Phoenix

Our community in our hands

Board Report and Financial Statements

Year ended
31 March 2020

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Board Members, Executives and Advisors

Board members	Anne McGurk, Chair Carmen Simpson, Vice Chair Kerry Heath Mark Gayfer, Chair of Audit Committee Peace Ayiku-Nartey Lucy Ferman Councillor Olurotimi Ogunbadewa Councillor Sue Hordijenko Michael Tisdell Simon Barlow (appointed September 2019) Simone George (appointed September 2019) The following Board members also served during the period: Jamie Carswell (to May 2020) Michael Boniface (to September 2019) Gail Nicholas (to May 2019)
Executives	Jim Ripley, Chief Executive Chris Starke, Director of Finance David Westworth, Director of Customer Services Lesley Johnson, Director of Property and New Business Nick Edwards, Assistant Director of IT and Facilities
Secretary	Chris Starke
Registered Office	The Green Man 355 Bromley Road London SE6 2RP
Bankers	Barclays Bank plc 28th Floor 1 Churchill Place London E14 5HP
Auditors	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

Board report

The Board presents the consolidated financial statements for the year ended 31 March 2020.

Principal Activities

Phoenix Community Housing is a charitable housing association, originally set up as a stock transfer from Lewisham Council. Phoenix provides affordable housing and its activities include managing, maintaining and developing homes and improving and regenerating its estates in Downham, Bellingham and Whitefoot in Lewisham.

Phoenix Community Housing is incorporated under the Co-operative and Community Benefit Societies Act 2014, registered number 30057R. It is a Registered Provider of Social Housing registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008, registered number L4505.

Phoenix Community Housing had two subsidiary companies at 31 March 2020, Phoenix Agency Services Limited, which provides repair and maintenance services, and Home Makers The Property People Limited (Home Makers), which provides private lettings management services.

Business Review

A review of the results for the year is included in the strategic report from page 7 onwards.

Governance

The Association's Board and Executive Officers are listed on page 1 of this report.

Phoenix is governed by a Board of 12 non-executive members comprising six resident board members, two Council board members and four independent board members. Resident board members are elected by a ballot of members following a selection process overseen by the Board. Council nominated board members are appointed by the London Borough of Lewisham according to a protocol agreed with the Council. These non-executive members are responsible for the overall strategy and direction of Phoenix. The Chair and Vice-Chair of the Board are tenants.

Day to day management of the Association is delegated to the Executive Team. The Executive Officers hold no interest in the Association's share capital, and although they do not have the legal status of Directors, they act as executives within the authority delegated by the Board.

The Board is supported by three sub-committees as set out below:

- The Audit Committee is responsible for appointing and monitoring the work of internal audit, recommending the appointment of external auditors to the Board and monitoring their work, considering the external audit management letter and responses from management, reviewing compliance with the adopted code of governance and regulatory standards, and reviewing the effectiveness of the risk management framework and system of internal controls. It receives reports on internal controls and recommendations for improvement from both internal and external auditors and meets privately with the internal and external auditors at least once a year.

- The Human Resources and Remuneration Committee is responsible for the review of terms and conditions of employment and overseeing all remuneration policies, the annual pay review, bonus awards, benefits for staff, and making recommendations on the people services strategy to the Board. The Board is responsible for the remuneration of the Chief Executive and Executive Team and overseeing the Board appraisal framework.

- The Development Committee is responsible for overseeing Phoenix's overall development strategy and the review of the appraisal assumptions used to assess opportunities for the acquisition and development of new homes, and recommends to the Board any bids for grant funding to the Greater London Authority and other funding agencies.

The Association observes best practice with regards to corporate governance and complies with the recommendations in the National Housing Federation's (NHF) 2015 Code of Governance.

The Group has purchased Directors' and Officers' liability insurance for the Board, Executive Officers and staff.

Community Empowerment Strategy

The Association is a Community Gateway whose members are all tenants and leaseholders. Membership of Phoenix at 31 March 2020 was 3,579.

The Association's Community Empowerment and Engagement Strategy focuses on four strategic themes:

- Increasing resident leadership, community empowerment and cohesion by raising and widening participation
- Driving aspiration and supporting residents out of poverty
- Improving life chances of children, young people and their families
- Developing sustainable models of operation

Each strategic theme has a set of expected outcomes.

One part of the strategy is the 'Community Chest' fund of £100,000 each year to spend on the local community. Tenants make the final decisions about which projects are funded by voting on their priorities for funding from the applications submitted.

The Phoenix Gateway Committee (PGC) provides a key link between the Board, the Community Links and shareholding members, and considers an annual programme of strategic matters proposed by the Board. The PGC has an advisory role and provides a sounding board and forum for discussion on specific Phoenix proposals and services. The aim is to be both inclusive and promote joint working at all levels of the organisation, and to assist in the succession of resident members to the Board.

Membership of the PGC consists of at least one member from each of the Phoenix Community Link areas and a further four tenant members and one leaseholder member drawn from the shareholding membership. In this way, ordinary members can directly contribute to the strategic development of Phoenix as well as enhance their own capacity as residents. The PGC also includes three Tenant Board members to ensure an effective relationship between the Board and the PGC and two members of staff, recognising that staff play a vital role in delivering services and are keen to work with residents in helping to steer the strategic direction of the organisation. In 2019/20 the PGC has shaped our approach to strategic reviews, re-tendering satisfaction surveys, community events and the Annual General Meeting, and oversaw the resident Board member elections and reviewed the Community Chest.

A Resident Scrutiny Panel provides a specific resident forum to scrutinise Phoenix's service performance and help to improve services for all residents in line with arrangements set out in the Regulator of Social Housing's Regulatory Framework. The Scrutiny Panel is an independent group of residents working together to check and challenge our services and reports its findings and recommendations directly to the Executive Team and Board. The Scrutiny Panel completed three reviews during the year covering fencing, the role of housing officers and Phoenix's approach to 'at risk' residents and the void standard. The Panel started a fourth review on Social Value. Its recommendations have been considered and accepted by the Executive Team and the Board. The Board has also agreed that the Scrutiny Panel can act as a Tenant Panel for considering complaints.

A Policy Working Group, comprising of residents, reviews and comments on proposed policies prior to consideration by the Board. The Policy Working Group reviewed 20 policies during the year.

Phoenix operates an enhanced membership scheme, 'Gold Membership', for shareholding members. Under the scheme, residents earn points for keeping to certain agreements with Phoenix, for example, keeping their rent account up to date and paying by direct debit. These points are converted into a 'dividend' payment which is paid in shopping vouchers each year. The enhanced membership scheme is intended to be self-financing due to the savings made by Phoenix arising out of the agreements with residents. The Gold Membership scheme had 3,574 members at 31 March 2020.

The Phoenix Academy Programme received CIH accreditation in 2017 and continues to help with our succession planning for our involvement groups and the Board. In June 2019, 31 students graduated from the Academy of which 7 completed a level 2 Chartered Institute of Housing (CIH) practice qualification and 4 completed a level 3 CIH practice qualification, funded by a bursary from Phoenix. New trainees also volunteered with Phoenix as part of their course.

Regulation

Housing associations and other social landlords (registered providers of social housing) must comply with a regulatory framework including national standards set by the Regulator of Social Housing. The Governance standard requires registered providers to have effective governance arrangements to ensure that they:

(a) adhere to all relevant law;

(b) comply with their governing documents and all regulatory requirements;

(c) are accountable to tenants, the regulator and relevant stakeholders;

(d) safeguard taxpayers' interests and the reputation of the sector;

(e) have an effective risk management and internal controls assurance framework; and

(f) protect social housing assets.

The Financial Viability Standard requires registered providers to manage their resources effectively to ensure their viability is maintained while ensuring that social housing assets are not put at undue risk.

Compliance with the Regulator's Governance and Financial Viability Standard was reviewed by the Board in July 2020. The Association complies with the Standard in all material respects.

The Association has taken steps to address the requirements of General Data Protection Regulation (GDPR) and has an action plan in place to maintain compliance. An external Privacy Officer advises on and assists with changes to systems and procedures to strengthen compliance, including the change to a work from home environment in response to Covid19 for office-based staff. The Audit Committee has noted a report from the Privacy Officer that overall, Phoenix is materially compliant with the requirements of data protection legislation but needs to enhance its compliance in the following areas:

- data retention and deletion activity, where progress has been impacted by the Covid19 pandemic;
- structured file management to reduce the potential for duplicates and ensure information is easily retrievable by those who need access and for addressing subject access requests in a timely manner; the planned implementation of sharepoint, a key component of the Digital Together Project, will support compliance in this area.

The data protection action plan will continue to be monitored by the Audit Committee.

The Regulator publishes its assessment of providers' compliance with the Governance and Financial Viability Standard. Phoenix has maintained the top ratings of G1 for Governance and V1 for Viability following the annual stability check by the Regulator in December 2019.

The consumer standards place an emphasis on the relationship between landlords and residents at a local level, with residents at the heart of shaping, influencing and monitoring the services they receive. The regulatory framework also requires landlords to develop local offers to residents and set out standards which reflect the needs of their communities.

The Board has agreed a set of Phoenix Standards, which were updated following consultation with residents in March 2016. These represent the 'Local Offer' for the purpose of the Regulator's national standards. The promises made to tenants as part of the transfer from Lewisham Council form the core of the Local Offer, supplemented by service standards agreed with tenants. Special standards for Leaseholders have also been developed and agreed by the Board.

An annual report setting out our compliance with the standards is provided to residents and updates provided with the corporate plan update to the Board every six months. The Scrutiny Panel also reviewed whether the information provided to assess compliance with the standards provided assurance and made some recommendations where further information was needed or improvements required.

Health and Safety

The Board takes seriously its legal and ethical responsibilities relating to health and safety, to ensure, so far as is reasonably practicable, the health, safety and welfare of all employees, residents and others affected by our activities. Health and safety risks are regularly reviewed by the Executive Team and the Board. Particular emphasis has been placed on the management of health and safety risks within our housing stock, including a programme of fire safety works.

The Group has detailed health and safety policies and provides staff training and education on health and safety matters. Phoenix Community Housing and Phoenix Agency Services have Health and Safety Committees which meet quarterly to consider matters of policy and good practice, and to review any accidents or incidents. The Board receives quarterly performance information on health and safety matters.

Phoenix Agency Services maintained its accreditation under the ISO 18001 standard.

Modern Slavery and Human Trafficking

Phoenix is committed to preventing modern slavery and human trafficking within our organisation and throughout our supply chains. The Group complies with its responsibilities under the Modern Slavery Act 2015, and has agreed a range of measures in order to fulfil them. These are set out in our Modern Slavery and Human Trafficking Statement on our website.

Employees

Details of employees are set out in note 7 to the financial statements.

The Board and Executive Team consider that the involvement of staff is essential in providing a high-quality service to the Association's residents. The Group is committed to consulting and involving staff on all aspects of its operations through staff briefings, team meetings, e-mail communications and the intranet. We were recognised as one of the top 100 not-for-profit companies to work for in the Sunday Times Best Companies Awards and maintained our Investors in People Gold accreditation in 2020.

Training

The core training programme covers health and safety, key areas of compliance such as data protection, money laundering, diversity and safeguarding, as well as customer care and management development. The Group also funds professional and academic qualifications for a number of staff. During the year, the Group employed 6 apprentices.

Diversity

The diversity of staff is a key performance measure and as at 31 March 2020 the staff employed by the Group comprised 33% black and minority ethnic employees, 43% women and 19 staff with a stated disability. Applications for jobs are encouraged from people with disabilities and appropriate adjustments are made to the jobs of employees with disabilities to enable them to remain in employment. Phoenix is accredited as a Disability Confident employer.

New regulations introduced in 2017 mean that all organisations with 250 or more staff must now report on a number of measures annually:

- the median pay gap between male and female staff;
- the mean pay gap between male and female staff; and
- the proportion of males and females in each pay quartile.

These organisations must also report on differences in bonus payments between male and female employees. While Phoenix does not have more than 250 staff, we are including this information in the interests of transparency.

- median pay gap: females are paid 8.3% higher than males (2019: 0%)
- mean pay gap: males are paid 2.5% higher than females (2019: 6.6%)
- number of male and female staff in each pay quartile:

Pay quartile	Male	Female
1 (highest)	19	22
2	15	26
3	18	24
4	28	13
Total	80	85

Phoenix offers a collective staff bonus scheme so there is no difference between payments to male and female staff.

This information has been shared with staff and the Human Resources Committee considered a report on proposed actions to address the mean pay gap in June 2019.

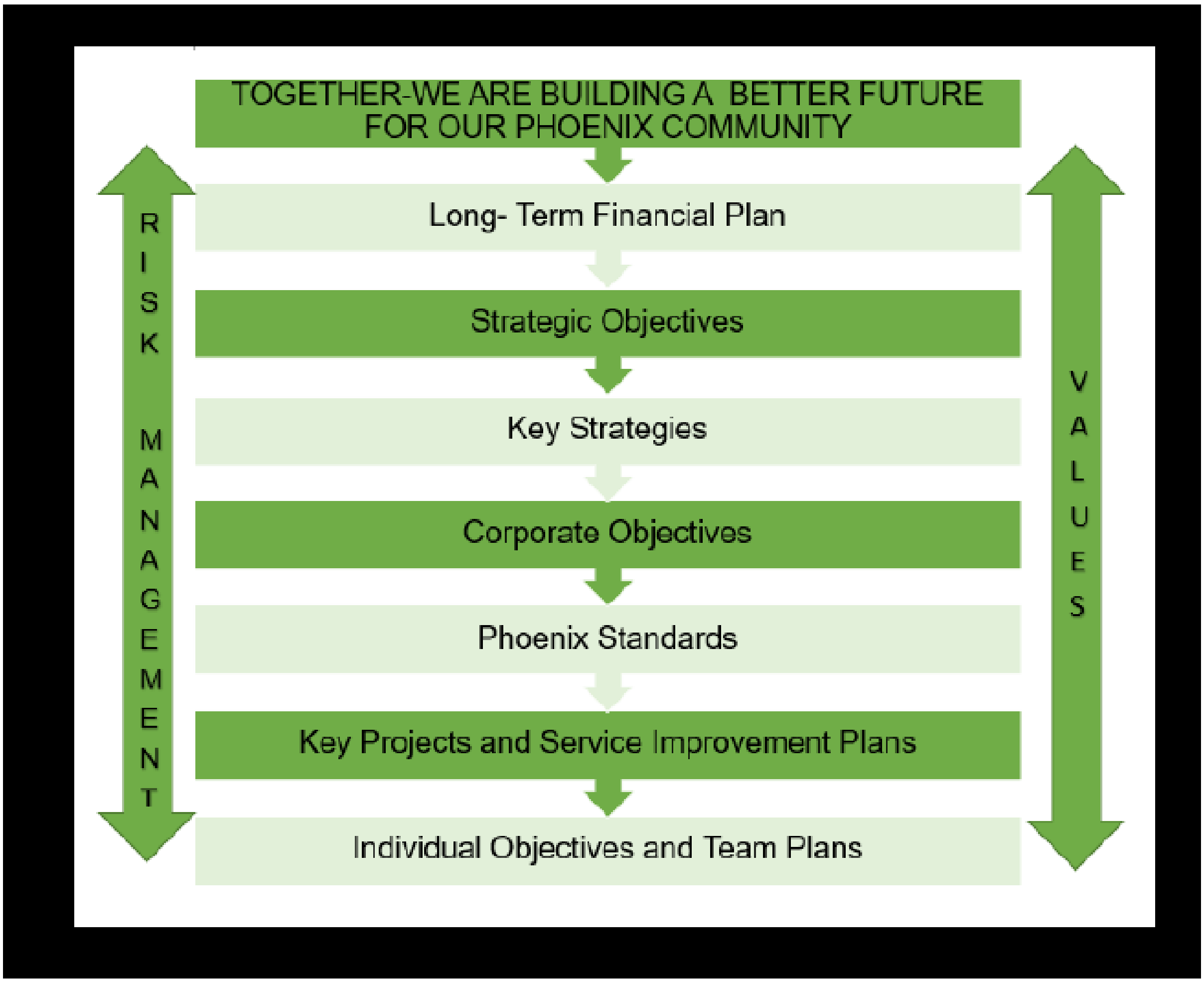
Strategic Report

The Board presents their strategic report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2020.

Objectives and strategy for achieving those objectives

The Board reviewed the vision and strategic objectives during the year in consultation with residents and staff. The vision was agreed as "Together we are building a better future for our Phoenix Community". To build a better future for our Phoenix Community and embrace our gateway model of resident leadership and membership we need to build new homes and ensure our community is supported through physical and community regeneration activities.

To help us achieve our vision and ambitions we have a corporate plan framework. This includes our long-term financial plan, strategic and corporate objectives that set out what we need to do, our risk management strategy and the values we hold. This runs through our organisation as illustrated below:



We are operating in uncertain times and like other landlords have challenges ahead, including meeting zero carbon emissions by 2050 and responding to the new fire and home standards, as well as building new homes to meet the housing crisis and maintaining and improving services and satisfaction levels for all our residents.

We also know our existing residents are getting older and our newer and younger residents have different aspirations and expectations. We want to respond to everyone’s needs, making sure we are open and accessible and have clear, up to date service standards that we set and monitor together.

We have carefully considered these challenges and reviewed learning from previous plans. We are determined to balance our priorities and translate them into opportunities to realise our vision. We know by Working Together - our board residents, staff and partners- we can achieve more.

The Board has set four strategic priorities to support our vision:

1. Resident leadership and effective governance.
2. Excellent services, efficiently delivered with empathy and openness.
3. Growth in new homes and opportunities.
4. Sustainability and safety for our business, our community and our environment.

The Board has reviewed and set corporate priorities to deliver the strategic priorities as set out below. Progress against the Corporate Plan is monitored and reported to the Board every six months.

1. Resident leadership and effective governance
   - Ensure excellence in governance by delivering effectiveness reviews of our subsidiaries and are continuous improvement plans for governance.
   - Deliver service improvements and efficiencies in response to satisfaction surveys, insight and scrutiny as well as changes to our legal and regulatory framework.
   - Steered by residents deliver our Community Engagement Strategy, making sure we evaluate our impact.
   - Review our Gold Membership scheme to make sure it adds value to members and our business.
   - Deliver our Communication Strategy to communicate clearly and transparently with our residents, celebrate our successes and raise our profile so people want to join us or adopt our ways of working.

2. Excellent services, efficiently delivered with empathy and openness
   - Improve customer experience and refresh our service standards so everyone knows what to expect from us and can provide feedback on how we are performing.
   - Continue to deliver our “Digital Together Projects” so our staff have the tools and systems to deliver great customer service and our residents have “Digital options to engage with us digitally if they choose to.
   - Deliver priorities for Equality, Diversity and Inclusion getting to know our residents and staff better so we can adapt our services to meet needs and work together to build sustainable communities in our area.
   - Plan and deliver our major works, fencing and environmental programmes so

our homes continue to meet our decent homes standard, the new home and safety standards and we reduce carbon emissions.
- Review and monitor our repairs service to make sure it delivers the best possible service to our residents balancing responsive and planned works and evaluating the social value it brings to our community.

3. Growth in new homes and opportunities
   - Deliver our approved development plans to build new homes tackling homelessness and housing need in our, including buying back homes to repair and rent at London affordable rent levels.
   - Steered by residents, other stakeholders and local plans work together to improve our community as a place to live levering in funding and support to strengthen our community- so all our residents can be proud of where they live.
   - Review our community resources to assess how they can be used to maximise their benefits to our community.
   - Explore new business opportunities to increase our services to benefit our community and the number of homes we manage, through stock transfer opportunities.

4. Sustainability and safety for our business, our community and our environment
   - Deliver our Value for Money and efficiency plans, so we can deliver our ambitions and confidently maintain our financial viability in the long term.
   - Set a new sustainability strategy and start piloting new ways of building and maintaining our homes and delivering all our services to meet carbon zero targets.
   - Review the way we work and our values so we work better together to enhance customer experience, promote equality and diversity and deliver creativity and innovation across Phoenix to meet our vision.
   - Continue to maintain and improve our approach to health and safety meeting all relevant legislation and regulations and enhancing resident's safety.

Covid19

Following the Government's lockdown measures to address the spread of the covid19 virus, Phoenix has focused on providing essential services and keeping its residents and staff safe. As the government's lockdown measures are eased the corporate plan objectives and key performance targets will be reviewed for approval by the Board taking into account the impact that the lockdown has had and the continuing need to maintain safe operating procedures.

Business model

Phoenix Community Housing is a not-for-profit resident-led Housing Association. 6,318 properties were transferred from Lewisham Council in a large-scale voluntary transfer on 3 December 2007 following a positive ballot of all tenants and Phoenix started to trade from this date.

Phoenix use the Community Gateway model which places residents at the heart of both decision making and scrutiny. We are led by our residents and we encourage tenants and leaseholders to get involved in a wide range of consultative groups that play a key role in steering our future direction and how we allocate our resources. We also offer shareholding membership to residents, giving them a stake in the organisation.

Phoenix has two subsidiary companies, Phoenix Agency Services Limited, which provides the maintenance service for Phoenix's housing properties, and Home Makers The Property People Limited (Home Makers), established to provide private lettings management. Home Makers commenced trading in November 2018.

Phoenix currently owns and manages 5,341 general needs tenanted properties, an extra care scheme comprising 60 flats and 851 leasehold properties in the Bellingham, Downham and Whitefoot areas of Lewisham in South East London. Since transfer, Phoenix has invested over £160 million in the housing stock funded by £46 million of 'gap' funding from the Department for Communities and Local Government and a £70 million loan facility with Barclays Bank, as well as operating surpluses. This major works and improvement programme commenced in 2008 and all the housing stock has been brought up to the Phoenix standard (which exceeds the Government's Decent Homes Standard). The business model has since evolved to include the development of new homes and regeneration projects and a restructuring of our funding took place in March 2018 to facilitate future growth in new homes.

Phoenix works in partnership with the Council and other agencies to improve the quality of life of people living and working in the Phoenix area. The Green Man head office and community facility opened in November 2013 and has successfully delivered the aims of the building to have a positive impact on the community, with the community hub providing a range of activities: a community café, a branch office for the Lewisham Plus Credit Union and a training kitchen provided by Lewisham Council.

We have made significant investment in IT systems to facilitate the transfer of the management of the repairs service to the subsidiary from the previous contractor, and in client relationship management and electronic document record management systems to support continued improvements in customer service and efficiency, the first phase of which was completed in 2019.

Our bespoke management development programme and customer experience training continued during the year, as part of a wider cultural change programme – 'Aiming Higher'. The programme aims to improve the customer experience for our residents, help staff to be more customer and performance focused, and make Phoenix a great place to work.

Development and performance throughout the financial year and position at the end of the financial year

The last few weeks of March 2020 were taken over by responding to the CoVid19 pandemic. We invoked our business continuity plan and took steps to provide support to our residents, partners and contractors to enable us all to follow the government guidelines and stay safe. Despite this unprecedented end to the year, we made substantial progress delivering the priorities in the Corporate Plan. Our rapid and efficient response to Covid19 is reflected in positive feedback from staff and residents.

Five new homes were completed and let during the year. Current development schemes on site comprise 70 flats for affordable rent and 8 homes for shared ownership. Feasibility work continued during the year on other schemes in the development programme of 140 homes.

A total of 10 properties were sold through the Preserved Right to Buy (RTB) and Right to Acquire (RTA) in the year. Phoenix now retains the net proceeds from RTB sales to invest in the provision of replacement social housing. The Board has agreed a programme of purchase and repair of properties in our area funded from the RTB receipts and 9 properties were acquired during the year. In addition, one property was purchased as part of a House of Multiple Occupation (HMO) prevention initiative for Lewisham Council, with a further 2 properties in the process of being purchased for which completion was delayed due to the Government Covid19 lockdown measures.

During the year a conditional bid to Lambeth Council for the stock transfer of 71 homes in Bromley, Croydon, Merton and Sutton was agreed, providing an opportunity to add to the Phoenix housing stock, supporting strategic and corporate objectives. The transfer is subject to a resident ballot originally planned to take place in 2020 but on hold due to the Covid19 pandemic. If there is a positive result, legal due diligence will be completed to inform the Transfer Agreement with Lambeth Council.

The new extra care scheme at Hazelhurst Court continued to operate successfully during the year and has received a number of awards. The scheme operates in partnership with Lewisham Council as the care commissioners and Notting Hill Housing Trust, who are the care providers.

Works on the refurbishment of the Fellowship Inn, a listed public house located in the heart of our area, substantially completed in June 2019, allowing the refurbished building to open. The project provides new community resources, including a pub, café, live performance venue and cinema operated by a commercial partner, and training and employment opportunities for local people. Lewisham Music Services have also relocated their offices and teaching facilities in the building. The Heritage Lottery Fund has provided a grant of £4 million towards the cost of the works and associated activities. The outstanding works to the highway are expected to complete in July 2020 allowing the final drawdown of the grant. The commercial elements of the Fellowship were closed as a result of the Covid19 pandemic but were reopened on 4 July in line with government guidance.

Following a pilot, the Board agreed to establish our Home Makers private lettings management service as a separate subsidiary so that we can offer its service to other landlords in the Phoenix area. The pilot focused on leaseholders who sublet their property as this was one of the promises to leaseholders at transfer. The new subsidiary company commenced trading at the end of November 2018 and made a loss of £35,000 for the year to 31 March 2020, reflecting a lower number of properties in management than targeted, with the Covid19 pandemic impacting on the ability to view properties towards the end of the year. The Home Makers Board approved a plan to increase the number of properties in management to generate profits and assist in the management of the Phoenix estates.

The programme of major works and improvements to the housing stock continued during the year with total expenditure of £3.5 million to 31 March 2020, principally on external works to street properties and kitchen and bathroom replacements.

We continued to monitor the public inquiry into the Grenfell Tower tragedy during the year. We have a thorough and robust approach to fire safety in all of the properties and blocks that we manage and engage an independent company to undertake fire risk assessments in blocks to manage the risks of fire. The majority of blocks are low rise, with only two blocks which are over 18m in height. The Board reviewed and approved an updated fire safety policy during the year and will consider any changes in building requirements that are made as a result of the public inquiry.

We completed stock surveys during the year to identify the material types found on the external wall systems of all high and low-rise blocks. No Aluminium Composite Materials (ACM's) were identified, however High Pressure Laminate (HPL) was identified in balconies on some the blocks at Passfields and the North Downham estate. The fire risk assessment concluded that the risk presented by the presence of HPL is low as there is no HPL over-cladding and the buildings affected are all low-rise.

The identified actions from the most recent fire risk assessments have been programmed and a third party accredited fire safety contractor appointed to complete the priority works in 2020/21, mainly compartmentation works to communal areas of blocks, improving the ventilation supply to the lobby area and an upgrade of the fire performance of the external panels along the escape route at one block.

The Board agreed proposals for environmental works and improvements to fencing in response to Scrutiny Panel recommendations and consultation with residents. The programmes will address repairs and improvements to refuse and other storage, play areas, security, surfaces and green spaces, as well as boundary fencing and hedges. The environmental works will commence with a pilot programme in 2020/21 in two locations, with a budget of £500,000 to test the approach and determine cost and quality benchmarks.

A major project (Digital Together) to implement customer relationship management and electronic document and records management systems continued during the year, with phase one of the project going live in July 2019. The project is delivering more efficient and agile services with the aim of holding all property and customer information in a central database and enable customers to access services through their preferred method at a time to suit them, including through self-service.

During the year Phoenix employed 6 apprentices (including 5 in Phoenix Agency Services) through the Mayor of Lewisham's apprenticeship scheme. A training academy, Building Hope, operated by Barking & Dagenham College in partnership with Saint-Gobain and Barnardo's continued to operate from one of the community centres. We also supported people with learning disabilities to experience work through a partnership with Project Search, funded by Lewisham Council, which enabled us welcome 6 interns to Phoenix to experience work.

Our community engagement team directly supported 47 people into work, including 18 Phoenix residents and enabled other job, work experience and training opportunities to be supported through our partners and contractors, including the Fellowship and Building Hope.

We continued to raise our profile externally through both staff and joint staff and resident presentations at conferences and winning 4 awards.

Operating performance during 2019/20 was broadly in line with the previous year. Key performance indicators for general needs housing and leaseholders are shown below.

Performance indicator	**2019/20**	**2018/19**	**2017/18**	**2016/17**	**2015/16**	**Comment**
Tenant satisfaction with Phoenix as a landlord	n/a *	82%	n/a *	n/a *	82%	STAR survey undertaken in 2018 showed tenant satisfaction with Phoenix as a landlord was in the second quartile of landlords in London. *no survey undertaken in the year
Leaseholder satisfaction with Phoenix as a landlord	n/a *	55%	n/a *	n/a *	42%	STAR survey undertaken in 2018 showed an improvement in satisfaction compared to the last STAR survey in 2015. A number of improvements in how we engage with leaseholders

Performance indicator	2019/20	2018/19	2017/18	2016/17	2015/16	Comment
						have been made. *no survey undertaken in the year
Rent collected as a percentage of gross rent receivable (excluding voids)	99.3%	100.9%	100.5%	99.9%	99.6%	Performance below target of 100% in 2019/20 due to more tenants moving onto universal credit. The Income Team continues to work well with the Council's housing benefit department to respond to the Government's welfare reforms, and provides financial inclusion support to residents.
Leaseholder major works service charges - amounts collected in year	£0.4m	£0.5m	£0.9m	£1.8m	£3.3m	Performance just below target in 2019/20, reflecting focus on income collection combined with support for leaseholders. Collection lower than in previous years reflecting profile of charges for works.
Leaseholder major works service charge arrears	£0.5m	£0.7m	£1.1m	£2.0m	£3.7m	Major works arrears continue to reduce in line with payment plans agreed with leaseholders.
Void loss as a percentage of gross rent receivable	0.24%	0.29%	0.28%	0.37%	0.26%	Void loss better than target. Tenancy turnover remained low at just under 4%.
Average number of days taken to relet a property (short-term voids)	22	23	23	22	23	Performance in line with target of 22 days.
Responsive repairs completed on time Responsive repairs completed right first time	96% 95%	98% 92%	99% 93%	98% 93%	99% 90%	Performance on repairs was below targets for completed on time but better than target for completed on first visit. There has been an increase In emergency repairs and a number were not completed in the 4 hour target although were completed the same day.
Gas safety checks completed on time	99.9%	100%	100%	100%	100%	At the end of the year 4 general needs properties did not have a valid gas certificate

Performance indicator	2019/20	2018/19	2017/18	2016/17	2015/16	Comment
Percentage of homes meeting Decent Homes Standard	100%	100%	100%	100%	100%	Where improvements have been declined by tenants, the property is deemed compliant for the purpose of the Decent Homes Standard.
Average number of days to resolve complaints	27	16	12	8	8	Complaints policy focuses on resolution of complaints. Responses on average took longer than previous years and above the target of 20 days, reflecting delays in case closures from 2018/19 and some challenges arising from changes in responsibility following the restructure in June 2019. A new Complaints Monitoring post was filled in January 2020 and the Executive Team review a weekly report on the status of complaints.
Complaints escalated above stage 1	4%	6%	6%	0%	3%	Escalation of complaints remains below the target of 10%.

Current tenant rent arrears increased to 5.1% as a percentage of rent receivable (4.3% at 31 March 2019). There were 681 tenants on Universal credit at the end of the year (289 more than at the beginning of the year) of which 76% were in arrears; contributing to around 35% of the total arrears owed at the end of the year. Former tenant arrears have been maintained at 0.9% of rent receivable following decisions by the Executive Team to write off £169,000 of the arrears owed by former tenants which are not collectable. The reduction of current and former tenant arrears is a continued area of focus while also providing financial inclusion services to residents directly and in partnership with Citizens Advice and the Credit Union.

Key performance indicators for the extra care scheme for 2019/20 and 2018/19 are set out below (the scheme opened in November 2017).

Performance indicator	2019/20	2018/19
Rent collected as a percentage of gross rent receivable (excluding voids)	101.0%	100.7%
Total number of voids at 31 March	2	3
Property health and safety compliance	100%	100%

Repairs completion performance for the subsidiary company, Phoenix Agency Services (PAS), is reflected in the Phoenix key performance indicators above. Satisfaction with repairs was slightly below target at 91% but average time to complete repairs was better than target at 8.4 days. PAS also delivered a programme of internal major works for Phoenix.

Home Makers increased the number of properties under management from 12 to 19, although this was below the target set by the Board. Home Makers collected over 100% of rent due on behalf of landlords and the average time to relet a property was 37 days. Gas safety compliance was maintained for all Home Maker managed properties.

Financial results including effects of material estimates and judgements upon reported performance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for registered social housing providers (Housing SORP 2018).

The Consolidated Statement of Comprehensive Income on page 35 shows an operating surplus of £8.9 million (2019: £8.9million) on turnover of £36.9 million (2019: £33.1 million). Turnover was higher than 2018/19 due to the recognition of the Heritage Lottery Fund grant (£3.4 million) towards the refurbishment of the Fellowship following the practical completion of the refurbishment project in the year. The impact of the final 1% rent reduction in accordance with the Welfare Reform and Work Act was offset by lower void loss and higher service charge income.

Operating expenditure increased to £26.6 million (2019: £25.8 million), partly due to an increase in the provision for bad debts as a result of rent collection falling below 100% and past service pension costs in the local government pension scheme associated with the McCloud case.

The operating surplus includes the surplus on property sales from the Preserved Right to Buy and Right to Acquire of £1.6 million (2019: surplus of £1.5 million) and a deficit of £2.9 million on the revaluation of investment properties (2019: £nil) mainly due to the Fellowship revaluation at 31 March 2020 following the reclassification of the commercial element as an investment property.

Net interest payable of £3.1 million was slightly higher than 2018/19 (£2.9 million) reflecting an additional drawdown from the private placement offset by an increase in capitalised interest on development schemes.

Other comprehensive income includes the actuarial gains in the year in respect of the defined benefit pension schemes in which Phoenix participates of £4.1 million (2019: gain of £271,000). The significant increase in the gain reflects the impact of lower assumptions for future inflation and the impact of the actual membership experience reflected in the triennial actuarial valuation every three years for the local government pension scheme. Other comprehensive income in 2018/19 also reflected the impact of there being sufficient information available to account for the Social Housing Pension Scheme (SHPS) career average revalued earnings (CARE) scheme on a defined benefit basis for the first time. The difference between the share of the scheme liability and the net present value of Phoenix's deficit funding agreement at 1 April 2018 of £1.1 million was recognised in other comprehensive income.

The overall surplus for the year was £10.2 million (2019: £5.2 million), the main factor in the substantial increase from 2018/19 being the actuarial gains in respect of the pension schemes noted above.

The Consolidated Statement of Financial Position is shown on page 37. The net book value of housing property was £214.5 million at 31 March 2020 (2019: £200.3 million). Social Housing Grant and other grants of £10.0 million (2019: £7.6 million) received towards the cost of development of new homes is included in creditors. Once a development is complete, the related grant is amortised to income over the life of the structure.

Investment properties, which are all freehold, comprise the commercial element of the Fellowship and privately let garages. Investment properties are held at fair value. The valuation for the

Fellowship is based on an open market valuation by professional valuers, Fleurets, at £530,000. This is significantly below the cost of the property previously included in Other Fixed Assets Under Construction but the write down to fair value is compensated for by the HLF grant referred to above.

The Green Man head office and community facility is included under Other Fixed Assets. Part of the building has been sublet to the Lewisham Plus Credit Union for a branch office and Lewisham Council for the provision of a training kitchen. This category also includes the social element of the Fellowship let to Lewisham Music Services.

Properties for sale represents the cost attributable to the first tranche sales of a shared ownership scheme based on the expected equity share to be sold.

Debtors include £0.5 million (2019: £0.7 million) in respect of major works recharged to leaseholders. This has been split between amounts due within one year and after more than one year, the latter where the leaseholder has entered into a repayment agreement. Judgements have been made in determining the appropriate discount rates used in the assessment of the net present value adjustment for repayment agreements for leaseholder debtors. The assessment of the bad debt provision in respect of tenant rent arrears has taken into account the impact of the welfare reforms including Universal Credit.

The Group participates in two pension schemes, the SHPS CARE and defined contribution structures, and the London Borough of Lewisham local government pension scheme (LGPS) for all participating employees who transferred from Lewisham Council on 3 December 2007. The share of the defined benefit schemes' surplus or deficit is included on the statement of financial position in accordance with FRS102 and was a net asset of £1.3 million at 31 March 2020 (2019: liability £2.3 million). In determining the Group's share of the defined benefit pension schemes' assets and liabilities, the respective scheme actuaries have used estimates of life expectancy, salary growth, inflation and the discount rate for corporate bonds. The increase in the share of pension scheme net assets is due to actuarial gains of £4.1 million arising from the latest accounting valuation reflecting the actual membership experience from the most recent triennial actuarial valuation for the local government pension scheme and the impact of lower assumptions for future inflation, offset by the pension service and finance costs (£0.5 million) charged to operating surplus under FRS102.

The revaluation reserve of £49.2 million (2019: £49.2 million) arises as a result of the adoption of deemed cost for completed housing properties at 1 April 2014.

The Council agreed that Phoenix can retain the net proceeds from Right to Buy sales with effect from April 2016 on the basis that the proceeds are invested in the provision of social housing. The Board agreed to establish a restricted reserve for this purpose. During the year, the Association sold 9 properties under the Right to Buy for which the amounts transferred to the restricted reserve was £1.3 million (2019: £1.5 million). Nine properties were purchased during the year, resulting in a transfer of £2.6 million (2019: £3.3 million) from the restricted reserve to the revenue reserve.

Cash inflows and outflows during the year are set out in the Consolidated Statement of Cash Flows on page 38. The cash inflow from operating activities was £13.4 million (2019: £13.9 million), including sales of property through the Right to Buy which generated £1.6 million (2019: £1.8 million). During the year, the Group spent £17.3 million (2019: £12.7 million) on housing properties and the construction of new homes and £1.9 million (2019: £3.4 million) on other fixed assets, including the Fellowship Inn refurbishment project. Grants received totalled £3.5 million (2019: £2.2 million). Interest payable was £3.5 million (2019: £3.0 million) reflecting the increase in debt due to the planned £10 million drawdown from the private placement.

The table below presents a summary of financial performance over the last five years:

£000	2019/20	2018/19	2017/18	2016/17	2015/16
Turnover	36,870	33,135	33,229	33,423	35,170
Operating surplus	8,974	8,905	10,943	9,092	9,784
Operating margin %	*24%*	*27%*	*33%*	*27%*	*28%*
Net Interest payable	(2,956)	(2,808)	(2,380)	(2,157)	(2,469)
Break costs and write-off of arrangement fees	-	-	(9,458)	-	-
Surplus/(deficit) for the period before tax	6,018	6,097	(895)	6,935	7,315
Tax credit/(charge)	40	(38)	27	(33)	21
Other comprehensive income – actuarial gains/(losses) on pension schemes	4,109	(845)	757	(248)	2,157
Net surplus/(deficit)	10,167	5,214	(111)	6,654	9,493
Housing properties	214,468	200,346	191,196	186,339	173,626
Investment property	662	185	185	577	569
Other fixed assets – tangible assets	7,305	10,093	7,562	6,546	6,750
Other fixed assets – intangible assets	1,766	1,341	888	870	1,025
Net current assets/(liabilities)	18,235	13,915	5,588	(149)	339
Unamortised grant due after more than one year	(4,793)	(4,818)	(4,865)	(263)	(273)
Other liabilities	(124)	(124)	(1,213)	(1,299)	(1,317)
Loans	(89,498)	(79,503)	(64,763)	(57,583)	(52,800)
Pensions asset/(liability)	1,274	(2,307)	(864)	(1,277)	(822)
Revenue reserves and share capital	99,840	88,352	81,394	83,334	77,836
Revaluation reserve	49,203	49,242	49,302	49,443	49,534
Restricted reserve	252	1,534	3,218	1,247	-
Net cash inflow from operating activities	13,358	13,856	17,306	14,206	14,742
Net interest payable	(3,352)	(3,031)	(2,270)	(2,188)	(2,300)
Break costs and arrangement fees	-	-	(9,112)	-	-
Capital expenditure	(19,211)	(16,023)	(11,237)	(17,278)	(11,971)
Grants	3,489	2,200	2,493	700	1,952
Loans drawn down (net)	10,000	14,750	7,000	4,750	-
Number of properties					
General needs	5,341	5,337	5,335	5,357	5,369
Supported	60	60	60	-	-
Leaseholders	851	856	868	856	849

Future prospects

The impact of the pandemic is not over, and everyday life will be significantly affected for months to come. As government eases the current lockdown and some predictability is restored, Phoenix will adapt to the next phase revising the Corporate Priorities for 2020-21, the 2020/21 budget and the long-term financial plan.

A Reinvention group consisting of Board members, Executives and senior managers has been established to ensure business resilience, oversee the safe reopening our Green Man office and community building to residents, and capture the innovation from the change to working virtually for a large part of the organisation.

We have a strong liquidity position and are closely monitoring key performance indicators around income collection and compliance.

Under the Welfare Reform and Work Act, rents for social housing were reduced by 1% a year for the four years from 2016 with 2019/20 being the final year of the rent reductions. The government confirmed that social and affordable rents can increase by inflation (as measured by the consumer prices index) plus 1% from April 2020, which is reflected in the Group's financial plan. The plan has been updated to reflect our initial view on the impact of the covid19 pandemic on the wider economy and continues to show that the debt funding can be repaid within its term. The latest valuations of the housing stock, which provides security for debt, is comfortably above the asset cover requirements for the loans.

Growth aspirations for Phoenix Repairs Service have been reviewed and the subsidiary is now focused on becoming the preferred maintenance provider for Phoenix. Home Makers has a business plan which targets growth in the number of properties under management to 170 over the next 5 years. It is intended that a large proportion of future profits will be gifted for the provision of affordable housing to the parent company, Phoenix Community Housing**.**

Description of the principal risks and uncertainties faced

The Board approves the risk strategy and risk appetite, reviewing this at least annually, and ensures that stress testing and multivariate tests of the financial plan are completed. The principal risks that may affect the Group's achievement of its strategic objectives are included within a risk register which is reviewed by the Executive Team and Audit Committee quarterly, and are also included in the Corporate Health indicators reviewed by the Board at each meeting.

The principal risks to successful achievement of the Group's objectives are:

Covid19

Government lockdown measures to address the spread of the virus are being eased but the wider economic impact is still unclear and there remains the risk of a second wave of the virus. The business continuity plan was successfully deployed in March and a joint Board and officer group has been established to oversee the return of services to the levels pre-lockdown. A separate covid19 risk register is monitored by the Executive Team and Board.

Changes in legislation and Government policy

This is a sector wide risk given the proportion of rent paid via housing benefit and the dependency on grant funding for the development of new affordable homes. The Government has confirmed that social and affordable rents can be increased by CPI + 1% for five years from 2020.

The negotiations with the European Union for a new trade deal following 'Brexit' continues to create uncertainty as well as the likely policy and legislative response to recovery from the coronavirus pandemic. This risk is being managed by regular monitoring of policy announcements and stress testing of the financial plan.

Rent collection and welfare reform

The roll out of Universal Credit and implementation of other changes to welfare benefits and tax credits will have an increasing impact on our residents, especially as the take up of Universal Credit and job losses have increased due to the pandemic. The migration of existing housing benefit recipients to Universal Credit has been deferred from 2020. We continue to support residents in managing the welfare reforms through information, advice and training and the Board receives regular updates on the welfare reform action plan.

Failure to deliver development programme

Plans for new homes are reviewed by the Development Committee prior to approval by the Board. Separate risk maps are developed for each project and progress is monitored by the Development Committee. Work on current schemes on site has been disrupted by the pandemic but there are no risks to grants at this stage and regular liaison is maintained with the Greater London Authority and Lewisham Council. There is ongoing assessment of the potential impact of the pandemic on contractors and their supply chains.

Data Protection breach and non-compliance with the General Data Protection Regulation

New data protection regulations (the General Data Protection Regulation (GDPR)) came into effect from May 2018 which include potentially significant fines for material breaches. The Board has agreed updated policies on data protection and security, and staff have received specific training on GDPR. A working group supported by an external Data Protection adviser is co-ordinating the actions required to maintain compliance.

Breach of Health & Safety legislation

Phoenix as a landlord and employer has considerable health and safety responsibilities. The risk of non-compliance has increased due to the pandemic as access to residents' homes to undertake checks is restricted where residents are self-isolating or shielding. Our Phoenix Repairs Services and estates staff all have the appropriate personal protective equipment to undertake their roles safely.

The Board receives quarterly performance information on health and safety matters and independent audits are undertaken of the systems to manage this risk for Phoenix Repairs Service. This risk continues to be reviewed in the light of the Grenfell Tower tragedy and the actions taken to date in response to it.

Underfunding of pension schemes

Phoenix is a member of two defined benefit pension schemes which are closed to new members. There are financial risks associated with defined benefit schemes as the employer ultimately has to fund the scheme deficit. The increase in the contribution rate is outside the employer's control, the main source of uncertainty being the development of the schemes' financial position over time which is affected by movements in stock markets and interest rates. The Human Resources Committee is overseeing a strategic review of these long-term risks supported by actuarial advisers.

Failure to deliver Value for Money results in waste and lost opportunities and/or regulatory intervention

The Regulatory Framework includes a standard on Value for Money. The Board has agreed a value for money strategy, supported by an action plan and considers the results of benchmarking through Housemark as well as the value for money metrics set by the Regulator.

Failure to regenerate the Fellowship Inn as set out in the Heritage Lottery Bid

The refurbishment of the Fellowship Inn was practically completed in May 2019 and the building handed over to Electric Star, the operator of the commercial parts of the building, and Lewisham Music Services for its offices and education facilities. Some works to the highway were delayed due to the pandemic and the commercial parts of the building are currently closed in line with government guidelines. The Heritage Lottery Fund has agreed a revised target date for completion of the project of September 2020.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including liquidity risk, interest rate risk, covenant risk and counterparty risk. The use of financial derivatives is governed by the Group's Treasury Management Policy approved by the Board. The Group does not use derivative financial instruments for speculative purposes.

The Group finances its operations through a mixture of retained surplus and debt. The Group borrows at both fixed and floating rates of interest. It does not borrow in foreign currencies.

Phoenix has a loan facility of £40 million (2019: £40 million) provided by Barclays Bank PLC and has also raised £75 million (2019: £75 million) through a Private Placement with the Pension Insurance Corporation (PIC), of which £5 million is deferred at 31 March 2020.

The Association had drawn debt of £90 million at 31 March 2020. In addition to the scheduled drawdown of £5 million in March 2021 from the Private Placement, Phoenix has £20 million available to be drawn from the Barclays loan facility for future development. The loan facility and Private Placement are secured on the Association's housing stock.

Phoenix Repairs Service and Home Makers have no borrowings or loan facilities.

The Group's policy is to keep between 50% and 100% of its borrowings at fixed rates of interest. At 31 March 2020, 100% (2019: 100%) of the Group's borrowings were at fixed rates. The fixed interest rates range from 3.5% to 5.1%.

The treasury management policy requires there to be sufficient cash and undrawn funds to meet the Group's commitments for the next 12 months plus a 25% contingency. The current availability of funds including cash at 31 March 2020 of £43 million (2019: £39.6 million) significantly exceeds this target. The undrawn bank facilities are revolving credit facilities, allowing the Group to manage short-term cash requirements effectively. At 31 March 2020, the Association's exposure to refinance risk within one year was £nil (2019: £nil).

The Group's principal financial assets are bank balances and cash, rent arrears, service charge arrears including major works, and other receivables. The credit risk is primarily attributable to rent and service charge arrears and the amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and tenants.

At 31 March 2020, the Group had £12.2 million (2019: £6.4 million) of contracted capital commitments which will be funded by a combination of operating surpluses, capital grants and planned drawdown of loans under the Association's debt facilities.

The Association has agreed financial covenants with its lenders in respect of interest cover, debt per unit and asset cover. For the year to 31 March 2020, the Association met these financial covenants.

Going concern

The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to credit, liquidity and cash flow risk are described above.

The impact of the covid19 pandemic creates uncertainty over future income collection, property sales, development and repair costs. After reviewing a revised budget for 2020/21, cash flow forecasts and the long-term financial plan, and based on its knowledge of development and other commitments and the level of secured loan facilities, the Board have a reasonable expectation that the Association and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Value for Money

The Regulatory Framework for Social Housing includes a specific standard for Value for Money. Our regulator, the Regulator of Social Housing, requires registered providers to:

a. clearly articulate their strategic objectives;
b. have an approach agreed by their Board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders;
c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs; and
d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

The Board has approved the vision and strategic objectives for Phoenix as set out on page 7. The Board reviewed and approved in March 2020 the strategic priorities and key projects for 2020/21. These are subject to a further review in September to take account of the impact of the pandemic.

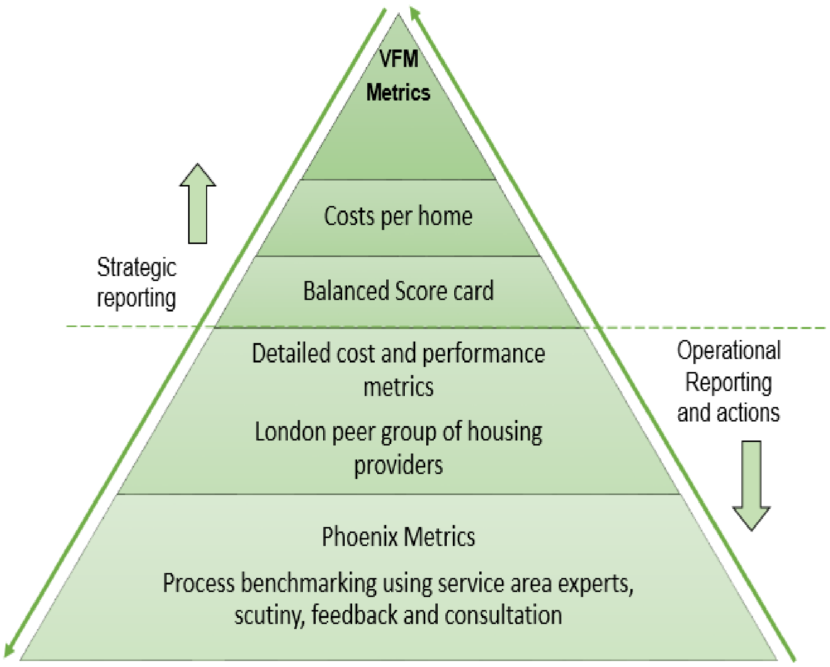
The Board reviewed and approved changes to the Value for Money Strategy in September 2018. The Value for Money Strategy aims to deliver more social value by reinvesting surpluses and improving service outcomes. The key objectives of the strategy are:

- a robust approach to making decisions on the use of resources to deliver our objectives;
- to understand the return on our assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money;
- performance management and scrutiny functions which are effective at driving and delivering improved value for money performance; and
- to understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

The corporate planning and budget framework is designed to ensure that objectives are prioritised and resources are focused on achieving them, recognising the need to balance factors such as available resources, risks and health and safety and other legal requirements. The Board monitors performance against corporate plan and KPI targets and financial performance compared to budget.

The Board and Executive Team consider a rigorous appraisal of options for improving performance and delivering strategic objectives, examples of which for 2019/20 include the review of the Customer Services and Property and New Business structures, the facilities management arrangements for the Green Man and implementation of the first phase of the Digital Together project, as well as appraisal options for void properties.

Value for Money benchmarking
Our approach to benchmarking is set out below:



The Regulator has published a number of metrics designed to measure economy, efficiency and effectiveness on a comparable basis across the sector. The results of the Group for 2019/20 compared to 2018/19 and the budget for 2020/21 are set out in the table below, including comparisons to our peer group of London associations for 2018/19, the latest available information.

	Value for Money Metrics	(green)	better than median performance 2018.19 compared to peer group (London associations)					
		(red)	worse than median performance 2018.19 compared to peer group (London associations)					
			Actual	**Actual**	**Budget**	**Trend 2019/20**	***Median***	**Comment**
			2018/19	**2019/20**	**2020/21**		***n associations)***	
			£'000	**£'000**	**£'000**			
1	Reinvestment %		6.5%	8.6%	8.7%	↑	*4.7%*	Increase from 2018/19 reflects increase in expenditure on development of new homes and purchase and repair programme
2a	Number of new homes acquired or delivered in the year as a % of home owned		0.19%	0.24%	0.68%	↔	*1.6%*	2019/20 includes 10 purchase and repair properties acquired in 2019/20 with other developments in progress
2b	New supply delivered - non-social housing		0%	0%	0%		*0%*	No completions of non-social housing
3	Gearing %		29.9%	30.6%	31.2%	↑	*40.0%*	includes deferred drawdown of private placement
4	EBITDA MRI interest cover %		239%	218%	202%	↓	*154%*	rent reduction; 2020/21 includes higher anticpated bad debts and interest payable
5	Social housing cost per unit		4,686	4,620	4,439	↓	*4878*	reduction in 202/21 cost per unit due to termination of water rates collection agrement
6a	Operating margin (social housing lettings only) excluding surplus on disposal of assets		25.6%	23.7%	21.6%	↓	*28.6%*	Lower operating margin than majority of peer group due to low rents
6b	Operating margin excluding surplus on disposal of assets		22.2%	20.0%	20.5%	↓	*25.2%*	Lower operating margin than majority of peer group due to low rents
7	Return on capital employed		3.9%	3.7%	3.5%	↓	*2.9%*	lower EBITDA in 2019/20

The principal activity of the Group is the provision of social housing, the majority of which is general needs. Non-social housing activities are limited to the management and maintenance of leaseholder properties (as part of the original stock transfer) and some limited commercial assets and private lettings management which are not material to the Group. Under legislation governing the management of leaseholder property it is not possible to undertake this activity for a profit.

Reinvestment and new supply

Our corporate objectives include growing in size through the development of new homes and services. There are currently over 1,900 homeless Lewisham households in temporary accommodation and over 9,900 households on the Lewisham Council waiting list for social housing. Demand for homes designed to meet the needs of older people is also expected to increase, with an estimated 1 in 6 people in England aged over 70 by 2030. The Hazelhurst Court extra care scheme helps to address a shortage of accommodation meeting such needs in our area.

The new homes we are currently building are a mixture of London Affordable Rent and shared ownership, and these are forecast to complete in 2020 and 2021. Feasibility work is also progressing on the development of a further 130 new homes approved by the Board. The programme comprises social homes to be let at London Affordable Rent and shared ownership. This programme will be delivered over the next three years.

Having brought the transfer housing stock up to decent homes standards we continue to invest in the existing stock to sustain its quality. The Board has also approved a small programme of purchase and repair of homes for sale on the open market in our area, addressing the loss of homes for social rent through the Right to Buy, which is funded from the retained proceeds from the Right to Buy sales. We acquired 10 properties in 2019/20 including one as part of a House of Multiple Occupation (HMO) prevention initiative for Lewisham Council, and are planning to acquire a further 7 properties in 2020/21.

Our work on tenancy fraud resulted in three properties being returned to us so that they could be relet for social housing. These were not counted as actual tenancy fraud as the tenants left prior to investigations being completed

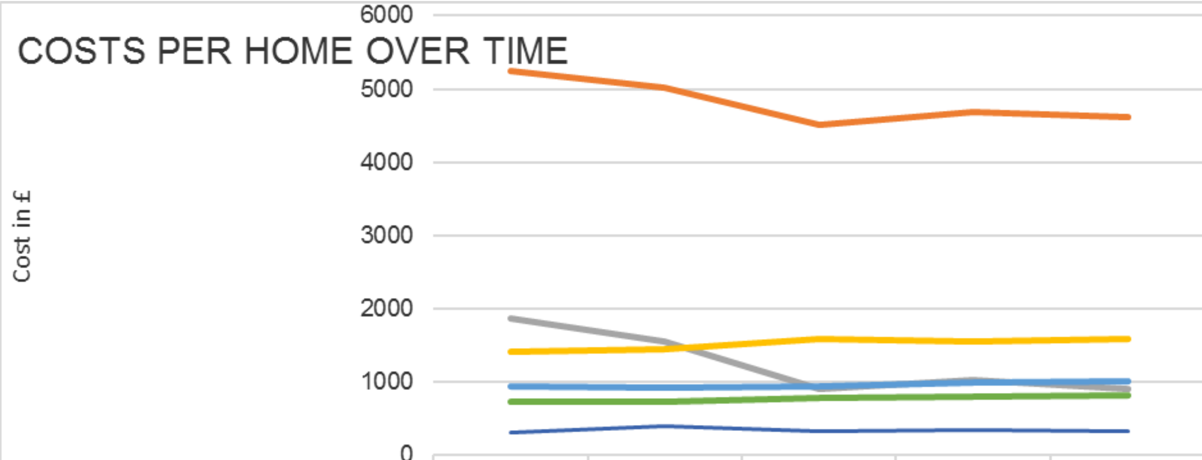
The private lettings management subsidiary, Home Makers, has a plan to increase the number of properties in management to generate profits and assist in the management of the Phoenix estates.

Gearing
The gearing ratio reflects a prudent approach to funding while the major works related to the stock transfer were completed. The gearing ratio is increasing slightly as the deferred drawdowns from the Private Placement are made to fund the additional development noted above.

EBITDA MRI interest cover
The ratio for 2019/20 has decreased compared to 2018/19 due to the impact of the final year of the rent reductions in 2019/20 and higher interest costs with the increase in debt to support new development.

Social housing cost
A key part of demonstrating Value for Money is to understand our absolute costs and how our costs compare to other social housing organisations, allowing for our local context, and the performance and outcomes that we are seeking to achieve.

In addition to the Value for Money metrics above, the Regulator publishes a cost per home analysis of all registered housing associations. Using this analysis our costs have decreased over time which is illustrated in the graph below.



	2015-16	2016-17	2017-18	2018-19	2019-20
Total cost per home RSH method	5242	5020	4503	4686	4620
Major repairs cost per home	1860	1546	901	1020	892
Maintenance cost per home	1415	1440	1582	1543	1584
Management cost per home	930	914	931	989	998
Service cost per home	732	734	773	797	817
Other social housing costs per home	305	386	315	337	330

The table below compares our cost data to the median of London based Associations (consolidated) with more than 1,000 Social Housing homes for 2018/19 (the latest available data):

	Cost Benchmark	Why are costs at this benchmark	Plans for the future
Headline social housing cost per home	Lower quartile (lowest cost)	See commentary below.	See commentary below.
Management cost per home	Between median and lower quartile	The more detailed benchmarking of costs via Housemark confirms that we provide an efficient housing management service.	The Digital Together project will enable further efficiencies to be made in the delivery of services.
Service Charge cost per home	Between median and lower quartile	Service costs include water rates where we act as an agent on behalf of the utility company. Excluding water rates our service costs are in the lower quartile (lowest cost). Service costs increased in 2017/18 due to the impact of the new extra care scheme.	The majority of service costs are covered by service charges to residents.

	Cost Benchmark	Why are costs at this benchmark	Plans for the future
Maintenance cost per home	Between median and upper quartile	A reduction in void works costs was offset by an increase in planned and cyclical maintenance costs including building safety programmes.	The budget for 2020/21 reflects continued focus on building safety programmes while maintaining responsive repairs and void works budgets. We have engaged independent oversight of planned and responsive repairs costs to help ensure value for money.
Major repairs cost per home	Median	Major repairs costs per property have reduced over time as the transfer commitments are met.	The asset management system drives the programme of works for the future.
Other social housing costs per home	Between median and upper quartile	This includes the cost of our community regeneration activities and development feasibility costs which cannot be capitalised.	The budget for 2020/21 reflects a continuing commitment to support community regeneration activities at 2.9% of operating costs.

Operating margin
Our social housing lettings operating margin (excluding the surplus on disposal of assets) was reduced to 24% in 2019/20 due to the impact of the final year of the rent reductions. The operating margin remains below the median of our peer group, reflecting the lower rents inherited from the Council at transfer and limitations on rent increases since then. If Phoenix were able to charge the formula rents plus the 5% tolerance permitted by the previous rent framework for all our properties, our turnover would be £2.1 million higher and the operating margin would be 29%.

Return on capital employed
The return on capital employed decreased slightly to 3.7% in 2019/20 due to the lower surplus for the year. The vast majority of the Group's assets are social housing properties. The financial return reflects the requirement under the Transfer Agreement and our charitable objectives to let our properties at social rent, which is significantly below the market rate.

In addition to this metric, the Asset Management Strategy recognises the need to assess the performance of properties, in terms of their economic and social return, at a 'granular' (detailed) level. The asset management system provides a detailed analysis to enable an assessment of a property's return to inform future decisions to invest in properties or consider alternative use, including disposal, to support the strategy. There are four properties with small negative net present values due to projected major works commitments which will be reviewed prior to the works taking place. The system also helps to plan future programmes of major works and component replacements.

Phoenix has invested £4.8 million in the Fellowship Inn project and related community regeneration activities, supported by £4.3 million of Heritage Lottery and other grants. The project includes both commercial and social aspects and the commercial element is expected to provide a commercial return.

Social return on assets

One of the primary objectives for Phoenix when it was established in 2007 was to improve the housing stock transferred from Lewisham Council. Phoenix has carried out £167 million of major works and improvements to the housing stock since transfer in accordance with the offer document and transfer agreement with Lewisham Council. This investment has resulted in 100% of homes achieving the Phoenix Standard (which exceeds the Government's Decent Homes Standard). There is strong demand for Phoenix housing stock and the number of void properties and amount of rent loss through voids has significantly reduced from the position at transfer and has been maintained at the top quartile for our peer group for the last five years.

The Green Man head office and community facility provides access to services for residents in the heart of the Phoenix area and is also key to driving the wider regeneration of the area. The investment in community facilities and initiatives is part of our Community Regeneration Strategy. A relatively small investment can help to transform an individual's life and also improve a neighbourhood.

The total cost of our community empowerment and regeneration activities in 2019/20 was £680,000 net of income received, around 2.7% of total operating costs (£616,000 net of income in 2018/19; 2.4% of total operating costs). We used the Social Return on Investment (SROI) model and the Housing Association Charitable Trust (HACT) model to assess the return on some of our activities during the year. All projects assessed achieved positive returns dependent on numbers reached and external grants received. The results are used to plan activities in the future and maximise future outcomes. The Scrutiny Panel have carried out a review of how we assess Social Value and are due to present their findings to the Board in 2020/21.

Value for money gains

In last year's statement we set out the key value for money initiatives for 2019/20. In total, we achieved value for money gains of £140,000 against target savings of £350,000. The major factor in the gains achieved being below target were a decision to defer the savings target from the Digital Together project with regard to a resident self-service and other changes in processes. There were also posts which were covered by agency staff pending recruitment to vacancies following the restructures in the Customer Services and Property teams. The Home Makers business did not achieve its growth targets and therefore no gift aid payment in respect of profits was possible. Key value for money gains in the year included:

- restructure of the Customer Services and Property and New Business teams;
- insourcing of the facilities management services at the Green Man;
- reprocuring the mobile phone contract;
- savings on procurement through use of frameworks;
- improved performance in turning around empty properties; and
- completing the purchase of the freehold in transfer properties where the Council's interest was through a lease.

In addition to the social returns noted above, other non-cash value for money gains included:

- training one of our leaseholders to support residents to reduce their energy costs, providing 335 advice sessions, resulting in £18,000 of savings to residents;
- supporting residents to gain £624,000 in additional benefits and grants;
- obtaining training and conference places in exchange for speaking at sessions;
- Council funding for the Project SEARCH intern programme for young adults with learning disabilities; and
- work experience and apprenticeships with our contactors.

The Value for Money gains including those from previous years have been invested as follows:

- funding for the development of new homes;
- reducing our operating costs in response to the reduction in social rents required by the Welfare Reform and Work Act; and
- meeting additional costs regarding fire safety works as well as other costs such as the impact of the General Data Protection Regulation.

Future plans
While our Corporate Plan includes a number of initiatives to further reduce our operating costs to achieve our financial plan projections, including the continued implementation of the Digital Together project and enhanced digital access for residents, these will be reviewed as a result of the pandemic.

The budget for 2020/21 includes £500,000 for environmental works and £200,000 for a fencing as part of new environmental works and fencing programmes, although these are also now subject to review as a result of the pandemic.

The Board confirms that it has received assurance that the Value for Money standard is being met and there is evidence of continuous improvement in meeting the standard.

Statement on System of Internal Control

The Board is ultimately responsible for Phoenix's system of internal control and for reviewing its effectiveness. This process is ongoing and has been in place throughout the period from 1 April 2018 to the date of approval of these financial statements. The system of internal control is designed to manage, rather than eliminate, the risk of failure to meet corporate objectives. The system is also designed to give reasonable assurance that financial and management performance information is reliable and that the Group's assets are safeguarded. It can provide reasonable, but not absolute assurance against the possibility of material misstatement or loss.

Key procedures have been established and are designed to provide effective internal control. These key areas cover control, reporting information systems, monitoring and risk management.

The Board undertook a review of its risk management framework and risk management strategy in May 2018. The Board sets the risk appetite and reviews this at least annually and ensures that stress testing and multivariate tests of the financial plan are completed. The principal risks that may affect the Group's achievement of its strategic objectives are included within a risk register which is reviewed by the Executive Team and Audit Committee quarterly and are also included in the Corporate Health indicators reviewed by the Board at each meeting.

The Executive Team is responsible for reporting to the Board on any significant changes affecting key risks and all projects and reports to the Board and Committees include an analysis of the relevant risks, how they impact on the approved risk appetite and mitigating actions. A toolkit has been developed to support managers in implementing the risk strategy.

The system of internal control established by the Board consists of:

- sound corporate governance arrangements including the adoption of the NHF's Code of Governance;
- a long-term financial plan and corporate plan with specific targets and objectives;

- an organisational structure with clearly defined lines of responsibility and delegations of authority. These are set out in Standing Orders and Financial Regulations and detailed policies and operational procedures;
- an ongoing programme in place for reviewing all key policies, in consultation with residents through a policy working group, on a regular cycle to ensure that they are effective and reflect the latest legislation and regulatory requirements;
- a staff and Board code of conduct;
- a staff appraisal process including appropriate training and development opportunities;
- preparation of monthly management accounts incorporating revised forecasts which allow the Board and management to monitor financial performance. Significant variances from budgets are investigated and reported;
- a performance report including key performance indicators for review by the Executive Team on a monthly basis and by the Board on a quarterly basis. The format of this report has been reviewed and changes agreed by the Board, including KPI targets and tolerances outside of which a detailed report explaining the action being taken is required;
- all significant new initiatives, major commitments and investment projects being subject to approval by the Board; and
- contingency planning arrangements to ensure the security of data, the ability to recover computer systems and maintain services in the event of major interruption.

Process for reviewing the effectiveness of the Internal Control System

The Board has established a process to review and gain assurance on the effectiveness of the system of internal control. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed. The framework comprises different sources of assurance, the most significant ones being reports from the internal auditors, external auditors, the Executive Team, the Audit Committee and the Resident Scrutiny Panel. In addition, a major component of this assessment is the risk management process described above.

Briefly the key features are:

- the Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury management strategy and new investment projects;
- the Board regularly reviews key performance indicators to assess the progress towards the achievement of key targets and progress against the corporate plan;
- the Group has in place an Internal Audit Plan and a risk-based approach to internal audit reviews. The plan covers financial and non-financial areas. The Audit Committee monitors progress on agreed actions to address recommendations arising from these reviews. Additionally, the Internal Auditors follow up previous recommendations and the extent to which these have been implemented;
- a review of complaints is undertaken and the results reported to the Board;
- there is a comprehensive set of financial and operating policies and procedures covering all aspects of the business;
- the Audit Committee presents its Annual Report to the Board outlining its work during the year to support the assurance work on internal controls; and
- the Board receives an annual report from the Chief Executive outlining the work undertaken and a corresponding opinion on the adequacy and effectiveness of the system of internal control.

The Board has approved a fraud policy covering prevention, detection and reporting of fraud and the recovery of assets, supported by a confidential reporting policy and fraud response plan. Details of identified frauds are maintained in a fraud register, which is reviewed quarterly by the Audit Committee.

There are no significant internal control issues that require disclosure in the financial statements.

Disclosure of Information to the Auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant audit information of which the auditors were unaware; and
- that director had taken all steps that they ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the auditors were aware of that information.

Auditor

A resolution to reappoint the auditor, KPMG LLP, will be proposed at the next Annual General Meeting in September 2020.

On behalf of the Board
Anne McGurk
Chair

Date: 30 July 2020

Statement of the Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association 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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to Phoenix Community Housing Association

Opinion

We have audited the financial statements of Phoenix Community Housing ("the Association") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position and the Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the Group and the Association as at 31 March 2020 and of the income and expenditure of the Group and the Association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as those related to the development programme and the Local Government and Social Housing Pension Schemes, and related disclosures, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group and Association's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group and Association's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and Association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Association will continue in operation.

Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 31, the Association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Lees

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London, E14 5GL

Date:

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £000	2019 £000
TURNOVER	4	36,870	33,135
Operating expenditure	4	(26,590)	(25,765)
Other income	4	(2,913)	-
Gain on sale of property, plant and equipment	8	1,607	1,535
OPERATING SURPLUS	4	8,974	8,905
Interest receivable	9	106	64
Interest payable and financing costs	10	(3,062)	(2,872)
SURPLUS FOR THE YEAR BEFORE TAXATION	5	6,018	6,097
Tax credit/(charge) on surplus on ordinary activities	11	40	(38)
SURPLUS FOR THE YEAR		6,058	6,059
OTHER COMPREHENSIVE INCOME			
Initial measurement of defined benefit liability	30(c)	-	(1,116)
Actuarial gain on pension schemes	30(a)	4,109	271
TOTAL COMPREHENSIVE INCOME		10,167	5,214

All amounts relate to continuing activities.

The financial statements were approved by the Board on 30 July 2020 and were signed on its behalf by:

Anne McGurk	**Mark Gayfer**	**Chris Starke**
Chair	Board Member	Secretary

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2020

	Revenue Reserve £000	Revaluation Reserve £000	Restricted Reserve £000	Total £000
Balance at 31 March 2018	81,390	49,302	3,218	133,910
Surplus for the year	6,059	-	-	6,059
Initial measurement of defined benefit liability	(1,116)	-	-	(1,116)
Actuarial gain	271	-	-	271
Transfer between reserves	1,744	(60)	(1,684)	-
Balance at 31 March 2019	88,348	49,242	1,534	139,124
Surplus for the year	6,058	-	-	6,058
Actuarial gain	4,109	-	-	4,109
Transfer between reserves	1,321	(39)	(1,282)	-
Balance at 31 March 2020	99,836	49,203	252	149,291

All amounts relate to continuing activities.

Revenue reserve represents the accumulated surplus on the Statement of Comprehensive Income.

Revaluation reserve comprises the revaluation gain arising from the adoption of deemed cost for completed freehold housing properties.

Restricted reserve represents the proportion of Right to Buy sale proceeds previously payable to Lewisham Council that the Council has agreed that Phoenix can retain for the purposes of investing in social housing.

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 £000	2019 £000
FIXED ASSETS			
Housing properties	12	214,468	200,346
Investment properties	13	662	185
Other fixed assets – intangible assets	14	1,766	1,341
Other fixed assets – tangible assets	15	7,305	10,093
		224,201	211,965
CURRENT ASSETS			
Properties for sale	16	1,179	588
Stock and work in progress	17	141	88
Trade and other debtors	18	4,815	5,673
Cash and cash equivalents	19	23,904	19,620
		30,039	25,969
Pension asset	30	2,285	-
CREDITORS: Amounts falling due within one year	20	(11,804)	(12,054)
NET CURRENT ASSETS		20,520	13,915
CREDITORS: Amounts falling due in more than one year	21	(94,415)	(84,445)
Pension liability	30	(1,011)	(2,307)
NET ASSETS		149,295	139,128
CAPITAL AND RESERVES			
Non-equity share capital	25	4	4
Revenue reserve		99,836	88,348
Revaluation reserve		49,203	49,242
Restricted reserve		252	1,534
		149,295	139,128

The financial statements were approved by the Board on 30 July 2020 and were signed on its behalf by:

Anne McGurk	**Mark Gayfer**	**Chris Starke**
Chair	Board Member	Secretary

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 £000	2019 £000
NET CASH GENERATED FROM OPERATING ACTIVITIES	27	13,358	13,856
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets – housing properties		(17,343)	(12,666)
Purchase of other fixed assets		(1,868)	(3,357)
Grants received		3,489	2,200
Interest received		106	64
		(15,616)	(13,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid		-	(5,250)
Loans received		10,000	20,000
Interest paid		(3,458)	(3,031)
		6,542	11,719
NET CHANGE IN CASH AND CASH EQUIVALENTS		4,284	11,816
CASH AND CASH EQUIVALENTS AT 1 APRIL		19,620	7,804
CASH AND CASH EQUIVALENTS AT 31 MARCH		23,904	19,620

Association Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 £000	2019 £000
TURNOVER	4	37,314	33,618
Operating expenditure	4	(26,919)	(26,287)
Other income	4	(2,913)	-
Gain on sale of property, plant and equipment	8	1,607	1,535
OPERATING SURPLUS	4	9,089	8,866
Interest receivable	9	106	64
Interest payable and financing costs	10	(3,039)	(2,849)
SURPLUS FOR THE YEAR	5	6,156	6,081
OTHER COMPREHENSIVE INCOME			
Initial measurement of defined benefit liability	30(c)	-	(1,116)
Actuarial gain on pension schemes	30(b)	2,277	228
TOTAL COMPREHENSIVE INCOME		8,433	5,193

All amounts relate to continuing activities.

The financial statements were approved by the Board on 30 July 2020 and were signed on its behalf by:

Anne McGurk	**Mark Gayfer**	**Chris Starke**
Chair	Board Member	Secretary

Association Statement of Changes in Reserves

For the year ended 31 March 2020

	Revenue Reserve £000	Revaluation Reserve £000	Restricted Reserve £000	Total £000
Balance at 31 March 2018	81,881	49,302	3,218	134,401
Surplus for the year	6,081	-	-	6,081
Initial measurement of defined benefit liability	(1,116)	-	-	(1,116)
Actuarial gain	228	-	-	228
Transfer between reserves	1,744	(60)	(1,684)	-
Balance at 31 March 2019	88,818	49,242	1,534	139,594
Surplus for the year	6,156	-	-	6,156
Actuarial gain	2,277	-	-	2,277
Transfer between reserves	1,321	(39)	(1,282)	-
Balance at 31 March 2020	98,572	49,203	252	148,027

All amounts relate to continuing activities.

Revenue reserve represents the accumulated surplus on the Statement of Comprehensive Income.

Revaluation reserve comprises the revaluation gain arising from the adoption of deemed cost for completed freehold housing properties.

Restricted reserve represents the proportion of Right to Buy sale proceeds previously payable to Lewisham Council that the Council has agreed that Phoenix can retain for the purposes of investing in social housing.

Association Statement of Financial Position

As at 31 March 2020

		2020	2019
FIXED ASSETS	**Note**	**£000**	**£000**
Housing properties	12	214,468	200,346
Investment properties	13	662	185
Other fixed assets – intangible assets	14	1,766	1,341
Other fixed assets – tangible assets	15	7,305	10,093
Investment in subsidiary undertakings	33	640	625
		224,841	212,590
CURRENT ASSETS			
Properties for sale	16	1,179	588
Stock	17	7	-
Trade and other debtors	18	4,879	5,614
Cash and cash equivalents	19	23,789	19,008
		29,854	25,210
Pension asset	30	1,559	146
CREDITORS: Amounts falling due within one year	20	(12,797)	(12,363)
NET CURRENT ASSETS		18,616	12,993
CREDITORS: Amounts falling due in more than one year	21	(94,415)	(84,445)
Pension liability	30	(1,011)	(1,540)
NET ASSETS		148,031	139,598
CAPITAL AND RESERVES			
Non-equity share capital	25	4	4
Revenue reserve		98,572	88,818
Revaluation reserve		49,203	49,242
Restricted reserve		252	1,534
		148,031	139,598

The financial statements were approved by the Board on 30 July 2020 and were signed on its behalf by:

Anne McGurk	**Mark Gayfer**	**Chris Starke**
Chair	Board Member	Secretary

Notes to the Financial Statements

For the year ended 31 March 2020

1 Statutory Information

Phoenix is incorporated under the Co-operative and Community Benefit Societies Act 2014 (30057R). It is a Registered Provider of Social Housing registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008, registered number L4505.

Disclosure of Phoenix's principal activities and nature of operations is set out in the Board report.

2 Compliance with Accounting Standards

These financial statements are prepared in accordance with Financial Reporting Standard 102, the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting 2019 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The financial statements present information about the Association as an independent undertaking and its group. The financial statements consolidate the accounts of the Association and its subsidiary undertaking using the purchase method. The financial statements have been prepared on the historical cost basis as modified by the adoption of the valuation of completed freehold housing properties at 1 April 2014 as deemed cost, except that investment property is stated at its fair value:

(a) Transfer of housing stock

The transfer of properties from the London Borough of Lewisham was for nil consideration. The Board recognised this as an acquisition of assets and liabilities, after considering that a minority of staff transferred to Phoenix under TUPE rules, central administrative functions were required to be set up and no other assets were transferred.

(b) Property, plant and equipment

Housing properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period, as well as directly incremental overhead costs and staff time associated with new developments, improvements and component works.

The Association applied the transitional relief set out in FRS102 and adopted a valuation of its completed freehold housing properties as at 1 April 2014 as deemed cost. The valuation is based on the revaluation of the housing properties at 31 March 2014 undertaken by the Association's valuer, Jones Lang LaSalle, using the existing use valuation for social housing method (EUV-SH).

(b) Property, plant and equipment (continued)

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or restoration of such major components is capitalised and depreciated over the expected useful life which has been set taking into account professional advice and the requirements of the Decent Homes Standard. The net book value of the component replaced is written off. Freehold land is not depreciated. Depreciation is charged on a straight-line basis over the expected useful economic lives of the structure and major components to write off the cost at the following annual rates:

Component	**Useful Life (years)**
Bathroom	**30**
Boiler	**15**
Central Heating System (excluding Boilers)	**30**
Doors	**30**
Windows	**30**
Kitchen	**20**
Wiring	**30**
Roofs – Pitched	**60**
Roofs – Flat	**40**
Lifts	**30**
Structure	**100**

Additions to housing properties under construction as a result of development activity are disclosed as "additions" in the fixed asset note. Costs are capitalised from the point a commitment to develop a scheme is approved. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when handed over for letting.

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided when an asset is brought into use and is charged over the expected useful economic life of the fixed asset to write off the cost less estimated residual value over the following periods:

Office furniture and equipment	4 years
Computer equipment	4 years
Motor vehicles	4 years
Freehold offices	50 years

(c) Grants

Grants are recognised in the financial statements when the conditions for payment are met. Social Housing Grant (SHG) is repayable under certain circumstances, primarily following the sale of a property supported by SHG but this will normally be restricted to the net proceeds of the sale.

Government grants relating to assets are recognised in the Income Statement on a systematic basis over the expected useful economic life of the asset under the accrual model. Grants received for the development of housing properties are recognised in income over the expected useful economic life of the structure. Other grants are accounted for using the performance model and taken to income when the conditions for payment are met.

(c) Grants (continued)

Grants relating to revenue are recognised as income on a systematic basis on the same basis as the expenditure is incurred.

(d) Investment properties

Investment properties are measured at cost on initial acquisition and subsequently at fair value at the reporting date, based on the advice of professional valuers or using projected cash flows discounted at a market rate of interest. Changes in fair value are recognised in the Income Statement. Investment properties are not depreciated.

(e)Intangible assets

Intangible assets are stated at historic cost less accumulated amortisation and any provision for impairment. Amortisation is provided at rates calculated to write off the cost of the asset over its expected useful life as follows.

Computer software	4 years

(f) Impairment

Fixed assets (mainly housing properties) are assessed at each period end for impairment. Where an indicator of impairment is identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount, being the higher of value in use and fair value less costs to sell. For housing properties held for their service potential, the value in use is determined by reference to depreciated replacement cost. Where the carrying amount is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount. The resulting impairment loss is recognised as expenditure in the Income Statement.

(g) Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal, which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within fixed assets. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to the first tranche.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income in the period in which the disposal completes, and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

(h) Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less costs to complete.

(i) Interest

Interest, including issue costs, is allocated at a constant rate on the carrying amount over the period of the loan. Interest on loans is capitalised in housing properties to the extent it relates to financing new development and accrues in respect of the period of development. Interest on loans financing regeneration works is expensed in the year that it is incurred.

(j) Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historical cost model. Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being included in the Income Statement.

Debtors are measured at transaction price, less any impairment, unless the arrangements constitute a financing transaction. Arrangements constituting a financing transaction, such as amounts due from leaseholders which are subject to a repayment agreement, are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Short-term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Direct costs incurred in connection with the issue of a basic financial instrument are deducted from the proceeds of the issue and amortised over the life of the instrument.

(k) Long-term employee benefits

The Group participates in the London Borough of Lewisham local government pension scheme which is a multi-employer scheme where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Phoenix Community Housing also participates in the Social Housing Pension Scheme (SHPS) career average revalued earnings (CARE) defined benefit scheme which is a multi-employer scheme. For financial years ending on or after 31 March 2019, the way in which an employer’s defined benefit pension obligation in SHPS is stated in its financial statements changed to the defined benefit accounting basis.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus, either through reduced contributions in the future or through refunds from the scheme.

The CARE scheme was closed to new members during 2014/15 and new staff enrolled into the SHPS defined contribution scheme. The charge to income in respect of the defined contribution scheme represents the employer contributions payable to this scheme for the accounting period.

(l) Short-term employee benefits

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

(m) Service charges

Any under or over recovery of amounts due from leaseholders is reflected as a debtor or creditor respectively.

(n) Disposal Proceeds Fund

The net proceeds on the sale of the properties made under the Right to Acquire were required to be credited to a disposal proceeds fund for such disposals to 31 March 2017. Within the terms defined by the Regulator, the fund is to be used to provide replacement properties for rent.

(o) Taxation

The Association has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities. Tax is chargeable on the activities of the subsidiary undertakings.

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the reporting date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Deferred tax is measured at the tax rates expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted or substantially enacted at the Statement of Financial Position date. Any assets and liabilities recognised have not been discounted.

(p) Value Added Tax

Phoenix charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

(q) Investments

The investment in subsidiary undertakings is measured at cost at initial acquisition less any provision for impairment.

(r) Leases

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

(r) Leases (continued)

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

(s) Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and other income, including revenue grants and amortisation of deferred capital grants. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

(t) Restricted reserve

The restricted reserve represents the proportion of Right to Buy (RTB) sale proceeds previously payable to Lewisham Council that the Council has agreed that Phoenix can retain for the purposes of investing in social housing. Transfers to the reserve are based on the calculation of the share of the RTB sale proceeds previously payable to the Council as set out in the Transfer Agreement. Transfers to the reserve are made when the RTB sale is completed. Transfers from the reserve are based on the funding required, net of any attributable grant, for a social housing development or purchase. Transfers are made at the point a commitment to the social housing development or purchase becomes unconditional.

(u) Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group prepares a 40 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2020 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure, including severe but plausible downsides in the worst case assessment of the impact of Covid-19.

(u) Going concern (continued)

The Board, after reviewing the Group and Association budgets for 2020/21 and the Group's medium term financial position as detailed in the 40 year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

1. Long term business plan and stress testing – consideration of what the stress testing tested (i.e. loan covenants etc.), whether there are mitigating actions identified, what this shows in terms of having adequate resources to continue in business.
2. Property market impacts – consideration of exposure to the market, impact of fewer sales or lower values, impact of potential tenure changes.
3. Maintenance costs – consideration of impacts of increases in costs and delays in expenditure, delays of major works.
4. Rent and service charges – consideration of potential increases in arrears and bad debts, potential impact of future rent reductions.
5. Liquidity – consideration of available cash, unused loan facilities.

3 Significant management judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS102 requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are considered to be reasonable in the circumstances.

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

(a) **Impairment review**

The Board considers indicators of impairment, such as a change in government policy, a reduction in demand for a property, obsolescence and contamination of a site, in respect of an asset or group of assets.

(b) Investment properties

The refurbishment of the Fellowship Inn reached practical completion in May 2019 and the commercial element has been transferred to Investment Property from Other Fixed Assets Under Construction. An independent valuation by professional valuers, Fleurets, has been undertaken as at 31 March 2020. In light of the pandemic, Fleurets have included a 'material uncertainty' clause in line with RICS guidance, meaning that less certainty and a higher degree of caution should be attached to their valuation than would normally be the case. The Board consider that the valuation is reflective of the fair value taking into account the location of the property in a secondary retail area, the tenure being leasehold rather than freehold and limited alternative use.

3 Significant management judgements and key sources of estimation uncertainty (continued)

The following are the significant management estimates and assumptions made which have the risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

(a) Pension liabilities

In determining the Group's share of the Local Authority and Social Housing Pension Scheme defined benefit pension scheme assets and liabilities, the scheme actuaries have used estimates of life expectancy, salary growth, inflation and the discount rate for corporate bonds. The assumptions used are set out in note 30 and reflect historical experience and current trends.

(b) Impairment of debtors

The assessment of the impairment of rental debtors for bad debts is based on past experience and the profile of debtors. The provision for non-recovery of major works service charge arrears has been calculated based on an assessment of the risk of successful challenge through a first-tier tribunal and the potential non-recovery of costs.

(c) Housing properties

Housing properties are split between land, structure and major components which require periodic replacement. Land is not depreciated. The structure and major components are depreciated over their expected useful economic lives which have been set by management taking into account professional advice and the requirements of the Decent Homes Standard.

4 Turnover, Operating Costs and Operating Surplus

(a) Group particulars of turnover, operating costs and operating surplus

2020	Turnover	Operating Costs	Other Income	Operating Surplus/ (Deficit)
	£000	**£000**	**£000**	**£000**
Social housing lettings (note 4b)	31,953	(24,372)	-	7,581
Development costs not capitalised	-	(620)	-	(620)
Other social housing activities	331	(292)	-	39
	32,284	(25,284)	-	7,000
Activities other than social housing activities				
Leaseholders	1,059	(1,213)	-	(154)
Other income	107	(93)		14
Grant income	3,420	-	-	3,420
	4,586	(1,306)	-	3,280
Loss on revaluation of investment property	-	-	(2,913)	(2,913)
Gain on disposal of property	-	-	1,607	1,607
	36,870	(26,590)	(1,306)	8,974

Group particulars of turnover, operating costs and operating surplus

2019	Turnover	Operating Costs	Other Income	Operating Surplus/ (Deficit)
	£000	**£000**	**£000**	**£000**
Social housing lettings (note 4b)	31,826	(23,685)	-	8,141
Development costs not capitalised	-	(458)	-	(458)
Other	464	(467)	-	(3)
	32,290	(24,610)	-	7,680
Activities other than social housing activities				
Leaseholders	770	(1,044)	-	(274)
Other income	75	(111)	-	(36)
	845	(1,155)	-	(310)
Gain on disposal of property	-	-	1,535	1,535
	33,135	(25,765)	1,535	8,905

4 Turnover, Operating Costs and Operating Surplus (continued)

(a) Association particulars of turnover, operating costs and operating surplus

2020

	Turnover	Operating Costs	Other Income	Operating Surplus/ (Deficit)
	£000	£000	£000	£000
Social housing lettings (note 4b)	31,953	(24,297)	-	7,656
Development costs not capitalised	-	(620)	-	(620)
Other social housing activities	826	(782)	-	44
	32,779	(25,699)	-	7,080
Activities other than social housing activities				
Leaseholders	1,059	(1,213)	-	(154)
Other income	56	(7)	-	49
Grant income	3,420	-	-	3,420
	4,535	(1,220)	-	3,315
Loss on revaluation of investment property	-	-	(2,913)	(2,913)
Gain on disposal of property			1,607	1,607
	37,314	(26,919)	(1,306)	9,089

Association particulars of turnover, operating costs and operating surplus

2019

	Turnover	Operating Costs	Other Income	Operating Surplus/ (Deficit)
	£000	£000	£000	£000
Social housing lettings (note 4b)	31,826	(23,730)	-	8,096
Development costs not capitalised	-	(458)	-	(458)
Other social housing activities	958	(960)	-	(2)
	32,784	(25,148)	-	7,636
Activities other than social housing activities				
Leaseholders	770	(1,044)	-	(274)
Other income	64	(95)	-	(31)
	834	(1,139)	-	(305)
Gain on disposal of property	-	-	1,535	1,535
	33,618	(26,287)	1,535	8,866

4 Turnover, Operating Costs and Operating Surplus (continued)

(b) Group particulars of turnover and operating expenditure from social housing lettings	**General Needs 2020 £000**	**Supported Housing 2020 £000**	**Total 2020 £000**	**Total 2019 £000**
Income				
Rent receivable net of identifiable service charges	27,899	487	28,386	28,459
Service charge income	3,194	292	3,486	3,305
Amortised government grant	34	47	81	62
Turnover from social housing lettings	**31,127**	**826**	**31,953**	**31,826**
Operating expenditure				
Management	5,252	136	5,388	5,335
Service charge costs	4,207	202	4,409	4,302
Routine maintenance	5,854	43	5,897	5,555
Planned maintenance	2,615	42	2,657	2,774
Major repairs expenditure	1,075	-	1,075	1,001
Bad debts	289	4	293	154
Depreciation of housing properties	3,583	198	3,781	3,669
Impairment of housing properties	-	-	-	-
Other costs	872	-	872	895
Operating expenditure on social housing lettings	**23,747**	**625**	**24,371**	**23,685**
Operating surplus on social housing lettings	**7,380**	**201**	**7,582**	**8,141**
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	**85**	**25**	**110**	**200**

4 Turnover, Operating Costs and Operating Surplus (continued)

(b) Association particulars of turnover and operating expenditure from social housing lettings	General Needs 2020 £000	Supported Housing 2020 £000	Total 2020 £000	Total 2019 £000
Income				
Rent receivable net of identifiable service charges	27,899	487	28,386	28,459
Service charge income	3,194	292	3,486	3,305
Amortised government grant	34	47	81	62
Turnover from social housing lettings	**31,127**	**826**	**31,953**	**31,826**
Operating expenditure				
Management	5,252	136	5,388	5,335
Service charge costs	4,207	202	4,409	4,302
Routine maintenance	5,779	43	5,822	5,600
Planned maintenance	2,615	42	2,657	2,774
Major repairs expenditure	1,075	-	1,075	1,001
Bad debts	289	4	293	154
Depreciation of housing properties	3,583	198	3,781	3,669
Impairment of housing properties	-	-	-	-
Other costs	872	-	872	895
Operating expenditure on social housing lettings	**23,672**	**625**	**24,297**	**23,730**
Operating surplus on social housing lettings	**7,455**	**201**	**7,656**	**8,096**
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	**85**	**25**	**110**	**200**

5 Surplus /(Deficit) for the Year – Group and Association

Group	**2020 £000**	**2019 £000**
The surplus on ordinary activities before taxation is stated after charging:		
Depreciation of housing properties	3,781	3,669
Impairment of housing properties	-	-
Depreciation of other fixed assets	327	391
Amortisation of intangible fixed assets	435	324
Amortisation of government grant	(81)	(62)
External auditor's remuneration (excluding VAT and expenses):		
- in their capacity as auditors	41	43
- for other services	17	3
Operating lease rentals	154	214

Association	**2020 £000**	**2019 £000**
The surplus on ordinary activities before taxation is stated after charging:		
Depreciation of housing properties	3,781	3,669
Impairment of housing properties	-	-
Depreciation of other fixed assets	327	338
Amortisation of intangible fixed assets	435	300
Amortisation of government grant	(81)	(62)
External auditor's remuneration (excluding VAT and expenses):		
- in their capacity as auditors	35	38
- for other services	17	3
Operating lease rentals	154	214

6 Directors and Senior Staff Emoluments and Expenses

For the purpose of this note, the directors are defined as the members of the Board and the Executive Officers. None of the Board members received any remuneration.

	2020 £000	2019 £000
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	617	606
Emoluments payable to the highest paid director (excluding pension contributions and including benefits in kind)	140	137
Expenses paid during the year to Board Members	-	-

The Chief Executive is an ordinary member of the Social Housing Pension Scheme (SHPS) and no enhanced or special terms apply. Pension contributions paid to the pension fund for the Chief Executive were £8,774 in the year (2019: £8,240). There are no payments made to separately administered pension schemes.

The table below sets out the full-time equivalent number of staff whose remuneration, including redundancy and costs of early retirement (including pension contributions), payable was £60,000 or more within each band of £10,000:

			2020 Number	2019 Number
£60,001	to	£70,000	4	4
£70,001	to	£80,000	4	3
£80,001	to	£90,000	4	4
£90,001	to	£100,000	0	-
£100,001	to	£110,000	1	1
£110,001	to	£120,000	1	-
£120,001	to	£130,000	1	-
£130,001	to	£140,000	1	2
£140,001	to	£150,000	1	1

The aggregate amount of compensation payable to directors in respect of loss of office was £nil (2019: £nil).

7 Employee Information

Group

The average number of full-time equivalent persons, including the Executives (excluding the Board), employed during the year to 31 March 2020:

	2020 Number	2019 Number
Office staff	162	157
Caretakers and estates staff	31	31
Maintenance	51	49
	244	237

	2020 £000	2019 £000
Staff costs (for the above persons):		
Wages and salaries	9,360	8,877
Social security costs	908	908
Pension costs	1,322	1,182
	11,590	10,967

Association

The average number of full-time equivalent persons, including the Executives (excluding the Board), employed during the year to 31 March 2020:

	2020 Number	2019 Number
Office staff	142	142
Caretakers and estates staff	31	31
	173	173

	2020 £000	2019 £000
Staff costs (for the above persons):		
Wages and salaries	6,719	6,529
Social security costs	640	668
Pension costs	944	880
	8,303	8,077

8 Gain on Sale of Property, Plant and Equipment

Group and Association	**2020 £000**	**2019 £000**
Disposal proceeds	1,912	1,926
Less: cost of sales	(305)	(391)
	1,607	1,535

9 Interest Receivable

Group and Association	**2020 £000**	**2019 £000**
Unwinding of discount on repayment agreements	-	-
From bank deposits	106	64
	106	64

10 Interest Payable and Financing Costs

Group	**2020 £000**	**2019 £000**
On housing loans	3,427	2,950
Unwinding of discounts on provisions	-	-
Amortisation of loan arrangement fees	13	27
Net interest on defined benefit liability	59	60
Less: capitalised interest	(437)	(165)
	3,062	2,872

Association	**2020 £000**	**2019 £000**
On housing loans	3,427	2,950
Unwinding of discounts on provisions		-
Amortisation of loan arrangement fees	13	27
Net interest on defined benefit liability	36	37
Less: capitalised interest	(437)	(165)
	3,039	2,849

11 Taxation

Phoenix is a charitable housing association and is not liable to Corporation Tax on its charitable activities. Its subsidiary undertakings, Phoenix Agency Services Limited and Home Makers, are subject to Corporation Tax. A reconciliation between Corporation Tax at the standard rate on the surplus on ordinary activities and the actual tax charge has not been provided due to the charitable status of Phoenix. The tax recognised in the statement of income represents a credit for deferred tax of £40,000 (2019: charge £38,000) for Phoenix Agency Services.

12 Tangible Fixed Assets – Housing Properties

Group and Association	Completed held for letting £000	Under construction £000	Total £000
Cost			
At 1 April 2019	207,358	9,541	216,899
Additions	6,685	11,870	18,555
Reclassification	(206)	(132)	(338)
Transfer	2,875	(2,875)	-
Disposals	(380)	-	(380)
At 31 March 2020	**216,332**	**18,404**	**234,736**
Depreciation			
At 1 April 2019	16,048	-	16,048
Charge for period	3,781	-	3,781
Released on disposal	(66)	-	(66)
At 31 March 2020	**19,763**	**-**	**19,763**
Impairment			
At 1 April 2019	505	-	505
Charge for period	-	-	-
At 31 March 2020	**505**	**-**	**505**
Net book value			
At 31 March 2020	**196,064**	**18,404**	**214,468**
At 31 March 2019	**190,805**	**9,541**	**200,346**

The vast majority of housing properties are held freehold. Less than 1% of properties are leasehold. The Association has adopted a valuation of its completed freehold housing properties as at 1 April 2014 as deemed cost. Included in the balance of housing properties under construction is £437,000 of capitalised interest (2019: £165,000), based on a capitalisation rate of 4.2% which is the weighted average rate applicable to the Group’s borrowings during the year.

The total accumulated grant received to 31 March 2020 was £56.2 million (2019: £53.3 million).

13 Investment Properties

Group and Association	£000
At 1 April 2019	185
Transfer from Other Fixed Assets	3,390
Revaluation	(2,913)
At 31 March 2020	662

Investment properties, which are all freehold, comprise the commercial element of the Fellowship and privately let garages. Investment properties are held at fair value. The valuation for the Fellowship is based on an open market valuation by professional valuers, Fleurets, at 31 March 2020. The fair value of the garages has been estimated by the Board using the projected cash flows from the property discounted at a market rate of interest of 6% (2019: 7%).

14 Other Fixed Assets – Intangible Assets

Group and Association	Computer software £000
Cost	
At 1 April 2019	3,009
Additions	860
Disposals	-
At 31 March 2020	**3,869**
Amortisation	
At 1 April 2019	1,668
Charge for the period	435
Disposals	-
At 31 March 2020	**2,103**
Net book value	
At 31 March 2020	**1,766**
At 31 March 2019	**1,341**

15 Other Fixed Assets – Tangible Assets

Group

	Freehold offices and community buildings* £000	Other fixed assets under construction £000	Motor vehicles £000	Computer equipment £000	Office furniture and equipment £000	Total £000
Cost						
At 1 April 2019	6,482	3,914	24	975	615	12,010
Reclassification	-	339	-	-	-	339
Additions	51	493	-	43	7	594
Transfers	1,356	(4,746)	-	-	-	(3,390)
Disposals	-	-	-	-	(4)	(4)
At 31 March 2020	**7,889**	**-**	**24**	**1,018**	**618**	**9,549**
Depreciation						
At 1 April 2019	726	-	24	682	485	1,917
Charge for period	165	-	-	94	68	327
Disposals	-	-	-	-	-	-
At 31 March 2020	**891**	**-**	**24**	**776**	**553**	**2,244**
Net book value						
At 31 March 2020	**6,998**	**-**	**-**	**242**	**65**	**7,305**
At 31 March 2019	**5,756**	**3,914**	**-**	**293**	**130**	**10,093**

*Part of the head office is sublet to the Lewisham Plus Credit Union and Lewisham Council at a peppercorn rent. A community centre was also let to Barking and Dagenham College during the period at a peppercorn rent.

15 Other Fixed Assets – Tangible Assets (continued)

Association

	Freehold offices and community buildings* £000	Other fixed assets under construction £000	Motor vehicles £000	Computer equipment £000	Office furniture and equipment £000	Total £000
Cost						
At 1 April 2019	6,482	3,914	24	764	615	11,799
Reclassification	-	339	-	-	-	339
Additions	51	493	-	43	7	594
Transfers	1,356	(4,746)	-	-	-	(3,390)
Disposals	-	-	-	-	(4)	(4)
At 31 March 2020	**7,889**	**-**	**24**	**807**	**618**	**9,338**
Depreciation						
At 1 April 2019	726	-	24	471	485	1,706
Charge for period	165	-	-	94	68	327
Disposals	-	-	-	-	-	-
At 31 March 2020	**891**	**-**	**24**	**565**	**553**	**2,033**
Net book value						
At 31 March 2020	**6,998**	**-**	**-**	**242**	**65**	**7,305**
At 31 March 2019	**5,756**	**3,914**	**-**	**293**	**130**	**10,093**

*Part of the head office is sublet to the Lewisham Plus Credit Union and Lewisham Council at a peppercorn rent. A community centre was also let to Barking and Dagenham College during the period at a peppercorn rent.

16 Properties for sale

Group and Association	**2020**	**2019**
	£000	**£000**
Shared ownership properties under construction	1,179	588

Capitalised interest included in the above is £111,000 (2019: £16,000).

17 Stock and work in progress

	2020	**2019**
	£'000	**£'000**
Group		
Stock	141	88
Association		
Stock	7	-

18 Trade and Other Debtors

Group	**2020**	**2019**
	£000	**£000**
Due in more than one year		
Amount owed by leaseholders (gross balance)	195	253
Less net present value adjustments for repayment agreements	(32)	(41)
	163	212
Due within one year		
Arrears of rent and service charges	1,913	2,071
Less provision for bad debts	(1,286)	(1,192)
	627	879
Amount owed by leaseholders	351	431
Grants receivable	1,547	1,884
Other debtors	258	84
Input VAT reclaimable	308	594
Deferred tax	40	-
Cash in transit	470	346
Prepayments and accrued income	1,051	1,243
	4,652	5,461
Total debtors	**4,815**	**5,673**

18 Trade and Other Debtors (continued)

	2020	2019
Association	**£000**	**£000**
Due in more than one year		
Amount owed by leaseholders (gross balance)	195	253
Less net present value adjustments for repayment agreements	(32)	(41)
	163	212
Due within one year		
Arrears of rent and service charges	1,913	2,071
Less provision for bad debts	(1,286)	(1,192)
	627	879
Amount owed by leaseholders	351	431
Grants receivable	1,547	1,884
Amount owed by subsidiary undertakings	273	225
Other debtors	243	75
Input VAT reclaimable	243	417
Cash in transit	472	346
Prepayments and accrued income	960	1,145
	4,716	5,402
Total debtors	**4,879**	**5,614**

19 Cash and Cash Equivalents

	2020	2019
Group	**£000**	**£000**
Cash and cash equivalents	23,904	19,620
Association		
Cash and cash equivalents	23,789	19,008

20 Creditors: Amounts falling due within one year

Group	**2020**	**2019**
	£000	**£000**
Rents prepaid	1,491	1,485
Trade creditors	1,847	1,995
Other taxes and social security costs	268	245
Other payroll deductions	3	2
VAT recovered payable to Lewisham Council	185	285
Other creditors and accruals	2,656	2,418
Corporation tax payable	-	-
Deferred income	168	32
Deferred income – unamortised government grant (see note 23)	5,186	5,592
	11,804	**12,054**

20 Creditors: Amounts falling due within one year (continued)

Association	**2020**	**2019**
	£000	**£000**
Rents prepaid	1,491	1,485
Trade creditors	1,667	1,752
Amount due to subsidiary undertakings	1,710	880
Other taxes and social security costs	190	183
Other payroll deductions	3	2
VAT recovered payable to Lewisham Council	185	285
Other creditors and accruals	2,197	2,152
Deferred income	168	32
Deferred income – unamortised government grant (see note 23)	5,186	5,592
	12,797	**12,363**

21 Creditors: Amounts falling due after more than one year

Group and Association	**2020**	**2019**
	£000	**£000**
Improvement works	124	124
Loans	89,498	79,503
Deferred income – unamortised capital grant (see note 23)	4,793	4,818
	94,415	84,445

Group and Association	**2020**	**2019**
	£000	**£000**
Loans repayable other than by instalments as follows:		
In more than two years but not more than five years	10,000	10,000
In five years or more	80,000	70,000
Less transaction costs	(502)	(497)
	89,498	79,503

In addition to the above debt, at 31 March 2020 Phoenix had undrawn loan facilities of £25 million (2019: £35 million). The loan facilities are secured on the Association's housing stock.

The loans are provided by Barclays Bank plc and the Pensions Insurance Corporation. Interest is payable on loans at fixed rates of interest in the range of 3.5% to 5.1%.

22 Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

Group	**2020**	**2019**
	£000	**£000**
Financial assets		
Measured at amortised cost		
Repayment agreements	163	212
Measured at undiscounted amount receivable		
Rent arrears and other receivables	4,652	5,461
Cash and cash equivalents	23,904	19,620
	28,719	25,293

Group	**2020**	**2019**
	£000	**£000**
Financial liabilities		
Measured at amortised cost		
Loans	89,498	79,503
Measured at undiscounted amount payable		
Trade and other creditors	16,721	16,996
	106,219	96,499

Association	**2020**	**2019**
	£000	**£000**
Financial assets		
Measured at amortised cost		
Repayment agreements	163	212
Measured at undiscounted amount receivable		
Amounts due from subsidiary undertakings	273	225
Rent arrears and other receivables	4,443	5,177
Cash and cash equivalents	23,789	19,008
	28,668	24,622

Association	**2020**	**2019**
	£000	**£000**
Financial liabilities		
Measured at amortised cost		
Loans	89,498	79,503
Measured at undiscounted amount payable		
Amounts owed to subsidiary undertakings	1,710	880
Trade and other creditors	16,004	16,425
	107,212	96,808

23 Deferred Income – Capital Grant

Group and Association	2020 £000	2019 £000
At 1 April	10,410	7,064
Grant received during the year	3,070	3,408
Released to income in the year	(3,501)	(62)
At 31 March	9,979	10,410
Amount due within one year	5,186	5,592

24 Disposal Proceeds Fund

Group and Association	2020 £000	2019 £000
At 1 April	-	741
Inputs to fund:		
Funds recycled	-	-
Interest accrued	-	-
Use/allocation of funds:		
New build	-	(741)
Repayment to Greater London Authority	-	-
At 31 March	-	-
All amounts relate to Greater London Authority		
Amounts three years old or older where repayment may be required	-	-

25 Share Capital – Non Equity

	2020 £	2019 £
£1 shares		
At 1 April	3,618	3,630
Issued during the period	81	-
Cancelled during the period	(120)	(12)
At 31 March	3,579	3,618

The share capital of Phoenix consists of shares with a nominal value of £1 each. Phoenix's shares carry no right to interest, dividend or bonus. Due to Phoenix's registered society status, the maximum shareholding per member is one share.

26 Capital Commitments

Group and Association	**2020 £000**	**2019 £000**
Capital expenditure that has been contracted for	12,198	6,378
Capital expenditure that has been authorised by the Board but has not yet been contracted for	7,761	5,603
Capital expenditure included in the financial plan that has not yet been authorised by the Board	63,978	67,712
	83,937	79,693
Phoenix expects to finance the above expenditure by:		
Grant funding	11,056	15,284
Sale proceeds including first tranche sales of shared ownership	3,290	7,699
Loan facilities and cash	40,657	39,997
Operating cash surpluses	28,934	16,713
	83,937	79,693

27 Cash Flow from Operating Activities

	Year ended 31 March 2020 £000	**Year ended 31 March 2019 £000**
Operating surplus for the year	8,974	8,905
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	4,108	4,060
Impairment of tangible fixed assets	-	-
Amortisation of intangible assets	435	324
(Increase) /decrease in fair value of investment property	2,913	-
(Increase)/decrease in stock	(53)	(3)
(Increase)/decrease in properties for sale	(591)	(588)
Decrease in trade and other debtors	256	701
(Decrease)/increase in trade and other creditors	85	(199)
Pension costs less contributions payable	419	414
Grant taken to income	(3,420)	-
Amortisation of grant	(81)	(62)
Cost of sales	315	304
Corporation tax	(2)	-
Net cash flow from operating activities	13,358	13,856

28 Operating Leases

At 31 March the Group had minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as lessee Group and Association	**2020 Land and Buildings £000**	**2020 Other £000**	**2019 Land and Buildings £000**	**2019 Other £000**
Operating leases which expire:				
Within one year	-	119	-	214
In one to five years	-	-	-	215
Later than five years	-	-	-	-
	-	119	-	429

Amounts receivable as lessor Group and Association	**2020 Land and Buildings £000**	**2020 Other £000**	**2019 Land and Buildings £000**	**2019 Other £000**
Operating leases which expire:				
Within one year	158	-	77	-
In one to five years	758	-	354	-
Later than five years	1,602	-	674	-
	2,518	-	1,105	-

29 Units Owned or Under Management

Group and Association	**2020 Number**	**2019 Number**
Units for rent at 1 April		
General needs housing accommodation	5,336	5,334
Additions	15	12
Less freehold sales	(5)	(7)
Less leasehold sales	(5)	(3)
Units for rent at 31 March	5,341	5,336
Supported housing at 1 April	60	60
Additions	-	-
At 31 March	60	60
Leaseholders	851	856
Temporary social housing	1	-
Unit for market rent at 31 March	1	1

29 Units Owned or Under Management (continued)

Phoenix does not directly provide support services. The Linkline community alarm service was provided to 63 Phoenix tenants (2019: 71) by Linkline, which is part of Lewisham Council Community Services directorate. The weekly charge was £5.95 (2019: £5.81). Tenants receiving housing benefit are funded by Supporting People Grant which is paid directly to Linkline. For tenants not on housing benefit, Phoenix collects the charge on behalf of Linkline as part of the weekly charge. Phoenix has inherited from the Council a commitment to fund units in certain blocks designated for use by the elderly but occupied by other client groups due to low demand for this type of property.

30 Pensions

(a) London Borough of Lewisham Pension Scheme - Group

The Group participates in the London Borough of Lewisham pension scheme, a defined benefit scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits based on salary. No other post-retirement benefits are provided. The scheme is funded.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 March 2019 by actuaries Hymans Robertson. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The main financial assumptions underlying the valuation at 31 March 2020 were as follows:

	2020	**2019**
	% pa	**% pa**
Pension increases	1.7	2.3
Salary increases	2.2	2.8
Discount rate	2.3	2.4

Mortality assumptions

Life expectancy is based on the Vita Curves, assuming the current rate of improvement has peaked and will converge to a long-term rate of 1.25% per year. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	**Females**
Current Pensioners	20.9 years	23.5 years
Future Pensioners	22.2 years	24.8 years

Historic Mortality

Life expectancy for the prior year end is based on the fund’s Vita Curves. The allowance for future life expectancies are shown below:

	Prospective Pensioners	**Pensioners**
31 March 2020	CMI 2018 model assuming current rate of improvements have peaked and will converge to long-term rate 1.25%	CMI 20183 model assuming current rate of improvements have peaked and will converge to long-term rate 1.25%

30 Pensions (continued)

(a) London Borough of Lewisham Pension Scheme – Group (continued)

Amounts recognised in the Statement of Comprehensive Income	**2020**	**2019**
	£000	**£000**
Current service cost	572	586
Past service cost	133	31
Net interest cost	22	27
Total	727	644

Recognised in other comprehensive income	(5,476)	(470)
Effects of changes in the amount of surplus that is not recoverable	1,717	-
	(3,759)	(470)
Deferred tax charge on actuarial gain	216	-
Actuarial gain	(3,543)	(470)

Total (gain)/costs relating to defined benefit scheme	**(2,816)**	**174**

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of the scheme is as follows:

	2020	**2019**
	£000	**£000**
Present value of defined benefit obligations	(25,866)	(31,694)
Fair value of scheme assets	30,084	30,927
Surplus/(deficit)	4,218	(767)
Effects of changes in the amount of surplus that is not recoverable	(1,717)	-
	2,501	(767)
Deferred tax liability	(216)	-
Net pension scheme asset/(liability)	**2,285**	**(767)**

Movements in the present value of defined benefit obligations were as follows:

Reconciliation of defined benefit obligation	**2020**	**2019**
	£000	**£000**
Opening defined benefit obligation	31,694	29,356
Current service cost	572	586
Interest cost	763	795
Contribution by members	100	109
Actuarial (gains)/losses	(6,854)	1,259
Past service cost	133	31
Benefits paid	(542)	(442)
Closing defined benefit obligation	**25,866**	**31,694**

Movements in the fair value of scheme assets were as follows:

Reconciliation of fair value of employer assets	**2020**	**2019**
	£000	**£000**
Opening fair value of employer assets	30,927	28,492
Return on plan assets	741	768
Contributions by members	100	109
Contributions by employer	236	271
Actuarial (losses) and gains	(1,378)	1,729
Benefits paid	(542)	(442)
Closing fair value of employer assets	**30,084**	**30,927**

30 Pensions (continued)

(a) London Borough of Lewisham Pension Scheme – Group (continued)

Fair value of employer assets

The fair values of each main class of assets held by the Fund are set out in the following table.

	2020 Assets £000	2019 Assets £000
Equities	19,554	18,247
Bonds	7,521	7,732
Property	2,407	2,474
Cash	602	2,474
Total	**30,084**	**30,927**

In December 2018 the Court of Appeal ruled that 'transitional arrangements' protection in respect of benefit changes to the Judicial and Fire Fighter Pension scheme amounted to unlawful discrimination ('McCloud case'). Due to similar pension reforms to the LGPS in benefits the judgement is expected to be applicable to the LGPS. There is no impact from this ruling on non-LGPS schemes as there were no equivalent changes to pensioner benefits.

The Board has considered the potential impact of the McCloud case on the Group and Association's defined benefit liability as at 31 March 2020. A past service cost of £133,000 has been recognised in 2019/20.

Phoenix Community Housing is unlikely to have an unconditional right to any refund from the scheme. Therefore, the maximum amount of recognisable surplus for FRS102 purposes has been determined as the extent that it is able to recover the surplus through reduced contributions, taking into account future contributions that have been committed to be paid.

(b) London Borough of Lewisham Pension Scheme – Association

The Association participates in the London Borough of Lewisham pension scheme, a defined benefit scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits based on salary. No other post-retirement benefits are provided. The scheme is funded.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 March 2019 by actuaries Hymans Robertson. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The main financial and mortality assumptions underlying the valuation at 31 March 2020 are as for the Group (see note 30a).

30 Pensions (continued)

(b) London Borough of Lewisham Pension Scheme – Association (continued)

Amounts recognised in the Statement of Comprehensive Income	**2020**	**2019**
	£000	**£000**
Current service cost	332	355
Past service cost	83	31
Net interest cost	(1)	4
Total	414	390

Recognised in other comprehensive income	(3,428)	(427)
Effects of changes in the amount of surplus that is not recoverable	1,717	-
Actuarial gain	(1,711)	(427)

Total (gain) relating to defined benefit scheme	**(1,297)**	**(37)**

The amount included in the Statement of Financial Position arising from the Association's obligations in respect of the scheme is as follows:

	2020	**2019**
	£000	**£000**
Present value of defined benefit obligations	(20,363)	(24,343)
Fair value of scheme assets	23,639	24,489
Surplus	**3,276**	**146**
Effects of changes in the amount of surplus that is not recoverable	**(1,717)**	**-**
Net pension scheme asset	**1,559**	**146**

Movements in the present value of defined benefit obligations were as follows:

Reconciliation of defined benefit obligation	**2020**	**2019**
	£000	**£000**
Opening defined benefit obligation	24,343	22,689
Current service cost	332	355
Interest cost	584	613
Contribution by members	59	67
Actuarial (gains)/losses	(4,556)	945
Past service cost	83	31
Benefits paid	(482)	(357)
Closing defined benefit obligation	**20,363**	**24,343**

30 Pensions (continued)

(b) London Borough of Lewisham Pension Scheme – Association (continued)

Movements in the fair value of scheme assets were as follows:

Reconciliation of fair value of employer assets	**2020 £000**	**2019 £000**
Opening fair value of employer assets	24,489	22,649
Return on plan assets	585	609
Contributions by members	59	67
Contributions by employer	116	149
Actuarial (losses) and gains	(1,128)	1,372
Benefits paid	(482)	(357)
Closing fair value of employer assets	**23,639**	**24,489**

Fair value of employer assets

The fair values of each main class of assets held by the Fund are set out in the following table.

	2020 Assets £000	**2019 Assets £000**
Equities	15,365	14,449
Bonds	5,910	6,122
Property	1,891	1,959
Cash	473	1,959
Total	**23,639**	**24,489**

The contribution rate of Phoenix for the year ended 31 March 2020 was 14.4% (2019: 14.4%) and for employees between 5.5% and 7.5% depending upon pensionable salary (2019: 5.5% to 7.5%). Employer's contributions for the year to 31 March 2021 are estimated to be £116,000.

(c) Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

30 Pensions (continued)

(c) Social Housing Pension Scheme (continued)

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

The main financial assumptions underlying the valuation at 31 March 2020 were as follows:

	2020 **% pa**	**2019** **% pa**
Discount rate	2.3	2.4
Inflation (RPI)	2.6	3.2
Inflation (CPI)	1.6	2.2
Salary growth	2.1	2.7
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2020	21.5
Female retiring in 2020	23.3
Male retiring in 2040	22.9
Female retiring in 2040	24.5

Amounts recognised in statement of comprehensive income

	2020 **£000**	**2019** **£000**
Current service cost	293	302
Expenses	6	6
Net interest expense	37	33
Defined benefit costs recognised in statement of comprehensive income	**336**	**341**

30 Pensions (continued)

(c) Social Housing Pension Scheme (continued)

Defined benefit costs recognised in other comprehensive income

	2020 £000	2019 £000
Experience on plan assets (excluding amounts included in net interest cost) – gain	230	112
Experience gains and losses arising on the plan liabilities – (loss)/gain	(288)	99
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	51	(13)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	573	(388)
Total actuarial gains and losses – gain/(loss)	566	(190)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain/(loss)	-	-
Total amount recognised in other comprehensive income – gain/(loss)	**566**	**(190)**

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

	2020 £000	2019 £000
Fair value of plan assets	4,685	3,915
Present value of defined benefit obligation	(5,696)	(5,455)
Defined benefit liability to be recognised	(1,011)	(1,540)
Deferred tax	-	-
Net defined benefit liability to be recognised	**(1,011)**	**(1,540)**

Reconciliation of defined benefit obligation

	2020 £000	2019 £000
Defined benefit obligation at start of period	5,455	4,607
Current service cost	293	302
Expenses	6	6
Interest expense	136	125
Contributions by plan participants	150	129
Actuarial losses/(gains) due to scheme experience	288	(99)
Actuarial (gains)/losses due to changes in demographic assumptions	(51)	13
Actuarial (gains)/losses due to changes in financial assumptions	(573)	388
Benefits paid and expenses	(8)	(16)
Defined benefit obligation at end of period	**5,696**	**5,455**

30 Pensions (continued)

(c) Social Housing Pension Scheme (continued)

Reconciliation of fair value of plan assets

	2020 £000	2019 £000
Fair value of plan assets at start of period	3,915	3,367
Interest income	99	92
Experience on plan assets (excluding amounts included in interest income) – gain	230	112
Contributions by the employer	299	231
Contributions by plan participants	150	129
Benefits paid and expenses	(8)	(16)
Fair value of plan assets at end of period	**4,685**	**3,915**

Fair value of plan assets

The fair value of each main class of assets held by the plan is set out in the following table:

	2020 Assets £000	2019 Assets £000
Equities	1,479	1,384
Bonds	2,475	2,032
Property	533	351
Cash	198	148
	4,685	**3,915**

31 Related Party Transactions

The ultimate controlling party of the Group is Phoenix Community Housing. Phoenix considers the key management personnel to be the Board and Executive Team. The only transactions between Phoenix and the key management personnel are remuneration set out in note 6 and the transactions noted below.

Tenants and Leaseholders

Phoenix is a resident-led housing association and at 31 March 2020, six of the Association's Board members were Phoenix residents. Their tenancies and leases have been granted on the same terms as for all other tenants and leaseholders of the Association and housing management procedures, including those relating to the management of arrears, have been applied consistently.

Transactions entered into with resident Board members, and rent and service charge balances outstanding at 31 March, are as follows:

	2020	2019
	£	£
Rent and service charges charged	27,562	30,353
Credit balances at the end of the period	(3,563)	(1,777)
Doubtful debt provision	Nil	Nil

No other transactions took place with the resident Board members.

Related parties employed by Phoenix

Phoenix employs as a member of staff under normal contract terms an employee who is a relative of a member of the Executive Team. The salary paid to that member of staff (all of which was fully paid at the year end) was £49,834 (2019: £48,733).

Local authority

Two Board Members are nominated by the London Borough of Lewisham. Some services were purchased from the London Borough of Lewisham during the year. All agency services are covered by an arm's length contract, which was negotiated to ensure neither party subordinated its own separate interests. The London Borough of Lewisham pays tenant housing benefit under the terms of current legislation and this is paid directly to Phoenix.

Payments to the Local Authority were £472,000 (2019: £494,000), including the Local Authority's share of the VAT shelter £307,000 (2019: £264,000). The total amount due to the Local Authority at 31 March 2020 was £350,000 (2019: £320,000).

Subsidiary undertakings

Phoenix Community Housing traded with Phoenix Agency Services, a wholly owned subsidiary of Phoenix which provides the repairs and maintenance for Phoenix properties. The charges for these services are based on the National Housing Federation's schedule of rates. Total amounts charged by Phoenix Agency Services were £7,814,000 (2019: £7,186,000). Phoenix also provides corporate services to the subsidiary based on a calculation of the costs of delivering corporate services including a reasonable proportion of overheads. A consistent basis has been used in 2019/20 to that used in prior years. Total amounts recharged were £486,000 (2019: £486,000).

31 Related Party Transactions (continued)

The net amount due to Phoenix Agency Services at 31 March 2020 was £1,441,000 (2019: due to subsidiary £645,000). The transactions between Phoenix and Phoenix Agency Services (which is not registered with the Regulator) were eliminated on consolidation.

Phoenix Community Housing traded with Home Makers, a wholly owned subsidiary of Phoenix which provides the management service for Phoenix commercial properties. Total amounts charged by Home Makers were £19,000 (2019: £7,000). Phoenix also provides corporate services to Home Makers. Total amounts recharged were £10,000 (2019: £5,000). The net amount due from Home Makers at 31 March 2020 was £13,000 (2019: due to Home Makers £10,000). The transactions between Phoenix and Home Makers (which is not registered with the Regulator) were eliminated on consolidation.

Pension schemes

Phoenix participates in two defined benefit pension schemes. The transactions with these pension schemes are set out in note 30.

There are no other related party transactions requiring disclosure.

32 Contingent Liabilities

Counter indemnity and parent guarantee

The Council as the Administering Authority of the London Borough of Lewisham pension scheme has agreed to the subsidiary undertaking being an admitted body to the scheme, subject to a bond (value £465,500) and parent guarantee (up to £465,500) being provided in favour of the scheme. Phoenix has agreed to provide the parent guarantee and a counter indemnity in favour of the bond provider.

The guarantee or counter indemnity will only be called upon if the subsidiary is unable to meet its obligations to the pension scheme.

33 Subsidiary Undertakings

Phoenix has the following investments in subsidiary undertakings:

	Country of incorporation	**Proportion of ordinary share capital**	**Investment 2020 £000**	**Investment 2019 £000**
Phoenix Agency Services Limited	England	100%	600	600
Home Makers The Property People Limited	England	100%	40	25
			640	625

Phoenix Agency Services Limited is a non-registered company which provides the repairs and maintenance service for Phoenix Community Housing's properties.

Home Makers The Property People Limited is a non-registered company which provides a private lettings management service.