



ANNUAL REPORT 2023/24

Stepping Stone Projects

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INFORMATION

Chair

Ms S Ashby

Company Secretary

Mr Christopher Tait

Charity Trustees

Ms Susan Ashby
Mrs Janet Hardwick
Mr David Berry
Mr Nicholas Cox
Mr Alexander Lyons

Mr Steven Grycuk
Mr Colin Royle
Ms Kelly Webb
Ms Elizabeth Lilley
Ms Michaela Orr (appointed 28.02.2024)

Chief Executive Officer

Mr Dave Smith

Company Number

2647645

Registered Charity Number

1004375

Registered Office

2 The Quadrant, Green Lane, Heywood OL10 1NG

Auditors

BK Plus Audit Limited, Sterling House, 501 Middleton Road, Chadderton, Oldham, OL9 9LY

Bankers

Bank of Scotland, Ground Floor, Teviot House, 41 South Gyle Crescent, Edinburgh, EH12 9DR

Solicitors

Wrigley Claydon, 29/33 Union Street, Oldham, OL1 1HH

HOW IS SSP GOVERNED AND MANAGED

The Trustees, who are also directors for the purposes of the Companies Act, present their report and audited financial statements for the year ended 31 March 2024.

Structure

Stepping Stone Projects is a company limited by guarantee, its governing document being its Memorandum and Articles of Association. The company was incorporated on 20 September 1991 (company number 2647645) and is a registered charity (number 1004375).

The directors of the company are its Trustees for the purposes of charity law and under its Memorandum and Articles of Association are collectively referred to throughout this report as The Board of Trustees.

The Charity's principal objectives are to relieve persons who are homeless or in necessitous circumstances.

Governance

Stepping Stone Projects has a Board of Trustees of up to fourteen members, who are responsible for strategic direction and policy. At present the Charity has ten members from a variety of professional backgrounds relevant to the work of the organisation.

The Trustees during the year were:

Ms Susan Ashby	Mr Alexanders Lyon	Mr David Berry
Ms Janet Hardwick	Mr Nicholas Cox	Ms Kelly Webb
Mr Colin Royle	Ms Elisabeth Lilley	Mr Steven Grycuk
Ms Michaela Orr		

Under the requirements of the Charity's Memorandum and Articles of Association the Chair is elected annually. Other members of the Board of Trustees are elected for a period of three years, after which they must be re-elected at the next Annual General Meeting.

The Board of Trustees meets every six weeks with the agenda focus alternating between strategy and compliance / assurance activities. In addition each trustee serves on one of our two sub-committees (Finance and Remuneration; Risk and Compliance) both of which meet quarterly.

A fresh recruitment process was undertaken in early 2024; following interview Ms Michaela Orr was approved as a trustee and attended the January 2024 meeting as an observer.

The appointment was unanimously formally approved by trustees at the 28th February 2024 Board meeting. We are delighted to welcome Michaela as a new trustee and as our first ever former customer on our Board.

Management

Day-to-day responsibility for the provision of services is delegated to the Senior Leadership Team consisting of a Chief Executive, Director of Operations, 2 x Assistant Director of Operations, a Director of Resources and temporarily our Digital Transformation Specialist, none of whom is a director as defined by company law.

Systems of internal controls are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan, annual delivery plans and budget approved by the Trustees;
- Regular consideration by the Trustees of operational service delivery and financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Trustees have introduced a formal risk management process to assess business risks and implement risk management strategies. The risk strategy policy comprises:

- An annual review of the risks the Charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan;
- The implementation of procedures designed to minimise any potential impact on the Charity should any of those risks materialise.

An element in the management of financial risk is our reserves policy and its annual review by the Trustees.

Training

Any new Trustees are invited and encouraged to attend a series of short induction sessions to familiarise themselves with the Charity and its workings. The Chair and the Chief Executive of the Charity jointly lead these sessions which include details of:

- The fiduciary responsibilities of the Board of Trustees under charity and company law;
- The operational framework of the Charity and its decision-making process;
- The contents of its Memorandum and Articles of Association;
- The Business Plan which sets out its future plans and objectives; and
- The latest set of statutory accounts.

Use is also made of various Charity Commission publications, in particular "The Essential Trustee" guide, which is included in the information pack sent to all new and potential Trustees. New Trustees are encouraged to feed back to the Chair on the induction process.

LIFE BEGINS AT 40 – STRIVING TO BE THE BEST

Chair of the Board of Trustees, Sue Ashby

This year we are celebrating the 40th anniversary since the formation of Stepping Stone Projects. During this time we have grown from providing just 2 properties for rough sleepers in 1984 to now having nearly 800 properties in our management, supporting c1,500 customers per annum, with c185 employees and a turnover of c£12m.

Having now been a trustee of Stepping Stone Projects for the last 26 years and Chair for the last 25 years, I am extremely proud of what we have delivered and achieved but also that we have stayed true to our purpose, mission and vision.

As a charity we remain fully independent and totally focused on preventing and combatting

homelessness. By doing this we are now in a position to help so many more people to support them to live independently, thrive and to transform their lives.



2023/24 was, yet again, another memorable and on the whole successful year for SSP. We believe we have made great strides forward over this and the previous few years. This year we have continued to grow (more than we planned as we took over 2 large services in Blackburn), we have improved further on overall customer and colleague satisfaction levels to now be 98% and 87% respectively and we have invested more into digital transformation, improving our homes and services, colleagues development and health and well-being and into adding more social value to everything we do.

Despite challenges from the national housing crisis and economic pressures, SSP is dedicated to ending homelessness by 2034 with the support of its community, partners, and stakeholders.

WHAT IS THE PURPOSE OF SSP?

Objectives and activities for the public benefit

The Memorandum and Articles of Association were reviewed and some minor amendments were agreed and ratified by Trustees in June 2021. Following consent from the Charity Commission to the minor changes to the objects of the charity, the new documents were registered with Companies House and the Charity Commission.

The Charity's principal objectives as set out in its Memorandum of Association are to relieve persons who are homeless, threatened with homelessness, vulnerable or in necessitous circumstances by:

- a) Providing an advice and counselling service in matters relating to housing and associated social and economic problems; and
- b) Providing temporary and permanent accommodation or assistance in the provision of permanent accommodation and housing-related support and intensive management services for such persons.

Our mission is to prevent homelessness, support independence, and transform lives. We achieve this by providing readily accessible support services to assist customers in securing and maintaining their own independent accommodation as soon as they are able.

We believe that everyone has a right to quality accommodation and services which help them to achieve their optimum level of independence. We believe that in providing homes and services we are complying with our duty under the Charities Act and acting in accordance with Charity Commission guidance on public benefit.



Moving into one of our A Bed Every Night properties helped Joanne to develop her independence and secure long-term accommodation with the support she needs.

She's now applying for suitable homes weekly, and is producing artwork and poetry, which has been shown at local events.

OUR NEW STRATEGIC PLAN AND VISION

Our previous 5-year strategic plan, devised in 2020 and due to be completed by 2025, has now largely been delivered. Therefore our strategic plan was reviewed by our Board in 2023 in close consultation with our colleagues. The Board have agreed to simplify our mission statement based, on colleague feedback, to now be:

It is SSP's mission to

- Prevent homelessness
- Support independence
- Transform lives

The Board also agreed that our new 10-year vision from 2024 to 2034 needs to be more ambitious and externally focused to meet the wider needs of our homeless or at risk of homeless customers and the needs of our commissioners and communities in the North-West.

The Board have now agreed our new vision to be:

Together we can end homelessness by 2034.

Our Corporate Strategic Plan

2024 - 2034

VISION

Together we can
end homelessness
by 2034

MISSION

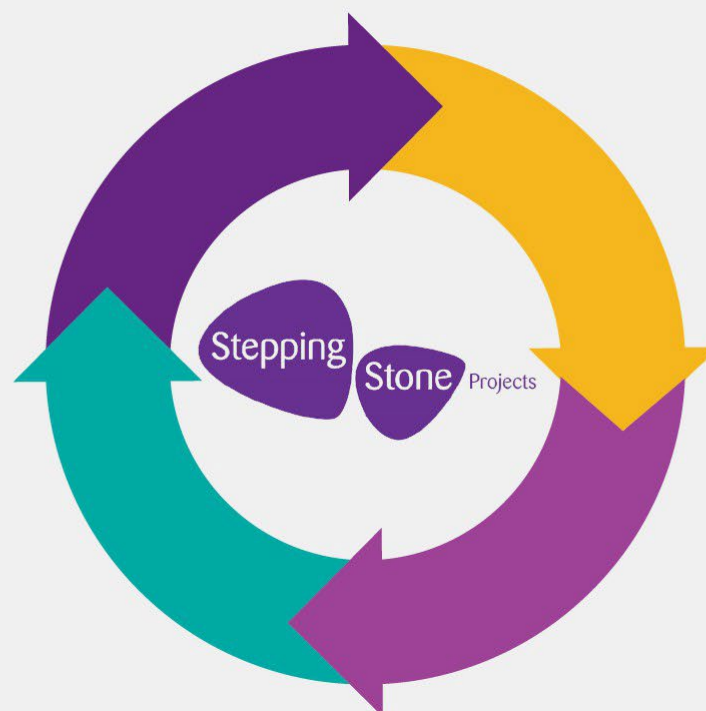
Prevent homelessness
Support independence
Transform lives

BEST FOR

Customers
Colleagues
Partners
Business

VALUES

PRIDE
Professional
Respectful
Inclusive
Dynamic
Excellent



HUMAN IMPACT – Customer Stories

A stable home after 10 years

After 10 years of short stays in temporary accommodation, Steven (name changed for anonymity) came to Cherry Bridge Lodge, one of our Grouped Supported Accommodation Projects in Blackburn. Our colleagues helped him to secure a deposit through Blackburn and Darwen Borough Council's Housing Benefit Team (a Discretionary Housing Payment), and supported him to move into his own property in an Independent Living Scheme.

Steven was also able to access money from the SSP hardship fund, (A pot of funding to help the customers disproportionately affected by the cost of living crisis), to buy a sofa, a fridge-freezer and a £200 shopping voucher.

Support to gain experience

Liam moved into our Step Forward Hyndburn Grouped Accommodation Project in May 2023 after periods of living in hostels and sleeping in a tent through the winter. Our Employment Support Advisor, worked with him to identify his goals and aspirations and then, supported him to enrol in a Level 2 Railway Engineering course via Changing Lives. Upon completing the course he was offered a full time paid position at McGinley Support Services to hone his skills further.

Liam thrived working on the tracks and his college commended his 'exceptional performance and rapid progression' as 'testaments to his hard work'. Thanks to the combined support from our Employment, Education, Training service and supported housing teams at SSP, he was able to gain experience working in his dream field and has achieved his goal of securing a permanent job working for Network Rail.

SSP Apprenticeships

At 18, Hannah became homeless after her foster parents were no longer legally responsible for her and her biological mother had passed away. Despite these challenges she maintained her ambitions and enrolled at university in Leeds, which also provided temporary housing. After graduation, she was no longer eligible for the university accommodation she had been living in and so became homeless again. The prospect of being homeless significantly impacting her mental health.

Hannah sought help from the housing options support services team in Leeds but was turned away due to having no local connection. Later, she secured accommodation with YMCA Pendle dispersed housing and received support from Stepping Stone Projects and our dedicated Employment Support Advisor. After significant support from the organisation, Hannah was offered an apprenticeship with SSP, increasing her income so she could afford her own self-contained and independent, long term property.

The apprenticeship with SSP provided stability and structure. It also provided the opportunity for Hannah to thrive, have purpose and work towards a future of her own choosing. After 12 months, Hannah achieved a distinction and secured a full-time job role with SSP, allowing her to maintain her independence.

CHIEF EXECUTIVE AND TRUSTEES SUMMARY OF 2023/24

Despite challenges from the national housing crisis and economic pressures, SSP is dedicated to ending homelessness by 2034 with the support of its community, partners, and stakeholders. As well as celebrating our 40th anniversary, everyone at Stepping Stone Projects are also delighted to celebrate our long standing Chair, Sue Ashby, recently announced award of an MBE after 26 years' service to SSP, homelessness and charity work. This honour is so well deserved and a testament to all that Sue has achieved and helped lead SSP to deliver over such a long period of time. SSP, fellow trustees and our colleagues are all so proud to have Sue as our Chair. Thank you Sue, and congratulations for all you have done and continue to do for us.

Following 4 years of substantial growth SSP have concentrated our efforts on continuing to deliver our vision to be the best, by achieving our 2023/24 delivery plan priorities of delivering:

- More homes and service capacity to help more people in need,
- Digital transformation and other service improvements,
- Increased customer and colleague satisfaction,
- Continued sustainable business growth,
- More investment into colleague development and health and well-being, and
- Increased added social value for our customers and communities.

SSP have continued to be successful in delivering against all of these objectives, whilst adapting to our continually more difficult operating environment, the ever-growing need and demand for our homes and services and the increasing uncertainty we are all facing.



AT A GLANCE OUR SSP 2023/24

1

Providing New Homes and Services

- 203 homes brought into our management
- 9 new services set up
- 14 new build homes on site
- 63 other new homes in development

2

Sustainably Growing Our Business

- Increased turnover: c£10m to c£12m
- Now employing c185 FTE's (incl agency and temporary posts)
- Further Surplus of £141k delivered
- Reserves increased to £3.4m
- Ofsted registration achieved June 2024

3

Improving Services

- Customer Satisfaction increased to 98%
- Colleague Satisfaction increased to 87%
- Partner Satisfaction at 90%
- Satisfaction with homes over 90%

4

Developing Our Colleagues

- New Ofsted accredited training courses in progress for young people services
- Acorn training completed by 81 frontline support workers
- IHASCO on line training for colleagues
- Coroners Court and other compliance training completed by managers
- Enhanced Health & Well-Being Programme

5

Digital Transformation

- CDP IT system upgraded & new HOAMS integrated housing management system introduced
- BoardEffect and Togetherly IT system implemented
- Prodo Customer Portal procured and in development
- Handheld tablet technology and docusign being piloted
- Wifi for customers introduced at all of grouped schemes

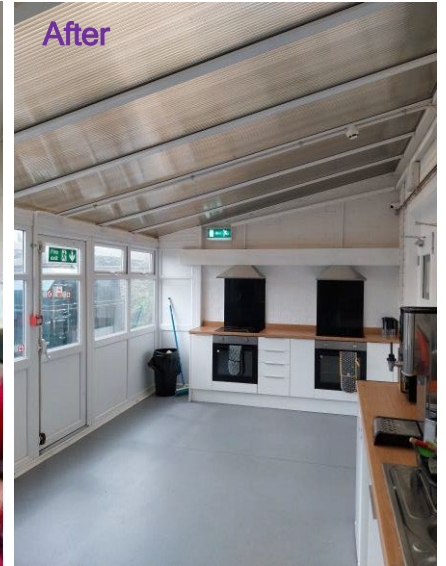
6

Adding Social Value

- New customer Home2Home free shop set up with Dunelm donations helped 94 customers set up home
- Customer Clothing Store with Sports Direct and BooHoo donations provided essential clothing to 42 customers
- SSP £50k Hardship Fund spent supporting 158 customers with cash grants
- 600 free SIM cards provided for customers to use
- Employment and training advice provided to 120 customers
- 5 apprentices and 1 graduate trainee in post
- 4 apprenticeships completed and now permanently employed by SSP
- 5 volunteers engaged in Home2Home

OUR NEW BLACKBURN PROJECTS

Among our many successes, early in 2023/24 we entered into negotiations with Auckland Home Solutions (AHS) and Blackburn with Darwen Council to take-over the management and support services for two failing projects. These are the 2 largest individual grouped schemes we have ever managed (by a considerable margin), consisting of 64 and 40 bedroomed HMO's where meals were also provided to customers. This was potentially a big risk for SSP but our Board of Trustees felt we had all the skills and experience needed, to try to ensure this accommodation remained available to homeless people needing support and that transformational property and service improvements were quickly delivered.



Working closely with the AHS and the Council we successfully completed the takeover in June 2023 and immediately set about improving both the accommodation and the services for customers and providing them with customer kitchens to help them better prepare for independent living. After a lot of hard work from the new management and frontline teams, closely supported by our business support teams, along with AHS and the Council, we have now transformed these projects. This includes both property conditions, their facilities and the support and management services, into what are considered to be good quality and very well run projects. They are now nearly always fully occupied (or close to it) and provide 104 badly needed supported homes for some of the most vulnerable people in the region.

OTHER NEW PROJECTS

In other notable new business successes we have worked with Rochdale Council and MSV to convert our old offices into 4 high quality flats for rough sleepers, with Elemel to open a 19 bed unit for young people at Saxonside, with RBC, Cornerstone Place and RBH to start to build 14 new homes at Whitworth Road and extended our ABEN provision in Rochdale by a further 23 homes with provision to families as well as single people. We worked with MSV and Manchester Council to set up Chatsworth Grove as an assessment centre for Unaccompanied Asylum Seeking Children and won a new contract to provide a further 40 dispersed units in the city for UASC. We also worked with Ashton Pioneer Homes, Tameside Council and a private sector landlord to set up a new women-only HMO for homeless people at Minto Street.



MANCHESTER
CITY COUNCIL



This continued success, increasing capacity and financial strength means that we continue to be in a very strong position and confident in our ability to meet the future challenges coming our way, to continue to grow and invest further into growing our asset base, improving services and colleague and customer experiences as we strive to deliver our purpose, mission and vision “to be the best”.

CAMPAIGNS TO PREVENT AND COMBAT HOMELESSNESS AND CHANGE POLICIES

We have already started working with our partners to campaign on homelessness issues, to combat and prevent the causes of homelessness and to seek policy changes. We launched our first ever campaign in Greater Manchester with Shelter, The Booth Centre and Mustard Tree in October 2023 to End the Private Renting Emergency and outlined 4 key asks to immediately implement the Renters Reform Act in full, to increase LHA levels, to cap private sector rents and to end discrimination of young people in the welfare system. This campaign successfully gained a lot of attention of the local, regional and national press and media. We also joined other national campaigns with CentrePoint and a wide range of other young persons homelessness charities. We plan to do more of this over the coming years.



The Key to Future Success

We are committed to being the best. Continuing to be innovative, proactive, agile and dynamic has been the key to our success over the last 4 years. Continuing with this approach whilst keeping internal bureaucracy to a minimum, ensuring our overheads and support service costs are minimised and better utilising new technology will be crucial to our continued success in the future.

We are not resting on our laurels and we will do more to prevent and end homelessness by 2034. We want to continue to extend our reach to support more vulnerable people at risk of homelessness in an increasing number of boroughs (that need us). We will do this by becoming the best by continuing to:

- **raise our profile as the trusted not for profit organisation provider of choice;**
- **deliver on our promises;**
- **provide high-quality value for money services;**
- **employ and develop the best people;**
- **deliver flexibly to meet the needs of commissioners;**
- **work in genuine partnerships;**
- **campaign with like-minded organisations to raise awareness and deliver the changes in policies, funding and priorities required to prevent and combat homelessness, support independence and transform lives.**

CONCLUSION

2023/24 has still been another excellent year of achievement for SSP, consolidating and improving further on the gains we have already made.

Although we have faced some financial challenges in 2023/24 we still posted a surplus at the end of the year of £141k, adding to our already healthy reserves.

This success can only be delivered with the full support, commitment and co-operation of the whole organisation working together. From the Board having to take urgent strategic, business-critical and at times difficult decisions, to SLT and LT leading the drive to be the best and deliver excellence in everything we do, to colleagues fully buying into this and continuing to provide dedicated, caring, flexible and excellent services.

We thank everyone at SSP, our partners and our commissioners for playing their part in making this another successful year and for helping provide the quality affordable homes and wrap around support service our customers and so many other vulnerable people at risk of homelessness need.

Together we can and will deliver more next year and in the foreseeable future.



FINANCIAL REVIEW

Principal funding sources

The principal funding sources for the Charity during the year were:

- Housing-related support contract income from Rochdale MBC, Bury MBC, Hyndburn Borough Council, Blackburn with Darwen Borough Council, Burnley Borough Council, Manchester City Council and Lancashire County Council.
- Rental income from tenants and housing benefit paid on behalf of tenants.
- Spot purchase of accommodation and housing-related support, for young people leaving care, by social service departments across the North-West via the North-West Care Leavers Framework.
- Investment income.

Other sundry sources of income include corporate and individual donations received.

Overview

Total incoming resources in the year to March 2024 were £11,904,998 (2023 - £9,861,057). This is an increase of 21% which is mainly due to the new services including Skye Crescent Lodge, Cherry Tree Lodge, Saxonside and Minto Street.

There was also an increase in rental income across all services as a result of annual inflationary increases in rent levels together with a number of other smaller specific variances relating to operational performance and other factors including reduced income from Huntley House following the service being decommissioned in August 2023.

Investment income has increased to £5,426 (2023 - £10) as rising base rates have meant that banks have recommenced paying interest on deposits. Investment income is used to finance internally funded charitable support to customers and customer participation/development activities. Additional charitable funds from reserves were utilised to make up for the comparatively low level of investment income and enable us to maintain support for customer activities.

Other income has increased by 89% to £16,210 (2023 - £8,573).

In the year to 31 March 2024 the Charity made a net surplus (after including investment income) of £141,182 (2023 - £702,562 surplus).

From a financial perspective, this has been a challenging but ultimately successful year. All services made a positive contribution to central costs apart from two services; St Chad's House which came into management in March 2024 and Huntley House which made a deficit of £52,436 before the service was decommissioned.

The budget for 2024/25 reflects the continuing growth in services with further increases in turnover and another surplus of approximately £428k.

Despite the ongoing challenging financial circumstances resulting from continuing pressures on Local Authority spending, the charity continued to maximise the proportion of total expenditure on charitable activities – maintaining a very similar amount and reduced proportion of expenditure to the previous financial year.

Direct charitable expenditure accounted for 99.76% (2023 – 99.70%) and governance costs, including those costs associated with meeting the constitutional and statutory requirements of the charity such as the audit fees and costs linked to the Strategic Management of the charity, accounted for 0.24% (2023 – 0.30%) of total expenditure. Trustees decided that the basis for allocating costs that was adopted in the financial year ending 31 March 2014 was still the most appropriate method by which to fairly reflect actual expenditure.

Balance Sheet

The net book value of fixed assets increased to £979,212 from £934,859 in the previous year. The increase is mainly due to furniture in new properties. The main fixed assets are the four Care Leavers properties in Pendle which had a net book value of £172,136 in both years plus St. Clare's House which had a net book value of £449,560 (2023 - £459,416).

Reserves Policy

Trustees recognise that whilst the building of reserves is essential to give the Charity sufficient flexibility to cover temporary interruptions in income flow and provide an adequate level of working capital, particularly due to the ongoing levels of uncertainty surrounding Local Authority spending targets following reductions in funding from Central Government, this should not be detrimental to charitable activities and the provision of quality services to customers.

The Board of Trustees has an annual review of its policy on minimum reserve levels, which are the free reserves of the Charity, earned from previous operations. The current reserves policy was adopted in the current financial year when Trustees decided that the reserves policy should provide sufficient reserves to deal with the loss of the charity's short-term contracts in an orderly manner.

The most significant change to the policy was to create a new designated reserve commensurate with the amount of reserves tied up in fixed assets and thus not freely available.

Trustees discussed the risk factors and concluded that the likelihood of losing all services at once is still remote and that the essence of the previous reserves policy remains appropriate having considered the corporate risk register and other pertinent factors.

Trustees recognise that there were three main types of expenditure within the charity:

- Property costs (property rental, maintenance, utility charges etc.) are basically funded via rental income;
- Support costs (mainly staffing but also costs such as offices, stationery etc.) are basically funded via contractual income;
- Central costs (again mainly staffing but also ICT, office costs etc.) are funded via a combination of rental and contractual income.

Thus, the new reserves policy requires an amount equivalent to three months of all non-property costs, except for those on services with more than a 12-month contract or where SSP owns the building, plus amounts to cover dilapidations and a redundancy provision as outlined above. It is considered that the existing designated reserve is adequate provision against dilapidations claims.

The reserves policy requires free reserves of £1.75m at 31 March 2024 compared with the actual amount of £2,082,834 leaving £332.8k free to expand the services that we offer to customers. This is in addition to the designated reserves of £979,212 covering fixed assets and £349,585 which is to provide for renewal of furnishings and any potential dilapidations claims arising if properties are handed back to landlords.

Financial risk management objectives and policies

The company makes little use of financial instruments other than operational bank accounts and fixed term deposits with reputable banks, so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and net movement of funds of the company.

TRUSTEES' RESPONSIBILITIES

Under company law the Trustees have the same legal responsibilities as company directors and the title is interchangeable.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors 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 that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements, and;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors 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 financial statements may differ from legislation in other jurisdictions.

Auditors

BK Plus Audit Limited have expressed their willingness to continue in office and, being eligible, offer themselves for re- appointment.

By order of the Board of Trustees

Ms. S Ashby
Chair

27 November 2024

STEPPING STONE PROJECTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPPING STONE PROJECTS

Opinion

We have audited the financial statements of Stepping Stone Projects for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and related notes including a summary of significant accounting policies. 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 2024 and of its incoming resources and application of resources, including 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees/Directors report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information and our opinion on the financial statements does not cover the other information, 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 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.

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

STEPPING STONE PROJECTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPPING STONE PROJECTS continued

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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's 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the trustees' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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:

Based on our understanding of the charitable company, we identified that the principal risks of non-compliance related to those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and the Charities SORP (FRS 102). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. Appropriate audit procedures were performed to address those risks including testing journal entries and challenging assumptions and judgements made by management in their significant accounting estimates. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through 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 auditors' 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.

Dominic Huxley (Senior Statutory Auditor)
For and on behalf of

BK Plus Audit Limited
Chartered Certified Accountants
and Statutory Auditor

Sterling House
501 Middleton Road
Oldham
OL9 9LY

Date :

STEPPING STONE PROJECTS
STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account) : YEAR ENDED 31 MARCH 2024

	Note	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Total Funds 2024 £	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £
<u>INCOME</u>							
Donations and other income	3	16,210	-	16,210	8,573	-	8,573
Income from investments	4	5,426	-	5,426	10	-	10
		21,636	-	21,636	8,583	-	8,583
<i>Income from charitable activities:</i>							
Grants and contracts	5	7,164,051	-	7,164,051	6,852,829	-	6,852,829
Rents receivable	5	4,719,311	-	4,719,311	2,999,645	-	2,999,645
Total income		11,904,998	-	11,904,998	9,861,057	-	9,861,057
<u>EXPENDITURE</u>							
Charitable activities	6	11,763,816	-	11,763,816	9,158,495	-	9,158,495
Total expenditure	6	11,763,816	-	11,763,816	9,158,495	-	9,158,495
Net income/(expenditure) for the year		141,182	-	141,182	702,562	-	702,562
Net movement in funds		141,182	-	141,182	702,562	-	702,562
<i>Reconciliation of funds</i>							
Total funds brought forward		3,270,449	-	3,270,449	2,567,887	-	2,567,887
Total funds carried forward	17	3,411,631	-	3,411,631	3,270,449	-	3,270,449

The results for the year arise from continuing activities.

The accompanying notes are an integral part of this statement of financial activities.

All recognised gains and losses are included in the statement of financial activities.

STEPPING STONE PROJECTS
BALANCE SHEET : AS AT 31 MARCH 2024

	<i>Note</i>	2024 £	2023 £
FIXED ASSETS			
Tangible assets			
	11	979,212	934,859
Total fixed assets		<u>979,212</u>	<u>934,859</u>
CURRENT ASSETS			
Debtors	12	1,696,864	1,603,114
Cash at bank and in hand		1,244,462	1,270,454
Total current assets		<u>2,941,326</u>	<u>2,873,568</u>
CREDITORS:			
Amounts falling due within one year	13	508,907	537,978
NET CURRENT ASSETS		<u>2,432,419</u>	<u>2,335,590</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,411,631	3,270,449
NET ASSETS	18	<u>3,411,631</u>	<u>3,270,449</u>
THE FUNDS OF THE CHARITY			
<i>Restricted income funds</i>	17	-	-
<i>Unrestricted income funds:</i>			
Designated	17	1,328,797	341,843
General	17	2,082,834	2,928,606
TOTAL CHARITY FUNDS	17	<u>3,411,631</u>	<u>3,270,449</u>

These accounts have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on
and signed on their behalf by:

..... Trustee/Director

..... Trustee/Director

STEPPING STONE PROJECTS

STATEMENT OF CASH FLOWS : YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
Cash flows from operating activities		
Net income/(expenditure) for the year	141,182	702,562
<i>Adjustments for:</i>		
Depreciation of tangible assets	162,874	105,564
Income from investing activities	(5,426)	(10)
Decrease/(increase) in debtors	(93,750)	(599,555)
Increase/(decrease) in creditors	(29,071)	5,644
Cash generated from operations	175,809	214,205
Net cash provided by (used in) operating activities	175,809	214,205
Cash flows from investing activities		
Interest received	5,426	10
Purchase of tangible assets	(207,227)	(291,115)
Net cash used in investing activities	(201,801)	(291,105)
Net increase / (decrease) in cash and cash equivalents	(25,992)	(76,900)
Cash and cash equivalents at the beginning of the year	1,270,454	1,347,354
Cash and cash equivalents at the end of the year	1,244,462	1,270,454

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) **Basis of preparation**

The financial statements have been prepared on an accruals basis under the historical cost convention, and the 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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Stepping Stone Projects meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) **Company status**

The charity is a company limited by guarantee (registered number 02647645) incorporated in the UK and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The registered address is 2 The Quadrant, Green Lane, Heywood OL10 1NG.

c) **Going concern**

The accounts have been prepared on a going concern basis. The trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and that there are no material uncertainties over the charity's financial viability.

d) **Income**

Income from charitable activities including income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related services are provided).

Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Rent is recognised on a receivable basis.

Investment income is recognised on a receivable basis.

e) **Expenditure**

All expenditure is accounted for on an accruals basis and is allocated as follows:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its services for its beneficiaries. It includes both those costs that can be allocated directly to such activities and those of an indirect nature necessary to support them.

- Expenditure is allocated between the restricted and unrestricted projects/funds in accordance with contractual obligations or as the Board of Trustees considers appropriate.

- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

- Support costs include central functions and have been allocated to charitable activities on a basis consistent with the use of resources eg. Staff costs by time spent.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024

Accounting policies continued

1

f) Taxation

The company is a registered charity and as such is entitled to exemption from tax to the extent that its income falls within section 505 ICTA 1988 and section 256 CGTA 1992 and is applicable to charitable purposes only.

g) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

h) Tangible fixed assets and depreciation

Tangible fixed assets are included at cost less provision for depreciation.

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

Leasehold property	- 50 years
Computer equipment	- 3 years
Fixtures, fittings and sundry equipment	- 2 years
Rented property improvements	- 4 or 5 years
Office furniture and equipment	- 2 years

Where assets have been written down to their estimated residual value no further depreciation is charged.

i) Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the trustees/directors in furtherance of the general objectives of the Charity and that have not been designated for other purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the trustees/directors for particular purposes.

j) Pensions

Contributions in respect of the company's defined contribution pension schemes are charged in the year in which they are payable to the scheme.

k) Financial instruments

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

l) Changes in presentation

Where changes in presentation have been made the comparative figures have been adjusted accordingly.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024

	Unrestricted 2024 £	Restricted 2024 £	Total 2024 £	Total 2023 £
2 <u>Income from fund raising activities</u>				
The charity does not carry out any fund raising activities or receive income from commercial trading operations.				
3 <u>Other income</u>				
Other income and donations	16,210	-	16,210	8,573
	<u>16,210</u>	<u>-</u>	<u>16,210</u>	<u>8,573</u>
4 <u>Income from investments</u>				
Bank deposit interest	5,426	-	5,426	-
	<u>5,426</u>	<u>-</u>	<u>5,426</u>	<u>-</u>
5 <u>Income from charitable activities</u>				
Grants received regarding accommodation and support	7,164,051	-	7,164,051	6,852,829
Rent receivable	4,719,311	-	4,719,311	2,999,645
	<u>11,883,362</u>	<u>-</u>	<u>11,883,362</u>	<u>9,852,474</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024

6 Expenditure

<u>Expenditure</u>	Charitable activities (unrestricted)			Total	Total
	Basis of allocation	Accommodation and support	Governance	2024 £	2023 £
<u>Costs directly allocated to activities</u>					
Housing costs	Direct	5,463,232	-	5,463,232	4,258,900
Housing management services	Direct	4,366,791	-	4,366,791	3,402,814
Travel and training	Direct	117,861	-	117,861	107,149
Office costs	Direct	27,392	-	27,392	17,804
Recruitment	Direct	34,199	-	34,199	26,701
Audit	Direct	-	8,000	8,000	8,000
		<u>10,009,475</u>	<u>8,000</u>	<u>10,017,475</u>	<u>7,821,368</u>
<u>Support costs</u>					
Staff costs	Staff time	1,180,407	19,144	1,199,551	948,381
Office costs	Staff time	389,121	1,081	390,202	299,058
Legal and professional	Staff time	31,572	52	31,624	24,628
Bank charges and interest	Staff time	5,396	30	5,426	60
Depreciation	Staff time	119,340	198	119,528	65,000
		<u>1,725,836</u>	<u>20,505</u>	<u>1,746,331</u>	<u>1,337,127</u>
Total expenditure		<u>11,735,311</u>	<u>28,505</u>	<u>11,763,816</u>	<u>9,158,495</u>

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024

	Total 2024 £	Total 2023 £
7 <u>Staff costs</u>		
Total staff emoluments for the year were as follows:		
Wages and salaries	4,181,910	3,201,354
National Insurance	374,389	299,036
Pension, health and life assurance costs	195,204	151,253
	<u>4,751,503</u>	<u>3,651,643</u>

8 Staff numbers

The average headcount for the year:

	Number	Number
Charitable activities	143	117
Governance	5	5
	<u>148</u>	<u>122</u>

The number of employees whose emoluments (gross salary and employer pension contribution), amounted to over £60,000 in the year were as follows:

	Number	Number
£60,001 - £70,000	1	-
£70,001 - £80,000	2	2
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-

The key management personnel of the charity comprise the trustees and the Senior Management Team. The total employee benefits of the key management personnel of the charity were £316,511 (2023 : £233,782).

9 Net movement in funds

Net movement in funds is arrived at after charging /(crediting):

Depreciation of tangible fixed assets	162,874	105,564
Auditors' remuneration:		
audit of charitable company	8,000	8,000
Operating lease rentals - land and buildings	2,828,287	2,296,759

10 Taxation

The company is a registered charity and no provision is considered necessary for taxation.

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024

11 Tangible fixed assets

	Leasehold Property	Rented Property Improvements	Office furniture and Equipment	Furniture, fittings and sundry equipment	Computer equipment	Total
<u>Cost</u>						
At 1 April 2023	707,081	235,114	198,372	555,499	530,284	2,226,350
Additions	-	93,070	3,490	32,609	78,058	207,227
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 March 2024	707,081	328,184	201,862	588,108	608,342	2,433,577
<u>Depreciation</u>						
At 1 April 2023	75,529	154,771	167,294	542,689	351,208	1,291,491
Charge for the period	9,856	23,959	22,053	11,480	95,526	162,874
Disposals	-	-	-	-	-	-
At 31 March 2024	85,385	178,730	189,347	554,169	446,734	1,454,365
<u>Net Book Value</u>						
At 31 March 2024	621,696	149,454	12,515	33,939	161,608	979,212
At 31 March 2023	631,552	80,343	31,078	12,810	179,076	934,859

Leasehold property comprises 4 terraced properties purchased from Pendle Borough Council in 2011 for use by the Careleavers Project. The properties were acquired subject to the following restrictive covenants:

- 1) to use the properties solely for the purpose of supported residential housing for a period of 10 years;
- 2) not to dispose of any of the properties without the written permission of Pendle Borough Council.

In addition to the above a property known as St Clare's House in Rochdale was purchased in May 2019, and is operated by the charity as a House of Multiple Occupation (HMO).

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024

12 Debtors	2024 £	2023 £
Trade debtors	261,868	711,448
Rents receivable	542,287	166,582
Prepayments and accrued income	820,883	699,627
Other debtors	71,826	25,457
	1,696,864	1,603,114
13 Creditors : amounts falling due within one year	2024 £	2023 £
Trade creditors	312,058	272,673
Taxation and social security	98,539	79,867
Accruals	67,442	94,795
Deferred income	11,907	71,143
Other creditors	18,961	19,500
	508,907	537,978
Movements on deferred income account:		
Brought forward	71,143	257,228
Released	(71,143)	(257,228)
Income deferred in the current year	11,907	71,143
	11,907	71,143

Contractual income has been deferred as it was received in advance of services being provided.

14 Operating lease commitments

The charitable company rents its head office accommodation at a cost of £34,500 (2023 : £34,500) per annum, under a lease for a term of ten years expiring 31.08.32.

The charitable company also has commitments under management agreements of up to three years duration with Housing Associations and private landlords for the use of properties. Most agreements with private landlords are for periods of six months. The annual commitment for management and occupancy costs as at 31st March 2024 was £ 3,942,832 (2023 : £2,843,831).

15 Pension commitments

The company operates defined contribution pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The annual commitment under this scheme is for contributions of £195,204 (2023 : £151,253).

STEPPING STONE PROJECTS

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024

16 Share capital

The company has no share capital and the liability of members is limited by guarantee to £1 per member.

17 Analysis of charitable funds**Analysis of fund movements:**

	At 1 April 2023 £	Incoming resources £	Resources expended £	Transfers £	At 31 March 2024 £
<i>Restricted Funds</i>	-	-	-	-	-
<i>Unrestricted Funds</i>					
Designated Funds					
Dilapidations	341,843	564,487	(401,691)	(155,054)	349,585
Fixed Assets	-	-	-	979,212	979,212
Total Designated Funds	341,843	564,487	(401,691)	824,158	1,328,797
General Funds	2,928,606	11,340,511	(11,362,125)	(824,158)	2,082,834
Total	3,270,449	11,904,998	(11,763,816)	-	3,411,631

Designated funds consist of:

1. Dilapidations Fund is made of rent and service charge receipts set aside for future refurbishment of the housing properties utilised by the charity. The Trustees are of the opinion that the amount set aside as at 31 March 2024 is sufficient to cover requirements in the short term.
2. Fixed Assets Fund represents the properties and other fixed assets such as office furniture, computer equipment and furniture provided in our properties.

18 Analysis of net assets between funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
2024				
Tangible fixed assets	-	979,212	-	979,212
Current assets	2,591,741	349,585	-	2,941,326
Current liabilities	(508,907)	-	-	(508,907)
Net assets 31 March 2023	2,082,834	1,328,797	-	3,411,631
2023				
Tangible fixed assets	934,859	-	-	934,859
Current assets	2,543,283	341,843	-	2,885,126
Current liabilities	(549,536)	-	-	(549,536)
Net assets 31 March 2023	2,928,606	341,843	-	3,270,449

STEPPING STONE PROJECTS**NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 MARCH 2024**

19 Related party transactions

None of the directors (board of trustees) received any remuneration from the charity in the year (2023 : £Nil), and were reimbursed mileage expenses of £ Nil (2023 : £311).

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during this or the previous financial year.

In the opinion of the trustees there is no ultimate controlling party.