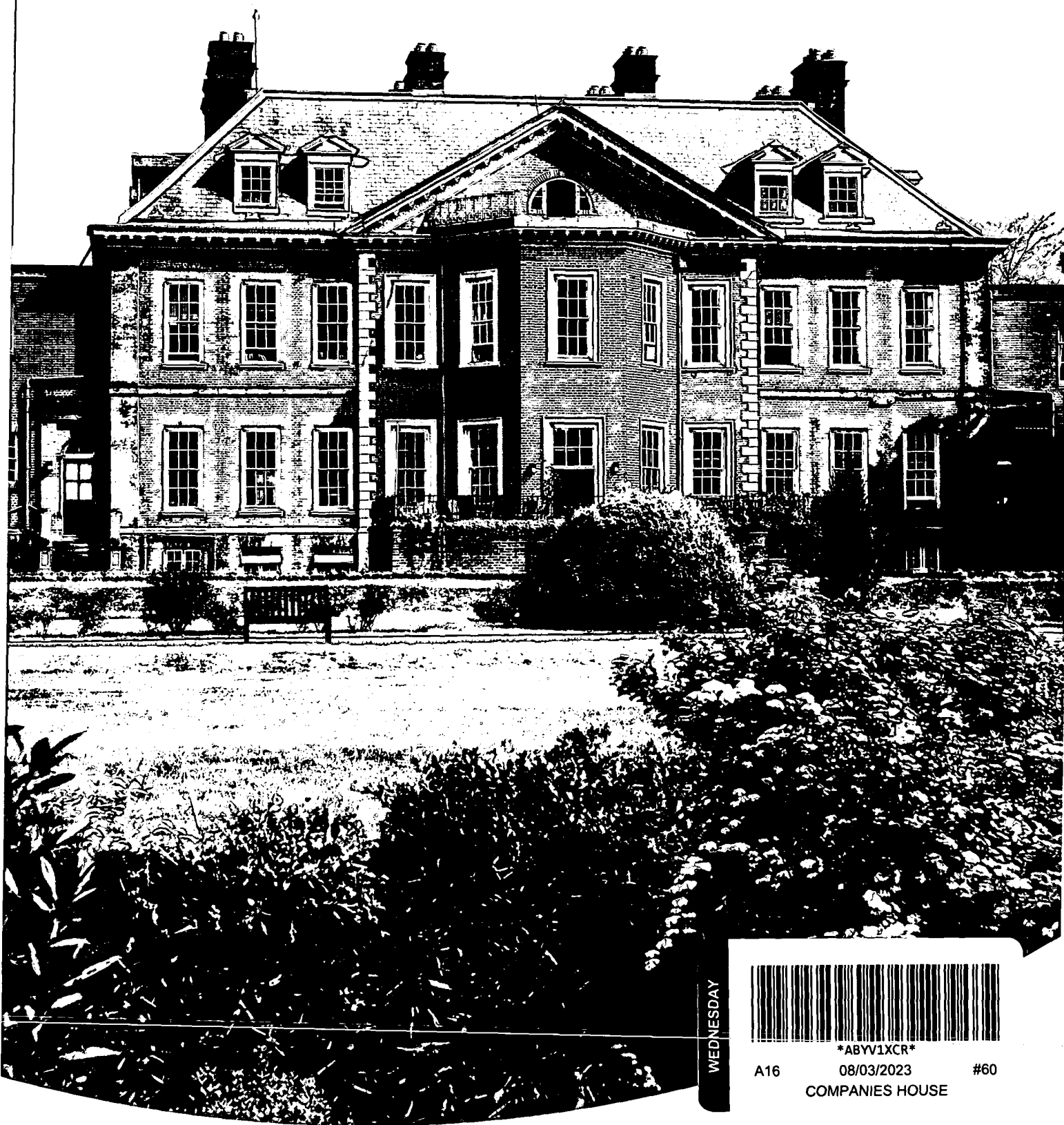




WEDNESDAY



ABYV1XCR

A16 08/03/2023 #60
COMPANIES HOUSE

The Children's Trust
Annual Report and Accounts 2021-2022


The Children's Trust
For children with brain injury

Contents

A message from our Chair	1
Objectives and activities	2
• Public benefit	
• Volunteers	
Strategic report	
Achievements and performance	3
• Highlights in numbers	
• Expanding our services	
• Robotic technology	
• Equipping teachers to support children with brain injury	
• Bumps Happen	
• Public affairs	
• Fundraising	
• Companies Act 2006 s172 statement	
• Culture and Values	
• Equity, Diversity & Inclusion	
• Progress and challenges: an overview of 2021/22	
Financial review	10
• Financial performance and position	
• Working capital	
• Key financial performance indicators	
• Reserves	
• Investment policy and objectives	
• Environmental, social and governance (ESG) impact of our investment portfolio	
• Principal risks and uncertainties	
• Annual statement on internal control	
• Going concern	
Future plans	18
Statement of trustees' responsibilities	21
Structure, governance and management	22
• Structure, constitution & objects	
• Organisational structure	
• Board of trustees	
• Board committees	
• Governance	
Reference and administrative details	25
• Trustees	
• Senior Leadership Team	
• Professional advisors	
Independent auditor's report	28
Statement of financial activities	32
Balance sheet	33
Cash flow statement	34
Notes to the financial statements	35

A message from our Chair

In a year characterised by intense national recruitment challenges and the operational pressures associated with this, we continued to support the children who needed us.

We pressed ahead with our five-year strategy, Hope and Ambition (2020-2025), and we made significant progress towards many of our strategic programmes. We continue to drive our work towards a time when all children and young people with brain injury and neurodisability can live the best life possible.

We launched our new values in 2021/22 with a buzz of related activity throughout the year. This has been a great reminder of the strength of our shared purpose and passion to support children. Our previous values led us on a great path of success and helped us evolve to reach even more children. And with this development came the necessity to redefine our values. Known as our Promises, our new set of values are strongly aligned with our current goals. They form a solid foundation to start embedding the culture needed to deliver change.

We would like to thank employees, volunteers, the children and young people and all the stakeholders for fully embracing this work and contributing with enthusiasm and energy. It is already evident that our new Promises are inspiring us all to work at our best.

In December 2021 the government committed to developing an acquired brain injury (ABI) strategy following a successful campaign led by a coalition of organisations including The Children's Trust. The strategy is being created to ensure that everyone with an ABI has access to appropriate services and support throughout their lives. We are thrilled that the government has pledged to create this strategy, but our work is not done. We will continue to work closely with families, government ministers, and the strategy board to ensure that the unique needs of children and young people are addressed in the strategy.

As many workplaces started to prepare for a 'business as usual' mode of working in 2022 following the Covid-19 Pandemic, The Children's Trust remained vigilant to ensure the protection of the highly vulnerable children in our care. Many restrictions remained in place for staff and volunteers as the safety of the children and young people remained our number one priority and we fulfilled our organisational Promise to put the 'Child First'.

Staff absence due to Covid-19, in addition to the UK-wide healthcare shortage, led to occasions where we have been on the brink of a critical staff shortage. We continued to have strong referral pipelines, although these were undermined by the need to defer and delay admissions due to staff shortages.

We acted quickly to ensure that we continued to meet the needs of children safely and effectively. We swiftly trained non-clinical staff who volunteered to support the care staff during this time. And the People team have focused on our people proposition, recruitment and retention strategy to ensure that we can recruit more healthcare staff in the long-term. It is more important than ever for us to understand how we can appeal to more nurses and healthcare staff as an exceptional place to work.

Financially, it was a challenging year for the charity and this is outlined further in the Financial Review on page 10.

Following the year end, in the first quarterly review of 2022/23 we identified the need to take urgent action to address an unbudgeted projected year-end deficit as well as significant cash flow pressures. We developed a recovery plan aimed at reducing our cost base and seeking additional funding. The charity's financial position has also meant that we have had to pause or stop a number of our strategic projects, regrettably including Project Butterfly.

Our recovery plan has been developed to achieve a sustainable financial foundation for both the immediate and long-term future.

I would like to extend my thanks for the continued resilience and commitment of our workforce during this time. The needs of the children and young people who rely on our support will remain our number one priority as we move towards a sustainable future.

Dalton Leong stepped down as Chief Executive in December 2022 after leading The Children's Trust for more than nine years. During his time with the charity The Children's Trust has expanded its services and helped more children than ever before. Dalton has ensured that the voices of children are heard by decision-makers in Government through our public affairs work. And he has personally welcomed many families through our doors. On behalf of the trustees, I would like to extend my thanks to Dalton for his commitment over the years.



Duncan Ingram
Chair of Trustees

Objectives and activities

The Children's Trust is the UK's leading charity for children with brain injury and neurodisability. The charity was established in 1984 for the following purposes:

'For the care, treatment, rehabilitation and education of children and other persons with physical disabilities, learning disabilities and complex medical needs, including life-limiting or life-threatening conditions and neurological damage acquired through accident or other causes; for the support of families and other carers involved; and for the prevention of such disabilities and disorders.'

'To hold for the benefit of the public the freehold of the heritage property known as Tadworth Court, Tadworth, Surrey and its curtilage and to restore, conserve, improve and maintain such heritage property and all buildings, walls, parks, gardens, woodlands and appurtenances within its curtilage.'

These objectives still guide us today. We continue to work towards a time when all children with brain injury and neurodisability have the opportunity to live the best life possible.

We deliver rehabilitation, education and community services through skilled teams who work with children, young people and their families.

Our services are provided through:

- Individually tailored rehabilitation programmes for children who have sustained a brain injury.
- The Children's Trust School and Nursery for children with a range of complex education, health, therapy, and care needs.
- A Brain Injury Community Service providing therapeutic support.
- A Brain Injury Hub providing online evidence-based resources for families, teachers, and health professionals.

Our progress against our five-year strategy, Hope and Ambition is presented here as the trustees' 37th Annual Report and the audited financial statements of the charity for the year ending 31 March 2022.

Public benefit

In assessing the charity's impact on our beneficiaries, the trustees follow the Charity Commission guidance and are confident that the services provided by the charity meet those requirements. The trustees and the senior leadership team measure the achievement of the objectives and performance of the charity by regularly reviewing key performance indicators and outcome measures. This is done through monthly business meetings, a quarterly review process led by the Chief Executive and through regular reports to trustees.

Volunteers

While volunteering opportunities were limited in 2021, the loyalty of our volunteers remained consistent. We were thrilled to welcome many more volunteers in 2022 than before the Pandemic. We are forever grateful to those who give their time to support our work and help us make a difference to the lives of children with brain injury and neurodisability.

- Total number of volunteers: 1116
- Event volunteers: 59.4 %
- Retail volunteers: 30.5 %
- Onsite – child facing: 3.1 %
- Onsite – non child facing: 3.1 %
- Staff volunteers: 3 %
- Trustees and Governors: 1.6 %

Strategic report

Achievements and performance

Highlights in numbers 2021/22

- The Children's Trust provided 1633 direct services to children and families (1863 in 2020/21). There were several reasons which we believe impacted how many direct services we were able to deliver in 2021/22. Many families delayed admission due to the ongoing impact of the pandemic and we also suspended some services due to the vulnerability of the children we support. In addition to this, we were forced to close some of our beds due to insufficient staffing levels as a result of recruitment challenges and covid-related absence.
- 82 children received intensive rehabilitation for brain injury or other support from our child and family services at our national specialist centre (72 in 2020/21).
- 80.1 % of the goals for children receiving rehabilitation were achieved as 'expected,' 'more than expected' or 'much more than expected' (83 % in 2020/21). We continuously review the goals we set to ensure that they remain sufficiently challenging, yet achievable for our children and young people. Small variations in this KPI year-on-year are therefore to be expected.
- 92.7 % of families feel confident in recommending us (100 % in 2020/21).
- We had 14,023 active supporters in 2021/22 (14,344 in 2020/21).

Expanding services

As part of our Hope and Ambition strategy we set out to develop and launch five new services over the course of the five-year strategic period. In 2021/22 we launched an Outpatient Movement Disorders pilot. Early treatment options for children with movement disorders are often crucial to prevent decline in their condition. However, there are often long waiting lists for medical and therapy intervention. By developing this service, we have created additional options for local commissioners so more children are able to benefit.

Robotic technology

Thanks to the generosity of supporters, we invested in robotics equipment to support children and young people with movement and their ability to participate in everyday tasks. We have purchased upper limb and lower limb devices. The upper limb equipment helps children move their arms and hands by providing weight relief.

The lower limb robotic device supports children who have limited active lower limb movement. The robotic dynamic standing device, the Innwalk Pro, has helped children at The Children's Trust School access movement and postures that many have never been able to achieve before.

The system supports a child from a sitting position into a standing position and provides guided and repetitive movements in a safe upright, weight-bearing position.

The results achieved through the Innwalk Pro have been significant. Some of the children are standing for the first time in a long time and we have also observed previously distressed children becoming calmer when using the device. Other immediate effects we have seen include; a reduction in muscle tone for children with high tone, increase in oxygen saturations, increased alertness and a clear enjoyment of the activity.

Evidence shows that therapy is supported by repetitive meaningful motor and task practice which these robotic devices enable. We are delighted to have fully invested in technology that will further accelerate rehabilitation outcomes for children.

Equipping teachers to support children with brain injury

Our online programme for schools, Acquired brain injury—an introduction for school staff, was launched in May 2021. By February 2022 more than 400 teachers had completed the programme, with additional sign ups in progress.

The programme was created to give teachers across the UK a basic understanding of childhood brain injury and its effects, as well as the confidence to apply this knowledge to the children they teach. The free session, funded by the Constable Education Trust, is set in the context of the school and classroom and aimed at those with little or no knowledge of acquired brain injury.

The interactive programme takes teachers through the session, with a short quiz at the end to assess their comprehension of the subject. It takes approximately 30 minutes to complete.

Bumps Happen

A new section of the website was created to provide support for families and carers of children who have a bump to the head.

While it is not uncommon for children to experience knocks to the head as they grow up, we know that on occasions the more significant bumps can lead to ongoing problems. Post-concussion syndrome means children can go undiagnosed, and their problems can be misunderstood as behavioural issues.

The "Bumps Happen" section of the website has been created to address this issue. It is an interactive tool which delivers advice and guidance to parents and carers of a child who has had a bump to the head. Using artificial intelligence, Bumps Happen creates a pathway for the user, directing them to appropriate information and, in some cases, it will serve as an entry point for more specialist support from our team.

Public affairs

We were delighted that, following a successful campaign led by a coalition of organisations including The Children's Trust, the government committed to developing an Acquired Brain Injury (ABI) Strategy in December 2021.

The strategy is being created to ensure that everyone with ABI has access to appropriate services and support throughout their lives. We have been heavily involved in this work to date. We have submitted The Children's Trust's unique research around the issues of paediatric brain injury and have hosted joint workshops with the Child Brain Injury Trust (CBIT) for families to share their experiences and views. These have been shared with the government strategy board to help form a fair and inclusive strategy.

We are thrilled that policy makers pledged to create this strategy, but our work is not done. We will continue to work closely with families, government ministers, and the strategy board to ensure that the unique needs of children and young people are addressed in the strategy.

The Children's Trust has also continued to play a key role in the work of the Disabled Children's Partnership; a coalition of over 100 organisations campaigning for improved health and social care for disabled children, young people and their families. As a founding member we have helped steer some of the main campaigns throughout the year.

In February 2022, we warmly welcomed the announcement of a new £30 million fund for short breaks for disabled children – a great win for the Disabled Children's Partnership's #GiveItBack campaign, and a key step in creating a better system of health and care support for every family with a disabled child.

Fundraising

The generosity and enthusiasm of our supporters was inspiring as we returned to in-person events, welcomed supporters back to The Children's Trust site and re-opened the doors of our shops.

We saw an increase in companies fundraising for us as people returned to their offices; our lottery players were offered a greater chance of winning a larger prize as we changed our lottery model and our shops have never been busier.

The Omicron virus took hold in the winter months, so we returned to stricter social distancing measures and sadly had to cancel a few events. But this didn't keep the community down for long and we welcomed over 60 "Surrey Hills Hikers" to our site by the end of the year in March.

Fundraising fuels our ambition for children with brain injury and neurodisability. It underpins our strategic activities and enables us to invest in new services, equipment, facilities and information to help give children with brain injury and neurodisability the opportunity to live the best life possible.

During 2021/22 The Children's Trust supporters raised a total of £4.040m (£4.3m in 2020/21) from fundraising activities. Our shops raised £2.056m (£1.319m in 2020/21) and in addition the organisation received a Covid-related retail grant from the Government of £49k. Our fundraising and retail income is made possible by the very generous contributions from donors, organisations and volunteers who help make our work possible. We are very grateful for their support.

Fundraising focuses on seven main areas:

1. a chain of shops and online retail selling new and donated goods
2. soliciting gifts from trusts, foundations and statutory partners;
3. the solicitation and stewardship of donations from supporters or entries to a lottery being paid either by direct debit, or as cash gifts
4. gifts in wills from supporters
5. running our own events and entering individuals into third-party activities
6. building partnerships with businesses, schools, community groups and other organisations to support them in raising money on our behalf
7. supporting individual members of the public to conduct their own fundraising activities on our behalf.

We also receive Gift Aid on monetary donations, events sponsorship and donations to our shops and in 2021/22 the payments received totalled £333k (2020/21: £267k). Against this, the charity sustained irrecoverable VAT of £903k (2020/21: £1,066k).

54% of donations to us qualified for Gift Aid (2020/21: 46.96%).

As a member of the Fundraising Regulator scheme, The Children's Trust operates in accordance with the Code of Fundraising Practice and is an organisational member of the Chartered Institute of Fundraising.

Fundraising programmes are compliant with the Institute and our own Vulnerable Person's Policy, and the key tenets of the policy are incorporated in our training programmes. The charity also operates a whistleblowing policy and a complaints policy and process. It is also registered with the Gambling Commission for the purposes of running a lottery, conducting a supporter raffle and to hold draws at local events.

The charity continues to review its Supporter Promise, which is available on our website. This confirms our commitment to abiding by the Fundraising Preference Service, and the Mail and Telephone Preference Services.

During the course of 2021/22 we engaged one commercial participator; Sterling, who are the external lottery manager for The Children's Trust lottery. Over the course of the year, we moved from 'Vanguard' lottery, managed by Sterling, to joining Sterling's 'Unity' lottery, which offers supporters larger prizes and a better chance of winning, as well as increased returns for The Children's Trust. We monitor their compliance and there were no incidents to report in 2021/22.

We take a robust approach to handling complaints and welcome feedback from supporters and the public. During the financial year 2021/22, 100% of complaints were investigated.

Complaints in relation to fundraising activity (those in connection with retail operations):

- 2021/22: 19 (retail: 18)
- 2020/21: 16 (retail: 14)
- 2019/20: 42 (retail: 29)
- 2018/19: 56 (retail: 30)

There were no instances where a complaint was required to be referred to the Fundraising Regulator, Ofcom, the Information Commissioner's Office or any other regulatory body.

Supporter highlights from the year:

- Santander Consumer UK were one of the first partners to resume staff fundraising following the Covid-19 pandemic. A sponsored 46-mile trek and other activities raised more than £30,000 for The Children's Trust.
- St George's Hill Golf Club raised over £100,000 for us throughout the year which will support the work of our Brain Injury Community Service (BICS) based at St. George's Hospital.
- National Doughnut Week celebrated its 30th year in 2021. Since the campaign started supporting The Children's Trust over 15 years ago, it has raised approximately £500,000 to support children with brain injury and neurodisability.
- Supercar drivers from all over the country donated their time, tyres and petrol to give adrenaline-charged passenger rides in July 2021 for the Supercar Event, raising more than £30,000.
- We were delighted to be able to support our 33 London Marathon runners when the event returned in October 2021 following a hiatus due to the Covid-19 pandemic. They raised over £93,000.
- Power of Wheels Partnership: We completed a successful five-year partnership with KIA in December 2021. The car manufacturer has raised more than £835,000 for us during this time, supporting the work of our Brain Injury Community Service. In addition, KIA loaned us seven vehicles which completed 728 journeys and covered 57,222 miles!

Trustees' duty to promote the success of the Charity – Section 172 statement

Trustees have a duty to act in good faith to promote the success of the charity for the benefit of its stakeholders and in doing so are required by section 172 of the Companies Act 2006 to have regard for various specific factors including:

The likely consequences of any decision in the long term

The trustees make all key decisions with reference to its broader five-year strategy and to our central ambition for all children and young people with brain injury and neurodisability to have the opportunity to live the best life possible. We include our young people in all key planning decisions across the charity, and indeed they, and their families, helped us to formulate our strategy.

The interests of the company's employees

At the heart of our strategy lies our approach to our people – how we look after, motivate and develop our employees and volunteers and create a sense of being part of something special. We regard ongoing, regular engagement with all colleagues as a top priority.

We have invested in initiatives such as employee voice, employee wellbeing, learning and development and diversity and inclusion and actively ensure we provide a working environment that is safe and secure.

In responding to challenges with the national shortage of nurses and carers, the trustees have also taken decisions to invest in a number of initiatives including international recruitment, staff pay and benefits, time-bound "golden hellos" for new starters, professional qualifications and apprenticeships, career development and exit interviews and data analysis in order to improve staff retention.

The need to foster the company's business relationships with suppliers, customers and others

We recognise that charity can only succeed if our relationships with referrers, funders, donors and key suppliers continue to thrive. We actively engage in service reviews with our funders and with our key suppliers and, acknowledging that these are two-way relationships, we seek ways to achieve mutually desirable outcomes. In particular we have had to work closely with suppliers in the face of significant financial pressures and we have really valued their support in this regard.

The impact of the company's operations on the community and the environment

As part of our Hope and Ambition Strategy we have committed to being a more responsible organisation and to minimising the environmental impact of our activities. For this to happen we need to make sure our practices are sustainable, from the top of our supply chain, through to our impact on our people, the environment, and the communities in which we operate. We have developed a Responsible Organisation Strategy which sets out how we intend to make progress in this area and provides a framework for decision-making.

The desirability of the company maintaining a reputation for high standards of business conduct

We believe that maintaining a reputation for high standards of service delivery and business conduct is fundamental to the longer-term success and viability of the charity. We keep this in mind in everything we do from recruitment and resourcing, the setting of policies and procedures, the choice of suppliers and partners we work with, the level of risk we are prepared to accept and the governance and monitoring arrangements we put in place.

The need to act fairly between members of the company.

The organisation, being a charitable company limited by guarantee, does not have shareholders and its members are limited to the directors of the company. All directors receive the same information about the strategy, operations and finances of the charity and have equal voices in all key decision-making.

Culture & values

Our organisational culture and values sit at the very heart of what we do. During 2021, we embarked on a process to explore our culture and in November we launched new values, which had been shaped by colleagues, volunteers, partners and the young people we support.

This was an important journey for us and our new Promises – which is what we have named our values – will help us create an inspiring and productive workplace for the future. They capture our aspirations as an organisation and will guide the way we act, interact and come together to achieve our goals.

Our Promises were developed in collaboration with our staff, volunteers, partners and most importantly the children, young people, and families that we support. Our Promises reflect the type of culture and environment everybody wants to see at The Children's Trust.

Our 'Promises' are:

Child First:

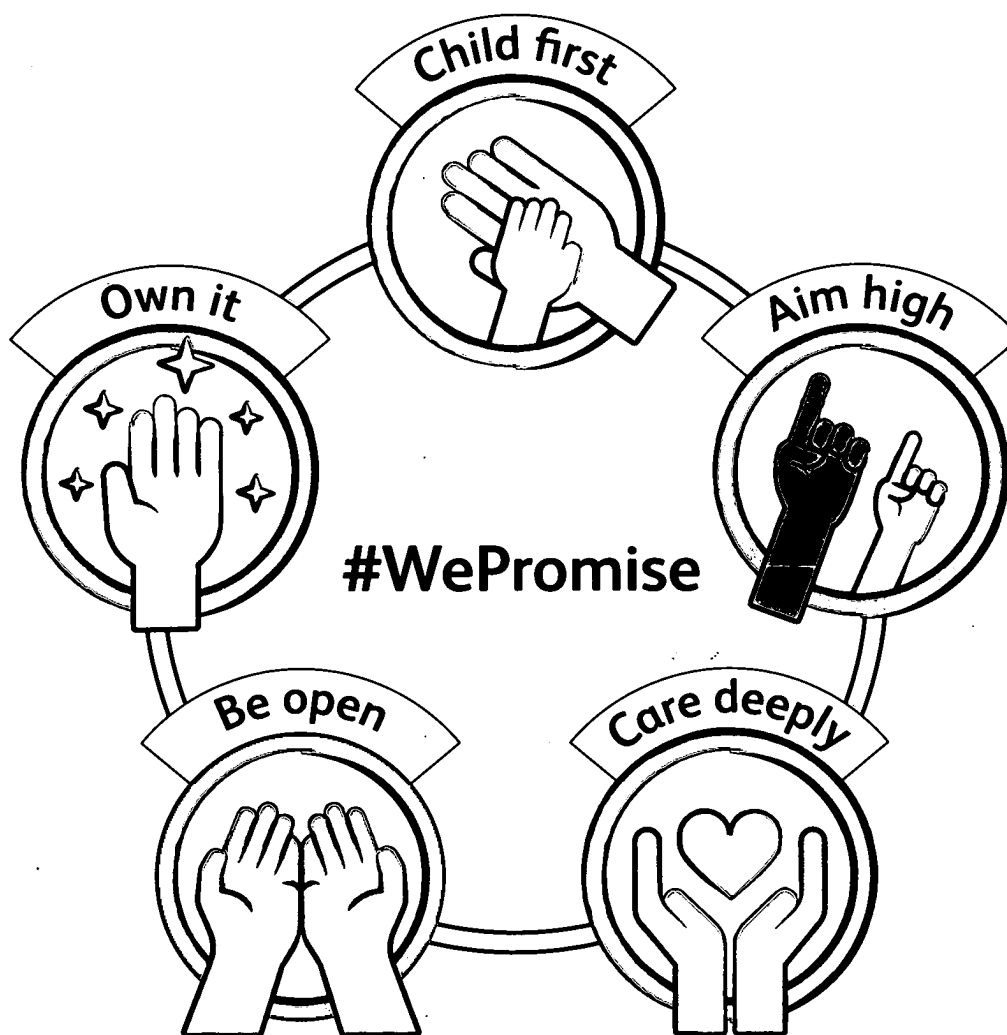
- To put children and young people first, seeking their views and sharing decision-making with them.
- To contribute to our community, making it warm, positive and fun.
- To connect meaningfully with children and young people, enriching their lives.

Aim High:

- To be curious and courageous, exploring new ideas.
- Think big, finding ways to add value and improve what we do.
- To focus on quality, act responsibly and use evidence to support our choice.

Care Deeply:

- To be friendly and show genuine compassion.
- To connect and collaborate effectively inside and outside of our charity.
- To recognise and encourage each other, taking time to celebrate successes.



Be Open:

- To speak up confidently and look for solutions.
- To listen to others, sharing and receiving feedback in a positive way.
- To invite different views, respecting everyone's roles and contributions.

Own It:

- To take responsibility, owning what we do and delivering on our promises.
- To set ourselves high standards and use our expertise across the charity.
- To grow from mistakes, taking every opportunity to develop and improve.

Equity, diversity and inclusion

At The Children's Trust we recognise how important it is to have leadership that reflects the children, young people and families that we support. We also recognise that staff, from a range of backgrounds and bringing different experiences will help us to better understand the needs of those we support, and how we can best represent their interests. We particularly welcome applications from disabled people and make workplace adjustments to accommodate staff, should they acquire or develop disabilities during their employment with us. The Children's Trust is committed to achieving equity, diversity and inclusion (EDI) across all levels of the organisation. Over the last 12 months we have agreed our new EDI strategy and EDI policy, which includes EDI training for our staff. We have established an EDI Steering Group and an EDI Staff Network called Spark. In addition, we systematically collect EDI data submitted by our staff to monitor recruitment and progression of staff.

Progress and challenges: an overview of 2021/22

The table on the right gives an overview of our plans for 2021/22 and insight into our key successes. It also outlines aspects of our strategy that have been more challenging to deliver and how we have addressed these areas.

RAG Ratings:

Red: Project delayed or stopped

Amber: Partially achieved or ongoing

Green: Complete/on track

Aim one: Build on our specialist knowledge to grow our services at Tadworth Court and help more children and young people	Outpatient Movement Disorders: pilot service was launched. Family Offer: This project is aimed at improving the overall experience of families and ensuring equitable access to services. We paused the work in 2022 to prioritise recruitment and retention of staff needed to deliver core services. Building skills: The clinical education team reviewed the training package for ventilation care. A benchmarking exercise was undertaken against other organisations and national guidance. Capital Appeal: We made the difficult decision to postpone our plans to build a new Centre of Excellence, "Project Butterfly". Postponing these plans is disappointing, especially in view of the pledges our donors have made and most importantly, recognising that our young people and staff deserve the best possible environment we can create. However, it is important to make sure that the conditions are right to ensure the long-term success of any new capital build programme.
Aim two: Support every child in the UK with an acquired brain injury	Bumps Happen: A new information section was published on the website for families and caregivers. Interdisciplinary teams: Considerable time was dedicated to stakeholder engagement and consultation to inform the first of these teams. Despite readiness to launch our first Community Neurorehabilitation Service in early 2023, this project will now no longer proceed following an organisational restructure. We are disappointed that this project will not proceed to fruition, but the preliminary work has helped us fully understand the gaps of provision and will support our long-term goal of supporting even more children. Supporting schools: Acquired brain injury – an introduction for school staff, was launched in May 2021.
Aim three: Improve outcomes for children and young people through integration of our specialist skills and approaches	Transdisciplinary working: We created a Transformation and Integration Lead role to continue the strategic work on integrated services. This role took oversight of the work on Transdisciplinary Service Provision, Waking Day Curriculum and 24h Neurorehabilitation, as well as Co-production. We have undertaken work to understand and identify best practice in relation to these areas of work. The work on co-production will enhance how we co-design and co-produce at The Children's Trust in years to come, putting the voice of those who use our services at the centre of what we do. Project Butterfly: Following a programme of engagement with staff, children and young people and other key stakeholders to finalise the designs, in early March 2022 we were delighted to be granted planning permission for the new Education, Health, Therapy and Care facility that has been in development over the last two years. We also began the private stage of a fundraising appeal and were grateful for the early support pledged. Unfortunately, due to the current financial challenges and as stated above, this project has now been postponed for the foreseeable future.
Building Excellence	Culture and values: We rolled out our new values, our Promises in 2021 and 2022. Leadership development: two cohorts 'graduated' and received recognition Business performance projects: The work to increase management effectiveness, including the creation of a central data hub, was paused as we focused on core recruitment and retention. Electronic records: Work progresses positively on the development of our electronic records system. We are now parallel running the system in one of the residential houses alongside paper records to ensure forms are developed as required. This system will be transformative in the way child records are accessed, completed, monitored and maintained. The Electronic Records System is an important element of enhancing our documentation process, in maintaining children and young peoples' records and ensuring that there is one accurate and integrated view of the young person's needs.

Financial review

Financial performance and position

In the 2020/21 report we said that we expected to return to pre-pandemic levels of activity and income by the second half of 2021/22. This was partially achieved – referrals were 28% higher than in 2020/21 (136 v 106) and returned to pre-pandemic levels. However, although demand for admissions was strong, we had to deal with critical consequences of the national chronic shortage of nursing and care staff from October 2021. This meant beds being temporarily closed to new admissions during the winter period, increased recruitment costs and another year of extensive use of temporary and agency staff to ensure the safety and quality of care was not compromised.

In fundraising there was strong performance in donations driven by the capital campaign. Retail income recovered as anticipated but some significant fundraising events were cancelled and so events income did not return to the pre-pandemic levels as we had hoped. We also had a poor year for legacy income.

Given the organisation's financial situation the trustees decided that Project Butterfly was unlikely to go ahead with the current design plans for a new building to house the school and the project should be postponed for the foreseeable future. The project will need to recommence at some point as it is a business need to upgrade or replace our school building within the next 8 – 10 years but we are likely to move to a more affordable and sustainable option. How and when we accomplish this will form a key part of the recovery plan.

All costs incurred to date for Project Butterfly for design, planning and development work are shown in assets under construction in Note 14 in the 2021/22 accounts have been impaired to £nil by the trustees, a decision taken post year end in light of the decision to postpone the project for the foreseeable future due to the financial position of the Trust.

The overall impact is that we are reporting a £3.1m operating deficit in 2021/22 before the £1m impairment and unrealised investment gains. The trustees believe the organisation is still a going concern as detailed in the section below (page 17).

Working capital

During 21/22 we faced a number of working capital challenges:

- Significant delays in expected legacy receipts and certain grants from the NHS.
- Our cash position was being affected by the realisation that our costs were now out of line with our income to the extent that the gap was becoming greater than that which fundraising could cover.
- Timely collection of debts was inconsistent and at times very difficult.
- We had committed funds to strategic capital expenditure programmes that were creating too great a drain on increasingly stretched resources.

During the financial year, cash was bolstered from the investment portfolio twice during the period (totalling £1.5m) in order to reduce the pressure.

The 2022/23 Q1 financial review, undertaken by the Head of Finance following the departure of the former Finance Director, reported that the working capital position was critical with significant trade creditors (£1.79m), HMRC payment arrears (£1.5m) and overdue pension contributions (£250k), despite a further £500k cash injection from the portfolio in April 2022.

The trustees concluded at an extraordinary meeting of the Finance, Fundraising & General Purposes Committee on 5 July 2022 that this position was untenable and posed a serious threat to the charity. A financial review group was immediately established to investigate and develop a response plan. A serious incident notification was filed with the Charity Commission on 9 August after some exploratory analysis had been undertaken to verify the potential situation.

The recovery plan, approved by the trustees in November 2022, formed the basis of a successful application for loan funding to Charity Bank and Big Society Capital. The £5m loan facility (with mortgage secured on the land & buildings), was approved and signed by the trustees on 30 January 2023. The trustees believe that this is sufficient to pay remaining overdue creditors and to support the delivery of the recovery plan. Further information about the loan is included in the Going Concern statement on page 17.

At the time of writing, the reset budget for 2022/23 is being met or exceeded and we are once again operating at full bed capacity.

Key financial performance indicators

	31/03/22	31/03/21
Turnover (£'000)	28,893	28,468
Year end trade debtors (£'000)	1,501	1,136
Year end debtors (days)	26	15
Year end trade creditors (£'000)	1,607	1,032
Total expenditure (£'000)	33,094	29,424
Year end creditors (days)	66	53
Inventory (months)	0.77	0.6
(total non pay actual less insurance and depreciation over inventory)		
Completion of capital programme (%)	66	102
Agency spend (£'000)	636	817
Payroll (%)	3	4
Bank staff spend (£'000)	475	389
Payroll (%)	1.96	1.74
Fundraising margin (%)	33	32
Retail margin (%)	30	-1
Average yield on investments (%)	-11	25
(dividend income plus change in portfolio value over average amount invested over the year)		

Reserves

As at March 2022, reserves totalled £23.6m (2021: £27.4m), of which £1.4m (2021: £2.4m) relates to Restricted Funds and £0.7m (2021: £0.7m) relates to Endowment Funds. Of the remaining balance of £21.5m, £18.9m (2021: £17.2m) has been Designated to represent that element of the reserves which is represented by fixed assets and is therefore not available as working capital.

With regard to the balance of £2.6m (2021: £6.9m) of 'free reserves', the view of the trustees is that this balance is required due to the previously stated element of financial risk being carried as the charity transitions back to its pre Covid-19 levels of activity and bears additional financial pressures brought about by staff shortages and anticipated inflationary impacts.

These allocations are consistent with the basis previously adopted by the trustees: each year the trustees review reserves and allocate cover to specific areas of concern. However, the response to the financial challenges referred to above has reduced the reserves to an unacceptably low level. In 2023 as part of the recovery plan, the trustees will be developing a reserves policy reflecting the new operating model and will determine how and over what period an appropriate level of reserves is achieved. Current forecasts show the organisation achieving financial stability in 2024/25 after a transition year 2023/24. The new reserves policy will balance the need to build up funds for stability and future developments against the plan to pay down the recovery loan as soon as possible.

Investment policy and objectives

The investment policy has been to preserve capital value in real terms and produce a certain level of income, although the charity does not rely on that income. The investment managers are instructed to return a balance between income and capital growth and the portfolio is constructed with this in mind. The risk profile is Medium/High with a horizon of 5-10 years. This policy will be reviewed in 2023 as part of the recovery plan given the change in financial circumstances.

- At December 2021, the value of our portfolio had increased by £0.7m (8%) since April 2021. With the outbreak of the war in Ukraine, £0.6m of value was lost by February 2022. There was a small improvement towards the end of March, but a further £0.4m of value was lost over April and May.
- The £169k (2.4%) yield on investment income remained low compared to pre-Covid levels but was a slight improvement on the 2.1% yield of £171k in 2020/21.
- Results continue to be monitored by the Investment Committee, which meets with representatives from Investec at each meeting.
- Post year end the charity had to withdraw substantial funds from the investment portfolios for working capital and as at December 2022 the total invested had reduced from the £7m held at 31 March 2022 to £1.9m in January 2023.

Environmental, social and governance (ESG) impact of our investment portfolio

The current investment policy precludes any direct investment in tobacco companies and other companies that may harm or exploit children or young people. As part of our responsible organisation work, we report on the Environmental, Social and Governance (ESG) impact of our investment portfolio in the annual report and accounts. The ESG performance of our investment portfolio is measured and benchmarked by two separate third party analytics solutions providers (Sustainalytics and Institutional Shareholder Services) that give us a score against sustainability factors and alignment with the UN Sustainable Development Goals. Our direct investments scored an average of +2.4, when scored against the UN Sustainable Development Goals with a range of +10 to -10. The MSCI UK IMI index benchmark is +1.2. Sustainalytics measured our average score as 20.2 (range is 0-100 with low scores good and high scores bad). The MSCI UK index average score is 21.7. In conclusion our investment portfolio ESG scores are better than the average and benchmark scores for UK wide investments. In the next year we will continue to review how we approach and report on responsible investments.

Principal risks and uncertainties

During the year, the trustees, supported by the audit and risk committee, has reviewed and updated the organisation's risk management policy and framework and agreed its risk appetite in May 2022.

Taking account of the highly vulnerable nature of the children and young people supported by the charity, the trustees adopt a cautious approach to risk-taking.

In common with many charities and other organisations operating in the health and social care sector, we continue to face a number of significant headwinds in the wake of the pandemic which increase uncertainty for our business. These include global inflation, a cost-of-living crisis, the declining health of public sector finances, public sector pay-related strike action and record health and social care vacancies across the UK. There are processes in place for the senior leadership team, the trustees and committees to regularly review and monitor the organisation's principal risks and uncertainties, taking account of the external environment, as well as the measures being taken to reduce and mitigate them.

Over the last two years, the Covid-19 pandemic has featured at the top of our list of principal risks, both in terms of the real threat to life that the virus posed to our clinically vulnerable children and young people and in terms of the business disruption and financial pressures it brought to bear. As we have moved into the new financial year, the severity of the threat posed by Covid-19 has diminished significantly and at the time of reporting it is no longer considered to be a principal risk. Covid-19, along with seasonal flu and other viruses and infectious diseases is dealt with as part of our overall Infection Prevention and Control strategy, policies and procedures, with monitoring and oversight provided via the Clinical Governance and Safeguarding Committee.

The following table sets out the trustees' assessment of the charity's principal risks at the time of writing, alongside the control measures and mitigations in place to manage them to within an acceptable level.

Principal Risk	Control Measures and Mitigations
Financial sustainability The senior leadership team and trustees have developed a comprehensive financial recovery plan to dramatically cut operating costs, address loss-making contracts and increase efficiency through a new front-line service delivery model. We are confident that we have a financially viable business model, although our financial recovery is not without risk. In particular, we will need to comply with a number of financial covenants attached to the bank loan we have recently secured. Key external risks include global inflation and the cost-of-living crisis; financially stressed local authorities (our funders); public sector pay pressure (in particular, Agenda for Change in the NHS) and health and social care staff shortages which impact our ability to staff beds and simultaneously increase our recruitment and retention costs. The squeeze on public sector finances may make it more challenging to negotiate fee uplifts to cover our increasing operating costs. In the longer-term, changes in the national commissioning landscape (in particular a preference for more local healthcare provision) may impact the volume of referrals we receive from the newly formed Integrated Care Boards (ICBs) or could lead to a material reduction in our national specialist commissioning contract with NHS England.	A key element of our financial recovery plan is a material reduction in operational expenditure, through an organisational restructure. The other significant element is a £5m cash injection in the form of a commercial loan. Our financial modelling has been set conservatively and our key assumptions have been reviewed and tested independently. Performance against the new budget will be closely monitored by the Finance Fundraising and General Purposes Committee. At the time of writing, demand for our services is strong and we have turned a corner on the recruitment of nurses and carers such that we were at full bed occupancy in December 2022. The bank loan and our new financial model mean we can stabilise working capital and this will be an area that is kept under close scrutiny. We have a rolling, annual contract with NHS England with whom we meet on a quarterly basis to review performance and to have early sight of any potential changes to the volume, value or longevity of our contract. In the longer-term our current strategy envisages the expansion of our brain injury community services, positioning the charity strategically to support national changes to specialist commissioning and to deliver rehabilitation in the community, closer to home, through funded packages of care.
Reputation There is a risk that the charity's reputation with funders, donors, suppliers, staff and other key stakeholders is damaged as a result of serious incidents or a decline in regulatory inspection ratings, to the extent that it threatens our recovery plan and the achievement of the charity's broader aims and objectives.	Our most recent full inspections by CQC and Ofsted Children's Homes were in January 2020 and May 2022 respectively and found our service to be "Outstanding" and "Good" respectively. More recently we have had a number of visits from local authorities and regulators, all of which have confirmed our service meets expected standards. Ofsted Education undertook a section 8 visit in November and found evidence of improved performance. We are aware that given the charity's financial position and recent serious incident, strong engagement and a focus on strengthening relationships with all stakeholder groups will be key going forward.

Principal Risk	Control Measures and Mitigations
Recruitment and Retention Record nursing and care vacancies across the health and social care sector continued to impact our business right through the first half of 2022-23. Whilst we believe that the actions we have been taking to address this are effective and are bearing fruit, being able to recruit and retain sufficient and appropriately skilled staff in the longer-term remains critical to meeting our income targets.	We have started 2023 with a full establishment of nurses and carers and have a rigorous recruitment and retention plan. Measures and initiatives we have implemented include the use of specialist recruitment agencies, actively marketing overseas, aligning pay and benefits with the NHS Agenda for Change, applying London-weighting, extensive marketing and advertising campaigns across social media and local radio, a new nurse apprenticeship programme and preceptorship for newly qualified nurses, new partnerships with local universities and colleges and expanding our staff accommodation offer. We have reviewed the drivers of rising staff attrition which has informed a range of additional retention measures. These measures include defining clear career development pathways and expanding our learning and development. We are already seeing the impact that these measures are having in reducing attrition as we begin 2023. Our senior leadership team monitors a series of KPIs on a monthly basis, including vacancy rates, job application and conversion rates, progress against recruitment targets and leavers and sickness absence, to assess the effectiveness of the measures we are taking. These KPIs are being reviewed by trustees for potential inclusion in the trustees management information pack for 2023/24.
Organisational Strategy and Transformation The success of our financial recovery plan and future viability will rely heavily on how well we execute organisational change, including the transition to a new service delivery model. Ensuring that staff, funders, regulators and donors are on board with the changes we plan to make will be key. There will be a number of departures, retirements and new appointments at trustees and senior leadership level in the coming months and the interim period could bring about organisational instability at critical point in our recovery. A comprehensive review of strategic projects will need to be undertaken in early 2023-24 as they will not all remain viable. The challenges with operating the school from a building which is time-expired remain and will need to be addressed in the forthcoming strategic period. The wider, 24-acre site at Tadworth Court presents additional challenges in terms of significant financial overheads.	We have established a taskforce of senior managers to lead on and oversee the implementation of our financial recovery plan. The governance of this significant programme of work includes regular oversight by the senior leadership and by the board and its committees. We are progressing plans at pace to make new appointments to the Board of Trustees and senior leadership team in order to build the future change leadership capability. This will include the appointment of a new Chief Executive and Chair of Trustees. The senior leadership team and trustees will undertake a comprehensive strategic review in the first half of 2023-24; including a review of our sustainable property strategy.

Principal Risk	Control Measures and Mitigations
Quality, Safety and Compliance Delivering high quality and safe services is a primary objective. A failure to comply with regulatory requirements could compromise the health and safety of our children and young people and colleagues and/or lead to significant fines, negative publicity and a decline in referrals to our services.	We have robust policies, procedures and controls in place to ensure compliance with applicable regulations. Our most recent full inspections by CQC and Ofsted Children's Homes were in January 2020 and May 2022 respectively. CQC rated our service as "Outstanding", and Ofsted found our service to be "Good". CQC undertook a targeted inspection in May 2021 and reported that overall rating for the service had not changed and remained "Outstanding". We also received a supportive letter from CQC in June 2022 in response to the coroner's prevention of future deaths report.
Safeguarding The Children's Trust supports some of the most vulnerable children and young people in our society. A failure in our internal control system or governance arrangements to prevent or adequately respond to safeguarding incidents and near misses could put our children and young people at risk of harm and adversely impact our CQC and Ofsted Care ratings.	Safeguarding is one of the charity's top priorities and trustees dedicate significant time and attention to checking and challenging the effectiveness of governance arrangements and systems of risk management and control in this area. Our rigorous recruitment procedures, policies, staff training and open and transparent culture help us reduce the likelihood of a safeguarding incident taking place and ensure that risks and issues are identified and addressed at the earliest possible opportunity. Where serious incidents and near misses occur, management and the trustees are committed to ensuring that there is effective institutional learning.
Cyber Security The level of cyber threat facing organisations globally is increasing including the threat of state-sponsored attacks. There is a risk of a major cyber-attack impacting the charity either directly or indirectly, leading to loss of confidentiality, integrity or availability of critical personal, financial and business data.	We have a number of information security and data protection policies in place, overseen by our Information Governance Committee. Information security measures include, anti-virus and malware detection software, multi-factor authentication across our corporate network and systems, regular vulnerability scanning and penetration testing, system back-ups and disaster recovery plans, due diligence on all IT suppliers and data processors and in 2022, we entered into a contract with a specialist firm for 24/7 security incident and event management services. Mandatory, annual information governance training which covers cyber security and social engineering is in place for all staff and trustees. This is supplemented by monthly bite-sized, online training and simulated phishing emails to test awareness and understanding across the workforce.

Annual statement of internal control

The Charity Commission's guidance on 'Internal financial controls for charities' states that 'trustees should, at least annually, ensure a review is conducted of the effectiveness of the charity's internal financial controls'. The trustees retain ultimate responsibility for the charity's system of risk management and internal control in its widest sense.

The Finance department undertook a self-assessment of the charity's internal financial controls, using the Charity Commission's checklist, early in the second half of 2021/22. No exceptions were noted.

The Audit & Risk Committee formally reviewed the wider system of risk management and internal control in February 2022. The conclusion reached was that there had not been any significant control failures but that there were opportunities to enhance the internal control framework as follows:

- Improve the overall effectiveness of risk management with a particular focus on risk appetite, the further development and reporting of KPIs and KRIs and greater scrutiny and challenge of management's risk responses.
- Internal Audit to independently review and assess the charity's key financial controls as detailed in the Charity Commission's self-assessment tool.
- Formalise fraud prevention and detection controls following the charity's stated commitment to the Charity Commission's "Stop Fraud Pledge".

Since the review of internal controls in February 2022, the trustees formally reviewed and approved its risk appetite in May 2022; a fraud risk assessment has been undertaken and there is ongoing work to develop and improve the reporting of key financial performance and risk indicators. Internal Audit has also completed a review of financial governance and controls in November 2022, further detail is provided below.

Significant Control Failures

Post-year end, as part of the financial review undertaken in July 2022, significant concerns were raised by the senior leadership team about the charity's working capital position, liquidity and future solvency. Consequently, a serious incident was reported to the Charity Commission at the beginning of August 2022. A comprehensive internal audit was completed in November 2022 to examine the root causes and to make recommendations for the tightening of financial governance and internal control. The key areas identified for improvement include:

- The quality and integrity of management information reported to trustees.
- Tightening of policies and procedures designed to manage risk exposure effectively, including treasury management, reserves, capital expenditure and staff remuneration.

- Scrutiny and challenge – ensuring that there is effective financial governance and oversight at management and board level.
- Culture and behaviours – ensuring all voices carry equal weight, that conflicts of interest do not arise and that all colleagues feel empowered and supported to speak up.

The implementation of the agreed management actions from the internal audit will be closely monitored by the Finance, Fundraising and General Purposes Committee and the Audit & Risk Committee.

Other Incidents

After five years, the Coroner's inquest into the tragic and unexpected death of five-year old Connor Wellsted in May 2017 finally concluded in April 2022. The Coroner issued a Regulation 28 "Action to Prevent Future Deaths" report which was critical of management's handling of the incident and raised a number of concerns for the charity to respond to. The Children's Trust formally responded to the coroner's report on the 8 July 2022. Whilst the report contained a number of factual inaccuracies (which we addressed in our response), we ultimately accept the coroner's findings. The Children's Trust is an organisation committed to listening and responding to all feedback. As such our response detailed the measures that have been implemented since Connor's death as well as further actions management will be taking, overseen by the trustees, to ensure that such a tragic incident can never happen again. The CQC, NHS England and Surrey Heartlands were invited to respond to the coroner's prevent of future deaths report as well. Their responses are published on HM Coroner's Court website and include positive commentary on the steps we have taken and the quality of our service. The trustees and senior leadership team express their deep regret over Connor's death and offer their sincere condolences to Connor's family and foster parents.

Going concern

Post year end, as part of the Q1 Financial Review, it became apparent that the budget for 2022/23 was not going to be achieved. The trustees decided that the charity's financial position should be reported to the Charity Commission in a Serious Incident Report. Immediate action was taken to reduce expenditure in areas that would not impact on the children in our care and a financial review was undertaken in which it was apparent that the charity could not continue to support its current staff levels. Discussions were opened with potential providers of loan finance, using the charity's significant property assets as collateral, given the significant cash injection required to enable us to trade through a transition and return to financial stability.

In October 2022 the trustees approved a new working model presented by the senior leadership team that refocussed delivery on the specific requirements of our contracts with commissioners and proposed a reduction in headcount of approx. 15%. A formal revaluation of the Tadworth site identified a £3.8m increase in the value of the property which supported applications for loan funding. The recovery plan, approved by the trustees in November, set out a path to deliver an operating surplus by the end of 2023/24. Longer term it is anticipated that the new Chair and Chief Executive will lead on a strategy for the next 5 – 10 years that will identify how best the charity can return to a sustainable financial position that focuses on delivering the best possible experience for our stakeholders: where growth can be achieved and we make best use of our site and property.

This plan was the basis of an application which resulted in a £5 million loan facility over 25 years provided by Charity Bank (£4m) and Big Society Capital (£1m) that was agreed in January 2023. The financial covenants for this loan give Charity Bank the right to approve the appointment of trustees and the Chief Executive, to attend Board meetings and require the charity to meet certain milestones in relation to the recovery plan.

A restructuring consultation formally began in December 2022 with proposed changes that would deliver the planned headcounts by May 2023. We started recruiting for the Chief Executive and Chair in January 2023 as soon as we were able to do so. We expect it will take some months to fill these important positions.

The trustees have confidence in the recovery plan and, with the Charity Bank loan offer accepted by the trustees on 30 January 2023, they expect the charity to return to an operating surplus in 2023/24 and a full accounting surplus in 2024/25. The trustees consider that, upon receipt of the loan funds, the charity is a going concern. However, they believe a material uncertainty exists until such time as the recovery plan is fully implemented.

Future plans

It has been a challenging year for the charity. However, the children and young people that come to us for rehabilitation and education have few alternative options and we aim to be here for them, for as long as we are needed.

Our future plans are therefore focused on putting in place the recovery plan to reduce our cost base, find new ways to create value from our assets and strengths and to ensure we are being paid fairly for what we deliver. At the time of writing, the trustees have approved a proposal to revise our operating model to give us the best chance of returning to a sustainable financial position, whilst still providing the high-quality education, health, therapy and care that our children and young people require and indeed, deserve.

Subject to restructuring proposals being approved; the focus for the future year will be in transitioning to a different way of working as well as starting to develop the longer-term vision and a refreshed strategy.

This new model will:

- Offer an integrated service model across education, health, therapy and care.
- Align services against our regulatory frameworks/ safeguarding requirements, contractual obligations and statutory provision.
- Deliver services that are both clinically safe, effective and priced to match the cost of provision.
- Support transition processes for those aged > 18 years old, to make capacity available for more children to access The Children's Trust School.

This new way of working will:

- Use beds more flexibly, responding to the needs of the young people requiring our services and provide a flexible workforce that can meet a range of children's needs.
- Allow for a workforce that is responsive to meet needs across all houses, benchmarking with similar providers.
- Strengthen site wide cover and support via 24/7 senior nursing cover
- Align therapy and psychosocial capacity with contractual requirements e.g., NHS England guidelines.
- Focus on delivery of statutory provision with Education, Health and Care plans.
- Enhance the role of the Clinical Education Team to include advice, clinical support and education across the multi-disciplinary team.

- Co-design and co-produce our services with children, young people and families, with a greater focus on partnership with families and professionals.
- Integrate with and provide access for the Children and Young People (CYP) to local healthcare systems such as GPs and secondary care.
- Be cost effective and enable us to be a sustainable organisation for the future.

Environment

Streamlined Energy and Carbon Report

Start date for SECR period	1st April 2021
End date for SECR period	31st March 2022

Methodology

All the SECR data requirements for unquoted 'large' companies have been met and the energy consumption and emissions are reported below. This includes UK consumption of electricity, gas and transport fuels where the company is responsible for the fuels.

The methodology used to calculate emissions is the GHG Reporting Protocol Corporate Accounting and Reporting Standard. UK Government greenhouse gas emissions conversion factors for 2020 have been applied.

Scope 2 emissions from purchased electricity have been calculated using the location-based approach only.

Base Year Recalculation

We are following advice given in the government's guidance on how to measure and report greenhouse gas emissions. Should we discover errors in the energy and fuel consumption data that we used to calculate our year emissions, we will recalculate our base year emissions using revised/amended data in order to correct the errors. This is the case for the baseline year 2019/20 in this report.

Third party verification

No third-party data verification of the emissions data has been carried out

Reported emissions (and carbon offsets)		tonnes CO ₂ e		
	2021/22	2020/21	2019/20	
Total gross emissions (Scope 1,2 and 3)	429.4	396.8	612.0	
Total direct and indirect emissions (scope 1 and 2)	422.1	389.0	595.8	
Total direct (scope 1) emissions	172.1	139.1	289.7	
Direct emissions (scope 1) stationary combustion	149.6	119.8	238.4	
Direct emissions (scope 1) mobile combustion	23.1	19.3	51.4	
Direct emissions (scope 1) from transport mobile combustion	23.1	19.3	51.4	
Direct emissions (scope 1) from other mobile combustion	0.0	0.0	0.0	
Direct emissions (scope 1) from agricultural sources	0.0	0.0	0.0	
Total indirect emissions (scope 2)	249.4	250.0	306.0	
Indirect emissions (scope 2) from electricity	249.4	250.0	306.0	
Total other indirect emissions (scope 3)	7.3	7.7	16.3	
Other indirect (scope 3) emissions from business travel	7.3	7.7	16.3	
Other indirect (scope 3) emissions from business travel where company is responsible for purchasing fuel	7.3	7.7	16.3	
Energy Consumption		kWh		
Total energy consumption used to calculate emissions	2,034,841	1,831,198	2,767,184	
Energy consumption, combustion of gas	736,910	651,561	1,296,512	
Energy consumption, electricity	1,168,418	1,065,586	1,190,750	
Energy consumption, combustion of transport fuel	129,513	114,051	279,922	
Energy consumption, other	0	0	0	
Intensity ratio		tCO ₂ e/sqm	tCO ₂ e/FTE	tCO ₂ e/FTE
Intensity ratio	0.030	0.6	0.6	
The reported emissions intensity ratio is the total gross emissions (scope 1,2 and 3) per Square Meter of Total floor area.				
Intensity ratio based solely on mandatory data	True			

Energy efficiency action report

1. Due to the continuing Covid-19 pandemic there was still reduced opening hours in the retail units and reduction in the mileage completed by our fleet of vehicles. This will therefore show an increase in 2022/23 which we will work to flatten through the Green plan.
2. As a result of the Covid-19 the organisation has adopted new digital ways of working that have reduced emissions including electricity use and staff commute emissions as we transition into a more hybrid approach to working. The estates strategy programme will continue to develop this and implement initiatives as approved.
3. All new projects and developments must now undertake a sustainability impact assessment, that asks all project managers to consider environmental impact (as well as other impact) of their project and whether the organisation can redesign, mitigate or accept this impact.
4. In 2022 as part of the delivery of the Estates strategy, a more sustainable means of operating will be developed.

This includes reducing reliance on natural gas systems. As a result the organisation will see an increase in electricity use from 2022 which will be from 100% renewable sources (subject to contract approval).

5. We have updated the intensity ratio for this year to be based on total floor area of our estate. This will provide a more realistic picture of our infrastructure and will make it easier to include the new education centre when appropriate.
6. The data from this report is understood to be accurate at the time of writing.

Energy Consumption Summary 2021/22

Energy Consumption	kWh
Total energy consumption used to calculate emissions	2,034,841
Energy consumption, combustion of gas	736,910
Energy consumption, electricity	1,168,418
Energy consumption, combustion of transport fuel	129,513
Energy consumption, other	0

Statement of trustees' responsibilities

The trustees (who are also directors of The Children's Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

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

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

The trustees also confirm that, in the case of each of the persons who were directors at the time of reporting and as far as each trustee was aware, there is no relevant audit information of which the charity's auditor is unaware, and that they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Structure, governance and management

Structure, constitution and objects

The Children's Trust was established and incorporated on 30 September 1983, and assumed the management of the Tadworth Court site from 1 April 1984. As a charity we seek to benefit the public through the pursuit of our objectives and aims as set out in our articles of association.

The Children's Trust is a charitable company not having a share capital. The charity's objects as set out in the Articles of Association describe the charity's core purpose which is: "for the care, treatment, rehabilitation and education of children and other persons with physical disabilities, learning disabilities and complex medical needs, including life limiting or life threatening conditions and neurological damage acquired through accident or other causes; for the support of families and other carers involved; and for the prevention of such disabilities and disorders."

In addition, our objects define a further duty to: 'hold for the benefit of the public the freehold of the heritage property known as Tadworth Court, Tadworth, Surrey and its curtilage and to restore, conserve, improve and maintain such heritage property and all the buildings, walls, parks, gardens, woodlands and appurtenances within its curtilage.'

The Children's Trust Trading Company Limited is a wholly owned trading subsidiary of The Children's Trust, trading from 1 April 2020. The subsidiary re-commenced trading during the year 2020, after an interregnum of 18 years. This has been re-established because of increased business and levels of commercial activity. However, with the cancellation of virtually all public activities during the pandemic, revenues and costs were not significant enough to necessitate using the trading subsidiary. The decision was taken to keep all such transactions in the charity in 2021/22 as they are below the £80k non charitable object related trading limit. This will be reviewed in 2022/23 and if there is no need for the trading subsidiary, we will make it dormant again and keep its existence as a separate legal entity under review.

Organisational structure

The charity's organisational and governance structure is designed to support the effective management and oversight of its three key income generating activities, being:

- Residential neurorehabilitation and disability services at Tadworth Court, including a children's home for pupils at The Children's Trust School
- The Children's Trust School
- Fundraising and Retail

The Children's Trust Board of Trustees							
Remuneration Committee	Research Governance Committee	Clinical Governance and Safeguarding Committee	Educational Governance Committee	Finance, Fundraising and General Purposes Committee	Audit and Risk Committee	Investment Committee	Appointments Committee
Senior Leadership Team							
Directorates							
Director of Nursing and Quality	Medical Director	Director of Therapies	Finance Director	Chief Executive	Director of Strategy and Transformation	Director of People and Culture	Director of Fundraising, Retail and Communications

Board of Trustees

The Children's Trust is governed by the Board of Trustees ("the board") who are also the charity's directors under company law. Our trustees may serve in total for a period of nine years with the option to stand for re-election annually thereafter, for a maximum of three further 12-month terms.

When recruiting and appointing trustees, we look for individuals who can provide leadership and expertise across our key services and disciplines of nursing, care, education, therapy and fundraising and who can support and bring effective challenge to the senior leadership team on business strategy, finance, operations, governance, risk and regulatory compliance. Each trustee is assigned as a lead for a particular business area or professional discipline.

Like many charities we recognise the importance of board diversity and are committed more broadly to the principles of equity, diversity and inclusion from 'board to floor'. Aside from ensuring the board collectively has the necessary professional skills and sector-specific experience to govern the charity effectively, we are actively reviewing our approach to recruitment to ensure that our board and wider workforce are more representative of the beneficiaries and communities we serve.

The board meets six times a year, with the Chief Executive and other members of the senior leadership team in attendance. Each meeting follows a core set of agenda items, allowing trustees to hear from and challenge management on business performance and to have oversight of governance, risk and compliance matters. In addition, a rolling board agenda builds in strategic check-points, governance reviews, risk deep dives and operational spotlights at key points throughout the year.

All trustees follow a dedicated induction programme and complete mandatory refresher training across key areas of risk and compliance, such as safeguarding, health and safety, infection prevention control and information governance annually. We set high standards of professional conduct and integrity for our trustees and conflicts of interest are regularly reviewed.

As part of board succession planning, the board has recently conducted an exercise to define the skills and experiences most important to the future success of The Children's Trust and performed a gap analysis against existing skills and experiences. This identified areas of strength and some gaps. The output of this is informing the candidate profiles for trustee recruitment.

The trustees have the benefit of a qualifying third-party indemnity provision as defined by section 234 Companies Act 2006. The Charity purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its trustees.

Board Committees

Given the breadth of sectors we operate across, the board delegates some of its key functions and responsibilities to a number of specialist committees as follows.

Clinical Governance & Safeguarding Committee

This committee provides structured and systematic oversight of the organisation's clinical governance, risk management and safeguarding policies and procedures. It holds management to account for compliance with key regulations and statutory guidance, including the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014; Care Quality Commission (Registration) Regulations 2009 and The Care Standards Act 2000 and provides assurance to the board over the same. The committee meets at least five times per annum.

Educational Governance Committee

This committee has delegated authority to act as the de facto 'governing body' of The Children's Trust School. The scope and objectives of the committee are informed by UK legislation and statutory guidance from Department for Education. The committee's role is to hold the Director of Education and senior leadership team to account for the educational performance, internal organisation and management and control of the school, including the performance management of staff. The committee meets four times per annum.

Finance, Fundraising and General Purposes Committee

The primary purpose of this committee is to support the board in ensuring the charity manages its finances, income, human resources, estates, facilities and IT responsibly and ethically in pursuit of its charitable purposes, and that its fundraising practices are compliant, efficient and effective. The committee normally meets five times per annum however the frequency has been increased in 22/23 in response to the need for additional scrutiny and review of the financial position and plans.

Audit & Risk Committee

The primary purpose of the committee is to provide assurance to the board on the adequacy of risk management, internal control and governance arrangements and that public and charitable funds are used efficiently and effectively. The Audit & Risk Committee is responsible for the appointment and removal of the external auditor, for the ongoing relationship and liaison with the auditor and for monitoring management's responsiveness to both internal and external audit findings and recommendations. The committee meets five times per annum.

Investment Committee

The primary purpose of the committee is to establish and monitor the charity's investment and reserves policies. The committee meets four times per annum.

Appointments Committee

The committee's primary purpose is to review board composition and approve trustee, honorary officer and senior leadership team appointments. The committee meets once per annum or as and when necessary for new appointments.

Remuneration Committee

The primary purpose of the remuneration committee is to determine employment and remuneration policies and to approve the annual pay review. The committee meets once per annum.

Research Governance Committee

This committee was established to ensure that the charity undertakes good quality research to further its reputation with leading clinicians and healthcare institutions.

New Build Committee

This committee was established to govern all aspects of a major construction project at Tadworth Court (Project Butterfly). Our plans had been to build a new £15m facility to replace the existing school building and provide shared spaces for our multi-disciplinary teams, children and young people and their families to come together. Given the decision to postpone Project Butterfly for the foreseeable future and our commitment to revisit our business strategy in early 2023/24, there are no plans for this committee to convene for the foreseeable future.

Governance

The Governance Working Group which comprises three trustees, Director of People & Culture, Director of Education and the Company Secretary meets periodically throughout the year sets an annual programme of work focussed on reviewing and improving compliance with the Charity Governance Code, adopted by the charity through our 'Principles of Governance'.

In 2021/22, the working group has reviewed and updated the charity's Articles of Association, Matters Reserved for the board, Delegation of Financial Authority and the terms of reference for each of the board's committees.

An external board effectiveness review was also commissioned in the second half of the year which found the charity was strong on the technical and regulatory aspects of governance but that heavy workload in these areas sometimes reduced the time for consideration of more strategic, external facing issues. Overall, the review concluded that the charity was well-run. The Governance Working Group, alongside the board, is taking forward the recommendations from the review.

Since the year-end and following the reporting of the serious incident to the Charity Commission, a number of areas for improvement have been raised as part of an internal audit of the charity's financial governance and internal controls. Implementing the agreed action plan from this internal audit will be a key priority for the senior leadership team in the coming months, with oversight from the Finance, Fundraising and General Purposes Committee and Audit & Risk Committee.

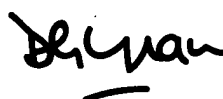
The Trustees confirm that in approving the Trustees' report they are also confirming the strategic report in their capacity as Directors of the charitable company.

On behalf of the Board

Duncan Ingram

Chair of Trustees

Date: 7 February 2023



Reference and administrative details

Trustees

The following individuals were directors of the company during the reporting period:

Duncan Ingram

Chair of Trustees and Remuneration Committee (Chair) and Appointments (Chair)

Sarah Barker

Clinical Governance and Safeguarding Committee, whistleblowing and safeguarding lead
resigned on 22 December 2022

Viv Berkeley

Educational Governance Committee (Chair)
resigned 29 July 2022

Timothy Davies

Finance, Fundraising and General Purposes, Audit and Risk, Investment and Educational Governance Committees

Denise Matthams

Clinical Governance and Safeguarding, Educational Governance (Chair) and Remuneration Committees

Toby Mullins

Educational Governance and Research Governance Committees

Nigel Scott

Finance, Fundraising and General Purposes, Audit and Risk (Chair) Investment (Chair) and New Build Committees (Chair)

Fiona Sheridan

Finance, Fundraising and General Purposes (Chair), Audit and Risk, Investment and Remuneration Committees and appointed Vice Chair of Trustees more recently from March 2022

Sam Thomson

Finance, Fundraising and General Purposes Committee

Anne Walker

Clinical Governance and Safeguarding, Finance, Fundraising and General Purposes and Audit and Risk Committees

Senior Leadership Team

Dalton Leong

Chief Executive
resigned 2 December 2022

Jayne Cooper

Director of Clinical Services (Chief Nurse)
resigned 15 April 2022

Claire Champion

Interim Director of Nursing and Quality
appointed 6 June 2022

Paul Farthing

Director of Income Generation and Communications
resigned 16 September 2021

Liz George

Director of Income Generation and Communications
appointed 1 February 2022

Colin Kerr

Director of Finance and Business Performance
resigned 8 July 2022

Elizabeth Sell

Interim Director of Finance
appointed 8 September 2022

Michael Maddick

Director of People and Culture
appointed Interim Chief Executive 1 December 2022

Samantha Newton

Director of Education
resigned 2 January 2023

Dr Vijay Palanivel

Medical Director and Senior Consultant in Paediatric Neurodisability

Nicola Smith

Director of Strategy and Transformation

Melanie Burroughs

Director of Therapies,
appointed 15 August 2022

Company Secretary

Olivia Rowntree

Medical Advisor

Dr Sarah Aylett

resigned 6 September 2022

Registered Office

The Children's Trust Tadworth Court Tadworth
Surrey KT20 5RU

Advisors

Bankers

Lloyds Bank, 4th Floor, 125 London, Wall London, EC2Y 5AS

Auditor

RSM UK Audit LLP, 25 Farringdon, Street London, EC4A 4AB

Solicitors

DAC Beachcroft, 100 Fetter Lane, London, EC4A 1BN
Mills & Reeve from 25 May 2022

Investment Managers

Investec Wealth & Investment, 30 Gresham Street, London
EC2V 7QP

Ambassadors

Amanda Burton

Jenni Falconer

Jacqueline Gold CBE

Richard Hammond

Adam Hills MBE

Harry Judd

Izzy Judd

Nicholas Owen

Elaine Paige OBE

Joely Richardson

Phil Tufnell

Holly Valance

David Walliams OBE

Sophia Warner BEM

Independent auditor's report to the members of The Children's Trust

For the year ended 31 March 2022

Opinion

We have audited the financial statements of The Children's Trust (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities

in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw your attention to the disclosures made in the accounting policies in note 1.2 of these financial statements, concerning the Charity's ability to continue as a going concern. During the year ended 31 March 2022 and subsequently the Charity's financial position deteriorated significantly, leading to the development of a recovery plan in November 2022.

Additional funding through a working capital loan of £5m has been secured in February 2023 in order to implement the trustee approved recovery plan.

The trustees have reasonable expectation that the Charity now has adequate resources to continue operating for the foreseeable future, thus, the Charity continues to adopt the going concern basis in preparing the financial statements. However, there exists uncertainties over the ability to deliver the recovery plan and any underperformance could lead to a breach in their funding agreements. This indicates that material uncertainty exists that may cast significant doubt over Charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Independent auditor's report to the members of The Children's Trust For the year ended 31 March 2022

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees

Independent auditor's report to the members of The Children's Trust For the year ended 31 March 2022

either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through

designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the

Independent auditor's report to the members of The Children's Trust For the year ended 31 March 2022

financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Safeguarding Vulnerable Groups Act 2006, Keeping Children Safe in Education 2019, the Code of Fundraising Practice, the Children and Families Act 2014, the UK General Data Protection Regulations, the Care Act 2014 and the Care Quality Commission regulations. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

HCatchpool

Hannah Catchpool
(Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP,
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

16 February 2023

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

For the year ended 31 March 2022

	Note	Unrestricted General Funds	Restricted Funds	Endowment Funds	2022 Total Funds	2021 Total Funds
Income and endowments from:						
Charitable activities	2	20,778	-	-	20,778	19,008
Donations and legacies	3	2,000	1,652	-	3,652	3,802
Government grants	3a	887	320	-	1,207	3,387
Other trading activities						
– Events		257	-	-	257	132
– Charity shops		2,056	-	-	2,056	1,319
– Lottery		131	-	-	131	167
	4	2,444	-	-	2,444	1,618
Investment income	5	144	-	25	169	171
Other income	6	643	-	-	643	482
Total income		26,896	1,972	25	28,893	28,468
Expenditure on:						
Raising funds						
– Costs of donations and legacies		1,793	-	-	1,793	1,811
– Investment in future income		64	-	-	64	195
– Events		340	-	-	340	252
– Charity shops		2,096	-	-	2,096	1,885
– Lottery		130	-	-	130	141
Total cost of raising funds	8	4,423	-	-	4,423	4,284
Charitable activities	7	25,939	1,558	82	27,579	25,140
Impairment	23	1,092	-	-	1,092	-
Total expenditure	8	31,454	1,558	82	33,094	29,424
Net (expenditure) before gains		(4,558)	414	(57)	(4,201)	(956)
Net unrealised gain on investments	15	369	-	13	382	1,375
Net (expenditure)/income		(4,189)	414	(44)	(3,819)	419
Other recognised gains/(losses):						
Transfers	21	(333)	333	-	-	-
Net movement in funds		(4,522)	747	(44)	(3,819)	419
Reconciliation of funds:						
Total funds brought forward		24,197	2,444	780	27,421	27,002
Total funds carried forward		19,675	3,191	736	23,602	27,421

The statement of financial activities includes all gains and losses recognised in the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet

As at 31 March 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible fixed assets	14a	2,124		1,794	
Tangible fixed assets	14	14,520		15,442	
Tadworth Court	14	2,250		1,466	
			18,894		18,702
Investments	15		6,999		7,986
			25,893		26,688
Current assets					
Stocks		308		195	
Debtors	16	3,473		3,081	
Cash at bank and in hand		549		773	
		4,330		4,049	
Current liabilities					
Creditors: amounts falling due within one year	17	(6,621)		(3,316)	
Net current (liabilities)/assets			(2,291)		733
Net assets			23,602		27,421
The funds of the Charity					
Unrestricted funds					
General funds			2,582		6,966
Designated			17,093		17,231
			19,675		24,197
Restricted funds			1,391		977
Fixed Asset Restricted Fund			1,800		1,467
Endowment funds			736		780
Total funds	21		23,602		27,421

The financial statements were approved by the trustees and authorised for issue on 7 February 2023.

Company Number: 1757875



Duncan Ingram
Chair of Trustees



Fiona Sheridan
Chair of Fundraising, Finance and General Purposes

Cash flow statement

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Net expenditure for the reporting period before gains/(losses)		(3,819)	419
Adjustments for:			
Interest and investment income		(169)	(171)
Depreciation and impairment	14	2,883	1,712
(Gain)/loss in investment in market value	15	(345)	(1,375)
Increase in stocks		(113)	(12)
Decrease/(Increase) in debtors		(392)	2,400
Increase in creditors		3,305	616
Net cash used in operating activities		1,350	3,589
Cash flows from investing activities			
Investment income received		169	171
Investment income reinvested	15	(169)	(171)
Capital expenditure	14	(3,074)	(3,028)
Sale of investments	15	1,500	(500)
Purchase of investments	15	-	430
Net cash (used in)/provided by investing activities		(1,574)	(3,098)
Change in cash and cash equivalents in the reporting period		(224)	491
Cash and cash equivalents at the beginning of the year		773	282
Cash and cash equivalents at the end of the year		549	773
		2022 £'000	2021 £'000
Analysis of cash and cash equivalents			
Cash at bank and in hand		549	773
Total cash and cash equivalents		549	773

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies

The Children's Trust is a Charitable Company limited by guarantee. The address of the Trust's principal place of business is given on page 26 of this report. The nature of the Charity's operations is set out in the Trustees' Report: as the UK's leading charity for children with brain injury and neurodisability we deliver rehabilitation, education and community services through skilled teams who work with children, young people and their families.

1.1 Basis of accounting

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investments being measured at fair value through income and expenditure within the Statement of Financial Activities.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company is a public benefit entity for the purposes of FRS 102. The Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP effective 1 January 2019) and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds.

The Charity meets the definition of a public benefit entity.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

1.2 Preparation of the accounts on a going concern basis

The 5-year strategy approved by the board in March 2020 predicted an operating surplus of £1.5m in 2021/22 and in subsequent years and was aimed at facilitating a significant capital asset rebuild of approximately £15m.

Post year end, as part of the Q1 financial review, it became apparent that the budget for 2022/23 was not going to be achieved.

The board approved a recovery plan in November 2022 which is based upon fundamental changes to our service delivery model and cost base that will take time to have an impact upon income and expenditure. We are expecting a significant deficit in 2022/23 and to return to an operating surplus in 2023/24.

This plan was the basis of an application which resulted in a £5

million loan facility over 25 years provided by Charity Bank (£4m) and Big Society Capital (£1m) that was agreed in January 2023. A restructuring consultation formally began in December 2022 with proposed changes that would deliver the planned reduced headcount by May 2023. A formal revaluation of the Tadworth site identified a £3.8m increase in the value of the property which supported applications for loan funding.

Given the deficit in 2021/22 and the significant forecast deficit in 2022/23 which has required substantial application of funds from the investment portfolio, the trustees focus is now on returning the organisation to a position of sustainable financial stability and Project Butterfly has been postponed for the foreseeable future.

The recovery plan refocusses delivery on the specific requirements of our contracts with commissioners; evolving our model in the school-houses to be care led, developing our CSAs to lead in place of nurses; a proposed reduction in headcount of approx. 15%.

The implementation of this plan has already begun with staff consultation on the proposed restructure and negotiations with commissioners around 2023/4 fees. However it will take most of 2023/24 to fully implement the care-led model and there are various risks in our plan in relation to inflation and pay increase assumptions.

In the event the cost savings and income levels in the recovery plan are not achieved, there is a risk the Charity will breach the terms of their loan funding agreements. This would lead to a material uncertainty that may cast significant doubt over the going concern position of the Charity until such time as the recovery plan is successfully implemented.

On the basis of the recovery plan and associated forecasts and the loan secured in January, the board is satisfied that the charity is a going concern and therefore prepared the accounts on a going concern basis.

1.3 Income

All income is accounted for in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Collections made by third parties on behalf of the charity are accounted for when received.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Notes to the financial statements

For the year ended 31 March 2022

For legacy income, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors that a distribution will be made. Receipt of a legacy is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

When funds are restricted for capital expenditure the treatment of the assets provided depends upon the restrictions imposed by the grant and if the fixed asset acquisition discharges the restriction then the asset will be held in unrestricted funds. A corresponding transfer of the associated restricted income will be made to the unrestricted fund.

Donated professional services and donated facilities are recognised as income when the charity has control over the item.

On receipt, donated services/goods are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services of equivalent economic benefit on the open market.

1.4 Expenditure

Expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Costs of raising funds include the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Support costs, including governance costs (audit and insurance), are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Where support costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources. The basis of allocation has been explained in note 9 to the accounts.

Any irrecoverable VAT is included as part of the cost to which it relates. The amount incurred in the year is disclosed in note 11.

1.5 Fund accounting

General unrestricted funds are available for use at the discretion of the trustees in furtherance of the charitable objectives of the charity.

Designated funds are set aside by the trustees out of unrestricted general funds for specific future purposes.

Restricted funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal.

Endowment funds are funds where the assets must be held by the charity, principally in the form of investments.

Income from endowments is included in income, either restricted or unrestricted, in accordance with the terms of the endowment.

Any capital gains or losses arising on the investments are allocated to the related fund. Further explanation of the nature and purpose of each fund is included in note 21.

1.6 Fixed assets

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their expected useful lives as follows:

Freehold land	Not depreciated
Freehold and leasehold property	4%, 10% and 20%
Tadworth Court	2%
Plant and office furniture and equipment	10%-20%
Residential houses furniture and equipment	20%
Computer equipment	33%
Motor vehicles	20%
Motor vehicles – vans	14%-25%
Motor vehicles – minibuses	13%

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or changes in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

Post year end the trustees commissioned Savills to undertake a formal revaluation of the Tadworth Court site and properties. This report was prepared and reviewed by Savills qualified staff (MRICS) and was dated 2 December 2022. It gave a market value for the site of £17.85 million. From 2022/23 onwards there must be a formal revaluation every five years with an informal review by a suitably qualified party between those dates. The terms of the Charity Bank loan require a revaluation every 3 years.

Assets in the course of construction are carried at cost less any identified impairment loss. Depreciation commences when the properties are ready for their intended use.

Notes to the financial statements

For the year ended 31 March 2022

Intangible fixed assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost of intangible fixed assets by equal annual instalments over the expected useful lives as follows:

Computer software	33 %
Computer software – major systems	17 %

Assets in the course of construction are carried at cost less any identified impairment loss. Amortisation commences when the software is ready for its intended use.

1.7 Tadworth Court

This balance represents the freehold of Tadworth Court, it houses our pharmacy, catering, meeting and administrative facilities. The asset is stated at cost and is depreciated over 50 years. The trustees ensure that the building is carefully maintained and is fit for purpose. Any significant expenditure which is required to preserve or prevent deterioration is capitalised when it is incurred.

1.8 Investment

Quoted investments are included at market value (bid/selling price). Investments in subsidiaries are stated at cost. Realised and unrealised gains and losses are shown in the appropriate section of the SOFA.

1.9 Stock

Shop stock is stated at the lower of cost and net realisable value. Medical stocks are held at cost and are not normally held for resale.

1.10 Debtors

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

1.11 Pension costs

Certain of the charity's clinical and teaching staff are members of the NHS Pension Scheme or Teachers' Pension Scheme respectively, both of which are defined benefit schemes. The schemes are not designed to be run in a way that would enable individual employer bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as if they are a defined contribution scheme: the cost of participating in the schemes is taken as being equal to the contributions payable to the scheme for the accounting period.

Other staff are able to join the charity's defined contribution pension scheme. The employer contributions are included

within resources expended and represent the amount of contribution payable to the schemes in respect of the accounting period.

1.12 Operating lease payments

Total payments under operating leases are charged to the SOFA on a straight-line basis over the lease term

1.13 Consolidation

The financial statements include the results of the charity only on the basis that the results of The Children's Trust Trading Company Limited are immaterial to the charity. Accordingly, a consolidated statement of financial activities and balance sheet has not been prepared for the year.

1.14 Critical accounting estimates and areas of judgement

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The only material judgement required that relates to 2021/22 was to impair the Project Butterfly costs. Given the postponement of the project for the foreseeable future and the possibility that the current designs may not be adopted when the project recommences the trustees decided it would not be reasonable to retain the work in progress in fixed assets and the costs have been fully expensed in 2021/22.

Post year end the trustees commissioned Savills to provide a revaluation of the Tadworth site and properties. The value reported in December 2022 was £17.85 million and this value will be reflected in the 2022/23 accounts.

1.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.16 Creditors

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

1.17 Financial instruments

The charity has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there

Notes to the financial statements

For the year ended 31 March 2022

is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments, deferred income, social security and other taxation liabilities, all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 16 and 17 for the debtor and creditor notes.

1.18 Employee benefits

The cost of short-term benefits, such as accrued holiday are recognised as a liability and an expense.

1.19 Significant events

Post year end, as part of the Q1 financial review, it became apparent that the budget for 2022/23 was not going to be achieved. The trustees decided that the charity's financial position should be reported to the Charity Commission in a Serious Incident Report.

The board approved a recovery plan in November 2022 which set out a path to deliver an operating surplus by the end of 2023/24. This plan was the basis of an application which resulted in a £5 million loan facility over 25 years provided by Charity Bank (£4m) and Big Society Capital (£1m) that was agreed in January 2023. A restructuring consultation formally began in December 2022 with proposed changes that would deliver the planned headcounts by May 2023. A formal revaluation of the Tadworth site identified a £3.8m increase in the value of the property which supported applications for loan funding.

1.20 Taxation

The Company is a registered charity and as such its income and gains falling within Sections 471 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

Notes to the financial statements

For the year ended 31 March 2022

2. Charitable activities

	Unrestricted £'000	Restricted £'000	Endowment £'000	2022 Total £'000
Care and rehabilitation services	11,303	-	-	11,303
The Children's Trust School	9,422	-	-	9,422
Community services	53	-	-	53
Total charitable activities	20,778	-	-	20,778
	Unrestricted £'000	Restricted £'000	Endowment £'000	2021 Total £'000
Care and rehabilitation services	10,261	-	-	10,261
The Children's Trust School	8,720	-	-	8,720
Community services	27	-	-	27
Total charitable activities	19,008	-	-	19,008

3. Donations and legacies

	Unrestricted £'000	Restricted £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	2021 Total £'000
Donations and covenants	1,900	1,652	3,552	2,524	550	3,074
Legacies	100	-	100	728	-	728
Total donations and legacies	2,000	1,652	3,652	3,252	550	3,802

Substantial support was received from the Garfield Weston Foundation, plus funding from The Steel Charitable Trust, the Constable Education Trust and from the Community Foundation for Surrey to support music therapy. Legacies are low in 2022 as we have provided for a legacy accounted for in 2021 which, with Charity Commission approval, will be partially redistributed.

3a. Income from Government grants

	Unrestricted £'000	Restricted £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	2021 Total £'000
NHS England Palliative Care	-	299	299	-	248	248
DFE Capital Grant	-	21	21	-	-	-
NHS England (via Hospice UK) – Covid Grant	820	-	820	-	-	-
NHSE Capacity Grant	-	-	-	-	2,781	2,781
UK Government Furlough Scheme	18	-	18	358	-	358
Retail Grant	49	-	49	-	-	-
Total Government grants	887	320	1,207	358	3,029	3,387

Notes to the financial statements

For the year ended 31 March 2022

Charity shop gift aid is included in donations.

4. Other trading activities

	Unrestricted £'000	Restricted £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	2021 Total £'000
Events	257	-	257	132	-	132
Charity shops	2,056	-	2,056	1,319	-	1,319
Lottery	131	-	131	167	-	167
Total other trading activities	2,444	-	2,444	1,618	-	1,618

5. Investment income

	Unrestricted £'000	Restricted £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	2021 Total £'000
Dividends and interest: UK	100	25	125	107	13	120
Dividends and interest: foreign	44	-	44	41	9	50
Bank interest	-	-	-	-	1	1
Total investment income	144	25	169	148	23	171

6. Other income

	Unrestricted £'000	Restricted £'000	2022 Total £'000	Unrestricted £'000	Restricted £'000	2021 Total £'000
Lettings – both staff and parents	119	-	119	131	-	131
Catering	96	-	96	65	-	65
Nursery	145	-	145	106	-	106
Other income	283	-	283	180	-	180
Total other income	643	-	643	482	-	482

7. Expenditure on charitable activities

	Unrestricted £'000	Restricted £'000	Endowment £'000	2022 Total £'000
Charitable activities	25,939	1,558	82	27,579
Impairment (note 23)	1,092	-	-	1,092
Total expenditure	27,031	1,558	82	28,671

	Unrestricted £'000	Restricted £'000	Endowment £'000	2021 Total £'000
Charitable activities	21,822	3,318	-	25,140
Total expenditure	21,822	3,318	-	25,140

Notes to the financial statements

For the year ended 31 March 2022

8. Expenditure on:

	Direct costs £'000	Support costs £'000 (Note 9)	Governance costs £'000 (Note 9a)	2022 Total £'000
Charitable activities				
Care and rehabilitation services	9,104	4,696	195	13,994
The Children's Trust School	8,639	3,840	159	12,638
Community services	622	311	13	946
	18,365	8,847	367	27,579
Raising funds				
Costs of generating donations and legacies	1,120	648	24	1,793
Investment in future income	40	23	1	64
Events	212	123	5	340
Charity shops	1,442	622	32	2,096
Lottery	81	47	2	130
	2,895	1,464	64	4,423
Total expenditure	21,260	10,311	431	32,002

	Direct costs £'000	Support costs £'000	Governance costs £'000	2021 Total £'000
Charitable activities				
Care and rehabilitation services	9,009	4,132	206	13,347
The Children's Trust School	7,365	3,380	168	10,913
Community services	594	273	13	880
	16,968	7,785	387	25,140
Raising funds				
Costs of generating donations and legacies	1,224	559	28	1,811
Investment in future income	132	60	3	195
Events	170	78	4	252
Charity shops	1,331	528	26	1,885
Lottery	96	43	2	141
	2,953	1,268	63	4,284
Total expenditure	19,921	9,053	450	29,424

Expenditure on raising funds is unrestricted in both years.

Notes to the financial statements

For the year ended 31 March 2022

Allocation of support costs

	Care and rehabilitation services £'000	School £'000	Fundraising £'000	Retail £'000	Community £'000	2022 Total £'000
Marketing	130	106	23	19	9	287
Communications	243	199	44	36	16	538
Facilities	1,191	975	213	176	79	2,634
Human resources	719	588	129	107	48	1,591
Finance	413	338	74	61	27	913
IT	502	411	90	74	33	1,110
Chief Executive's Office	93	76	17	14	6	206
Strategy Team	291	238	52	43	19	643
Risk (insurance)	120	98	22	18	8	266
Depreciation: Tadworth	495	403	89	-	33	1,020
Depreciation: Other	353	289	63	52	23	780
Provisions	146	119	26	22	10	323
Total support costs allocated (note 8)	4,696	3,840	842	622	311	10,311

	Care and rehabilitation services £'000	School £'000	Fundraising £'000	Retail £'000	Community £'000	2021 Total £'000
Marketing	107	88	19	16	7	237
Communications	217	177	39	32	14	479
Facilities	1,056	865	189	157	70	2,337
Human resources	639	523	114	95	42	1,413
Finance	385	313	69	57	25	849
IT	323	265	58	48	21	715
Chief Executive's Office	85	70	15	13	6	189
Strategy Team	208	171	37	31	14	461
Risk (insurance)	90	73	16	13	6	198
Depreciation: Tadworth	580	472	104	-	38	1,194
Depreciation: Other	233	192	42	35	16	518
Provisions	209	171	38	31	14	463
Total support costs allocated (note 8)	4,132	3,380	740	528	273	9,053

Notes to the financial statements

For the year ended 31 March 2022

9. Basis of allocation

Support costs are recharged relative to the proportions of direct costs.

The growth in IT cost has been driven by the investment in equipment to enable staff to work from home during the pandemic, and by investment in new HR, Finance, Procurement and CRM (fundraising) systems which incurred increased ongoing maintenance costs.

The Strategy team includes some utilities costs as they were under the management of the Sustainability Lead. Risk (insurance) costs relate to insurance. All other Risk and Governance costs are shown in Note 9 (a).

Provisions comprise: Salary Sacrifice (£322k) 2021: (£463k)

9a. Allocation of governance costs

	2022 £'000	2021 £'000
Risk and governance	361	418
External audit	70	32
Total	431	450

10. Net income/(expenditure) for the year

	2022 £'000	2021 £'000
This is stated after charging:		
Depreciation	1,791	1,712
Impairment	1,092	62
Payments under operating leases:		
Retail properties	422	363
Equipment	9	8
Auditor remuneration:		
Audit of the financial statements	70	32
Other audit services	-	3

11. Gift Aid

For the year ended 31 March 2022, the charity received Gift Aid payments of £333k (2021: £267k). This was all in relation to donations from individuals. The Children's Trust Trading Company Limited did not report a surplus so there was no Gift Aid from this source. Against this, the charity sustained irrecoverable VAT of £903k (2021: £1066k).

Notes to the financial statements

For the year ended 31 March 2022

12. Staff remuneration and pensions

	2022 £'000	2021 £'000
Salaries	19,616	18,405
Social security costs	1,815	1,735
Pension costs	1,373	1,301
Temporary staff costs	762	104
Agency staff costs	636	817
Total	24,202	22,362

The average head count for the financial year was 712 staff (2021: 713 staff). This figure includes permanent, fixed term and active bank workers and the average monthly number of full-time equivalent employees during the year were as follows:

12a. Average monthly number of full-time employees during the year

	2022 FTEs	2021 FTEs
Charitable activities	380	370
Fundraising	20	30
Charity shops	29	30
Support	110	96
Governance	5	6
Total	544	532

Key management personnel include the trustees, Chief Executive (and senior staff reporting directly to the Chief Executive). The total employee benefits of the charity's key management personnel were £1,073k (2021: £1,046k). (Trustees = £nil). This comprises gross pay, employer pension contributions and Employer's National Insurance.

The number of employees whose emoluments fell within the following ranges are set out below. The number of current employees earning over £60,000 has been split between clinical and executive staff. The Chief Executive's emoluments fall into the £130,001-£150,000 band (2021 £120,001-£130,000).

	2022 clinical	2021 clinical	2022 executive	2021 executive	2022 total	2021 total
£60,001-£70,000	1	2	2	8	3	10
£70,001-£80,000	6	3	4	2	10	5
£80,001-£90,000	2	-	2	2	4	2
£90,001-£100,000	-	1	-	-	-	1
£100,001-£110,000	1	-	1	1	2	1
£110,001-£120,000	-	-	1	-	1	-
£120,001-£130,000	-	-	-	1	-	1
£130,001-£150,000	-	-	1	-	1	-
£170,001-£180,000	-	1	-	-	-	1
£180,001-£200,000	1	-	-	-	1	-
Total	11	7	11	14	22	21

During the year the charity made payments to 5 staff (2021: 11 staff) in respect of redundancy and termination totalling £37k (2021: £70k).

No amounts are included in creditors at the balance sheet date (2021: £nil).

Notes to the financial statements

For the year ended 31 March 2022

Pensions

The charity has contributed to both defined benefit and defined contribution schemes during the year. Defined benefit schemes are accounted for as if they were defined contribution schemes if required by FRS 102 Section 28 ("Employee Benefits"). The total cost to the charity for the year ended 31 March in respect of pension contributions, which have been allocated between resources expended categories in proportion to staff costs and charged to the Statement of Financial Activities as appropriate, is as follows:

	2022 £'000	2021 £'000	2022 Number	2021 Number
TCT Group Pension Plan	858	1,095	531	522
Teachers' Pension Scheme	129	91	13	11
NHS Pension Scheme	376	348	79	70

The Children's Trust Group Pension Plan

The charity's Group Pension Plan is a defined contribution scheme, administered by Aviva, as personal pension plans for the benefit of employees. The scheme is also used to comply with auto-enrolment requirements, which came into effect from 1 November 2013.

- The SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to Access.

The next valuation result is due to be implemented from 1 April 2023.

The pension costs paid to TPS in the year amounted to £129k (2021: £91k).

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published on 5 March 2019. The key results elements of the valuation and subsequent consultation are:

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

There were no outstanding teacher's pension contributions at year end for either year.

- Employer contribution rates set at 23.68% of pensionable pay (including 0.8% administration levy).
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.

National Health Service Pension Scheme

The NHS operates an unfunded defined benefit scheme for the nursing sector, in which the charity participates. The charity is granted permission by the Secretary of State to be able to contribute to the cost of the scheme as a "Directed Employer" (an employer that can continue to have non-NHS employed staff as members of the NHS pension scheme).

The cost represents the contributions advised by the NHS Pensions Agency. The charity is not liable for past service costs beyond these contributions. Contributions remained at 14.38% in 2022 and in 2021.

Notes to the financial statements

For the year ended 31 March 2022

13. Trustee emoluments and reimbursed expenses

Trustees should be encouraged to claim expenses to avoid this being a barrier to new trustees. If trustees don't wish to claim expenses, then they can make a donation of a similar amount. Gift Aid can then be claimed on such a donation.

During the year £48 (2021: £nil) was paid to 1 trustee (2021: none) in respect of travel and subsistence.

The charity purchased insurance costing £6,652 (2021: £4,480) included in support costs to protect it from loss arising from neglect or default of the trustees and to indemnify the trustees against the consequences of neglect or default on their part.

14. Fixed assets

	Tadworth Court £'000	Freehold land £'000	Freehold & leasehold buildings £'000	Plant, furniture & equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost							
At 1 April 2021	2,697	750	24,343	4,822	433	1,537	34,582
Additions	13	3	14	599	-	1,885	2,514
Transfers	834	-	556	158	-	(1,548)	-
At 31 March 2022	3,544	753	24,913	5,579	433	1,874	37,096
Depreciation and Impairment							
At 1 April 2021	1,231	-	12,510	3,636	297	-	17,674
Impairment	-	-	-	-	-	1,092	1,092
Charge for the year	63	-	953	503	41	-	1,560
At 31 March 2022	1,294	-	13,463	4,139	338	1,092	20,326
Net book value at 31 March 2022	2,250	753	11,450	1,440	95	782	16,770
Net book value at 31 March 2021	1,466	750	11,833	1,186	136	1,537	16,908

Tadworth Court is a Grade 1 listed mansion building. It houses our pharmacy, catering, meeting and administrative facilities.

Parts of the building and grounds are open to the public on several days in the year.

Department of Health grants in respect of the Grade 1 listed building are secured by way of a legal charge over the freehold property. (See Note 18 in respect of Contingent Liabilities and note 21 in respect of restricted funds).

The £1.092m impairment is the expensing of all costs incurred to date in relation to Project Butterfly which has been postponed for the foreseeable future.

Notes to the financial statements

For the year ended 31 March 2022

14a. Intangible fixed assets

	Computer software £'000	under construction £'000	Assets Total £'000
Cost			
At 1 April 2021	2,109	414	2,523
Additions	165	395	560
Transfers	68	(68)	-
	2,342	741	3,083
Amortisation			
At 1 April 2021	728	-	728
Charge for the year	231	-	231
	959	-	959
Net book value at 31 March 2022	1,383	741	2,124
Net book value at 31 March 2021	1,380	414	1,794

15. Investments

	2022 £'000	2021 £'000
Market value at 1 April 2021	7,986	6,370
Cash transferred	(1,500)	100
Increase in market value	383	1,375
Investec Wealth and Investment dividends re-invested	169	171
Fees/charges	(38)	(30)
Market value at 31 March 2022	6,999	7,986
Historical cost as at 31 March 2022	6,058	6,175
	2022 £'000	2021 £'000
Fixed investments	944	1,186
Listed equities	4,977	5,864
Property	444	374
Alternatives	524	442
Cash	110	120
Total	6,999	7,986

£75,000 received originally from the Victoria Convalescent Fund is currently invested through Investec. The market value at 31 March 2022 was £68k (2021: £72k)

At 31 March 2022 the charity held 100% of the issued share capital of The Children's Trust Trading Company Limited, an unquoted investment, the cost of which is £2 (2021: £2). The registered office of the subsidiary is Tadworth Court, Tadworth, Surrey, KT20 5RU. The only activity in the year was the sale of stock back to the parent company (the charity) and the company is now dormant.

Notes to the financial statements

For the year ended 31 March 2022

16. Debtors

	2022 £'000	2021 £'000
Trade debtors	1,501	1,136
Other debtors	1,250	1,249
Intercompany debtors	-	31
Prepayments and accrued income	722	665
Total	3,473	3,081

17. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	1,607	1,032
Accruals	1,190	537
Other creditors	70	32
Intercompany creditors	-	-
Deferred income	743	675
Social security and other taxation	3,011	1,040
Total	6,621	3,316

Analysis of deferred income

Income is deferred where it relates to future events or services for which monies had been received prior to the year end. During the year, £675k (2021: £380k) was released to income and £743k (2021: £675k) was deferred.

Delayed payments

Due to issues with cash flow Trade Creditors increased as we extended payment beyond the 30 days usual payment terms and Social Security & other taxation increased due to late payment of HMRC and pensions.

18. Financial and capital commitments and contingent liabilities

At 31 March 2022 the Trust had total commitments under non-cancellable leases/agreements as follows:

	2022 £'000	2021 £'000
Leasehold buildings – up to one year	268	290
Leasehold buildings – between one and five years	78	480
Leasehold buildings – more than five years	101	58
Other – up to one year	29	-
Total	476	828

At 31 March 2022, capital commitments authorised and contracted for (net of payments to date on account) amounted to £98k (2021: £115k). No other capital expenditure was authorised but not contracted for (2021: Nil).

The Department of Health hold a charge for the £2.85 million grant awarded on 22 December 1995 that was towards the acquisition, refurbishment and improvement of the Tadworth site. There are various conditions that would make this grant wholly or partially repayable such as using the premises for purposes outside of our charitable objects or if the premises are sold. There are currently no plans that would breach these conditions and so this amount is not reflected in the financial accounts.

Notes to the financial statements

For the year ended 31 March 2022

19. Government grants

The following government grants were received:

	2022 £'000	2021 £'000
NHS England Children's Palliative Care grant	299	248
DFE Capital Grant	21	-
Hospice UK Grant	820	-
NHSE Capacity Grant	-	2,781
UK Government Furlough Scheme	18	358
Retail Grant	49	-
Total	1,207	3,387

There are no unfulfilled conditions which would require the repayments of any grants.

20. Related party transactions

During the year, management fees of £nil (2021: £23k) were charged to the charity's subsidiary as no trade occurred within the subsidiary during this time. There was no surplus in either year so no Gift Aid donated to the charity. All stock held by the trading company had been acquired by the Organisation which has eliminated the inter-company creditor. At the balance sheet date, there were no fees owed from the subsidiary (2021: £33k).

21. Capital and reserves

As at 31 March 2022:

	At 1 April 2021 £'000	Income £'000	Expenditure £'000	Gains/(losses) £'000	Transfers £'000	At 31 March 2022 £'000
a. Movement on funds						
Unrestricted general funds:						
Unrestricted funds:						
Undesignated	6,966	26,896	(30,362)	369	(1,287)	2,582
	6,966	26,896	(30,362)	369	(1,287)	2,582
Designated funds:						
Tangible fixed assets reserve	17,231	-	(1,092)	-	954	17,093
	17,231	-	(1,092)	-	954	17,093
Total unrestricted	24,197	26,896	(31,454)	369	(333)	19,675
Restricted funds:						
Development and operational	659	1,652	(941)	-	-	1,370
Grants	318	320	(617)	-	-	21
	977	1,972	(1,558)	-	-	1,391
Fixed Asset Restricted fund						
Department of Health	1,467	-	-	-	333	1,800
Endowment funds:						
Gardiner Fund	708	23	(75)	12	-	668
Victoria Convalescent Fund	72	2	(7)	1	-	68
	780	25	(82)	13	-	736
Total funds	27,421	28,893	(33,094)	382	-	23,602

Notes to the financial statements

For the year ended 31 March 2022

Previous year (31 March 2021):

	At 1 April 2020 £'000	Income £'000	Expenditure £'000	Gains/(losses) £'000	Transfers £'000	At 31 March 2021 £'000
Unrestricted general funds:						
Undesignated funds:						
Undesignated	7,789	24,866	(26,106)	1,293	(876)	6,966
	7,789	24,866	(26,106)	1,293	(876)	6,966
Designated funds:						
Tangible fixed assets reserve	15,867	-	-	-	1,364	17,231
	15,867	-	-	-	1,364	17,231
Total unrestricted	23,656	24,866	(26,106)	1,293	488	24,197
Restricted funds:						
Development and operational	834	3,579	(3,318)	-	(436)	659
Grants	318	-	-	-	-	318
	1,152	3,579	(3,318)	-	(436)	977
Fixed Asset Restricted fund						
Department of Health	1,519	-	-	-	(52)	1,467
Endowment funds:						
Gardiner Fund	612	21	-	75	-	708
Victoria Convalescent Fund	63	2	-	7	-	72
	675	23	-	82	-	780
Total funds	27,002	28,468	(29,424)	1,375	-	27,421

Designated funds

The fixed asset reserve, together with the Department of Health (DoH) restricted fund represents the charity's investment

Restricted funds

These are set out subsequently.

Endowment funds

The Gardiner Fund is an endowed special trust, established as an appeal fund in 1983. Post year end in November 2022 the Charity Commission agreed to remove the endowment restriction on this fund.

The Victoria Convalescent Fund is a permanent endowment and represents a gift of capital to the charity, the income from which is restricted and is used to fund care for children for whom no statutory funding is available.

Notes to the financial statements

For the year ended 31 March 2022

As at 31 March 2022:

	At 1 April 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 March 2022 £'000
b. Analysis of restricted funds					
Operational:					
Project Butterfly	0	722	(517)	51	256
Community (Aim 2)	-	445	(12)	-	433
DFE Capital	-	21	-	-	21
Palliative Care	-	299	(299)	-	-
Sub total	0	1,487	(828)	51	710
Development:					
Community	5	193	(134)	-	64
Walkway	8	-	-	(8)	-
New Build	97	-	-	(97)	-
School	-	-	-	47	47
Electronic Clinical Records System	50	-	(50)	-	-
Cheyne Centre	49	81	(127)	-	2
Sub total	209	274	(311)	(59)	113
Houses					
Camelia House	5	-	-	(5)	0
Mulberry House	47	-	-	(47)	-
Camelia/ Mulberry House	-	4	(4)	52	52
Maple House	29	-	(2)	-	27
Oak House	43	-	(3)	-	40
Chestnut House	45	-	(1)	-	43
Hawthorn House	26	-	(1)	-	25
Jasmine House	52	-	(4)	-	48
Willow House	3	-	(3)	-	-
Sub total	249	4	(18)	-	236
Other					
Other	201	207	(83)	8	332
Sub total	201	207	(83)	8	332
Op/Dev/House/Other total	659	1,972	(1,240)	-	1,392
Grants:					
School standards fund	318	-	(318)	-	-
DFE Capital grant	-	21	-	-	21
Palliative Care	-	299	(299)	-	-
Sub total	318	-	(617)	-	-
Restricted total	977	1,972	(1,558)	-	1,392
Fixed Asset restricted:					
Department of Health	1,467	-	-	333	1,800
Total	2,444	1,972	(1,588)	333	3,191

Notes to the financial statements

For the year ended 31 March 2022

The transfers between Restricted funds are movements to separate out funds we had previously grouped for reporting purposes (e.g. New Build has been separated back out into School and Project Butterfly) or to move a small fund into the 'Other' grouping (e.g. Walkway). The transfer in the Fixed Asset Restricted section shows the release of the Department of Health grant into unrestricted funds to match the depreciation of Tadworth Court.

Operational and Development funds represent restricted donations received for the development of the existing site as well as to provide funding for equipment and outings for the children, depending on the bequest granted by the donor.

Houses represents funds that are restricted donations for each individual house within the organisation and are used for outings for children, leisure activities and other items, depending on the bequest granted by the donor.

Other is a combination of small, restricted funds such as the walkway project, each with their own specific restriction.

The Department of Health made grants in 1995 to the charity in relation to the Grade 1 listed property known as Tadworth Court.

As at 31 March 2021: to make the format of the previously reported figures comparable with 2020/21 we have combined the capital and expenditure columns and have grouped various lines with sub totals. This new presentation gives a better idea of the different types of restriction across our wide range of restricted funds.

Notes to the financial statements

For the year ended 31 March 2022

b. Analysis of restricted funds	At 1 April 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 March 2021 £'000
Operational:					
NHSE Capacity	-	2,781	(2,781)	-	0
Palliative Care	-	248	(248)	-	-
Sub total	-	3,029	(3,029)	-	0
Development:					
Community	1	138	(134)	-	5
Walkway	-	100	(92)	-	8
New Build	-	97	-	-	97
Electronic Clinical Records System	331	25	(307)	-	49
Camelia House	9	-	(4)	-	5
Maple House	30	-	(1)	-	29
Mulberry House	48	-	(1)	-	47
Oak House	45	-	(3)	-	42
Chestnut House	47	-	(3)	-	44
Hawthorn House	25	-	-	-	25
Jasmine House	53	-	(2)	-	51
Willow House	5	-	(3)	-	2
Cheyne Centre	51	7	(10)	-	48
Other	189	183	(165)	-	207
Sub total	834	550	(725)	-	659
Grants:					
School standards fund	318	-	-	-	318
Palliative care	-	248	(248)	-	-
NHSE Capacity	-	2,781	(2,781)	-	-
Sub total	318	3,029	(3,029)	-	318
Restricted total	1,152	3,579	(3,754)	-	977
Fixed Asset restricted:					
Department of Health	1,519	-	-	(52)	1,467
Total	2,671	3,579	(3,754)	(52)	2,444

Development and Operational funds represent restricted donations received for the development of the existing site as well as to provide funding for equipment and outings for the children, depending on the bequest granted by the donor.

The Department of Health made grants in 1995 to the charity in relation to the Grade 1 listed property known as Tadworth Court. These grants, totalling £2.85m, are only repayable under certain circumstances which, in the opinion of the trustees, are unlikely to arise. Of the total grants, £750,000 was applied to the transfer of the freehold of the site and £2.1m was applied to repairs to the building. The grants are secured by a legal charge over the freehold property.

Notes to the financial statements

For the year ended 31 March 2022

	Unrestricted £'000	Restricted £'000	Endowment £'000	March 2022 £'000
c. Analysis of net assets between funds				
Fund balances at 31 March 2022 are represented by:				
Fixed assets	17,094	1,800	-	18,894
Investments	6,263	-	736	6,999
Current assets	2,939	1,391	-	4,330
Current liabilities	(6,621)	-	-	(6,621)
Total funds	19,675	3,191	736	23,602

	Unrestricted £'000	Restricted £'000	Endowment £'000	March 2021 £'000
c. Analysis of net assets between funds				
Fund balances at 31 March 2021 are represented by:				
Fixed assets	17,236	1,466	-	18,702
Investments	7,206	-	780	7,986
Current assets	3,071	978	-	4,049
Current liabilities	(3,316)	-	-	(3,316)
Total funds	24,197	2,444	780	27,421

22. Financial instruments

	2022 £'000	2021 £'000
Financial instruments measured at fair value are as follows:		
Financial assets		
Investec Investment	6,999	7,986

23. Impairment

The £1.092million impairment is the cost incurred to date on Project Butterfly – the project aimed at facilitating a significant capital asset rebuild of approximately £15m.

Given the organisation's financial situation the trustees decided that the project would have to be postponed for the foreseeable future. The project will need to recommence at some point as it is a business need to upgrade or replace our school building within the next 8 – 10 years. However we are unlikely to be able to invest in a new build project on the scale of the existing designs but will instead be considering a more affordable and sustainable option.

£430k of this total relates to costs incurred in previous years; this was included in the Assets Under Construction column of the Note 14 Fixed Assets in the 2020/21 accounts. The remaining £662k was incurred in 2021/22. Expenditure was predominantly on fees relating to design and securing planning permission, and included some staff cost for the team working on this project. Many of the donors who gave funds restricted to this project agreed that their donations could be used to cover these costs. We are in conversation with a small number of remaining donors regarding their donations in relation to the new timescale for this project.



The Children's Trust
Tadworth Court
Tadworth
Surrey
KT20 5RU

01737 365000
enquiries@thechildrenstrust.org.uk
thechildrenstrust.org.uk

Charity registration number: 288018
Company registration number: 1757875

Registered with



The Children's Trust is registered with the Fundraising Regulator, inspected and rated on 'Good Provider' by Ofsted Care (for residential houses).
The Children's Trust School is rated a 'Good Provider' by Ofsted Education. TCT_1400 02/23.