

# together for children SUNDERLAND

## Strategic Report, Report of the Directors and Financial Statements

For the year ended 31 March 2018

For

Together for Children Sunderland Limited



SATURDAY



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07/07/2018  
COMPANIES HOUSE

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FOR THE YEAR ENDED 31 MARCH 2018**

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**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2018**

**DIRECTORS:**

D M Blake  
Ms S D Carty  
M H Dillon  
Professor P M Fidler  
Ms D M Jenkins  
Ms S E Mitchell  
Ms E F G Standfield  
P S Wilson  
S G Renwick

**REGISTERED OFFICE:**

Civic Centre  
Burdon Road  
Sunderland  
SR2 7DN

**REGISTERED NUMBER:**

10085290 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Michael Moran BA FCA

**AUDITORS:**

Robson Laidler Accountants Limited  
Statutory Auditor  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
Tyne and Wear  
NE2 1TJ

## TOGETHER FOR CHILDREN SUNDERLAND LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their strategic report for the year ended 31 March 2018.

#### Who we are

Established on the 1st April 2017, Together for Children, a company limited by guarantee, delivers children's services on behalf of Sunderland City Council. Together for Children is owned by Sunderland City Council but controlled by an independent board to ensure operational independence.

Children's Services in Sunderland are presently under "Direction" from the Department for Education (DfE) and the considerable progress of Together for Children continues to be externally monitored and evaluated against the recommendations made by Ofsted.

Since its inception, the Company has improved productivity levels, the timeliness of responses and strengthened performance management arrangements and oversight. Self-assessment and external scrutiny, including six monitoring visits completed by Ofsted have demonstrated steady progress in the year to date.

***"Sunderland continues to make progress and the new arrangements are assisting this. There is good scrutiny of work and despite the very low baseline of the last inspection; there is clear evidence of the improvement that has taken place". Children's Services Advisor (Nov 17)***

#### Our Vision

"Together for Children will improve the lives of children and their families, keep children safe from harm, and ensure they have the opportunity to fulfil their potential."

#### Our City: The Context of our Care

- Approximately 54,260 children and young people under the age of 18 years live in Sunderland. This is 20% of the total population in the area. 28,037 are male and 26,223 are female.
- Approximately 25% of the local authority's children aged under 16 years are living in low-income families.
- The proportion of children entitled to free school meals:
  - in primary schools is 20% (the national average is 14%)
  - in secondary schools is 21% (the national average is 13%)
- Children and young people from minority ethnic groups account for 6% of all children living in the area, compared with 21% in the country as a whole.
- The largest minority ethnic groups of children and young people in the area are Asian/Asian British and Mixed
- The proportion of children and young people with English as an additional language:
  - in primary schools is 6% (nationally 21%)
  - in secondary schools is 5% (nationally 16%)
- 95.7 per 100,000 for admission episodes for alcohol specific conditions for under 18's.
- 154.3 per 10,000 for hospital admissions caused by injuries in children under 15.
- High prevalence of mental health disorders in those aged 5-16 - estimated prevalence 10.4% against an English average of 9.2%

#### Children Looked After (CLA) & Children In Need (CIN):

- Rate of CLA per 10,000 of the population as at March 2018: 109.8
- Rate of CP per 10,000 of the population as at March 2018: 95.5
- Rate of CIN per 10,000 of the population as at March 2018: 541.7
- Rate of referrals per 10,000 of the population as at March 2018: 864.0

Research is ongoing to explore the Sunderland demographic.

#### Early Help Plans:

- Rate of children on early help plans per 10,000 of the population as at March 2018: 297

## TOGETHER FOR CHILDREN SUNDERLAND LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

#### School Split:

- 9 nurseries, 81 primary schools (31 academies), 16 secondary schools (14 academies), 2 all through schools, 6 schools providing for special educational needs (4 academies) and 5 schools providing pupil referral units and alternative provision (1 free school).

#### OUR SERVICES

Together for Children works with Sunderland City Council and other partner organisations to ensure that children's services across Sunderland are delivered by a suitably qualified and experienced workforce and deliver optimum value for money.

The specific services provided by TfC are detailed within the Service Contract agreed between the company and Sunderland Council. In summary these are:

<b>Early Help</b>
<ul style="list-style-type: none"><li>• Childcare</li><li>• Early years education</li><li>• Children's centres</li><li>• Family support</li><li>• Substance misuse services</li><li>• Youth Offending services</li></ul>
<b>Social Care</b>
<ul style="list-style-type: none"><li>• Statutory assessments and care planning</li><li>• Services for looked after children and care leavers</li><li>• Fostering</li><li>• Adoption</li><li>• Emergency Duty Team (EDT)</li></ul>
<b>Education</b>
<ul style="list-style-type: none"><li>• School improvement</li><li>• School leadership development</li><li>• Alternative education provision</li><li>• Governor support</li><li>• Apprenticeships and access to employment</li><li>• Educational psychology</li><li>• Special educational needs</li><li>• Integrated services for children with disabilities</li></ul>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2018**

<b><i>Performance and Quality</i></b>
<ul style="list-style-type: none"> <li>• Performance analysis</li> <li>• Quality assurance</li> <li>• Strategic and policy development</li> <li>• Service improvement</li> <li>• Commissioning</li> <li>• Workforce development</li> <li>• Marketing and communications</li> <li>• Business development</li> <li>• Child protection conferencing</li> <li>• Independent reviewing officers</li> </ul>
<b><i>Finance and Resources</i></b>
<ul style="list-style-type: none"> <li>• Financial planning</li> <li>• Accountancy management</li> <li>• Schools' finance</li> <li>• Company secretary</li> </ul>

**BUSINESS OBJECTIVES**

The Company's business plan set out 5 key priorities to improve the life chances of children's services. Progress made against the programmes of work that underpin each of these in year one to date includes:

**1. Improving the life chances of children by making them safer**

- Early Help Strategy established which commits all partners to supporting the delivery of prevention, early help and targeted interventions.
- Targeted Early Help Service remodelled delivering whole family support to complex families - over 600 families being supported on Early Help plans by December 2017.
- Neglect toolkit and practice guidance launched to support and manage intensive entrenched behaviour.

**2. Improving the life chances of children by supporting them to be ready for school, ready for work and ready for life**

- All children and young people have been converted to an Education Health Care Plan by 1st April 2018.
- Education Leadership Board and Sunderland Teaching School Alliance established to drive the school improvement agenda.
- Revised training programme established including an EQISP programme for nursery, PVI and early years settings.
- Early Child Development programme to support SEN developmental delay launched.
- A programme designed to access the apprenticeship levy for LAC is being extended and embedded.



**3. Improving the life chances of children by recruiting, retaining and investing in our workforce**

- Recruitment and Retention Strategy developed supporting improved workforce stability driving:
- Reductions delivered in the use of agency staff of 20% since April 2017.
- Targeted recruitment via North East Jobs and targeted recruitment advertising.
- TfC Staff Induction programme developed and receiving positive feedback from staff.
- Workforce Development Strategy developed driving:

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2018**

- ASYE programme successful in bringing in 15 new social workers and a further 14 planned for 2018/19.
- Performance and quality assurance culture embedded challenging practice across social care
- Enhanced training offer developed for foster carers.
- Performance and quality assurance culture embedded challenging practice across social care
- Enhanced training offer developed for foster carers.
- Implementation of staff engagement programme led by Chief Executive.

**4. Improving the life chances of children by transforming services**

- LiquidLogic™ implemented on time on 29th January 2018.
- Participation and Engagement Strategy "Empowering our Future" refreshed with key areas for action identified and agreed with young people.
- Continuous development of MOMO (Mind of my Own) feedback tool for children and young people including training and promotion. MOMO award won in "highest user" category.
- Sunderland Youth Parliament led development of Mental Health Charter Mark for schools.

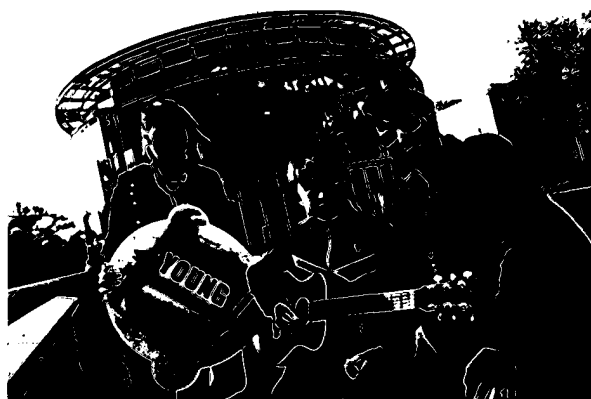


**5. Improving the life chances of children by growing the company**

- Efficiency Strategy developed to support service transformation agenda.
- TfC charity to be established supporting income generation and partnership working.
- Costs to be benchmarked and value for money methodology developed to assess services and models of delivery in terms of cost and quality.
- Increased income through trading services across the region.

**PARTNERSHIPS IN THE COMMUNITY**

The Company strives to engender partnership working wherever possible to the benefit of Sunderland's children. A highly visible example is an event sponsored by a range of partner organisations, the annual Young Achievers awards. This special event is high profile and seeks to both recognise children of achievement and also to boost the self-esteem of the children. Pictures below show elected member engagement is a vital part of our partnership in this venture.



## TOGETHER FOR CHILDREN SUNDERLAND LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

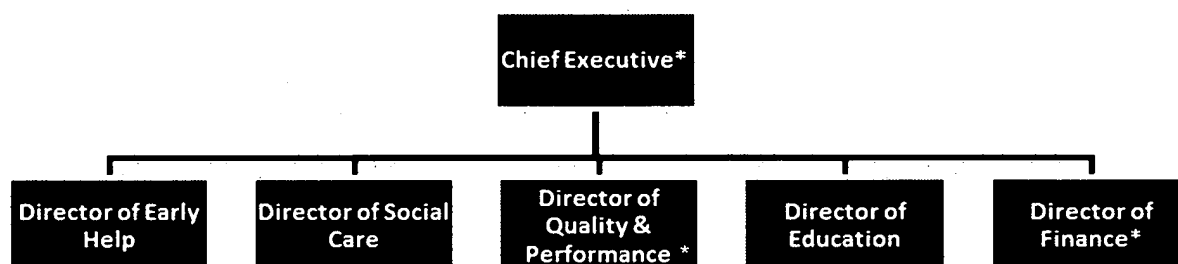
We believe that developing and operating in constructive partnerships is essential to achieving the best outcomes for our children and young people. There are already really good relationships with partners in the city. We will capitalise on this and harness the expertise of all our partners including Health, Police, Schools and the Community and will work closely with them, to ensure that we provide seamless services. Our children and young people will always remain at the centre of everything we do and their needs will continue to inform our service delivery and commissioning arrangements.

Our approach is to work in an integrated way with the Council and partner organisations to ensure that services are delivered by a suitably qualified and experienced workforce and deliver optimum value for money.

### GOVERNANCE STRUCTURE

The Company is overseen by its Board and has standing Finance & Risk and Adoption & Fostering Committees.

The Senior Management Team structure is shown below. On an operational basis, the Directors meet regularly with their direct reports as the Directorate Management Team (DMT) and on a bi-monthly basis with the next tier as an Extended DMT.



(\* = Company Board Members registered with Companies House)

### Principal risks

The Board of the Company takes Risk Management seriously and a Risk Register has been developed which identifies those strategic risks that are considered the most critical in relation to the Company. These risks are actively scrutinised by the Finance & Risk Committee with major issues being escalated to the Board as and when appropriate.

At the end of March 2018, there were fifteen strategic risks under surveillance; of which seven were considered the most material:

- i. Delivering demand-led services within the contract sum and to a high quality
- ii. Workforce - securing permanency in social care and reducing dependency on Agency staff
- iii. Early Help (EH) - effectiveness of the EH offer preventing cases escalating into statutory services
- iv. Legal Services - capacity within the team and ability to recruit and retain solicitors
- v. General Data Protection Regulations (GDPR) - compliance with the Regulations which came into force as at 25 May 2018
- vi. Service Level Agreements - scope, value and approval
- vii. Governance - the Board's decision making scope compared to decisions reserved for the Council



**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2018**

The Risk Register is reviewed monthly by TfC Directors and quarterly by the Finance and Risk Committee on behalf of the TfC Board to consider any new and additional key business or operational risks and agree actions to mitigate the risks identified.

**PERFORMANCE MANAGEMENT**

**Working with the Council to monitor our progress**

The details of the services to be provided and related key performance measures are set out in a detailed and legally binding Service Contract. A Performance Management Framework and the governance arrangements established enable the Council to monitor and scrutinise the performance of the Company as delivered through the service contract. The Company will also continue to be under additional scrutiny from the DfE whilst it remains "under Direction".

**The Performance Framework**

The performance framework includes all contracted activity undertaken to ensure work with children and their families is carried out to the highest standard of quality. The framework supports improvements in understanding whether the right children are being supported, in the right way, at the right time, and whether a positive impact is being made on the progress that children make and the outcomes they achieve. The framework is designed to help on the journey of continuous assessment and improvement by taking a focus on quality of standards and practice, partnership working, investment in workforce and capacity and leadership, governance and organisational effectiveness.

A suite of key performance indicators is agreed with Sunderland City Council which are supported by a range of additional management information indicators to ensure there is sufficient measurement and scrutiny of progress being made against the priorities agreed. As part of the service contract annual review process, the current KPI targets and tolerances are reviewed before the end of April each year to ensure they reflect the Company's performance and local and national comparators.

**Our internal processes**

Measuring our progress in achieving our business priorities is critical in demonstrating that TfC is transforming its services and making a difference in the city. A detailed operational delivery plan underpins this strategy.

Progress against the overarching Company priorities is monitored on a quarterly basis, with each responsible Director required to provide reports to the Company Board. An annual review will be undertaken each year identifying the progress made and reported to the Company Board and the Council.

The annual review will feed into the setting of priorities and targets each year and will form part of the performance appraisals of the Directors.

At an operational level, individual lead managers are identified against the Improvement Plan priorities and will also be identified against year 3 programmes. Performance management and quality assurance processes ensure critical oversight of progress and early identification of any progress at risk of delay.

## TOGETHER FOR CHILDREN SUNDERLAND LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018


#### RESULT FOR THE YEAR

This was the first year of trading for the company, delivering children's services on behalf of Sunderland City Council. Turnover of £102m was received during the period, of which £97m was received from Sunderland City Council in the form of contract income and contributions. The main contract income from Sunderland City Council totalled £59.6m.

The company spent £93.9m on cost of sales, providing services to children. The company also spent £10.7m on administration expenses during the period. Pension costs totalled £6m and includes £2.5m of costs as a result of the required defined benefit pension scheme disclosures and £3.5m contributions paid during the year to the 717 employees of the company.

Overall income and expenditure in the next financial period is expected to be similar with no significant fluctuations. Sunderland City Council will continue to provide contributions in excess of the contract income received in the period, to ensure the company can continue to trade.

#### ON BEHALF OF THE BOARD:

  
.....  
D M Jenkins – Director and Chair

Date: 27th June 2018

## **TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

The company is limited by guarantee and has no share capital.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2018.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

D M Blake  
Ms S D Carty  
M H Dillon  
Professor P M Fidler  
Ms D M Jenkins  
Ms S E Mitchell  
Ms E F G Standfield  
P S Wilson

Other changes in directors holding office are as follows:

A Hopkins - resigned 1 December 2017  
D May - resigned 26 January 2018  
S G Renwick – appointed 4 June 2018

#### **EMPLOYEES**

The company is an equal opportunities employer. It is the company's policy to develop and apply procedures and practices which are designed to ensure that equal opportunities are provided to employees, or those who seek employment.

All employees are treated fairly and equally. Selection for employment, promotion, training or other matters affecting their employment is on the basis of aptitude and ability.

It is the company's policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the company) and to comply with any current legislation with regard to disabled persons.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2018**

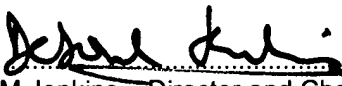
**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

  
.....

D M Jenkins – Director and Chair

Date: 27th June 2018

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

### **Opinion**

We have audited the financial statements of Together For Children Sunderland Limited (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages nine and ten, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



Michael Moran BA FCA (Senior Statutory Auditor)  
for and on behalf of Robson Laidler Accountants Limited  
Statutory Auditor  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
Tyne and Wear  
NE2 1TJ

Date: 27 June 2018

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

		<b>Year Ended 31.3.18 £</b>	<b>Period 25.3.16 to 31.3.17 £</b>
	<b>Notes</b>		
<b>TURNOVER</b>	<b>4</b>	<b>102,088,135</b>	-
Cost of sales		<u>93,915,202</u>	-
<b>GROSS PROFIT</b>		<b>8,172,933</b>	-
Administrative expenses		<u>10,736,290</u>	-
		<b>(2,563,357)</b>	-
Interest receivable and similar income		<u>6,357</u>	-
		<b>(2,557,000)</b>	-
Other finance costs	13	<u>590,000</u>	-
<b>LOSS BEFORE TAXATION</b>	<b>6</b>	<b>(3,147,000)</b>	-
Tax on loss	7	<u>-</u>	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><b>(3,147,000)</b></u>	-

The notes form part of these financial statements

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Year Ended 31.3.18 £	Period 25.3.16 to 31.3.17 £
<b>LOSS FOR THE YEAR</b>		<b>(3,147,000)</b>	-
<b>OTHER COMPREHENSIVE LOSS</b>			
Opening pension deficit		(24,384,000)	-
Actuarial gains/losses on pension scheme		301,000	-
Corporation tax relating to components of other comprehensive loss		<u>4,575,770</u>	-
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF CORPORATION TAX</b>		<u>(19,507,230)</u>	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u><b>(22,654,230)</b></u>	-

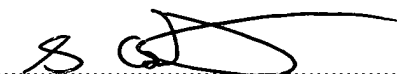
The notes form part of these financial statements




**BALANCE SHEET**  
**31 MARCH 2018**

	Notes	2018 £	2017 £
<b>CURRENT ASSETS</b>			
Debtors	8	7,877,889	-
Cash at bank and in hand		<u>6,290,087</u>	<u>-</u>
		14,167,976	-
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>9,592,206</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		4,575,770	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,575,770	-
<b>PENSION LIABILITY</b>	13	<u>(27,230,000)</u>	<u>-</u>
<b>NET LIABILITIES</b>		<u>(22,654,230)</u>	<u>-</u>
<b>RESERVES</b>			
Retained earnings	12	<u>(22,654,230)</u>	<u>-</u>
		<u>(22,654,230)</u>	<u>-</u>

The financial statements were approved by the Board of Directors on 27 June 2018 and were signed on its behalf by:

  
.....  
Ms S D Carty - Director

  
.....  
D M Blake - Director

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Changes in equity</b>	<hr/>	<hr/>
<b>Balance at 31 March 2017</b>	<hr/> - <hr/>	<hr/> - <hr/>
<b>Changes in equity</b>		
Total comprehensive loss	<u>(22,654,230)</u>	<u>(22,654,230)</u>
<b>Balance at 31 March 2018</b>	<u>(22,654,230)</u>	<u>(22,654,230)</u>

The notes form part of these financial statements

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

		<b>Year Ended 31.3.18 £</b>	<b>Period 25.3.16 to 31.3.17 £</b>
<b>Cash flows from operating activities</b>	<b>Notes</b>		
Cash generated from operations	1	<u>6,283,730</u>	<u>-</u>
Net cash from operating activities		<u>6,283,730</u>	<u>-</u>
 <b>Cash flows from investing activities</b>			
Interest received		<u>6,357</u>	<u>-</u>
Net cash from investing activities		<u>6,357</u>	<u>-</u>
		<u>                    </u>	<u>                    </u>
<b>Increase in cash and cash equivalents</b>		<b>6,290,087</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2</b>	<u>-</u>	<u>-</u>
 <b>Cash and cash equivalents at end of year</b>	<b>2</b>	<u><u>6,290,087</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>Year Ended 31.3.18 £</b>	<b>Period 25.3.16 to 31.3.17 £</b>
Loss before taxation	(3,147,000)	-
Defined benefit scheme adjustments	2,557,000	-
Finance costs	590,000	-
Finance income	(6,357)	-
	(6,357)	-
Increase in trade and other debtors	(3,302,119)	-
Increase in trade and other creditors	9,592,206	-
<b>Cash generated from operations</b>	<b><u>6,283,730</u></b>	<b><u>-</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2018**

	<b>31.3.18 £</b>	<b>1.4.17 £</b>
Cash and cash equivalents	<b><u>6,290,087</u></b>	<b><u>-</u></b>

**Period ended 31 March 2017**

	<b>31.3.17 £</b>	<b>25.3.16 £</b>
	<b><u>-</u></b>	<b><u>-</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**1. STATUTORY INFORMATION**

Together For Children Sunderland Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention.

The financial statements are presented in UK Sterling which is the functional currency of the company and rounded to the nearest £1.

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

**Significant judgements and estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and judgements will be modified as appropriate in the year in which the circumstances change.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the recognition of contract income from Sunderland City Council and the disclosures in respect of the defined benefit scheme. The assumptions relating to the pension scheme are disclosed at note 13.

**Turnover**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Turnover consists of income from various grants and contracts and is recognised in accordance with the terms of those grants and contracts. Any unbilled work at the year end is accrued and recognised as turnover.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**3. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**3. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The company operates a defined benefit pension scheme for the benefit of certain of its employees, as a member of the Tyne & Wear Pension Fund. The assets of the scheme are held separately from those of the company in an independently administered fund.

FRS102 requires the company to disclose certain information in relation to the pension scheme, concerning assets, liabilities, income and expenditure related to the scheme. These disclosures have been prepared by AON Hewitt, the actuary for the Tyne & Wear Pension Fund.

The liabilities of the pension scheme attributable to the company are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees.

Assets have been valued at bid value in accordance with FRS102.

The net pension liability is analysed into the following components:-

**Current service costs**

The increase in liabilities as a result of years of service earned this year, is allocated to the Statement of Comprehensive Income.

**Past service costs**

The increase in liabilities arising from current year decisions that affect years of service earned in previous years.

**Interest costs**

The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

**Expected return on assets**

The annual investment return on the fund assets attributable to the company based on an average of the expected long term return.

**Actuarial gains and losses**

Changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.  
Contributions paid to the pension fund

**Contributions paid to the pension fund**

Cash paid as employer's contributions to the pension fund.

**Other pension schemes**

Certain employees of the company are members of the following pension schemes:

- Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education .
- The NHS Pension Scheme.

The arrangements for these two schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to Together for Children Sunderland Limited. These schemes are, however, accounted for as if they were defined contribution schemes but, no liability for future payments of benefits is recognised in the company's Balance Sheet. Employer contributions into these schemes are charged to the Statement of Comprehensive Income.

**Short-term debtors and creditors**

Debtors and creditors with no interest rate which are receivable or payable within one year are recorded at transaction price. Any loss arising from impairment are recognised immediately in profit and loss.

## TOGETHER FOR CHILDREN SUNDERLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2018

#### 3. ACCOUNTING POLICIES - continued

##### Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and current balances with banks and other institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. This definition is also used for the cash flow statement.

#### 4. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business for the year ended 31 March 2018 is given below:

	£
Contract income	59,673,469
Educational income	41,016,353
Other income	<u>1,398,313</u>
	<u>102,088,135</u>

This analysis is not considered to be applicable to the period ended 31 March 2017.

An analysis of turnover by geographical market for the year ended 31 March 2018 is given below:

	£
United Kingdom	<u>102,088,135</u>
	<u>102,088,135</u>

This analysis is not considered to be applicable to the period ended 31 March 2017.



**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**5. EMPLOYEES AND DIRECTORS**

	£
Wages and salaries	19,235,081
Social security costs	1,867,793
Other pension costs	5,935,509
	<u>27,038,383</u>

The average number of employees during the year was as follows:

Service delivery	632
Administration	85
	<u>717</u>

**Pension costs**

Employees of Together for Children Sunderland Limited are admitted to the Tyne & Wear Pension Fund, under the regulations governing the Local Government Pension Scheme. This is a defined benefit scheme, meaning that Together of Children Sunderland Limited and employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets.

In 2017/18 the company paid £3,281,000 into the Tyne & Wear Pension Fund, which provides members with defined benefits relating to pay and services. The Fund Actuary determines the employer's contribution rate based upon triennial actuarial valuations, the last review being 1 April 2017. Under Pension Regulations, overall contribution rates are set to meet 100% of the overall liabilities of the Fund over the defined period.

The above pension costs include £2,557,000 as a result of adjustments relating to costs associated with the defined benefit scheme.

	Year Ended 31.3.18 £	Period 25.3.16 to 31.3.17 £
Directors' remuneration	<u>329,287</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>3</u>	<u>-</u>
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Information regarding the highest paid director for the year ended 31 March 2018 is as follows:

	Year Ended 31.3.18 £
Emoluments etc.	<u>102,917</u>

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**6. LOSS BEFORE TAXATION**

The loss is stated after charging:

	<b>Year Ended 31.3.18 £</b>	<b>Period 25.3.16 to 31.3.17 £</b>
Auditors' remuneration	<u><b>12,950</b></u>	<u><b>-</b></u>

**7. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 March 2018 nor for the period ended 31 March 2017.

**Tax effects relating to effects of other comprehensive income**

	<b>Gross £</b>	<b>2018 Tax £</b>	<b>Net £</b>
Opening pension deficit	(24,384,000)	4,632,960	(19,751,040)
Actuarial gains/losses on pension scheme	<u>301,000</u>	<u>(57,190)</u>	<u>243,810</u>
	<u><b>(24,083,000)</b></u>	<u><b>4,575,770</b></u>	<u><b>(19,507,230)</b></u>

**8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018 £</b>	<b>2017 £</b>
Trade debtors	1,470,437	-
Amounts owed by group undertakings	175,626	-
Other debtors	9,498	-
Deferred tax asset	4,575,770	-
Prepayments and accrued income	<u>1,646,558</u>	<u>-</u>
	<u><b>7,877,889</b></u>	<u><b>-</b></u>

**Deferred tax asset**

	<b>2018 £</b>	<b>2017 £</b>
Tax losses carried forward	(597,930)	-
Other timing differences	<u>5,173,700</u>	<u>-</u>
	<u><b>4,575,770</b></u>	<u><b>-</b></u>

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	477,864	-
Social security and other taxes	2,699,754	-
Accruals and deferred income	6,414,588	-
	<u>9,592,206</u>	<u>-</u>

**10. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Within one year	480,500	-
Between one and five years	1,922,000	-
In more than five years	1,745,836	-
	<u>4,148,336</u>	<u>-</u>

**11. DEFERRED TAX**

	£
Deferred tax on tax losses	597,930
Pension scheme movements	(5,173,700)
Balance at 31 March 2018	<u>(4,575,770)</u>

**12. RESERVES**

	Retained earnings £
Deficit for the year	(3,147,000)
Deferred tax on pension deficit	4,575,770
Actuarial gain/loss	301,000
Opening pension deficit	(24,384,000)
At 31 March 2018	<u>(22,654,230)</u>

**13. EMPLOYEE BENEFIT OBLIGATIONS**

The disclosures below relate to the funded liabilities within the Tyne & Wear Pension Fund (the 'Fund') which is part of the Local Government Pension Scheme (the 'LGPS'). The funded nature of the LGPS requires Together for Children Sunderland Limited and its employees to pay contributions into the Fund, calculated at a level intended to balance the pensions liabilities with investment assets.

**TOGETHER FOR CHILDREN SUNDERLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018**

**13. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in profit or loss are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Current service cost	5,767,000	-
Net interest from net defined benefit asset/liability	1,826,000	-
Past service cost	71,000	-
	<u>7,664,000</u>	<u>-</u>
Actual return on plan assets	<u>297,000</u>	<u>-</u>

Changes in the present value of the defined benefit obligation are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	69,979,000	-
Current service cost	5,767,000	-
Past service cost	71,000	-
Contributions by scheme participants	1,129,000	-
Interest cost	1,826,000	-
Actuarial losses/(gains)	(3,000)	-
Benefits paid	(268,000)	-
Actuarial (gains)/losses from changes in financial assumptions	(1,000)	-
	<u>78,500,000</u>	<u>-</u>

Changes in the fair value of scheme assets are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	45,595,000	-
Contributions by employer	3,281,000	-
Contributions by scheme participants	1,129,000	-
Interest income on assets	1,236,000	-
Actuarial gains/(losses)	297,000	-
Benefits paid	(268,000)	-
	<u>51,270,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2018

13. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Actuarial (gains)/losses from changes in financial assumptions	1,000	-
Asset gains/(losses) arising during the period	297,000	-
Liability gains/(losses) arising during the period	<u>3,000</u>	<u>-</u>
	<u>301,000</u>	<u>-</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
Equities	67.00%	-
Government Bonds	4.00%	-
Corporate Bonds	11.70%	-
Property	8.50%	-
Cash	3.70%	-
Other	<u>5.10%</u>	<u>-</u>
	<u>100.00%</u>	<u>-</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2018	2017
Discount rate	2.60%	-
Future salary increases	3.50%	-
Future pension increases	2.00%	-
RPI inflation	3.10%	-
CPI inflation	2.00%	-
Pension accounts revaluation rate	2.00%	-

## TOGETHER FOR CHILDREN SUNDERLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2018

#### 13. EMPLOYEE BENEFIT OBLIGATIONS - continued

The latest actuarial valuation of Together for Children Sunderland Limited's liabilities took place as at 1 April 2017. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Employer's assets and liabilities for FRS102 purposes are shown above.

##### **Mortality assumptions**

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

	31 March 2018
<b>Males</b>	
Member aged 65 at accounting date	22.9
Member aged 45 at accounting date	25.1
<b>Females</b>	
Member aged 65 at accounting date	26.4
Member aged 45 at accounting date	28.7

##### **Expected return on assets**

The approximate split of assets for the fund as a whole is shown in the table above. Also shown are the assumed rates of return adopted by the employer for the purposes of FR102.

#### 14. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Sunderland City Council.

#### 15. RELATED PARTY DISCLOSURES

Included in turnover is £59,673,469 in contract income and £37,772,150 in contributions received from Sunderland City Council who is the sole member of the company.

Included in administrative expenses is £2,156,152 in services contracted from Sunderland City Council.

Included in debtors is £175,626 owed by Sunderland City Council.

Included in accruals is £526,530 owed to Sunderland City Council.

During the year, a total of key management personnel compensation of £536,530 was paid.

#### 16. GOING CONCERN

The company has recorded net liabilities at the year end, by virtue of having to include the pension deficit in the accounts in accordance with FRS102. The company's pension deficit of £27.2m is recognised in full in the financial statements. The liability is being addressed on a going concern basis, with the company having up to 25 years to address the pension fund projected deficit. If this liability had not been included in the accounts, the accounts would have recorded a break even position, which is in line with the company's expectations.

The use of the going concern basis is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt over the ability of the company to continue as a going concern. Sunderland City Council has confirmed that it will financially support the company for a further 12 months from the date the financial statements are signed by the directors and the auditor. The directors have reviewed the company's forecasts for the next financial year from the date of formally approving the financial statements and consider preparation of the financial statements on a going concern basis to be appropriate.