

Sustain (UK) Ltd

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

Report and Financial Statements

For the year ended 31 March 2024

Sustain (UK) Ltd

Company registration number 07084201

Report and Financial Statements For the year ended 31 March 2024

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Sustain (UK) Ltd

Company registration number: 07084201

Company Information

Non-Executive Directors:

Mrs S Piercy
Mr A Edwards
Mr S Khaira - Chair
Mr G Cain
Mr M Shields
Mrs S Woodall
Mr M Jolly

Executive Directors:

Mr I MacGregor – Chief Executive Officer
Mr S Egan – Transformation Director

Company Secretary:

Mr S Egan

Registered Office:

181-183 Summer Road
Erdington
Birmingham
B23 6DX

Company Registration Number:

07084201

Regulator of Social Housing Registration Number:

4687

External Auditor:

Beever and Struthers
One Express
1 George Leigh Street
Manchester
M45DL

Solicitors:

Anthony Collins
134 Edmund Street
Birmingham
B3 2ES

Devonshires
37 Temple Street
Birmingham
B2 SDP

Bankers:

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
E14 SHP

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Directors' Report

For the year ended 31 March 2024

The Directors are pleased to present their report for the year ended 31 March 2024.

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

We are delighted to report that we have operated with a stable and committed Board for the period. In line with the NHF code of Governance we have reviewed our Board and Executive succession strategy in light of skills needs of the organisation and future retirement dates and recruitment requirements and strategy for 2024 and 2025.

'Continued Stability, Innovation, and Improvement'

Continued Stability

Our Staff Plan has developed our middle management internally during the year and this has resulted in a continuity in experience and know-how in our specialised sector. This stability in the core offering of Sustain's services has allowed us to manage challenges such as a deliberate drop in the number of home providers, the delivery of a compliant services, and the delivery to new consumer Standards –whilst delivering our services to Home Providers and Tenants.

Continued Innovation

The Financial year to March 2024 has been a year of continued innovation, we have continued our innovation of service, including developing additional software to allow our home providers deliver improved service levels. We have developed effective and robust systems to respond and listen to our tenants, allowing us to meet the Consumer Standards that came into force during the year.

We have used our IT base and our staff engagement to innovate during the year, including developing our Rent & Service Charges system, Digitising support notes, further developing our Health and Safety Certification system to report on Damp & mould, Asbestos and Legionella risks, and to support our issues to complaints process, safe-guarding reporting and engaging with our Tenants regarding Tenants Satisfaction measures.

We have recognised the need to rationalise the oversupply of exempt accommodation in the Birmingham City Council area, to this end we have not increased our Home Supplier base but focused on reducing void levels. We have looked at diversifying our business model, looking at options such as; property purchase, development, conversion of void stock into much needed family homes, supporting the DWP in innovative move-on accommodation solutions, and partnering with other organisations who provide social support services in addition to homelessness prevention.

Continued Improvement

This year has seen Sustain continue to improve its services, we have engaged locally with Birmingham City Council's 'BCC' Inspection Teams, we have continued to support the BCC backed 'Q' mark for Supported Exempt Accommodation and have been provisionally awarded a Silver Grading for the standard of our services. In line with the new RSH Consumer Standards and the 'Q' mark Sustain has delivered high standards of service, this being reflected in relatively low numbers of complaints and a very high level of good responses in our Tenant Survey. (see below Consumer Standards Results)

To lead and support our improvement, we have continued to develop our Board through training, key strategy development sessions, and the development of external assurance lines such as Independent Internal Audits.

This year we have continued innovation and improvement with our tenant-centric approach to service delivery. This is reflected in our proactive approach to Tenant Issues, Complaints Handling, Damp & Mould Reporting, and listening to our tenants. We have delivered on the key focus delivering good Consumer Standards, which has been reviewed and directed by the Board and a dedicated Board Committee – The Tenant Engagement & Empowerment Committee.

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For the year ended 31 March 2024

To allow for the Board to maximise its effectiveness and allow for detailed scrutiny and reporting, it has been supported by three Committees which meet quarterly, these comprise of:

The Audit and Risk Committee - Chaired by Mike Jolly, focused on: the Risk Management framework, financial reporting, financial controls, On-boarding and new supply/diversification, prudent management of reserves, and Internal and External audit and assurance.

The Remuneration Committee - Chaired by Andrew Edwards, focused on; Director and Executive succession planning and skills, recruitment and reward, Staff & Board development and planning, and Executive, Board and Staff Pay,

The Tenant Engagement & Empowerment Committee - Chaired by Sian Piercy, focused on; Complaints Reporting, the Tenant Engagement Strategy, Consumer Standards, and BCC relations.

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Directors' Report

For the year ended 31 March 2024

The Directors present the financial statements for Sustain (UK) Ltd ("Sustain") for the year ended 31 March 2024 and to report that the business has shown a steady turnover contributing to a strong balance sheet which allows us to plan and build our services for tenants and future viability. At the end of the financial year, we had the bed capacity available to support vulnerable adults across Birmingham 1,852, down from 2,038 in 2022/23.

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 Stress Tested Business Plan which will allow Sustain to develop services for its tenants in the future.

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 this has resulted in drop of numbers of tenants being supported.

The Business Plan for the coming five years has a number of key strategic aims, these being:

- Gain compliance –G2/V2/C2 –(Potentially V1)
- Deliver Safety for our Tenants.
- Deliver Quality Service to our Tenants and Home Providers
- Maintain and Increase our Financial Viability
- Controlling and mitigating the key 7 plus risks faced by Sustain
- Seek New Opportunities for Sustain – support to supportive tenant journey
- Protect our Reputation and the Reputation of the sector.

Whilst controlling and mitigating the key risks faced by Sustain and reported upon within our Risk Management Framework.

Our Business Plan and Strategy fit within the 2020 NHF Code of Governance which the Board has adopted, the Board can report that by 31st March 2024 Sustain complied with all four core principles – having a clear Mission and Values, A Clear Strategy and Delivery Plan, an effective Board to Monitor and Control Sustain, and a Functioning Board and Risk Control Framework which provided for good control and assurance on Sustain's activities. The Board has carried out a self-assessment against the standard and can report no areas of non-compliance.

VFM

During the year, as detailed in our "Value for Money Self-Assessment", Sustain continued to deliver good Value for Money for its Tenants and Home Providers. Critically our costs per Unit remain best in class, and satisfaction with our services has improved as shown through our Tenant Survey Results.

Value for Money for Tenants and the Public Purse was a key factor in seeking below potential maximum levels of rent increases available in 2022/23 and 2023/24 in our bids for rent and service charges to Birmingham City Council

A full Value for Money report is contained in this Annual Report showing Sustain's performance across key metrics for the sector.

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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 and deal with specific areas of non-compliance. During the year the Board set into place a rigorous Probity framework and oversaw the removal of Identified Conflicts of Interest. The year has seen the Board processes and oversight being embedded relating to NED, Executive & Staff recruitment and remuneration.

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. Sustain is now in the process of rolling out 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.

We have actively engaged with the Regulator for Social Housing, who have provided Sustain, in March 2024, a 'Position Statement and Next Steps' to completing our compliance journey, further to this we have engaged Altair to review our progress towards compliance and have agreed and resourced an action plan to complete this journey at pace.

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

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Directors' Report

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Statement of Compliance

The Board confirm that Sustain, over the financial year, has complied with all relevant legislation, and in relation to the RSH Governance, Viability & Consumer Standards areas of non – compliance have been identified and plans to ensure compliance have been enacted. In particular, up until 1st April 2020 Sustain was fully compliant with the Rent Standard, however, since the Standard was upgraded on that date, through our engagement with the RSH, we have clarity on the work to be completed to regain compliance with that revised standard. Sustain has, with the help of Altair Management Consultants, developed and is delivering at pace an action plan to remedy the situation, which has been shared with the Regulator. We can report that the company has continued this project at pace and liaised with the RSH and anticipates gaining full compliance with the Governance Standard in the Financial Year 2024-25.

We have adopted the 2020 NHF Code of Governance and can report that by 31st March 2024 we are compliant across all four of its Core principles. No areas of non- compliance with the Code during the financial year have been identified.

As part of our commitment to increasing Consumer Standards we have established and embedded, the Tenant Engagement & Empowerment Committee, which will allow the Board to further focus, direct and ensure that Sustain continues to improve and deliver to Tenants through a resourced and reported upon Tenant Engagement Strategy. We have reported and published on our performance (see Below published metrics). This is now mandatory in the sector, we have compared our performance to others and can state we are in the upper quartile of providers in terms of delivering good Consumer Standards as reflected by the good response and positive view of our services shown in our Tenant Survey Results.

In 2020 we adopted the new Housing Ombudsman Complaints Handling Code, this was amended in 2024 and we have adopted the new Complaints Handling Code 2024, we have published our Complaints Handling Self-Assessment and our Performance. We continue to deliver rapid, effective and compliant responses to Complaints and have adopted and implemented an innovative tenant centric issues to complaint process, this has seen us having a low level of Complaints to Stage 1 and 2.

In 2023/24 we have actively encouraged and participated in Birmingham City Council's new Inspections Regime, we continue to engage with the BCC Registration and certification scheme, received a provisional Silver Grade in the Quality Charter which will help set the standards expected for providers in the region.

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Published Tenant Survey and Consumer Standard Metrics

Building Safety		
BS01	Proportion of homes for which all required gas safety checks have been carried out.	100%
BS02	Proportion of homes for which all required fire risk assessments have been carried out.	97%
BS03	Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out.	97.40%
BS04	Proportion of homes for which all required legionella risk assessments have been carried out.	97.70%
BS05	Proportion of homes for which all required communal passenger lift safety checks have been carried out.	N.A.

Anti-social behaviour		
NM01 (1)	Number of anti-social behaviour cases, opened per 1,000 homes.	25.3
NM01 (2)	Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes	1

DHS and repairs		
RP01	Proportion of homes that do not meet the Decent Homes Standard.	0.0
RP02 (1)	Proportion of non-emergency responsive repairs completed within the landlord's target timescale.	100%
RP02 (2)	Proportion of emergency responsive repairs completed within the landlord's target timescale.	100%

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Q4d Complaints		
CH01 (1)	Number of stage one complaints received per 1,000 homes.	2.6
CH01 (2)	Number of stage two complaints received per 1,000 homes.	2
CH02 (1)	Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales.	100%
CH02 (2)	Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales.	50%

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Tenant perception measures		
TP01	Proportion of respondents who report that they are satisfied with the overall service from their landlord.	94.40%
TP02	Proportion of respondents who have received a repair in the last 12 months who report that they are satisfied with the overall repairs service.	96.40%
TP03	Proportion of respondents who have received a repair in the last 12 months who report that they are satisfied with the time taken to complete their most recent repair.	95.30%
TP04	Proportion of respondents who report that they are satisfied that their home is well maintained.	96%
TP05	Proportion of respondents who report that they are satisfied that their home is safe.	94%
TP06	Proportion of respondents who report that they are satisfied that their landlord listens to tenant views and acts upon them.	87.60%
TP07	Proportion of respondents who report that they are satisfied that their landlord keeps them informed about things that matter to them.	90.10%
TP08	Proportion of respondents who report that they agree their landlord treats them fairly and with respect.	96.20%
TP09	Proportion of respondents who report making a complaint in the last 12 months who are satisfied with their landlord's approach to complaints handling.	89.20%
TP10	Proportion of respondents with communal areas who report that they are satisfied that their landlord keeps communal areas clean and well maintained.	93.70%
TP11	Proportion of respondents who report that they are satisfied that their landlord makes a positive contribution to the neighbourhood.	77.20%
TP12	Proportion of respondents who report that they are satisfied with their landlord's approach to handling anti-social behaviour.	81.70%

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Future Prospects

A New Business Plan for the period 2024-2029 was developed and adopted by the Board in March 2024, the Plan sets out our strategic aims:

- Gain compliance –G2/V2/C2 – (Potentially V1)
- Deliver Safety for our Tenants.
- Deliver Quality Service to our Tenants and Home Providers
- Maintain and Increase our Financial Viability
- Controlling and mitigating the key 7 plus risks faced by Sustain
- Seek New Opportunities for Sustain – support to supportive tenant journey
- Protect our Reputation and the Reputation of the sector.

Our plan will see Sustain continue to develop the quality of our offering to our tenants and home providers, grow supply, where it is of appropriate quality, and diversify our offering to further support our tenant cohort.

The plan has been stress tested against the risks facing Sustain, this has been reviewed by the Board, who are assured that Sustain can deliver the Plan and has the financial strength to deal with risks to the plan if they emerge.

The Board is pleased to report that the financial viability of the business, illustrated in the Statements, are strong. We have added more surplus to our reserves, which now stand at over £4m. These reserves are prudently managed, and are sufficient to support our future business plans, to mitigate risk costs if they materialise, to support investment to gain compliance and improve our services.

This financial strength will allow us to continue to invest in improving our services, our IT, development of our staff base, make investment in initiatives supporting tenants in line with our aims. The Board are also investigating and progressing diversification 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, the Board is committed to growing the Business in a prudent fashion through growth in existing services, investing in relevant social need diversification projects.

As part of the Business Plan, we are committed to continuing substantial investment in our IT and Staff, and to support transforming Sustain to allow it to remain compliant with all three Regulatory standards. This Plan also supports our aim to be a leader in Birmingham in delivering state-of-the-art supported living for our vulnerable Tenants.

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Remuneration Report-

Remuneration and Performance of Executives and Non-Executives is carefully considered by the Board and its Remuneration Committee (Remcom) through the year, this includes using external consultants to benchmark and inform our rewards decisions.

The details of the revised remuneration for Key Management Personnel are set out in detail in Note 9 to the accounts.

The remuneration paid to the Directors of the Company was:	2024	2023
	£	£
Executive Directors		
Salaries and wages, Inc pension contributions	<u>237,295</u>	<u>212,500</u>
Non-Executive Directors	<u>45,500</u>	<u>45,767</u>
Total	<u>282,795</u>	<u>258,267</u>
Emoluments: paid to the highest paid Director (CEO)		
(Excluding pension contributions)	<u>123,125</u>	<u>121,000</u>

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Directors' Report

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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 2022.

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.

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Directors' Report

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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 5 September 2024 – and signed on its behalf by:


.....
Mr S Khaira – Chair

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Value for Money Self-Assessment for the Year Ended 31 March 2024

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 2023' https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1066373/20230404_Value-for-Money-metrics-Technical-note-guidance_FINAL.pdf

The reporting required in the annual accounts of Registered Providers (RP) is focused on a minimum of seven VfM metrics, along with performance measured against their own chosen 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.

In addition, a new VfM metric relating to benchmarking Executive and Director Pay and reward will be reported upon in next years Annual Report, these figures will be obtained utilising the processes and reporting which support Note 9 of this year's accounts.

Not all of the RSH defined metrics are relevant to Sustain's lease-based business model, e.g., EBITDA interest cover, gearing/ROCE (see below). 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 operate a zero liability lease base model. 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.

In the past we have reported our VfM metrics in our Annual Report and Financial Statements which are made available to the public each September.

2. Current position and performance

Sustain has reported in its financial statements that its turnover in the years 2023/24 has increased from £17.86m to £19.61m through more efficient use of existing stock and reduced void levels. We have effectively and responsibly managed the bed capacity to support 1,400 plus vulnerable adults across Birmingham, whilst decreasing capacity of beds via rationalisation to ensure higher quality accommodation and support within the remaining estate.

Sustain is actively working towards continued compliance against the governance requirements of Governance & Financial Standards (G3) but is compliant with the financial Standard (V2). Over the past three and a half years, the Board have concentrated on delivering its voluntary undertaking action plan with a focus on eliminating potential conflicts of interest (Achieved), improving the Executive Team and the Board (Achieved), and ensuring compliance with the Rent Standard (In Progress with an Action Plan to Complete). In addition, Sustain has delivered good Consumer Standards, and is actively developing its tenant centric capabilities to continue to deliver to Consumer Standards, overseen by our Tenant Engagement & Empowerment Committee of the Board, we have adopted and are implemented the NHF Tenant Together Initiative, and have registered with Birmingham City Councils Q Mark being awarded a Silver Grading.

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Value for Money Self-Assessment for the Year Ended 31 March 2024

Sustain believes in offering the best Value for Money it can provide whilst delivering a quality and meaningful service to our Tenants and Home Providers. The last year despite seeing a drop in bed numbers, has seen Sustain deliver greater efficiencies in its cost base whilst delivering on key investments such as improving our IT infrastructure at below target costs, this has allowed Sustain to maintain a competitive headline Social Cost Per Unit. In addition, we believe in providing value to our suppliers, increasing our fee to our Home Providers for increased services at below inflation levels. This has resulted in our operating margin dropping by 1%, but resulting in Sustain having one of the lowest margins in our segment of the sector. This being achieved whilst maintaining service levels and a prudent financial reserve.

3. RSH VFM Metrics - Sustain Housing Future VFM Plans

In the last year Sustain has developed and delivered a key innovative Rent Standard Compliance, Consumer Standard, Support Planning capabilities. This allows us to monitor rent and service charge costs in each of our settings giving us the assurance that we are delivering the right services at the right costs to our tenants. We are using these system to ensure that we liaise with BCC to maintain the correct levels of rent and service charge are levied on behalf of tenants.

The Board and Sustain will endeavour to ensure that our headline Social Housing Costs Per Unit is properly monitored and controlled and that relevant social rent levels are charged in each setting.

We anticipate that our Operating Margin will remain competitive versus our peers as we will be increasing our fee by less than inflation, offsetting this by continued effective and innovative cost management and enhanced use of IT solutions.

At present we do not intend to own property directly or to undertake any borrowing, which means we will not be reporting metrics that would be affected. We do intend to invest in diversifying our support to our tenant cohort allowing Sustain not just delivering Support but being supportive to our Tenant Cohort needs and aspirations.

We have developed a dynamic on-boarding process which is resulting in a positive pipeline of quality suppliers wishing to help Sustain increase quality provision. We have developing investment appraisal techniques and processes to enable us look at diversification options. These include; direct housing provision, conversion of void stock into family units, providing Move on Accommodation solutions, provision of a dedicated assessment centre, and delivering into service areas of support which our customers might need.

These innovations and our diversification programme coupled with the quality of Sustain's services attracting new Home Provision supply, will mean we hope that in future years that the New Supply Metric will be positive.

As part of Tenant Engagement Strategy, we intend to communicate our VFM metrics to our tenants, and provide them with meaningful forums and methods to influence Sustain's future activities that effect VFM for them.

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Value for Money Self-Assessment for the Year Ended 31 March 2024

4. Other VFM Key Performance Indicators Benchmarking our VFM Performance

This year we have continued with benchmarking exercise utilising HQN Risk Consultants to benchmark our Value for Money performance metrics against our peers and across the sector, so that we can more clearly demonstrate our levels of performance. This exercise involved looking at data available from Registered Providers (RP) that in total provide 14,000 units mainly in the Birmingham Region or Nationally - if the RP specialised in a similar provision of services as Sustain.

The Board have further conducted an exercise in relation to information on suppliers in the BCC area whether they be Registered Providers or not, to assure themselves of Sustain's performance results.

The VFM metrics are reviewed by The Board, and in particular the Tenant Engagement & Empowerment Committee and Audit and Risk Committee and are used as part of the toolbox for Board to review performance and develop meaningful Business Planning and Strategies to improve our service offering to Tenants and Home Providers. Demonstrate future efficiencies 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 2024

The Key findings of this year's benchmarking exercise are as follows:

- Sustain's headline cost per social housing unit rent for social housing lettings in 2023/24 was £10,253 compared to £8,376 in 2022/23. This increase being due to less voids and a c.7% increase in rent and service charges in the financial year. As compared to our peers' headline cost per social housing unit of £12,031.
- Sustain's Operating Margin for 2023/24 was 3.5% and the average for the peer group in 2022/23 was 5.9%. Although Sustain has lower margins than those generally in the supported living sector, it is committed to investing in innovation and improving its services, it is also committed to providing good VFM and sought a below the max rent settlement increase with Birmingham City Council in 2022 and 2023, this as well as building and maintaining prudent reserves so that it can deliver for future investment.
- Sustain has a unique Tenant Engagement Strategy, involving communicating our VFM metrics to our tenants, and provide them with meaningful forums and methods to influence Sustain's future activities that will affect VFM for them.
- Sustain's portfolio is stable and doesn't show dramatic uncontrolled growth, demonstrating that Sustain's Business Planning and Stress Testing is prudent.

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Value for Money Self-Assessment for the Year Ended 31 March 2024

5. RSH VfM Metrics – Sustain’s Results

Measure	2023/24	2022/23	Movement
Metric 1 – Reinvestment % <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> Comment - Sustain does not purchase or carry out capital works to existing properties.	0%	0%	N/A
Metric 2 - New supply delivered <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> Comment - Following previous years of growth, there has been a rationalisation (begun in 2019/20) of units in 2023/2024, as we have focused on increasing the quality of accommodation and support provided.	-196	-125	-9.1%
Metric 3 – Gearing % <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> Comment - Sustain’s operating model does not currently have any debt.	0%	0%	N/A
Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation (Major Repairs Included) Interest Cover % <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> Comment - Sustain has no borrowing so no interest paid.	0%	0%	N/A

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Value for Money Self-Assessment for the Year Ended 31 March 2024

<p>Metric 5—Headline social housing cost per unit</p> <p><i>This metric assesses the headline social housing cost per unit as defined by the Regulator.</i></p> <p>Comment – The RSHs 2023 annual report showed the sector median headline social housing cost for 2022/23 was £4,586. Sustain’s cost for 2023/24 was £10,253 per unit which is significantly higher, due to Sustain offering higher levels of support than general needs social housing. Sustain has further identified the average for peer group organisations operating similar levels of services was 12,031 in 2022/23. 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 invest in a very effective inspection regime which ensures better quality of both housing stock and support to vulnerable individuals. It also ensures that we quickly identify poorly performing Home Providers and replace 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. Sustain has found that it offers good value for money for the services provided. Sustain is progressing an innovative Rent Standard compliance IT portal which will allow us to report in greater detail how our Unit Costs are good value for money.</p> <p>The Board through the operational and strategic reporting and through its innovative Rent Standard Compliance project understands and makes key decisions on our cost base which impacts on the rent and service charges we levy at each home. This process is clearly communicated to both Birmingham City Council (BCC) and the tenants which ensures VFM is constantly delivered.</p>	<p>£10,253 per unit</p>	<p>£8,376 Per unit</p>	<p>+22.4%</p>
<p>Metric 6 – Operating Margin%</p> <p><i>This metric demonstrates the profitability of operating assets before exceptional expenses are taken into account.</i></p> <p>Comment - This figure compares well with Peer RP’s who are showing higher Margins of about 12.7 % As Sustain does not borrow funds, this margin still allows us to invest more in delivering better services to our tenants</p>	<p>3.5%</p>	<p>4.5%</p>	<p>-1.0%</p>
<p>Metric 7—Return on capital employed%</p> <p><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>Comment - 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. This drop reflects a drop in surplus and drop in bed supply numbers.</p>	<p>17.0%</p>	<p>22.4%</p>	<p>-5.4%</p>

Sustain (UK) Ltd

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Value for Money Self-Assessment for the Year Ended 31 March 2024

6. Sustain's VFM Performance Versus our Peers –In Depth

The peer group organisations are detailed below:

Advance Housing and Support Ltd
Bournemouth Churches Housing Association Limited
Brunelcare
Golden Lane Housing Ltd
Inclusion Housing Community Interest Company
Salvation Army Housing Association

These peers have been chosen on the basis that they are Regulated by the RSH and deliver at least 50% of their services to homes classed as Supported Housing. In total the peer group manages 14,791 homes.

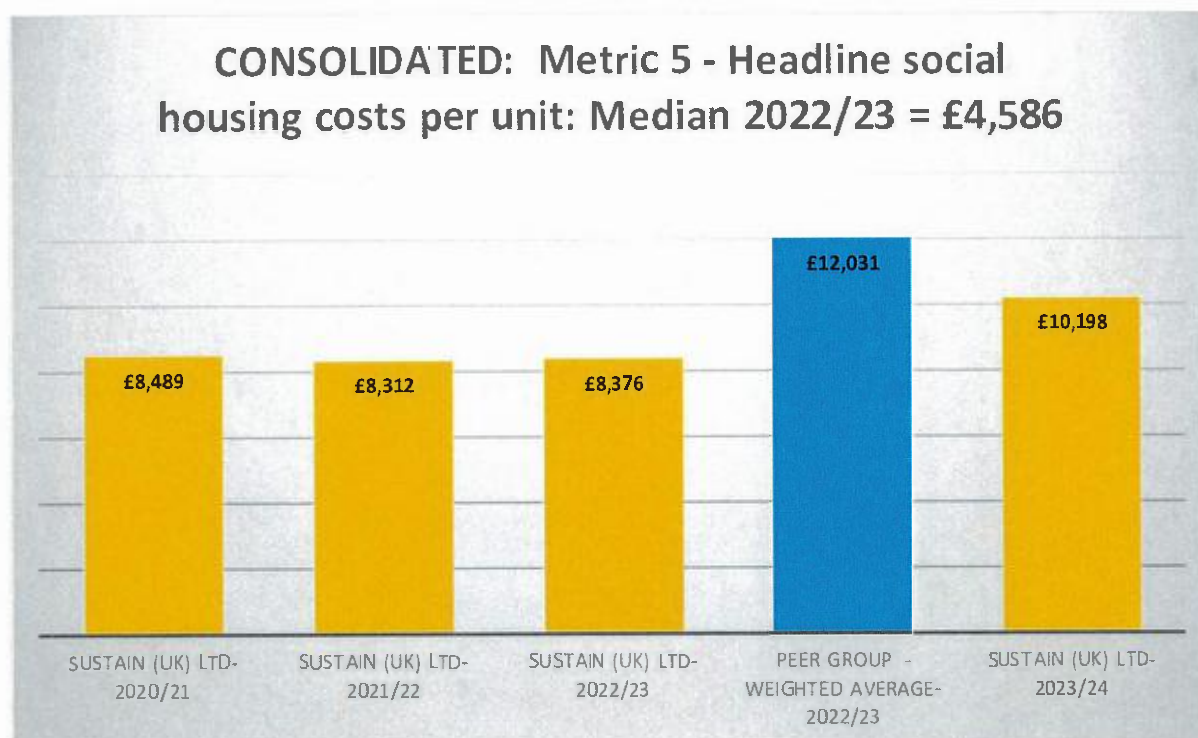
The table below shows Sustain's VFM metrics for the last 4 years and compares that performance with peer group's average figures and the median figures for the sector.

Sustain (UK) Ltd

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RPs selected ->	Sustain (UK) Ltd	Sustain (UK) Ltd	Sustain (UK) Ltd	Peer Group - Weighted Average	Sustain (UK) Ltd	Median figures (Consolidated)
CPU Year	2020/21	2021/22	2022/23	2022/23	2023/24	2022/23
Total social housing units owned and/or managed at period end	2,473	2,163	2,038	14,791	1,852	2,851,022
Metric 1 - Reinvestment	N/A	N/A	N/A	5.6%	N/A	6.7%
Metric 2a - New supply delivered (social)	N/A	N/A	N/A	5.2%	N/A	1.3%
Metric 2b - New supply delivered non-social housing units	-0.60%	-7.00%	-5.78%	0.05%	-9.13%	0.00%
Metric 3 - Gearing %	N/A	N/A	N/A	N/A	N/A	4.53%
Metric 4 - EBIT DA (MRl)	N/A	N/A	N/A	N/A	N/A	128.0%
Metric 5 - Headline social housing costs per unit	£ 8,489	£ 8,312	£ 8,376	£ 12,031	£ 10,198	£ 4,586
Metric 6a - Operating margin (SHL) %	3.8%	3.3%	4.5%	8.6%	3.7%	19.8%
Metric 6b - Operating margin (Overall) %	3.8%	3.3%	4.5%	5.9%	3.7%	18.2%
Metric 7 - Return on capital employed (ROCE)	35.3%	21.6%	22.4%	2.5%	17.1%	2.8%

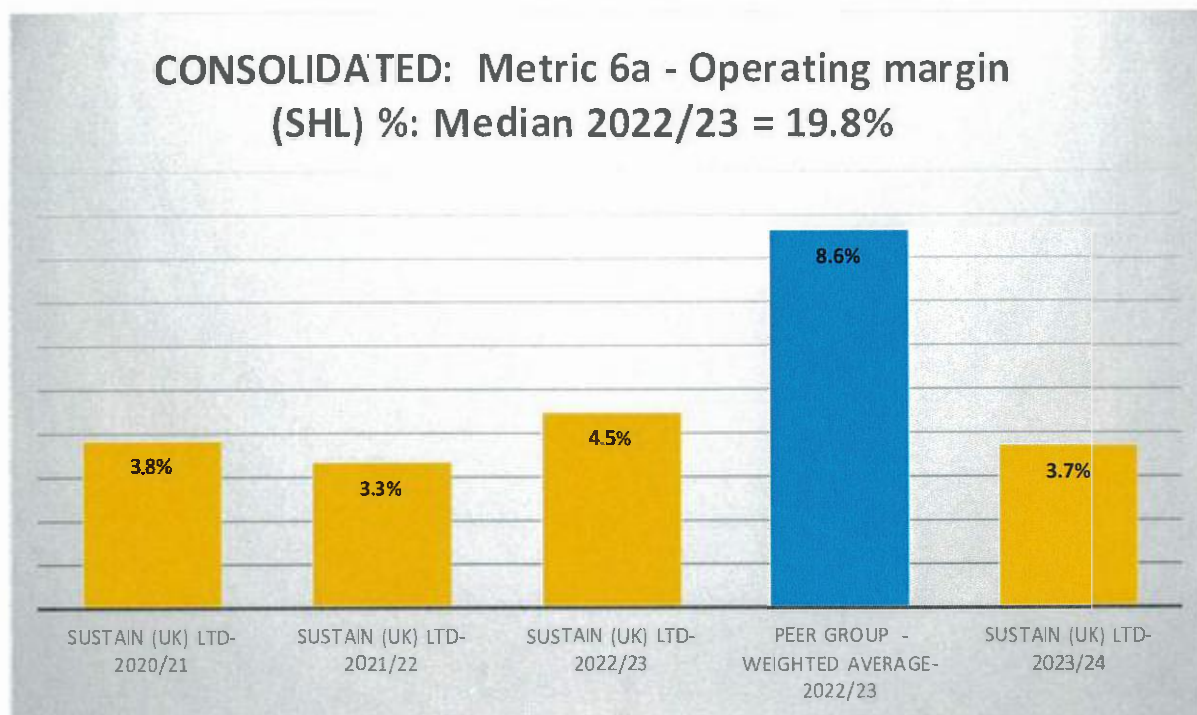
Please see the graphs and associated narrative:



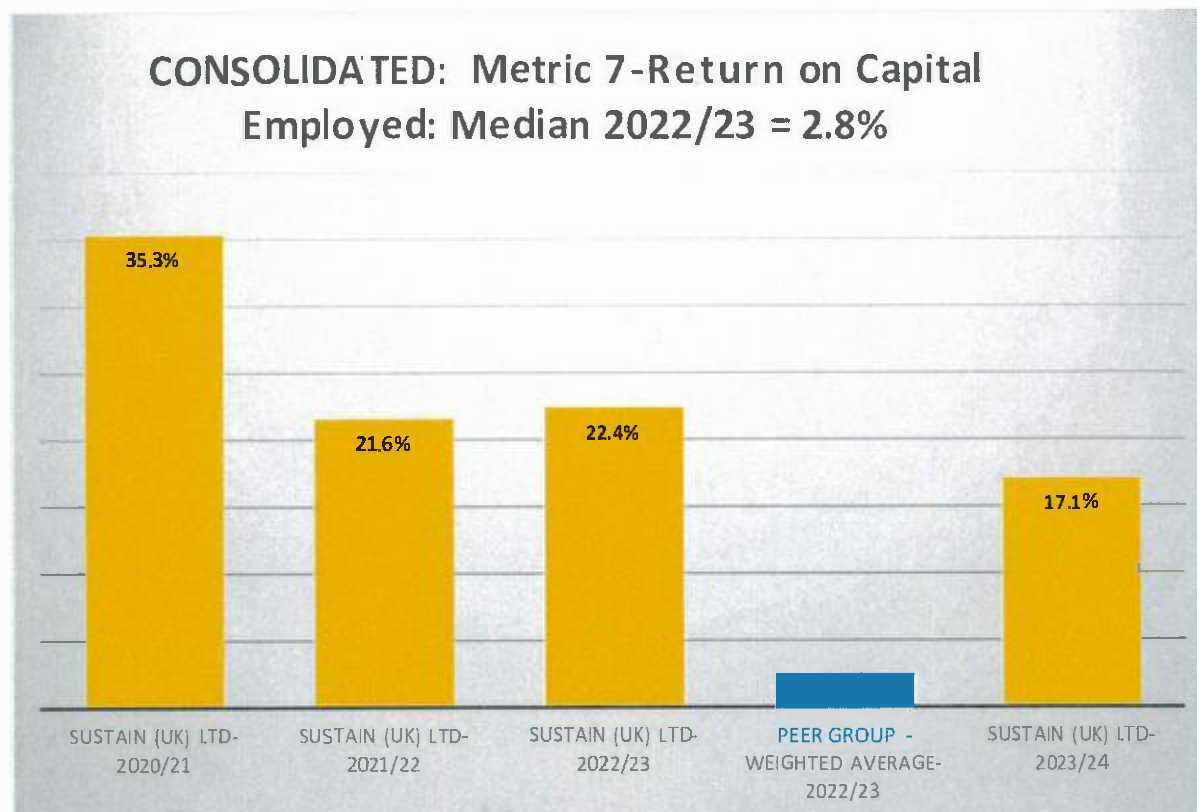
Sustain's headline social cost per unit for 2023/24 is lower than the than the 2022/23 peer group average.

Sustain (UK) Ltd

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Sustain's Operating margin is low when compared to its peer group and the sector median.

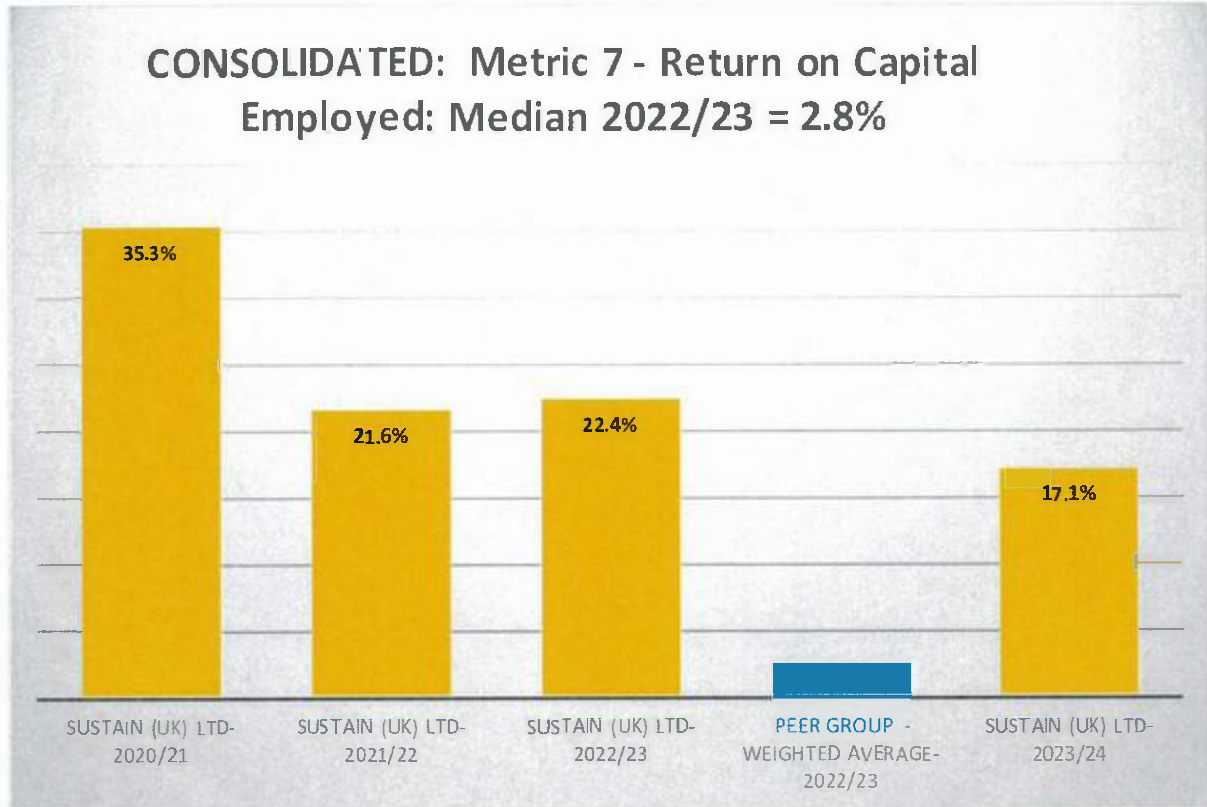


Due to a low asset base Sustain's return of capital employed is higher than its peer group and the sector median figure.

Sustain (UK) Ltd

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Value for Money Self-Assessment for the Year Ended 31 March 2024




Due to a low asset base Sustain's return of capital employed is higher than its peer group and the sector median figure.

Future VFM Reporting Improvements

ESG Reporting

Approved by the Board of Directors on 5th September 2024- 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

Opinion

We have audited the financial statements of Sustain (UK) Ltd "the Company" for the year ended 31 March 2024 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 2024 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 2022.

Basis for opinion

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

Emphasis of Matter - Regulatory Engagement and Going Concern

We draw attention to:

Page 4, Regulatory Engagement which describes the non-compliance with the RSH's Governance Standard and continued engagement with the Regulator in order to improve Governance and deal with specific instances of non-compliance including with the Rent Standard and the disclosures at Note 1 to the financial statements relating to Going Concern, which describes that the financial statements have been prepared on a going concern basis, which assumes an ability to continue operating for the foreseeable future.

Our opinion is not modified in respect of this matter.

Sustain (UK) Ltd

Company registration number 07084201

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

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.

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.

Sustain (UK) Ltd

Company registration number 07084201

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

Responsibilities of the Board

As explained more fully in the Statement of Director's Responsibilities set out on page 14, 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. This description forms part of our auditor's report.

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 2022, 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.

Sustain (UK) Ltd

Company registration number 07084201

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

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.

Beever and Struthers

Sue Hutchinson FCCA (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers

Statutory Auditor

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 30 September 2024

Sustain (UK) Ltd

Company registration number 07084201

Statement of Comprehensive Income For the year ended 31 March 2024


	Notes	2024 £	2023 £
Turnover	2	19,611,430	17,868,570
Cost of Sales	2	(17,223,169)	(15,462,129)
Gross surplus	2	2,388,261	2,406,441
Administrative Expenses	3	(1,662,679)	(1,607,806)
Interest Receivable	5	194,505	31,676
Surplus on disposal of Fixed Assets		230	-
Surplus before tax	7	920,316	830,311
Taxation	6	(233,202)	(157,452)
Total comprehensive income for the year		687,114	672,859

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 34 to 44 form an integral part of these financial statements.

The financial statements on pages 30 to 44 were approved and authorised for issue by the Board on 5 September 2024 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 2024

	Notes	2024		2023	
		£	£	£	£
Fixed assets					
Tangible assets	10		39,573		16,362
Current assets					
Debtors	11	469,980		20,695	
Cash and cash equivalents	12	4,535,843		3,851,001	
		<u>5,005,823</u>		<u>3,871,696</u>	
<u>Less:</u>					
Creditors: amounts falling due within one year	13	(786,056)		(321,634)	
Net current assets			<u>4,219,767</u>		<u>3,550,062</u>
Total assets less current liabilities			<u>4,259,340</u>		<u>3,566,424</u>
Provisions for liabilities	15		(9,450)		(3,648)
Total net assets			<u>4,249,890</u>		<u>3,562,776</u>
Reserves					
Income and expenditure reserve	21		<u>4,249,890</u>		<u>3,562,776</u>
Total reserves			<u>4,249,890</u>		<u>3,562,776</u>

The notes on pages 34 to 44 form an integral part of these financial statements.

The financial statements on pages 30 to 44 were approved and authorised for issue by the Board on 5 September 2024 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 2024

	Income and expenditure reserve £
Balance at 1 April 2022	2,867,383
Total comprehensive income	695,393
Balance at 31 March 2023	3,562,776
Balance at 1 April 2023	3,562,776
Total comprehensive income	687,114
Balance at 31 March 2024	4,249,890

The notes on pages 34 to 44 form an integral part of these financial statements.

Sustain (UK) Ltd

Company registration number 07084201

Statement of Cashflows

for the Year Ended 31 March 2024

	2024		2023	
	£	£	£	£
Cash flow from operating activities (note 1)		684,841		717,025
Interest paid		-		-
Taxation paid		(162,359)		(101,443)
Net cash generated from operating activities		522,482		615,582
Cash flow from investing activities				
Purchase of tangible fixed assets		-		-
Interest received	162,360		28,363	
		162,360		28,363
Net change in cash and cash equivalents		684,842		643,945
Cash and cash equivalents at beginning of year		3,851,001		3,207,056
Cash and cash equivalents at end of the year		4,535,843		3,851,001

Note 1

Surplus for the year	687,114	672,859
Adjustments for:		
Depreciation of tangible fixed assets	8,018	5,133
Change in trade and other debtors	(480,514)	(9,469)
Change in trade and other creditors	470,223	48,502
Interest receivable	(0)	(0)
Taxation	(0)	(0)
	684,841	717,025

The notes on pages 34 to 44 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 2024

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 2022. 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 the current uncertain economic climate.

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 2024

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	25% reducing balance
Furniture and equipment	15% reducing balance
Computer equipment	25% reducing balance

Property managed for others

The Company manages properties on behalf of a number of non-registered supported living specialists. The Company receives a fixed management fee per week per tenant 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 2024

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. 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 2024

3. Social housing lettings	Supported living £	Total 2024 £	Total 2023 £
Income			
Rent receivable net of identifiable service charges	6,079,780	6,079,780	5,539,257
Service charge income	13,529,459	13,529,459	12,327,719
Domiciliary care income	-	-	1,594
Other income	2,191	2,191	-
Total turnover from social housing lettings	19,611,430	19,611,430	17,868,570
Operating expenditure			
Payments to supported living specialists	(17,223,169)	(17,223,169)	(15,462,129)
Management costs	(1,662,680)	(1,662,680)	(1,607,806)
Total operating expenditure on social housing lettings	(18,885,849)	(18,885,849)	(17,069,935)
Operating surplus on social housing lettings	725,581	725,581	798,635

Sustain (UK) Ltd

Company registration number 0708420

Notes to the Financial Statements For the year ended 31 March 2024

4.	Accommodation	2024 No	2023 No
	Accommodation managed for others – bed units	1,852	2,038

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

The Company does not own any housing properties (2023 Nil).

5.	Interest receivable	2024 £	2023 £
	Bank interest receivable	194,505	31,676

Sustain (UK) Ltd

Company registration number 0708420

Notes to the Financial Statements For the year ended 31 March 2024

6. Taxation	2024	2023
	£	£
Surplus before tax	679,039	830,311
Add back: depreciation	8,018	5,133
Add back: disallowable expenses	-	-
Surplus chargeable to corporation tax	<u>687,057</u>	<u>835,444</u>
UK Corporation – current year	226,239	158,734
UK Corporation - adjustment relating to prior year	1,161	-
<i>Deferred Taxation:</i>		
Arising from origination and reversal of timing differences	<u>5,802</u>	<u>(1,282)</u>
Tax expense in the income statement	<u>233,202</u>	<u>157,452</u>
See note 15 for deferred tax provision.		
7. Surplus for the year	2024	2023
	£	£
Is stated after charging/(crediting):		
Auditors' remuneration (excluding VAT):		
In their capacity as auditors	45,600	22,705
In respect of other services	1,990	1,750
Depreciation of other tangible fixed assets	8,018	5,133
	<u> </u>	<u> </u>
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:		
	2024	2023
	No	No
Directors	2	2
Non-Executive Directors	7	6
Operations	19	17
	<u>28</u>	<u>25</u>
	<u> </u>	<u> </u>
	2024	2023
	£	£
Staff costs		
Wages and salaries	1,059,558	821,749
Social security costs	98,019	83,750
Other pension costs	36,652	61,844
	<u>1,194,229</u>	<u>967,343</u>

Sustain (UK) Ltd

Company registration number 0708420

Notes to the Financial Statements For the year ended 31 March 2024

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:	2024	2023
	£	£
Executive Directors		
Salaries and wages, Inc pension contributions	237,295	212,500
Non-Executive Directors	45,500	45,767
Total	282,795	258,267
Emoluments: paid to the highest paid Director (CEO)		
(Excluding pension contributions)	123,125	121,000

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

	2024	2023
	Number	Number
£60,001 to £70,000	-	-
£80,001 to £90,000	1	-
£90,001 to £100,000	-	-
£101,000 to £110,000	1	1
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
£140,001 to £150,000	-	-

The Chief Executive is an ordinary member of the Company's defined contribution pension scheme. No enhanced or special terms applied. There were no additional pension arrangements. A contribution of £12k (2023: £12k) was made by the Company in addition to the personal contributions of the Chief Executive.

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Notes to the Financial Statements For the year ended 31 March 2024

10. Other fixed assets	Motor vehicles	Furniture and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2023	32,052	7,325	38,400	77,777
Additions	-	-	36,000	36,000
Disposals	(17,232)	-	-	(17,232)
At 31 March 2024	14,820	7,325	74,400	96,545
Depreciation				
At 1 April 2023	24,864	5,270	31,281	61,415
Charge for the year	605	308	7,105	8,018
Eliminated on disposals	(12,461)	-	-	(12,461)
At 31 March 2024	13,008	5,578	38,386	56,972
Net book value				
At 31 March 2023	7,188	2,055	7,119	16,362
At 31 March 2024	1,812	1,747	36,014	39,573

11. Debtors	2024	2023
	£	£
Prepayments	5,767	9,695
Other debtors	18,086	11,000
Accrued Income	446,127	-
	469,980	20,695

12. Cash and cash equivalents	2024	2023
	£	£
Cash at bank	4,535,843	3,851,001

13. Creditors: Amounts falling due within one year	2024	2023
	£	£
Trade creditors	571,470	121,595
Taxation	182,400	134,734
Other taxation and social security	32,186	30,092
Other creditors	-	34,876
	786,056	321,297

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Notes to the Financial Statements For the year ended 31 March 2024

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 the Home Provider to fulfil their duties and obligations to the tenant as prescribed in the Management Agreement.

15. Provisions for liabilities	2024 £	2023 £
Deferred Tax – Accelerated Capital Allowances	9,450	4,091

16. Capital commitments

At the balance sheet date there were no capital commitments (2023: Nil).

17. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2023: £Nil).

18. Operating lease commitments

The Company holds non-cancellable operating leases. As at 31 March 2024, commitments of future minimum lease payments were:

	2024		2023	
	£	£	£	£
	Land & Buildings	Other	Land & Buildings	Other
Within 1 year	5,000	-	12,000	-
2-5 years	316,200	5,295	-	1,887
	<u>321,200</u>	<u>5,295</u>	<u>12,000</u>	<u>1,887</u>

19. Pension scheme

The Company operates a defined contribution scheme for its employees.

The costs for the year were £37k.

Total outstanding contributions as at 31 March 2024 were £6k (2023: £Nil).

Sustain (UK) Ltd

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Notes to the Financial Statements For the year ended 31 March 2024

20. 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.

21. Reserves

	Income and expenditure reserve £	Designated reserves £	Total £
Balance at 1 April 2022	567,383	2,300,000	2,867,383
Transfer to Designated Reserves	(700,000)	700,000	-
Total comprehensive income	<u>695,393</u>	<u>-</u>	<u>695,393</u>
Balance at 31 March 2023	<u>562,776</u>	<u>3,000,000</u>	<u>3,562,776</u>
Balance at 1 April 2023	562,776	3,000,000	3,562,776
Transfer to Designated Reserves	-	-	-
Total comprehensive income	<u>687,114</u>	<u>-</u>	<u>687,114</u>
Balance at 31 March 2024	<u>1,249,890</u>	<u>3,000,000</u>	<u>4,249,890</u>

The designated reserve is a fund being built up to cover all and any future identifiable risks to the business.