Registration number: 7557877

Virgin Care Services Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2021

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Virgin Care Services Limited

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Virgin Care Services Limited

Company Information

Directors	V M McVey D J Deitz
Registered office	The Heath Business & Technical Park Runcorn Cheshire WA7 4QX
Registered number	7557877
Auditors	KPMG LLP 1 Sovereign Square Sovereign St Leeds LS1 4DA

Strategic Report for the Year Ended 31 March 2021

The directors present their report for the year ended 31 March 2021.

Principal activities

The principal activity of the company during the year was the provision of health and social care services funded by the NHS (National Health Service) and Local Authorities across England.

The company is part of the wider Virgin Care group of companies (the Virgin Care sub-group), which holds contracts with more than 35 public authorities to deliver publicly funded adult and children's community services such as community nursing and continuing care, public health nursing services such as health visiting and adult social care services.

The Virgin Care sub-group continues to tender for new contracts across England in these areas and, as existing contracts come to an end, takes part in procurement processes for future provision of the services it currently operates, where appropriate according to internal policies.

Alongside the provision of clinical services, the Virgin Care sub-group also provides back office functions such as Human Resources, Information Technology and Clinical Leadership and Governance functions related to the regulated activities the Virgin Care group carries out.

Virgin Healthcare Holdings Limited (VHHL) is the parent of the group and carries out these activities through its subsidiaries. Its subsidiary Virgin Care Limited (VCL) delivers back office functions on behalf of the Virgin Care group and is the parent of Virgin Care Services Limited (VCSL) which holds contracts with local authorities and employs health and care professionals in order to undertake the provision of contracted services.

In addition, there are longer term contracts held by other entities within the Virgin Care sub-group which pre-date the current group structure but which also make use of these same back office functions provided by VCL.

Business Review

The coronavirus pandemic affected the business throughout the year and this is likely to continue affecting the business over the future year. The business was in its highest level of incident response, in line with Government and NHS guidance, for much of the year. The Virgin Care sub-group continues to receive a number of direct instructions from its commissioners, including NHS England, around temporarily halting specific services and supporting other local higher priority services, redeploying colleagues and changing how services are operated.

Our colleagues worked tirelessly through the COVID-19 pandemic and the business continued to support them in carrying out their duties safely and in line with applicable guidance.

At a company level, Virgin Care Services turnover decreased to £230.4m (2020: £248.4m), this being driven by exit from the East Staffordshire Improving Lives contract on 31 March 2020. The company generated a profit before tax of £2.5 (2020:£5.2m). The year-on-year reduction in financial performance was in part due to the recharging of central overheads by Virgin Care Limited on an actual cost basis.

Business Review (continued)

Overall, the Virgin Care sub-group continued to make a significant improvement in its operating performance despite the pandemic and its impacts, in part through increased costs being offset by reductions in other areas, and due to the ongoing close management of budgets. The business incurred additional costs in sourcing specific covid-related equipment, but was able to maintain supply of essential items to keep colleagues safe and established a distribution network to facilitate this; We continue to invest in new technology and IT equipment, including laptops that allow our colleagues to work from home.

The Virgin Care sub-group has transformed clinical services which it delivers through a number of initiatives. During 2020 - 2021, this has included:

- Publishing our Opportunity Action Plan, with the Social Mobility Pledge, committing to growing our outcomes-based public health nursing service model across the country and encouraging providers and commissioners to switch to outcomes-based approaches
- Continuing to develop and deliver new ways of working to enable health and social care colleagues to better support people in the community, including mobile working, care co-ordination centres and new models for services such as community dermatology
- Continuing with delivery of the organisation's People Plan, aligned with the NHS People Plan, to deliver flexible working and build a resilient, sustainable workforce for the future

During the year, Virgin Care sub-group continued to save its NHS and Local Authority commissioners approximately 10% (2020: 10%) through the transformations it has undertaken, and efficiencies provided. This saving is based upon comparison to the costs of the services prior to procurement by the Virgin Care sub-group and expected costs in the absence of such a procurement, where costs would be subject to national prices.

The Virgin Care sub-group is required under the Health and Social Care Act 2012 and its contracts with NHS commissioners to publish Quality Accounts each year. It exceeds its responsibilities to do so, publishing Quality Accounts for all of its large contracts. These reports, which highlight the achievements within each contract and delivery of high-quality services, are available on the Virgin Care sub-group's website and from the Department of Health and Social Care via NHS Choices.

The Virgin Care sub-group funds its growth and development through cash reserves with no third-party external borrowings. In 2020-2021, this growth included the following key contracts:

- A new contract between the Virgin Care sub-group and Frimley NHS Foundation Trust commenced in April 2020. The Virgin Care sub-group and Frimley NHS Foundation Trust have successfully worked together since 2012 when the Virgin Care sub-group first provided community health services in Surrey. The new contract is part of a set of contracts to provide adult community services in North East Hampshire, Farnham and Surrey Heath.
- A stand-alone contract for Lancashire Child Health Information Services (CHIS) was also launched during the year, successfully onboarding new colleagues and beginning to deliver transformation and integration plans.
- The sub-group was added to the NHS England Framework for Community Dermatology and selected by Milton Keynes NHS Foundation Trust from the framework to deliver a service, and was part of an alliance awarded a 10 year contract to deliver Community Children's Health Services in Essex by North East Essex Clinical Commissioning Group with services due to go live before the end of 2021-22.

The group ended the year in a financially strong position to continue to deliver its business plan and forward growth strategy in 2021-22.

Operational priorities

The directors had identified four key operational priorities for the year ended 31 March 2021 which are summarised below.

Priority 1 - Ensuring service quality, safety and enhancing the user experience

The Virgin Care sub-group has continued to demonstrate the quality and safety of its services during inspections by regulators including the CQC (Care Quality Commission) and Ofsted.

The Virgin Care sub-group achieved a 100% 'good' or 'outstanding' rating during the year (up from 97% in 2019-20) representing the relatively mature status of a number of the sub-group's contracts and the successful delivery of transformation plans. The nature of the Virgin Care sub-group is that from time to time it takes on underperforming services and needs time to turn these around, and this was reflected in some inspections this year.

The further increase in performance was due to the completion of operational improvement work at a GP practice which had required significant transformation following acquisition. Performance in other services was maintained with regular conversations, inspections and data gathering carried out in our services by the CQC during the pandemic.

The Virgin Care sub-group continued to invest in new ways of working and systems to monitor service user satisfaction and to make improvements as a result of feedback. It is the sub-group's policy to make use of the NHS England Friends and Family Test to monitor satisfaction, and as a result of the pandemic this was paused for much of the year by NHS England. Despite this, from the smaller volume of feedback received towards the end of the year, the sub-group is pleased that 93% (2019-20: 94%) of those using the group's services said they would recommend the service they received.

Other local feedback programmes continued to operate to implement improvements for people using the Virgin Care sub-group's services and the Board continue to receive regular service user experience reports.

Finally, following the commencement of the Patient Reported Experience Measure (PREMS) - a health-service wide standard - questions during 2017-18, the group now has greater insight into satisfaction with the services it delivers and the experience of using services. Again, as a result of the pandemic pausing the collection of service user feedback in many services, the organisation received 13,605 (2019-20: 45,830) completed PREMS surveys providing vital information which supports us in developing services to deliver a better experience. The sub-group will continue to review uptake and drive improved performance as the pandemic restrictions are eased and services return to more normal operation to ensure that the sub-group continues to have the information it needs to develop services and drive an improved experience.

Priority 2 - Robust governance: fostering safeguarding and quality assurance processes which are standardised across the business

The organisation continued to improve processes and governance and sought to assure the Virgin Care sub-group, commissioners and the public that appropriate measures are in place to provide safe, high quality services.

Over the year, the Virgin Care sub-group has continued its commitment to continually improving governance processes to assure itself that there are clear lines of accountability, that risks are proactively identified and managed and that the business remains compliant with regulatory standards.

Operational priorities (continued)

Governance, however, should not be restrictive and must be flexible enough that colleagues can innovate and make decisions in their area of the business.

During the year, the organisation made short term revisions to its Scheme of Reservation and Delegation to ensure that delegated authorities within it allowed for decisions to be made quickly in our services, in response to the pandemic, so we could support our system partners in delivering the services required.

In addition, the pandemic provided an opportunity to test the organisation's incident response and business continuity approach. The group was pleased that the plans were invoked successfully and supported the operation of the business throughout the most challenging period of the first wave.

The group was able to review its performance during the summer, when the incident level was lowered, and implement improvements - including additional resourcing - to support an improved response when the incident level was raised to its highest level again.

Priority 3 - To continue to be recognised as an outstanding employer

The Virgin Care sub-group continued to develop and communicate its Employer Brand during the year, building on the purpose of "everyone feels the difference". With a shortage of qualified professionals across the country in a number of specialties, the Virgin Care sub-group employs from within. Additionally, campaigns across local, national and trade media were supported with attendance at national and local recruitment events.

Throughout the year we continued to work closely with our internal training arm, The Learning Enterprise, to develop our training and development offer for all of our colleagues, and to provide links to NHS and other training programmes. This included continuing our apprenticeship programme which is delivered through The Learning Enterprise supporting learners to continue through the pandemic.

The Learning Enterprise also pioneered new ways of delivering placements for student nurses who were shielding which was recognised as industry-leading by the Nursing Times and Health Education England and the Group developed and delivered in excess of 20 new training courses to facilitate redeployment and changed ways of working as a result of the pandemic.

In addition, the Virgin Care sub-group worked with the University of Derby to deliver the Health and Social Care Apprenticeship, representing the start of a journey to a qualified role in health and care services.

The Virgin Care sub-group also measures the satisfaction of its colleagues through an annual "Have Your Say" survey and was pleased to see its overall colleague engagement increase to 74% in 2020-21 (2020: 71%). This score is competitive with engagement scores within the market.

Finally, the sub-group was pleased to publish its Opportunity Action Plan in September 2020 showing how its work is supporting social mobility. The report recognised Virgin Care's 0-19 public health model, delivered in Essex and Lancashire at present, as being a model other areas and commissioners should aspire to. The report is available on the sub-group's corporate website.

Operational priorities (continued)

Priority 4 - Delivering quality health and care services as efficiently as possible

The Virgin Care sub-group continued to focus on delivering high quality health and social care services as efficiently as possible in its existing and new contracts and to develop models and tools which facilitate that in future contracts too.

During the year, as noted above, the Virgin Care sub-group continued to invest in these tools and ways of working and continued to develop its expertise in service design and change management with a focus on clinical expertise.

The unique skill and experience the group has in implementing new ways of working, technology and its service design capability, supported the group in its response to the coronavirus pandemic, and in turn supported the organisation to maintain many services- such as Health Visiting - which were not maintained in other areas of the country, while also redeploying colleagues to crucial services across the health systems where Virgin Care works.

It continues to be the Virgin Care sub-group's belief and experience that quality and efficiency can and should be delivered simultaneously through effective operational leadership. To this end, during the year the organisation employed external advisors to consider further opportunities for efficiency in back-office functions and ways of working to support the organisation's objectives of both ensuring value for money for publicly funded commissioners and to allow investment into the development of future models for the post-pandemic health and care system.

Principal risks and uncertainties

The Virgin Care sub-group operates a Risk Management Framework in order to manage the risks and uncertainties of the business. The Executive Team reviews all high scoring risks and escalates the main risks to the Board for review at each meeting.

The major risks that could impact the business are as follows:

COVID-19 Pandemic
As detailed in the business review, the ongoing COVID-19 pandemic remains a risk as the future of the pandemic, and any potential restrictions or changes to operation of the health and care sector are uncertain.

The business has, however, demonstrated its response procedures have been robust and had minimal impact to the sub-group's financial performance and at the time of signing these accounts, expects this to continue. The impact on the ability of the business to retain existing and acquire new contracts is being monitored.

Both the commercial and safety risks related to COVID-19 will continue to be monitored in 2020-21.

Planned legislative change
Recent changes within the healthcare sector continue to create opportunities and additional risks to which the group must adapt. The political and commercial environment in which the Virgin Care sub-group operates is monitored by the Board. This monitoring includes new legislation which may affect the business.

During 2020-21, the Government and NHS England began consultations on future legislation around the organisation of the health and care sector and the procurement regime. The legislation primarily implements changes already articulated in the NHS Long Term Plan to move towards Integrated Care Systems (ICS) and for providers and commissioners to work more closely together. The organisation growth strategy already considers these new ways of working which were first outlined more than a year ago.

The changes to the procurement regime seek to ensure that procurement is used primarily as a tool to drive improvement by removing the automatic requirement to run a competitive tender process based on contract value. While this does present a risk to the business, the consultation acknowledged that the health and care sector has - in effect - already been operating on this basis for some years. In addition, the removal of the automatic need to procure is likely to be positive in allowing the group to retain contracts where services are demonstrably performing well for service users and communities.

Virgin Care responded to both of these consultations and expects legislation to be brought forward during 2021-22 and to take effect from April 2022. The group will continue to monitor the impact of these decisions and to adapt its approach accordingly.

Shortage of qualified professionals and the UK's departure from European Union
Across England, there are shortages in some key professionalisms which could represent a risk to the business in the context of increasing demand against the NHS and, consequently, increased demand from commissioners to drive efficiency in the delivery of clinical services. Further, the impacts of the UK's departure from the European Union are likely to continue to impact the health and care sector and we believe the biggest risk remains the impact on the retention and recruitment of qualified professionals.

Principal risks and uncertainties (continued)

The impact of these factors is further compounded in the coming year by the end of the most recent Agenda for Change pay deal. Each of the sub-group's contracts makes provision for an increase in pay based on assumptions made at the time of the contract and there is a risk that any increases made by Government might be above the rates specified in our contracts. This could decrease the ability of the sub-group to recruit if funding does not flow through contracts for these increases.

The risk is, however, mitigated in practice as national pay awards are routinely funded through changes to annual contract prices by reference to an NHS inflation adjustment (in NHS contracts) or through increases in the Public Health ring-fenced grant which are transferred to providers (in Local Authority contracts).

The Virgin Care sub-group has made clear to its colleagues and the Secretary of State for health and social care that it supports a fair, funded, pay rise for Agenda for Change colleagues.

Short lead in time for new contracts
The Virgin Care sub-group continues to bid for large contracts which sometimes have short lead-in time. The directors must ensure the business has the resources and management processes in place to safely mobilise more than one large contract at a time.

The directors are satisfied that such matters are properly discussed by the Board and are adequately resourced.

Future developments

The continued provision of high-quality services and safety remains a top priority for 2021-22, retaining existing service contracts and growing sustainably in order to deliver the organisation's purpose: to change lives by transforming health and care.

The Virgin Care sub-group was successful in securing a listing on the NHS England framework for Community Dermatology Services, allowing health and care commissioners and providers to contract with the sub-group for the delivery of these services and the sub-group was pleased that Milton Keynes NHS Foundation Trust chose to do so with a contract which was launched during 2021-22.

In addition, the sub-group expects to safely transfer colleagues and families with the North East Essex Community Children's Therapies services which will transfer to the sub-group in its role as part of an alliance of providers awarded a 10-year contract in February 2021.

Although year two of the organisation's three-year plan was broadly delivered financially, the coronavirus pandemic naturally caused re-prioritisation of operations and projects during 2020-21 and as such the board has identified five priorities to complete delivery of the full plan within the three-year period. These are as follows.

Future developments (continued)

Priority 1 - To recover strongly from the pandemic, ensuring our colleagues are resilient and ready for the future

The Virgin Care sub-group will continue to demonstrate the quality of its services and ability to transform services through its programme of internal service reviews and through regular and rigorous inspection of services new and old by the regulators including CQC and Ofsted.

The nature of the sub-group's work in transforming and improving services means that it often takes on services which are not performing. Therefore, it will not always be possible to maintain a 100% 'good' or 'outstanding' rating by CQC where new services are inspected early after acquisition and before transformation plans are implemented. Regardless, the Virgin Care sub-group aims to maintain its industry-leading performance of 100% of inspected services being rated good or outstanding by the CQC.

In the coming year, the sub-group will focus on recovering services where these were suspended in part or whole during the pandemic - a challenge the sub-group shares with other organisations across the industry. This includes recovering waiting lists, missed training and immunisations where these have been delayed.

The sub-group will also deliver significant projects on colleague wellbeing: building on its work during the pandemic and will introduce a revised wellbeing tool including increasing face to face options for support as a result of colleague feedback, and continue implementing its Equalities, Diversity and Inclusion strategy with the appointment of a dedicated lead and implementation of the strategy developed last year.

The board also approved the award of an additional day's leave to all substantive colleagues to allow a focus on wellbeing during 2021-22.

The Virgin Care sub-group will also continue to make use of the NHS Friends and Family Test (FFT), "You said, We did" and the Patient Reported Experience Measures (PREMs) to continue to improve the services it runs.

Ensuring colleague and patient safety during the continuation of the pandemic remains a priority, ensuring workplaces are COVID secure, providing access to appropriate PPE in line with regulatory guidelines and ensuring services continue to be provided in accordance with government and commissioner priorities.

Finally, and most significantly, the sub-group will implement new ways of working across all of its services and back-office functions, locking in the benefits of the ways of working implemented during the pandemic. Work commenced in the last part of 2020-21 with partner AWA, seeking to understand how colleagues wanted to work in the future and how this could be implemented. As of the reporting date, the project is being rolled out across back-office functions and will be introduced into services throughout 2021-22. The work will likely reduce the need for estate and support the organisation in achieving delivery of its Green Plan.

Future developments (continued)

Priority 2 - Grow and transform in the communities where we work and reach as many new ones as we can

The Virgin Care sub-group has defined its purpose as changing lives through transforming health and care, and this priority recognises that this purpose can only be realised if the sub-group can retain and expand the scope of its offer within the health and care industry.

During 2021-22, the sub-group plans to invest in this priority expanding our team focused on working with health and social care commissioners and providers to understand their needs and how best the Virgin Care sub-group can help them, and their communities.

In addition, we will seek to demonstrate to existing commissioners how the work we are doing is benefitting their communities and meeting the requirements for them to extend and renew our existing contracts.

Delivering transformational change takes time, particularly to feel the benefits more broadly, but retention and extension of existing contracts allows the sub-group to focus its energies on developing and engaging its workforce and investing in developing new models and ways of working to change lives.

Priority 3 - Focus on our culture, leading the organisation into the future where we change more lives by transforming health and care

In common with all other health and care providers, the Virgin Care sub-group expects to continue to experience challenges recruiting to certain roles as a consequence of shortages of suitably qualified people in England. The Virgin Care sub-group is well positioned to attract talent and recognised as a good employer in the areas where it works.

The sub-group has already developed its offering significantly, achieving many of the objectives of the NHS People Plan which, until recently, set the standard for health and care providers. Therefore, the sub-group continues to meet the needs of the health and care workforce in terms of flexibility and offers a range of terms and conditions for roles ensuring the organisation is competitive and flexible.

The communities we support are diverse and to ensure our opportunities are inclusive to all demographics, our attraction and selection approach must accommodate this. Some of the communities we support have been heavily hit with job losses as a result of the pandemic, so we must play our part in helping to ensure that opportunities are available. The sub-group intends to launch a Community Recruitment Pledge to reflect this change during 2021-22, offering increased opportunity to those displaced from work by the pandemic through automatic shortlisting and increased apprenticeship opportunities.

Alongside the existing workforce challenges within the health and care sector, such as the aging population, the pandemic seems likely to significantly affect workforce numbers in the industry with many who may have delayed retirement no longer looking for work. To address these challenges, the sub-group will expand its current attraction, selection and role design above and beyond the existing traditional methods and continue to work closely with our in-house college The Learning Enterprise to train and develop the next generation of health and care workforce.

Following developing a new equality, diversity and inclusion strategy the sub-group will continue its implementation ensuring we are in line with best practice in these areas, supporting the NHS People Strategy and our Race at Work Charter commitments.

Future developments (continued)

Priority 4 - Demonstrating our difference, ensuring our stakeholders have a clear view of the good we do and want us to achieve even more

As it is expected that the structure and governance of the publicly funded health and care industry will change during the year, it is likely that the competition regulations through which the sub-group acquires and retains contracts will also change.

Therefore, it is vital that the sub-group is able to demonstrate its performance and delivery of not only high-quality services but of how the sub-group is delivering on its purpose: to change lives through transforming health and care.

Over the year, the Virgin Care sub-group will develop further its ability to demonstrate the difference it has made both in terms of communicating the impact of projects, and in terms of systemically documenting the improvement to outcomes that the work of the sub-group has achieved.

This reflects on the success the sub-group has had with its Essex and Child Family Wellbeing Service which regularly reports on the outcomes of the work it has done, rather than just measuring activity, allowing the service and its partners at Essex County Council to demonstrate ongoing improvement to public health.

This work will include the formation of an outcomes project group to oversee the organisation's development of this information, an improved governance structure, and the implementation of improvement projects in our Information Management and Technology department.

Sustainability initiatives will also be key to the approach taken in responding to the changed world following the pandemic. As part of the - delivering our feel the difference priority - we have developed a five-year Green Plan which sets out our aims and objectives to become a greener, more sustainable business.

Our Green Plan is a key enabler which will support us in delivering our purpose: to change lives by transforming health and care so everyone feels the difference. This includes our responsibility to the environment and ensuring a sustainable future for our colleagues, our partners, our communities and our customers by using resources efficiently to deliver high quality and safe services.

We recognise the enormous challenge that the issues of climate change, air pollution and waste present to the country and the world, and the impact these issues have on our colleagues, our customers, and our communities both now and in the future. We are committed to embedding sustainability within everything we do but we also need to work together with partners and with our employees across the health and care system.

We are developing a Net Zero plan to align with the commitments in Delivering a 'Net Zero' National Health Service, which includes an aspiration to have a net zero carbon footprint by 2040. Our current three areas of focus within our Green Plan are:

- To reduce air pollution by 20% per employee by 2025
- Take action against climate change; and
- To reduce/avoid use of single use plastic products (without compromising clinical services).

Future developments (continued)

We will achieve these aims by:

- Exploring new ways of working - for instance, by providing care virtually where it is safe and in line with service user choice, and ensuring we are only paying for heating and lighting for estates and space which is needed for the services we provide
- Ensuring journeys are taken in a more environmentally efficient way - through evaluating more sustainable ways of travel including use of low emission and electric vehicles for those that make frequent journeys, car sharing, and promoting our cycle to work scheme
- Reducing greenhouse gas emissions from our premises - for premises within our control, by transitioning to renewable energy providers and installing energy efficient systems.
- Reducing email traffic - helping to ensure that emails are sent when necessary, but reducing non-required emails which ultimately get stored on a computer server and generates heat emissions
- Delivering a greener supply chain - including reducing the use of single use plastics, reviewing our waste management, investigating sustainable and bio-degradable alternatives, and ensuring our partners and suppliers meet our green criteria

We have established a Green Working Group to spearhead this effort and introduced a green framework to facilitate engagement at every level of our organisation to maximise impact and ensure our objectives are achieved. Our Net Zero Lead is a board-level officer and we have Green Champions that have volunteered throughout our organisation to share the Green Plan and drive engagement with our green ambitions.

Priority 5 - Continue our business improvement, building a solid platform for future transformation and working efficiently, to facilitate investment

The Virgin Care sub-group and its Board continue to believe that quality and efficiency can and should be delivered simultaneously through effective operational leadership. The Virgin Care sub-group has, over the course of its business since 2010, consistently seen that high-quality services are usually financially efficient too.

Over the year, the Virgin Care sub-group will continue to develop its leadership and teams in order to achieve this aim across all of its services. The nature of the business, with new contracts and services being acquired annually, means that this will be an ongoing project. The work will include the completion of projects which were delayed due to the pandemic response, including investment in developing middle managers and senior leadership teams.

The Virgin Care sub-group will continue to improve processes and governance and seek to assure the Virgin Care sub-group, commissioners, regulators and the public that appropriate measures are in place to provide safe, high quality services. All committees and risk management processes in place during 2020-21 will be continued including the Integrated Risk Management Committee which ensures risk is effectively assessed and managed at all levels.

Future developments (continued)

The Directors consider the continued strengthening of the financial performance of the Virgin Care sub-group a key financial priority, assuring thereby the means to invest further in service delivery and innovation and ensuring continued resilience through and beyond COVID-19.

The retention of existing contracts both through extensions and new procurement processes is a priority for the organisation, along with the acquisition of new contracts aligned with the organisation's purpose of changing lives through transforming health and care.

The Directors consider the key drivers of such strengthening to be continued delivery of efficiency savings through innovative and new technology solutions and a focus on internal projects that drive such savings whilst supporting high quality services.

Section 172(1) statement

The Directors have a number of ways in which they ensure that any decision made takes consideration of the long-term impact it may have, examples of which include:

Delegation of authority

As detailed in the Wates Statement, the VHHL Board has a comprehensive framework for determining matters requiring Board review and approval and those day to day decisions delegated to employees, through the Scheme of Reservation and Delegation ("SORD"). In the last year, due to the Covid-19 pandemic, the organisation has had to adapt its decision making to respond to any emergencies. To ensure this was done in a controlled manner, temporary changes were made to the SORD to allow the Managing Directors of Business Units to make decisions quickly to support local communities and work with the local health and care providers to respond to crises as and when they arose. This was done whilst still taking into consideration the impact that any long-term changes might have had.

Strategic planning

The organisational strategy is set by the Board and, as highlighted in the 'Wates Statement- principle 4', a 3-year strategy was approved in 2019-20. The strategy was broken down into annual critical projects and in 2020 an assessment was made to ensure that organisational focus was on addressing the issues brought up by the pandemic. We continue to focus on our long-term strategy and transforming services, but we have been able to bring flexibility in the last year to ensure we are able to respond quickly to issues as they arise.

An example of these changes is developing our virtual consultation offering to ensure we continued to deliver services whilst keeping our employees and service users' safe. Examples of this include breastfeeding classes and advice and support for teenagers.

The Board ensures that employees' interests are always at the forefront of deliberations. Examples of how they keep employees engaged and consider them when making decisions are highlighted below.

Colleague engagement

Over the past year colleague engagement has been fundamental to ensuring we focus on colleague wellness during an incredibly challenging year for all health and social care staff across the country. We have ensured that colleagues are kept up to date with all key information systematically, providing assurance on any areas of concern. One of the top priorities of our response has been to keep our colleagues well informed with the ever-changing advice issued since the start of the pandemic, whether that is around specific clinical care requirements, social distancing or the correct use of PPE. We created a Covid dedicated page and addressed colleagues through weekly videos. The CEO, Dr Vivienne McVey, also made it her responsibility to personally address colleagues once a week through a video message. This personal approach was very well received and - as well as updating us all on changes to government guidance, personal protective equipment and our internal policies - she would, importantly, remind all colleagues to look after their wellbeing.

Section 172(1) Statement (continued)

We deliver more than 400 services across the country and our ability as an organisation to communicate with our thousands of frontline workers - many of whom are working on shifts that span 24 hours a day, seven days a week - has proved to be effective in helping our services to adapt.

We have continued to empower our colleagues to question and challenge and if there are concerns about something at work we encourage and support them to speak up. To make this as easy as possible we have Freedom to Speak up Guardians providing independent and impartial advice and an anonymous online reporting system.

We have introduced a wellness centre to provide help and support to colleagues, this is found on our intranet and includes information on tools, places and people that can be used to help colleagues manage their personal health and wellbeing, whether through face to face conversations, our online wellbeing platforms or through occupational health.

Objectives, appraisals and development

A rigorous approach is taken to objective setting and appraisals, ensuring all colleagues' objectives are linked to organisational objectives and that each and every colleague has the opportunity to talk about delivery of their objectives and their personal development twice a year. Colleagues are kept informed of the organisational performance against objectives through a management cascade of information following the monthly Board meeting.

This year has been no different and there has been a focus on ensuring that colleagues have the opportunity to speak to their managers regularly. As well as appraisals we have introduced the How are you (HAY) conversations, to ensure that every member of staff can talk about how they are doing and discuss any support they may require. This has been key to ensuring all colleagues are listened to so we can continue to support them through an incredibly challenging time.

The Learning Enterprise (TLE) is Virgin Care sub-group's training and development arm, delivering clinical and non-clinical training and development programmes for health and care professionals. Throughout the last year TLE had to adapt the way training is delivered, they have written new virtual classroom courses to support re-deployment of health and care staff through the coronavirus pandemic. These are available to any organisation in the health and social care sector on topics in quality, safety, leadership and clinical training. The total number of e-learning modules completed throughout 2020/21 is 55,543. A total of 2,470 virtual classroom sessions were offered with 11,500 colleague attendances.

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

The Directors regularly receive updates on a variety of topics that indicate and inform how customers, suppliers and other stakeholders have been engaged. These range from information provided from the Virgin Care sub-group's finance and procurement teams (in relation to suppliers and supplier contract management topics) to information provided by operational teams in relation to contract performance (concerning customer relationships).

As highlighted in the Wates Statement principle 6, the Virgin Care sub-group has a wide range of stakeholders who are key to delivering the strategy and providing first class care. Working in partnerships is not something new for Virgin Care - it is part of our DNA and over the past year maintaining our relationships with our stakeholders has been key to enabling us to continue to deliver effective and safe services and allowing us to support wider NHS and Social Care partners in continuing to deliver services. Below you will see examples of the exemplary work that has been undertaken across our services during a very challenging year.

Section 172(1) Statement (continued)

System Partners and NHS Commissioners: We have worked with #ActNowHomeFirst Collaborative, led by NHS England and Improvement delivering the 'Homeward' project run by the Virgin Care team at St Martin's Hospital in Bath, this offers a unique approach by creating a hybrid community hospital model that increases the flow of patients and prepares patients for safe discharge. In doing this work we have supported the Acute Hospitals in being able to discharge patients safely which has been a major challenge during the pandemic.

Service users: Involving service users in their own care and in service developments is a vital part of the Virgin Care change framework; ensuring services accurately reflect the needs of patients and creating a positive user experience. This has been continued through the past year and we have ensured we continue to deliver services, for example in Essex our Children and Family Wellbeing Services introduced virtual universal and targeted parenting education and support groups. Allowing parents all over Essex to join.

Local Authority Commissioners: Carefully selected colleagues from Virgin Care and Barnardo's have been redeployed alongside NHS colleagues for Essex's mass vaccination effort. Essex Child and Family Wellbeing Service's response to the pandemic has been exemplary - they've embraced this latest challenge with great willingness, positivity and resolve, whilst being careful to ensure essential services to vulnerable families are maintained.

CQC and Ofsted: As a provider of health and social care, Care Quality Commission standards must be met. We run our own internal inspections and have robust online governance and reporting systems to monitor how services are doing. We work in a collaborative and transparent manner with our regulators to enable good service user outcomes and in February 2021 we received a Very Low Risk grade from the Care Quality Commission (CQC) as part its new Transitional Regulatory Approach (TRA) audit process. (Grades are Very Low, Low, Medium, High and Very High).

Care Homes and Commissioners: Thousands of people in Lancashire have benefited from a group of children's community services staff who volunteered to become care home swabbers during the COVID-19 pandemic. The care home swabbing team is made up of health visitors, healthy family practitioners and community nursery nurses who are part of Lancashire Healthy Young People and Families Service. They volunteered to redeploy and become part of the new service, developed in partnership with Public Health England, to support care homes by carrying out testing for their residents

Section 171(1) Statement (continued)

Delivering high quality services for communities is what we do as an organisation. We are therefore very conscious of the impact we make in communities and understand the importance of focusing not just on the services we deliver, but also on the communities we serve.

We don't have a one-size-fits-all approach; instead we tailor our services to each of the areas we work in, partnering with commissioners, colleagues and local people and organisations to deliver a unique service, based around the needs of the local community.

Examples of how we have still managed to do this over the past year include:

In both our Bath and North East Somerset (BaNES) and our Essex Children's Services we have worked with local providers to set up Wellbeing hubs, which have supported people throughout the pandemic. These hubs have supported those most vulnerable and at-risk providing advice, support and reassurance in a range of areas from food, mental health, wellbeing and welfare.

As part of our response to help with local community economic recovery, we are introducing the Community Recruitment Pledge, a priority shortlisting scheme for candidates who live within 20-miles of a service and have lost their role as a result of COVID.

The Green Plan

Climate change, air pollution and waste present enormous challenges to the country, to the world and to future generations. Our purpose is to change lives by transforming health and care and our Green Plan, which was implemented in 2020, sets out how we make sure we will use resources efficiently to deliver high quality, safe and sustainable services over the next 5 years.

To do this teams across the organisation will be working with partners to make our organisation more sustainable through, for example, reviewing products and suppliers and doing whatever we can to make our premises greener and cleaner. However, going green will be a concerted effort and we're asking every colleague to make little changes to everyday things too. They all add up and together we can make a big difference. A copy of the full plan is available on the company's website and copies of local action plans have been provided to the organisation's public sector commissioners.

Social mobility

As a forward-thinking employer who has signed the social mobility pledge and vowed to help those from all backgrounds start and build a great career, we have seen an even greater requirement for this over the past year. In our Essex services we have been praised for our 'Civic Health Model' which aims to combat health inequality and break the barriers this poses to social mobility. The model focuses on achieving health outcomes, rather than simply undertaking activity, collaborating with local people before support is required, providing career opportunities for those who need them and increasing the number of volunteers to better engage the local community.

Section 172(1) Statement (continued)

Below we have selected a few areas that demonstrate how we have maintained these high standards:

Commissioners: We work closely with our Commissioners and believe having strong relationships is fundamental to delivering high quality services. These relationships are built at bidding stage and continue all the way through the life of the contract. As demonstrated above, we have worked closely with our Commissioners over the past year to ensure we continued to deliver first class service, whilst also supporting other providers in their provision.

Information Governance: As a data controller we have a legal and ethical duty to keep the records we hold confidential. The confidentiality and security of information is very important to us. We take the utmost care when handling personal and confidential information and ensure that we have appropriate organisational and technical security measures in place to prevent unauthorised access, accidental damage, destruction or loss.

Examples of how we do this include: Induction and annual refresher Information Governance training of staff to understand their duty of confidentiality and their responsibilities regarding data security and confidentiality of patient and other personal data; annual completion and submission of the NHS Digital's Data Security and Protection Toolkit (DSPT); ensuring that data protection by design and default is built into our processes, completing due diligence and imposing contractual obligations on providers and persons working under our instruction.

Modern slavery: In November 2020, the Board approved the annual Modern Slavery Act Statement. The Virgin Care sub-group is committed to observing high ethical standards and does this not only to comply with laws and regulations but because we want to earn and maintain the trust of our service users, colleagues and partners. We believe that success and reputation is not only dependent on the quality of the services we deliver, but also on the way we do business. We share the majority of our supply chain with the state-operated NHS, and all organisations supplying the NHS are subject to the NHS Code of Conduct on Ethics and Labour.

Our frontline teams are trained to appropriate levels in Safeguarding for their role, and this training - which is completed annually - includes material on identifying signs of modern slavery and human trafficking among the people who use the services we run.

Our shareholders: As a private company we have a small number of shareholders, the majority shareholder being represented with seats on the Board. All decisions made have due regard to all members of the company.

Approved by the Board on 30 November 2021 and signed on its behalf by:

D J Deitz
Director

Virgin Care Services Limited

Directors' Report for the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' of the company
The directors, who held office during the year, were as follows:

V M McVey

D J Deitz (appointed 1 April 2020)

Principal activity
The company's principal activity is the provision of NHS, local authority and social care services.

Results and dividends
The profit for the year, after taxation, amounted to £2,121,000 (2020: £5,134,000).

The directors do not recommend the payment of a dividend for 2021 (2020: £Nil). The retained profit for the financial year has been transferred to reserves.

Political and charitable contributions
The Company made no political or charitable donations nor incurred any political expenditure during the year (2020: £Nil).

Employment of disabled persons
Under the Company's Equal Opportunities policy, the Company ensures all employees are treated equally and do not discriminate on the grounds of gender, marital status, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or age.

The Company ensures that selection for employment, promotion, training or any other benefit will be on the grounds of aptitude and ability and ensures appropriate measures are considered to accommodate disabled candidates wishing to interview for employment, new employees with disabilities and the retention of employees who develop a disability.

Employee involvement
The Virgin Care sub-group encourages employee involvement in its affairs. The Virgin Care sub-group produces a weekly electronic newsletter which keeps employees abreast of developments. Senior management within the Virgin Care sub-group meet regularly to review strategic developments and an annual event is held at which all staff can come together and share ideas. Dialogue takes place regularly with employee representatives on a wide range of issues. Employees are able to share in the Virgin Care sub-group's results through the employee bonus scheme.

Employee views are also sought through regular employee satisfaction questionnaires, both within business units and across the Virgin Care sub-group. Following such surveys, results are shared with employees and action plans are put in place to deal with issues arising.

The Virgin Care sub-group places considerable emphasis on the development of its employees through individual development plans, and training. The Learning Enterprise provides links to NHS and other external training programmes and gives all staff access to high quality, accredited training. The Virgin Care sub-group annually runs the 'Stars of the Year' awards, which are peer nominated awards to recognise those staff who embody the core values of the business. Additionally, a talent management programme to focus on the identification and development of our high potential staff continued to operate during the year.

Environmental matters
We are conscious of our duty to use resources responsibly and to minimise any environmental impacts of our business activities. This is not only the right thing to do but has also been identified as an issue that our employees care about. We use leased facilities both in Hospitals, Offices and Medical facilities and incur transport expenditure operating several contracts.

We have a Green working group that will continue to look at opportunities to reduce our energy consumption.

We have clear objectives to reduce energy consumption and waste production within our office and medical environments.

The company has taken the exemption not to disclose its individual energy consumption and energy usage is included in the financial statements of Virgin Holdings Limited

Future developments
As detailed in the strategic report, the Virgin Care sub-group will continue with the provision of high-quality medical services and safety remains a top priority for 2021-22.

Going concern
The directors have prepared the financial statements on the going concern basis for the reasons set out in note 1 to the financial statements.

Subsequent events
On 30 November 2021, shortly after the signing of these financial statements, Virgin Care will be rebranded as HCRG Care Group and was acquired by T20 Pioneer Holdings Limited bringing together their strengths, capability and expertise in the health and care services sector.

Since acquiring the Virgin Care Sub-group in 2010, Richard Branson and the Virgin Group have supported the sub-group with more than £75 million of investment in the sub-group and its NHS and local authority partnerships, through its people, technology and front-line services.

While the sub-group has a new name, as HCRG Care Group it remains business as usual. It will continue to focus on changing lives by transforming health and care working with commissioners, communities and our hard-working frontline colleagues to deliver joined up, efficient but above all high quality services.

Directors' liabilities
During the year, and at the date of signing this report, the Company maintained liability insurance and third-party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies.

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors
The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

Approved by the Board on 30 November 2021 and signed on its behalf by:

D J Deitz
Director

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Directors of Virgin Care Services Limited

Opinion

We have audited the financial statements of Virgin Care Services Limited ("the company") for the year ended 31 March 2021 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the director and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reviewing Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for the director; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual offset accounts when posted to revenue or cash and borrowings, and those with descriptions that could indicate fraudulent posting.
- Performing specific revenue-cut off procedures to assess the appropriateness of the revenue recognition date.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with Care Quality Commission regulatory requirements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent Auditor's Report to the Directors of Virgin Care Services Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 22, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

....

Clare Partridge (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign St
Leeds
LS1 4DA

Date: 30 November 2021

Virgin Care Services Limited

Profit and Loss Account for the Year Ended 31 March 2021

	Note	2021 £ 000	2020 £ 000
Turnover	3	230,389	248,433
Cost of sales		(196,304)	(219,379)
Gross profit		34,085	29,054
Administrative expenses		(30,686)	(22,827)
Operating profit	4	3,399	6,227
Income from shares in group undertakings	5	19	-
Interest payable and similar charges	6, 17	(927)	(1,048)
		(908)	(1,048)
Profit before tax		2,491	5,179
Tax on profit on ordinary activities	9	1,962	(45)
Profit for the year		4,453	5,134

The above results were derived from continuing operations.

There was no other comprehensive income for 2021 (2020: Nil).

Virgin Care Services Limited

(Registration number: 7557877)
Balance Sheet as at 31 March 2021

	Note	31 March 2021 £ 000	31 March 2020 £ 000
Fixed assets			
Tangible assets	10	2,772	2,811
Right of use assets	11	16,755	21,363
Investments	12	17	17
		19,544	24,191
Current assets			
Stocks	13	241	333
Debtors	14	127,929	108,316
Cash at bank and in hand	15	8,200	8,602
Deferred Tax asset	9	3,035	1,134
		139,405	118,385
Creditors: Amounts falling due within one year	16	(98,677)	(83,028)
Net current assets		40,728	35,357
Total assets less current liabilities		60,272	59,548
Creditors: Amounts falling due after more than one year	17	(10,523)	(15,708)
Provisions for liabilities	9, 18	(5,457)	(4,001)
Net assets		44,292	39,839
Capital and reserves			
Called up share capital	19	-	-
Profit and loss account		44,292	39,839
Shareholders' funds		44,292	39,839

Approved by the Board on 30 November 2021 and signed on its behalf by:

D J Deitz
Director

Virgin Care Services Limited

Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2020	-	39,839	39,839
Profit for the year	-	4,453	4,453
Total comprehensive income	-	4,453	4,453
At 31 March 2021	-	44,292	44,292

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2019	-	35,814	35,814
Change in accounting policy	-	(1,109)	(1,109)
At 1 April 2019 (As restated)	-	34,705	34,705
Profit for the year	-	5,134	5,134
Total comprehensive income	-	5,134	5,134
At 31 March 2020	-	39,839	39,839

The change in accounting policy relates to the implementation of *IFRS 16 Leases* during the prior year. The company elected to adopt the modified retrospective approach as detailed in note 1.

1 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. In preparing these financial statements , the company applies the recognition, measurement and disclosure requirements of international Financial Reporting Standards as adopted by the EU ("adopted IFRSs") but makes amendments were necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are presented in Pounds Sterling, which is the company's functional and presentational currency.

The Company's ultimate parent is domiciled in the UK, Virgin Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Virgin Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The company has therefore taken the exemption available under FRS 101 and has not prepared consolidated financial statements.

Summary of disclosure exemptions
In these financial statements, the company has applied exemptions available under FRS 101 in respect of the following disclosures:

• Cash Flow Statement and related notes;
• Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investments;
• Disclosures in respect of transactions with wholly owned subsidiaries;
• Disclosures in respect of capital management;
• The effects of new but not yet effective IFRSs;
• Disclosures in respect of the compensation of Key Management Personnel; and
• Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Virgin Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
• Disclosures required by IFRS 7 Financial Instrument Disclosures.
• Disclosures required by IFRS 13 Fair Value Measurement.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

1 Accounting policies (continued)

Going concern
The Company is part of the 'Virgin Care' sub-group, headed by Virgin Healthcare Holdings Limited. The Virgin Care sub-group's ultimate parent entity is Virgin Group Holdings Limited, owned directly by its sole shareholder, Sir Richard Branson.

On 30 November 2021 immediately following the signing of these financial statements the 'Virgin Care sub-group' will be rebranded as HCRG Care Group and will be acquired by T20 Pioneer Holdings Limited bringing together their strengths, capability and expertise in the health and care services sector. As part of the exit, all loans due to Virgin Group and Assura have been capitalised, so that no further obligation exists, and the business has been left in a strong financial position. In totality this means that the Virgin Care sub-group has sufficient working capital to allow it to continue as a going concern without the need of any external support.
The Directors of Virgin Healthcare Holding Limited have prepared cash flow forecasts at a Virgin Care sub-group level to determine whether the entities within the control of Virgin Healthcare Holdings Limited, the parent of the sub-group, have the ability to continue as a going concern. It is the intention of the Directors of Virgin Care Services Limited to utilise funds across the Virgin Care sub-group as required, to ensure all entities have the ability to meet liabilities as they fall due

The Directors of Virgin Healthcare Holding Limited have prepared Virgin Care sub-group cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Virgin Care sub-group will have sufficient funds, generated from operations, to meet its liabilities as they fall due for that period. Reasonably possible downside scenarios include a no growth model where no additional contracts are won across the forecast period. In this scenario the Virgin Care sub-group has sufficient funds to operate as a going concern. The impact of COVID-19 has been considered within the forecasts made by the Virgin Care sub-group.

The Virgin Care sub-group has no external bank funding facilities and upon signing or immediately following signing of these financial statements, will have £12m in cash equivalents.

The company is a trading entity of the Virgin Care sub-group and provides external services to the NHS and local authorities. It is part of the sub-group wide central cash pooling arrangement. Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The directors have considered the intent of T20 Pioneer Holdings Limited to continue to support the business as a going concern and consider this to be the case.

1 Accounting policies (continued)

Changes in accounting policy
New standards, interpretations and amendments effective

The following have been applied for the first time from 1 April 2020:

• Amendments to References to the Conceptual Framework in IFRS
• Amendments to IFRS 9 and IFRS 7 - Interest Rate Benchmark Reform
• Amendments to IFRS 16 - Covid-19-Related Rent Concessions
• Amendments to IFRS 3 - Definition of a business
• Amendments to IAS 1 and IAS 8 - Definition of material

None of the above standards, interpretations and amendments effective for the first time from 1 April 2020 have had a material effect on the financial statements.

Revenue recognition
The company recognises revenue from the provision of health and social care services funded by the National Health Service (NHS) and Local Authorities across England.

Revenue is recognised in line with IFRS 15 during the accounting period which the services are rendered, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. Any amounts received where the performance obligation has not yet been met are held as deferred income.

Revenue is exclusive of Value Added Taxes.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1 Accounting policies (continued)

Tangible assets
Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight-line over the life of the lease
Medical equipment	Straight-line over 3 years
Motor vehicles	Straight-line over 3 years
Computer and office equipment	Straight-line over 3-4 years
Right of use assets	Straight-line over the life of the lease

Investments
Investments held as fixed assets are shown at cost less provision for impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors
Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Stock
Inventories are stated at the lower of cost and net realisable value.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

Intra-group arrangements

The bank balances of the Virgin Care sub-group headed up by Virgin Healthcare Holdings Limited are pooled together on a group basis and swept into an overnight deposit account. Consequently, individual entity bank accounts may show an overdrawn position at any time, but overall the Virgin Care sub-group has the capacity to offset any positive cash balances against any negative cash balances and always maintains a net positive cash position across the Virgin Care sub-group as a whole. As a result, the Virgin Care sub-group has no requirement for a formal overdraft facility. This right of offset is underwritten by cross company guarantees (or otherwise known as credit insurance). Therefore, the arrangement is treated as an insurance contract and not a derivative. Subsequently, if indebtedness occurs within the Virgin Care sub-group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS 15.

1 Accounting policies (continued)

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The company applied the following implicit interest rates on leases:

- Properties - 4%
- Motor Vehicles - 4%
- Machinery - 10%

Interest charges are presented separately as non-operating in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

1 Accounting policies (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight-line basis over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to the Lessor when accounting under IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease). After classification lessor accounting is applied to the sublease.

1 Accounting policies (continued)

Prior to the transition to IFRS 16, the company adopted the following accounting policy in relation to operating leases:

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

1 Accounting policies (continued)

Pension commitments

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable the company to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the company of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years".

An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes.

The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process.

1 Accounting policies (continued)

Pension commitments (continued)
The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-
· financial liabilities at amortised cost; or
· financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

1 Accounting policies (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)
A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:-
· the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

1 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

1 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

1 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

1 Accounting policies (continued)

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 March 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Accounting estimates and assumptions

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

The use of estimates and assumptions is explained in further detail in note 2.

2 Critical accounting judgements and key sources of estimation uncertainty

The Company makes judgements and estimates in preparing the financial statements. Judgements and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. In the future, actual experience may differ from these. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

Accrued income

Accrued income poses a risk of uncertainty due to the timing of reconciliations with customers meaning that at the year end not all balances are agreed, billed and paid. However, by the time the statutory accounts are signed the vast majority of customers have been reconciled and actual invoices raised based on this process. Therefore, the exposure to significant estimation uncertainty is limited.

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of intercompany receivable balances from group entities

The Directors have exercised judgement in determining that the intercompany receivable balance from other group entities is not impaired. In coming to this conclusion, the Directors have estimated the value in use of Virgin Care Limited and its subsidiaries based on their historical experience and forecast information. This value in use model uses assumptions in respect of annual contract win rates, expected margin and discount factor. The value in use model demonstrates significant headroom, and even when reasonable sensitivities are applied there is no impairment.

There are a number of critical assumptions in relation to the IFRS 16 calculation that are summarised as follows:

Discount rate

For property leases we have applied a discount rate of 4.00%. The rate is calculated using an observable property yield based on market data for property based within the primary care industry.

Lease length

A number of lease properties are short term in nature, such as rolling monthly or annual agreements. Judgement is therefore required to determine the substance of each property agreement. Properties are occupied based on the service contract to which they relate, we therefore consider the most accurate way to assess the lease termination date, in substance, to be the end date of the service contract.

Peppercorn rent and rent-free properties

The company rents numerous properties either on a peppercorn or rent-free basis. For these properties, the rental cost is deemed to form part of the value of the service contract to which the property relates. In order to determine an appropriate rental value for each of these leases, we have obtained rental rates for comparable properties using available industry information.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Provision of healthcare services	230,390	248,433

All turnover arose in the United Kingdom.

The company has just one segment under IFRS 8, and therefore no further detailed segmental information has been presented.

4 Operating profit

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Depreciation expense	1,271	1,445
Depreciation on right of use assets - Machinery	158	155
Depreciation on right of use assets - Property	6,798	5,694
Depreciation on right of use assets - Other	382	442
Insurance provision	100	2,092
Property dilapidations provision	1,356	-
Audit of these financial statements	116	126
Other fees payable to auditors - taxation compliance	-	20

5 Income from shares in group undertakings

	2021 £ 000	2020 £ 000
Virgin Care Vertis LLP	4	-
Virgin Care Coventry LLP	6	-
Virgin Care East Riding LLP	1	-
Assura Reading LLP	8	-
	19	-

6 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest expense on leases - Machinery	46	60
Interest expense on leases - Other	24	29
Interest expense on leases - Property	857	959
	927	1,048

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	108,514	111,714
Social security costs	10,134	10,174
Other pension costs	11,911	12,605
	130,559	134,493

7 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Non-registered	762	1,030
Registered	2,419	2,634
	3,181	3,664

Registered employees refer to our health and care professionals who are registered with the Health and Care Professional council.

8 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	116	126
Other fees to auditors		
Taxation compliance services	-	20

Taxation compliance and other non-audit services were provided by the same firm that performed the audit of these financial statements.

9 Income tax

Tax charged/(credited) in the profit and loss account

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	(60)	-
Adjustments in respect of prior year	-	(73)
Total current tax credit	(60)	(73)
Deferred taxation		
Origination and reversal of temporary timing differences	354	305
Adjustments in respect of prior year	10	(187)
Current year deferred income tax recognised	(2,266)	-
Total deferred tax charge	(1,902)	118
Total tax charge/(credit)	(1,962)	45

9 Income tax (continued)

Factors affecting the tax charge for the year

The tax on profit before tax for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	2,491	5,179
Profit/(loss) before tax multiplied by the standard rate of corporation in the UK of 19% (2020: 19%)	473	984
Expenses not deductible for tax purposes	45	61
Non-taxable income	(51)	-
Group relief claimed	-	(782)
Current year deferred income tax (recognised)/unrecognised	(2,266)	524
Impact on deferred tax due to changes in tax rates	-	(482)
Adjustments in respect of current income tax of prior years	-	(73)
Adjustments in respect of deferred income tax of prior years	10	(187)
Transfer pricing adjustments	(173)	-
Total tax (credit)/charge	(1,962)	45

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The deferred tax assets / liabilities at 31 March 2020 have been calculated at 19% (2020: 19%).

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £959,000.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In accordance with FRS 101, no asset has been recognised for the potential deferred tax asset of £Nil (2020: £3,185,142) arising from tax losses and other timing differences of £Nil (2020: £15,654,908) as the losses are not expected to be utilised in the foreseeable future.

9 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

2021	Asset £ 000
Accelerated capital allowances	580
Short term temporary differences	190
Tax losses	2,266
	3,035

2020	Asset £ 000
Accelerated capital allowances	615
Short term temporary differences	519
Tax losses	-
	1,134

Deferred tax movement during the year:

	At 1 April 2020 £ 000	Recognised in income £ 000	At 31 March 2021 £ 000
Accelerated capital allowances	615	(35)	580
Short term temporary differences	519	(329)	190
Tax losses	-	2,266	2,266
Net tax assets/(liabilities)	1,134	1,902	3,035

Deferred tax movement during the prior year:

	At 1 April 2019 £ 000	Recognised in income £ 000	At 31 March 2020 £ 000
Accelerated capital allowances	476	138	615
Short term temporary differences	776	(257)	519
Tax losses	-	-	-
Net tax assets/(liabilities)	1,252	(118)	1,134

10 Tangible assets

	Leasehold improvements £ 000	Computer & Office Equipment £ 000	Motor vehicles £ 000	Medical Equipment £ 000	Total £ 000
Cost or valuation					
At 1 April 2020	1,058	4,450	26	718	6,252
Additions	33	1,029	9	161	1,232
Disposals	-	(145)	-	(13)	(158)
At 31 March 2021	1,091	5,334	35	866	7,326
Depreciation					
At 1 April 2020	514	2,327	26	574	3,441
Charge for the year	199	954	1	117	1,271
Eliminated on disposal	-	(145)	-	(13)	(158)
At 31 March 2021	713	3,136	27	678	4,554
Carrying amount					
At 31 March 2021	378	2,198	8	188	2,772
At 31 March 2020	544	2,123	-	144	2,811

Depreciation charges for the year were recognised within administrative expenses.

11 Right of use assets

	Machinery £ 000	Property £ 000	Other £ 000	Total £ 000
Cost or valuation				
At 1 April 2020	614	25,914	1,126	27,654
Additions	22	2,668	49	2,739
Disposals	(5)	(222)	(304)	(531)
Transfers to other group subsidiaries	-	-	(13)	(13)
At 31 March 2021	631	28,360	858	29,849
Depreciation				
At 1 April 2020	155	5,694	442	6,291
Charge for the year	158	6,798	382	7,338
Eliminated on disposal	(5)	(222)	(304)	(531)
Transfers to other group subsidiaries	-	-	(4)	(4)
At 31 March 2021	308	12,270	516	13,094
Carrying amount				
At 31 March 2021	323	16,090	342	16,755
At 31 March 2020	459	20,220	684	21,363

Depreciation charges for the year were recognised within administrative expenses.

12 Investments

Subsidiaries	**£ 000**
Cost or valuation	
At 1 April 2020	17
At 31 March 2021	17
Provision	
Carrying amount	
At 31 March 2021	17

Details of the subsidiaries as at 31 March 2021 are as follows:

Name of subsidiary	Principal activity	Country of Incorperation	Holding
VH Community Services Limited	Provision of clinical services	England	100%
The Randolph Partnership	Provision of NHS primary care services	England	98%

Copies of the financial statements may be obtained from the registered office, The Heath Business and Technical Park, Runcorn, Cheshire, United Kingdom, WA7 4QX.

The Randolph Partnership was struck off on 30 June 2021.

On 10 September 2020, the company became a designated member of Virgin Care Vertis LLP, Virgin Care Coventry LLP, Virgin Care East Riding LLP and Assura Reading LLP.

13 Stock

	31 March 2021 £ 000	31 March 2020 £ 000
Raw materials and consumables	241	333

14 Trade and other debtors

	31 March 2021 £ 000	31 March 2020 £ 000
Trade debtors	6,326	5,461
Amounts owed by group undertakings	110,139	89,431
Prepayments	7,383	9,099
Other debtors	4,081	4,325
	127,929	108,316

Amounts owed by group subsidiaries are repayable on demand. However, given that the company does not operate a regular process for settling these amounts, they are not considered to be working capital in nature and are not expected to be settled within 12 months of the balance sheet date.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The provision for doubtful receivables at 31 March 2021 was £234,000 (2020: £1,086,000).

15 Cash at bank and in hand

	31 March 2021 £ 000	31 March 2020 £ 000
Cash at bank	8,200	8,602

16 Trade and other creditors

	31 March 2021 £ 000	31 March 2020 £ 000
Trade creditors	5,643	9,018
Accrued expenses	36,108	28,765
Amounts owed to group undertakings	43,442	33,425
Social security and other taxes	2,315	2,534
Other creditors	2,705	2,147
Current portion of long term lease liabilities	8,464	7,139
	98,677	83,028

17 Leases

Leases included in creditors

	31 March 2021 £ 000	31 March 2020 £ 000
Current portion of long term lease liabilities	8,464	7,139
Long term lease liabilities- Amounts falling due after more than one year	10,523	15,708

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on the present value of minimum lease payments reported in the table below:

	31 March 2021 £ 000	31 March 2020 £ 000
Year 1	8,464	7,139
Year 2	6,066	6,711
Years 3 to 5	4,433	8,725
Over 5 years	24	272
Total lease liabilities	18,987	22,847

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

18 Other provisions

	Property Dilapidations £ 000	Insurance £ 000	Total £ 000
At 1 April 2020	-	4,001	4,001
Additional provisions	1,356	104	1,460
Increase (decrease) in existing provisions	-	(4)	(4)
At 31 March 2021	1,356	4,101	5,457

Insurance Provision
The insurance provision covers the estimated total gross exposure from potential claims. The insured sum against these claims is £3,582,000 (2020: £3,348,000) and is included in other debtors. The maximum net exposure is limited to the reflected figure as insurance provided by a third party will cover any claims greater than the already recognised insurance excess.

Property Dilapidations Provision
The dilapidations provision relates to the company's contractual obligation to return leased properties back to their original condition at the end of the lease term. Management have calculated the provision for each property on a cost per square foot basis, using both historic and current property surveys as a guide for estimated dilapidations costs.

19 Share capital

Allotted, called up and fully paid shares

	31 March 2021		31 March 2020	
	No.	£	No.	£
100 Ordinary shares of £1 each of £1 each	100	100	100	100

20 Pension and other schemes

Pension commitments

The Company operated a defined contribution scheme for its employees and directors. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounts to £11,911,000 (2020: £12,605,000). Contributions totalling £1,671,000 (2020: £1,785,000) were payable to the fund at the balance sheet date and are included in other creditors.

21 Contingent liabilities

As of the date of signing of the statutory accounts, the directors considered there to be no contingent liabilities (2020: £Nil).

The bank balances of the Virgin Care sub-group headed up by Virgin Healthcare Holdings Limited are pooled together on a group basis and swept into an overnight deposit account. Consequently, individual entity bank accounts may show an overdrawn position at any time, but overall the Virgin Care sub-group has the capacity to offset any positive cash balances against any negative cash balances and always maintains a net positive cash position across the Virgin Care sub-group as a whole. As a result, the Virgin Care sub-group has no requirement for a formal overdraft facility. This right of offset is underwritten by cross company guarantees (or otherwise known as credit insurance). Therefore, the arrangement is treated as an insurance contract and not a derivative. Subsequently, if indebtedness occurs within the Virgin Care sub-group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

22 Related party transactions

Summary of transactions with other related parties

The Company's ultimate parent undertaking is Virgin Group Holdings Limited, whose sole shareholder is Sir Richard Branson. The shareholder of Virgin Group Holdings Limited has interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures.

As a 100% owned subsidiary of Virgin Healthcare Holdings Limited, the Company has taken advantage of the exemption which enables it to exclude disclosure of transactions with Virgin Healthcare Holdings Limited and its wholly owned subsidiaries.

VH Doctors Limited, which was struck off in December 2020, shared a common director with Virgin Care Limited, such that VH Doctors Limited was considered to be a related party of Virgin Care Limited. Virgin Care Services Limited, Virgin Care Provider Services Limited and VH Community Services Limited were all related parties of VH Doctors Limited as they were all wholly owned subsidiaries of Virgin Care Limited. The LLP's which are subsidiaries of Virgin Care Limited are also related parties. Details of the value of services provided in the current and prior year are included below:

VH Doctors:

During the year, there were no transactions related to the receipt of services (2020: £596,000) or the rendering of services (2020: £1,003,000).

23 Controlling party

At the time of signing these fiancial statements, the immediate parent company was Virgin Care Limited, a company incorporated in the United Kingdom. The registered office was The Heath Business & Technical Park, Runcorn, Cheshire, WA7 4QX.

The ultimate parent company was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest group in which the Company and group results are consolidated are those for Virgin Holdings Limited and Virgin UK Holdings Limited respectively, companies both registered in England and Wales. Copies of the group accounts of Virgin Holdings Limited and Virgin UK Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

On 30 November 2021 Virgin Care, immediately after or shortly after signing will be rebranded as HCRG Care Group and was acquired by T20 Pioneer Holdings Limited. The Directors consider following the acquisition the ultimate controlling party to be Twenty20 Capital Investments Limited.

24 Events after the reporting period

On 30 November 2021 shortly after the signing of these financial statements Virgin Care, will rebranded as HCRG Care Group and was acquired by T20 Pioneer Holdings Limited bringing together their strengths, capability and expertise in the health and care services sector. There is no financial impact to the company from this post balance sheet event however the transaction will result in the Virgin Care sub-group being in a stronger financial position that will be beneficial for the company.