4.4%	3.22%
Return on Capital Employed	2%	11.3%	6.34%

*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.

Carbon Emission Reporting

Phoenix published its Carbon Reduction Plan in October 2024, using the 2022/23 baseline to measure the effectiveness of greenhouse gas reduction efforts. Phoenix has committed to achieve net zero emissions by 2050 with a target to achieve net zero for those emissions we directly control, rather than externally influence, by 2030.

Our greenhouse gas emissions for the financial year 2024/25 were estimated to be 130.4 tonnes CO_2e. These include the emissions associated with UK electricity and natural gas consumption based upon meter readings, as well as business travel in company operated and private vehicles by employees whilst carrying out Phoenix business. The intensity of 4.71 tonnes CO_2e per £m revenue is 38% lower than the last financial year.

Our carbon data for 2024-25:

	CO_2 Tonnes	kWh
Gas1	-	2,517,757
Black Fleet	13.48	33,814
Grey Fleet	78.97	198,024
Public Transport	37.95	N/A
Electricity	-	618,364
Total	130.40	2,749,595
Emissions ratio	4.71 CO_2 tonnes per £m of turnover*	

*based on turnover of £27.6 million per annum

STRATEGIC REPORT (continued)

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. Emissions have been calculated using the latest conversion factors provided by the UK Government. A percentage of emissions relating to gas and electricity has been estimated, due to invoicing end dates, this is allowed under the guidance of the Regulation. The reporting period is April 2024 to March 2025, as per the financial accounts.

Carbon achievements and performance

In 2024/25, we developed two new residential services designed to minimise carbon emissions and energy usage, including electric vehicle points. We began converting our fleet to electric vehicles, purchasing four new ones. Our Recovery through Nature and 'From seed to table' programs were expanded, and our procurement policy was updated to prioritize suppliers based on their social value and environmental commitment. Following the ESOS assessment and report in December 2023, the Board reviewed and approved an action plan to reduce carbon emissions where feasible and cost-effective. Our future reduction initiatives, outlined in the Carbon Reduction Plan, align with the ESOS report recommendations.

Stakeholders

Our People Promise

People are at the heart of everything we do—both our dedicated employees and those who use our services. We believe in the power and potential of people, and our culture and values are the foundation of our success. That's why investing in and developing our people is central to our mission as a charity.

We are committed to building a diverse and inclusive organisation that reflects our core values and helps us be our best. To support this, we actively remove barriers to employment by guaranteeing interviews to candidates with disabilities who meet the minimum role requirements. We also make all reasonable adjustments to ensure everyone can perform at their best, including those who may acquire a disability during their employment.

We provide training, development, and career progression opportunities for all staff. Our approach is flexible and responsive, tailored to individual needs to ensure everyone is supported equitably and can thrive within our organisation.

Business relationships with suppliers and other stakeholders

We recognise the importance of nurturing relationships with key stakeholders, such as customers, suppliers and others and considers the strategic value to the Charity and its stakeholders when making decisions.

We collaborate closely with both statutory and voluntary sector partners at national and local levels. As active members of Collective Voice, the national alliance of drug and alcohol treatment and recovery charities, we are committed to making a difference.

We highly value our suppliers and maintain multiyear contracts with key partners, fostering a partnership approach whenever possible. By forming supply relationships with local organisations, we ensure that our delivery creates social value within local communities.

Stakeholder Map

Stakeholder group	Key consideration	How we engage
People who use our services	We aim to improve equity of access to treatment by understanding and addressing the physical and psychological barriers people face when seeking treatment. Our strength lies in our psychosocial treatment approaches which can be applied in multiple settings. We aim to end the stigma faced by people who use, or have used, drugs or alcohol. We often work in partnership with others to provide access to holistic support for people seeking help. We have a particular focus on preventing drug and alcohol related deaths through a coordinated systemic strategic approach.	Our psychosocial approaches are rooted in developing trusting relationships with the people who use our services. We encourage people to take control of their own health improvement, meeting people where they are and walking alongside them to coproduce personal recovery. Our services are inclusive, caring and non-judgmental environments. We aim to help create a society where everyone is valued and treated with respect.
Communities in which we work	We believe we offer considerable value to the communities in which we work. Communities are vital to aid personal recovery providing volunteer, training and employment opportunities for people improving their health. Where we experience barriers to recovery we aim to engage positively to understand different perspectives and respond to local need. Valuing the diversity of communities and providing equity of access is core to our strategic aims.	We reach out to the communities in which we work in a number of ways. We are transparent in our work welcoming community members to find out more about our work. We engage in local community events. Wherever possible we source services form the local communities surrounding our services. Through programme such as Recovery through Nature we aim to be positive contributors to community life.
Funders	To fulfil our purpose and meet mutual objectives we work with funders from a number of sources to support our activities including: • Central Government • Local authorities • NHS Trusts • Funding institutions • Prime Service Providers • Corporate and individual giving	We see our funders as partners in delivery of our shared purpose. • We develop strong, trusting relationships which mean we can work productive to address operation issues. • We lead and attend events to engage across our services. • We carry out regular stakeholders' surveys and engagement. • We are open to feedback and insights on performance and issues relevant to our funders.

Regulators	We maintain robust clinical governance processes and structures to ensure compliance with all regulatory regimes.	We engage with our regulators by: • Submitting timely filings and returns. • Self-reporting and engagement where appropriate. • Prompt and comprehensive response to requests for information.
Staff and volunteers	Our teams are our greatest asset. Our approach is based on psychosocial approaches and rooted in a therapeutic alliance between our people and our clients. It is important for us that our people enjoy their work, have the equipment and training to fulfil their role and can clearly see their contribution to our purpose. Our people are also best placed to shape our strategic approach with their deep experience of current and emerging needs. As an employer we seek to offer rewarding work that enables family life, opportunities for personal and professional growth, recognition and purpose.	We engage with our staff and volunteer teams through a transparent consultative approach. Senior management and leadership teams and the organisation Team Brief process We operate a number of working groups to enhance aspects of our work including EDI working groups and Communities of practice. Our annual Staff Survey provide insights and drives actions for our people strategy. We communicate and promote engagement through our active internal comms strategy.

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

Joseph & Lilian Sully Foundation

Charities Trust

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.

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.

Approved by the Board of Directors on 31st July 2025 and signed on behalf of the Board by:

Richard Hill
(Director)

Registered number 1626869

Accounts

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 2025 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 2025 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.

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.

Beever and Struthers

Elizabeth Hatchman ACA
Senior Statutory Auditor, for and on behalf of
Beever & Struthers
Statutory Auditor
Chartered Accountants
150 Minories
London, EC3N 1LS
Date: 22 August 2025

CONSOLIDATED AND CHARITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Notes	Group		Charity	
		2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Turnover	2	27,645	24,721	27,691	24,721
Operating expenditure	2	(26,436)	(23,926)	(26,496)	(23,891)
		1,209	795	1,195	830
Surplus on disposal of fixed assets	10	2,486	606	2,486	606
Operating surplus		**3,695**	**1,401**	**3,681**	**1,436**
Interest receivable	6	504	343	562	369
Interest payable and financing costs	7	(198)	(187)	(198)	(187)
Movement in the value of investments	22	(193)	345	(193)	345
Surplus for the financial year		**3,808**	**1,902**	**3,852**	**1,963**
Other Comprehensive Income					
Actuarial gain/(loss) on defined benefit pension liability	24	396	(1,102)	396	(1,102)
Total comprehensive income for the financial year		4,204	800	4,248	861

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

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CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

		Group		Charity	
		2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Fixed assets					
Tangible fixed assets - housing properties	11	20,480	17,054	16,870	13,354
Other tangible fixed assets	12	837	581	779	495
Investment in Ley Community	13	-	-	2,855	2,855
		21,317	17,635	20,504	16,704
Current assets					
Debtors	14	3,208	2,950	4,396	4,140
Cash and cash equivalents		10,144	9,000	9,996	8,862
Investments	22	5,023	5,216	5,023	5,216
Fixed assets held for sale	23	282	804	282	804
		18,657	17,970	19,697	19,022
Creditors: amounts falling due within one year	15	(5,298)	(4,476)	(5,298)	(4,414)
Net current assets		13,359	13,494	14,399	14,608
Total assets less current liabilities		**34,676**	**31,129**	**34,903**	**31,312**
Creditors: amounts falling due after more than one year	16	9,959	9,302	9,959	9,302
Provisions for liabilities and charges					
Provisions for liabilities	17	14	14	14	14
Defined benefits pension liability	24	3,285	4,599	3,285	4,599
Capital and Reserves					
Share capital	19	-	-	-	-
Revenue reserve	20	21,326	17,076	21,645	17,397
Restricted Reserve	20	92	138	-	-
		34,676	**31,129**	**34,903**	**31,312**

The financial statements were approved and authorised for issue by the Board of Directors on 31st July 2025 and were signed on its behalf by:

R. Hill
(Director)

I. Watson
(Director)

CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2025

	Share Capital £'000	Restricted Reserves £'000	Revenue Reserves £'000	Total Capital and Reserves £'000
At 1 April 2024	-	138	17,076	17,214
Surplus for the year	-	-	3,808	3,808
Release of Restricted Reserves	-	(46)	46	-
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	396	396
Total comprehensive income	-	(46)	4,250	4,204
At 31 March 2025	-	92	21,326	21,418

For the Year Ended 31st 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

CHARITY STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2025

	Share Capital £'000	Restricted Reserves £'000	Revenue Reserves £'000	Total Capital and Reserves £'000
At 1 April 2024	-	-	17,397	17,397
Surplus for the year	-	-	3,852	3,852
Release of Restricted Reserves	-	-	-	-
Other Comprehensive income				
- Actuarial movement on defined benefit pension scheme in the year	-	-	396	396
Total comprehensive income	-	-	4,248	4,248
At 31 March 2025	-	-	21,645	21,645

For the Year Ended 31st 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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £'000	2024 £'000
Net cash (used in) operating activities	A	(1,858)	(1,063)
Cash flow (used in)/generated from investing activities			
Interest received		504	343
Interest paid		-	-
Capital grant received		3,789	7,817
Purchase of tangible fixed assets		(4,582)	(4,527)
Net proceeds from disposal of housing properties		3,291	1,026
Cash arising from acquisition of subsidiary		-	-
Net cash generated (used in) investing activities		3,002	4,659
Net increase/(decrease) in cash and cash equivalents		1,144	3,596
Cash and cash equivalents at beginning of year		9,000	5,404
Cash and cash equivalents at end of year	B	10,144	9,000

PHOENIX HOUSE

NOTES TO THE CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2025

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

	2025 £'000	2024 £'000
Surplus for the year	3,808	1,902
Interest receivable and similar income	(504)	(343)
Movement on fair value of investment	193	(345)
Interest payable and similar charges	198	187
Gain/(Loss) on disposal of other fixed assets	(2,486)	(606)
Depreciation charge on tangible fixed assets	618	536
Increase/ (Decrease) in debtors	(258)	2,011
Increase/(Decrease) in creditors	835	(1,559)
Release of grant	(3,138)	(1,780)
Pension costs paid	(1,124)	(1,066)
Net cash (outflow) from operating activities	(1,858)	(1,063)

B CASH AND CASH EQUIVALENTS

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Cash at bank and in hand	10,144	9,000	9,996	8,862

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.

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 68 Newington Causeway London SE1 6DF.

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 2025-26 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 2025 was £3,782k (2024: £3,254k).

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 2025 was £152k (2024: £98k).

Bad debt provision

The trade debtors balance of £1,852k (2024: £1,571k) 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 2025 was £71k (2024: £33k).

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 2024-25 financial year. A liability of £3,285k is recorded the Statement of Financial Position at 31 March 2025.

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)**

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

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

Group	**2025** Turnover	**2025** Operating costs	**2025** Operating surplus /(deficit) before surplus on sale of housing properties	**2024** Turnover	**2024** Operating costs	**2024** Operating surplus /(deficit) before surplus on sale of housing properties
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Social Housing lettings (note 2B)	11,082	(11,405)	(323)	8,577	(9,205)	(628)
Other Social housing activities						
Revenue grants / expenditure	11,357	(10,301)	1,056	11,250	(10,443)	807
Charitable donations and sundry income	7	(10)	(3)	34	(31)	3
	22,446	(21,716)	730	19,861	(19,679)	182
Non-social housing activities	5,199	(4,720)	479	4,860	(4,247)	613
Total	27,645	(26,436)	1,209	24,721	(23,926)	795

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

Group	2025 Residential care homes £'000	2025 Supported housing £'000	2025 Total £'000	2024 Total £'000
Income from social housing lettings				
Rent receivable net of identifiable service charges	5,858	1,988	7,846	6,695
Other revenue grants	3,210	26	3,236	1,882
Turnover from social housing lettings	9,068	2,014	11,082	8,577
Expenditure on social housing lettings				
Management	1,955	276	2,231	1,792
Housing services	1,195	311	1,506	1,356
Routine maintenance	337	73	410	261
Depreciation of housing properties	294	59	353	301
Staff costs	4,473	687	5,160	4,071
Property lease charges	212	425	637	463
Resident costs	693	36	729	538
Other costs	292	87	379	423
Operating costs on social housing lettings	9,451	1,954	11,405	9,205
Operating (deficit) on social housing lettings	(383)	60	(323)	(628)
Rent losses from voids (included in rent receivable above)*	631	132	763	1,282

* The Charity calculates voids by comparing actual income with theoretical income. Theoretical income is based on the budgeted number of units. 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	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Aggregate emoluments	568	556	568	556
Pension contributions	26	26	26	26
	594	582	594	582

During the year, six Executive Directors accrued retirement benefit under a defined contribution pension scheme (2024: 6).

Highest paid Director*	Group		Charity	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Aggregate emoluments (excluding pension contributions)	126	121	126	121
Pension contributions	7	7	7	7
	133	128	133	128

*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 £7,436 (2024: £7,243) 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	
	2025 No.	**2024 No.**	**2025 No.**	**2024 No.**
Permanent staff - full time equivalent (number)	518	485	518	485
Sessional staff - full time equivalent (number)	9	7	9	7
Total employed by FTE	527	492	527	492
Average number of persons employed	580	539	580	539

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	
	2025 No.	2024 No.	2025 No.	2024 No.
£120,001-£130,000	1	1	1	1
£110,001-£120,000	-	-	-	-
£100,001-£110,000	-	-	-	-
£90,001-£100,000	2	2	2	2
£80,001-£90,000	3	3	3	3
£70,001-£80,000	2	-	2	-
£60,001-£70,000	11	7	11	7
	19	13	19	13

5 Staff costs

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Wages and salaries	16,288	14,766	16,288	14,766
Compensation for loss of office	42	15	42	15
Social security	1,536	1,372	1,536	1,372
Pension costs	1,603	1,514	1,603	1,514
	19,469	17,667	19,469	17,667

6 Interest receivable

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Bank interest receivable	504	343	502	335
Interest on intragroup loan	-	-	60	34
	504	343	562	369

7 Interest and financing costs

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Net interest cost on defined benefit pension obligations	198	187	198	187
	198	187	198	187

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

8 **Surplus for the year**	**Group**		**Charity**	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
The surplus is stated after charging:				
Depreciation of housing properties	442	331	353	301
Depreciation of tangible fixed assets	175	206	148	200
Operating lease rentals payable:				
- Land and buildings	260	176	260	176

9 **Auditor's remuneration (excluding VAT)**	**2025 £'000**	**2024 £'000**
Fees payable to the Charity's auditor for the audit of the parent company and consolidated annual financial statements	34	34
Fees payable to the Charity's auditor and its associates for other services to the Group:		
Audit of subsidiary undertakings	7	6
Taxation advisory services	-	2

10 **Surplus/(loss) on disposal of fixed assets**	**Group**		**Charity**	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Sales proceeds	3,370	1,035	3,370	1,035
Net book value	(804)	(420)	(804)	(420)
Disposal costs	(80)	(9)	(80)	(9)
	2,486	606	2,486	606

11	**Housing properties**	**Freeholds**	**Short Leaseholds**	**Total**
	Group	**£'000**	**£'000**	**£'000**
	Cost			
	At 31 March 2024	18,499	-	18,499
	Additions	4,151	-	4,151
	Disposals	-	-	-
	Transfers to held for sale	(330)	-	(330)
	At 31 March 2025	22,320	-	22,320
	Depreciation			
	At 31 March 2024	1,445	-	1,445
	Charge for year	443	-	443
	Disposals	-	-	-
	Transfers to held for sale	(48)	-	(48)
	At 31 March 2025	1,840	-	1,840
	Net book value			
	At 31 March 2025	20,480	-	20,480
	At 31 March 2024	17,054	-	17,054

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 2025 was 386 (2024: 376).

113 bed spaces (2024: 105) were managed by the Group but were in properties owned by other Registered Social Providers of Social Housing or other third parties.

11 Housing properties

Charity	Freeholds £'000	Short Leaseholds £'000	Total £'000
Cost			
At 31 March 2024	14,525	-	14,525
Additions	4,151	-	4,151
Disposals	-	-	-
Transfers to held for sale	(330)	-	(330)
At 31 March 2025	18,346	-	18,346
Depreciation			
At 31 March 2024	1,171	-	1,171
Charge for year	353	-	353
Disposals	-	-	-
Transfers to held for sale	(48)	-	(48)
At 31 March 2025	1,476	-	1,476
Net book value			
At 31 March 2025	16,870	-	16,870
At 31 March 2024	13,354	-	13,354

12 Other fixed assets

GROUP	Leasehold property improvements £'000	Office furniture & equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 31 March 2024	430	1,745	214	2,389
Additions	-	109	323	432
Disposals	-	(19)	(13)	(32)
Transfers to held for sale	-	(9)	-	(9)
At 31 March 2025	430	1,826	524	2,780
Depreciation				
At 31 March 2024	170	1,426	212	1,808
Charge for year	22	147	7	176
Disposals	-	(19)	(13)	(32)
Transfers to held for sale	-	(9)	-	(9)
At 31 March 2025	192	1,545	206	1,943
Net book value				
At 31 March 2025	238	281	318	837
At 31 March 2024	260	319	2	581

12 Other fixed assets

CHARITY	Leasehold property improvements £'000	Office furniture & equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 31 March 2024	430	1,653	214	2,297
Additions	-	109	323	432
Disposals	-	(19)	(13)	(32)
Transfers to held for sale	-	(9)	-	(9)
At 31 March 2025	430	1,734	524	2,688
Depreciation				
At 31 March 2024	170	1,420	212	1,802
Charge for year	22	119	7	148
Disposals	-	(19)	(13)	(32)
Transfers to held for sale	-	(9)	-	(9)
At 31 March 2025	192	1,511	206	1,909
Net book value				
At 31 March 2025	238	223	318	779
At 31 March 2024	260	233	2	495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

13 **Charity fixed assets investments**	**2025 £'000**	**2024 £'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	The building is used by the parent company to deliver a women's only residential service.	N/A

Subsidiary undertakings **Cost**	**£'000**
At 1st April 2024	2,855
Additions	-
At 31st March 2025	**2,855**

14 **Debtors**	**Group**		**Charity**	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Amounts due from statutory bodies and others	964	490	964	490
Amounts due from contractual income	888	1,081	888	1,081
	1,852	1,571	1,852	1,571
Less provision for bad debts	(71)	(33)	(71)	(33)
	1,781	1,538	1,781	1,538
Other debtors	25	22	25	22
Prepayments and accrued income	1,402	1,390	1,402	1,390
Amounts due from Group undertakings	-	-	1,188	1,190
	3,208	2,950	4,396	4,140

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

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

	Group		Charity	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Trade creditors	779	601	779	614
Payments in advance	371	475	371	475
Taxation and social security costs	356	330	356	330
Other creditors	180	159	180	159
Accruals, deferred income and grants received in advance	3,609	2,908	3,609	2,833
Multi-employer pension scheme (note 24)	3	3	3	3
	5,298	4,476	5,298	4,414

16 **Creditors: amounts falling due after more than one year**

	Group		Charity	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Deferred grants	9,954	9,302	9,954	9,302
Multi-employer pension scheme (note 24)	5	-	5	-
	9,959	9,302	9,959	9,302

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. £104k (2024: £402k) is therefore potentially recyclable on disposal.

17 **Provisions**

	Group		Charity	
Onerous leases and dilapidations	**2025 £'000**	**2024 £'000**	**2025 £'000**	**2024 £'000**
At 1st April	14	14	14	14
Movement in provision:				
Released	-	-	-	-
As at 31st March	14	14	14	14

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

18 **Leases**

	Group		Charity	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
For leases expiring				
Within one year	260	159	260	159
Between two and five years	243	120	243	120
After five years	4	34	4	34
As at 31st March	507	313	507	313

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	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
At 1st April	5,216	4,871	5,216	4,871
Additions in the year	-	-	-	-
Net (loss)/gain recognised through profit and loss	(193)	345	(193)	345
As at 31st March	5,023	5,216	5,023	5,216

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	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
As at 31st March	282	804	282	804

One property was transferred during the year from fixed assets to current assets and the sale is expected to be completed in the second half of the year 2025/26.

24 Pension Scheme Arrangements

A selection of the Charity's employees and past employees are deferred members or pensioners of the Social Housing Pension Scheme. The Charity also participates in the Growth Plan, a defined contribution scheme.

Further information on these defined benefit schemes is given below.

The Charity also contributes to a Defined Contribution scheme with the Social Housing Pension Scheme which has 464 (2024: 418) active members.

Pension scheme liabilities recognised in the Statement of Financial Position

	Group		Charity	
	2025 £'000	**2024 £'000**	**2025 £'000**	**2024 £'000**
Pension obligations recognised as Defined Benefit schemes	3,285	4,599	3,285	4,599
Defined contribution schemes:				
- Growth Plan	8	3	8	3
As at 31st March	3,293	4,602	3,293	4,602

The Charity participates in the Social Housing Pension Scheme (herein referred to as 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (continued)

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 2023. This valuation revealed a deficit of £693m. 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 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 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 £1,066k are payable by the Charity for the year ended 31 March 2026.

Statement of Financial Position	**2025** **£’000**	**2024** **£’000**
Fair value of plan assets	19,813	20,239
Present value of defined benefit obligations	(23,098)	(24,838)
Net liability	(3,285)	(4,599)

Principal actuarial assumptions at the financial position date:	**2025** **%**	**2024** **%**
Discount rate	5.82	4.90
Rate of inflation (RPI)	3.10	3.15
Rate of inflation (CPI)	2.79	2.78
Salary growth	3.79	3.78
Allowance of commutation of pension for cash at retirement	75% of Maximum Allowance	75% of Maximum Allowance

The mortality assumptions applied imply the following life expectancies at age 65:	**At 31 March 2025 Years**	**At 31 March 2024 Years**
Male retiring in 2025	20.5	20.5
Female retiring in 2025	23.0	23.0
Male retiring in 2045	21.7	21.8
Female retiring in 2045	24.5	24.4

Amounts recognised in the Income Statement	**2025 £'000**	**2024 £'000**
Net interest on defined benefit liability	198	187
Expenses paid	35	34
	233	221

Amounts recognised in Other Comprehensive Income	**2025 £'000**	**2024 £'000**
Experience on plan assets	(1,537)	(1,652)
Experience (losses)/ gains arising on plan liabilities	(945)	196
Effects of changes in demographic assumptions underlying the present value of scheme liabilities	-	270
Effects of changes in financial assumptions underlying the present value of scheme liabilities	2,878	84
	396	(1,102)

Reconciliation of movements on the defined benefit obligation	**2025 £'000**	**2024 £'000**
Defined benefit obligation at the start of the period	24,838	24,953
Administration cost	35	34
Interest expense	1,192	1,199
Actuarial (gains) and losses	(2,967)	(550)
Benefits paid	(1,034)	(798)
Defined benefit obligation at the end of the period	22,064	24,838

24 Pension Scheme Arrangements (continued)

Reconciliation of movements on the fair value of plan assets	**2025**	**2024**
	£'000	**£'000**
Fair value of plan assets at the start of the period	20,239	20,585
Interest income	994	1,012
Contributions by the employer	1,151	1,092
Experience on plan assets	(1,537)	(1,652)
Benefits paid	(1,034)	(798)
Fair value of plan assets at the end of the period	19,813	20,239

The actual return on the plan assets over the year ended 31 March 2025 was a gain of £396k.

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

	2025 £'000	**2024 £'000**
Equity	2,237	2,034
Bonds	6,331	9,899
Property and infrastructure	1,001	2,988
Cash	269	399
Absolute return	-	790
Alternative risk premia	-	642
Insurance linked securities	61	105
Other	9,914	3,382
	19,813	20,239

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 of the Scheme is seeking clarification from the Court on these items, and this process is ongoing with the Court's determination expected no earlier than Summer 2025. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m, with the best estimate of the impact to the Charity estimated at £907k. 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 521 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 2023. This valuation showed assets of £514.9m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Trustee of the Scheme has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2025 to 31 March 2028:	£2,100,000 per annum (payable monthly)

Unless a concession has been agreed with the Trustee of the Scheme, the term to 31st March 2028 applies.

Note that the scheme's previous valuation was carried out with an effective date of 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 of the Scheme asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

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

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.

24 Pension Scheme Arrangements (continued)

Growth Plan (continued)

Present value of provision (included within creditors)	**2025 £'000**	**2024 £'000**
As at 31 March	8	3

Reconciliation of opening and closing provisions	**2025 £'000**	**2024 £'000**
Provision as at 1 April	3	6
Unwinding of the discount factor	-	-
Deficit contributions paid	(3)	(3)
Impact of changes in assumptions	-	-
Amendments to the contribution schedule	8	-
As at 31 March	8	3

Assumptions	**2025**	**2024**
	% per annum	**% per annum**
Rate of discount	4.84	5.31

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 (2024: £1.2m) which comprises of amounts owing to the parent company relating to interest charged upon the loan and release of restricted funds less property rental charges for the use of the land and building. 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. (2024: nil).

Key Management personnel	**2025 £'000**	**2024 £'000**
Remuneration paid to Key Management Personnel were:		
Remuneration (as per note 3)	594	582
Employer's social security costs	72	69
	666	651

27 Capital commitments

Capital commitments contracted for by the Group but not provided for at 31 March 2025 were £0m (2024: £3.7m).