

Charity registered number 292579
Company registration number 01859070

Pathways to Independence Ltd

Report and financial statements

For the year ended 31 March 2023



**Pathways to
Independence**

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Reference and Administrative details of the Charity, its Trustees and advisors

Pathways to Independence was established in October 2013 following the merger of two well established, Kent based charities; Medway Cyrenians and Hope (Kent) Limited. Pathways to Independence joined Social Interest Group on the 19th January 2021 and now trades as SIG Pathways.

Directors and Charity trustees

The directors of the Charity are its trustees for the purposes of charity law and throughout this document are collectively referred to as trustees. The current trustees and those that served during the year:

Chairman

Karl Marlowe

Other trustees

Dylan Kerr

Stuart Jenkin

Jeff Loo

Claire Barton

Company Secretary

Michael Rutherford

Executive Officers

Group Chief Executive

Gill Arukpe

Senior Director of Operations

Cassie Newman (Resigned – 8th
September 2023)

Director of Finance & Resources

Michael Rutherford

Director of People & Culture

Maria Speight

Registered office

1 Waterloo Gardens
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Auditor

Buzzacott LLP
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Bankers

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Solicitors

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Company registration number

01859070

Charity registration number **292579**

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The Trustees present their report and the audited financial statements for the year ended 31st of March 2023.

The reference and administration information set out on the previous page form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives

Purposes and Aims

The objects of SIG Pathways to Independence as set out in the Articles of Association are for the public benefit:

- Provide support and relief, including rehabilitation from the causes and effects of poverty, homelessness, illness and criminal behaviour for persons aged 16 and over in the county of Kent and surrounding area by providing or assisting in the provision of accommodation, education, training for employment, advice and counselling and other supportive facilities for such persons.

The trustees review the aims, objectives and activities of the Charity each year. This report looks at what the Charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the Charity has brought to the people that it is set up to help. The review also helps the trustees ensure the Charity's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Activities

SIG Pathways works with, single homeless people who are vulnerable due to social and health reasons and inequalities of access to a home and health care services, and have multiple complex support needs. They may be recovering from substance misuse, suffering from mental health problems and around 50% of the clients we work with are in the criminal justice system, have committed offences and may have been homeless and spent time in prison. All of our clients want to help themselves back into independent living.

SIG Pathways has been serving marginalised and socially excluded people within communities across Kent and Medway for many years and has a proven track record in improving the lives. Our support enables clients to significantly improve their opportunities in life and allows them to develop fulfilling and settled lives within their local community.

'Housing related support needs' is the mainstay of SIG Pathways work and encompass any skill deficiency or personal issue that affects a person's life in a way that it inhibits their ability to maintain their own independent accommodation.

Using the Theory of Change, (a support model used across the SIG Group), a resident's journey is measured a minimum of every three months during their stay with SIG Pathways through regular key-work sessions with an allocated Support Coach. Life skill activities, group work and brokerage to other support and care services are provided during their stay, with aim to develop skills to sustain independent accommodation and not fall back into homelessness or prison.

SIG Pathways provide a peer mentoring service, temporary accommodation service in Maidstone, and a Rough Sleeper Initiative (RSI) project in Medway and supported accommodation for single people and prison leavers who are homeless.

Chief Executive's Statement

With figures showing 1 in 4 adults predicted to experience a common mental health disorder, and 10% will experience depression in their lifetime, our services find themselves amid a mental health crisis. The pandemic's legacy effects have made access to primary and secondary healthcare increasingly difficult. Economic and social imbalances continue to grow with substantial increases in homelessness and numbers of people in prison.

The number of families and single people in temporary accommodation is rising daily. We continue to see a rise in people referred to us who have spent long periods of time in hospital, prison and being homeless. Often requiring a high degree of support for harm-reduction, trauma, reablement after long-term mental ill-health and disorders, increase in suicidal idealisation, depression, anxiety, neurodiversity, dual diagnosis, alcohol dependency, and illegal and prescription substance use.

Charities are under severe financial strain. Facing soaring energy bills and declining incomes as some grant givers and commissioners cut back finances against a significant rising demand in people needing our support and care. The recruitment issues in the sector continue to make staff retention and growth challenging as we compete to hire and retain the best people. Research shows a high percentage of the sector using their reserves to support contracted work, which is not sustainable. I am pleased to say we have not had to do this yet.

We have worked hard to make working at SIG Pathways to Independence a rewarding experience personally and professionally and to find the best ways to offer support to reduce the impacts of rising fuel and living costs. We kept salaries at the Living Wage, carried out a salary review, gave two staff pay awards and increased our bank pay hourly rate by 3%.

This year, we joined the lobby for the government to provide more help to our sector. In January, we launched a new vision and mission: to stop the inequity of access to public services and opportunities for a good home, health care, social support, and employment. We will address the imbalance through new partnership working, influencing policy change and driving local systems change to bridge gaps in provision and break down barriers.

We remain committed to supporting local authorities', health trusts and Ministry of Justice and HMPPS in the development of solutions for people in prison and those experiencing homelessness, stepping down from hospital or returning from prison or lives living on the street.

SIG Pathways to Independence is exceptionally skilled at helping people leaving prison to resettle in the community. We officially opened our first Independent Approved Premises (IAP) called Penrose Drive, via SIG Pathways sister charity, SIG Penrose, in which we have been delivering our programmes.

We continue to secure our long-term financial stability through contract retention, growth and income diversification. We retendered for and won several crucial long-running service contracts, helping people secure and retain accommodation and supporting various social needs. Finding ways to take the pressure off the NHS across mental health, personality disorders, homelessness and substance and alcohol use remains a priority.

We grew our Peer Mentoring Programme and volunteering driven by our certified peer mentoring training course funded by Health Education England. We continue to utilise trainees with lived experience across projects, focusing on people at the highest risk of suicide and self-harm, drug and alcohol overdose and disengagement with treatment services.

I look back at all our achievements across SIG Pathways and the Group during 2022/23. Not only have we supported thousands of people, but we continue to overcome the challenges we face, changing how we work to improve and enhance the quality and performance of our services and implementing new services and projects to grow and extend our impact.

A handwritten signature in purple ink, appearing to read 'Gill Arukpe', is positioned above the printed name.

Gill Arukpe, Group Chief Executive
6th December 2023

Strategic Report

Results and Impacts

SIG Pathways Services

SIG Pathways supported 144 people. Over 71% of move-on were positive, including transferring into independent living and step-down accommodation. None of our residents experienced unplanned returns to hospital during their time in our care. 9% of residents returned to prison. No residents were convicted of a new offence.

KPI	TARGET	ACTUAL	
% positive move-on	>85%	71.6%	Positive Move-on means people who secure independent accommodation or move into a safe location for continued support from our residential services.
% Unplanned return to hospital	<3%	0.0%	
% Convicted of new offence	<3%	0.0%	
% Unplanned return to prison	<3%	9.0%	

Total departures	95
Positive move-on	68
Total clients seen	144
Unplanned return to hospital	0
Convicted of a new offence	0
Unplanned return to prison	13

Client Transformations

Simon's Story

Simon was referred to SIG Pathways from Fleming House Approved Premises in Maidstone, where he resided for three months after serving a 2½-year prison term for arson. His long history with the criminal justice system is linked to alcohol dependence. At the time of his referral, Simon had been turned away from other supported accommodation services. SIG Pathways was Simon's only offer of accommodation on the understanding that he would accept extra support and measures needed to ensure the safety of other residents in SIG Pathway's services.

SIG Pathways undertook extensive risk management and assessments to manage the risk around arson and created a Code of Conduct unique to Simon, which he agreed to and signed before his stay. Simon's history of arson offences, alcohol use, and poor mental health meant he experienced rock-bottom periods resulting in self-neglect and relapse. As his behaviour is linked to his alcohol use, he received two in-patient detoxes. Whilst at SIG Pathways, Simon has learnt that keeping busy is crucial to his progress and achieving sobriety. Despite experiencing low moods, he remains committed to engaging in SIG Pathways' regular support sessions for encouragement and new activities, including community engagement.

Having introduced Simon to volunteering and encouraging him to use his lived experience for social good, he now holds down two volunteer placements. One with a specialist homeless accommodation provider to councils across Kent and the other, a small charity helping people experiencing homelessness. He takes great pride in both his roles. Simon feels the security of stable accommodation and appreciates his fellow residents at SIG Pathways. He shares how *'without SIG Pathways' accommodation and help, he didn't believe he had a future'*. SIG Pathways' patience, encouragement, and belief in him have made all the difference, and they are always there to pick him up when he needs it.

Simon still has a way to go, but his progress is outstanding, supported by The Probation Service and alcohol recovery service, Open Road. He is an example to other SIG Pathways residents that anything is possible.

Our Focus

Cost of living and inflation support

We prudently capped our fuel charges for all our accommodations in the Group before the beginning of the financial year, ensuring fuel increases would not heavily impact us before 2024. We started discussions with commissioners during the year regarding uplifts to service contracts. In conjunction with the two pay increases for frontline staff, we began creating a comprehensive remuneration strategy for the Group. SIG already pays the Living Wage in and outside of London. However, we engaged an external consultant to benchmark salaries against peer and competitor organisations. We started exploring realistic options for ongoing support for staff and people using our services, working through our EDI Ambassador Group and Staff Council.

Recruitment

With thousands of Support Worker vacancies per week across the UK, we plan to attract new candidates into health and social care as a career choice. We focused on coherent recruitment, robust training programmes, onboarding processes and apprenticeships. Part of this work included building a dedicated careers microsite and implementing a New Applicant Tracking System (ATS) that went live at the end of the year to streamline the recruitment process.

Brand Refresh

We undertook the brand refresh to strengthen and galvanise the Group and enhance our excellent reputation in supporting the hardest-to-reach to create positive change for people and communities. We worked with staff, residents, and participants across the Group to shape the vision of our rebranding and launched our new visual identity in June. This momentous change project supports our growth as we take on new areas of work and new subsidiaries, expanding our horizons on a public stage.

Theory of Change rollout

Our newly developed Theory of Change articulates our unique approach to positively impacting the lives we support. This transformation journey focuses on three elements to make a crucial difference: identity, relationships and community. We launched the Theory of Change at our Staff Conference in October as we begin embedding it into our working methods to ensure best practice is achieved and evidenced. Learn more about our Theory of Change at <https://socialinterestgroup.org.uk/about-us/our-theory-of-change/>

Reimagining the way we work

'Reimagine the way we work' is an organisation-wide review to use SIG's central resources better to maximise impact and income and improve quality whilst reducing risk. We launched several initiatives and implemented changes over the year to enhance the quality and performance of our services:

Housing Management

We undertook a housing management review, working with an external housing consultant to understand how we continually improve our housing management function and accommodations. Alongside this, we rolled out a programme of property evaluations through the Best Practice Team, comprising site visits, surveys, and focus groups to gain insights into service and property satisfaction levels and any improvement needs. This significant piece of work is ongoing into 2023.

Greater use of technology within our service model

We launched STARS, a new Staff Rota System, to embed the latest technology. STARS is a web-based application accessed through a desktop, laptop, or mobile phone, regardless of a user's location. The system allows frontline staff to view the calendar for their service and upcoming shifts, check rotas and search for available bank shifts, staff contacts, and service details. The application also provides driving directions and the latest news for each service. An all-staff webinar introduced the system, and resources made available on the staff intranet included 'How to' videos. We continue to develop new functionality into 2023.

Quality and Performance

We grew our Compliance, Risk and Audit Team to develop further Risk Management, Governance, Safeguarding and Health and Safety within SIG. We launched new Quality and Performance meetings to support operational teams to focus on essential priorities and reduce duplication. Meetings provide a platform to share what is working well, what they are proud of, and where we, as a SIG community, need to improve processes, best practices, and training.

Staff Safety

We are committed to creating the safest environment for staff. This year, we added two new modules to our staff risk management training to enhance support for the growing number of people coming to us with highly complex support and care needs. Additionally, we set up a Quality Review Group and Safeguarding Review Group to strengthen how we capture trends, concerns and learnings across the Group and ensure staff meet the expected standards of our Quality Handbook, a digital best practice guide introduced last year.

Activity Forum

We launched our new Activity Forum, bringing together Activity Coordinators and Programme Facilitators from across the Group to look at how we consistently deliver interventions and activities. Discussions ensure the inclusion of participants, residents, and staff with a commitment to take forward initiatives. *SIG Run Club* is one such initiative.

Property Strategy

To support SIG Pathways' ambition to provide more accommodation services in Kent, SIG Housing Trust continues its journey to becoming a registered social housing provider as part of our long-term ambition to buy accommodation to strengthen our income and retention of contracts and ensure we can provide long-term housing for people in the greatest need.

Significant Events

Investors in People

SIG Pathways via SIG was awarded Investors in People, an important accreditation. We worked over many months with staff to achieve this. We continue our Investors in People journey, using the findings from the review to shape our 3-year strategic plan starting next year. We started developing our reward and recognition strategy to ensure we make working at SIG a rewarding experience personally and professionally by offering growth and development.

ISO90001

We received ISO9001 accreditation in January. ISO remains a necessary certificate held by SIG, assuring stakeholders that we have effective systems and processes and work to improve continuously. SIG has maintained certification since its inception.

High Commendation Award

Our Peer2Peer Project in Medway was highly commended at the Kent Housing Group Excellence Awards in the Community Project award category. The project has run since September 2021 and provides volunteers as peer mentors with lived experience of substance and alcohol use and homelessness. Each meets weekly with people at the highest risk of drug or alcohol overdose or disengagement with treatment services, helping them engage in treatment and healthy activities, including sports and arts-based engagement. All peer mentors are trained in harm reduction and undertake an eight-week training course funded by Health Education England.

Influencing Positive Change in Medway

The Medway team participated in several Street Counts this year and continues attending the Medway Homelessness Forum, Medway Complex Needs and Blue Light Project meetings, and chairing the Medway Rough Sleeper Task & Finish Group.

Financial Review 2022/23

SIG Pathways made a surplus of £57k (2021/22 - £13k) at the operating profit level before a past service surplus pension gain of £519k (2021/22 - £69k). This results in an unrestricted fund balance of £1,804k at 31st March 2023 (2021/22 - £1,733k). In addition, it had a restricted fund balance of £30k (2021/22 - £30k).

The pensions reserve at the end of the year was £18k and relates to the past service deficit liability relating to the defined benefit and retirement Local Government Pension Schemes. SIG Pathways has no ability to influence the actuarial gains/losses or balance sheet liability and could see losses and increased liability in future. New legislation with effect from 23rd September 2020 allows Employers (known as Deferred employer) to enter into an agreement with the administering authority to defer the obligation to make the exit payment (enter into a Deferred Debt Agreement) and continue to make contributions at the secondary rate as determined by the actuarial valuation until the termination of the deferred debt agreement. This is available to us even if the last member leaves. We will be reviewing this to put in place.

Given the wider economic environment and on-going changes and increased competition within the sector, the trustees consider the results to be acceptable. Therefore, it is essential that moving forward our focus remains on developing new services, new funding models, effective and financially efficient models of service delivery.

The principal funding sources remain Local Authority contracts for our resettlement and accommodation projects and rental income funding the work we do with preventing homelessness and with people experiencing homelessness. The trustees are appreciative of the funding received from its funders including those statutory commissioners for the work streams they support and the vital non-statutory funding received from individuals, trusts and foundations.

Principle risks and uncertainties

SIG Pathways to Independence has a risk management strategy, which is overseen by the trustees. The risk register is reviewed monthly by the Executive Management Team, in consultation with all managers, and subsequently by the trustees at each quarterly Board meeting. The principal risks are that a resident or participant commits a serious act and that there is class A and/or B drug usage on our premises. This is not surprising in view of the activities undertaken by SIG Pathways. To mitigate these risks, we have robust risk management policies, a pandemic strategy and contingency plans, well trained staff, incident and near miss reporting and learning, a safeguarding officer, a clinical lead and people safe systems, testing procedures and good relationships with experts by experience and co-production with our residents and participants, responsible officers, and the police. In addition, SIG Pathways is experiencing great difficulties in procuring properties either for rent or outright purchase, given that we cannot expand at the rate of demand or that we may lose contracts.

Another significant risk is the pension deficit contributions made to TPT and to the KCC to fund the shortfall in the pension liability of the schemes. The risk is regularly reviewed to ensure any contributions are affordable and do not place a significant financial burden on the Charity.

Reserves policy and going concern

The Trustees reviewed the reserves policy in the light of the relevant guidance on the established level of reserves (those funds that are freely available) that the charity ought to have at any given time. Reserves are needed to bridge the funding gap between spending on services, as well as to cover the impact on working capital to increasing demand for its services and unforeseen budget variances. Reserves are also held to cover risks faced by SIG Pathways to Independence, including loss of contract income.

The trustees evaluated the commitment to future expenditure against likely future income streams weighing each element according to size, probability, spread of risk and operational impact. During the year the trustees reviewed the level of reserves required in light of the ongoing challenging financial environment. The trustees agreed the free reserves target should be approximately £150k, a reduction of £150k. The charity needs to maintain sufficient funds to cover any potential loss in contract income and short-term cash flow and to have approximately three months of expenditure available at all times and to cover costs in the event of the charity winding up. The unrestricted free reserves, excluding the past service pension plan, are £1,914k at 31st March 2023 (£1,733k at 31st March 2022). This comprises of the designated fund and the property revaluation reserve.

The trustees will continue to review the reserves policy and position.

The trustees are in the process of considering options to maintain the charities continued viability and do not consider there are any material uncertainties about the charities ability to continue as a going concern for the immediate future.

Plans for the Future

At SIG Pathways to Independence, we pride ourselves on being a learning organisation, constantly developing and innovating to adapt to changes in our environments, and ensuring we continue to focus on delivering the best possible outcomes to the people we support. Over the next five years, our ambitions include:

Delivering **permanent, quality homes** for people requiring longer-term support through sister charity SIG Housing Trust's ambitious property strategy, with support from key partners, benefactors and developers.

Decreasing the number of people rough sleeping, leaving hospital and prison with no accommodation by providing **excellent supported accommodation** services and **person-centred move-on** packages.

Becoming an employer of choice by developing a **Staff Academy of Learning**, ensuring all our staff feel safe, valued and invested, and adding value by enhancing our volunteering offer and increasing volunteer numbers to over 300.

Working with the NHS and Integrated Care Boards to **shift more mental health treatment and recovery services from the hospital to the community** by offering evidence-based and innovative alternative delivery models.

Deploying an External Affairs Team to ensure we make positive social change by sharing **frontline and lived experiences to have a meaningful influence on policy development** and provide opportunities for our participants and residents to be heard at the highest levels of government.

Supporting a fairer, more impactful criminal justice system by working collaboratively with HMPPS and other key partners to deliver positive resettlement outcomes. **Expanding our promising Approved Premises delivery model** run by SIG Penrose a sister charity within the Group and demonstrating its impact on people leaving prison at the highest risk.

Identifying opportunities within the prison estate to roll out SIG sister charity, **SIG Safe Ground's unique approach to providing visitor centres**. Influence and shape cultural change in how people in prison are supported through their methodology and our External Affairs Team.

Extending our specialist gender-based services to women with multiple complex needs and significant enduring trauma by building on our therapeutic model of trauma and shame-informed practice to create positive, female-led environments and responding to the need to restore trust in external frameworks and wider systems change, working through our **'I Am More Than'** Project and **Theory of Change** to break the stigma and shaming narrative for women with complex needs and risks.

SIG Pathways will continue to support the SIG Group's Growth and development strategy to support a minimum of 1,000 people in Kent, triple the collective Group income to £60 million, and continue to grow and flourish, adding **three new charities** to the Group to expand and enhance our range and offer to the people we support.

New Business

Contract Extension with Medway Council Public Health

SIG Pathways retained and grew its Community Peer to Peer Outreach Work. This funding has come from a universal grant for additional drug treatment, crime and harm-reduction funding. Our Medway project, in partnership with Medway Council Public Health for vulnerable people street-based or living in supported accommodation, has been extended to 2025. This service comprises two full-time roles, an Outreach Coordinator and an Outreach Worker, to deliver assertive outreach with peer mentors and support the existing treatment service outreach team. It works exclusively with people at risk of overdose who are either not under treatment services or not engaging with them. The team works across Medway's supported housing provision. It feeds into other projects, providing outreach to people experiencing rough sleeping to reduce drug-related deaths and increase harm-reduction support for people with substance and alcohol use disorders, working with Forward Trust, Open Road and other agencies. Since its inception, this project has gone from strength to strength.

Accommodation Based Housing Related Support Services, Medway

SIG Pathways retained its Housing Related Support Services across Medway from April. Comprising two lots totalling 52 units. The service supports statutory and non-statutory ex-prisoners and people experiencing homelessness, providing supported accommodation, help and support. Maidstone Services were recommissioned by Maidstone Borough Council to provide housing and accommodation support, for people aged 18+ who present as homeless with support needs, who may be owed a main duty, or is housed at the discretion of Maidstone Borough Council.

Other Group Activities

Fundraising

We recruited a Grant Writer in the year to help build on our first-year successes. Our funding priorities remain capacity-building grants to develop and enhance our services and technology and implement our strategic ambitions and plans.

In March this year, we started talking to Reddico, a Kent-based digital agency and B Corp, looking to grow its support in Kent. We met Reddico's Community Team to share the valuable work SIG Pathways does. Reddico knew what they wanted to do - to build Welcome and Move-on Kits for residents to support their arrival into SIG Pathways' services and move on into independent living, making them feel optimistic about their future. Reddico bought the items, including shampoo, hand towels, shaving kits, sanitary products, kitchenware, dry goods and rucksacks, and their staff assembled the kits to be ready on demand and deliver them to SIG Pathways' project sites.

Health Education England

We continued our partnership with Health Education England to develop our Peer Mentoring Training Programme to support the increasing need for people with lived experience to support residents and participants in our services on their recovery journeys.

SIG Run Club launch

March saw the launch of SIG's first-ever Run Club. Run Club is a place for SIG Pathways staff, residents, and participants to share their journey to improved well-being. The club is made up of a mix of running abilities. Whether members have never run before or are experienced marathon runners, it is a place where they can support each other to become more active and healthier. Initially started as a virtual support group to share individual journeys, the group now arranges in-person meet-ups to officially organised running events and support each other's running challenges. The club hopes to start fundraising for SIG next year.

Thank You

On behalf of SIG Pathways, we want to thank all our funders for their support. This new and vital funding has enabled us to extend our activities, launch new projects and pieces of work, and make a difference in the lives of the people we support across our services.

Communications

Our focus this year has been on sustainability, growth and development. We made the decision to focus on quality rather than quantity of content, which meant reducing social media posting to focus on refreshing our vision, mission and brand and supporting the implementation of our Theory of Change. As part of our strategic aims to make positive social change, we also started developing plans for our own External Affairs Team to showcase our work and impact and share the lived experience and voices of the people using our services to ensure they are understood and heard.

Equality, Diversity, and Inclusion Workshops

SIG Pathways collectively embraced a journey of learning to contribute to positively changing the working culture across SIG, ensuring respectful and decent behaviour and positive interactions between staff, participants, and residents. This year has been busy, progressive and rewarding. We have two on-site EDI Ambassadors, each offering additional support and information on protected characteristics on a 1:1 basis should staff need it, covering Faith and Religion, Age, Menopause, Marriage and Civil Partnership, Gender Reassignment, Gender, Race, Maternity and Paternity. October saw the rollout of SIG's 'Introduction to Facilitation,' a three-part course that our Ambassadors attended intending to lead more workshops, support sessions and learning forums into 2023.

In response to the increasing number of residents using racially motivated language and anti-social behaviour towards one another, Pathway's developed the first influential workshop utilising the EDI Ambassadorial Model, encouraging solutions-focused conversations on race and providing a unique opportunity for residents to connect with staff and peers, which was very successful.

Structure, governance and management

SIG Pathways is a charitable company limited by guarantee, governed by Articles of Association. Members of the company are Trustees named on page three and, in the event of the company winding up, are limited in liability to £1 per member.

The sole member of SIG Pathways to Independence is Social Interest Group with effect from 1st of January 2021 and the non-executive trustees of Social Interest Group were appointed as the trustees.

All the trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 5 to the accounts.

Appointment of Trustees

The trustees are listed on page three. They hold office for an initial period of three years with the possibility of a second term of three years plus in exceptional circumstance where the trustee has specific skills, this can be extended by the board. The board consists of no fewer than three and no more than nine persons appointed by the members and the executive trustees. No person under the age of 18 may be appointed as a trustee.

Trustees are recruited by the Nominations Committee using specialist recruitment agents and by advertisement. A rigorous interview process takes place, which includes residents and participants. Candidates attend a board meeting and visit projects before being confirmed in post by the Chairperson.

Trustee induction and training

New trustees must familiarise themselves with the content of the Articles of Association, their legal obligations under charity and company law, the organisational structure and its recent financial performance. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. All trustees have participated in Safeguarding training.

Related parties and relationships with other organisations

SIG Pathways is a member of Social Interest Group of which it is a subsidiary. It provides all support functions, senior management and strategic guidance. The Charity is supported in its charitable objectives by all Social Interest Group companies: Equinox Care, Penrose Options, SIG Housing Trust and Pathways to Independence.

Remuneration policy for key management personnel

The Group Chief Executive's remuneration is set by Social Interest Group non-executive trustees. Their remuneration and all other staff are remunerated in accordance with a job evaluation process and market rates, which is reviewed by external consultants.

Policy for employment of disabled persons

In April 2019 we became a Disability Confident Employer.

It is the Charity's policy not to discriminate against persons falling under the Disability Discrimination Act 1995 for reasons of their disability whether in, or applying for, employment or in the delivery of services.

The key areas of our policy cover recruitment and employment (disabled applicants not being considered any less favourably on the ground of their disability) service delivery (disabled applicants, residents and participants not being treated less favourably on account of their disability) and information (ensuring information is accessible to all).

Employee information

The Charity requires line managers to conduct one-to-one meetings with their staff on a regular basis together with an annual appraisal.

The Executive Management Team meet on a weekly basis and updates from this meeting and the monthly Senior Managers Team meeting are disseminated to the Managers' meeting and then to the individual projects' monthly staff meeting.

The Charity takes its investment in its staff's professional development seriously and aims to provide different learning opportunities. It is the Charity's aim to see staff develop and share learning so that value can be added, and staff contribute to our growth and success. We introduced a new core training programme based around the Care Certificate made up of face-to-face and e-learning to ensure all modules are covered.

The trustees would like to thank all staff and volunteers for their hard work and dedication during the year, in a climate that continues to be extremely challenging. We confirm that the Charity pays at least the London Living Wage to our employees working in London.

Statement of responsibilities of the Trustees

The trustees (who are also directors of the Charity for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and UK Accounting Standards (UK GAAP).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates which are reasonable and prudent
- State whether the applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on an ongoing concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at the year-end was one (2022: one). The non-executive trustees are not members of the Charity.

The trustees' annual report, which includes the strategic report, has been approved by the board of trustees on 6th December 2023 and signed on their behalf.



Dr Karl Marlowe

Chairman

Opinion

We have audited the financial statements of Pathways to Independence (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 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.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of representatives of management and the review of minutes of Trustee meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of where management considers there was susceptibility to fraud and knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Tested the authorisation of expenditure; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Review of the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Agreeing financial statements disclosures to underlying supporting documentation.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of Financial Activities

	Note	Unrestricted £'000	Restricted £'000	Pension Reserve £'000	2023 Total £'000	Unrestricted £'000	Restricted £'000	Pension Reserve £'000	2022 Total £'000
Income from:									
Donations and legacies	2	2	-	-	2	2	-	-	2
Charitable activities		1,920	-	-	1,920	1,705	-	-	1,705
Total income		1,922	-	-	1,922	1,707	-	-	1,707
Expenditure on:									
Charitable activities	4a	(1,865)	-	-	(1,865)	(1,694)	-	-	(1,694)
Total expenditure		(1,865)	-	-	(1,865)	(1,694)	-	-	(1,694)
Net income for the year	5	57	-	-	57	13	-	-	13
Transfers between funds		14	-	(14)	-	15	-	(15)	-
Other recognised gains and losses									
Actuarial gains on defined benefit pension schemes	15	-	-	519	519	-	-	69	69
Designated funds		-	-	-	-	(13)	-	-	(13)
Net movement in funds		71	-	505	576	15	-	54	69
Reconciliation of funds:									
Total funds brought forward		1,733	30	(523)	1,240	1,718	30	(577)	1,171
Total funds carried forward	17	1,804	30	(18)	1,816	1,733	30	(523)	1,240

Balance Sheet

	Note	£'000	2023 £'000	£'000	2022 £'000
Fixed assets					
Tangible assets	10		<u>1,273</u>		<u>1,315</u>
			1,273		1,315
Current assets					
Debtors	11	110		190	
Cash at bank and in hand		<u>736</u>		<u>602</u>	
		846		792	
Liabilities					
Creditors: amounts falling due within one year	12	<u>(249)</u>		<u>(295)</u>	
Net current assets			<u>597</u>		<u>497</u>
Total assets less current liabilities			<u>1,870</u>		<u>1,812</u>
Creditors: amounts falling due after one year	13		<u>(36)</u>		<u>(49)</u>
Net assets excluding pension scheme provision			<u>1,834</u>		<u>1,763</u>
Defined benefit pension scheme provision	15		<u>(18)</u>		<u>(523)</u>
Total net assets			<u><u>1,816</u></u>		<u><u>1,240</u></u>
The funds of the charity	17a				
Restricted income funds			30		30
Unrestricted income funds					
General funds		1,263		1,181	
Pension reserve		(18)		(523)	
Designated funds		97		108	
Revaluation reserve		<u>444</u>		<u>444</u>	
Total Unrestricted funds			<u>1,886</u>		<u>1,210</u>
Total Charity funds			<u><u>1,816</u></u>		<u><u>1,240</u></u>

Approved by the trustees on 6th December 2023 and signed on their behalf by



Chair - Dr Karl Marlowe

Pathways to Independence Ltd: A company limited by guarantee, Company Registration Number 01859070 (England and Wales)

Cash Flow Statement

	2023 £'000	2022 £'000
Cash flows from operating activities:		
Net income for the reporting period (as per the statement of financial activities)	576	69
Depreciation charges	51	55
Movement in long-term pension deficit liability	(505)	(54)
Decrease / (increase) in debtors	80	39
Increase in creditors	(46)	57
	<hr/>	<hr/>
Net cash provided by operating activities	156	166
Cash flows from investing activities:		
Purchase of fixed assets	(9)	(5)
	<hr/>	<hr/>
Net cash used in investing activities	(9)	(5)
	<hr/>	<hr/>
Cashflows from financing activities		
Repayments of borrowing	(13)	(14)
Payment of obligations under finance leases	-	(7)
	<hr/>	<hr/>
Net cash (used in) financing activities	(13)	(21)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	134	140
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year	602	462
Cash and cash equivalents at the end of the year	736	602
	<hr/>	<hr/>

Notes to the Financial Statements

1 Accounting Policies

a) Statutory information

Pathways to Independence is a charitable company limited by guarantee and is incorporated in England & Wales.

The registered office is 1 Waterloo Gardens, Milner Square, London, N1 1TY.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The Company continues to be profitable and with net assets. The Trustees have looked at the performance to 31st March 2023 and the post year end period. They have also taken into consideration the underlying cashflows expected over a period of at least twelve months from the date of signing this report. The Trustees consider that the outlook presents challenges and uncertainty in terms of Service Users and contract renewals. The Trustees have instigated measures to manage liquidity.

The Company continues to operate under contracts which are subject to renewal within the next 12 months. Analysis and budgeting has determined that the Company is in a healthy position, and continues to be profitable. In addition, with the Company part of the Social Interest Group, there are additional opportunities for the Company to explore.

Stress testing has emphasized the Company's ability to continue operating for the foreseeable future even with severe impacts on revenue generation. Based on the above, the Trustees believe the company will continue to operate as a going concern.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Unrestricted funds are donations and other income received or generated for the charitable purposes.

1 Accounting policies (continued)

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Central support costs

Central support costs are incurred by the parent company, Social Interest Group, and are for senior management, finance, human resources, payroll, workforce development, housing income management, quality & performance and information & communication technology. These departments are vital to the smooth running of Equinox's charitable activities.

i) Leases

Operating lease charges are charged on a straight line basis over the term of the lease.

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Freehold property 50 years straight line
- Leasehold property 50-100 years straight line
- Office equipment 3 years straight line
- Other fixed assets 3 years straight line
- Fixtures and fittings 3 years straight line
- Motor vehicles 5 years straight line

k) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

l) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of residents and participants.

m) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount.

n) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

o) Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

2 Donations

	Unrestricted funds 2023 £'000	Unrestricted funds 2022 £'000
Donation and gifts	<u>2</u>	<u>2</u>

3 Charitable activities – supporting vulnerable people

SIG Pathways activities are to relieve people in need, including but not limited to those with mental health illness, those currently suffering from substance misuse or other addictive behaviour patterns, ex-offenders, the homeless, poor people, aged, disabled (whether physically or mentally) or chronically sick. This is achieved by providing support in the form of housing, or accommodation, or services including but not limited to medical, social, welfare, rehabilitative, resettlement, care services, education, training, employment, mentoring and other similar services. SIG Pathways income is predominantly contractual income from local authorities and rental income and service charges from residents.

Pathways to Independence
Notes to the Financial Statements
For the year ended 31 March 2023

4a Analysis of expenditure (current year)

	Charitable activities £'000	Governance costs £'000	Support costs £'000	2023 Total £'000	2022 Total £'000
Staff costs (Note 6)	725	-	266	991	886
Recruitment & training	-	-	46	46	24
Subsistence & travel	13	-	1	14	8
Premises Costs	274	-	10	284	270
Office running costs	66	-	17	83	91
Insurance	-	-	18	18	12
Information technology	-	-	42	42	27
Bank charges	-	-	-	-	-
Legal & Professional	-	-	24	24	7
Depreciation	55	-	-	55	58
Audit fees	-	6	-	6	4
Other Costs	297	-	5	302	307
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure 2023	1,430	6	429	1,865	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	
Total expenditure 2022	1,419	4	271		1,694
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>

Pathways to Independence
Notes to the Financial Statements
For the year ended 31 March 2023

4b Analysis of expenditure (prior year)

	Charitable activities £'000	Governance costs £'000	Support costs £'000	2022 Total £'000
Staff costs (Note 6)	707	-	179	886
Recruitment & training	-	-	24	24
Subsistence & travel	7	-	1	8
Premises Costs	263	-	7	270
Office running costs	77	-	14	91
Insurance	-	-	12	12
Information technology	-	-	27	27
Legal & Professional	-	-	7	7
Depreciation	58	-	-	58
Audit fees	-	4	-	4
Other Costs	307	-	-	307
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure 2022	1,419	4	271	1,694
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5 Net income / (expenditure) for the year

This is stated after charging :

	2023 £'000	2022 £'000
Depreciation	51	55
Operating lease rentals:		
Property	256	274
Auditor's remuneration (excluding VAT):		
Audit	6	5
	<u>6</u>	<u>5</u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows

	2023 £'000	2022 £'000
Salaries and wages	713	627
Redundancy and termination costs	-	3
Social security costs	63	62
Employer's contribution to defined contribution pension schemes	29	22
Agency costs	186	172
	<u>991</u>	<u>886</u>

No employee earned more than £60,000 during the year (2022: nil).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £nil (2022: £nil). These were borne by the parent entity Social Interest Group.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

No trustees' expenses were paid or reimbursed £Nil (2022: £nil).

7 Staff numbers

	2023 £'000	2022 £'000
Operational	18	19
Administration	1	1
	<u>19</u>	<u>20</u>

8 Related party transactions

SIG Pathways was charged £422,676 for central office functions provided by the parent charity Social Interest Group (2022: £278,755). Pathways owed the following amounts to fellow subsidiaries;

£15,196 to SIG at the yearend (2022: was owed £28,985).

£26,299 to Penrose Options at the year-end (2022: owed £112,190).

9 Taxation

SIG Pathways is a registered charity and is exempt from Corporation Tax on its charitable income as it is spent on charitable purposes.

The Charity is part of Social Interest Group VAT registration. However, as virtually 100% of its income is exempt, the VAT on purchases is irrecoverable and therefore included in expenditure.

10 Tangible fixed assets

	Freehold Property £'000	Leasehold Property £'000	Fixtures & fittings £'000	Office Equipment £'000	Motor Vehicles £'000	Other fixed assets £'000	Total £'000
Cost of valuation							
At the start of the year	1,150	170	46	123	12	126	1,627
Additions in year		9					9
Disposals in year	-	-	-	-	-	-	-
At the end of the year	1,150	179	46	123	12	126	1,636
Depreciation							
At the start of the year	23	20	41	115	5	108	312
Charge for the year	23	3	5	4	3	13	51
At the end of the year	46	23	46	119	8	121	363
Net book value							
At the end of the year	1,104	156	-	4	4	5	1,273
At the start of the year	1,127	150	5	8	7	18	1,315

All of the above assets are used for charitable purposes.

11 Debtors

	2023 £'000	2022 £'000
Trade debtors	81	130
Amounts due from Group undertakings	-	29
Pension contributions	3	-
Prepayments	26	27
Accrued Income	-	4
	110	190

12 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Bank loan	15	13
Obligations under finance leases	-	10
Trade creditors	4	7
Taxation and social security	6	2
Other creditors	10	86
Amounts due to Group undertakings	141	112
Accruals	74	65
	<u>250</u>	<u>295</u>

13 Creditors: amounts falling due after one year

	2023	2022
	£'000	£'000
Bank loans	36	49
Obligations under finance leases	-	-
	<u>36</u>	<u>49</u>

14 Loans and overdrafts

	2023	2022
	£'000	£'000
Bank loans	51	64
Payable within one year	15	15
Payable after one year	36	49

The bank loan is secured by way of a first legal charge over a freehold property owned by the Charity.

15 Pension Schemes

Defined Contribution Schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

Kent County Council Pension Fund ("Scheme")

The charity operates a pension scheme providing benefits based on final pensionable pay for 1 employee and 8 ex-employees. The assets of the scheme are held separately from those of the charity, being invested in an independently administered fund. The charity is an employing body within the Kent County Council Pension Fund which itself is part of the Local Government Pension Scheme. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2023.

The independent actuary also prepares an annual valuation specific to the Charity for the sole purpose of accounting and reporting details of the Fund under the provisions of Financial Reporting Standard (FRS102) and the details that follow are drawn from that report for the year ended 31 March 2023. The accounts are prepared under the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). It should be noted that the figures presented are only for the purposes of FRS 102 and have no validity in other circumstances. In particular, they are not relevant for calculation undertaken for funding purposes or for other statutory purposes under UK legislation.

The pension charge for the year was £11,890 (2022 - £16,000) and is shown under pension costs; defined benefit, in Note 6. The contributions of the company for the year were 19.50% and employees are 6.8% and 6.5%.

The defined benefit scheme is now closed to new members and so under the projected unit method the current service cost would be expected to increase over time as members of the scheme approach retirement.

Pension Schemes (continued)

Number of active members in the scheme

	2023 No.	2022 No.
Active	1	2
Deferred	3	4
Pensioners	5	4

Financial assumptions

	2023 % pa	2022 % pa
Rate of discount	4.80	2.60
Earnings increases	2.90	3.20
Expected rate of increase of pensions in payment	3.90	4.20

Kent County Council Pension Fund ("Scheme")

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

Other material assumptions

Life expectancies in retirement:	years	years
Male currently aged 65	21.1	21.6
Female currently aged 65	23.5	23.6
Male currently aged 45	22.3	22.9
Female currently aged 45	25.0	25.1

	2023 £'000	2022 £'000
Fair value of plan assets	1,248	1,237
Present value of defined benefit obligation	(1,266)	(1,760)
Net defined liability to be recognised	(18)	(523)

Reconciliation of opening and closing balances of the fair value of plan assets

	2023 £'000	2022 £'000
Opening fair value of employer assets	1,237	1,241
Interest income	32	25
Experience on plan assets	(15)	1
Contributions by the employer	14	13
Contributions by scheme members	2	2
Benefits paid and expenses	(22)	(45)
	1,248	1,237

The fair value of plan assets at the reporting period end was as follows:

	2023 £'000	2022 £'000
Debt Instruments	284	297
Equity Instruments	839	795
Property	125	145
	1,248	1,237

15

Pension Schemes (continued)

Kent County Council Pension Fund ("Scheme")

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

Reconciliation of opening and closing balances of defined benefit obligation

	2023 £'000	2022 £'000
Opening defined benefit obligation	1,760	1,818
Current service cost	14	16
Interest cost	45	36
Actuarial losses / (gains)	(524)	(68)
Benefits paid and expenses	(31)	(44)
Other	2	2
Closing defined benefit obligation	<u>1,266</u>	<u>1,760</u>

Defined benefit costs recognised in the statement of financial activities (SOFA)

	2023 £'000	2022 £'000
Current service cost	14	16
Net interest expense	13	11
Other costs and income	1	1
Defined benefit costs recognised in the SOFA	<u>28</u>	<u>28</u>

Amounts taken to other comprehensive income

	2023 £'000	2022 £'000
Return on scheme assets excluding interest income	(15)	(1)
Actuarial changes related to obligations	534	(68)
Other gains and losses	<u>519</u>	<u>(69)</u>

16a Analysis of net assets between funds (current year)

	General unrestricted £'000	Pension Reserve £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	1,273	-	-	1,273
Net current assets/(liabilities)	567	-	30	597
Long term liabilities	(36)	(18)	-	(54)
	<u>1,804</u>	<u>(18)</u>	<u>30</u>	<u>1,816</u>

16b Analysis of net assets between funds (prior year)

	General unrestricted £'000	Pension Reserve £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	1,315	-	-	1,315
Net current assets/(liabilities)	467	-	30	497
Defined benefit pension provision	(49)	(523)	-	(572)
	<u>1,733</u>	<u>(523)</u>	<u>30</u>	<u>1,240</u>

17a Movements in funds (current year)

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	At 1 April 2022 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 31 March 2023 £'000
Restricted funds:					
Move on fund	30	-	-	-	30
Total restricted funds	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>
General funds	<u>1,181</u>	<u>1,922</u>	<u>(1,865)</u>	<u>24</u>	<u>1,262</u>
Pension reserve	(523)	519		(14)	(18)
Revaluation reserve	444	-	-	-	444
Designated funds					
Development fund	25	-	-	-	25
Counselling	7	-	-	-	7
Legacy	39	-	-	-	39
Major repairs Sinking fund	37	-		(10)	27
Total designated funds	<u>108</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>98</u>
Total funds including pension fund	<u>1,240</u>	<u>2,441</u>	<u>(1,865)</u>	<u>-</u>	<u>1,816</u>

The narrative to explain the purpose of each fund is given at the foot of the note below.

Purposes of designated funds

Development fund

Trustees agree to hold a designated development fund to finance developments within the business plan in terms of the structure and resources of the organisation and any increase or change in services provided. In 2019/20 we incurred costs to cover external support on organisational development (including all client policies being reviewed), to help embed our Trauma Informed and Psychologically Informed Environment approach. Funds were also expended on a pension (defined benefit pension liability) and strategy review. We hope it will also help us to adapt to survive in the changing funding environment and improve our service provision for clients. The fund will be available for qualifying developing business needs in 2023/24.

Counselling

Development of added value services for clients such as counselling, anger management support, restorative justice and life and work-related skills. We have further counselling service planned across services during 2023/24.

17a Movements in funds (current year) (continued)

Legacy

We received a very welcome but unexpected legacy of £50,000 in December 2017. We were given a name, but no other details as regards the donor. The trustees agreed that the funds be used for the direct benefit of clients, towards client related services, such as Education and Welfare. This might be for short courses, study or work equipment, travel to see relatives or basic toiletries or clothes.

Major repairs sinking fund

This fund is used for major works and decoration required at our properties. We have some works planned and will assess need across other services during 2023/24.

17b Movements in funds (prior year)

	At 1 April 2021 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 31 March 2022 £'000
Restricted funds:					
Move on fund	30	-	-	-	30
Total restricted funds	30	-	-	-	30
General funds	1,153	1,707	(1,694)	15	1,181
Pension reserve	(577)	69	-	-	(523)
Revaluation reserve	444	-	-	-	444
Designated funds					
Development fund	25	-	-	-	25
Counselling	7	-	-	-	7
Legacy	39	-	-	-	39
Major repairs sinking fund	50	-	(13)	-	37
	121	-	(13)	-	108
Pension reserve					
Total funds including pension fund	1,171	1,776	(1,707)	-	1,240

18 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods

	2023 £'000	2022 £'000
Less than one year	209	159
One to five years	23	25
Over five years	37	37
	269	221

19 Guarantees and ultimate parent undertaking

Pathways to Independence, trading as SIG Pathways, is a company limited by guarantee not having a share capital. Social Interest Group became the sole member of Pathways to Independence on the 19 January 2021. Each member has guaranteed to pay £1 in the event that Pathways to Independence was wound up. Social Interest Group is the ultimate parent undertaking. Its charity registered number is 158402. Its company registered number is 9122052. Its registered office is: 1 Waterloo Gardens, Milner Square, London N1 1TY.