

Company Registration No. 06211760 (England and Wales)

Pivotal Housing Association

Report and Financial Statements
for the Year ended 31 March 2020

Charity No: 1121914
RSH registration No: 4747

Contents

	Page
Legal and administrative information	5
Strategic Board Report	7
Independent Auditor's Report	41
Statement of Comprehensive Income	44
Statement of Financial Position	45
Statement of Changes in Equity/Reserves	46
Statement of Cash Flows	47
Notes forming part of the financial statements	48

Legal and administrative information

Company number	06211760
Charity number	1121914
RSH number	4747
Directors	<div>C Dixon (Resigned 31/1/20)</div> <div>P Levaggi</div> <div>G Visser (Resigned 6/5/20)</div> <div>D Streek (Appointed 18/6/19) (Chair)</div> <div>N S Lee (Appointed 7/10/19)</div> <div>J E Hughes (Appointed 7/10/19)</div> <div>N Courts (Appointed 18/5/20)</div> <div>D Lockerman (Appointed 18/5/20)</div> <div>A Hussain Shah (Appointed 3/8/20)</div>
Secretary	P Longland (Resigned 29/1/20)
Chief Executive Officer	J Kingsbury
Director of Operations	N Stolborg
Director of Housing	Kristina Hall (Resigned 3/6/19)
Registered office	Everdene House Deansleigh Road Bournemouth Dorset BH7 7DU
Auditor	PKF Francis Clark Chartered Accountants & Statutory Auditors Towngate House 2-8 Parkstone Road Poole BH15 2PW
Bankers	National Westminster Bank PLC The Square 5 Old Christchurch Road Bournemouth BH1 1DU
Solicitors	Frettons Solicitors The Saxon Centre 11 Bargates Christchurch BH23 1PZ

Strategic Board Report

For the year ended 31 March 2020

The Trustees and Strategic Leadership Team are pleased to present the Annual Report and Financial Statements for the year ending 31 March 2020 for Pivotal Housing Association ("PHA").

Principal Activities

PHA is a company limited by guarantee, a Registered Provider of Social Housing and a charity registered with the Charity Commission in April 2007. PHA is proud to provide quality housing with specialist support and compassionate care to over 400 single vulnerable people with a variety of needs. We work closely with local authorities and health service commissioners across a number of locations, including Dorset, Cornwall and Gloucester, to identify suitable homes for the vulnerable people we exist to serve. All current accommodation managed by PHA is operated on a lease-based financing model with the associated support and care delivered by third party partners.

The Trustees have complied with duties contained in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission and are satisfied that all the objectives and activities outlined below are undertaken for public benefit.

Delivering our Strategic Plan

In April 2019, the PHA Board signed up to a 2-year Pivotal Group Strategy for the period 2019-21 – Doing More Good for More People, alongside its decision to formally become a member of the wider Pivotal Group of companies.

This was augmented by the PHA Board adopting a 5-year Business Plan – *Providing more services for more people* - in May 2020. This sets out an ambition for PHA to be as follows by 2025:

1. A stronger business with increased capacity for growth of new homes and services.
2. Strengthening our geographic area of operation and customer base in line with the group strategy.
3. Realising positive results from the investments we have made in our existing homes and communities.
4. Providing products and services that are shaped by customers, influenced by market conditions and demonstrably delivering value for money.
5. A smarter, slicker, simpler business, combining the strength of a group structure with the flexibility for group entities to make independent decisions.

Our key strategic aims can be summarised as follows:

- We will deliver excellent services
- We will grow our business
- We will maximise our impact

Strategic Board Report (continued)

For the year ended 31 March 2020

The way in which we will achieve each of these strategic aims is as follows:

Deliver excellent services

- Improve the quality of customers' homes by having an agreed Pivotal Standard shaped by customers and service providers.
- Improve our asset management and repairs service based on our full stock condition survey.
- Be more pro-active in tackling anti-social behaviour and wider tenancy enforcement
- Put in place robust Service Level Agreements with partner agencies to reduce void risk
- Future-proof our HMO housing portfolio
- Embrace new technology to improve customer experience
- Work co-operatively and collaboratively with our partners, funders and regulators.

Grow our business

- Create capacity through improving efficiency and by maximising long-term funding, establishing a sustainable mixed portfolio of leasehold properties by 2025 containing both short and long term leases to ensure a balance between certainty and flexibility.
- Manage risk by reporting on a strong set of KPIs and having an up to date risk framework and monthly updated risk register.
- Deliver a growth programme which meets the strategic objectives of the charity, developing 500 new homes by 2025.
- Actively seeking out new sources of funding through charitable grants and pursuing appropriate forms of strategic alliances, with at least 2 health authority partners and 5 national care and support provider partnerships by 2025.
- Adopt a proactive approach to existing business, taking strategic action to tender for existing and new business, review and renew contracts and to implement exit strategies and remodelling where required to achieve and maintain financial strength.

Maximise our impact

- Use the strength of the wider Pivotal Homes Group to provide financially sound services
- Have a strong enough presence to make a real difference to people's lives, helping them to become more financially or physically independent in order that we can sustain their tenancies.
- Help our customers to cope with welfare reform by supporting them off benefits and into work.
- Work collaboratively across the Pivotal Homes Group, with other housing associations and our partners to revitalise communities and neighbourhoods.
- Construct effective partnerships with health and care commissioning bodies, to ensure we improve the health and wellbeing in our communities.

Strategic Board Report (continued)

For the year ended 31 March 2020

Our key priorities to March 2025

- To agree a 5 year business plans which spreads operating costs over a 5 year budget.
- Continue to develop the governance structure for PHA within the Pivotal group structure.
- Reduce void levels to under 7% average across all services with an action plan for long term voids and a robust housing management service to generate new referrals to void properties.
- Reduce the risk of new business by providing services which are supported by public sector funding, have a robust Service Level Agreement in place to mitigate void risk, provide a fill up period indemnity, have a lease which provides a review clause where public funding is reduced and have an exit strategy in place.
- Develop and implement a robust organisational response to welfare reform, changing government priorities and changing regulatory requirements to minimise loss of rental income while supporting our customers.
- Demonstrate a Value for Money approach to deliver further efficiencies, continue to reduce our costs of delivery, and generate a net surplus of £800k by 2025.
- Produce a 20 year stock condition plan linked to the full stock condition survey carried out in 2019.
- Complete the appraisal of the preferred operating model for the repairs service moving to a more proactive and less reactive approach.

Future Prospects

In May 2020, the Board agreed a new 5 year Business Plan, which demonstrates strong financial performance in the years to come achieved through continued growth and increased economies of scale. This position will lead to increased levels of cash reserves within the organisation to enhance financial resilience.

PHA has limited debt of £450k held with Pivotal Homes Group Limited which it will begin to repay from Year 3 of the current Business Plan. It will also source a range of services from the wider Pivotal Group, including arrangement of property leases to achieve growth of approximately 500 additional units of accommodation over the life of the Business Plan. This model therefore requires no recourse to additional finance to support growth aspirations.

Strategic Board Report (continued)
For the year ended 31 March 2020

Key focus, achievements and operational performance for 2019/20

The key focus for PHA during 2019/20 can be summarised as follows:

1. Review and re-design of underperforming services that were experiencing unacceptable void levels and difficulties with support providers.
2. Consolidation of systems, policies and governance arrangements to provide a sound basis for future service improvements and business growth.

Details of activities undertaken include:

- New housing management and accounts systems (Open Housing and Open Accounts) have been purchased and largely implemented during the course of the year. These new systems will be operational from 2020 and will assist PHA to create workflows; automate processes and reporting; and improve compliance monitoring.
- A revised staffing structure has been implemented within the Operations department. The revised arrangements have resulted in management across housing and care and support functions being managed together on a geographical basis to bring increased levels of ownership, leadership and direction to these services. The new arrangements were due to go live in April 2020 but have been delayed in part due to coronavirus restrictions.
- Altair were commissioned to undertake a review of governance arrangements and assess regulatory compliance. This will underpin PHA's planned formal joining of the Pivotal Group as a wholly owned Subsidiary, anticipated to complete later in 2020.
- Completed a full stock condition survey of all properties, ensuring that works required to the properties both in the short term and over the remaining life of the lease are properly costed through our rents and service charges.
- New operational policies have been developed, including a Child and Adult Safeguarding Policy and a Rent Setting policy.
- A new Quality and Audit Team has been established, reporting directly to the Chief Executive, to oversee and monitor compliance and performance.

Strategic Board Report (continued)

For the year ended 31 March 2020

Business development

Existing partnerships have been strengthened during the year, and several new partnerships have been established, including a significant new partnership with the Brandon Trust with whom our first scheme was successfully completed and opened in May 2020.

A new property purchase process has been established, which ensures higher levels of transparency and scrutiny of new schemes developed, including early review of demand; assessment of suitability and match of properties to the intended client group; and detailed review of proposed Service Level Agreements on a scheme specific basis. A new standard Service Level Agreement for use with partner agencies has also been developed during the year. In most instances, this will contain provisions that provide cover for void loss and mitigate risk exposures in this area for PHA.

Significant benefits are derived from the wider Pivotal Group of companies in terms of sourcing of properties and finance, and the protection of PHA against development risk whereby PHA only enters new leases where schemes are acquired and partnerships and client groups in place.

Partnerships for the delivery of care and support are now in place with the following organisations:

Clear Pathway Care	Nelson Trust
Pivotal Support	Rethink
SAFFA	K2 Care
Young Person's Team, Cornwall CC	NHS (Cornwall)
P3	Brandon Trust
Live West	

Details of new schemes launched during the year:

- A 7-room scheme in Bournemouth for Armed Forces veterans was launched in December 2019 (Purbeck Road) in partnership with SSAFA.
- A new scheme for care leavers was opened in Cornwall at the end of March 2020 (Edgcumbe Road)
- Highfield Lodge – May 2020. Brandon Trust. Adults with learning difficulties.
- Prestbury Road, Gloucestershire. Rethink is the partner.

Strategic Board Report (continued) **For the year ended 31 March 2020**

Additional pipeline schemes for later in 2020/21 include the following:

Location	Partner	Service group	Estimated opening
Cornwall (St Anne's Grove)	Brandon Trust	Adults with autism	December 2020
Gloucester (29 Hill Hay Road)	Brandon Trust	Adults with autism	March 2021
Weymouth (Abbotsbury Road)	Brandon Trust	Ex-offenders	TBC
Cornwall (x2) (Roskear)	NHS Cornwall	Adults with mental health difficulties	TBC

Performance review

A summary of our key operational performance achievements in 2019/20 is as follows:

- Average void levels improved throughout the year to 12.17% at financial year end, with an average of 13.4% over the year. Due to the complex nature of the support arrangements for occupants, this can include support providers indemnifying PHA for void loss in full or above an agreed threshold. Taking this into account, and the current re-modelling of 3 schemes, void loss reduced by year end to 7.12%, just outside the 7% void / 93% occupancy target.
- Average re-let days were 15.7 at the end of Quarter 4 (2019/20).
- 100% compliance levels were maintained across all health and safety performance areas: gas safety, legionella testing; electrical safety; asbestos; fire risk assessments; fire alarm testing; and emergency lighting.

Turnover for the Housing Association increased by £1.6 million to £7.1 million, representing a 29% increase year-on-year. Net deficit of £176,282 has been recorded in 2019/20, a decrease of £220,066 on 2018/19 and (2.47) % net loss margin versus 0.8% net profit in prior year. Net margins have been impacted this year due to one-off costs as a result of the restructuring of the Gloucester area following the strategic review of P3's SLA.

The Housing Association has grown by 52 properties during 2019/20 resulting in a portfolio of 435 properties. Over the coming year and beyond, Pivotal will continue to grow its availability of properties for rental through reinvestment of surpluses.

A key focus for 2019/20 has been on maintaining financial liquidity and improving operational performance through increased occupancy and improved rent collection. It has been identified that improvements to performance reporting is required and a new performance dashboard containing a broader range of key performance indicators will be developed and launched within 2021.

Strategic Board Report (continued)

For the year ended 31 March 2020

Delivering Value for Money

PHA's approach to delivering Value for Money (PfM) is based on maximising the delivery of its new 5 year Business Plan - Providing more services for more people adopted in May 2020. This builds upon the wider 2 Year Group Strategy 2019-21 of *Doing More Good for More People*.

We seek to optimise the balance between the three 'E's' - Economy, Efficiency and Effectiveness:

- **Economy** - is the price paid for what goes into providing a service.
- **Efficiency** - is a measure of productivity or how much is gained from what is put in.
- **Effectiveness** - is a measure of the impact achieved and can be both qualitative and quantitative.

This requires PHA to assess the impact of all its costs, to best meet its stakeholder's needs. This means spending efficiently to keep costs low, whilst maintaining high productivity and maximising outcomes.

Value for Money strategic approach

PHA has established a VfM Strategy and reviews this annually to ensure that it continues to meet the organisation's vision and business plan; tenant's needs and expectations; takes account of the operating environment, risk management and regulatory requirements.

A register of VfM initiatives is updated quarterly and presented and discussed at Senior Leadership Team and Board meetings, with highlights included in the management accounts.

PHA's approach to VfM, promotes transparency in terms of:

- Reviewing performance against VfM targets and any metrics set out by the regulator, and how that performance compares to peers
- Establishing measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

Strategic Board Report (continued)

For the year ended 31 March 2020

The following strategic objectives have been established by PHA:

- Promotion – Embedding of VfM principles within the culture of the organisation.
- People - Encouraging economic awareness amongst staff and VfM principles within all business operations.
- Procurement – Creation, maintenance and promotion of economic, efficient and effective purchasing principles and continuous review of contracts and services.
- Minimising waste - from our business operations and review of VfM in each department.
- Improvements - in the stock conditions through seeking improvement opportunities.
- Green - Provision of energy saving, water conservation and waste minimisation advice to our employees and customers.

VfM Goals and Objectives

Area	Goals/Objectives
Culture	Value for Money will be embedded in the culture of organisation and is a key objective in the Business Plan
Benchmarking	PHA will benchmark performance with other organisations to analyse areas of the business and learn from higher performing / lower cost organisations
Budgets	Budgets will be informed by known costs and experience, including detailed stock condition information. We will adopt a zero-based budgeting approach.
Management Accounts	Management accounts will be provided to enable the Senior Leadership Team to effectively manage their budgets and achieve value for money.
Financial Statements	Financial statements will demonstrate control and assist in enabling efficiencies to be maximised and VfM achieved.
Procurement	We will maintain an effective methodology for procuring goods and services that enables PHA to achieve its VfM aims and objectives. This will be achieved through value engineering.
Customer engagement	We will look to involve residents in our tenders and will ask our key business partners to evidence how they have helped us deliver VfM as part of our contract with them.
Reporting	We will record VfM savings within our KPIs and maintain a VfM Register. Performance results will be reported to the Senior Leadership Team and Board quarterly through management accounts and self-assessment reports. The Board will consider delivery of the VfM Strategy annually as part of the sign-off process for the Financial Statements, including performance against the RSH's VfM metrics, and these will be published annually as required as part of our Financial Statements.

Strategic Board Report (continued)
For the year ended 31 March 2020

Benchmarking

PHA is a member of the Smaller Housing Providers Benchmarking (SPBM) network, facilitated by Acuity in partnership with HouseMark. SPBM has 134 members owning/managing 74,000 homes across eight English regions, with an average stock of 388.

The sector scorecard aims to provide an agreed set of metrics for housing associations to compare their performance and check they are providing value for money. It includes performance and comparisons on the RSH's VfM performance metrics. The service provides additional intelligence for PHA to identify where improvements can be made relative to our peers.

Increased efficiencies during 2019/20

Central services are fixed price based on the 5 year SLA and savings will be recovered in future years.

Strategic Board Report (continued)
For the year ended 31 March 2020

RSH Value for Money Metrics

Metric No.	Metric Name	Metric description	PHA results 2019/20	PHA results 2018/19	SPBM Benchmark results (median)	Global accounts 2019 (median)	Global accounts 2019 (weighted average)	Commentary
1	Reinvestment (%)	This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties owned.	n/a	n/a	3.1%	6.2%	6.4%	This metric compares the investment against the value of stock owned. All of PHA's stock is leased.
2a	New supply (social) (%)	The new supply metrics sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.	8.1%	30.8%	0.0%	1.5%	1.7%	Although the metric states 'units owned' for the purpose of demonstrating our new supply we have used 'units leased'.
2b	New supply (non-social) (%)	As above	n/a	n/a	0.0%	0.0%	31.0%	All PHA stock is specialised supported housing.

Strategic Board Report (continued)
For the year ended 31 March 2020

RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2019/20	PHA results 2018/19	SPBM Benchmark results	Global accounts 2019 (median)	Global accounts 2019 (weighted average)	Commentary
3	Gearing (%)	This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.	0.0%	0.0%	7.8%	43.4%	46.7%	This metric uses the cost/valuation of owned housing but as Pivotal leases all its housing stock this metric gives a nil gearing.
4	EBITDA MRI interest cover (%)	The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.	0.0%	0.0%	281.4%	184.0%	153.0%	Due to no interest bearing loan facilities within the housing association, there is no interest payable and so interest cover zero at this point.

Strategic Board Report (continued)
For the year ended 31 March 2020

RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2019/20	PHA results 2018/19	SPBM Benchmark results	Global accounts 2019 (median)	Global accounts 2019 (weighted average)	Commentary
5	Headline social housing CPU (£k)	The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator. The cost measures set out in the metric are unchanged from the metric used in the Regulator's publication Value for Money metrics technical note feedback and responses published in 2018. However, the numerator now includes a separate line for lease costs.	£12.67	£11.99	£4.88	£3.69	£4.12	Our overhead costs are high compared to other housing associations. This reflects how all stock is specialised supported housing that is usually acquired to meet specific identified needs of vulnerable tenants, who by definition would otherwise be unable to live independently in the community (i.e. High service charges as units are furnished to a high specification to meet client needs.) Smaller Registered Providers and supported housing providers both have higher costs. As PHA grows, in line with its

Strategic Board Report (continued)
For the year ended 31 March 2020

RSH Value for Money Metrics (continued)

Metric No.	Metric Name	Metric description	PHA results 2019/20	PHA results 2018/19	SPBM Benchmark results	Global accounts 2019 (median)	Global accounts 2019 (weighted average)	Commentary
6a	Operating margin (social) (%)	The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. As noted by the RSH, 'Further consideration should also be given to specialist providers who tend to have lower margins than average.'	-2.5%	0.9%	16.8%	29.2%	30.5%	This shows that our costs are high in relation to our income. Again, this reflects the highly specialised nature of the accommodation and the lease-based model. The new 5 year Business Plan adopted in May 2020 provides for improvements in this position as a result of continued growth and resultant efficiencies.

Strategic Board Report (continued)**For the year ended 31 March 2020****RSH Value for Money Metrics (continued)**

Metric No.	Metric Name	Metric description	PHA results 2019/20	PHA results 2018/19	SPBM Benchmark results	Global accounts 2019 (median)	Global accounts 2019 (weighted average)	Commentary
6b	Operating margin (overall) (%)	As above	-2.5%	0.7%	16.1%	25.8%	25.0%	As above
7	Return on capital employed (ROCE) (%)	This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.	-31.4%	15.0%	2.3%	3.8%	3.6%	The ROCE is adverse due to deficit for the year to 2019/20.

Strategic Board Report (continued)

For the year ended 31 March 2020

Principal risks and uncertainties

During the year we have developed and adopted a new risk management and assurance framework. It sets out the arrangements for identifying and managing risk in accordance with the Board's risk appetite. Risks that may prevent us achieving our objectives are considered and reviewed quarterly by the Strategic Leadership Team, the newly established Audit & Risk Committee and the Board.

PHA has adopted the three lines of defence risk management model, which is designed so that assurance may be derived through the strength and source of controls and the level of reliance placed on these.

All our risks are assessed in terms of their impact and probability, as well as inherent, current and target risk. In addition, reports taken to our Board and Committees are required to contain an evaluation of the risks involved with any recommendations made. Amendments to risks, including the identification of new risks are proposed as part of decision making, which are then approved by the Board or Audit & Risk Committee.

The top ten risks to successful achievement of the PHA's objectives are:

Strategic risk : Financial Plan failures	
<i>Risk description</i>	<i>Risk controls</i>
Incorrect assumptions in the financial plan	<ul style="list-style-type: none"> - Financial plan developed and agreed. - Liabilities in plan include stock condition data and asset management resource requirements - Plan developed with knowledge of sector and markets, and realistic growth plans
<i>Priorities for action</i>	
Additional stress testing and scenario planning will be undertaken on the new 5 year Financial Plan during 2020/21.	

Strategic risk : Cashflow	
<i>Risk description</i>	<i>Risk controls</i>
Insufficient cash flow	<ul style="list-style-type: none"> - Monthly cashflow forecasting for Association - Register of assets and liabilities - Regular reporting to SLT and Board - No on-lending in place - Loan facility with Parent in place (£450k)
<i>Priorities for action</i>	
Additional stress testing and scenario planning will be undertaken on the new 5 year Financial Plan during 2020/21. Continued growth will be pursued to increase cash reserves and improve financial resilience. Service rationalisation will be implemented to improve value for money and reduce corporate overheads.	

Strategic Board Report (continued)
For the year ended 31 March 2020

Principal risks and uncertainties (continued)

Strategic risk : Budget failures	
<i>Risk description</i>	<i>Risk controls</i>
Failure in budgetary control leading to service failure and business objectives not being achieved	<ul style="list-style-type: none"> - Recent investment in new finance recording and reporting systems - Sense check of financial reports by SLT and Board - Data integrity checking to ensure quality of data input - Regular financial reporting and monitoring to SLT and Boards
<i>Priorities for action</i>	
Embedding of new finance systems (Open Accounts).	

Strategic risk : Business Growth	
<i>Risk description</i>	<i>Risk controls</i>
Failure to deliver growth of new homes in line with Business Plan assumptions (100 per annum)	<ul style="list-style-type: none"> - Comprehensive Financial planning undertaken regularly - Annual budget prepared and approved - Dedicated Business Development Team in place to establish and manage partnerships and identify and match demand with accommodation provision - Scheme appraisals providing viability (in line with agreed parameters for new Business) - Established Service Level Agreements for use with Partners - Due diligence for any new Partners and regular monitoring of existing Partners - Monthly monitoring of Financial performance and operational KPIs by SLT - Quarterly monitoring of Financial performance and operational KPIs to Board - Executive review of Business plan and Financial projections - Board approval of Business plan and Financial projections - Internal audit of new Business Development projects (to implement)
<i>Priorities for action</i>	
<p>A new 5 Year Business Strategy has been agreed.</p> <p>Existing relationships will be managed to ensure a supply of properties to match identified service user needs.</p> <p>Enhanced control arrangements will be rolled out.</p>	

Strategic Board Report (continued)
For the year ended 31 March 2020

Principal risks and uncertainties (continued)

Strategic risk : Income	
<i>Risk description</i>	<i>Risk controls</i>
Income collection less than expected / Arrears greater than expected	<ul style="list-style-type: none"> - Financial monitoring (cash flow) against budget and business plan. - Arrears monitoring in housing management system, with escalation arrangements - Liaison with local authorities to ensure regular dialogue and timely receipt of payments
<i>Priorities for action</i>	
Regular dialogue will be maintained with local authorities to ensure sound understanding the accommodation and support supplied to the vulnerable groups serviced.	

Strategic risk : Board Leadership	
<i>Risk description</i>	<i>Risk controls</i>
Failure of board to give capable leadership, control and strategic direction and/or inappropriate governance arrangements and structures	<ul style="list-style-type: none"> - Standing Orders and Financial Regulations - Board succession plans - Schedule of delegated authorities - Code of Governance adopted - Code of Conduct - Service Agreements for Trustees - Induction training and development for Trustees - Governance Action Plans - Skills review and established Skills Matrix - Board appointments based on preferred balance of skills and competencies
<i>Priorities for action</i>	
Completion of Governance Action Plan to achieve full compliance with the Governance and Financial Viability Standard and adopted Code of Governance. Board appraisals to be rolled out across the Board.	

Strategic risk : Risk and assurance failures	
<i>Risk description</i>	<i>Risk controls</i>
Failure to demonstrate an effective risk management/internal control system	Risk strategy in place Risk management framework in place Risk culture embedded in all formal meetings and board papers Risk register in place, regularly reviewed and updated Internal audit services (internal only; external service to be procured)
<i>Priorities for action</i>	
Procurement of externally sourced Internal Audit service and delivery of Year 1 programme. Embedding of new risk and assurance framework.	

Strategic Board Report (continued)
For the year ended 31 March 2020

Principal risks and uncertainties (continued)

Strategic risk : Covid-19 Pandemic	
<i>Risk description</i>	<i>Risk controls</i>
Negative impact of spread of coronavirus (COVID-19) on delivery of Business Plan and viability	An extensive range of checks and controls have been implemented. Revised operating procedures in line with national and regulatory guidance has been implemented. PPE sourced in ample quantities for front line staff.
<i>Priorities for action</i>	
Vigilance will be applied across all services areas and regular environmental scanning to ensure responsiveness to additional waves of the virus. Maintaining social distancing arrangements across all areas of business activity.	

Strategic risk : Voids	
<i>Risk description</i>	<i>Risk controls</i>
Lack of demand for specialised supported housing from suitable tenants / Letting difficulties	<ul style="list-style-type: none"> - New properties not handed over until demand confirmed - Contingency for void fill-up - Established systems to identify suitable replacement tenants when move-on / tenancy failure possible - Void standards - Testing of rent levels ahead of handover and letting - Exit strategies for any unsuitable schemes (including where reduced demand) for onward sale and replacement
<i>Priorities for action</i>	
Continued efforts to address and reduce historical voids (largely from failed support contract in Gloucestershire) through liaison with partners and commissioners.	

Strategic risk : Regulation failures	
<i>Risk description</i>	<i>Risk controls</i>
Negative regulator assessments / regulatory action or intervention	<ul style="list-style-type: none"> - Governance reviews (Altair) - Self-assessment of compliance - Governance Action Plans
<i>Priorities for action</i>	
Implementation of Governance Action Plan, including conclusion of entering into Group structure	

Strategic Board Report (continued)
For the year ended 31 March 2020

Regulation and Corporate Governance

Compliance with RSH Governance and Financial Viability Standard

A gap analysis against the Governance and Financial Viability Standard was undertaken by Altair and considered by the Board in October 2019. Actions identified to address gaps identified have informed its Governance Action Plan. A further review of compliance was undertaken in June 2020.

Items of non-compliance with the Standard that remain outstanding are:

Item	Actions	Commentary
1.	Constitutional amendments are being implemented to formalise PHA becoming part of the Pivotal Group.	Approval of the Charity Commission is required for proposed changes before agreed framework can be implemented.
2.	Enhancements to be implemented to how the voice of tenants can influence strategic decision-making. An Annual Report for Tenants is to be developed and published.	This presents challenges given the high levels of vulnerability within PHA's client group. September 2020.
3.	Actions are required to achieve full compliance with PHA's adopted Code of Governance.	PHA has adopted the NHF Code of Governance 2015. See separate section for actions to be implemented.
4.	Stress testing of the financial plan and scenario planning needs to be developed.	A new 5 year Business Plan was agreed by the Board in May 2020, and this requires additional stressing.
5.	An Assets & Liabilities Register is to be developed.	All property assets are held by PHA on a leasehold basis.

Compliance with Code of Governance

The Regulator of Social Housing's (RSH) Governance and Financial Viability Standard requires all Registered Providers (RPs) to adopt a Code of Governance. RPs must comply with their Code of Governance or explain how and why it does not comply with the Code.

PHA has adopted the NHF Code of Governance (2015) ("the Code"). It has undertaken a full assessment of its compliance against the Code during the year, as part of the governance audit work conducted by Altair. This was considered by the Board in October 2019.

Strategic Board Report (continued)
For the year ended 31 March 2020

Regulation and Corporate Governance (continued)

Compliance with Code of Governance (continued)

An extensive Governance Action Plan has been compiled in response to the Altair audit, and good progress has been made during the remainder of the year in the delivery of this plan. Some aspects of the Action Plan is contingent on PHA formally joining the Pivotal Group, subject to regulatory approval by the Charity Commission.

Items of non-compliance with the Code that remain outstanding are:

Code Ref.	Actions	Timescales/Commentary
C3, C5 and C6	Amendments to Articles to formalise PHA's membership of the Pivotal Group and adoption of Ringfencing Agreement and SLA governing group relationships to be entered into pending regulatory approvals for PHA to join the Group.	Anticipated to be in place by September 2020. Arrangements in place pending approval.
D8	There is a largely new Board. Some induction has taken place but further work is required in this area.	March 2021
D9	Board member appraisals to be undertaken.	September 2020 A newly adopted policy is in place but now requires implementing and embedding. Most Board members are new appointments.
F1	Internal auditors are to be appointed.	September 2020 A new risk and assurance framework has been adopted.
Part H	Enhancements to be implemented to how the voice of tenants can influence strategic decision-making.	March 2021 This presents challenges given the high levels of vulnerability within PHA's client group.

Strategic Board Report (continued)
For the year ended 31 March 2020

Regulation and Corporate Governance (continued)

Compliance with all relevant law

In accordance with Part 1.1(a) of the RSH's Governance and Financial Viability Standard, it is necessary for all RPs to adhere with 'all relevant law'.

The Board is able to confirm that there are no known instances of PHA being in breach of any English law. This includes monitoring of compliance against a range of health and safety related matters in which full compliance is in place.

Statements relating to compliance with all relevant law is qualified by the following point:

- There are further improvements to be made to PHA's internal control and assurance framework which was adopted in May 2020. This includes the appointment of externally sourced internal auditors to enhance the current in-house audit and compliance activities.

Board Statement of Public Benefit

PHA's charitable objects restrict its activities to:

- *The relief of poverty and unemployment and the promotion of good health among those people in the interim stage between full government support and their return to independence in the community, with particular reference to the economically and socially disadvantaged members of the society such as mental health patients, ex-offenders, other vulnerable groups and young people in the United Kingdom, by the provision of accommodation, social housing, qualified supporting care services and advice.*
- *To providing social housing and any other purposes connected with or incidental to the provision and management of housing, social housing and accommodation.*
- *Total customers supported by the HA are in the region of 930, with 510 move on's.*

PHA's aims and activities primarily benefit people in the following ways:

- Provision of housing of a specialised nature to meet the high support and care needs of tenants, provided without support of public capital grants, that enable them to live, or adjust to living, independently within the community.
- Related home repair, improvement and tenancy management services.

Strategic Board Report (continued)
For the year ended 31 March 2020

Board Statement of Public Benefit (continued)

PHA's aims and activities primarily benefit people in the following ways (continued) :

- Intensive housing management support services that promote tenancy sustainment and co-ordination of support services that promote independent living, including
 - o sleepover cover
 - o preparation of budget plans
 - o access to support aids and funds to help them manage their money
 - o assistance and education with provision of medication
 - o shopping, cooking / food preparation
 - o workshops for cooking, budgeting and nutrition
 - o bedding, towels and laundry facilities
 - o assistance with computers and internet access

The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our published policies, and to ensure fair access to our services for all those in housing or other need with additional care and support needs and who would otherwise be unable to live independently.

The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing and support service are shared by our tenants.

Reserves Policy

The board are reviewing the reserves policy with a policy to be established March 2021. Policies in relation to unrestricted reserves is to set aside as designated funds amounts for specific future purposes. The balance of free reserves backed by cash was £40,703 at the 31st March 2020. PHA is not expected to achieve this level of cash reserves until 2022/23 and therefore over the next 12 months PHA will continue to receive support from Charles Terence Estates Limited and Pivotal Homes Group Limited. This support will be superseded by the formal group structure approved by the board, but is subject to approval by the charity commission.

Dividends

As a company limited by guarantee of members (and registered charity), the organisation has no issued share capital and is not permitted to distribute profits by way of a dividend.

Strategic Board Report (continued)
For the year ended 31 March 2020

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The systems of internal control are designed to manage rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within the day-to-day management and governance process. This approach includes regular evaluation of the nature and extent to which the organisation is exposed.

The process for identifying, evaluating and managing the significant risks faced by the organisation is ongoing. This is reflected in every report considered by the Board, as well as review by the recently formed Audit & Risk Committee. A detailed risk register is considered by each Audit & Risk Committee and at least annually by the Board. The Trustees are satisfied that the major risks to which the organisation is exposed are understood, well documented and that appropriate action plans are in place to mitigate these risks.

Trustees have ensured that the following key mechanisms are in place to facilitate effective internal controls assurance:

Identifying and evaluating key risks

The recently established Audit & Risk Committee for the Pivotal Group oversee the Risk Management and Assurance Framework and work of the external auditors (and internal auditors when in place). The Risk Management and Assurance Framework, approved by the Board, sets the organisation's attitude to risk in the achievement of its objectives, and underpins risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks.

The Senior Leadership Team regularly considers reports on these risks and the Chief Executive is ultimately responsible for reporting any significant change affecting key risks to the Committee (and the Board).

Strategic Board Report (continued)
For the year ended 31 March 2020

Internal controls assurance (continued)

Control environment and internal controls

The process to identify and manage the key risks to which the organisation is exposed are an integral part of the internal control environment. Such processes, reviewed annually, include:

- A formal risk assessment and strategic planning process enables the Board to confirm that there is an on-going process for identifying, evaluating and managing the significant risks faced by the organisation
- Quarterly review by the Audit & risk Committee of risk, assurance and controls at each of its meetings, with risk registers being reviewed by the Committee and Board.
- Quarterly review by the Board of key performance indicators to assure progress towards the achievement of objectives (although this has been identified as an area requiring further enhancements during 2020/21, including the addition of meaningful benchmarking)
- Adoption of the National Housing Federation Code of Governance 2015, which promotes excellence for Federation members in governing their organisations and being accountable, independent and diverse. The Board has conducted a review of its performance against this Code and can either demonstrate compliance with this or has agreed actions that will lead to full compliance on completion of the agreed Governance Action Plan.
- A clearly defined structure with appropriate Articles of Association, Standing Orders, Financial Regulations and Delegated Authorities which Trustees and employees follow, and which cover issues such as delegated authority, procurement, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection
- Clearly determined authority, responsibility and accountability.
- Effective procedures to ensure that all Trustee / Senior Leadership Team approval is required as appropriate for all major expenditure commitments.
- The setting of standards and compliance with health and safety, data protection, fraud prevention and counter bribery and money laundering arrangements.
- All Trustees and employees are covered by Directors and Officers Liability insurance through the National Housing Federation (NHF) to protect them from claims made against them in their capacity as representatives of the organisation. There is also similar nil based gap insurance in place to cover Trustees and employees up to the claim threshold for the NHF policy cover.

Financial reporting arrangements include the setting of detailed annual budgets and rent plans, and a 5 year Business Plan which includes cash flow forecasts, all approved by the Board and revised during the year if necessary.

Additionally, regular reporting is in place for key areas such as void management, rent collection, major works and stock investment and responsive repairs.

Strategic Board Report (continued)
For the year ended 31 March 2020

Internal controls assurance (continued)

Monitoring arrangements

Regular reporting to the Senior Leadership Team, Committees and Board is part of the control environment. This has been established to follow the three lines of defence model.

The Audit & Risk Committee receive an annual report on internal controls assurance from the Senior Leadership Team.

An internal Audit and Quality team is in place and regularly reports on periodic testing and quality checks to validate data and identify areas for continuous improvement.

External auditors provide reports on management and control issues identified during the course of their work. These too are subject to scrutiny by the Audit & Risk Committee on behalf of the Board.

Reports from the Committees and their minutes are shared with the Board.

The Board has received the Audit & Risk Committee's and the Strategic Leadership Team's annual assurance report which includes evidence to support the review of the effectiveness of the systems of internal control. This process involves the Strategic Leadership Team confirming that throughout the year there were adequate systems of internal control in place. The Strategic Leadership Team provides their assurance to the Audit & Risk Committee whose chair provides a report for the Board. This system is supported by evidence to provide the required level of assurance including details of the key policies and internal control systems together with external evidence from external auditors and other key external stakeholders.

The Board has reviewed the Audit & Risk Committee's annual report on the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. Where issues have been identified, action plans are in place and will be enacted.

The Board cannot delegate responsibility for the system of internal control, but it can, and has, delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the system of internal control. Whilst the Board is satisfied that the new system provides adequate control over the recording and authorisation of transactions, further work is required to develop its reporting capabilities in order to meet the needs of the organisation. Some areas where further action has been identified as necessary to enhance controls and assurance across the organisation are as follows:

Strategic Board Report (continued)
For the year ended 31 March 2020

Internal controls assurance (continued)

Monitoring arrangements (continued)

- More robust stress testing and scenario planning for the newly developed 5 year Business Plan to better understand what changes would be damaging and what action could be put in place to mitigate the negative impact.
- Externally sourced internal audit services are to be tendered to procure additional services and expertise in this area, to undertake an audit needs assessment exercise and develop a three year programme of internal audit activity that reports to the Audit & Risk Committee on levels of assurance that can be supplied. The scope of future internal audit will include:
 - Reviewing and appraising the soundness, adequacy and application of controls
 - Ascertaining the extent to which PHA's assets are properly controlled and safeguarded from loss
 - Ascertaining the extent to which controls ensure compliance with policies and procedures, the business plan, laws and regulations
 - Ascertaining that accounting and other information is reliable as a basis for the financial statements and other returns
 - Ascertaining integrity and reliability of management decision-making information
 - Evaluating economy, efficiency and effectiveness of systems and procedures
 - Identifying inappropriate controls and recommending improvements in procedures and practices

Fraud Assurance

A Counter Fraud, Bribery and Corruption Policy and Anti-Money Laundering Policy have recently been developed to establish policies and procedures to reduce the risk of fraudulent activities and provide clarity of response to suspected instances of fraudulent activity. This includes Whistleblowing arrangements and will be subject to regular review.

A Fraud Register is maintained and available for inspection of the Audit & Risk Committee.

Once in place, the activities of the internal auditors will provide an additional layer of controls designed to reduce the risk of fraud occurring.

Strategic Board Report (continued)

For the year ended 31 March 2020

Internal controls assurance (continued)

Overall internal controls position statement

The Board is of the view that internal control arrangements are generally effective, but that there are some areas where strengthening of internal controls are required as detailed.

The Board

PHA is governed by a voluntary Board of Trustees containing a total of seven non-executive Trustees.

The Trustees who served during the year and up to the date of signing the financial statements are listed on page 5.

The supervision of how an organisation is run and how it manages the risks to its business is generally referred to as 'corporate governance'. This includes regulation, corporate structure and the function of the Board. The Board of Trustees meet at least quarterly with officers in attendance to set the strategic direction, review and approve the Business Plan and budgets, track performance against the Business Plan and budget, approve any new developments, and generally review operations. There are also additional 'strategy days' set aside for strategic planning as well as on-going learning and development.

The Board has established a Competency and Skills Framework that sets out what the Board will require in order to meet the challenges of delivering our priorities. It is not expected that all Trustees will possess all the attributes, but in order to achieve a balanced Board containing an appropriate range of skills, experiences and qualities, every effort is made to ensure the Board as a collective achieves an optimum fit. It therefore follows that all Trustee recruitment follows an open and transparent process, with Trustees selected on the basis of their skills and competencies, and their strategic fit with the Board's overall preferred balance of skills and competencies.

The balance of skills contained on the Board is assessed across the following categories:

General business skills / experience	Governance and regulation	Finance, funding and audit
Corporate services	Housing, property and development	Customer services
Additional specialist skills and knowledge	Professional associations	

Strategic Board Report (continued)

For the year ended 31 March 2020

The Board (continued)

The Board has recently adopted a Trustee Induction policy. This is designed to ensure all Trustees have knowledge of the organisation and its principal activities; and also ensures that they are briefed on their legal obligations under charity and company law, the content of the Articles of Association, and relevant regulatory obligations and expectations. Opportunities are also provided for Trustees to meet with key senior staff, and to visit schemes to enhance their knowledge of our properties and the tenants we serve. Additional internal and external training is also arranged for Trustees as appropriate.

Delegations

The Board of PHA is responsible for strategy of the organisation as well as overseeing its performance. Specific responsibilities have been delegated to Pivotal Group committees which have their own approved terms of reference. Day-to-day performance is delegated to the Strategic Leadership Team.

The two recently established committees to support the Board fulfil its governance obligations will be:

Audit & Risk Committee – responsible for:

- Statutory reporting, internal (when appointed) and external audit, internal controls, and assurance
- Monitoring the Group's risk management and control framework, as set out in the Group Risk Management and Assurance Framework.

Remuneration Committee – responsible for:

- Colleague and Board remuneration
- Employment-related contractual matters.

Company membership

There are currently two company members, drawn and selected from the wider Pivotal group. A decision has been taken for PHA to formally become a Subsidiary of Pivotal Homes Group Limited. Once completed, it is intended that membership of the organisation will be co-terminus with the Board, plus an additional share issued to Pivotal Homes Group Limited in its capacity as Parent.

Strategic Board Report (continued)
For the year ended 31 March 2020

The Board (continued)

Customer Involvement

Direct engagement with customers is encouraged wherever possible, taking in to account the specialist needs of the client groups served. This may often require engagement with family, support and care workers. Involvement includes: information newsletters; new home surveys; repairs feedback; satisfaction feedback.

PHA has identified that this is an area requiring further improvement. Opportunities to establish more structured formal tenant engagement groups will be explored and established during 2020/21 so that tenants may have a greater influence on future strategic decision-making.

Statement of Board responsibilities

Trustee obligations and responsibilities are set out in the Trustee Role Profile, the Standing Orders, and the Terms of Reference of the PHA Board. This includes statements that the Board is collectively responsible for the direction and control of the organisation. Each member is required to carry out their responsibilities in accordance with the constitution, law and regulatory requirements and shares the same legal status and responsibility for decisions taken.

The Board is responsible for preparing the report and financial statements in accordance with applicable law

Company Law and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

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

Strategic Board Report (continued)

For the year ended 31 March 2020

Statement of Board responsibilities (continued)

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Housing SORP 2018 (FRS 102), Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board has a general responsibility for taking reasonable steps to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities. The Board is responsible for the maintenance and integrity of the organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

Disclosure of information to auditors

At the date of making this report each of the Trustees of the Association confirm the following:

- So far as each Trustee is aware, there is no relevant audit information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware; and
- Each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make him/herself aware of any relevant audit information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

The Report of the Directors has been prepared in accordance with the provisions applicable to companies under the Companies Act 2006, subject to the small companies' exemption regime.

Statement of Compliance

In preparing this Strategic Report and Board report, the Board has followed the principles set out in Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

Annual general meeting

The annual general meeting will be held in September 2020.

Auditors

A resolution to re-appoint PKF Francis Clark will be proposed at the forthcoming Annual General Meeting.

Strategic Board Report (continued)

For the year ended 31 March 2020

Going Concern

PHA's business activities, its current financial position and factors likely to affect its future development are set out within this Board Report and Annual Accounts. PHA has in place debt facilities which provide adequate resources to finance committed reinvestment and growth programmes, along with the organisation's day to day operations. PHA also has a 5 year business plan which shows that it is able to service this debt facility and all anticipated expenditure requirements.

We are committed to creating a safe and healthy environment - for our staff, customers and all who come into contact with our services.

Our teams have continued to provide essential services during the Coronavirus outbreak. We acted quickly to implement appropriate health and safety measures during the Coronavirus lockdown. Following the Government's easing of lockdown restrictions, our focus continues to be on the health and safety of our staff and clients.

The table below sets out our assessment of the health and safety risks as a result of Covid-19, the controls we have in place and any further action we plan to take.

This assessment considers the risks within the context of the Government's easing of lockdown restrictions. We will review our risk assessment as and when the Government announces further phases of its Coronavirus response and update it accordingly.

Covid-19 Health and Safety Risk Assessment

Risk	Existing Controls	Further Action
Staff returning to work sites before it is safe to do so.	<p>Staff who can work from home have been facilitated to do so. Only staff performing an essential role that cannot be done from home will be in the office / service.</p> <p>Staff who need to shield remain at home until 1st August 2020.</p> <p>Clear communication issued to staff to maintain the status quo for the time being.</p>	<p>Develop a specific risk assessment for support services, HMO's and our Head Office.</p> <p>Person specific risk assessments for those who are vulnerable and need to return to office / service location.</p> <p>Further communication of support and access to equipment for those working at home.</p> <p><i>continued...</i></p>

Strategic Board Report (continued)
For the year ended 31 March 2020

Covid-19 Health and Safety Risk Assessment (continued)

Risk	Existing Controls	Further Action
Risk of infection when travelling to work and between sites.	<p>Only those staff who have to come into work are travelling.</p> <p>This continues to be the position for the current phase.</p> <p>Staffing rotas in some services have been adjusted to minimise travel.</p>	<p>Encourage those staff that need to attend the work site to walk, cycle or drive where possible.</p> <p>Consider the provision of cycle loans, through a cycle to work scheme.</p> <p>Minimise travelling being undertaken wherever possible.</p>
Staff, customers, contactors and visitors do not maintain social distancing	<p>Social distancing arrangements in place and communicated.</p> <p>Warnings procedure in place for customers who do not comply with social distancing.</p> <p>Deliveries and contractors attend by appointment only.</p>	<p>Risk assessment to be developed for support schemes, HMO's and Head Office, to include:</p> <ul style="list-style-type: none"> • A plan for offices and kitchens for use with 1m+ rule. • Ensuring signage is up in all locations instructing people to keep at least 1m distance. • Marking out floor areas to stop people getting too close to each other where necessary. <p><i>continued...</i></p>

Strategic Board Report (continued)
For the year ended 31 March 2020

Covid-19 Health and Safety Risk Assessment (continued)

Risk	Existing Controls	Further Action
Infection risk is not appropriately managed (where social distancing is not possible).	<p>Clear instructions are in place on isolation if staff have symptoms or a household contact has symptoms.</p> <p>Personal protective equipment is available in all work places.</p> <p>Plans communicated for symptomatic customers and how to isolate and support them in isolation</p> <p>Information provided to customers on how to practice social distancing, report symptoms and isolate.</p> <p>Communal spaces closed where appropriate.</p> <p>No face to face meetings unless 2m distance can be maintained.</p> <p>Use outside space for meetings where possible.</p> <p>Enhanced cleaning arrangements to Covid-19 standard in place.</p> <p>Enhanced hand washing regime in place.</p>	<p>To be covered in specific risk assessment for Head Office, Support Services and HMO's.</p> <p>Supply of PPE where it is appropriate / where required to be provided if a new site is opening up.</p> <p>Personal risk assessment for all staff who are vulnerable who need to return to the office / service location.</p> <p>Wherever possible, windows should be open for ventilation.</p> <p>Review our requirements on face coverings following Government advice. Consider the options in terms of provision.</p> <p>Staff to travel between sites as little as possible to reduce infection risk.</p> <p><i>continued...</i></p>

Strategic Board Report (continued)
For the year ended 31 March 2020

Covid-19 Health and Safety Risk Assessment (continued)

Risk	Existing Controls	Further Action
Cleaning processes are not at Covid-19 standard.	Contract cleaners asked to confirm that they are cleaning to Covid-19 standard. Instructions about how to clean have been issued. Cleaning materials available. Personal Protection Equipment available.	Create a cleaning station at the end of banks of desks or groups of desks. All desks and equipment on the desks to be cleaned at the beginning and end of the day. Clear desk policy to facilitate cleaning.
Wellbeing of staff working at home and in services is not appropriately managed.	Home working risk assessment undertaken by all home workers. Video-conferencing facilities in place to ensure effective communication.	Guidance to be issued to managers regarding wellbeing of staff working remotely. Guidance issued to staff on wellbeing when working remotely.

On this basis, the Board has a reasonable expectation that PHA has adequate resources to continue in operational existence for the foreseeable future, 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.

The report has been prepared having taken advantage of the small companies exemption in the Companies Act 2006.

Signed on behalf of the Board



Chair / Trustee
(28 September 2020)

Independent Auditors Report

Report to the Trustees on the preparation of the audited statutory accounts of Pivotal Housing Association

Opinion

We have audited the financial statements of Pivotal Housing Association (the 'association') for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity/reserves, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- i give a true and fair view of the state of the association's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year ended;
- ii have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practices; and
- iii have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.14 in the financial statements and the decrease in general funds of £176,282 for the year ended 31 March 2020 which indicates that the company is dependent on the continued support of related parties. This means that a material uncertainty exists that may cast significant doubt on the association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditors Report (continued)

Report to the Trustees on the preparation of the audited statutory accounts of Pivotal Housing Association

Other information

The board is responsible for the other information. The other information comprises the information included in the board report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

the information given in the board report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the board report (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the board report (incorporating the strategic report).

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

- i adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ii the financial statements are not in agreement with the accounting records and returns; or
- iii certain disclosures of directors' remuneration specified by law are not made; or
- iv we have not received all the information and explanations we require for our audit; or
- v the board was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report. In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion: a satisfactory system of control over transactions has not been maintained.

Independent Auditors Report (continued)

Report to the Trustees on the preparation of the audited statutory accounts of Pivotal Housing Association

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on pages 35 and 36, the board members (who are also the directors of the association 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 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 board is responsible for assessing the association'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 board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

For and on behalf of PKF Francis Clark



Duncan Leslie BSc FCA (Senior Statutory Auditor)
Statutory Auditor

Chartered Accountants & Statutory Auditors
Towngate House
2-8 Parkstone Road
Poole
BH15 2PW

Date

29 September 2020

Statement of Comprehensive Income (including summary income and expenditure accounts)
For the year ended 31 March 2020

	Continuing Operations £	Total 2020 £	Total 2019 £
Turnover			
Letting of non investment property	7,131,537	7,131,537	5,520,112
Cost of Sales			
Direct cost of letting properties	4,343,671	4,343,671	2,786,410
Support costs	2,716,316	2,716,316	2,218,246
	<u>7,059,987</u>	<u>7,059,987</u>	<u>5,004,656</u>
Gross surplus	71,550	71,550	515,456
Other income			
Management fee received	124,969	124,969	60,620
Training and management fee	-	-	40,129
	<u>196,519</u>	<u>196,519</u>	<u>616,205</u>
Administrative expenses			
Governance costs	372,801	372,801	572,400
Donations made	-	-	20
	<u>372,801</u>	<u>372,801</u>	<u>572,420</u>
(Deficit) Surplus for the year	(176,282)	(176,282)	43,785
Fund balance brought forward at 1 April 2018	<u>288,263</u>	<u>288,263</u>	<u>244,478</u>
Fund balance brought forward at 31 March 2019	<u>111,981</u>	<u>111,981</u>	<u>288,263</u>

All of the above results are derived from continuing activities.

All gains and losses recognised in the year are included above.

 Mr D Streek
 Chair


Date : 28th September 2020

Statement of Financial Position
For the year ended 31 March 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	5	26,346	34,215
Tangible assets	6	<u>391,963</u>	<u>204,690</u>
		418,309	238,905
Current assets			
Debtors	7	1,023,054	1,454,861
Bank and cash		<u>40,703</u>	<u>99,670</u>
		1,063,757	1,554,531
Total assets		1,482,066	1,793,436
Creditors: amounts falling due within one year	8	<u>(920,085)</u>	<u>(1,505,173)</u>
Total assets less current liabilities		561,981	288,263
Creditors: Amounts falling due after more than one year	9	<u>(450,000)</u>	<u>-</u>
Total assets less current liabilities	11	<u><u>111,981</u></u>	<u><u>288,263</u></u>
Funds:			
Unrestricted funds			
General funds		111,981	288,263
Total funds	10	<u><u>111,981</u></u>	<u><u>288,263</u></u>

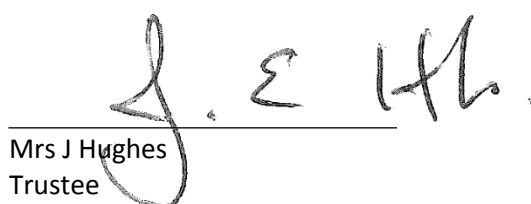
The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue and are signed on its behalf by:



Mr D Streek
Chair

Date : 28th September 2020



Mrs J Hughes
Trustee

Date : 28th September 2020

Company Registration No. 06211760

The notes on pages 48 to 59 form part of these financial statements.

Statement of Changes in Equity/Reserves
For the year ended 31 March 2020

	Income and expenditure Reserve £	Total 2020 £	Total 2019 £
As at 1 April 2019	288,263	288,263	244,478
Surplus for the year	(176,282)	(176,282)	43,785
Total comprehensive income	<u>111,981</u>	<u>111,981</u>	<u>288,263</u>
As at 31 March 2020	<u>111,981</u>	<u>111,981</u>	<u>288,263</u>

Statement of Cash Flows
For the year ended 31 March 2020

	Notes	Total 2020 £	Total 2019 £
Net cash flows from operating activities:			
Net cash flows from operating activities	14	(130,416)	251,524
Cash flows from investing activities:			
Purchases of intangible fixed assets	5	-	(39,392)
Purchases of tangible fixed assets	6	(278,551)	(153,857)
Cash flows from financing activities:			
Proceeds from new borrowings		350,000	-
Change in cash and cash equivalents in the reporting period		(58,967)	58,275
Cash and cash equivalents at the beginning of the period		99,670	41,395
Cash and cash equivalents at the end of the period		<u>40,703</u>	<u>99,670</u>

Notes forming part of the financial statements
For the year ended 31 March 2020

1) Accounting policies

1.1) Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Registered Social Housing Providers: Statement of Recommended Practice applicable to registered social housing providers preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - Housing SORP 2018 (FRS 102), Accounting Direction for Private Registered Providers of Social Housing 2019, Companies Act 2006 and Accounting Determination.

The association has adapted the Companies Act formats to reflect the special nature of the registered provider's activities.

1.2) Company status

The registered provider is a company registered in the UK and limited by guarantee (Company number 06211760). There are 2 independent members of the company. In the event of the registered provider being wound up, the liability in respect of the guarantee is limited to £1 per member of the registered provider.

The Association is a Registered Housing Association (No. 4747) and a Registered Charity (No. 1121914)
The registered provider constitutes a public benefit entity as defined by FRS 102.

1.3) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the registered provider and which have not been designated for other purposes.

1.4) Incoming resources

All incoming resources are included in the SOCI when the registered provider is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the registered provider being notified of an impending distribution or the legacy being received.

The expected income per property is recorded as income with voids being brought in to account for the opportunity costs lost on the properties not occupied.

Management fees and Training fees are recognised as income in the period in which the services are provided to other organisations.

Notes forming part of the financial statements
For the year ended 31 March 2020

1) Accounting policies (continued)

1.5) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis and other overheads have been allocated on the basis of the head count.

1.6) Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line basis
----------	-------------------------

1.7) Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

A change from previous years, in the year to 31st March 2020 expenditure to improve and enhance the accommodation and living space have been capitalised and written-off on a reducing balance basis over 5 years to spread the costs over the estimated period from which benefit will be derived.

Resulting from this approach, £180,052 of costs have been capitalised with £32,022 of depreciation charged in the year 2019-20.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Plant and machinery	20% reducing balance method
Leasehold Property Improvements	20% reducing balance method
Office equipment	20% reducing balance method
Fixtures and fittings	20% reducing balance method
Property set-up costs	20% reducing balance method

Notes forming part of the financial statements
For the year ended 31 March 2020

1.8) Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes forming part of the financial statements
For the year ended 31 March 2020

1) Accounting policies (continued)

1.9) Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.10) Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11) Financial instruments

The association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the association's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Notes forming part of the financial statements
For the year ended 31 March 2020

1) Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that sell the assets in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes forming part of the financial statements
For the year ended 31 March 2020

1) Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13) Retirement benefit

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14) Going concern

The financial statements have been prepared on a going concern basis. As explained in the board report on pages 24 and 37 to 40 the board have considered the uncertainty relating to the coronavirus pandemic which occurred after the year end and the impact on the association's operations and finances in the short to medium term. The board have considered there is a risk that there will be insufficient resources available to meet liabilities as they fall due during the next 12 months and therefore in the opinion of the Board, at the date of approval of the 2019/20 financial statements the association requires the continued support of Charles Terence Estates Limited and Pivotal Homes Group Limited. The board have developed a formal group structure which has been approved by the board and is subject to approval by the charity commission. This group structure replaces the requirement for continued support from Charles Terence Estates Limited and Pivotal Homes Group Limited and formalises the continuing support from Pivotal Group Holdings Limited. The directors consider that with this support, together with the Coronavirus Job Retention Scheme and proactively managing cash-flow, the association has sufficient working capital to continue to meet its financial obligations and pay its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

Notes forming part of the financial statements
For the year ended 31 March 2020

2) Turnover and costs	Other staff costs	Other direct costs	Total 2020	Total 2019
	£	£	£	£
Drug screening costs	-	-	-	-
Cost of property letting	-	4,343,671	4,343,671	2,786,410
Support costs	-	2,716,316	2,716,316	2,218,246
Management and administration	-	372,801	372,801	572,400
Donations made	-	-	-	20
Total resources expended	-	7,432,788	7,432,788	5,577,076
			Total 2020	Total 2019
			£	£
Rents receivable excluding service charges			7,072,279	4,392,477
Service charge income			59,258	94,980
Other income			124,969	1,133,404
Total income from lettings			7,256,506	5,620,861
Social housing activities expenditure			7,432,788	5,577,076
Net (deficit) surplus from social housing activities			(176,282)	43,785
Rent losses from voids			996,477	352,395
			2020	2019
			£	£
Operating lease rentals:				
Land and buildings			3,597,764	2,601,417
Auditors remuneration:				
Audit fee			9,000	9,000
Accountancy and other services			1,000	1,000
Depreciation and amortisation			99,147	79,499
3) Directors' remuneration			2020	2019
			£	£
The aggregate remuneration paid to or receivable by directors including pensions of £329 in 2020 (2019: £784)			17,380	59,117
The remuneration paid to the highest paid director excluding pension contributions			17,051	58,333

In addition, Employers' National Insurance payable in relation to the above is £974 (2019: £6,583)
Pension scheme is a defined contribution scheme with no enhanced pension payments during the year.

Notes forming part of the financial statements
For the year ended 31 March 2020

4) Related party transactions

The Association had the following related party transactions and balances during the year:

Pivotal Support Group Limited

A member of the Association is a shareholder of this Association

The charity has paid £Nil (2019: £21,480) for office associated costs and consultancy and £Nil for salaries for J Maylon (2019: £8,310).

Included in trade debtors are £Nil (2019: £7,685).

Included in trade creditors are £6,380 (2019: £6,380).

Included in other creditors are £4,211 (2019: £Nil)

D Dixon

Included in other creditors are £711 (2019: £711) due to CT2 Developments Ltd. D Dixon is a director and shareholder of CT2 Developments.

Charles Terence Estates Limited

The Association has paid rentals during the period for hostels occupied by the charity as follows:

£231,107 (2019: £43,279) rentals payable to Charles Terence Estates Limited.

Rentals payable are considered to be at market value.

Included in trade creditors are £6,500, in respect of funding for the undertaking of development enhancement works in properties sold to Civitas in the prior year. (2019: £909,119).

Included in other debtors are £267,487 (2019: £nil).

D Dixon is a director and shareholder of Charles Terence Estates Limited.

Pivotal Care Group Limited

Included in trade debtors are £220,679 (2019: £54,613). Included in trade creditors are £nil (2018: £nil)

Included in other creditors are £112,754; (2019: £133,001).

Included in loans are £450,000 (2019: £100,000).

Pivotal Professional Services Limited

Included in trade debtors are £nil (2019: £nil). Included in trade creditors are £18,800 (2019: £4,937)

Included in other debtors are £nil, (2019: £20,953). Included in other creditors are £32,525, (2019: £nil)

Pivotal Developments Services Limited

Included in other debtors are £2,638 (2019: Other creditor £2,538) Included in trade creditors £3,850 (2019 £nil).

Pivotal Homes Group Limited

During the year to 31st March 2020 £154,214 of wages has been recharged to Pivotal Homes.

Notes forming part of the financial statements
For the year ended 31 March 2020

5) Intangible fixed assets

	Software £
Cost	
At 1 April 2019	39,392
Additions	-
As at 31 March 2020	<u>39,392</u>
Depreciation	
At 1 April 2019	5,177
Charge for the year	7,869
As at 31 March 2020	<u>13,046</u>
Net book value	
At 1 April 2019	34,215
As at 31 March 2020	<u><u>26,346</u></u>

6) Tangible fixed assets

	Plant & Machinery	Leasehold Property Improve- ments	Property Set Up Costs	Office Equipment	Furniture & Fixtures	Total £
Cost						
At 1 April 2019	243,701	-	149,775	24,290	3,287	421,053
Additions	-	180,052	98,499	-	-	278,551
As at 31 March 2020	<u>243,701</u>	<u>180,052</u>	<u>248,274</u>	<u>24,290</u>	<u>3,287</u>	<u>699,604</u>
Depreciation						
At 1 April 2019	137,718	-	53,155	24,290	1,200	216,363
Charge for the year	13,620	32,022	43,549	-	2,087	91,278
As at 31 March 2020	<u>151,338</u>	<u>32,022</u>	<u>96,704</u>	<u>24,290</u>	<u>3,287</u>	<u>307,641</u>
Net book value						
At 1 April 2019	105,983	-	96,620	-	2,087	204,690
As at 31 March 2020	<u><u>92,363</u></u>	<u><u>148,030</u></u>	<u><u>151,570</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>391,963</u></u>

Notes forming part of the financial statements
For the year ended 31 March 2020

7) Debtors	2020	2019
	£	£
Trade debtors	94,518	103,396
Other debtors	528,920	947,055
Prepayments and other accrued income	399,616	404,410
	<u>1,023,054</u>	<u>1,454,861</u>

8) Creditors: amounts falling due within one year	2020	2019
	£	£
Trade creditors	609,606	143,918
Other taxes and social security	16,534	24,581
Loans	-	100,000
Other creditors	293,945	1,236,674
	<u>920,085</u>	<u>1,505,173</u>

9) Creditors: amounts falling due after more than one year	2020	2019
	£	£
Loans	450,000	-
	<u>450,000</u>	<u>-</u>

In the financial year Pivotal Housing Group entered into a loan facility agreement for £450,000 with Pivotal Homes Group. At the end of March 2020 £450,000 had been drawn down. From June 2020 interest of 0.5% above National Westminster Bank base lending rate will be payable. Capital repayments will start in March 2023 and the capital is repayable over 16 quarterly payments.

10) Statement of funds

2019	Income	Expenditure	2020
£	£	£	£
288,263	7,256,506	7,432,788	111,981
<u>288,263</u>	<u>7,256,506</u>	<u>7,432,788</u>	<u>111,981</u>

The General reserves represents free funds of the registered provider which are not designated for particular purposes.

Notes forming part of the financial statements
For the year ended 31 March 2020

11) Analysis of net assets between funds

	General funds	Total
	£	£
Fund balances as at 31 March 2020 are represented by:		
Fixed assets	418,309	418,309
Current assets	1,063,757	1,063,757
Current liabilities	(920,085)	(920,085)
Long term liabilities	(450,000)	(450,000)
Total net assets	<u>111,981</u>	<u>111,981</u>

12) Other financial commitments

At the year end the registered provider had annual commitments under non-cancellable operating leases as set out below:

Operating leases which expire:	2020	2019
	£	£
Within 1 year	3,448,195	3,371,696
Between 2 and 5 years	13,792,782	13,388,429
More than 5 years	35,745,481	37,564,864
	<u>52,986,458</u>	<u>54,324,989</u>

The registered provider has entered into a 20 year lease for the majority of it's properties.

13) Staff costs

	2020	2019
	£	£
Wages and salaries	833,621	885,874
Social security costs	73,149	72,955
Employers pension	13,859	8,215
	<u>920,629</u>	<u>967,044</u>
Average number of employees	38	39

Notes forming part of the financial statements
For the year ended 31 March 2020

14) Reconciliation of net income to net cash flow from operating activities

	2020	2019
	£	£
Net income for the reporting period	(176,282)	43,785
Amortisation of intangible fixed assets	7,869	5,177
Depreciation of tangible fixed assets	91,278	79,499
(Decrease)/Increase in debtors	431,807	(1,040,896)
(Decrease)/Increase in creditors	(485,088)	1,163,959
	<u>(130,416)</u>	<u>251,524</u>

15) Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	40,703	99,670
	<u>40,703</u>	<u>99,670</u>

16) Auditor's remuneration

	2020	2019
	£	£
Fees payable to the registered provider's auditor	9,000	9,000

17) Bed Spaces

	2020	2019
	£	£
Supported housing - managed		
Supported housing	435	383
	<u>435</u>	<u>383</u>

18) Analysis of changes in net debt

	2019	Cash flows	2020
	£	£	£
Long term borrowings	-	(450,000)	(450,000)
Short term borrowings	(100,000)	100,000	-
Total liabilities	<u>(100,000)</u>	<u>(350,000)</u>	<u>(450,000)</u>
Cash and cash equivalents	99,670	(58,967)	40,703
	<u>(330)</u>	<u>(408,967)</u>	<u>(409,297)</u>