

Penrose Options

Report and financial statements

For the year ended 31 March 2021

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

Penrose Housing Association was set up as an Industrial & Provident Society, an exempt charity, in 1969 by two ex-offenders and several volunteers to provide housing for ex-offenders. It converted to be a company limited by guarantee, registered with the Charity Commission and changed its name to Penrose Options on the 28th of March 2013. It now trades as Penrose and joined the Group on the 1st of October 2014. Penrose provides practical social support and health care services for people who may be vulnerable because of their social and health care needs. People struggling with day-to-day living, mental illness, personality disorders, trauma, substance and alcohol issues, homelessness, offending backgrounds, or facing challenges in daily life or need support to overcome difficulties because of their complex, chaotic life. Penrose also provides very specialist rehabilitation, technical and therapeutic support that aids recovery, reduces offending and changes behaviour. Penrose specialises in working with people who have been excluded from other services as they present personal or public safety risks. Penrose currently operates across London, Bedfordshire and Luton and has the ambition to grow.

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

Rami Bibi

Dylan Kerr

Stuart Jenkin

Lindsey Wishart (Treasurer)

Company Secretary

Michael Rutherford

Executive Officers

Group Chief Executive

Gill Arukpe

Senior Director of Operations

Cassie Newman

Director of Finance & Resources

Michael Rutherford

Director of People & Culture

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Charity registration number **1151455**

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The trustees present their report and the audited financial statements for the year ended 31st of March 2021

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 Penrose as set out in the Articles of Association are for the public benefit:

- To relieve people in need, including but not limited to those with mental health illness, those currently suffering from substance misuse, alcohol or other addictive behaviour, people in the criminal justice system, the homeless, poor people, aged, disabled (whether physically or mentally) or chronically sick, and to assist and relieve such persons' family, dependents and other carers who are in need as a result of that person's problems;
 - a) Providing support in the form of housing, or accommodation, or services including but not limited to medical, social, welfare, rehabilitative, resettlement and care services
 - b) Providing education, training, employment, mentoring and other similar services
- To further such other exclusively charitable purposes according to the law of England and Wales as the trustees in their absolute discretion from time to time determine.

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

Our services are as far-reaching as our Service User profile.

We provide practical social support and health care services for people who may be vulnerable because of their social and health care needs. People struggling with day-to-day living, mental illness, personality disorders, trauma, substance and alcohol issues, homelessness, offending backgrounds, or facing challenges in daily life or need support to overcome difficulties because of their complex, chaotic life. We also provide very specialist rehabilitation, technical and therapeutic support that aids recovery, reduces offending and changes behaviour. We specialise in working with people excluded from other services as they present personal or public safety risks. Penrose currently operates across London, Bedfordshire and Luton and has the ambition to grow.

In Luton we provide floating support and social services that prevent people from becoming homeless or help secure accommodation should they need it. We have specialist services in Luton working with women who have been sexually exploited and may have substance and alcohol issues.

Chief Executive's Statement

A Changing Landscape

As I look back on 2020/21, I am thankful that all our services continued to deliver services throughout the Pandemic, thanks to our caring and dedicated staff. We were fortunate that due to the early move to our Strategic Pandemic Business Plan and our infection controls, we stayed open and had no deaths in service due to the Pandemic and minimal Service Users and staff sickness.

The Pandemic has affected and changed the landscape of the health and social care needs across the UK and us as voluntary sector providers. Many more people were forced into poverty. There has been a dramatic increase in mental ill-health, creating greater demands on NHS hospitals and community teams and longer waiting times for treatment. And a societal change, with increased misuse of substances and alcohol and people suffering from poor mental health and wellbeing, creating a massive demand for our services.

The Pandemic affected everyone differently, but importantly, it made people more willing to talk openly about their mental health concerns. With 1 in 4 adults predicted to experience a common mental disorder, and 10% will experience depression in their lifetime, we are more than ready to take this opportunity to get involved in the conversation and encourage those stepping forward wanting support to keep mentally and physically well. Rough sleeping and homelessness had seen a positive Government response during the Pandemic. With hotels secured for rough sleepers to move them off the streets, we hope to see a new legacy for the future.

Criminal Justice Services

Despite the Pandemic, we were able to demonstrate some impressive research and outcomes including, our Justice Data Lab reoffending results. The report on our outcomes from the MOJ Data lab in 2020 showed that people leaving prison were less likely to reoffend if supported by Penrose. Our work within prisons and in the community reflects recent studies that show that recidivism from people leaving prison is highest where alcohol or substance misuse is involved. More so, where comorbidities include mental illness - meaning our services will continue to be in high demand. Much of this year was preparing for the return of our CRC contract to probation. This return happens in June 2021 following the decision made by the central Government. We reviewed the best parts of our delivery model. We developed unique programs and ways to target people in the criminal justice service most likely to reoffend, enabling us to continue to deliver services in the new criminal justice frameworks.

Staffing

Whilst staff retention rates are good, there are recruitment issues in the sector, with over 100,000 support worker vacancies per week across the UK. Staff retention will become increasingly difficult as organisations compete to hire and retain the best staff. We have dedicated time to ensure that working at Penrose is a rewarding experience personally and professionally by offering more growth and development opportunities. Everyone within Penrose is focused and committed to:

- Keeping the Service User at the heart of everything we do by living our culture, purpose and values daily.
- Securing our long-term financial stability through contract retention, growth and diversifying income.
- Continue improving and enhancing the quality and performance of our services.
- Growing and extending our impact to our Service Users and society.
- Influencing positive social change on a broader scale.

We will do this by:

- Rolling out the work we do within the criminal justice arena and develop opportunities with partners in rough sleeping, homelessness, complex needs, prison leavers, prevention and early intervention.
- Finding ways to take the pressure of the NHS in the areas of mental illness, personality disorder, substance and alcohol misuse.

- Support development of local authorities' solutions for homeless people, rough sleepers, women specialist services, and people stepping down or failing in other supported housing and housing pathways, especially for those with high complex needs and living with trauma.
- Developing better employment pathways for our staff, experts by experience and encouraging new entrants into the fields of support and care work.
- Creating a formal volunteering and peer network.
- We will develop our long-term housing strategy and look for funding partners and developers to create housing opportunities for our participants and residents.
- Maximising our income by attracting independent funding and funding packages to take the burden away from overstretched public funding.

In closing, I want to thank all staff for the hard work and commitment they show every day to fulfil our charity mission and achieve the best possible outcomes for the people we support. We have everything we need to make these next coming years even more successful than the last, and I can't wait to see what the future holds for us all.



Gill Arukpe, Group Chief Executive

Strategic Report

The Charity's main activities focus on providing sustainable support that inspires positive change for marginalised and excluded people to the point where they achieve healthy independence and are undertaken to further Penrose's charitable purposes for the public benefit.

In 20/21 we supported 12,624 people across 16 different services.

Residential Services

Across Penrose residential services, we supported 1,559 Service Users during FY2020-21. Over 85% of move-on in FY2020-21 were positive, including transferring into independent living and step-down accommodation. Less than 1% of our Service Users experienced returns to prison or unplanned returns to hospital during their time in our care.

KPI	TARGET	ACTUAL
% Positive move-ons	>85%	85.8%
% unplanned return to hospital	<3%	0.4%
% convicted of new offence	<3%	0%
% unplanned return to prison	<3%	0.4%

- Positive Move on means people that secure independent accommodation or move into a safe location for continued support.
- Total Departures means every Service User that has left the service across the year.

Total departures	1,088
Positive move-ons	933
Total clients seen	2,953
Unplanned returns to hospital	11
Convicted of a new offence	0
Unplanned return to prison	11

Luton Residential Services

- 411 key work sessions delivered
- 871 individual life-skill sessions delivered
- 235 group activities delivered

Luton Floating Support Services

- 4,279 people supported through accommodation, tenancy sustainment, advice and signposting, including welfare benefits.
- 728 completed support packages
- 98.8 % of clients successfully maintained their accommodation
- 98.8% of clients feel they have more choice and control
- 59.3% of clients supported were from BME communities, ensuring we overachieved our BME client representation for the year by 20%.

Rising to the Challenges of Covid-19

Recruitment

As we moved towards lockdown, we prioritised recruiting Bank/Relief staff anticipating staff shortages. Our teams worked together to set up a system to recruit people outside our sector who had been furloughed or made redundant and had transferable skills. The response was significantly higher throughout March than any previous recruitment campaign, with over 1,000 CVs submitted. To help us shortlist, we invited all applicants to complete an online psychometric test that scores emotional stability and intelligence, diligence, resilience and empathy. We benchmarked this against qualities and attitudes required for a generic Healthcare Worker. We scored completed assessments and shortlisted over 100 applicants within two weeks, with a target of 50 new Bank Staff recruited by May.

Staff Wellbeing and Engagement

We provided laptops and mobile phones for staff to work from home and connect to the server securely. Welfare check to services included day and night staff check-in calls, virtual meetings, and all staff webinars and staff intranet as ways to keep employees engaged. As part of the daily calls, the Executive Management Team (EMT) reviewed Government announcements from the day before and sent daily emails to staff and managers informing them of critical updates and actions required. We devoted a section of the staff intranet home page to COVID-19, where emails are also saved, alongside updated guidance from Public Health England.

We promoted the stress App under our MediCash private health care provider and other applications, including Headspace, MIND's website and shared advice and tips on maintaining mental health. We also introduced Mental Health Champions and Happier Coaches alongside virtual interactive group sessions to maintain engagement and human connection focusing on wellbeing.

PPE Supply and Support from Commissioners

The EMT chaired weekly all staff webinars via MS Teams, giving staff across the organisation an opportunity to ask questions and share any concerns. The most pressing matter for operational teams was supply levels of PPE. We introduced a monitoring tool to track PPE usage across each service to ensure supplies could be sourced and distributed promptly. A strong relationship with local Commissioning teams provided a healthy, regular supply of PPE equipment for some services. Many accessed additional support for Service Users via individual Council's Covid response services and funding.

Adapting our Criminal Justice Service Delivery Model

We adapted our custodial and community criminal justice services. Our responsible officers predominantly worked from home providing telephone supervision in the community, although they still attend CRC offices to conduct initial appointments for clients just released from custody. We paused progress on the service's delivery of rehabilitative programmes and interventions until the government lifted restrictions. In response to government measures introduced to address overcrowding and the heightened risk of infection, we transformed our delivery model in prisons. HMP Wandsworth had the highest number of confirmed cases in the country, whilst HMP Belmarsh experienced the first Covid-19 related death. At Pentonville, two of the prison's staff passed away, one of whom had a close relationship with our team.

Our teams remained courageous and passionate in supporting people within the prisons and through the gate into the community. On 23rd March, following HMPPS guidelines, we stopped face to face assessments and, with consent, moved into the Exceptional Delivery Model phase 2 (EDM II). We developed resettlement packs, self-assessment questionnaires, a support hotline and direct in-cell phone assessments. The newly implemented Departure Lounges provided extra support through the gate for all those needing help on the day of release. It has proven successful in securing accommodation and setting up Universal Credit for

vulnerable people leaving. We also provided a telephone resettlement service for clients leaving custody under the government's early release scheme.

Adapting our Residential Services

With care homes seeing the most significant increases in infection rates and deaths across the country, our staff teams within our residential services had to rethink everything and redesign services around Covid. Many of our Resident and Service User activities had to reduce across our services. Before the Pandemic, residents could enter and leave services freely. Now, they faced restrictions, having to stay indoors and not see their families or support network. Communal mealtimes and activities had to stop. One of the team's biggest challenges was getting a structure in place and meaningful activity to take residents away from the boredom of daily isolation.

Staff had to implement new operating procedures quickly and think creatively. Running such complex services meant added pressures to get residents to understand and follow directions and social distancing to help keep them safe and protected. They had more barriers to consider and work around as they doubled up on PPE, wearing masks, shields, aprons and gloves. Knowing residents well, they prepared them mentally for the changes ahead and designed them to help minimise their anxiety. They considered every detail - big and small, to protect residents and keep them safe. Staff had to explain changes daily, multiple times, so residents didn't feel intimidated, especially when medicated; it can be confusing. Despite this, our teams overcame the physical barriers of PPE through human and personal touches to ensure positive engagements with residents to support the changes and work in harmony to protect each other. All our staff team's efforts ensured that 100% of services remained open and Covid-free.

Client Transformations

Brian's Story

Brian is a 63-year-old male referred to Penrose in January 2021. He received Universal Credit but did not have a bank account. Instead, his money went into a Noah Enterprise Account, which helped manage his finances due to his long history of alcohol abuse. Brian's living conditions were poor, and he needed support to apply for suitable accommodation. His previous application for sheltered accommodation was rejected. We appealed and referred Brian to Adult Social Care, who identified that he needed housing in sheltered accommodation with care needs. We reapplied on his behalf, and through bidding, housed Brian in sheltered accommodation in March. We made a Personal Independence Payment welfare benefit application on his behalf, given his underlying medical conditions. We also referred Brian to Age Concern, who will support him with weekly shopping and bi-weekly cleaning. We helped Brian open his own bank account. The council will help manage his finances once Noah Enterprise transfer his money into the new account. Brian is thrilled with the increased security and independence these changes bring to his life and is hopeful for the future.

Our Focus

Equality Diversity and Inclusion

One of the main objectives of our EDI Programme is to recruit Ambassadors across our staff service teams to support the development of transparent models of career development and models of best practice, offering demographic-sensitive services to our residents and programme participants. During the next year, our EDI program will utilise the life experiences of our participants and Service Users as experts to influence and develop responses on how mental health and social care can be delivered to enable them better to access treatment early.

Women and Safety

Penrose takes the safeguarding of all staff, participants and residents (Service Users) seriously. Enhancing our measures related to the safeguarding of women has been a priority. We adapted some of our programs for women-only. We introduced a specialist women's support worker role and new projects to support women affected by violence and exploitation, including trauma-informed support. Our Offender Personality Disorder service is a specialist women's service. In these services, we have created and will continue to develop specific programs and ways of working to improve the lives of women who have been traumatised earlier in their lives and have survived much mental and physical abuse.

Reflective Practice

Reflective Practice is an essential component of creating Psychologically Informed Environments (PIE). It provides a safe place for staff to share best practices and reflect on the emotional impact of our work, facilitated by external facilitators. One of the challenges we faced during the COVID pandemic was maintaining Reflective Practice sessions for our frontline staff, which we did, using video conferencing.

Quality Handbook

Our staff and Service Users developed our digital Quality Handbook through a series of reflective workshops identifying and gathering best practices across Penrose. The Handbook is a best practice guide and a learning resource, showcasing the excellent work in our services to help us learn from each other and continue to improve the quality of the services we deliver. Each section of the Handbook includes top tips, guidance, and real-world examples of best practices across Penrose's services.

PIE Project Board

We introduced the Psychologically Informed Environments (PIE) Project Board to embed PIE across Penrose. The board's role is to promote the EDI programme and values of ambition, empowerment, transparency and inclusivity through the implementation of PIE. Members of the PIE Project Board are representatives across the whole of Penrose including, Participants and Residents, volunteers and staff. We aim to have a changing membership who will be champions of PIE and lead in creating happier, healthier environments where Participants and Residents develop their full potential and staff feel supported and skilled to provide the best possible support and care.

Participant and Resident Involvement

The Participant and Resident Council represent the voices of the people we care for across Penrose. At a formal meeting, they chose to be called the Participant and Resident Involvement Group. Due to the pandemic, meetings moved online, which gave the advantage of becoming more accessible to representatives from services across and outside London. The group completed and submitted a collective response to the Government's consultation on proposed changes to the Mental Health Act.

Disability Confident

We are a disability accredited employer registered and certified. Being recognised as a Disability Confident organisation, we take a leading role in changing attitudes for the better. We aim to lead changing behaviours and cultures within Penrose, external networks and communities where possible and reap the benefits of inclusive recruitment practices. We aim to ensure that all our properties have disabled access. As part of our property development strategy, we aim to replace or renovate to ensure we can offer equal access for disabled people over the next five years.

CHAS Accreditation

In September, we received our CHAS (The Contractors Health and Safety Assessment Scheme) accreditation, demonstrating compliance with UK health and safety legislation. In addition to evidencing that Penrose has and implements a robust Health and Safety Management System, we evidenced compliance with government advice on working safely during the Covid-19 pandemic.

Environment

Penrose aims to be 100% renewable by developing Waste Management and Sustainability targets. To put this into practice and align with the Government's sustainable development strategy, we will continue developing, implementing, and maintaining our plan to set sustainability objectives, targets, and indicators.

Social Impact and Value

Work started in January to develop our strategic Theory of Change. This consisted of several workshops, including developing a measurement framework defining our core outcomes to measure our social impact as an organisation. Outcomes include a mixed approach incorporating some academically validated scales measuring wellbeing and resilience, alongside specialist pieces of work assessing return on investment and longitudinal impact.

ICT Strategy

This year we upgraded our cyber essentials to guarantee as far as possible that our ICT system is safe - especially in the securing of data. We invested in Cyber Essentials Accreditation and Microsoft PowerBI so all our systems can speak to each other and report more accurate and timely outcomes.

People and Culture

We moved online, including an online application option, online psychometric testing and virtual meetings for new starters to show their DBS and right to work documents in line with government guidelines. We reduced agency staff spending and introduced a new process for booking agency staff and an Additional Hours Policy. We rolled out the Benni Benefit Platform to all staff. Learning and Development implemented a Management Development Programme alongside recruitment of a Training and Development lead as part of the learning culture.

Significant Events

Ndani Programme Pilot Interim Study

In 2019, the London CRC commissioned Penrose to design and deliver a group intervention programme for male Service Users aged 26 years and above with low-level emotional wellbeing needs. Those subject to either a rehabilitative activity requirement, under a community or suspended sentence order, or license conditions would be eligible. We piloted the Ndani Programme for one year. After a somewhat protracted period of contract mobilisation, we filled vital roles, and the COVID-19 pandemic began to raise operational challenges. The Ndani Programme went live in July 2020. Ndani is a flexible programme that can be delivered anywhere to up to eight participants.

Offender Personality Disorder Housing and Support Service (OPD HASS)

A year into our Offender Personality Disorder Housing and Support Service (OPD HASS), we achieved some positive outcomes through the partnerships we have developed. We recalled only five of the 38 (13%) Service Users we worked with during the year, which is very positive considering the cohort's entrenched patterns of offending behaviour and the probation officers' reluctance not to recall, given the high-risk levels. The Service Users have developed life skills and coping mechanisms that will further support their reintegration, and we look forward to building on our achievements next year.

CJS Departure Lounges

In April 2020, in response to the pandemic and the impact of lockdowns on resettlement services, the Ministry of Justice launched a Departure Lounge Initiative to provide additional support to prisoners on the day of release. Penrose was responsible for opening the first departure lounges in London at HMP Wandsworth and HMP Brixton, closely followed by a further two at Pentonville and Belmarsh. Here prisoners could access emergency support from our team of resettlement workers, were assisted with probation, housing, mental health and other key appointments, including setting up Universal Credit for vulnerable people and issuing mobile phones and, in some cases, a change of clothing.

Essential to the service was supporting prisoners to understand the changes to accessing community services with covid-19 restrictions. The Departure Lounges ran throughout FY2020-21 across our four prisons and were exceptionally well received. Over the course of the year, over 3,000 prisoners accessed the service.

Women's Floating Support

We secured a grant from the Bedfordshire Police and Crime Commissioner to cover referrals for the Sexual Assault Referral Centre (SARC) over a three-month period. We provided a dedicated Women's Specialist Floating Support Worker to coordinate wraparound support to vulnerable women. During this time we provided 39 support interventions.

Ministry of Justice Data Lab Report

In September 2020, the Ministry of Justice's Justice Data Lab finally published their report evaluating the impact of Penrose's (Community) Post Sentence Supervision Service on reoffending rates in London. The results were positive, showing a lower one-year proven reoffending rate and lowered reoffending frequency than a matched comparison group. 19% of the treatment group reoffended in the year following release from prison - significantly fewer than the comparison group at 3%. Few voluntary sector organisations can demonstrate reductions in reoffending statistically robustly. We will include it in our growing evidence base to support our bids for the MoJ Dynamic Framework contracts, which will partially replace our current CRC work in the summer of 2021. The full report can be accessed in the appendices section of this document.

Penrose Community Care and Support (PCCS) Pandemic Response

PCCS is a pan-London specialist homecare service for individuals with mental and physical health challenges. By design, PCCS is a frontline, people-fronted support service. There was no way to avoid face-to-face and close contact with clients. However, we did adapt the service in the following ways: Individual Care Plans were updated with a Pandemic Risk Management Plan and modified to reflect different working practices. Details were visible on all staff devices giving clear guidance in-line with Public Health England to ensure client safety. We changed medication monitoring calls to doorstep services. PPE was sourced and delivered to Field Managers to allocate to staff.

Regular spot checks ensured staff awareness was maintained and compliance with safety directives. Staff tested weekly. We supported clients to access communication platforms like Zoom and MS Teams to attend virtual care reviews and Care Plan Assessments and additional online activities and helped with online food deliveries. Staff set appointments and attended vaccination centres with clients who needed support. PCCS delivered a continuous service throughout the Pandemic and successfully and safely provide 15,046 visits and 17,462 care hours to 68 clients.

Roots to Recovery Pandemic Response

During the pandemic, Roots to Recovery was the only Luton-based project where local people could experience real human and social interaction due to our large outdoor spaces. We adapted our service during 2020 and 2021 to keep maximum engagements with our Roots members, volunteers, and community members and help them cope with the impact of Covid. We redeployed our volunteers across the programme to keep the community garden and engagement activities running to maintain our members' social connectedness at a safe distance.

We increased our vegetable growing spaces to produce 500KG of produce this year, 300KG of which we donated to local food banks and community kitchens delivering meals to 200 people in need across Luton's local community who were unable to leave their homes.

We based two staff members at the local food bank to support the delivery of provisions and food parcels direct to the door of our Penrose Luton Service clients. The Roots team produced and distributed mental wellbeing packs to all Penrose Luton clients who needed mental stimulation whilst isolating, containing helpful tips and activities to keep them occupied. They made 200 welfare calls to Roots members and volunteers who were shielding. They gave over 5,000 volunteer hours during the pandemic through staff giving extra hours and regular volunteers and Roots members who wanted to volunteer through the crisis. We gave the food we grew to the Sikh community, who cooked up 21,000 meals which we helped distribute to people in Luton who had lost their jobs or were in temporary accommodation as a direct result of the pandemic.

Mental Health Awareness Week

Penrose Roots, observed Mental Health Awareness Week with their "lettuce be kind" campaign, which left lettuces with messages of support around Luton for people to pick up and take home. The initiative grew out of the need to observe Mental Health Awareness Week differently, taking the social distancing rules into account. The team had hosted 'Walk and Talk' (and cycling) in previous years, but that was impossible this year. The campaign began with staff and volunteers planting and nurturing 50 lettuce seeds to give to the local community.

By May, the team harvested the lettuces, made care labels and were ready to start, randomly placing lettuce plants across Luton; bus stops, parks and green spaces, doorsteps, and various residential streets. All carried the message – #lettucebekind – perhaps the Roots to kindness can start with yourself, be kind to this lettuce, and it will repay your kindness. The campaign was a huge success and had many tweets and messages from excited community members who found the lettuces and uploaded photos to their social media accounts. The campaign was mentioned on the BBC East Twitter live update, and the team talked about the campaign on BBC 3 counties radio.

Luton's Reimagining Mental Health

Penrose Synergy was awarded £5,000 for two Support Workers to work with the pilot of Reimagining Mental Health in Luton. Reimagining Mental Health is a three-year transformation programme of mental health and wellbeing support for the people of Luton, founded on the principles of collaborative leadership and co-production. Luton is one of four areas in the UK to participate in a three-year Lottery-funded 'Living Well UK' transformation programme for mental wellbeing and support. The Luton programme has given partner organisations and people with experience of living with mental illness the opportunity to share their ideas about providing better mental health care for the people of Luton.

Financial Review 2020/21

Penrose made a surplus of £110k (2019/20 - £288k) at the operating profit level before a past service deficit pension payment of £137k (2019/20 - £110k). This results in an unrestricted fund balance of £1,714k at 31st March 2021 (2019/20 - £1,741k). In addition, it had a restricted fund balance of £3k (2019/20 - £3k).

The pensions reserve at the end of the year was £875k and relates to the past service deficit liability relating to the defined benefit Social Housing Pension Scheme. The triennial valuations in 2008, 2011, 2014, 2017 and 2020 resulted in member organisations being charged a levy to bring the scheme back into surplus. These triennial valuation deficit contributions are reflected in the liabilities of Penrose. The charity closed its participation in this pension scheme but remains liable for an element of the deficit.

Given the wider economic environment and on-going changes and increased competition within the sector, the trustees consider the results to be disappointing but understandable. 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 whilst addressing the issues causing the deficit.

The principal funding sources remain Local Authority block contracts largely for our resettlement projects alongside funding from Clinical Commissioning Groups and NHS Trusts towards our work with people recovering or living with mental ill health and or personality disorders, and the work we do with preventing homelessness and homeless people. The Ministry of Justice funds our Criminal Justice Service via the prime contractor MTC Novo. The trustees are appreciative of the funding received from its funders including those statutory commissioners for the work streams they support as well as the vital non-statutory funding received from individuals, trusts and foundations.

Principle Risks and Uncertainties

Penrose 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 Service User commits a serious act and that there is class A and/or B drug use by a Service User on our premises. This is not surprising in view of the activities undertaken by Penrose. 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 Service Users, responsible officers, and the police. In addition, Penrose 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

Reserves are needed to innovate solutions for our stakeholders, (both Service Users and commissioners) and bridge the funding gaps between spending on services and recovering these from subsidiaries by providing working capital. In addition, reserves are required to facilitate investment in fixed assets in the form of properties for leasing to subsidiaries for the provision of their services. The trustees evaluated the commitment to future expenditure against likely future income streams and believe that a regular review of reserve levels is appropriate. Penrose aim to make a small surplus for retention and reinvestment purposes, which increases the free reserves. The target for Penrose is £500k. The actual free reserves, excluding the past service pension liability, as at 31st March 2021 are £1,717k (19/20 - £1,744). It is held at this higher level because on the pension liability. The trustees will continue to review the reserves policy and position.

Actions to strengthen the financial position going forward include diversification of funding, including the growth of the business development team to secure additional funds through fundraising and securing and opening a number of new projects, as well as the closure of projects that were not financially viable. In addition, there are concerted management efforts to increase occupancy and reduce void rates and minimise the use of expensive agency staff.

After making enquiries, the Board of Trustees has a reasonable expectation that Penrose has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Penrose has financial resources together with long-term cash generating assets. As a consequence, the Board of Trustees believe that Penrose is well placed to manage its business risks successfully. For this reason they continue to adopt the going concern basis in preparing Penrose's financial statements. Whilst the Pension deficit is large, there is a robust repayment plan to reduce this over time, and that there are no material uncertainties related to events or conditions that may cause significant doubt about the ability of Penrose to continue as a going concern have been identified by key management personnel after taking into account the relevant facts and circumstances.

Plans for the Future

We want to build on the strong foundations we have created that has seen us continue to grow. We want to increase the number of people we support and the organisation's long term financial stability. To do this, we need the best people to come and work for us. We will be implementing a staff personal development pathway during the year ahead and looking at ways to reward, so they choose to stay with us. We will be developing our apprenticeship and training for entry-level to encourage people to come and work in the sector and partner with other providers who wish to do the same. We will also try and influence key decision-makers for better wages for the people who work in our sector.

Our main objective for the next three years is to continue to offer services for people who have the highest social and health care needs. People whose complex lives and traumatised life experiences would benefit from our specialist support. We will continue to fill gaps and alleviate the strain on our over pressed NHS services and Local Authorities to deliver community-based responses that relieve pressure by providing the best charitable services.

This annual report shows how far we have come, but also where we aim to be.

Planning for growth can be a daunting task in this climate. Still, we know the amazing work achieved across Penrose. We have read the service reports, listened to staff and Service Users, and seen the positive outcomes for people, and this gives us the confidence to be bold in our aspirations because we know we can achieve them.

We have won new contracts, invested in new staff and begun diversifying our funding streams to enable fundraising to be a part of our income generation. We've also broadened our social media and online presence, raised Service User involvement, started working on understanding and quantifying our social value and invested in more staff training. It is an exciting time for us.

The people who arrive at our services are some of the most complex and vulnerable people within our society; we can't change their past, but we can support and empower them to change their future. We achieve this through our professional staff teams' dedication and perseverance, who work tirelessly to deliver the best possible outcomes for people and keep the Service User at the centre of everything we do.

New Business and Fundraising

New Fundraising Department

Penrose hasn't ventured into fundraising previously, but we decided it was the right time to take our first steps with the sector becoming more financially challenged. We recruited a Head of Fundraising and a part-time Assistant Fundraiser to take the work forward in helping diversify our income. The critical task for the new team was securing the Lottery Reaching Communities multi-year grant to fund the Penrose Roots project.

New Bid Team

It was a challenging year as many local authorities did not release tenders due to the Pandemic. It was an excellent opportunity to consolidate what the department wanted to achieve in the later stages of 2020 and begin to build a new team that would be ready for when the tenders came out again. We recruited three new posts and inducted them. They made an immediate impact working on the MOJ dynamic frameworks achieving a 100% success rate. In early 2021, the team redefined our tendering processes and began winning their first pieces of work.

The team won eleven tenders, including frameworks, from domiciliary care to detox and hostel provision:

HMPPS CFO Activity Hubs

Reed in Partnership secured the contract to deliver the HMPPS CFO Activity Hubs in London. Penrose is their primary delivery partner to manage all services to women and men with more complex needs and provide new programmes to Service Users across the entire contract. Going live in March 2021, the Activity Hubs offer alternative provisions to people on criminal justice orders who struggle to engage with more mainstream interventions and support them towards employability and positive resettlement outcomes. There are two hubs in London (one in Croydon and one in Lewisham).

The Hub at HerStory House

Penrose launched the Hub at HerStory House, partnering with a team of professionals, including Women in Prison (Bluebird), London Pathways Partnership, and Hestia Battersea Approved Premises. The service supports a gender-responsive, trauma-informed and practical pathway for women screened onto the OPD pathway in the London region. The Hub provides holistic activities, including arts and crafts, creative writing and cooking. We thank our hard-working volunteers and facilitators who facilitate these activities at HerStory House, which are open to everyone in the local community.

Enfield Rehabilitation Service

This new care and rehabilitation service from Penrose for adults with complex mental health needs was rolled out as part of a multi-department mobilisation approach. It provides up to ten supported accommodation units for Service Users moving from complex care inpatient rehabilitation services and Acute Mental Health Wards. They may also have behaviours that prove challenging to services, including medication non-compliance. It works closely with the Mental Health Trust Community Rehabilitation.

A further 14 units provide move-on supported accommodation from the intensive support service and an alternative to existing residential care. The transition allows Service Users to enhance their life skills further and supports physical wellbeing and mentorship, including remote support and sessions utilising tablet devices. Alongside this technology, we supported the development and roll-out of the "Pivotell" system as a pilot for the local area, allowing individuals to self-medicate, which is being monitored digitally and sending reminders and prompts to all relevant parties.

Communications

Achieving a One Team Ethos

Our staff intranet became a focal point for the communications team as Penrose had never worked in isolation. The need to deliver vital information in a format that everyone could access was critical. We undertook a complete overhaul of our intranet, creating spaces dedicated to sharing covid information and areas for staff and Service Users to share personal stories, blogs, poems and artwork they were making. The intranet burst into life in a matter of weeks and brought the charity together in a way we hadn't expected; sentiments came flooding in from staff regarding how they had never felt so 'together' and how they looked forward to the next blog or story.

Webinars

Penrose had not hosted a webinar before, and the technology was new to us all. Our first webinar was not without technical challenges and 'you're on mute' moments, but we got better with each attempt. Across the year, we ran webinars regularly and especially when changes to covid rules happened. Staff were able to access the EMT in a way they hadn't experienced before, and the information flowed freely in the sessions. During the year, we also hosted our first webinar where Service Users from across the charity joined to discuss matters close to them and share their experiences of the support they receive with the EMT. It wasn't all work, though, as we also hosted several quiz nights and 'Tea & Talk' wellbeing sessions that were well-received by all.

Staff 'TEA & TALK'

Penrose understands the pressures our teams are under to keep services, Service Users and staff safe, which only increased due to the prevalence of COVID-19, affecting their stress levels. We wanted to address this by promoting mental health and supporting staff by starting the conversation through a Tea & Talk Series - because mental health is as important as any other health issue. Tea & Talks support staff by providing a safe and acceptable space to share and tell their co-workers where they are struggling. It opened up the conversation on how they can best support each other to tackle common mental health challenges as anxiety and stress.

Social Media Review

This year, we focused on growing our social media presence and increasing our activity. We created new social media pages on Facebook and Instagram. We revamped our other platforms to showcase the work done at Penrose so audiences could stay involved and updated on our events and campaigns.

PLATFORM	APRIL 2020 Followers	MARCH 2021 Followers
Facebook	0	707
Twitter	154	337
LinkedIn	362	1,001
Instagram	0	113

Key achievements over the year:

- Grew LinkedIn following by 176%
- Grew Twitter following by 118%
- Gained 707 Facebook followers

New Website

We launched our new Website, which combined the individual websites of Penrose and the other SIG subsidiaries into one vibrant site. It was a complicated task, but we used in-house talent to build the website from scratch and engaged staff and Service Users to develop it as user-friendly as possible. A key factor was to provide information to stakeholders and be an engaging space for new and interested parties that follow links from our social media pages. The website has been popular and has grown in hits since its launch.

Structure, Governance and Management

Penrose is a company limited by guarantee not having a share capital (Number 8466743) and is registered as a charity with the Charity Commission (Number 115455).

Penrose's governing instruments are its Articles of Association dated 28th of March 2013 and amended on 1st of November 2018. The sole member of Penrose is the Social Interest Group with effect from 1st of October 2014 and as of 1st of November 2018 the non-executive trustees of the Social Interest Group were appointed as the trustees of Penrose Options.

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 3. 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 Service Users. 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

Penrose is a member of the 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 Investments and Pathways to Independence.

Remuneration Policy for Key Management Personnel

The Group Chief Executive's remuneration is set by the 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 and service users 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.

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 five (2020: five).

The non-executive trustees are members of the Charity, the executive trustee is not a member of the Charity and does not have any beneficial interest in it.

Penrose Options
Trustee report
For the year ended 31 March 2021

The trustees' annual report, which includes the strategic report, has been approved by the board of trustees on 8th December 2021 and signed on their behalf.



Dr Karl Marlowe

Chairman

Opinion

We have audited the financial statements of Penrose Options (the 'charitable company') for the year ended 31 March 2021 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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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;

Independent auditor's report to the members of Penrose Options

- 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

Penrose Options

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	Unrestricted £'000	Restricted £'000	Pension reserve £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	Pension reserve £'000	2020 Total £'000
Income from:									
Donations and legacies	2	17	-	-	17	3	-	-	3
Charitable activities	3	10,637	62	-	10,699	9,466	-	-	9,466
Total income		10,654	62	-	10,716	9,469	-	-	9,469
Expenditure on:									
Charitable activities	4a	(10,543)	(62)	-	(10,605)	(9,181)	-	-	(9,181)
Total expenditure		(10,543)	(62)	-	(10,605)	(9,181)	-	-	(9,181)
Net income for the year	5	111	-	-	111	288	-	-	288
Transfers between funds		(137)	-	137	-	(110)	-	110	-
Net (expenditure) / income before other recognised gains and losses		(26)	-	137	111	178	-	110	288
Actuarial (losses) / gains on defined benefit pension schemes	13	-	-	(686)	(686)	-	-	1,020	1,020
Net movement in funds		(26)	-	(549)	(575)	178	-	1,130	1,308
Reconciliation of funds:									
Total funds brought forward		1,741	3	(326)	1,418	1,563	3	(1,456)	110
Total funds carried forward	15	1,715	3	(875)	843	1,741	3	(326)	1,418

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

Penrose Options
Balance Sheet
As at 31 March 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
Fixed assets					
Tangible assets	10		<u>83</u>		<u>92</u>
			83		92
Current assets					
Debtors	11	2,865		2,707	
Cash at bank and in hand		<u>100</u>		<u>557</u>	
		2,965		3,264	
Liabilities					
Creditors: amounts falling due within one year	12	<u>(1,330)</u>		<u>(1,612)</u>	
Net current assets / (liabilities)			<u>1,635</u>		<u>1,652</u>
Total assets less current liabilities			<u>1,718</u>		<u>1,744</u>
Net liabilities excluding pension scheme provision					
			<u>1,718</u>		<u>1,744</u>
Defined benefit pension scheme provision	13		<u>(875)</u>		<u>(326)</u>
Total net liabilities	14		<u>843</u>		<u>1,418</u>
The funds of the charity					
Restricted income funds	15		3		3
Unrestricted income funds					
General funds		1,715		1,741	
Pension reserve		<u>(875)</u>		<u>(326)</u>	
Total Unrestricted funds			<u>840</u>		<u>1,415</u>
Total Charity funds			<u>843</u>		<u>1,418</u>

Approved by the trustees on 8th December 2021 and signed on their behalf by



Chair

Penrose Options: A company limited by guarantee, Company Registration Number 8466743 (England and Wales)

Penrose Options
Cashflow statements
For the year ended 31 March 2021

	2021 £'000	2020 £'000
Cash flows from operating activities:		
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	(575)	1,308
Depreciation charges	30	40
Movement in long-term pension deficit liability	549	(1,130)
(Increase) in debtors	(158)	(484)
(Decrease) / increase in creditors	(282)	587
	<hr/>	<hr/>
Net cash provided by operating activities	(436)	321
Cash flows from investing activities:		
Purchase of fixed assets	(21)	(40)
	<hr/>	<hr/>
Net cash used in investing activities	(21)	(40)
Change in cash and cash equivalents in the year	<hr/> (457)	<hr/> (281)
Cash and cash equivalents at the beginning of the year	557	276
Cash and cash equivalents at the end of the year	<hr/> 100 <hr/>	<hr/> 557 <hr/>

1 Accounting Policies

a) Statutory information

Penrose Options 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 trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The trustees consider that there are no material uncertainties about the charitable company's ability to continue 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) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) 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. Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting Policies (continued)

h) 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.

i) 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 Penrose's charitable activities.

j) Operating leases

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

k) 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:

- Fixtures, fittings and office equipment 25% straight line
- Leasehold improvements Straight line over the term of the lease
- Motor Vehicles 25% straight line

l) Debtors

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

m) 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.

n) 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.

o) 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.

1 Accounting Policies (continued)

p) Pensions

Penrose makes contributions into a defined benefit pension scheme, which is now closed to new Penrose entrants, and a number of defined contribution schemes. For financial years ending on or before 28 February 2019, it has not been possible for the charity to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the charity has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the charity to account for the Scheme as a defined benefit scheme. For accounting purposes, an actuarial valuation for the scheme was carried out with effective date of 31 March 2018. The liability figure from the valuation is rolled forward to the relevant accounting date and are used in conjunction with the charity's fair share of the Scheme's total assets to calculate the charity's net deficit or surplus at the accounting period start and end dates.

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2 Donations

Equinox has received a donation of £nil (2020: £nil) from its parent undertaking, the Social Interest Group and £2,349 (2020: £3,000) from other donors.

3 Charitable activities – supporting vulnerable people

Penrose's activities are to relieve people in need, including but not limited to those with mental health issues, those currently suffering from substance misuse or other addictive 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, accommodation, or services including but not limited to medical, social, welfare, rehabilitative, resettlement, care services, education, training, employment, mentoring and other similar services. Penrose income is predominantly contracted income from local authorities and NHS Trusts, and rental income and service charges from service users.

4a Analysis of expenditure (current year)

	Charitable activities £'000	Governance costs £'000	Support costs £'000	2021 Total £'000	2020 Total £'000
Staff costs (Note 6)	6,643	-	1,339	7,982	7,319
Recruitment & training	-	-	112	112	132
Subsistence & travel	17	-	8	25	55
Premises Costs	1,111	-	67	1,178	896
Office running costs	206	-	97	303	71
Insurance	-	-	77	77	23
Information technology	-	-	194	194	208
Legal & Professional	-	-	29	29	67
Depreciation	30	-	-	30	40
Audit fees	-	29	-	29	14
Other Costs	613	-	33	646	356
Total expenditure 2021	<u>8,620</u>	<u>29</u>	<u>1,956</u>	<u>10,605</u>	
Total expenditure 2020	<u>7,208</u>	<u>19</u>	<u>1,954</u>		<u>9,181</u>

4b Analysis of expenditure (prior year)

	Charitable activities £'000	Governance costs £'000	Support costs £'000	2020 Total £'000
Staff costs (Note 6)	6,208	-	1,111	7,319
Recruitment & training	-	-	132	132
Subsistence & travel	-	-	55	55
Premises Costs	682	-	214	896
Office running costs	36	-	35	71
Insurance	-	-	23	23
Information technology	-	-	208	208
Legal & Professional	-	-	67	67
Depreciation	40	-	-	40
Audit fees	-	14	-	14
Other Costs	242	5	109	356
Total expenditure 2020	<u>7,208</u>	<u>19</u>	<u>1,954</u>	<u>9,181</u>

5 Net income / (expenditure) for the year

This is stated after charging:

	2021 £'000	2020 £'000
Depreciation	30	40
Operating lease rentals:		
Property	1,050	17
Auditor's remuneration (excluding VAT):		
Audit	14	14
	<u>14</u>	<u>14</u>

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

Staff costs were as follows

	2021 £'000	2020 £'000
Salaries and wages	6,471	5,689
Redundancy and termination costs	7	41
Social security costs	603	530
Employer's contribution to defined contribution pension schemes	112	99
Operating costs of defined benefit pension schemes	7	11
Agency costs	782	949
	<u>7,982</u>	<u>7,319</u>

No employee earned more than £60,000 during the year (2020: £nil).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £nil (2020: 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 (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

No trustees' expenses were paid or reimbursed £Nil (2020: £nil).

7 Staff numbers

	2021 £'000	2020 £'000
Operational	212.8	212.7
Administration	1.0	1.0
	<u>213.8</u>	<u>213.7</u>

8 Related party transactions

Penrose was charged £2,124,094 for central office functions provided by the parent charity Social Interest Group (2020: £1,893,000).

Penrose Options was owed from SIG £2,108,521 at the year end (2020: £1,796,000).

Penrose Options owed £378,490 to Equinox Care at the year end (2020: owed £477,000).

Penrose Options owed £20,000 Milner Gibson Limited at the year end (2020: £20,000)

Penrose Options owed £25,950 to SIG Investments at the year end (2020: £8,000)

9 Taxation

Penrose 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 the 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

	Motor vehicles £'000	Fixtures, fittings & Equipment £'000	Leasehold improvements £'000	Total £'000
Cost of valuation				
At the start of the year	5	193	85	283
Additions in year	-	5	16	21
At the end of the year	<u>5</u>	<u>198</u>	<u>101</u>	<u>304</u>
Depreciation				
At the start of the year	3	118	70	191
Charge for the year	1	21	8	30
At the end of the year	<u>4</u>	<u>139</u>	<u>78</u>	<u>221</u>
Net Book Value				
At the end of the year	<u>1</u>	<u>59</u>	<u>23</u>	<u>83</u>
At the start of the year	<u>2</u>	<u>75</u>	<u>15</u>	<u>92</u>

All of the above assets are used for charitable purposes.

11 Debtors

	2021 £'000	2020 £'000
Trade debtors	389	627
Staff Loans	19	3
Amounts due from group undertakings	2,109	1,796
Other debtors	162	67
Prepayments	186	214
	<u>2,865</u>	<u>2,707</u>

12 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	103	399
Taxation and social security	175	316
Pension contributions	45	39
Other creditors	184	136
Amounts due to Group undertakings	425	505
Accruals	398	217
	1,330	1,612

13 Pension Scheme

The Pensions Trust – Social Housing Pension Scheme (“Scheme”)

Penrose Options participates in the Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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For financial years ending on or before 28 February 2019, it had not been possible for the charity to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the charity accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the charity to account for the Scheme as a defined benefit scheme. For accounting purposes, an actuarial valuation for the scheme was carried out with effective date of 31 March 2018. The liability figure from the valuation is rolled forward to the relevant accounting date and is used in conjunction with the charity's fair share of the Scheme's total assets to calculate the charity's net deficit or surplus at the accounting period start and end dates.

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

The last triennial valuation of the Scheme overall for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. The Scheme is classified as a 'last-man standing arrangement'. Therefore the charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Following consultation between the Pension Trustees and Employers, a new recovery plan to recover the overall scheme deficit has been agreed. This is based on a full share of liabilities approach. This is effective from 1 April 2019.

13 Pension Scheme (continued)

Number of active members in the scheme

	No.
Active	3
Deferred	53
Pensioners	15

Financial assumptions

	2021 %pa	2020 %pa
Rate of discount	2.49	2.66
Price inflation (RPI)	3.26	2.60
Price inflation (CPI)	2.87	1.60
Earnings increases	3.87	2.60
Allowance for commutation of pension for cash at retirement	75%	75%

Other material assumptions

	years	years
Life expectancies in retirement:		
Male currently aged 65	21.60	21.50
Female currently aged 65	23.50	23.30
Male currently aged 45	22.90	22.90
Female currently aged 45	25.10	24.50

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

	2021 £'000	2020 £'000
Fair value of plan assets	5,074	4,542
Present value of defined benefit obligation	(5,949)	(4,868)
Net defined liability to be recognised	(875)	(326)

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

	2021 £'000	2020 £'000
Opening fair value of employer assets	4,542	4,321
Interest income	109	102
Experience on plan assets	325	39
Contributions by the employer	150	150
Withdrawals by Employees	-	-
Benefits paid and expenses	(52)	(70)
	5,074	4,542

13 Pension Scheme (continued)

Reconciliation of opening and closing balances of defined benefit obligation

	2021 £'000	2020 £'000
Opening defined benefit obligation	4,868	5,777
Current service cost	-	-
Expenses	7	7
Interest cost	115	135
Contributions by members	-	-
Withdrawals by Employees	-	-
Actuarial losses / (gains)	1,011	(981)
Benefits paid and expenses	(52)	(70)
Closing defined benefit obligation	<u>5,949</u>	<u>4,868</u>

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

	2021 £'000	2020 £'000
Current service cost	-	-
Expenses	7	7
Net interest expense	6	33
Defined benefit costs recognised in the SOFA	<u>13</u>	<u>40</u>

Actual return on plan assets	<u>434</u>	<u>141</u>
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Net actuarial gain/(loss) on defined benefit pension scheme

	2021 £'000	2020 £'000
Actuarial (loss) on recognising full scheme liability	-	-
Actuarial (loss) / gain on plan obligations	(1,011)	981
Actuarial gain on plan assets	325	39
	<u>(686)</u>	<u>1,020</u>

14a Analysis of net assets between funds (current year)

	General unrestricted £'000	Pension Reserve £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	92	-	-	92
Net current liabilities	1,652	-	3	1,655
Defined benefit pension provision	(326)	(875)	-	(1,201)
	<u>1,418</u>	<u>(875)</u>	<u>3</u>	<u>546</u>

14b Analysis of net assets between funds (prior year)

	General unrestricted £'000	Pension Reserve £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	92	-	-	92
Net current liabilities	1,649	-	3	1,652
Defined benefit pension provision	-	(326)	-	(326)
	<u>1,741</u>	<u>(326)</u>	<u>3</u>	<u>1,418</u>

15a Movements in funds (current year)

	At 1 April 2020 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 31 March 2021 £'000
Restricted funds:					
Roots	3	-	-	-	3
Corona Virus Grants	-	62	(62)	-	-
Total restricted funds	<u>3</u>	<u>62</u>	<u>(62)</u>	<u>-</u>	<u>3</u>
General funds	<u>1,741</u>	<u>10,654</u>	<u>(10,543)</u>	<u>(137)</u>	<u>1,715</u>
Pension reserve	<u>(326)</u>	<u>(686)</u>	<u>-</u>	<u>137</u>	<u>(875)</u>
Total funds including pension fund	<u>1,418</u>	<u>10,030</u>	<u>(10,605)</u>	<u>-</u>	<u>843</u>

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

15b Movements in funds (prior year)

	At 1 April 2019 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 31 March 2020 £'000
Restricted funds:					
Roots	3	-	-	-	3
Total restricted funds	3	-	-	-	3
General funds	1,563	9,469	(9,181)	(110)	1,741
Pension reserve	(1,456)	1,020	-	110	(326)
Total funds including pension fund	110	10,489	(9,181)	-	1,418

Purposes of restricted funds

Tesco – Bags of Help awarded a grant specifically to be used on Roots for Life.

Corona Virus Grants. These grants were received from Local Authorities to cover the increased costs of working as a result of the COVID-19 pandemic.

16 Operating lease commitments

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

	2021 £'000	2020 £'000
Less than one year	512	494
One to five years	1,003	567
Over five years	741	-
	<u>2,256</u>	<u>1,061</u>

17 Guarantees and ultimate parent undertaking

Penrose Options is a company limited by guarantee not having a share capital. The Social Interest Group became the sole member of Penrose on the 1 October 2014, previously all trustees were members. Each member has guaranteed to pay £1 in the event that Penrose was wound up. Social Interest Group is the ultimate parent undertaking. Its charity registered number is 1158402. Its company registered number is 9122052. Its registered office is: 1 Waterloo Gardens, Milner Square, London N1 1TY.