The Pioneer Group

Making lives and communities better

The Pioneer Housing and Community Group Limited

Annual Report and Financial Statements for year ended 31 March 2021

The Pioneer Housing and Community Group Limited and its subsidiaries

Annual report and Financial Statements for the year ended 31 March 2021

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1. The word "Association" throughout this report refers specifically to The Pioneer Housing and Community Group Limited entity.
2. The word "Group" throughout this report refers to the consolidated results of The Pioneer Housing and Community Group Limited and its subsidiaries.

Pioneer Group Board

Carole Wildman (Chair)
Francis Burrows
Ian Campbell (from 2 December 2020)
Latisha Clark-Dhir (from 2 December 2020)
Jonathan Driffill
Rose Klemperer (co-opted from 2 December 2020)
Andrew Olawale (co-opted from 2 December 2020)
Stuart Roberts
Sue Spicer

Greg Lakin (until 2 September 2020)
David Pipe (until 12 May 2021)

Executive Leadership Team

Simon Wilson	Chief Executive
Kate Foley	Housing and Customer Services Director
Martyn Hencher	Finance Director and Company Secretary
David Livesey	Asset Management and Development Director
Lisa Martinali	Community Regeneration Director

Advisors

Statutory Auditor
Mazars LLP
1st Floor
2 Chamberlain Square
Birmingham
B3 2AX

Principal Bankers
Barclays Bank
15 Colmore Row
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Registered Office

11 High Street
Castle Vale
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Legal Status

Co-operative and Community Benefit Societies Number: 28414R
Regulator of Social Housing Registration Number: L4118
HMRC Charity Reference Number: ZD10516
Member of the National Housing Federation

Introduction

The Board of the Pioneer Group is pleased to present its report and audited financial statements for the year ended 31 March 2021.

The Pioneer Housing and Community Group Limited (the Pioneer Group) is a charitable registered society, registered in England and Wales under the Co-operative and Community Benefit Societies Act 2014 (28414R), and is a registered provider of social housing regulated by the Regulator of Social Housing (L4418).

Vision and mission

The Pioneer Group's vision is:

- **Making lives and communities better**

The Pioneer Group's mission is:

- **As an anchor organisation, use our Group strength to provide great homes and help build resilient communities where people can thrive.**

Principal activities

The principal activity of the Pioneer Group is providing social housing in north and east Birmingham, with the vast majority of the stock in Castle Vale, Birmingham. Social housing represents 80% of the Group's turnover (2020: 77%).

To achieve its wider mission to build resilient communities where people can thrive, the Pioneer Group also provides a range of other people, community and housing-focussed services including:

- Community regeneration, including health, family support, young people services and community facilities
- Market rented homes
- Tiggy Winkles children's day care nursery in Castle Vale for 0-5 year olds
- CCTV
- A small number of commercial properties on Castle Vale High Street
- Sports and leisure facilities at Castle Vale Stadium

The Pioneer Group owns and manages 2,464 social and market rent homes, of which 2,380 (97%) are in Castle Vale. Other homes are in neighbouring areas of north and east Birmingham including Stechford (41 homes) and Stockland Green (37 homes).

Pioneer Group structure

The Pioneer Group is the group parent. It is a charitable Registered Provider, holding all the Group's housing assets and all of its borrowing. It develops and lets housing under the brands of:

- Castle Vale Community Housing – social housing
- Stockland Green Community Housing – market rent and social housing
- Pioneer Places – market rent and social housing

The Pioneer Group provides central services including finance, treasury, human resources, information technology and governance to the wider group. It also delivers the strategic and operational services of asset management and housing development, housing management and customer services, and community partnerships.

The Pioneer Group has two actively trading subsidiaries:

- **Compass Support Services Limited**
  A charity registered with the Charity Commission, delivering a range of people based services including health and wellbeing, youth and employment services

- **The Merlin Venture Limited**
  A company limited by guarantee, supporting the local community through child care services, running the Tiggy Winkles Day Care Nursery for 0-5 year olds on the Castle Vale estate. It joined the group in 2017.

This structure allows for other brands or organisations to join the Group in the future. There are no financial cross guarantees between the group members, which protects the social housing assets.

To simplify the group structure, the dormant subsidiary, Stockland Green Opportunity Housing and Training Limited, was wound up during 2020/21. The subsidiary had not traded since 2017 and had no assets or liabilities.

The Pioneer Group heritage

The government-sponsored Housing Action Trust programme ran in Castle Vale, Birmingham, from 1993 to 2005, refurbishing existing homes, building new homes, and investing in the wider environment of the estate. Castle Vale was transformed into a modern, low rise estate, with only two high rise buildings remaining from the original 34. The two commercial centres on the estate were demolished and rebuilt with a range of modern retail and community facilities, and a new central park was created.

The Housing Action Trust was designed to be a temporary body and a priority was to plan for succession, once the Trust's work ended in 2005.

The Pioneer Group was founded in 1996 to be the long term anchor organisation of Castle Vale, and by 2005 had taken ownership of 2,400 homes built or refurbished as part of the regeneration programme. Compass Support Services Limited and the Merlin Venture Limited were also founded during the same period, and have subsequently joined the Pioneer Group.

This heritage makes the Pioneer Group different to other stock transfer housing associations. The Group has inherited a concentrated stock of high quality homes and retains a firm commitment to sustaining the successful regeneration of Castle Vale through wider people and community focussed activities. The Group invests significant resources in non-social housing activities in order to ensure that this successful regeneration is maintained.

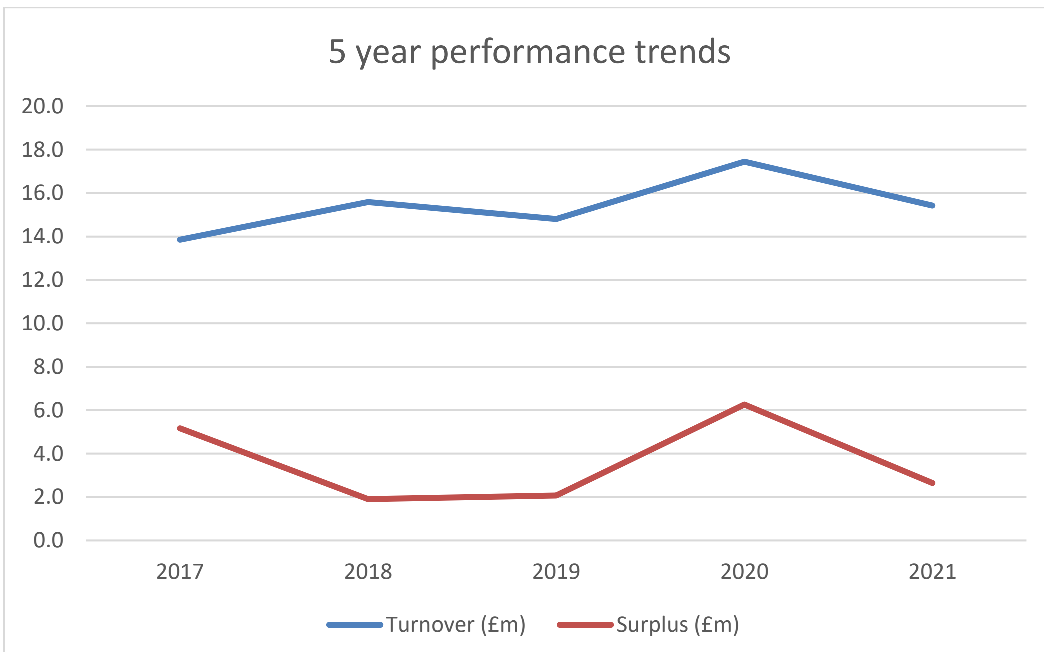
Two decades later, Castle Vale continues to be a good place to live. The quality of the housing stock is high, the environment is clean and pleasant, and there is a substantial waiting list for people wanting to live in the area.

Five year performance trends

The last five years have seen a trend of increasing turnover, with turnover 13% higher in 2021 than 2017.

This is despite the Welfare Reform and Work Act 2016 introducing a 1% reduction in social housing rents for four years, which constrained the Group's core income stream until April 2020.

This has been achieved by a slight increase in diversification of income, with social housing lettings making up 78% of total turnover in 2021 compared to 88% in 2017. Social housing letting remains by far the most significant individual income source for the Group; the next most significant contributors to turnover are community regeneration (8% of total) and market rent (5% of total).



Operating margin from social housing lettings remains strong and averaged 43% across the period. The lower margin and surplus in 2021 is due to a £0.6 million increase in expenditure on non-capitalised planned maintenance, primarily relating to decorations and electrical hard wire testing.

Operating margin from all activities averaged 35% across the five year period. The unusually high surplus in 2020 was driven by the government's Voluntary Right to Buy pilot, which generated a surplus of £3.4 million in 2020 and has now come to an end.

The Group's development programme ensured that overall property numbers rose over the period, despite the ongoing popularity of the Group's homes under the Right to Buy and the Group's participation in the Midlands Voluntary Right to Buy pilot.

The Pioneer Group has plans to add another 250 new homes over the period 2020-25, which will increase the proportion of income from social housing lettings.

	2017	2018	2019	2020	2021
Turnover	£13.9m	£15.6m	£14.8m	£17.4m	£15.4m
Operating surplus	£5.0m	£5.6m	£4.1m	£8.0m	£4.4m
Surplus	£5.2m	£1.9m	£2.1m	£6.3m	£2.6m
Operating margin	36%	36%	28%	46%	28%
Operating margin – social housing lettings	46%	46%	42%	41%	35%
Homes provided – social and market rent	2,449	2,459	2,459	2,467	2,464

Corporate Plan 2020-25

The new Corporate Plan organises the Group's activity around three key themes, with clear measures of success to be achieved by 2025.

The themes seek to build on the successful platform built over the previous five years, retaining existing strengths but with a clear focus on improving core services to deliver greater customer satisfaction.

Great, safe homes

- **Great landlord** – be in the best 25% of landlords for tenants' overall satisfaction with services
- **Great homes** – 1500 new bathrooms, 500 kitchens and 700 properties to receive new windows
- **More homes** – build 250 new homes
- **Warmer homes** – increase average SAP rating of homes by 2 points to 73
- **Safe homes** – full legal compliance and no actions outstanding

Strong, vibrant communities

- **Clean and green** – 85% satisfied with the overall appearance of their neighbourhood
- **Support people** – 90% aggregate positive outcomes for service users
- **Community pledge** – invest a minimum of £2.5 million in Castle Vale, maximising social value
- **Partnership** – 95% of community plan activities successfully undertaken
- **Community voice** – 75% satisfied that their views are listened to and acted on

Business excellence

- **People** – 90% staff satisfaction
- **Money** – achieve financial plan and regulatory metrics
- **Governance** – robust governance that enables retention of G1 rating
- **Process** – great processes and better enabled technology to deliver great services
- **Sector leadership** – ensure a high profile for the work of the Pioneer Group across the sector, city, region and country

Some highlights of our work in 2020/21

The Pioneer Group's activity for 2020/21 focussed on delivery of the first year of the new Corporate Plan. We have sought to focus activity on a small number of key projects which will provide a platform for the following years of the 2020-25 Corporate Plan. Some of the significant projects for the year were:

- **Great, safe homes**

Our first priority for 2020-25 is to deliver excellent landlord services, with our tenants rating us as one of the best housing associations in the country. In the year, we commenced a **Castle Vale stories** consultation exercise to understand more about customer expectations, experience and priorities. This will give a strong evidence base to enable us to design services for the future and to identify of areas of housing management that we need to strengthen.

The safety of our tenants remains a high priority. We have appointed and mobilised new **compliance contractors** in electrical safety testing and lift maintenance, to add to the new gas contractor appointed in 2019/20. New contracts for legionella testing and asbestos will be appointed in 2021/22.

We had intended to deliver 44 more **new homes** by completing our schemes at Manor House, Stechford, and Slade Road, Stockland Green. These sites are on prominent locations in their communities, turning neglected brownfield sites into much-needed homes. Both sites have experienced delays during the year, in part due to coronavirus, and are now expected to complete in 2021/22 and 2022/23 respectively.

- **Strong, vibrant communities**

Our **community hubs** in Castle Vale and Falcon Lodge play an important role in their neighbourhoods, providing a place for activities, supporting small businesses and helping build community activism. Both facilities were closed temporarily due to coronavirus. We have set a business plan for the hubs with the objectives of raising awareness of the hubs and increasing their use by the community.

- **Business excellence**

To fund our plans to build 250 new homes by 2025, we have secured a new **£35 million, 30 year fixed rate loan from Scottish Widows** at a rate of 2.3%. The loan will be drawn in October 2022 and full loan securitisation was completed during April 2021. This long term, low cost loan has released substantial financial savings and has drastically reduced the Group's exposure to interest rate risk.

To ensure we remain an attractive employer whilst ensuring long term financial viability and flexibility, we completed a full **review of pay and benefits** offered to staff. This project sought to ensure our benefits are designed in a way which most appeals to current and potential staff, whilst remaining within current cost levels. The project concluded with a revised offer presented to staff, which included contractual and policy changes.

During 2019/20 we agreed a new, long term partnership with MRI Software. As part of this, during 2020/21 we have been implementing a range of **new IT systems** to complement our existing Orchard housing management system, strengthening our approach to compliance, income collection and performance reporting. In parallel with this, **data quality** was improved and aligned to the processes of our core databases.

In line with our code of governance, we carried out a formal **governance review** to ensure our current arrangements are fit for the new corporate plan. As part of this, we recruited a number of non-executive posts across the governance structure, including four new members of the Pioneer Group Board bringing skills in finance, law, risk and property.

A project has begun to **review leaseholder sinking funds**, to ensure the amounts we collect are in line with the expected long term costs of maintenance. This work will finish in 2021/22.

- **Coronavirus response**

Coronavirus was not foreseen when the Group's annual plan was set, and has had a significant impact on the Group's activity during the year.

The Group's approach to business continuity worked, with the majority of staff transitioned to home working and services provided in line with national government guidance. Throughout the pandemic the Group has had a strong focus on supporting colleagues and protecting jobs.

The response to the pandemic has also demonstrated the Group's community focus, with over £1.3 million new funding raised to support the response, 2,700 food parcels delivered and 13,000 welfare calls to vulnerable customers. This was supported by over 16,000 hours of volunteer support.

Our commitments in 2020/21

Our annual planning process has identified 9 key projects for delivery this year:

- **Great, safe homes**

Following the Castle Vale stories consultation exercise, we will develop a **Tenant Service Improvement Strategy**, focussing on delivering against the key priorities for tenants and residents. This will ensure we have assurance on compliance with the Consumer Standards and the wider provisions of the Social Housing White Paper.

In 2020/21, we will deliver **54 new homes** by completing our scheme at Manor House, Stechford, plus a further development at the former Greenwood Academy site in Castle Vale. We will also continue to seek further land and partnership opportunities during the year to ensure we can deliver 250 homes in total by 2025.

Additionally, we will review our approach to **market rented homes**, to determine the best management and investment approach to our current market stock and decide how, when and where we might want to continue to invest in stock acquisition to add to our market rent portfolio.

- **Strong, vibrant communities**

Our local communities have been heavily hit by the pandemic. To respond to the economic challenges facing our tenants and wider communities we serve we will develop an **employment, training and skills strategy** to support financial capability and promote a work first ethos. This will provide a clear approach to employment delivery, training and volunteering, and enable us to achieve the best outcomes for our communities.

- **Business excellence**

The organisation rapidly adopted **agile working** practices in response to the pandemic. The next phase is to understand the ability of the organisation to retain and develop greater agile working practices over the longer term, developing clearly defined principles, policies, procedures and guidance. The three guiding principles are the need for agile working to deliver for customers, the business and staff.

Our tenants and staff trust us with their **personal data**, and the Board takes its responsibilities under the Data Protection Act very seriously. We carried out work to embed compliance during 2020/21, and we will continue to implement process and cultural changes to ensure continued compliance in 2021/22. This includes automating compliance with our retention periods and ensuring the ongoing accuracy of data within our core systems.

During 2020/21 we implemented a range of **new IT systems** to complement our existing housing management system, strengthening our approach to compliance, income collection and performance reporting. This programme of work will continue into 2021/22, with continued implementation of housing and performance reporting modules.

Finally, we will conclude our **review of leaseholder sinking funds**, to ensure the amounts we collect are in line with the expected long term costs of maintenance.

Principal risks and uncertainties

The Pioneer Group has a comprehensive and well-established risk management process. Strategic risks are assessed and reported quarterly through the Corporate Risk Plan. The risk framework is accompanied by clear risk appetites and golden rules set by the Board.

The Pioneer Group continues to evolve its risk process in line with best sector practice. The embedding of 4Risk software is improving assurance mapping against key controls and gives the Board an enhanced view of the Group's Risk Registers.

The principal strategic risks facing the Pioneer Group, which have the highest residual scoring in the Corporate Risk Plan, are:

Risk	Description	Assurance/mitigation/action
Income	Pioneer Group rental income reduces or is constrained by affordability for tenants and/or government policy (including welfare reform, rent increase limits, and compulsory sales)	Despite the pandemic, income collection for social housing stock remains strong and was within target for the year Orchard Income Analytics software has been introduced in 2020/21 to help officers monitor and target arrears in a more sophisticated way. Residents are being offered welfare, benefits and employment advice.
Cost	Cost increases due to adverse economic conditions (inflation/ interest rates)	The £35 million, 30 year fixed rate loan agreed during the year will provide long term certainty on interest costs and reduce exposure to interest rate risk.

Health and safety	The Pioneer Group does not comply with its corporate health and safety responsibilities	Health and safety issues are closely monitored by a Health and Safety Steering Group, supported by an independent expert. A new KPI framework has been implemented to improve governance oversight. The Group continues to closely follow the findings of the Grenfell Tower public inquiry, and has already implemented some of the anticipated outcomes. Working practices have been adapted to protect the health and safety of staff and customers, including home working by the majority of staff.

The worldwide economic uncertainty surrounding coronavirus has the potential to impact on a number of strategic risks, including the three principal risks identified above. The Pioneer Group remains in a financially strong position to face this, with £10 million cash at 31 March, headroom against key covenants and access to a further £17 million revolving credit facility

Financial performance

The overall financial performance of the Pioneer Group is a surplus after tax of £2.6 million (2020: £6.3 million).

The Group has achieved its overall budgeted surplus for the year. In the context of the coronavirus pandemic and the pressure this has created on all aspects of the business, this is a significant achievement.

The decrease in surplus is largely due to surplus on disposal of property, which was unusually high in 2020 (£3.6 million in 2020) and as expected has now returned to more normal levels (£0.4 million in 2021). Property sales in 2020 were boosted by the government-funded Voluntary Right to Buy pilot, which has now ended.

The core activity of the Group is social housing. Social housing accounts for 80% of the Group's turnover (2020: 77%).

The Pioneer Group's operating model is to generate surpluses from the social housing assets and use these to support wider community and people focussed services, in accordance with its charitable mission.

This year the Group invested a net £0.4 million (2020: £0.6 million) in non-social housing activities, primarily in community regeneration. Community regeneration includes a range of services to support people and communities, including families, young people, health and wellbeing, restorative justice, partnership activity and community hubs.

The Pioneer Group regards these as essential parts of its charitable mission in their own right, but they also benefit core landlord services by helping to sustain tenancies and ensuring that Castle Vale remains a desirable place to live with strong demand for homes. This contributes to Pioneer's unusually low void loss for its demographic area.

Some elements of non-social housing activity are carried out as investments with the intention of generating funds to subsidise the Group's charitable aims. The most significant of these is the market rent portfolio, which represents 5% of the Group's turnover and 4% of its properties (2020: 4% of turnover, 4% of properties).

The net expenditure on non-social housing has reduced in 2021, largely because of increased income for community regeneration. During the pandemic, funders have recognised the importance of activity to support people and communities and the Group has been able to secure additional funding.

Total comprehensive income for the year was £1.3 million (2020: £7.1 million). This was a £1.3 million decrease from the surplus for the year (2020: £0.8 million increase). This other comprehensive income mostly relates to the defined benefit pension schemes (note 12), where changes in financial assumptions recommended by the scheme actuary reversed the gains recognised in the previous year.

The Group's balance sheet shows a 2% increase in fixed assets to £97.4 million (2020: £95.2 million). Retained revenue reserves have risen by 4% to £32.1 million (2020: £30.7 million).

The Group's cash balance at year end was £9.8 million (2020: £11.2 million), and this is accompanied by a £17 million undrawn revolving credit facility. Despite the pandemic, cash balances have held up very well. This is in part due to the Group's success in securing income and preventing arrears during the pandemic, and in part due to enforced delays in capital expenditure resulting from the lockdowns.

This strong cash position puts the Pioneer Group in a robust liquidity position to face any further economic challenges caused by the coronavirus. Longer term, this liquidity will support the Group's housing growth strategy to develop 250 new homes by 2025.

Despite spending a further £4.3 million (2020: £5.0 million) on investment activities in new and existing property, the Pioneer Group has not needed to make any loan drawdowns from its revolving credit facility during the year. Loan balances have fallen from £40.0 million to £38.6 million due to scheduled loan repayments. The Group has taken advantage of the current low interest rate environment to agree additional forward fixes; 91% of current loans are fixed and 70% are fixed in excess of 5 years (2020: 61% fixed in excess of 5 years).

All loan covenants have been met during the year.

It is the Pioneer Group Board's intention to retain sufficient levels of reserves to protect the long-term interest of tenants, allowing for the ongoing provision of accommodation at affordable rents and adequate levels of funding for future major repair and development programmes.

Value for Money – performance against regulatory metrics

The table below outlines performance against the nine metrics set out by the Regulator of Social Housing.

The trend columns are colour coded to show whether the metric is constant or improving (green) or deteriorating (red) compared to the previous year. The performance columns are colour coded in a four quartile system to show Pioneer's 2021 results relative to peer and sector benchmarks.

The peer comparison shows the median result for a group of 21 comparable-sized (1,000-2500 social homes) organisations operating in England, excluding London. The national comparison shows the median result for all registered providers, from the Regulator's analysis of the global accounts for the sector. Both of these are comparisons with 2020 data, which is the most recent data available.

The Board considers that it is important to demonstrate good value for money against both immediate peers, who offer the closest like for like comparison, and the sector as a whole, to demonstrate that remaining a smaller independent provider delivers positive value for money outcomes compared to the larger providers.

Regulatory metric	Trends					Performance	
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Target	Sector median*	Peers median*
Reinvestment	1.8%	4.6%	4.6%	**4.6%**	9.5%	7.2%	5.1%
New supply delivered (social housing units)	0.0%	0.0%	1.7%	**0.0%**	1.3%	1.5%	1.6%
New supply delivered (non-social housing units)	0.5%	0.0%	0.4%	**0.0%**	0.0%	0.0%	0.0%
Gearing	47.8%	46.5%	36.2%	**35.3%**	39.0%	44%	35.7%
EBITDA MRI interest cover	269%	197%	268%	**222%**	179%	170%	190%
Headline social housing cost per unit	£2,733	£2,975	£2,855	**£3,185**	£3,636	£3,830	£3,730
Operating margin (social housing lettings)	45.9%	41.7%	40.7%	**35.5%**	36.1%	25.7%	28.1%
Operating Margin (overall)	33.6%	25.6%	25.3%	**25.3%**	24.5%	23.1%	26.1%
Return on capital employed	5.9%	4.2%	7.8%	**4.1%**	3.9%	3.4%	3.0%

* 2019/20 Global Accounts benchmarking data

	= Upper Quartile
	= Better than median
	= Lower than median
	= Lower Quartile

The 2021 results of the regulatory metrics show overall strong value for money performance, including:

- Outperforming the sector in seven of the nine indicators;
- Outperforming peers in six of the nine indicators;
- Declines in three indicators compared to 2020, due to increased planned maintenance spend. Performance remains stronger than peers and the sector;
- Declines in two indicators compared to 2020, where 2020 performance was unusually high for exceptional reasons and has returned to more normal levels. Performance remains stronger than peers and the sector;
- Declines in new social housing development, which has been significantly affected by the pandemic;
- Three indicators have held steady or improved.

The Group's efforts to grow its development programme have been significantly affected by the pandemic, with no homes completed during the year and no new starts. This lower than expected development expenditure has also prevented an improvement in the reinvestment measure.

This is a disappointing outcome for the year. The Group had worked hard to increase performance in development, which had historically lagged behind the sector, and had achieved strong performance in these measures in 2020.

The Group maintains its overall aim to deliver 250 homes by 2025, which will represent upper quartile performance compared to peers and the wider sector. The Group continues to work with GreenSquareAccord and the Matrix Housing Partnership to ensure successful delivery of the programme. A new in-house development team was recruited during the year to strengthen development capacity.

Social housing grant had previously been secured for 145 homes and receipts from Voluntary Right to Buy sales are expected to fund a further 20 homes. During the year, through the Matrix Housing Partnership, the Group has also bid for further grant for the final 85 homes in order to deliver 250 homes overall.

As a result of these measures, new supply will rise next year and reinvestment will rise significantly to outperform peer and sector benchmarks. Gearing will rise as cash balances are invested in new homes.

Social housing operating margin remains high for the sector, and similarly headline social housing cost per unit is comparatively low. The Group is upper quartile for both measures compared to both the sector and to its peer group.

This strong cost control in core social housing enables the investment in wider community and people focussed services which results in a lower overall margin. The gap between social housing margin and overall operating margin is much more significant for the Pioneer Group than for peers and the wider sector, showing the particular value Pioneer places on wider community regeneration activities, sustainably funded through strong core performance in social housing.

The reduction in social housing operating margin, reduction in EBITDA MRI and increase in headline social housing cost in 2021 are all due to increased expenditure on planned maintenance, primarily internal and external decoration and electrical hard wire testing. Decoration is an essential cyclical item to maintain the quality and desirability of the Group's housing properties. Electrical safety testing was unusually high due to the backlog of certificates identified in 2020, and will reduce to normal levels in future years.

In addition, the Board has strategically invested an additional £0.2 million a year in an enhanced, same day repairs service in order to improve customer satisfaction, which it believes would represent a value for money gain. Even with this additional expenditure, Pioneer's performance exceeds peers and the sector in all three measures.

In 2022, headline social housing cost will rise and EBITDA MRI will fall due to a major programme of bathroom and window replacements, increasing capital maintenance by £1.0 million. This is ordinary cyclical expenditure ensuring that the Group's homes remain high quality and desirable, and will contribute to ongoing customer satisfaction. Performance will move more into line with peers and continue to be favourable compared to the wider sector.

Return on capital employed was unusually high in 2020 due to surplus generated by the Midlands Voluntary Right to Buy pilot, which has now ended. 2021 performance represents a return to normal performance levels, which continue to outperform peers and the sector.

Similarly, supply of new non-social housing was a one off in 2020 and has now returned to normal levels. The Board is focussing development delivery on social housing, which it considers has the greatest overall impact on achieving the Group's charitable mission.

Value for Money – performance against Pioneer's metrics

Alongside the regulatory metrics, Pioneer had identified four further value for money targets for the year. These cover qualitative satisfaction metrics alongside metrics covering income collection, voids and expenditure on overheads.

Again, the trend columns are colour coded to show whether the metric is constant or improving (green) or deteriorating (red) compared to the previous year. The performance columns are colour coded in a four quartile system to show Pioneer's 2021 results relative to peer and sector benchmarks.

Pioneer Metric	Trends					Performance	
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Target	Sector median	Peers median
Overall satisfaction with landlord's services	83%	79%	80%	**92%**	90%	86%	88%
Satisfaction with most recent responsive repair	93%	84%	80%	**82%**	95%	91%	95%
Rent collection	99.8%	99.1%	100.0%	**100.1%**	98.5%	100%	100.4%
Rent loss due to voids	0.24%	0.31%	0.46%	**0.73%**	0.30%	0.84%	1.02%

After several years where satisfaction has either declined or plateaued, overall customer satisfaction has significantly improved. This trend was seen across all the perception based satisfaction indicators. Increased customer satisfaction is a very high strategic priority for the Group and is the first objective within the Corporate Plan 2020-25.

The increased satisfaction levels appear to be influenced by customer interactions during the pandemic, where the organisation was undertaking such activities as welfare calls and delivering food parcels during the lockdown period. This is supported by the regression analysis, which identifies the softer people based measures, such as listening and communicating, as having the greatest impact on overall satisfaction.

Regression analysis shows there is some correlation between the improvement in this metric and satisfaction with the repairs service, which in turn is influenced by repairs completed at first visit and repair appointments kept. The Pioneer Group has experienced challenges with the repairs service as a result of the pandemic, which caused a backlog of repairs after the first national lockdown. This was rectified as the year progressed, with consistent monthly improvements in the key responsive repair metrics in the second part of the year.

During 2021/22 we anticipate continued improvement in the key process based metrics (repairs completed same day, completed at first visit and appoitments made and kept), which will lead to further improvements in repairs and overall satisfaction. The Board chose to invest an additional £0.2 million per year in an enhanced, same day repairs service in order to increase customer satisfaction. This appears to have been an effective strategic value for money decision, yielding increasing customer satisfaction with a key service.

Additionally, the service improvement strategy will focus on the future design of our services to ensure that we are genuinely meeting the needs of tenants, residents and service users. The work will include:

- A comprehensive review of customer satisfaction
- Self-assessment against Consumer Standards
- Future scanning, which will involve research into best practice and market offers

Overall pressure on arrears and rent collection remains due to the pandemic as an increasing number of customers transition to Universal Credit (34% of our social housing tenant base, up from 25% in 2020). However, rent collection, at 100.1%, marginally improved compared to last year (100.0%). This has been primarily driven by implementation of a new team structure and additional staff resources, which have allowed the team to focus on more preventative action and lower level arrears cases. The new Income Analytics software allows officers to effectively target customers as payment difficulties arise, proactively support tenants and put payment plans in place.

We anticipate that the economic situation may deteriorate and, correspondingly, we have set a revised rent collection target of 98.5% to accommodate the forecast increase in current and former tenant arrears.

Demand for our homes remains high and although voids performance has continued to outperform peers and the wider sector, the internal target was missed this year due to the impact of coronavirus, which prevented property lettings in the initial months of 2020/21.

Statement of the responsibilities of the Pioneer Group Board for the financial statements

Housing association legislation requires the Pioneer Group Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association at the end of the financial year and of the surplus of the Group and Association for the year ended on that date.

In preparing those financial statements the Pioneer Group Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed and give details of any departures;
- prepare the financial statements on a going concern basis unless it is inappropriate.

The Pioneer Group Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and to enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008.

It is also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Group and Association's accounting records, cash holdings and all of its receipts and remittances.

Going concern

The Group's activities, together with the factors likely to affect its future development, its financial position and its exposure to risk, are described above.

The Group has considerable financial resources and, as a consequence, the Pioneer Group Board believes that the Group is well placed to manage its business risks successfully despite current uncertainties in the social housing sector and wider UK economy.

The Board has conducted stress testing of its financial business plan in May 2021 and concluded that the financial plan is resilient to a wide range of potential risks. This includes risks which may arise from the ongoing pandemic, including increases in voids and rent arrears, significant one off costs and sustained cost increases. The organisation has significant access to liquidity, with a £17 million undrawn revolving credit facility which is greater than the overall budgeted turnover for next year.

The Pioneer Group Board therefore has a reasonable expectation that the Association and the Group have adequate resources to continue in operational existence for the foreseeable future and, accordingly, continues to adopt the going concern basis in preparing the financial statements.

Closure of Tiggy Winkles day nursery

On 24 May 2021 the Board of the Merlin Venture Limited reluctantly decided to permanently close Tiggy Winkles day nursery, with effect from 30 July 2021.

The nursery has been under financial strain for some time, with children numbers well below capacity. The previous two nursery sites were consolidated into one in 2019 with a number of staff redundancies.

This financial challenge has been worsened by the coronavirus pandemic. On 6 April 2020 the nursery temporarily closed to the public, reopening in July 2020. Numbers of children returning from July have remained lower than expected.

The nursery has received £58,000 from the government's Coronavirus Job Retention Scheme during the year and a significant donation from the Pioneer Group was required to avoid an enforced closure prior to Christmas.

The Board of the Merlin Venture has used the additional time provided by this donation to explore ways to improve the financial viability of the nursery, reducing costs and increasing marketing in the local area. The Board has also been unsuccessful in attempts to secure partnerships with other local or national providers.

However, the losses forecast for 2021/22 are substantial and there are not sufficient prospects of financial improvement to enable the nursery to continue trading.

The Board of the Merlin Venture consequently believes it is in the best interests of Merlin, parents, children and staff to implement a closure in a managed way on 30 July.

The Board of the Merlin Venture and the Board of the Pioneer Group are grateful for the loyalty and professionalism of staff, especially over the past most difficult 12 months.

The nursery is the only activity currently carried out by the Merlin Venture Limited. The accounts of the Merlin Venture Limited have therefore not been prepared on a going concern basis. The impact of this on the Group accounts is not material.

Governance code

The Pioneer Group Board has adopted the National Housing Federation Code of Governance 2015.

The Board confirms its compliance with the code with the exception, as reported in previous years, of the length of service of one Pioneer Group Board member. This has been agreed until September 2021 to ensure the organisation continues to benefit from adequate community insight.

Governance structure

The Pioneer Group Board is ultimately responsible for the Group and Association's strategy and policy framework. The Pioneer Group Board:

- Currently comprises nine members including two co-optees. The present rules of the Association allow for nine members and up to three co-optees;
- Six members are recruited directly and up to three members are nominated from the boards of Castle Vale Community Housing, Compass Support and Stockland Green Community Housing;
- Three of the nine Pioneer Group Board members must have a community connection from one of the Pioneer Group communities;
- Each member is appointed for a term of three years and may be re-appointed at the expiration of that period, subject to a maximum term of nine years;
- Meets formally not less than six times per year for regular business. A rolling programme of training for Pioneer Group Board members is in place.

Board Members are selected to bring a diverse range of skills and expertise in areas that the Group operates. The Board is committed to continued Board development. Individual board members are subject to annual appraisals, and the Board reviews its collective effectiveness on an annual basis. Board effectiveness is independently reviewed every three years

To support it in achieving the Group's aims, the Pioneer Group Board has delegated some responsibility to specialist committees and operational boards covering the Group's key communities.

Executive Leadership Team

The Board delegates the day to day management and implementation of the control framework to the Chief Executive and other senior leaders named on page three. The Executive Leadership Team meets weekly and officers attend Pioneer Group Board meetings.

Specialist sub-committees

- **Audit & Assurance Committee**

  The committee supports the Group Board by ensuring that an effective control and assurance framework is in place across the Group. This includes overseeing the relationship with the Group's internal and external auditors. At least four members must be from Pioneer Group Board. The committee meets formally at least four times per year.

- **Development Committee**

  The committee supports the Group Board by overseeing housing growth for the Group. At least three members must be from Pioneer Group Board. The committee meets formally at least four times per year.

- **Remuneration Committee**

  The committee is responsible for the policy, procedure and review of performance and remuneration of the Chief Executive and Executive Leadership Team. The Committee meets formally at least once per year.

Community sub-committees

Operational delivery in Pioneer's core operating areas is supported by local, community-focussed boards, with clear reporting and assurance back to Group Board:

- **Castle Vale Community Housing Board**

  The board supports the Group Board by monitoring operational services in Castle Vale, including monitoring customer service performance and influencing the Group's planned initiatives. A majority of members must be tenants or residents of Castle Vale, elected by Castle Vale tenants. The board meets formally at least four times per year.

- **Stockland Green Community Housing Board**

  The board supports the Group Board by monitoring operational services within Stockland Green, including supporting development of community plans and influencing the Group's planned initiatives. The board meets formally at least four times per year.

Subsidiary boards

Active subsidiaries have their own boards, with clear reporting and assurance back to the Pioneer Group.

- **Compass Support Services Board**

  The board is responsible for provision of people based services covering youth, family, employment, and health, and operates community facilities in Castle Vale and Falcon Lodge, Birmingham. The board meets formally at least four times per year.

- **The Merlin Venture Board**

  The board is responsible for the Tiggy Winkles day nursery which operates in Castle Vale. The board meets formally at least four times per year.

Regulatory framework for social housing

The Board considers it a priority to demonstrate high standards of governance and transparency, to comply with the regulatory framework for social housing, and to achieve strong regulatory ratings under the Governance and Financial Viability Standard.

The Pioneer Group was formally assessed by the Regulator of Social Housing in 2019 who awarded the Group the highest ratings of G1/V1. An annual stability check was undertaken in November 2020 which re-confirmed our G1/V1 rating.

Additionally, the Board has undertaken a detailed self-assessment exercise against the regulatory framework and continues to proactively engage with the regulator and wider regulatory framework on an ongoing basis.

During the year, actions have been put in place to continue to strengthen internal control and ensure continued compliance. The Board has also targeted specific resources at areas which it believed could pose a significant risk to compliance.

The Pioneer Group has been working to strengthen its approach to electrical safety testing, introducing a more frequent 5-year testing cycle, delivering a specialist in-house service, and investing in new software from MRI Software for recording and monitoring compliance. Last year, we reported that, as part of this work, it had been identified that a significant portion of the stock did not have a satisfactory electrical safety test certificate within the last ten years. 94% of homes had received a new kitchen and boiler within the previous five years, which included production of minor works certificates and would have identified any serious electrical faults.

The Board reported these facts to the Regulator of Social Housing as a potential breach of the Home Standard. The Regulator has confirmed that this did not cause serious detriment to tenants and therefore did not meet the threshold for regulatory engagement. During the year, the Group has successfully addressed the majority of outstanding certificates, but gaining access to properties was made much more challenging by coronavirus. As at 31 March 2021 around 70 certificates remained outstanding and, where necessary, injunctions are being sought to obtain access.

As part of wider reviews of all compliance activities during 2020/21, the Group has also identified 96 instances of Energy Performance Certificates (EPCs) not being provided to tenants when properties were let during the period 2008-19. This appears to be a breach of the Energy Performance of Buildings (England and Wales) Regulations 2012, and therefore a breach of the requirement in the Governance and Financial Viability Standard to comply with "all relevant law".

The Board is satisfied, considering the above-average energy efficiency of the Group's stock, that this has not resulted in any harm or loss to tenants. The review has also concluded that current policies and procedures are operating effectively, as evidenced by the full compliance since 2019, and that this is a historic issue. There is no material financial risk to the Group. The Board therefore does not believe this is specifically reportable to the Regulator of Social Housing under the regulatory framework. The Group will seek to obtain EPCs for these properties as soon as possible in 2021/22. This will feed into a larger effort to obtain EPCs for the entire property stock, in order to help the Group understand the potential implications of the national requirement to achieve net zero carbon by 2050.

With these exceptions, the Board confirms its compliance with the regulatory framework, during the year and up to the signing of these accounts.

As a community-based landlord, Pioneer seeks to exceed the Tenant Involvement and Empowerment Standard and is an early adopter of the National Housing Federation's Together with Tenants Charter.

Internal control assurance

The Pioneer Group Board is responsible for the overall system of internal control throughout the Group and for reviewing its effectiveness.

In discharging its internal control responsibility, the Pioneer Group Board has evolved processes adopted by management to gain assurance that:

- Assets are protected and the Group is safeguarded from losses;
- Financial information is accurate and reliable;
- The Group works within applicable laws and regulations;
- Effectiveness and efficiency of operations is ensured.

The Pioneer Group Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group and Association's assets and interests.

In meeting its responsibilities, the Pioneer Group Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group and Association is exposed.

A fraud prevention policy, including a fraud response plan, is in place and subject to periodic review by the Pioneer Group Board. A fraud register exists and is reviewed annually by the Pioneer Group Board.

The process adopted by the Pioneer Group Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

- **Appropriately qualified staff**

Experienced and suitably qualified staff are allocated responsibility for important business functions. Job descriptions are appropriate and specific and annual appraisal procedures are well established ensuring standards of performance are maintained.

- **Identification and evaluation of key risks**

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group and Association's activities. The management team regularly considers and receives reports on significant risks facing the Group and Association and the Chief Executive is responsible for reporting to the Pioneer Group Board any significant changes affecting key risks.

- **Control environment and control procedures**

The Pioneer Group Board retains responsibility for a defined range of strategies, policies and procedures covering operational and financial compliance issues including treasury strategy and new investment projects. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention, detection and reporting.

- **Information and financial reporting system**

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Pioneer Group Board. The Pioneer Group Board also reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

- **Monitoring and corrective action**

A process of regular management reporting on control issues provides assurance by senior management to the Pioneer Group Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

- **Internal audit**

The Pioneer Group contracts specialist internal auditors TIAA to provide independent assurance on key elements of the internal control framework. Internal audits carried out included procurement, performance monitoring, data protection (GDPR), budgetary control, cyclical testing – fire risk assessments, cyclical testing – electrical testing, responsive repairs and income management. The overall internal audit opinion for the year is that, for the areas reviewed during the year, the Pioneer Group has reasonable and effective risk management, control and governance processes in place.

- **Financial planning and stress testing**

The Pioneer Group Board has continued to enhance its approach to stress testing, recognising its responsibility for the identification of potential risk scenarios and appropriate mitigations. This has included the adoption of industry standard financial planning software (Brixx). An asset and liability register is also in place and is subject to regular review and further development.

There were no identified weaknesses in internal financial control that required disclosure in the financial statements or in the auditor's report on the financial statements.

Legal Status

The Association is registered society under the Co-operative and Community Benefit Societies Act 2014 (28414R) and is also registered with the Regulator of Social Housing (L4118) as a Registered Provider.

Pioneer Group Board Members' & Chief Executive's Liability Insurance

The Association maintains insurance against the liabilities of all members of the Pioneer Group Board and Chief Executive in relation to their duties for the Group and Association.

Post Balance Sheet Events

There were no post balance sheet events.

Auditor

A resolution to re-appoint Mazars LLP as external auditor will be proposed at the forthcoming Annual General Meeting. Mazars LLP have expressed their willingness to continue in office.

By Order of the Pioneer Group Board

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Carole Wildman
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Carole Wildman
Chair

DocuSigned by:
Martyn Hencher
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Martyn Hencher
Company Secretary

14 July 2021

Opinion

We have audited the financial statements of The Pioneer Housing and Community Group Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Group and parent association Statements of Comprehensive Income, the Group and parent association Statements of Financial Position, the Group and parent association Statements of Changes in Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, 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, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"](United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2021 and of the group's and of the parent association's surplus 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 Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the parent association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 17, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and parent association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or parent association 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 the 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. Based on our understanding of the Group and parent association, and its sector, we identified that the principal risks of non-compliance with laws and regulations related to employment and health and safety regulations, Regulator of Social Housing requirements and implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

We evaluated the Board's and 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to investment property valuations, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and parent association which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Mazars LLP
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Mazars LLP
Chartered Accountants and Statutory Auditor

1st Floor
2 Chamberlain Square
Birmingham
B3 2AX

Date 26/8/2021

Statement of Comprehensive Income
for the year ended 31 March 2021

		Group		Association	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Turnover	3	15,427	17,446	14,228	16,259
Cost of sale	3	(549)	(2,661)	(549)	(2,661)
Operating expenditure	3	(10,970)	(10,366)	(10,043)	(9,141)
Surplus on disposal of property, plant and equipment	7	449	3,612	449	3,612
Operating surplus		**4,357**	**8,031**	**4,085**	**8,069**
Interest receivable	8	39	30	37	29
Interest and financing costs	9	(1,733)	(1,741)	(1,733)	(1,741)
(Deficit)/Surplus on revaluation of investment properties	15	(12)	2	(12)	2
Surplus before tax		**2,651**	**6,322**	**2,377**	**6,359**
Taxation	6	(28)	(62)	(28)	(62)
Surplus for the year	**5**	**2,623**	**6,260**	**2,349**	**6,297**
Actuarial (losses)/gains in respect of defined benefit pension schemes	12	(1,306)	804	(1,306)	804
Total comprehensive income for the year		**1,317**	**7,064**	**1,043**	**7,101**

All results relate to continuing activities.

Statement of Financial Position
as at 31 March 2021

		Group		Association	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Intangible assets	13	262	99	262	99
Housing properties	14	81,295	79,141	81,295	79,141
Investment properties	15	13,385	13,381	13,385	13,381
Other property, plant and equipment	16	2,501	2,556	2,499	2,541
		97,443	95,177	97,441	95,162
Current assets					
Inventory – properties held for sale	17	299	692	299	692
Trade and other debtors	18	1,763	688	1,692	604
Cash and cash equivalents		9,781	11,202	9,522	11,014
		11,843	12,582	11,513	12,310
Creditors: amounts falling due within one year	19	(3,732)	(4,339)	(4,023)	(4,401)
Net current assets		8,111	8,243	7,490	7,909
Total assets less current liabilities		**105,554**	**103,420**	**104,931**	**103,071**
Creditors: amounts falling due after more than one year					
Other creditors	20	71,290	71,696	71,290	71,696
Pension liability	12	2,208	985	2,208	985
		73,498	72,681	73,498	72,681
Capital and reserves					
Share capital	22	-	-	-	-
Revenue reserves		32,056	30,739	31,433	30,390
		105,554	**103,420**	**104,931**	**103,071**

The financial statements on pages 28 to 64 were approved by the Pioneer Group Board on 14 July 2021 and were signed on its behalf by:

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Carole Wildman
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Carole Wildman
Chair

DocuSigned by:
Susan Spicer
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Sue Spicer
Board Member

DocuSigned by:
Martyn Hencher
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Martyn Hencher
Company Secretary

Statement of Changes in Reserves as at 31 March 2021

	Group	Group	Association	Association
	2021	2020	2021	2020
	Income & Expenditure reserve	Income & Expenditure reserve	Income & Expenditure reserve	Income & Expenditure reserve
	£'000	£'000	£'000	£'000
At 1 April	30,739	23,675	30,390	23,289
Surplus for the year	2,623	6,260	2,349	6,297
Actuarial gain/(loss) in respect of pension schemes	(1,306)	804	(1,306)	804
At 31 March	**32,056**	**30,739**	**31,433**	**30,390**

Consolidated Statement of Cash Flows
for the year ended 31 March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Net cash generated from operating activities	23		**4,165**		**5,580**
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,814)		(1,453)	
Purchase of property		(2,492)		(3,559)	
Proceeds from sale of property, plant and equipment		1,296		7,418	
Interest received		39		30	
Net cash flows from investing activities			**(2,971)**		**2,436**
Cash flows from financing activities					
Interest paid		(1,604)		(1,697)	
Repayments of borrowings		(1,408)		(1,262)	
Grants		397		1,427	
Net cash flows from financing activities			**(2,615)**		**(1,532)**
Net increase/(decrease) in cash and cash equivalents			**(1,421)**		**6,484**
Cash and cash equivalents at the beginning of year			11,202		4,718
Cash and cash equivalents at 31 March	23		**9,781**		**11,202**

1 Legal status

The Pioneer Housing and Community Group Limited (Association) is a registered society under the Co-operative and Community Benefit Societies Act 2014 (28414R) and is a registered provider of social housing (L4118).

The Association has two subsidiaries:

- Compass Support Services Limited is a company limited by guarantee and a registered charity, regulated by the Charity Commission;
- Merlin Venture Limited is a company limited by guarantee;

A dormant subsidiary, Stockland Green Opportunity Housing and Training Limited, was wound up during the year. The subsidiary had not traded since 2017 and had no assets or liabilities.

2 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with March 2018 Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2019.

The Pioneer Housing and Community Group is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

Statement of cash flows

The Pioneer Housing and Community Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the following:

- A statement of Cash Flows has not been presented for the parent company.

Basis of consolidation

The group financial statements consolidate the financial statements of the Association and its subsidiary undertakings drawn up to 31 March each year.

The accounts of the Pioneer Housing and Community Group Limited and Compass Support Services Limited have been prepared on a going concern basis.

The accounts of the Merlin Venture Limited have not been prepared on a going concern basis in 2021. The effect of this on the consolidated accounts for the Group is not material.

Acquisitions

Business combinations which are considered to be acquisitions are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids), management fees, revenue grants and other income. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

Service charge sinking funds and service costs

Unutilised contributions to service charge sinking funds and over-recovery of service costs which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund. Where there has been an under-recovery of leaseholders' or tenants' variable service charges and recovery of the outstanding balance is virtually certain, the balance is recognised in the Statement of Financial Position as a trade receivable. Debit and credit balances on individual schemes are not aggregated as there is no right of set-off.

Value Added Tax

A large proportion of the Group's income is exempt from Value Added Tax (VAT), giving rise to a partial exemption calculation. This significantly restricts recovery of VAT incurred on expenditure, which is, therefore, shown VAT inclusive.

Intra-group transactions

The Group parent is the employer of all staff who work on Pioneer and Compass services. Staff working wholly and directly on Compass services are recharged at cost to Compass. Compass bears the risk and reward of the staff, including operational performance and liability for absence. This cost is accounted for directly in the subsidiary rather than being shown as cost and income in the Group parent.

Similarly, the Group parent operates purchase ledger on behalf of Compass and Merlin and recharges the transactions to them at cost. The subsidiaries bear the financial risk and reward of the underlying transactions. This cost is accounted for directly in the subsidiaries rather than being shown as cost and income in the Group parent.

Any outstanding balances are disclosed in note 28.

Where there is a transfer of financial risk and reward to another Group member, this is accounted for as an intercompany transaction, with income accounted for in the entity bearing the risk and a corresponding cost in the party procuring the service. Such transactions are disclosed in note 28.

Property, plant and equipment – housing properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings plus directly attributable development costs. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their useful economic lives. Depreciation is not charged in the year of acquisition, and is charged in the year of disposal. Freehold land is not depreciated.

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Remaining structure – houses	150 years
Remaining structure – flats	150 years
Roofs	60 years
Windows and doors	30 years
Electrics	30 years
Bathrooms	30 years
Bathroom component replacements	20 years
Kitchens	15 years
Boilers	15 years
Remaining central heating system	30 years

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association are recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.

Impairment of inventory

Assets held as inventory are assessed for impairment at each reporting date. The carrying value of the asset is compared to the expected selling price, less costs to complete the asset and cost to sell.

If an item of inventory or group of similar items is impaired, the value of the asset is immediately reduced and an impairment loss is recognised in the Statement of Comprehensive Income.

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office furniture, fixtures and fittings	4 years
Office plant & machinery	4 years
Motor vehicle	6 years
Computer equipment	4 years
Freehold offices	50 years
CCTV infrastructure	4 years

Scheme fixed assets are depreciated over their expected useful economic lives, specific to each category of asset.

Intangible assets

Intangible assets are stated at historic cost or valuation, less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	4 years

Housing grant and other government grants

Where grants are received from government agencies such as Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

During 2019/20 and 2020/21, the association received Financial Assistance from Homes England for discounted property sales made under the Voluntary Right to Buy. This financial assistance has been recognised immediately, alongside the sale, in line with this accounting policy. Similarly, grants from Her Majesty's Revenue and Customs under the Coronavirus Job Retention Scheme have been recognised immediately.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model. Grants that do not impose specific future performance related conditions are recognised as revenue when received or receivable. Grants that impose specific future performance related conditions are recognised as revenue only when the performance related conditions are met. Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Pensions

The Association participates in defined benefit and defined contribution pension schemes.

Multi-employer defined benefit pension schemes

The Group participates in two multi-employer schemes where it is possible for individual employers as admitted bodies to identify their share of the scheme's assets and liabilities.

- Social Housing Pension Scheme
- Local Government Pension Scheme

For these schemes amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within interest and financing costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Defined contribution schemes

The Group participates in defined contribution schemes where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102 are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in interest costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. It includes cash that has been paid by customers through Allpay and is temporarily held on trust by Allpay.

Business combinations

Combinations carried out at nil consideration are accounted for so that any excess of fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain within the Statement of Comprehensive Income.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties: the Group has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

Impairment of inventory: the Group has to make an assessment as to the likely selling price of the asset, less further costs to complete and sell. In making the judgement, management considered the evidence of sales which had taken place immediately before and after the year end date.

Capitalisation of property development costs: the Group capitalises development expenditure in accordance with the accounting policies on housing properties and investment properties. Capitalisation requires a range of judgements, such as establishing which associated development costs should be capitalised and which costs should be written off and the likelihood that projects will continue.

Bad debts: management seeks to provide an appropriate bad debt provision for any arrears outstanding at the reporting date. This provision is derived from a combination of specific knowledge on individual cases and a formula which reflects the age and difficulty of collection for types of debt. In 2019/20, management also considered the potential for additional bad debts due to the economic impact of the coronavirus pandemic. This was not an event where historical experience is available, so management applied an additional bad debt charge in the interests of prudence. In 2020/21, the evidence is that arrears have not changed materially so management has returned to its previous formula estimation and unwound the higher provision made in 2019/20.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Investment property – fair value measurement: management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the property. Management base the assumptions on current open market prices as far as possible. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date. Given the unusual economic situation caused by coronavirus around March 2020, and the lack of transactions in the housing market around the March 2020 reporting date, there was less information available than usual for management to use in determining precise values at the reporting date. There is consequently an increased estimation uncertainty in the March 2020 figures compared to previous years. At the March 2021 reporting date there was significant recent activity in the housing market to inform management's estimations so this estimation uncertainty has reduced.

Defined benefit pension scheme: the Group has obligations to pay pension benefits to certain current and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors, using information provided by scheme actuaries.

Components of housing properties and useful lives: major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

3. i) Turnover, operating costs and operating surplus – group

	2021 Turnover £'000	2021 Cost of sale £'000	2021 Operating costs £'000	2021 Operating surplus £'000	2020 Turnover £'000	2020 Cost of Sale £'000	2020 Operating costs £'000	2020 Operating surplus £'000
Income and expenditure from social housing lettings	**12,150**	**-**	**(7,842)**	**4,308**	**11,783**	**-**	**(6,990)**	**4,793**
Other social housing activities								
Shared ownership first tranche sales	151	(124)	-	**27**	1,582	(1,354)	-	**228**
Total social housing	**12,301**	**(124)**	**(7,842)**	**4,335**	**13,365**	**(1,354)**	**(6,990)**	**5,021**
Non-social housing activity								
Properties built for sale	560	(425)	-	**135**	1,676	(1,307)	-	**369**
Leasehold management	42	-	(133)	**(91)**	112	-	(118)	**(6)**
Community regeneration	1,213	-	(1,736)	**(523)**	922	-	(1,837)	**(915)**
Commercial leases	117	-	(39)	**78**	17	-	(18)	**(1)**
Home ownership	-	-	(20)	**(20)**	-	-	(20)	**(20)**
CCTV	-	-	(93)	**(93)**	-	-	(92)	**(92)**
Castle Vale Stadium	145	-	(181)	**(36)**	122	-	(217)	**(95)**
Nursery	308	-	(383)	**(75)**	447	-	(450)	**(3)**
Market rent	741	-	(290)	**451**	742	-	(379)	**363**
Development	-	-	(253)	**(253)**	-	-	(217)	**(217)**
Other	-	-	-	**-**	43	-	(28)	**15**
Total non-social housing	**3,126**	**(425)**	**(3,128)**	**(427)**	**4,081**	**(1,307)**	**(3,376)**	**(602)**
Surplus on disposal of property plant and equipment	-	-	-	449	-	-	-	3,612
Total	**15,427**	**(549)**	**(10,970)**	**4,357**	**17,446**	**(2,661)**	**(10,366)**	**8,031**

3. ii) Turnover, operating costs and operating surplus – association

	2021 Turnover £'000	2021 Cost of sale £'000	2021 Operating costs £'000	2021 Operating surplus £'000	2020 Turnover £'000	2020 Cost of Sale £'000	2020 Operating costs £'000	2020 Operating surplus £'000
Social housing lettings	**12,150**	**-**	**(7,842)**	**4,308**	**11,783**	**-**	**(6,990)**	**4,793**
Other social housing activities								
Shared ownership first tranche sales	151	(124)	-	**27**	1,582	(1,354)	-	**228**
Total social housing	**12,301**	**(124)**	**(7,842)**	**4,335**	**13,365**	**(1,354)**	**(6,990)**	**5,021**
Non-social housing activity								
Properties built for sale	560	(425)	-	**135**	1,676	(1,307)	-	**369**
Leasehold management	42	-	(133)	**(91)**	112	-	(118)	**(6)**
Community regeneration	316	-	(1,026)	**(710)**	180	-	(1,062)	**(882)**
Commercial leases	117	-	(39)	**78**	17	-	(18)	**(1)**
Home ownership	-	-	(20)	**(20)**	-	-	(20)	**(20)**
CCTV	-	-	(93)	**(93)**	-	-	(92)	**(92)**
Castle Vale Stadium	145	-	(181)	**(36)**	122	-	(217)	**(95)**
Nursery	6	-	(166)	**(160)**	2	-	-	**2**
Market rent	741	-	(290)	**451**	742	-	(379)	**363**
Development	-	-	(253)	**(253)**	-	-	(217)	**(217)**
Other	-	-	-	**-**	43	-	(28)	**15**
Total non-social housing	**1,927**	**(425)**	**(2,201)**	**(699)**	**2,894**	**(1,307)**	**(2,151)**	**(564)**
Surplus on disposal of property plant and equipment	-	-	-	449	-	-	-	3,612
Total	**14,228**	**(549)**	**(10,043)**	**4,085**	**16,259**	**(2,661)**	**(9,141)**	**8,069**

3. iii) Income and expenditure from social housing lettings – group and association

	2021 General needs (social rent) £'000	2021 General needs (affordable rent) £'000	2021 Housing for older people (social rent) £'000	2021 Intermediate rent (mortgage rescue) £'000	2021 Intermediate rent (rent to buy) £'000	2021 Shared ownership £'000	2021 Total £'000	2020 Total £'000
Income from lettings								
Rent receivable	10,573	43	509	13	96	71	11,305	11,034
Service charges receivable	432	-	168	-	4	9	613	516
Amortised government grant	229	2	-	1	-	-	232	233
Net rents receivable	**11,234**	**45**	**677**	**14**	**100**	**80**	**12,150**	**11,783**
Other income	-	-	-	-	-	-	-	-
Turnover social housing lettings	**11,234**	**45**	**677**	**14**	**100**	**80**	**12,150**	**11,783**
Expenditure on letting activities								
Management	(1,550)	(5)	(100)	(1)	(18)	(16)	(1,690)	(1,599)
Services	(745)	-	(215)	-	-	-	(960)	(868)
Routine maintenance	(1,693)	(5)	(113)	(1)	-	-	(1,812)	(1,726)
Planned maintenance	(1,467)	-	(43)	-	-	-	(1,510)	(921)
Major repairs expenditure	(213)	-	(1)	-	-	-	(214)	(362)
Rent losses from bad debts	(51)	1	(31)	-	(2)	-	(83)	(78)
Depreciation of housing properties	(1,559)	(11)	-	(3)	-	-	(1,573)	(1,436)
Impairment of housing properties	-	-	-	-	-	-	-	-
Total expenditure on lettings	**(7,278)**	**(20)**	**(503)**	**(5)**	**(20)**	**(16)**	**(7,842)**	**(6,990)**
Operating surplus on social housing lettings	**3,956**	**25**	**174**	**9**	**80**	**64**	**4,308**	**4,793**
Void losses	43	-	6	-	-	-	49	41

4. Units in management – group and association

Owned and managed	2021 units	Additions units	Disposals units	2020 units
General needs (social rent)	2,186	-	(3)	2,189
General needs (affordable rent)	7	-	-	7
Housing for older people (social rent)	128	-	-	128
Intermediate rent (mortgage rescue)	2	-	-	2
Intermediate rent (rent to buy)	16	-	-	16
Shared ownership	25	-	-	25
Total social housing	**2,364**	**-**	**(3)**	**2,367**
Market rent	100	-	-	100
Total homes for rent	**2,464**	**-**	**-**	**2,467**
Retained freeholds	221	-	(5)	226
Commercial properties	4	-	-	4
Total	**2,689**	**-**	**(8)**	**2,697**

5. Surplus for the year

Surplus for the year is stated after charging/(crediting):	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Bad debts	60	119	61	103
Depreciation of property, plant and equipment	1,843	1,726	1,832	1,701
Impairment	-	46	-	-
Government grants				
- Amortised government grants	(232)	(233)	(232)	(233)
- Coronavirus Job Retention Scheme	(103)	-	(28)	-
- Other Coronavirus-related support	(61)	-	(4)	-
- Existing grant released on sale of property	(43)	(559)	(43)	(559)
- For discounts to purchasers under Voluntary Right to Buy and Right to Acquire	(103)	(2,001)	(103)	(2,001)
Auditor's remuneration excluding VAT				
- in their capacity as auditors	20	20	18	18
- in respect of other services	9	8	6	8

6. Tax on surplus on ordinary activities – group and association

	2021 £'000	2020 £'000
The tax charge comprises:		
Current tax on surplus on ordinary activities		
UK corporation tax	28	61
Adjustments in respect of prior years	-	-
Total current tax	28	61
Deferred tax		
Provision at start of period	1	-
Deferred tax charged for the period	-	1
Total deferred tax	1	1
Total tax on surplus on ordinary activities	**28**	**62**

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the surplus before tax for the association is as follows:

	2021 £'000	2020 £'000
Surplus on ordinary activities before tax	1,071	6,359
Tax on surplus on ordinary activities at standard UK corporation tax rate of 19% (2019: 19%)	203	1,208
Effects of:		
- Expenses not deductible for tax purposes	2,243	2,301
- Income not taxable in determining taxable surplus	(2,418)	(3,447)
Total tax charge for period	**28**	**62**

7. Surplus on disposal of property, plant and equipment – group and association

	2021	2021	2021	2020	2020
	Proceeds	Cost of Sale	Surplus	Proceeds	Surplus
	£'000	£'000	£'000	£'000	£'000
Right to buy/acquire	270	(26)	244	175	141
Voluntary right to buy	214	(66)	148	4,633	3,429
Homebuy redemption	45	-	45	-	-
Minor transactions	62	(50)	12	42	42
Total disposals	**591**	**(142)**	**449**	**4,850**	**3,612**

8. Interest receivable

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest receivable on bank deposits	39	30	37	29

9. Interest and financing costs

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
On building society and bank loans	(1,710)	(1,699)	(1,710)	(1,699)
On finance leases	(1)	-	(1)	-
Net interest on defined benefit liability (note 12)	(22)	(42)	(22)	(42)
	(1,733)	**(1,741)**	**(1,733)**	**(1,741)**

10. Staff costs

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
FTE	131	139	83	73
Wages and salaries	3,649	3,548	2,684	2,386
Social security costs	337	323	267	238
Pension (service cost – note 12)	170	198	147	175
Redundancy	46	48	-	48
Total staff costs	**4,202**	**4,117**	**3,098**	**2,847**

11. Directors' remuneration – group and association

The directors are defined as the members of the Pioneer Group Board, the Chief Executive and the Executive Leadership Team named on page 3 of this report.

None of the members of the Board received any remuneration (2021: none).

The aggregate amounts paid to the Executive Leadership Team were:

	2021 £'000	2020 £'000
Aggregate emoluments payable to directors (including benefits in kind)	423	399
Pension contribution	35	32
Total directors' emoluments	**458**	**431**
Total expenses reimbursed to the directors not chargeable to United Kingdom income tax	3	3
Emoluments payable to the highest paid director (excluding pension contributions but including benefits in kind)	109	103

The aggregate amount of compensation payable to directors or past directors for loss of office was zero (2021: zero)

The Chief Executive is an ordinary member of the SHPS defined benefit pension scheme, on terms identical to those of all other members. There are no enhanced or special terms.

The full-time equivalent number of staff whose remuneration, including pensions and termination benefits, payable in relation to the period of account fell within each band of £10,000 from £60,000 upwards was:

	2021	2020
£60,000 - £70,000	-	1
£70,000 - £80,000	1	1
£80,000 - £90,000	2	2
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-
£110,000 - £120,000	1	1

12. Retirement benefit schemes – group and association

The Group participates in four pension schemes.

The Group offers
- two open defined contribution schemes
- one open defined benefit scheme (Social Housing Pension Scheme – SHPS)
- one defined benefit scheme which is closed to new entrants (Local Government Pension Scheme – LGPS)

The combined impact of all pension schemes on the Group's Statement of Comprehensive Income and Statement of Financial Position is shown below.

Combined sums charged to Statement of Comprehensive Income

	2021 SHPS £'000	2021 LGPS £'000	2021 TOTAL £'000	2020 TOTAL £'000
Service cost	75	19	94	133
Scheme administrative expenses	6	1	7	7
Net interest expense	16	6	22	42
Other comprehensive income	1,090	216	1,306	(804)
Total cost/(gain) for defined benefit schemes	**1,187**	**242**	**1,429**	**(622)**
Service cost – defined contribution (association)			53	42
TOTAL cost/(gain) (association)			**1,482**	**(580)**
Service cost – defined contribution (subsidiaries)			23	23
TOTAL cost/(gain) (group)			**1,505**	**(557)**

Combined pension liability

	2021 £'000	2020 £'000
Social Housing Pension Scheme	1,738	749
Local Government Pension Scheme	470	236
Total defined benefit pension liability	**2,208**	**985**

Pension deficit payments for the year were £146,000 for SHPS and £0 for LGPS (2020: £143,000 for SHPS and £0 for LGPS).

The SHPS service cost under FRS102 was £29,000 higher (2020: £49,000 higher) than would have been recognised under previous UK GAAP. This figure is required to calculate the Santander loan covenant.

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to the Statement of Comprehensive Income in the period ended 31 March 2021 was £76,000 for the Group (2020: £65,000) and £53,000 for the Association (2020: £42,000).

Defined benefit schemes

Social Housing Pension Scheme (SHPS)

The Group participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

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 schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1.5 billion across all employers. As a result of this funding valuation, the Group will pay deficit contributions from 1 April 2019 until 30 September 2026. The payment was £146,000 in 2020/21, rising by 2% a year thereafter.

The scheme is classified as a 'last-man standing arrangement'. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. The Group 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.

For accounting purposes, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ended 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ended from 31 March 2021.

The liabilities were compared, at the relevant accounting date, with the Group's fair share of the scheme's total assets to calculate the Group's net deficit or surplus.

Amounts recognised in the Statement of Comprehensive Income in respect of this scheme:

	2021 £'000	2020 £'000
Service cost	75	108
Scheme administrative expenses	6	6
Net interest expense	16	35
Recognised loss/(gain) in other comprehensive income	1,090	(721)
Total cost/(gain) relating to this defined benefit scheme	**1,187**	**(572)**

Amounts included in the Statement of Financial Position arising from the Group's obligations in respect of this defined benefit scheme:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	(6,964)	(5,373)
Fair value of scheme assets	5,226	4,624
Deficit	**(1,738)**	**(749)**

Movements in the present value of defined benefit obligations:

	2021 £'000	2020 £'000
At 1 April	5,373	5,728
Service cost	75	108
Interest cost	126	138
Administrative expenses	6	6
Actuarial losses/(gains) – change in financial assumptions	1,530	(757)
Actuarial losses/(gains) – change in demographic assumptions	23	(50)
Actuarial losses/(gains) – due to scheme experience	(108)	187
Benefits paid and expenses	(131)	(66)
Member contributions	70	79
At 31 March	**6,964**	**5,373**

Movements in the fair value of scheme assets:

	2021 £'000	2020 £'000
At 1 April	4,624	4,199
Interest on assets	110	103
Return on assets	355	101
Employer contributions	198	208
Member contributions	70	79
Benefits paid and expenses	(131)	(66)
At 31 March	**5,226**	**4,624**

Breakdown of the scheme assets:

	2021 £'000	2020 £'000
Global equity	833	676
Absolute return	288	241
Distressed opportunities	151	89
Credit relative value	164	127
Alternative risk premia	197	323
Fund of hedge funds	1	3
Emerging markets debt	211	140
Risk sharing	190	156
Insurance-linked securities	126	142
Property	109	102
Infrastructure	348	344
Private debt	125	93
Opportunistic illiquid credit	133	112
High yield	157	-
Opportunistic credit	143	-
Corporate bond fund	309	264
Liquid credit	62	2
Long lease property	102	80
Secured income	217	175
Liability driven investment	1,328	1,535
Net current assets	32	20
Total scheme assets at 31 March	**5,226**	**4,624**

None of the fair values of the assets shown above include any direct investments in the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

Key assumptions used:

	2021	2020
Salary increases	3.87%	2.53%
Inflation (RPI)	3.21%	2.53%
Inflation (CPI)	2.87%	1.53%
Discount rate	2.22%	2.34%

Assumed life expectations on retirement at age 65:

	2021 years	2020 years
Retiring today		
Males	21.6	21.5
Females	23.5	23.3
Retiring in 20 years		
Males	22.9	22.9
Females	25.1	24.5

Local Government Pension Scheme (LGPS)

This scheme is not open to new employees.

The scheme is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. The administering authority for the Fund is the London Pensions Fund Authority.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. An actuarial valuation of the Fund was carried out as at 31 March 2019 and has set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The Fund has a legal charge over nine of the Group's properties.

To assess the accounting value of liabilities as at 31 March 2021, the actuary has rolled forward the values of the 2019 liabilities using financial assumptions that comply with FRS 102. To calculate the asset share, the actuary has rolled forward the 2019 assets, allowing for actual and estimated investment returns, contributions paid in and estimated benefits paid from the scheme.

Amounts recognised in the Statement of Comprehensive Income in respect of this scheme:

	2021 £'000	2020 £'000
Service cost	19	25
Scheme administrative expenses	1	1
Net interest expense	6	7
Recognised gain in other comprehensive income	216	(83)
Total cost/(income) relating to this scheme	**242**	**(50)**

Amounts included in the Statement of Financial Position arising from the Group's obligations in respect of this defined benefit scheme:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	(1,713)	(1,323)
Fair value of scheme assets	1,243	1,087
Deficit	**(470)**	**(236)**

Movements in the present value of defined benefit obligations:

	2021 £'000	2020 £'000
At 1 April	1,323	1,434
Service cost	19	17
Interest cost	31	34
Change in financial assumptions	391	(144)
Change in demographic assumptions	(14)	(54)
Experience loss/(gain) on defined benefit obligation	(18)	44
Benefits paid	(23)	(21)
Past service costs, including curtailments	-	8
Contributions from scheme participants	4	5
At 31 March	**1,713**	**1,323**

Movements in the fair value of scheme assets:

	2021 £'000	2020 £'000
At 1 April	1,087	1,142
Interest on assets	25	27
Return on assets	143	(33)
Other actuarial gains/(losses)	-	(38)
Scheme administrative expenses	(1)	(1)
Employer contributions	8	6
Member contributions	4	5
Benefits paid	(23)	(21)
At 31 March	**1,243**	**1,087**

Breakdown of the scheme assets:

	2021 £'000	2020 £'000
Equities	675	587
Target return portfolio	293	280
Infrastructure	105	79
Property	113	108
Cash	57	33
Total scheme assets at 31 March	**1,243**	**1,087**

None of the fair values of the assets shown above include any direct investments in the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

Key assumptions used:

	2021	2020
Salary increases	3.85%	2.90%
Pension increases	2.85%	1.90%
Discount rate	2.00%	2.35%

Assumed life expectations on retirement at age 65:

	2021 years	2020 years
Retiring today		
Males	18.0	19.4
Females	24.6	23.2
Retiring in 20 years		
Males	21.5	20.9
Females	24.5	24.7

Sensitivity analysis

The assumptions used are based on data from the scheme actuaries.

The sensitivity analysis below shows the approximate increase in The Pioneer Group's liabilities for the SHPS scheme as at 31 March 2021 under the following circumstances:

Sensitivity	Liability £'000	Change in liability £'000	Change in liability %
Base assumptions	1,738	-	-
0.1% decrease in real discount rate	1,919	181	10%
0.1% increase in the salary increase rate	1,739	1	0%
0.1% increase in CPI and RPI	1,873	135	8%
0.1 year increase in life expectancy	1,761	23	1%

13. Intangible assets – group and association

	Computer Software £'000
Cost	
At 1 April 2020	579
Additions	221
Disposals	-
At 31 March 2021	**800**
Amortisation	
At 1 April 2020	(480)
Charge for the year	(58)
Disposals	-
At 31 March 2020	**(538)**
Net book value at 31 March 2021	**262**
Net book value at 31 March 2020	**99**

14. Tangible fixed assets – housing properties – group and association

	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership £'000	Shared ownership under construction £'000	Total social housing properties £'000
Cost					
At 1 April 2020	92,388	1,735	2,024	163	96,310
Replacement of components	1,669	-	-	-	1,669
Additions	(11)	1,692	-	391	2,072
Disposals	(564)	-	-	-	(564)
Transfer from inventory (note 17)	-	-	29	-	29
Completed properties	-	-	-	-	-
At 31 March 2021	**93,482**	**3,427**	**2,053**	**554**	**99,516**
Depreciation					
At 1 April 2020	(17,169)	-	-	-	(17,169)
Charge for year	(1,485)	-	-	-	(1,485)
Disposals	433	-	-	-	433
At 31 March 2021	**(18,221)**	**-**	**-**	**-**	**(18,221)**
Net book value at 31 March 2021	**75,261**	**3,427**	**2,053**	**554**	**81,295**
Net book value at 31 March 2020	**75,219**	**1,735**	**2,024**	**163**	**79,141**

Additions has been adjusted for amounts deducted from contractor payments as liquidated damages.

Housing properties comprise	**2021 £'000**	**2020 £'000**
Freehold	81,295	79,141

15. Investment properties – group and association

Cost	Market Rent £'000	Commercial £'000	Stadium £'000	Total £'000
At 1 April 2020	11,908	348	1,163	13,419
Additions	5	-	11	16
As at 31 March 2021	**11,913**	**348**	**1,174**	**13,435**
Revaluation				
As at 1 April 2020	1,298	(173)	(1,163)	(38)
Revaluation surplus/(deficit) for year	(99)	98	(11)	(12)
As at 31 March 2021	**1,199**	**(75)**	**(1,174)**	**(50)**
Net book value at 31 March 2021	**13,112**	**273**	**-**	**13,385**
Net book value at 31 March 2020	**13,206**	**175**	**-**	**13,381**

The historic cost of market rent investment properties, which is used for calculating the gearing covenant for the Santander loans, is £11,913,000 (2020: £11,908,000).The cumulative revaluation deficit included in the balance at 31 March 2021 is £50,000 (2020: £38,000).

16.i) Other property, plant and equipment – group

	Fixtures and fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Computers £'000	Freehold Premises £'000	Total £'000
Cost						
At 1 April 2020	1,427	318	102	862	2,385	5,094
Additions	6	21	-	43	132	202
Disposals	-	-	(29)	-	-	(29)
Reclassification	(3)	-	-	-	3	-
At 31 March 2021	**1,430**	**339**	**73**	**905**	**2,520**	**5,267**
Depreciation						
At 1 April 2020	(828)	(199)	(65)	(765)	(681)	(2,538)
Charge for the year	(123)	(40)	(12)	(44)	(38)	(257)
Disposals	-	-	29	-	-	29
Impairment	-	-	-	-	-	-
At 31 March 2021	**(951)**	**(239)**	**(48)**	**(809)**	**(719)**	**(2,766)**
Net book value at 31 March 2021	**479**	**100**	**25**	**96**	**1,801**	**2,501**
Net book value at 31 March 2020	**599**	**119**	**37**	**97**	**1,704**	**2,556**

16.ii) Other property, plant and equipment – association

	Fixtures and fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Computers £'000	Freehold Premises £'000	Total £'000
Cost						
At 1 April 2020	1,371	305	102	860	2,151	4,789
Additions	6	22	-	43	132	203
Disposal	-	-	(29)	-	-	(29)
Reclassification	(3)	-	-	-	3	-
At 31 March 2021	**1,374**	**327**	**73**	**903**	**2,286**	**4,963**
Depreciation						
At 1 April 2020	(784)	(186)	(65)	(764)	(449)	(2,248)
Charge for the year	(111)	(40)	(12)	(44)	(38)	(245)
Disposal	-	-	29	-	-	29
At 31 March 2021	**(895)**	**(226)**	**(48)**	**(808)**	**(487)**	**2,464**
Net book value at 31 March 2021	**479**	**101**	**25**	**95**	**1,799**	**2,499**
Net book value at 31 March 2020	**587**	**119**	**37**	**96**	**1,702**	**2,541**

17. Inventory – properties held for sale – group and association

	Shared ownership first tranche sale £'000	Outright sales £'000	Total £'000
At 1 April 2020	267	425	692
Additions	185	-	185
Transfer to housing properties (note 14)	(29)	-	(29)
Sales	(124)	(425)	(549)
At 31 March 2021	**299**	**-**	**299**
Of which:			
Work in progress	299	-	299
Ready for sale	-	-	-
Total inventory	**299**	**-**	**299**

18. Debtors – amounts falling due within one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Gross rental debtors – current tenants	396	311	396	311
Gross rental debtors – former tenants	218	294	218	294
Provision for doubtful debts	(560)	(591)	(560)	(591)
Net rental debtors	**54**	**14**	**54**	**14**
Gross other debtors	379	356	325	272
Provision for doubtful debts	(139)	(148)	(134)	(137)
Net other debtors	**240**	**208**	**191**	**135**
Prepayments and accrued income	1,469	466	1,432	447
Intercompany debtors	-	-	15	8
Total debtors due within one year	**1,763**	**688**	**1,692**	**604**

The present value adjustment of rental debtors where a repayment schedule is in place is not shown as it is not material.

19. Creditors - amounts falling due within one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	108	405	108	405
Rent & service in advance	503	457	503	457
Group intercompany	-	-	495	337
Accruals and deferred income	1,087	1,386	1,074	1,386
Obligations under finance leases (note 24)	11	12	11	12
Other creditors and accruals	367	430	176	155
Corporation Tax	28	62	28	62
Loans	1,392	1,352	1,392	1,352
Government grants	236	235	236	235
Total creditors due within one year	**3,732**	**4,339**	**4,023**	**4,401**

20. Other creditors - amounts due after more than one year – group and association

	2021 £'000	2020 £'000
Housing loans	37,231	38,678
Deferred loan arrangement fees	(160)	(200)
Leaseholder sinking fund	597	444
Stadium sinking fund	73	49
Obligations under finance leases (note 24)	8	19
Government grants	33,541	32,706
Total creditors due after more than one year	**71,290**	**71,696**

Repayment schedule	**2021 £'000**	**2020 £'000**
Between one and two years	4,407	1,448
Between two and five years	9,730	12,469
Between five and ten years	11,479	10,362
In ten years or more	11,615	14,399
Housing loans falling due after more than one year	**37,231**	**38,678**
Within one year	1,392	1,352
Total housing loans	**38,623**	**40,030**

Loans are fixed at rates of between 0.8% and 5.4%, or are variable at margins of between 0.4% and 2.0% above LIBOR. The loans are secured against the Group's housing and investment properties.

Government grants – group and association

The total accumulated amount of capital grant received or receivable at the balance sheet date is £38,744,000 (2020: £37,682,000)

Deferred income – government grants	**2021 £'000**	**2020 £'000**
Social housing grant		
At 1 April	37,682	36,905
Grants receivable	1,111	1,426
Disposals	(49)	(649)
At 31 March	**38,744**	**37,682**
Amortisation		
At 1 April	4,741	4,598
Amortisation to Statement of Comprehensive Income	232	233
Disposals	(6)	(90)
At 31 March	**4,967**	**4,741**
Net deferred income – government grants		
Due within one year	236	235
Due after one year	33,541	32,706
At 31 March 2021	**33,777**	**32,941**

21. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Financial assets				
Measured at undiscounted amount receivable				
• Rent arrears and other debtors	294	222	245	148
• Cash	9,781	11,202	9,522	11,014
Total	**10,075**	**11,424**	**9,767**	**11,162**
Financial liabilities				
Measured at amortised cost				
• Loans payable (see note 19, 20)	38,463	39,830	38,463	39,830
Measured at undiscounted amount payable				
• Trade and other creditors	1,884	2,495	1,680	2,222
• Amounts owed to related undertakings (see note 19)	-		495	337
Total	**40,347**	**42,325**	**40,638**	**42,389**

The income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Interest income and expense				
Total interest income for financial assets at amortised cost	-	-	-	-
Total interest expense for financial liabilities at amortised cost	1,733	1,741	1,733	1,741
Total	**1,733**	**1,741**	**1,733**	**1,741**

22. Share capital - association

Ordinary shares of £1 each:		2021 Number	2020 Number
Allotted, issued and fully paid at 1 April		24	28
Shares issued during year for cash at par		2	0
Cancelled during the year		(11)	(4)
At 31 March		**15**	**24**
Comprising:	Tenant shareholders	3	8
	Community shareholders	3	6
	Ordinary shareholders	9	10
		15	**24**

The share capital is raised by the issue of shares with a nominal value of £1 each. The Association's Co-operative and Community Benefit Societies Act status means that the maximum shareholding permitted per member is one share. The Pioneer Group has an open shareholding membership with three classes of membership: tenant, community and ordinary. The shares carry no right to interest, dividend or bonus. Shares are not capable of being withdrawn or transferred and cannot be held jointly. Shareholders have the right to attend or to vote by proxy at any general, special general or extraordinary meeting of the Association.

23. Statement of cash flows - group

	2021 £'000	2020 £'000
Cash flow from operating activities		
Surplus for the year	1,317	7,064
Adjustment for non-cash items:		
Depreciation/impairment of property, plant and equipment	1,843	1,775
(Increase)/decrease in debtors	(879)	(378)
Increase/(decrease) in creditors	(368)	560
Increase in provisions	176	100
Pension costs less contributions payable	1,181	(836)
(Increase)/decrease in fair value of investment property	12	(2)
Finance lease obligations	11	31
Adjustments for investing or financing activities:		
Surplus on sale of property, plant & equipment	(659)	(4,213)
Government grants utilised in the year	(163)	(233)
Interest payable	1,733	1,741
Interest receivable	(39)	(29)
	4,165	**5,580**
Cash and cash equivalents		
Cash at bank and in hand	9,781	11,202
Total	**9,781**	**11,202**

24. Financial commitments – group and association

Capital commitments are:	2021 £'000	2020 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,435	6,392
Capital expenditure authorised by the Board but not yet contracted for	3,405	-

Capital commitments will be funded by existing cash balances.

Total future minimum lease payments under non-cancellable operating leases are:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Payments due:				
Within one year	8	14	1	1
Between one and five years	18	24	2	2
After five years	451	456	-	-
Total	**477**	**494**	**3**	**3**

Finance lease – group and association

Repayment schedule	2021 £'000	2020 £'000
Between one and two years	8	11
Between two and five years	-	8
In five years or more	-	-
Finance leases falling due after more than one year	**8**	**19**
Within one year	11	12
Total finance leases	**19**	**31**

25. Contingent assets and liabilities

There are no contingent assets or liabilities at the 31 March other than those reported within the financial statements relating to pension fund valuations.

26. Relationship between parents and subsidiaries

The Pioneer Housing and Community Group Limited is the group parent. It is controlled by its Board, as disclosed on page 3.

The ultimate controlling party of Compass Support Services Limited is the Pioneer Housing and Community Group Limited. Compass Support Services Limited is not registered with the Regulator of Social Housing.

The ultimate controlling party of The Merlin Venture Limited is the Pioneer Housing and Community Group Limited. The Merlin Venture Limited is not registered with the Regulator of Social Housing.

27. Related parties

During the year one Pioneer Group Board Member was a tenant of the Association. She received services on exactly the same basis as any other tenant of the Association. Rent and service charges charged for the year were £4,726 (2020: £4,479) and arrears at 31 March 2021 were nil (2020: nil).

28. Intra-group transactions

Intra-group transactions and outstanding balances at year end are given below.

The most significant item is payment from Pioneer to Compass for delivery of community regeneration activity. This is agreed annually by the Pioneer Group Board and represent specific contributions to the wider regeneration and sustainability of the Castle Vale estate, which will benefit the parent's ability to let homes and sustain tenancies in the long term. Extensive work is undertaken around health, education, family support and employment initiatives. All outstanding balances are expected to be paid in full.

Intra-group transactions were:

	2021 Pioneer £'000	2021 Compass £'000	2021 Merlin £'000	2021 Group £'000
Delivery of community regeneration activity	(300)	300	-	-
Corporate overheads	48	(45)	(3)	-
Senior management	69	(66)	(3)	-
Facilities management	28	(28)	-	-
Donation	(160)	-	160	-
Other	(2)	2	-	-
Total intra-group	**(317)**	**163**	**154**	**-**
Total intra-group turnover	145	302	160	-
Total intra-group expenditure	(462)	(139)	(6)	-
Total intra-group eliminated on consolidation	**(317)**	**163**	**154**	**-**

	2020 Pioneer £'000	2020 Compass £'000	2020 Merlin £'000	2020 Group £'000
Delivery of community regeneration activity	(300)	300	-	-
Corporate overheads	43	(40)	(3)	-
Facilities management	(55)	55	-	-
Management Fee	-	2	(2)	-
Other	(5)	5	-	-
Total intra-group	**(317)**	**322**	**(5)**	
Total intra-group turnover	43	362	-	-
Total intra-group expenditure	(360)	(40)	(5)	-
Total intra-group eliminated on consolidation	**(317)**	**322**	**(5)**	**-**

Intra-group balance sheet items were:

	2021 Pioneer £'000	2021 Compass £'000	2021 Merlin £'000	2021 Group £'000
Debtor/(creditor) balance	15	-	(15)	-
Debtor/(creditor) balance	(495)	495	-	-
Total intra-group	**(480)**	**495**	**(15)**	**-**
Total intra-group debtors	15	495	-	510
Total intra-group creditors	(495)	-	(15)	(510)
Total intra-group eliminated on consolidation	**(480)**	**495**	**(15)**	**-**

	2020 Pioneer £'000	2020 Compass £'000	2020 Merlin £'000	2020 Group £'000
Debtor/(creditor) balance	8	-	(8)	-
Debtor/(creditor) balance	(337)	337	-	-
Total intra-group	**(329)**	**337**	**(8)**	**-**
Total intra-group debtors	8	337	-	345
Total intra-group creditors	(337)	-	(8)	(345)
Total intra-group eliminated on consolidation	**(329)**	**337**	**(8)**	**-**