

**Sustain (UK) Ltd**

**(A not-for-profit company limited by guarantee)**

**Report and Financial Statements**

**For the year ended 31 March 2021**

# Sustain (UK) Ltd

Company registration number 07084201

## Report and Financial Statements For the year ended 31 March 2021

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# Sustain (UK) Ltd

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## Company Information

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<b>Non-Executive Directors:</b>	Mrs S Piercy (appointed 5 <sup>th</sup> November 2020) Mr A Edwards (appointed 5 <sup>th</sup> November 2020) Mr S Khaira - Chair (appointed 5 <sup>th</sup> November 2020) Mr D Kidney (appointed 10 <sup>th</sup> November 2020) (resigned 22 <sup>nd</sup> January 2021) Mr G Cain (appointed 1 <sup>st</sup> June 2021) Mr M Shields (appointed 1 <sup>st</sup> June 2021) Ms J W Preece - Chair (resigned 22 <sup>nd</sup> January 2021) Ms S J Spence (resigned 15 <sup>th</sup> February 2021) Mr S Pal (resigned 18 <sup>th</sup> July 2021) Ms J Bott (resigned 3 <sup>rd</sup> December 2020) Mr P McCarthy (resigned 22 <sup>nd</sup> January 2021) Mr G T Weston (resigned 22 <sup>nd</sup> January 2021)
<b>Executive Directors:</b>	Mrs P Hughes – CEO (resigned 9 <sup>th</sup> July 2021) Mr A Barwell – Operations Director Mr I MacGregor – Finance Director
<b>Company Secretary:</b>	Mr I MacGregor
<b>Registered Office:</b>	181-183 Summer Road Erdington Birmingham B23 6DX
<b>Company Registration Number:</b>	07084201
<b>Regulator of Social Housing Registration Number:</b>	4687
<b>External Auditor:</b>	Beever and Struthers Statutory Auditors St George's House 215-219 Chester Road Manchester M15 4JE
<b>Solicitors:</b>	Anthony Collins 134 Edmund Street Birmingham B3 2ES
<b>Bankers:</b>	Allied Irish Bank GB 63 Temple Row Birmingham B2 5LS

# Sustain (UK) Ltd

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## Directors' Report For the year ended 31 March 2021

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The Directors present their directors' report for the year ended 31 March 2021.

### Directors

The directors who served the Company during the year are shown on page 1.

### 'Stability in a turbulent time'

The Financial year to March 2021 has been a year of challenge and innovation with COVID Restrictions resulting in changes to how we operate and deliver our services to allow for remote working and virtual inspections and visits which has enhanced how we operate. It has also resulted in increasing demand from tenants many of whom have underlying health needs which have been exasperated by Covid-19 and its associated restrictions. On top of these pressures, we have had to deliver a major refresh to the Board to allow Sustain develop the capacity and Board expertise to support our continued and future operations and plans. During the Financial year Surjit Khaira was appointed Chair replacing Jane Preece who had given excellent service and support to Sustain. In addition, Andrew Edwards and Sian Piercy joined the Board.

The Directors are pleased to present the financial statements for Sustain (UK) Ltd ("Sustain") for the year ended 31 March 2021 and to report that the business has shown a steady turnover contributing to a strong balance sheet which allows us plan and build our services for the future. At the end of the financial year we had the bed capacity to support 2,473 vulnerable adults across Birmingham and Loughborough, a small decrease in capacity of 186.

Strategically, the Board has been concentrating on ensuring quality of accommodation and service provision within the context of providing value for money and meeting the Regulators concerns whilst at the same time delivering a Business Plan which will allow Sustain to develop services for its tenants in the future, with investment in IT and Staff to build up services and inspections capability. Consequently, we have removed a number of poorly performing operations from our business and sought to replace them with better quality property and support from both existing and newer Home Providers.

Through its inspections regime, Sustain is fundamentally committed to providing the best possible services and accommodation to its client group – vulnerable adults. This year has seen increased media focus on the poor levels of housing and support available in Birmingham. Sustain's ethos is to raise the standard within this sector in the region. Every Home Provider that works with Sustain will have their property inspected at least twice each year through both announced and unannounced visits. The standard and the condition of the accommodation and support that each tenant receives is reviewed on a regular basis. Any issues that are picked up are reported back to the Home Provider together with a detailed action plan outlining what improvements need to be made and a defined timescale within which it must be done. Subsequent visits are made to ensure the action plan is adhered to. All Home providers are graded with the aim of helping them improve their grading and maintain it once they reach an excellent standard.

### VFM

During the year, as detailed in our "Value for Money Self-Assessment," the team carried out 1,561 property inspections, an increase of 58% on the previous year. Due to the pandemic the inspection staff had to pivot into a new way of working that included "Doorstep Visits" and over 2,000 telephone calls to individual tenants to check on their well-being and support provision. This demonstrates the commitment that Sustain has to improving the quality of accommodation and support to our vulnerable tenants. The concerted effort by our Inspections team has ensured that the poorer performing Home Providers have halved in number and the good providers have increased by some 25%. This drive towards improving the quality of accommodation and support services for our tenants will continue and we hope this approach and attitude will lead the organisation towards one of our main goals of being the "provider of choice" within Birmingham. A full Value for Money report is contained in this Annual Report showing Sustain's performance across key metrics for the sector.

## Sustain (UK) Ltd

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### Regulatory Engagement

In January 2019 the Regulator for Social Housing (RSH) graded Sustain (UK) Ltd as V2/G3, which means that the Company is compliant with the financial viability standards, but non-compliant with the governance standard. A voluntary undertaking was entered into with the RSH to allow Sustain to improve its governance to achieve compliance with the regulatory standards. We have continued to engage with the Regulator in our effort to improve our Governance Systems.

One consequence of Sustain's non-compliance has been the decision of Birmingham City Council (BCC) not to increase the levels of Housing Benefit payable for our tenants from 1 April 2019. For the year 20/21 the Board decided not to seek an increase in rents whilst the compliance project was ongoing. Following the rent reduction over the past five years, this has added pressure to Sustain's business plan and budget at a time when the Covid-19 pandemic has impacted on the business. Partially because of this, the Board has taken steps to assist the Home Providers financially, thus ensuring our vulnerable tenants are not penalised in any way. The financial assistance provided is referred to in more detail later in the report.

As part of developing a compliance structure, major work has been carried out on meeting the requirements of the Rent Standard including developing tailored systems which meet our sector needs for the supported housing market. As part of this compliance project, we have, with the help of our Corporate Solicitors identified that our existing tenancy agreements may have, inadvertently, given rise to possible Defective First Year Rent Increases since 2016. Sustain ensured that the issue did not continue forward by issuing all of its tenants with new, non-defective tenancies with effect from 5<sup>th</sup> April, 2021 and a consultation process was entered into with all of the tenants over a period of weeks prior to that date to ensure that everyone was happy to sign the revised tenancy agreement. Sustain also self-reported the issue to both Birmingham City Council Housing Benefit Department and to the Regulator of Social Housing. Subsequently, we carried out a major project to quantify the sums involved and liaised with Housing Benefit to agree and action the funds to be repaid by Sustain after the Year-End. At the time of writing a significant proportion of that accrued reserve has now been recovered from Sustain by Birmingham City Council's Housing Benefit Department.

Sustain is now in the process of putting into place a state-of-the-art monitoring system on rent and service charge levels, to more effectively allow for individual settings to reflect the true costs of providing these much-needed services for our vulnerable tenants and for Sustain to, once again, be fully compliant with the Rent Standard.

Sustain is committed to the principles of good governance and to achieving high standards of business integrity, ethics and professionalism across all of our activities. We have adopted the 'NHF Code of Governance (2015) - Promoting Board Excellence' as the code against which Sustain measures its practices to provide governance assurance. For the Financial Year 2021-2022 the Board will be adopting the 2019 NHF Code of Governance. The Board assesses its compliance against the Code annually. Currently, there are areas of non-compliance:

- ***(D7) - Board appraisal be carried out every two years – this was carried out in late 2020, an external Board appraisal of Board members is being carried out in August 2021 by Altair.***
- ***(F3) - the Board has not formally appointed internal auditors but has had internal audits undertaken - this was resolved with the appointment of Mazars by the Board in December 2020.***
- ***(H4) - the Board has put in place policies and actions to ensure full probity of the Board including conflicts of interest, but there are material conflicts of interest – these were in place in the Autumn of 2020, with a new Probity Policy being agreed by Board in Autumn 2021 to combine all probity policies and processes.***

It can be reported that the Board, its Audit and Risk Committee and Remuneration Committee have met regularly, and have undertaken extensive Continuing Professional Development through training courses provided by the National Housing Federation amongst others.

## **Sustain (UK) Ltd**

*Company registration number 07084201*

### **Statement of Compliance**

The Board confirm that Sustain, over the financial year, has complied with all relevant legislation and the Governance and Viability standards. Up until 1<sup>st</sup> April, 2020 Sustain was fully compliant with the Rent Standard, however, since the Standard was upgraded on that date, it is clear that there is work to be done to return to compliance with that standard. Sustain has, with the help of Altair Management Consultants, devised an action plan to remedy the situation, which has been shared with the Regulator and aims to return the company to compliance by April 2022.

As stated above, in the voluntary undertaking with the RSH and through a governance action plan, we expect to ensure future compliance with the NHF Code of Governance and Governance and Viability Standards.

As part of our commitment to increasing Consumer Standards we have established a new Board Committee, the Tenant Engagement Committee, which will allow the Board to further focus, direct and ensure that Sustain continues to improve and deliver to Tenants. In 2020 we adopted the new Housing Ombudsman Complaints Handling Code, and we published our Complaints Handling Self-Assessment, we continue to deliver rapid, effective and compliant responses to Complaints.

In 2020 and 2021 we have actively encouraged and participated in Birmingham City Council's new Inspections Regime, and have applied to be a member of the Charter which will help set the standards expected for providers in the region.

### **Covid-19 Pandemic**

During the Financial Year 2020-21, the Covid-19 pandemic impacted Birmingham's vulnerable and homeless adults deeply and disproportionately, and with Sustain in its day-to-day operations. Thankfully, there were minimal impacts on the business financially during this financial year. We thank all staff for their commitment and dedication to looking after our vulnerable tenants during this pandemic. Sustain's operations switched seamlessly to on-line and working from home. This was supported by innovation and investment in our technology which allowed for virtual site visits and effective home working. Despite Covid Restrictions, we have innovated to allow for continued physical inspections of property and support for tenants – through on-line and telephone contact as well as normal inspections and support processes. Every Home Provider property and tenant was looked after to a level of support that Sustain was proud to provide.

The Board has met regularly during the pandemic to ensure services remain constant. It approved, in line with Sustain's Reserves Policy, to provide financial support to the Home Providers to alleviate some of the additional costs associated with the pandemic, e.g. additional PPE and additional staff time. The cost of this financial assistance was c£126k, based on average occupancy levels for each property during the period April - June 2020 and was paid out during August and September 2020, supporting our home providers to continue to deliver their excellent service to our Tenants.

As we move forward, Sustain is engaging with our tenants and Home Providers to roll out new ways of inspecting accommodation, support and the well-being of all. There are physical "door-step" inspections for property and more rigorous inspections of all relevant paperwork. We are engaging with the RSH on a regular basis and providing timely coronavirus reports as requested.

Our aim is to complete the voluntary undertaking and Regulatory engagement by April 2022.

## Sustain (UK) Ltd

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### Future Prospects

A New Business Plan for the period 2021-2026 was developed and adopted by the Board in the Summer of 2021, with new and committed Board members the intention is gain Regulatory compliance and continue delivery of excellent service to our stakeholders. The intention in 2021-22 is to recruit additional NED expertise and senior Staff to enable Sustain build and deliver on this Plan.

The Board is pleased to report that the finances of the business, illustrated in the Statements, are strong. We have added more surplus to our reserves, which now stand at some £2.3m. In line with our aims, the Board are investigating projects in areas that we feel will improve the wellbeing for many of our vulnerable tenants. Once Sustain achieves its most pressing aim of regulatory compliance, then the Board will consider the business case for an assessment centre and other initiatives to reduce homelessness.

As part of the new Business Plan we are committed to substantial investment in our IT and Staff and to support transforming Sustain to allow it to remain complaint with standards and a leader in Birmingham in delivering state-of-the-art supported living for our vulnerable Tenants.

### Remuneration Report

New employment contracts were agreed with all Executive Directors which came into effect on 1<sup>st</sup> February, 2020. The details of the revised remuneration packages are as follows:

The Chief Executive Officer, Mrs Pauline Hughes, was remunerated at a rate of £140,000 p.a. in salary with a 10% car allowance and a 10% contribution to a private pension. Pauline resigned from her role as an Executive Director on 9 July, 2021.

The Operations Director, Mr Adam Barwell, was remunerated at a rate of £130,000 p.a. in salary with a 10% car allowance and a 10% contribution to a private pension.

The Finance Director, Mr Ian MacGregor, was remunerated at a rate of £80,000 p.a. in salary with a 10% car allowance and a 10% contribution to a private pension.

No pay rises were approved during the year 2020-21, but after the year end an independent review of salary levels is being conducted which will lead to Remuneration proposals which will be considered by the Board.

The Non-Executive Board ("NED") was made up and remunerated, as follows:

	<u>as at</u> 01/04/20	<u>Appointed</u>	<u>Resigned</u>	<u>as at</u> 31/3/21	<u>Remuneration:</u>
Ms JW Preece (Chair)	*		22/01/2021		3,750.00
Ms SJ Spence	*		15/02/2021		3,208.37
Mr S Pal	*			*	3,500.00
Ms J Bott	*		03/12/2020		2,625.03
Mr P McCarthy	*		22/01/2021		2,916.76
Mr GT Weston	*		22/01/2021		2,916.76
Mrs S Piercy		05/11/2020		*	1,458.60
Mr A Edwards		05/11/2020		*	1,458.60
Mr S Khaira (New Chair)		05/11/2020		*	1,708.33
Mr D Kidney		10/11/2020	22/01/2021		1,166.67

After the Year End 2 new NEDs were appointed:  
Mr G Cain and Mr M Shields both appointed on 1<sup>st</sup> June 2021.

After the Year End 1 other NED resigned:  
Mr S Pal resigned on 18<sup>th</sup> July 2021 after some 5½ years' service to Sustain.

## **Sustain (UK) Ltd**

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### **Statement of Compliance**

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Company's Directors' Report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

### **Statement of Director's Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) for Registered Social Housing Providers update 2018, have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A qualifying third-party indemnity provision is in place for directors and officers of the Company.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## Sustain (UK) Ltd

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### Directors' Report

For the year ended 31 March 2021

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#### Statement as to Disclosure of Information to the Auditor

So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Auditor

Beever and Struthers have expressed their willingness to continue in office. Accordingly, a resolution to reappoint them as Auditors will be proposed at the forthcoming Annual General Meeting.

The directors' report was approved and authorised by the Board at the meeting held on the 16 September 2021 and signed on its behalf by:



.....  
Mr S Khaira – Chair

Date:

# Sustain (UK) Ltd

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## Value for Money Self-Assessment for the Year Ended 31 March 2021

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### 1. Background

In 2018, the Regulator for Social Housing (RSH) published a new Value for Money (VfM) Standard. Since then there have been various updates, the latest being a **'Value for Money metrics - technical note guidance May 2021'**

[www.gov.uk/government/publications/value-for-money-metrics-technical-note/value-for-money-metrics-technical-note-guidance-june-2020](http://www.gov.uk/government/publications/value-for-money-metrics-technical-note/value-for-money-metrics-technical-note-guidance-june-2020)) and

**Research and analysis -Value for Money metrics report - annex to Global Accounts 2020 - Updated 13 May 2021**

[www.gov.uk/government/publications/2020-global-accounts-of-private-registered-providers/value-for-money-metrics-report-annex-to-global-accounts-2020](http://www.gov.uk/government/publications/2020-global-accounts-of-private-registered-providers/value-for-money-metrics-report-annex-to-global-accounts-2020)

The reporting required in annual accounts of Registered Providers (RP) is focused on a minimum of seven VfM metrics, along with performance measured against their own VfM targets by which they demonstrate economy, efficiency and effectiveness. The metrics do not form part of the VfM Standard itself but provide a separate tool for RPs to demonstrate that they are making best use of their assets and resources to stakeholders, including tenants and the Regulator. Measurable plans to address any areas of underperformance must also be published which clearly state any areas where improvements would not be appropriate and the rationale for this.

Not all of the RSH defined metrics are relevant to Sustain's lease-based business model, e.g., EBITDA interest cover, gearing and return on capital employed. Sustain does not own the properties used to accommodate its tenants and it does not currently engage in borrowing or finance lease arrangements to fund its operations. We have adapted the metrics in calculating our own performance KPI's, whilst still keeping to the 'spirit' of the RSH definitions. The RSH metrics report acknowledges this as acceptable practice.

### 2. Current position and performance

Sustain has reported in its financial statements that its turnover in the years 2020/21 has reduced by 9.35%. It has effectively and responsibly managed the bed capacity to support 2,473 vulnerable adults across Birmingham, a small decrease in capacity of 16 beds. Like all organisations, this has been during a time of unique challenges faced by the sector and the national uncertainty due to the covid-19 pandemic. We have continued to ensure our tenants have felt safe in their homes and we have supported our Housing Providers financially and through our Inspection regime, adapting our modus operandi during lockdown.

At the time of writing this report, Sustain is still non-compliant against the governance requirements of Governance & Financial Standards (G3), but is compliant with the financial Standard (V2). Over the past two and a half years, the Board have concentrated on delivering its voluntary undertaking action plan against the regulatory judgement.

The Board is aware that we do not yet meet all the requirements of the Value for Money Standard. To move towards full compliance, Sustain is attempting to work towards:

- Benchmarking its performance against peer group of similar providers to enable Sustain to demonstrate improvements in performance. However, whilst we have been working with Altair to try to benchmark against Service Charges elsewhere (as part of the current exercise for compliance with the Rent Standard), the RSH has warned us against trying to benchmark against non-compliant RPs in the Birmingham Market. This is specifically because they think that their data may currently be flawed.
- Ensure that the VfM Strategy is communicated and embedded throughout Sustain and the Home Providers managing the services on behalf of Sustain
- Demonstrate future savings through its Business Plan and how these link to the VfM strategy objectives.

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### Value for Money Self-Assessment for the Year Ended 31 March 2021

The Board and Audit & Risk Committee have reviewed the Key Performance Indicators (KPI's) during the year. Work is continuing in relation to housing benefit claims performance and correlating this with Rent Standard reporting to allow Sustain demonstrate compliance with the standards in each setting.

The Company does not consider there to be a peer comparator to include in the table below.

#### 3. RSH Vfm Metrics - Sustain Housing

Measure	2020/21	2019/20	Movement
<b>Metric 1 – Reinvestment %</b> <i>This metric looks at the investment in properties, existing stock as well as new supply, as a percentage of the value of total properties held.</i> <b>Comment</b> - Sustain does not purchase or carry out capital works to existing properties.	0%	0%	N/A
<b>Metric 2 - New supply delivered</b> <i>This metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end</i> <b>Comment</b> - Following previous years of rapid growth, there has been a further rationalisation (began in 2019/20) of units in 2020/21, as we have again focused on increasing the quality of accommodation and support provided. See note at end of Metrics section *	-16	-186	-0.6%
<b>Metric 3 – Gearing %</b> <i>This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.</i> <b>Comment</b> - Sustain's operating model does not currently have any debt.	0%	0%	N/A
<b>Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation (Major Repairs Included) Interest Cover %</b> <i>This is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates against interest payments.</i> <b>Comment</b> - Sustain has no borrowing so no interest paid.	0%	0%	N/A

## Sustain (UK) Ltd

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### Value for Money Self-Assessment for the Year Ended 31 March 2021

<p><b>Metric 5 – Headline social housing cost per unit</b> <i>This metric assesses the headline social housing cost per unit as defined by the Regulator.</i></p> <p><b>Comment</b> - In May 2021, the RSH annual report showed the sector median headline social housing cost increased by 4% to £3,830 reflecting a range of factors including expenditure on building safety. Sustain's cost of £8,827 per unit is significantly higher.</p> <p>Sustain's higher figure reflects the fact that we provide services to supported housing units but do not run the projects directly. As a result, we maintain an investment in a very effective inspection regime which ensures better quality of both housing stock and support to vulnerable individuals. It also enables the identifying and replacing of poorly performing Home Providers and replacing them with better quality property and support from existing and new Home Providers. It should be further noted that our unit cost reflects high occupancy and use levels.</p> <p>Sustain has examined what RPs' Headline Social Housing Costs per unit is across the West Midlands and East Midlands, finding that costs range between and £4,000 and £18,000 per unit, depending upon the level of support and nature of client group needs and costs. Sustain has found that it offers good value for money for the services provided. Sustain is at present developing an innovative Rent Standard compliance project which will allow us to report on in more detail how our Unit Costs are good value for money.</p> <p>The RSH report stresses that "it is important that providers' Boards understand the range of factors that could influence performance, and provide robust challenge to management where they are not making the most effective use of the provider's assets and resources".</p>	<p>£8,827 per unit</p>	<p>£9,675 per unit</p>	<p>-8.8%</p>
<p><b>Metric 6 – Operating Margin%</b> <i>This metric demonstrates the profitability of operating assets before exceptional expenses are taken into account.</i></p> <p><b>Comment</b> - Increasing margins reflect improving financial efficiency. This figure compares with Peer RPs in the West Midlands who are all demonstrating improved Margin. In the case of Sustain due to not holding any borrowings this increased margin allows us to invest more in delivering better services to our tenants</p>	<p>3.8%</p>	<p>2.4%</p>	<p>+58%</p>
<p><b>Metric 7 – Return on capital employed%</b> <i>This metric compares operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.</i></p> <p><b>Comment</b> - This figure fluctuates as Sustain does not employ capital in the traditional sense, so this is a calculation of operating surplus against a portion of balance sheet resources, which is primarily cash at bank.</p>	<p>35.4%</p>	<p>33.8%</p>	<p>-20%</p>

\*The calculation for Metric 2 – New Supply Delivery -is made in accordance with advice given by the RSH and aligns with the information in our Annual SDR Return.

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### Value for Money Self-Assessment for the Year Ended 31 March 2021

#### 4. Other Vfm Key Performance Indicators

Sustain's Vfm KPIs continue to be extended as we explore the use of the new data management software introduced to support inspections, thus increasing quality standards for accommodation and support whilst reducing the cost base through reduced travelling costs and most efficient use of staff time.

Whilst our income stream comes primarily from one source, Birmingham County Council, we can improve our efficiency through setting targets for task completion (time, cost, accuracy) and home provider/tenant satisfaction.

Measure	2020/21	2019/20	Movement
<b>Turnover per FTE</b> <b>Comment:</b> The reduction demonstrates the increased productivity gained from Sustain staff	£560k	£617k	-9.2%
<b>Home Provider Inspections</b> <b>Comment:</b> Due to the COVID Pandemic we had to switch from full Home Provider visit to instead carry out a blend of Home Visits and Telephone surveys – amounting to 1,561 visits – made up of 367 'Door step visits' (includes return visits where necessary). However, in addition we carried out 2,025 phone calls to tenants, against which 59% of tenants responded and gave feedback.  Since July 2021 we have again gone back to full Inspection visits.	1,561	987	+58%
<b>Accommodation Units –</b> <b>Comment:</b> an overall net reduction in Home Providers/accommodation units following an increased scrutiny by the Inspections Team to enable poor quality accommodation and support to be addressed.  Inspections Team to enable poor quality accommodation and support to be addressed.	2,473 beds	2,489 beds	-0.6%
<b>Staff Sickness – Sustain employees</b> <b>Comment:</b> The overall increase to 17.54% arises from: - <ul style="list-style-type: none"> <li>• COVID-19 related absences</li> <li>• Two staff members on long term sickness (one following a car accident and another undergoing cancer treatment)</li> </ul> If the above two exceptional circumstances are discounted, the actual Sustain staff absences amount to 2.63%  This compares favourably to national figures for workers in caring, leisure and other service occupations, who have an average sickness absence rate of 3.3% in 2020 i.e., latest data from Office of National Statistics.	17.54%  2.63%	-  2.32%	-  +13%

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## Value for Money Self-Assessment for the Year Ended 31 March 2021

<p><b>Tenants Satisfaction: Direct complaints</b></p> <p><b>Comment:</b> During 2020/21, Sustain began a system of categorising direct complaints received, i.e., not through Inspections feedback, to identify/monitor patterns.</p> <p>‘Lessons learnt’ from complaints lead to improvements to systems or processes are put in place.</p> <p>In 2019 we implemented the Complaints Ombudsman code and have reported upon this, from this we can see we compare favourably with our peers in how we deal with complaints</p> <p><u>Time to resolve complaints</u> 100% - within Guidelines – with 92% (i.e., 12) within target 30 days, and the remaining single complaint took 41 days as the Complainant was difficult to contact.</p>	Total = 13	Total = 30	-57%
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### Social Return on Investment (SROI)

We estimate that for every £1 we spend supporting our often-complex vulnerable client group, we save the UK’s statutory services (Council Housing and Social Care, Health, Psychiatric support, Police, Probation) at least £5.24, which equates to a total saving to the public purse for 2020/21 of circa £114m p.a.


**Staffing** – Our 2021-2026 Business Plan provides for planned increase to the numbers in our management team during 2021/22 to improve the capacity and capability, and in staff numbers generally and their training.

**Investment in IT** - Our 2021-2026 Business Plan highlights investment in IT to ensure Sustain delivers improving efficiencies and supports both to its Tenants and Home Providers.

**Investment in properties** - Our 2021-2026 Business Plan highlights investment in developments which will improve the overall quality of, and our social contribution to, the communities in which we operate through improved working/living conditions, increasing the aspirations of our tenants to achieve more independent living and to support growth in the provision of accommodation provided in a controlled fashion. Any property portfolio decisions will include consideration of the rented office accommodation in Harborne which is not fit for purpose. Like many UK employees, our colleagues have been working from home safely and effectively during the covid-19 pandemic; this may also prove to have VfM implications in our working practices going forward.

**Supporting our Home Providers** - It should be noted that after the financial year end, no increase in housing benefit to our tenants in 2021 meant that there was no increase in rent or service charges for our Home Providers. This has impacted on our Home Providers at a time when they have seen an increase in costs during the covid-19 pandemic (PPE, fuel bills). Working on VfM targets with our providers is a long-term aim. In particular, we expect to have greater clarity on service charges coming from our innovative Rent Standard compliance project. As reported elsewhere, during the Year in question, Sustain financially assisted all of its Home Providers with a one-time payment from reserves to assist with the effects of Covid and the increased costs of PPE, etc. Sustain paid out a sum, in excess of £125,000 in the summer of 2020.

Approved by the Board of Directors on 16 September 2021 and signed on its behalf by:



Mr S Khaira – Chair

# Sustain (UK) Ltd

Company registration number 07084201

## Independent Auditor's Report to the members of Sustain (UK) Ltd

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### Opinion

We have audited the financial statements of Sustain (UK) Ltd "the Company" for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

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

We have nothing to report in this regard.

## **Sustain (UK) Ltd**

*Company registration number 07084201*

### **Independent Auditor's Report to the members of Sustain (UK) Ltd**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

#### **Responsibilities of the Board**

As explained more fully in the Statement of Director's Responsibilities set out on page 6, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## **Sustain (UK) Ltd**

Company registration number 07084201

### **Independent Auditor's Report to the members of Sustain (UK) Ltd**

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Company's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

#### **Use of our report**

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

#### **Sue Hutchinson FCA (Senior Statutory Auditor)**

**For and on behalf of  
Beever and Struthers  
Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE  
Date:**

## Sustain (UK) Ltd

Company registration number 07084201

### Statement of Comprehensive Income For the year ended 31 March 2021

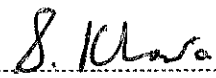
	Notes	2021 £	2020 £
Turnover	2	21,830,272	24,081,975
Cost of Sales	2	(19,266,565)	(21,535,755)
<b>Gross surplus</b>	2	<b>2,563,707</b>	<b>2,546,220</b>
Administrative Expenses	2	(1,726,677)	(1,983,700)
Other operating Income	5	81	10,702
<b>Surplus before tax</b>	7	<b>837,111</b>	<b>573,222</b>
Taxation	6	(159,051)	(108,912)
<b>Total comprehensive income for the year</b>		<b>678,060</b>	<b>464,310</b>


All of the above results derive from the continuing operations of the Company.

Historical cost surpluses and deficits were identical to those shown in the statement of comprehensive Income.

The notes on pages 20 to 30 form an integral part of these financial statements.

The financial statements on pages 16 to 30 were approved and authorised for issue by the Board on 16 September 2021 and were signed on its behalf by:-

  
..... CHAIR  
Mr S Khaira

  
..... BOARD MEMBER  
Mr A Edwards

# Sustain (UK) Ltd

Company registration number 07084201

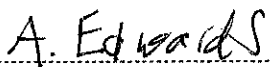
## Statement of Financial Position As at 31 March 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		28,280		37,259
<b>Current assets</b>					
Debtors	11	12,019		3,366	
Cash and cash equivalents	12	4,412,312		3,414,124	
		<u>4,424,331</u>		<u>3,417,490</u>	
<u>Less:</u>					
<b>Creditors:</b> amounts falling due within one year	13	<u>(2,080,867)</u>		<u>(1,759,359)</u>	
<b>Net current assets</b>			<u>2,343,464</u>		<u>1,658,131</u>
<b>Total assets less current liabilities</b>			<u>2,371,744</u>		<u>1,695,390</u>
Provisions for liabilities	15		<u>(5,373)</u>		<u>(7,079)</u>
<b>Total net assets</b>			<u>2,366,371</u>		<u>1,688,311</u>
<b>Reserves</b>					
Income and expenditure reserve	21		<u>2,366,371</u>		<u>1,688,311</u>
<b>Total reserves</b>			<u>2,366,371</u>		<u>1,688,311</u>

The notes on pages 20 to 30 form an integral part of these financial statements.

The financial statements on pages 16 to 30 were approved and authorised for issue by the Board on 16 September 2021 and were signed on its behalf by:-

  
..... CHAIR  
Mr S Khaira

  
..... BOARD MEMBER  
Mr A Edwards

## Sustain (UK) Ltd

Company registration number 07084201

### Statement of Changes in Reserves For the year ended 31 March 2021

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	Income and expenditure reserve £'000
Balance at 1 April 2019	1,224,001
Total comprehensive income	<u>464,310</u>
<b>Balance at 31 March 2020</b>	<b><u>1,688,311</u></b>
Balance at 1 April 2020	1,688,311
Total comprehensive income	<u>678,060</u>
<b>Balance at 31 March 2021</b>	<b><u>2,366,371</u></b>

The notes on pages 20 to 30 form an integral part of these financial statements.

# Sustain (UK) Ltd

Company registration number 07084201

## Statement of Cashflows for the Year Ended 31 March 2021

	2021		2020	
	£	£	£	£
<b>Cash flow from operating activities (note 1)</b>		1,153,450		423,106
Interest paid		-		-
Taxation paid		(155,343)		(151,982)
<b>Net cash generated from operating activities</b>		998,107		271,124
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets		-		-
Interest received	81		10,702	
		81		10,702
<b>Net change in cash and cash equivalents</b>		998,188		281,826
<b>Cash and cash equivalents at beginning of year</b>		3,414,124		3,132,298
<b>Cash and cash equivalents at end of the year</b>		4,412,312		3,414,124
<b>Note 1</b>				
Surplus for the year		678,060		464,310
Adjustments for:				
Depreciation of tangible fixed assets		8,979		11,896
Change in trade and other debtors		(8,653)		18,705
Change in trade and other creditors		316,174		(178,233)
Interest receivable		(81)		(10,702)
Taxation		158,971		117,130
		1,153,450		423,106

The notes on pages 20 to 30 form an integral part of these financial statements.

# Sustain (UK) Ltd

Company registration number 07084201

## Notes to the Financial Statements For the year ended 31 March 2021

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### 1. Principal accounting policies

#### **Basis of accounting**

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

The financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements are prepared on the historical cost basis of accounting and are presented in sterling £, which is the functional currency of the Company.

The financial statements have been prepared in compliance with FRS 102. In complying with FRS 102 the Company meets the definition of a public benefit entity.

#### **Going concern**

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis based on the Company's business plan, which has been subjected to stress tests including the impact of COVID-19.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **a. Contractual obligations and management agreements**

The Company operates a leased-based model which allows it the exclusive use of a Home Provider's property, usually for a minimum of 3 years, with no financial obligation. This model reduces Sustain's financial risk to zero, as the obligation to maintain the property and ensure that all of the correct services are provided for each vulnerable adult tenant lie with the Home Provider. The maintenance and services provided are verified by Sustain on a regular basis through its Inspections regime.

For each property there is a Management Agreement in place which lays out the obligations of both parties – Sustain and the Home provider – in detail.

As part of that Management Agreement, Sustain has an obligation to administer Housing Benefit on behalf of each of its vulnerable tenants, and to pass over to the Home Provider that portion of the Housing Benefit, once it has been received by Sustain, that allows that Home Provider to fulfil their duties and obligations to the tenant as prescribed in the Management Agreement.

The Company has reviewed its management agreements and concluded that all current agreements do not meet the criteria of an operating lease.

#### **b. Useful economic lives of tangible fixed assets**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated economic useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets.

# Sustain (UK) Ltd

Company registration number 07084201

## Notes to the Financial Statements For the year ended 31 March 2021

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### 1. Principal accounting policies (continued)

#### Tangible fixed assets

##### Other Tangible Fixed Assets

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Motor vehicles	<b>25% reducing balance</b>
Furniture and equipment	<b>15% reducing balance</b>
Computer equipment	<b>25% reducing balance</b>

##### Property managed for others

The Company manages properties on behalf of a number of non-registered supported living specialists. The Company receives a management fee which is calculated as a percentage of the housing benefit collected before paying the residual balance over to the non-registered supported living specialists.

##### Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

##### Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic 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.

# Sustain (UK) Ltd

Company registration number 0708420

## Notes to the Financial Statements For the year ended 31 March 2021

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### 1. Principal accounting policies (continued)

#### Taxation

Current tax represents the amount of tax payable or receivable in respect of taxable income for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

#### Value Added Tax

The financial statements include VAT to the extent that it is suffered by the Company and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities.

#### Turnover and revenue recognition

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents enhanced housing benefit received from Birmingham City Council, HMRC R&D grants and Domiciliary Care income. Income is recognised when the income can be reliably measured and it is probable that future economic benefits will flow to the Company.

#### Employee benefits

When employees have rendered service to the Company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.



## Sustain (UK) Ltd

Company registration number 0708420

### Notes to the Financial Statements For the year ended 31 March 2021

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2. Particulars of turnover, operating expenditure and operating surplus

	2021		
	Turnover £	Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 3)	21,830,272	(20,993,242)	837,030
	_____	_____	_____
Total	21,830,272	(20,993,242)	837,030
	=====	=====	=====
2020			
	Turnover £	Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 3)	24,081,975	(23,519,455)	562,520
	_____	_____	_____
Total	24,081,975	(23,519,455)	562,520
	=====	=====	=====

## Sustain (UK) Ltd

Company registration number 0708420

### Notes to the Financial Statements For the year ended 31 March 2021

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<b>3. Social housing lettings</b>	<b>Supported living £</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
<b>Income</b>			
Rent receivable net of identifiable service charges	6,141,412	6,141,412	6,805,444
Service charge income	15,559,691	15,559,691	17,242,061
Domiciliary care income	39,325	39,325	34,470
Other grants	89,844	89,844	-
<b>Total turnover from social housing lettings</b>	<b>21,830,272</b>	<b>21,830,272</b>	<b>24,081,975</b>
<b>Operating expenditure</b>			
Payments to supported living specialists	(19,266,565)	(19,266,565)	(21,535,755)
Management costs	(1,726,677)	(1,726,677)	(1,983,700)
<b>Total operating expenditure on social housing lettings</b>	<b>(20,993,242)</b>	<b>(20,993,242)</b>	<b>(23,519,455)</b>
<b>Operating surplus on social housing lettings</b>	<b>837,030</b>	<b>837,030</b>	<b>562,520</b>

## Sustain (UK) Ltd

Company registration number 0708420

### Notes to the Financial Statements For the year ended 31 March 2021

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4. Accommodation	2021 No	2020 No
Accommodation managed for others – bed units	2,473	2,489

The Company manages properties on behalf of a number of non-registered supported living specialists.

The Company does not own any housing properties (2020 Nil).

5. Interest receivable	2021 £	2020 £
Bank interest receivable	81	10,702

# Sustain (UK) Ltd

Company registration number 0708420

## Notes to the Financial Statements For the year ended 31 March 2021

6. Taxation	2021	2020
	£	£
Surplus before tax	837,111	573,222
Add back: depreciation	8,981	11,895
Add back: disallowable expenses	-	6,580
Surplus chargeable to corporation tax	846,092	591,697
UK Corporation tax at 19% (2020 19%)	160,757	112,422
<i>Deferred Taxation:</i>		
Arising from origination and reversal of timing differences	(1,706)	(3,510)
Tax expense in the income statement	159,051	108,912

See note 15 for deferred tax provision.

7. Surplus for the year	2021	2020
	£	£
<b>Is stated after charging/(crediting):</b>		
Auditors' remuneration (excluding VAT):		
In their capacity as auditors	20,000	4,200
In respect of other services	3,500	-
Depreciation of other tangible fixed assets	8,981	11,895

## 8. Employee information

The average monthly number of employees expressed in full time equivalents (calculated based on a standard working week of 35 hours) was:

	2021	2020
	No	No
Directors	3	4
Non-Executive Directors	7	6
Operations	29	39
	39	49

	2021	2020
	£	£
Staff costs (for the above persons):		
Wages and salaries	1,064,936	1,356,977
Social security costs	96,144	124,807
Other pension costs	61,212	71,455
	1,222,292	1,553,239

## Sustain (UK) Ltd

Company registration number 0708420

### Notes to the Financial Statements For the year ended 31 March 2021

#### 9. Key management personnel emoluments

Key management personnel are defined as Board members, the Chief Executive and Executive Team.

The remuneration paid to the Directors of the Company was:	2021 £	2020 £
<b>Executive Directors</b>		
Salaries and wages and pension contributions	364,906	584,711
<b>Non-Executive Directors</b>	24,709	20,250
Total	389,615	604,961
<b>Emoluments: paid to the highest paid Director (the Chief Executive) (Excluding pension contributions)</b>	154,000	225,608

The aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year

	2021 Number	2020 Number
£60,001 to £70,000	-	1
£80,001 to £90,000	-	1
£90,001 to £100,000	1	1
£140,001 to £150,000	1	-
£150,001 to £160,000	1	-
£210,001 to £220,000	-	1
£220,001 to £230,000	-	1

The Chief Executive is an ordinary member of the Company's defined contribution pension scheme. No enhanced or special terms apply. There are no additional pension arrangements. A contribution of £14k (2020: £2k) was made by the Company in addition to the personal contributions of the Chief Executive.

# Sustain (UK) Ltd

Company registration number 0708420

## Notes to the Financial Statements For the year ended 31 March 2021

10. Other fixed assets	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 April 2020	32,052	7,325	38,400	77,777
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2021	32,052	7,325	38,400	77,777
<b>Depreciation</b>				
At 1 April 2020	15,012	3,979	21,525	40,516
Charge for the year	4,260	502	4,219	8,981
Eliminated on disposals	-	-	-	-
At 31 March 2021	19,272	4,481	25,744	49,497
<b>Net book value</b>				
At 31 March 2020	17,039	3,345	16,875	37,259
At 31 March 2021	12,780	2,844	12,656	28,280
<b>11. Debtors</b>			<b>2021</b>	<b>2020</b>
			£	£
Other debtors			12,019	3,366
			12,019	3,366
<b>12. Cash and cash equivalents</b>			<b>2021</b>	<b>2021</b>
			£	£
Cash at bank			4,412,312	3,414,124
<b>13. Creditors: Amounts falling due within one year</b>			<b>2021</b>	<b>2020</b>
			£	£
Trade creditors			1,862,081	1,615,964
Taxation			100,757	95,423
Other taxation and social security			31,758	32,423
Other creditors			86,271	15,549
			2,080,867	1,759,359

## Sustain (UK) Ltd

Company registration number 0708420

### Notes to the Financial Statements For the year ended 31 March 2021

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#### 14. Contractual obligations and management agreements

The Company operates a leased-based model which allows it the exclusive use of a Home Provider's property, usually for a minimum of 3 years, with no financial obligation. This model reduces Sustain's financial risk to zero, as the obligation to maintain the property and ensure that all of the correct services are provided for each vulnerable adult tenant lie with the Home Provider. The maintenance and services provided are verified by Sustain on a regular basis through its Inspections regime.

For each property there is a Management Agreement in place which lays out the obligations of both parties – Sustain and the Home provider – in detail.

As part of that Management Agreement, Sustain has an obligation to administer Housing Benefit on behalf of each of its vulnerable tenants, and to pass over to the Home Provider that portion of the Housing Benefit, once it has been received by Sustain, that allows that Home Provider to fulfil their duties and obligations to the tenant as prescribed in the Management Agreement.

15. Provisions for liabilities	2021 £	2020 £
Deferred Tax – Accelerated Capital Allowances	5,373	7,079

#### 16. Capital commitments

At the balance sheet date there were no capital commitments (2020 Nil).

#### 17. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2020: £Nil).

#### 18. Pension scheme

The Company operates a defined contribution scheme for its employees.

The costs for the year were £61k (2020: £71k).

Total outstanding contributions as at 31 March 2021 were £Nil (2020: £Nil).

#### 19. Company status

The Company is a private Company limited by guarantee and therefore does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of its liquidation.

## Sustain (UK) Ltd

Company registration number 0708420

### Notes to the Financial Statements For the year ended 31 March 2021

#### 20. Related parties

During the year the Company traded with the following businesses that two of the Company directors are associated with. The transactions with them, being payments to supported living specialists, are as follows:

	2021 £	2020 £
Mr A P Barwell: Yorklease Ltd	213,196	249,557
Mrs P Hughes: Topcare West Midlands Ltd and Partnership	704,134	723,936
Joint venture under control of Mr A P Barwell and Mrs P Joyce: West Midlands Support Homes Limited	194,516	231,221

At the year end no outstanding balances existed between Sustain (UK) Ltd and any of the businesses listed above.

After the year end, the conflict of interest in the related party transactions reported above, was dealt with by the sale of the properties owned by the two directors, Mr A P Barwell and Mrs P Hughes.

#### 21. Reserves

	Income and expenditure reserve £'000	Designated reserves £'000	Total £'000
Balance at 1 April 2019	224,001	1,000,000	1,224,001
Transfer to Designated Reserves	(600,000)	600,000	-
<sup>¶</sup> Total comprehensive income	464,310	-	464,310
<b>Balance at 31 March 2020</b>	<b>88,311</b>	<b>1,600,000</b>	<b>1,688,311</b>
Balance at 1 April 2020	88,311	1,600,000	1,688,311
Transfer to Designated Reserves	(700,000)	700,000	-
Total comprehensive income	678,060	-	678,060
<b>Balance at 31 March 2021</b>	<b>66,371</b>	<b>2,300,000</b>	<b>2,366,371</b>