

together for children

SUNDERLAND

Strategic Report, Report of the Directors
and Financial Statements
Year Ended 31 March 2021

Together for Children Sunderland Limited



North East
Better Health
at Work Award
Bronze Award

SATURDAY



AA9VS0FS

A07

31/07/2021

#216

COMPANIES HOUSE

"Care means catching me when I fall"



This striking piece was created by a care experienced person who worked with TfC as a modern apprentice then went on to win a place at University.
(We are very grateful for Loren's permission to include her work in this Annual Report).

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

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TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021**

DIRECTORS:

C E Auld
S D Carty
J P Colbert
D M Exley
D J Gallagher
C M Hearne
J Laverick
S P Mason
P Moffat
S G Renwick

REGISTERED OFFICE:

Stanfield Business Centre
Addison Street
Sunderland
SR2 8SZ

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 2021

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

Our Context

Together for Children Sunderland Limited (the Company), a company limited by guarantee, delivers Children's Services on behalf of Sunderland City Council (the Council) by whom it is owned; it is controlled by an independent board to ensure operational independence.

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

The Company provides a range of services to meet the education, early help and social care needs of Sunderland's children, but we can't do this on our own. We work with statutory and community partners in everything we do.

This includes the most fundamental responsibility for the safeguarding and protection of children, including cared for children and those children with special educational needs and disabilities.

Our Vision

Putting the child first!

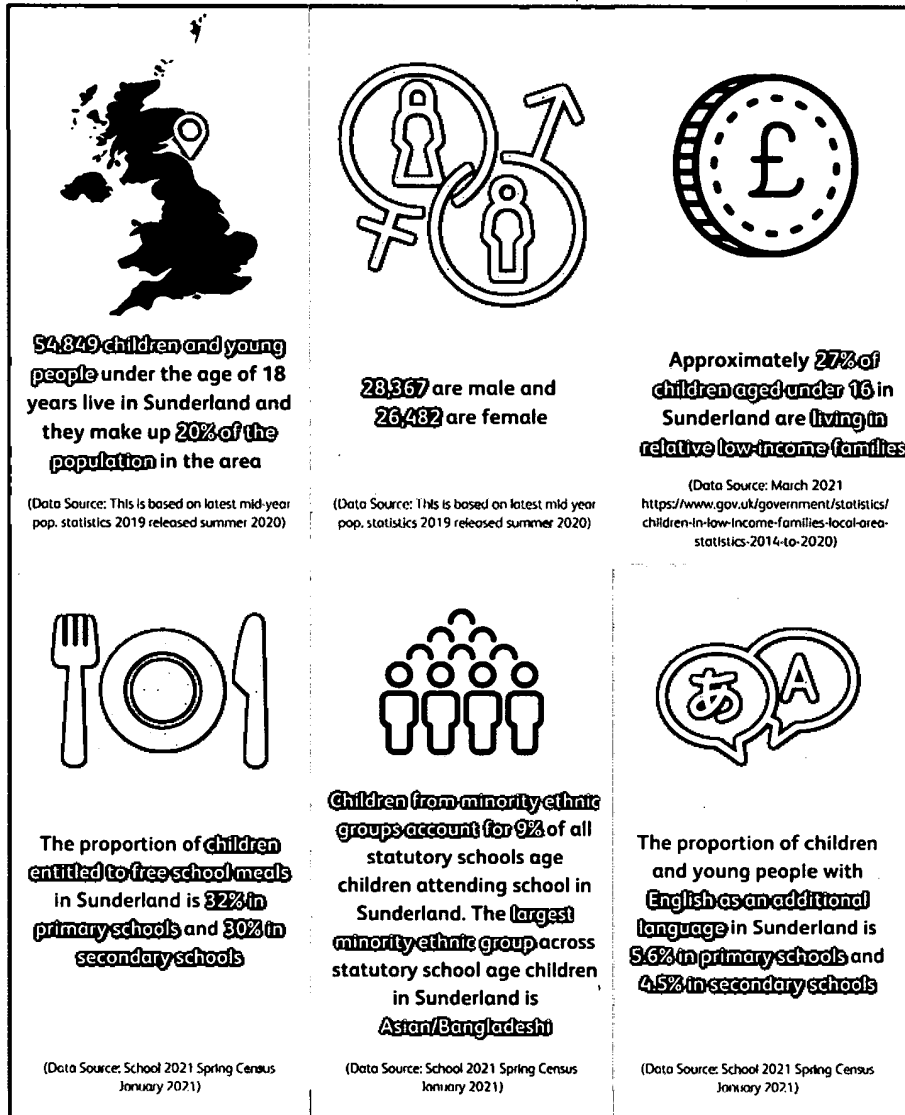
Business Objectives

In addition to the Mission and Vision, the Company's Business Plan 2018-21 sets out five key priorities to improve the life chances of children:

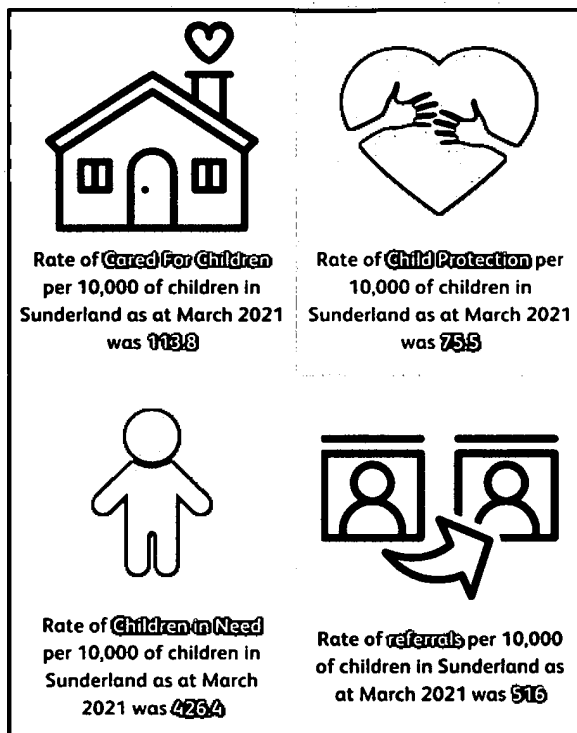
1. To improve the quality of all services for children in Sunderland and build trust with partners.
2. To develop partnerships across Sunderland and beyond to support children and families.
3. To optimise investment in early help and edge of care services in order to safely reduce demand for statutory services.
4. To improve efficiency, both within Together for Children and across the partnership.
5. To grow Together for Children so that it can become a force for improvement and innovation.

Our City: The Demography of our Care

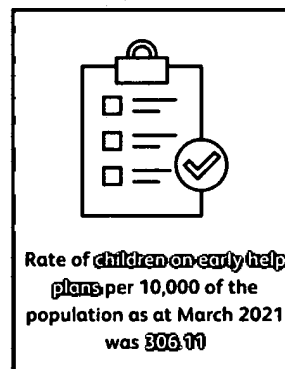
General



Cared For Children and Children in Need



Early Help



(Data Source: Provisional TFC Social Care data as at 31 March 2021)

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 the Company are detailed within the Service Contract agreed between the Company and Sunderland City Council. In addition to support services such as Human Resources, Legal, Performance and Finance, the schematic overleaf illustrates the services that the Company offers to the children and young people of Sunderland:

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Together for Children

Services for children, young people and families in Sunderland



NEET - Not in Education, Employment or Training
<https://www.togetherforchildren.org.uk/>

Our Progress this year

The year covered by these accounts has been most atypical given the global pandemic and this has meant that any Monitoring Visits or re-inspection activity by Ofsted has been delayed; a Focused Visit took place in late March 2021.

Notwithstanding this pause in monitoring activity, the Company's improvement journey has continued unabated thanks largely to its excellent and committed staff.

Cared for Children, Fostering & Residential, Adoption & Leaving Care

The Company's children's homes are all rated as 'good' or 'outstanding'. There have been no regulatory inspections of children's homes this year.

The capacity of internal children's homes was further expanded in Autumn 2020 with the opening of Nook Lodge Children's Home. This 3-bed provision was developed to meet the needs of the most complex children who had predominantly been in externally located and managed children's homes, a major feat to open such a facility during the pandemic.

As part of the planned investment in local residential care, increased capacity from the Clinical Psychologist for Cared for Children has been procured and is enabling the continued development of a therapeutic approach. The Next Steps (care experienced) service is also now receiving support from the Clinical Psychologist for Cared for Children who is providing training and consultation. This will ensure consistency of approach in direct work with young people who have experienced trauma across the children's homes, supported accommodation and into adulthood and support pathways into adult mental health services where needed.

The local capacity of the internal supported accommodation service for care experienced young people has been increased with the opening of Cliffe Park Support to Independence provision. Cliffe Parke has been refurbished during the pandemic and opened at the beginning of March 2021. As of the end of March 2021, it had 4 young people living there who had been with external providers. Cliffe Park will support them with the next phase of their plan for semi-independence.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Early Help

All Early Help services, including the YOS and all Targeted Youth Services, have continued to support children and families from the outset of Covid restrictions. Initially cases were RAG rated for risk and direct work continued with those at greatest risk of escalation into statutory services. Children and families whose plans were RAG rated green (lowest risk) were supported via video or telephone contact. From July 2020 support to families was provided as required following a management risk discussion. As Covid restrictions prevailed for the duration of the financial year, working patterns following easing of lockdowns will require to be determined in the next financial year.

The service also picked up the ongoing support for all families whose Early Help Plan had previously been co-ordinated by a school, health visitor or other universal service provider. Early help workers deployed to schools were fully utilised by these schools, supporting with a variety of issues and addressing issues identified from the vulnerable children still attending. Welfare visits to families of concern and those self-isolating were a feature of this work.

Hearing the voice of the young person

The Company is now using the expressions preferred by children and young people as outlined below.

Change the Language

**together for
children
SUNDERLAND**

We hear "Placement/Unit"... we prefer 'Home/House'

We hear "Children Looked After"... we prefer 'Cared For'

We hear "Care Leavers"... we prefer 'Care Experienced'

We hear "Contact"... we prefer 'Family Time'



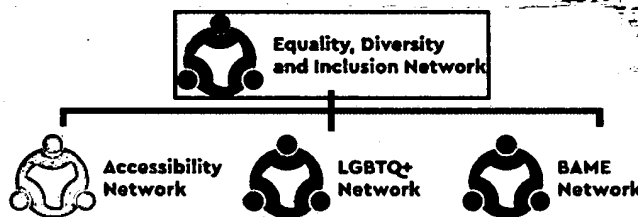
**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Our Employment Goals

The Company aims to be a great and inclusive place to work characterised by workforce stability, lower attrition and retention of talent. This is illustrated in the undernoted infographic and further detailed in the ensuing paragraphs.

your voice

have a say in shaping our future



We value our diverse workforce and are committed to inclusive practice in everything we do. We want to build a culture that values openness, fairness and transparency - and that starts with you!

Each network will meet monthly to discuss, promote and influence issues relating to the network. The meetings are open to all to join!

tfcforum

We want to ensure that we are making decisions that reflect the needs of our organisation - and to do this we need to hear from you!

Have your say on working practice and policies, discuss issues important to you and your teams and support SLT in making informed decisions. The forum meets monthly and is open for all to join!

To join any of these monthly meetings, please contact
communications@togetherforchildren.org.uk

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Investment in newly qualified Social Workers

The well-established Company Social Work Academy accounted for 31 new Social Care recruits in 2019/20, with a further 19 currently completing the Assessed and Supported Year of Employment (ASYE) year in 2020/21. This runs alongside the established Student Social Worker programme and our continued participation in the national Step-up to Social Work campaign. The Company has previously sponsored staff to undertake the Post Graduate Degree in Social Care and is actively supporting the Social Care Apprenticeship Programme. An independent review by Skills for Care in 2020 of the newly qualified programme at the Company found that "Senior management are fully engaged with the ASYE programme, there is a culture of learning, support and nurture in evidence within the organisation and that the strength of the ASYE is serving to drive forward other developments across Social Care. Newly Qualified Social Workers (NQSWS) are understanding of the rationale and recognise that they are valued within the organisation. They concluded that a lot has been achieved in a relatively short space of time. It appeared to the reviewers that the arms-length structure supported flexibility and innovation. It was noted that "this freedom could possibly set the organisation apart from others".

Skills for Care determined these outcomes following direct feedback from ASYE's and their Practise Assessors.

Recognising the impact and importance of newly qualified Social Workers at the Company, on completion of the ASYE year all year 2 practitioners are extended the opportunity to complete the Year 2 Practitioner award representing a continuing investment in their CPD and showing their commitment to remain with the Company.

Staff Progression and Development

The launch of the "me@tfc" (Learning and Development) Strategy has created access points for all Company staff into continued professional development; whether this be through recognised leadership and management programmes such as Firstline or through more specialist routes such as Practice Education and progression panels. The Director of Children's Social Care is undertaking the Aspirant DCS Programme, Heads of Services within Children's Social Care undertook the Women in Leadership Programme and all Service Managers and their respective Management Teams have received coaching via the Insights™ approach. All social care staff have received targeted Signs of Safety training, with Managers and Leaders receiving additional modules to inform wider practice change. Safe and Together has also recently been launched across Social Care targeting knowledge and practice of Domestic Abuse. There is now well established and promoted communication on learning and development promoting training courses to the social care workforce which staff can access freely in line with the development needs identified in supervision (virtually or face-to face following appropriate risk assessments). A Learning and Development Forum has been established to bring together training partners across the Company and the Sunderland Safeguarding Children's Partnership so that learning and practice developments can be shared. Dedicated Learning and Development resource has been allocated through the creation of a Company Learning and Development Manager and in Social Care in the form of a Social Care Workforce Support Manager.

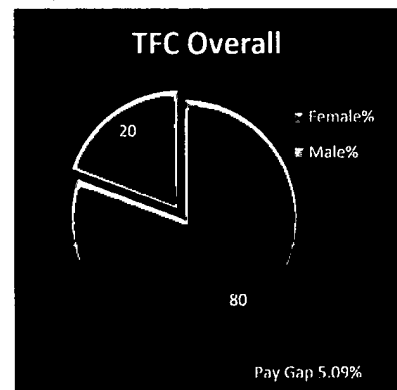
Gender Pay Gap reporting (<https://gender-pay-gap.service.gov.uk/Employer/ODMqgYVP/2020>)

There were 813 employees working on the snapshot date of 5 April 2020. The gender pay gap analysis is based on headcount which showed 654 Females and 159 Males.

The Company workforce is, as is typical in our service arena, predominantly female; even in the highest paid quartile 80% of employees are female.

Hourly pay gap: In this organisation, women earn £1 for every £1 that men earn when comparing median hourly pay. Their median hourly pay is 0% lower than men's.

The percentage of women in each pay quarter: In this organisation, women occupy 80% of the highest paid jobs and 89% of the lowest paid jobs.



TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of the Company owns the Risk Architecture and Risk Appetite for the Company and has delegated oversight of the Strategic and Operational Risk Registers to its Audit and Assurance Committee. Material risks are escalated to the Board as and when appropriate. All risks are actively managed by the Senior Leadership Team of the Company through a regular review of the Strategic and Operational Risk Registers.

At the end of March 2021, there were seven strategic risks under surveillance all of which are considered as either quantitatively or qualitatively material namely there is a risk that:

1. The lack of capacity, alongside any increase in demand post Covid in the residential care homes market for specialist services, including EHCP requirements, increases the requirement for such arrangements and thus costs.
2. That the current property estate occupied by the Company, some of which is manifestly unfit for purpose, has an impact on staff morale as it is unable to facilitate the delivery of effective services.
3. That the Company is unable to live within its 2020/21 contract sum and that the planned efficiencies achieved through reducing cost run-rates and the Transformation Programme may not allow the Company to live within the Contract Sum in 2021/22 either.
4. That the ongoing Covid pandemic and the emerging variant issues and "long-Covid" illness could affect the Company's ability to deliver effective and affordable services during 2021/22 and beyond.
5. That, whilst best endeavours are being made to ensure TfC identifies those most in need of support, there are limitations as regards being able to deliver services normally.
6. That the current Board Committee structure does not give enough oversight of Performance to the whole of the Board.
7. In relation to the national restructure of the CCG as it is currently unclear how the Company will be able to engage and negotiate future funding in relation to being able to deliver effective services.

As referenced above, all the above noted material risks are actively scrutinised on a monthly basis by the Senior Leadership Team and at every Audit and Assurance Committee meeting. An inherent part of the discussion in both fora is the context of the risk locally, regionally and nationally and so, for example, mitigation of risk 1 above is participation in Regional Commissioning initiatives seeking a unified approach to the market. Finally in this regard, the Audit and Assurance Committee is actively seeking to align each year's Internal Audit Work Programme with the Risk Register to ensure all material risks are addressed.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

SECTION 172(1) STATEMENT

This reporting requirement relates to a directors' duty to promote the success of the Company, which is prescribed in Section 172 of the Companies Act 2006. This duty states that:

- A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - the likely consequence of any decision in the long term;
 - the interests of the company's employees;
 - the need to foster the company's business relationships with suppliers, customers and others;
 - the impact of the company's operations on the community and the environment;
 - the desirability of the company maintaining a reputation for high standards of business conduct;
 - the need to act fairly as between members of the company.

In regard to the Company during 2020/21, the accompanying Annual Report demonstrates clearly its operating context, employee considerations/engagement, partnership ethos and high standards as a corporate parent, business partner and neighbour.

A brief summary under the headings of the Act include:

- the likely consequence of any decision in the long term;
 - Given the Company remained under direction from the Department for Education during the year under review and operated under a Services Contract with its Sole Member, Sunderland City Council, which is a maximum of ten years (7+3 year structure) starting from 1 April 2017 all long-term decision making is tightly regulated.
 - In addition, the Company's Articles of Association stipulate that any decisions with a longevity beyond the Services Contract are a Matter Reserved for the Council as sole member.
- the interests of the Company's employees;
 - Narrative elsewhere in this Annual Report demonstrates how the Company values and engages with its staff and embraces equality and diversity. The Company has significantly reduced reliance on Agency social work staff and created a strong, engaged and stable workforce at all levels including management across the Company. As at 31 March 2021, the Company had just one agency social worker.
 - The Company's Senior Leadership Team meets regularly with Trade Union colleagues to discuss key matters especially those relating to staff, terms and conditions (which mirror those of the Sunderland City Council per the Services Contract).
- the need to foster the Company's business relationships with suppliers, customers and others;
 - Again, the accompanying Report shows a keen desire to create and optimise key strategic partnerships in providing high quality services to all service users and unashamedly putting the child first.
 - In a practical sense, the Company's published Payment Terms reports demonstrate a desire to support the Company's supply chain by prompt payment with >97% paid within 30 days and an average payment term of just 6 days.
- the impact of the Company's operations on the community and the environment;
 - The Company is very community engaged with regular liaison events designed, for example, to support and recruit Foster Carers and potential adoptive parents. The Company's Third Sector interface is strong with active support to the Cared for Children Christmas Luxury Hamper appeal by a local charity, Hopesprings, as but one example.
 - An ongoing review of the Company estate anticipates reducing the Company's carbon footprint and the acquisition in 2020/21 of a first electric pool car and charging point demonstrates commitment to lowering tailpipe emissions when travelling.
 - The Company is actively engaged with the Council on a city-wide Low Carbon Framework and is actively canvassing the views of young people to support and shape this agenda.
- the desirability of the Company maintaining a reputation for high standards of business conduct;
 - The Company strives to be utterly professional in its business conduct and adopts high standards of conduct in all operations.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

SECTION 172(1) STATEMENT (CONTINUED)

- As already alluded to above, payment terms are prompt and not exploitative, and any changes to contract terms and conditions are carefully articulated and discussed rather than being unilaterally introduced.
- The Company has a Modern Slavery Policy which mirrors that of its sole member and applies to supply chain partners too.
- the need to act fairly as between members of the Company
 - Sunderland City Council is the Sole Member, therefore equity and fairness is not an issue.
 - The Company recognises staff and unions as key stakeholders in its success and, as explained elsewhere in this report seeks to proactively engage with both these important stakeholders in an equitable manner.

Streamlined Energy and Carbon Reporting (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the regulations).

These regulations codify a new Annual reporting requirement for large companies to include in its Director's Report a report on Energy and Carbon utilisation. The desired disclosure covers:

- Total UK energy use.
- Greenhouse gas emissions due to UK energy use.
- A relevant ratio of emissions against a factor associated with the company's activities (intensity ratio).
- Comparative figures (these can be excluded for the first year of disclosure).
- Energy efficiency action taken in the reporting period.
- Statement of methodologies used in the calculations of these disclosures.

The guidance in the regulations contains a "comply or explain" narrative relating to the practicality of accessing the relevant data. Given the structure of the Company, as a wholly owned subsidiary of the City of Sunderland Council, which owns no assets including buildings but simply leases operational sites, compliance with this standard is neither practical nor practicable at this juncture. As referenced elsewhere in this Report, the Company is committed to a lower carbon footprint and will work with Council colleagues to develop an Energy/Carbon Management System wherewith to comply with this disclosure requirement in future accounting periods.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

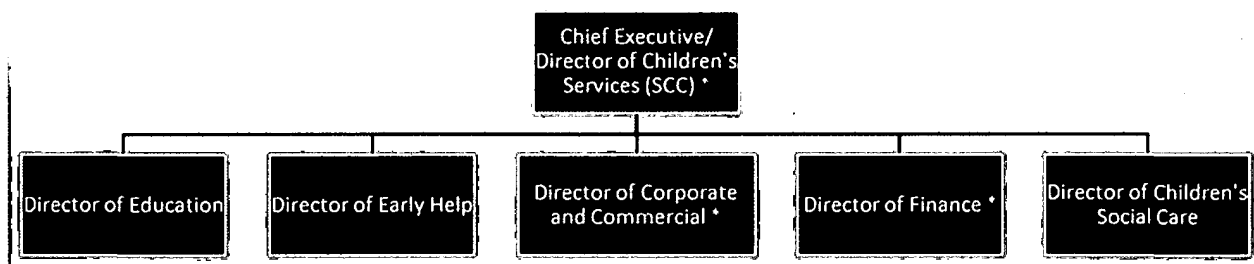
OUR GOVERNANCE STRUCTURE

The Company is overseen by its independent Board of directors, it has an Audit and Assurance Committee.

2020/21 Board and Committee Attendance (Actual/Possible):

Board Member	Board Meetings/Calls	Audit and Assurance Committee
C E Auld	9/10	-
S D Carty	10/10	-
J P Colbert	10/10	-
D Exley	10/10	3/3
D Gallagher	9/10	-
C M Hearne	10/10	3/3
J Laverick	5/5	-
S P Mason	10/10	3/3
P Moffat	10/10	-
S G Renwick	9/10	3/3
S Mitchell	4/4	-

The Senior Leadership Team structure shown below manages the business on an operational basis, directors meet regularly with their direct reports both individually and as an Extended Senior Leadership Team.



(* = Company Board Members registered with Companies House)

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

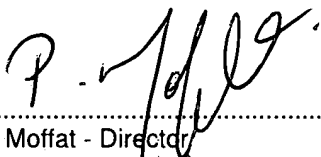
RESULT FOR THE YEAR

This was the fourth year of operation for the Company, delivering Children's Services on behalf of the Council. Turnover of £123,368,121 was received during the period, of which £116,024,385 was received from Sunderland City Council in the form of contract income and contributions. The main contract income from Sunderland City Council totalled £76m.

The Company spent £113m on cost of sales, providing services to children. The Company also spent £13m on administration expenses during the period. Pension costs totalled £7.8m and includes £3.3m of costs as a result of the required defined benefit pension scheme disclosures and £4.5m contributions paid during the year in relation to the 832 employees of the Company, not all of whom are in a Pension Scheme.

Overall income and expenditure in the next financial period is expected to be similar with no significant fluctuations. Sunderland City Council has agreed that it will continue to support the Company financially for the next 12-month period, to ensure the Company can continue to trade.

ON BEHALF OF THE BOARD:


.....
P Moffat - Director

Date: 30/06/21
.....

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report with the financial statements of the Company for the year ended 31 March 2021.

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

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

C E Auld
S D Carty
J P Colbert
D M Exley
D J Gallagher
S G Renwick

Other changes in directors holding office are as follows:

C M Hearne - appointed 27 April 2020
J Laverick – appointed 30 September 2020
S P Mason - appointed 27 April 2020
S E Mitchell - resigned 30 September 2020
P Moffat - appointed 27 April 2020

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 all current legislation.

The gender pay gap analysis is based on headcount which showed 654 females and 159 males. Comparison of mean pay in the Company shows a gap in favour of men of 5.09%. Comparison of median pay in the Company shows a gap neither in favour of men nor women. 89% of people in the lower pay quartile are women.

The Company also has a Modern Slavery Policy which covers practices within the Company and also its supply chain.

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

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:

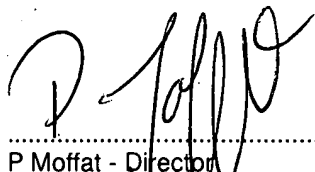
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

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:


.....
P Moffat - Director

Date: 30/06/21

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 2021 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).

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 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

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

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

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

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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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

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 page eleven, 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.

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

Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company, we identified that the company's operations and activities are overseen by both Ofsted and the Care Quality Commission and compliance with laws and regulations set and monitored by those regulatory bodies, are therefore central to the company's operations. We have considered compliance with these regulations as part of our audit work. We have also considered those laws and regulations that have a direct impact on the financial statements of the company such as the Companies Act 2006 and UK tax legislation.

Audit procedures performed by the engagement team included:

Discussions with UK directors and key management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;

Reviewing relevant meeting minutes;

Reviewing reports and correspondence produced by Ofsted and the Care Quality Commission, with respect to our client;

Identifying and testing journal entries based on risk criteria;

Testing transactions entered into outside of the company's normal course of business.

There are inherent limitations in the audit procedures outlined above and there is no guarantee that our procedures would always detect a material misstatement that exists. We also note that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment or collusion.

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

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

Use of our report

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.

M Moran

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: 23 July 2021.....

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
TURNOVER	4	123,368,121	116,611,900
Cost of sales		<u>113,232,005</u>	<u>106,634,271</u>
GROSS PROFIT		10,136,116	9,977,629
Administrative expenses		<u>13,482,519</u>	<u>13,315,309</u>
		(3,346,403)	(3,337,680)
Interest receivable and similar income		<u>8,403</u>	<u>43,680</u>
		(3,338,000)	(3,294,000)
Other finance costs	14	<u>931,000</u>	<u>755,000</u>
LOSS BEFORE TAXATION	7	(4,269,000)	(4,049,000)
Tax on loss	8	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(4,269,000)</u>	<u>(4,049,000)</u>

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
LOSS FOR THE YEAR		(4,269,000)	(4,049,000)
OTHER COMPREHENSIVE LOSS			
Opening pension deficit			
Actuarial gains/losses on pension scheme		(22,567,000)	(6,381,000)
Income tax relating to other comprehensive loss		<u>4,287,730</u>	<u>1,212,390</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		(18,279,270)	(5,168,610)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(22,548,270)</u>	<u>(9,217,610)</u>

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED (REGISTERED NUMBER: 10085290)

**BALANCE SHEET
31 MARCH 2021**

	Notes	2021 £	2020 £
CURRENT ASSETS			
Debtors	9	14,281,111	11,848,612
Cash at bank and in hand		<u>3,729,371</u>	<u>2,279,505</u>
		18,010,482	14,128,117
CREDITORS			
Amounts falling due within one year	10	<u>8,244,482</u>	<u>8,649,847</u>
NET CURRENT ASSETS		9,766,000	5,478,270
TOTAL ASSETS LESS CURRENT LIABILITIES		9,766,000	5,478,270
PENSION LIABILITY	14	<u>(69,412,000)</u>	<u>(42,576,000)</u>
NET LIABILITIES		<u>(59,646,000)</u>	<u>(37,097,730)</u>
RESERVES			
Retained earnings	13	<u>(59,646,000)</u>	<u>(37,097,730)</u>
		<u>(59,646,000)</u>	<u>(37,097,730)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30.6.2021 and were signed on its behalf by:


J.P. Colbert - Director


P. Moffat - Director

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Retained earnings £	Total equity £
Balance at 1 April 2019	(27,880,120)	(27,880,120)
Changes in equity		
Total comprehensive loss	<u>(9,217,610)</u>	<u>(9,217,610)</u>
Balance at 31 March 2020	<u>(37,097,730)</u>	<u>(37,097,730)</u>
Changes in equity		
Total comprehensive loss	<u>(22,548,270)</u>	<u>(22,548,270)</u>
Balance at 31 March 2021	<u>(59,646,000)</u>	<u>(59,646,000)</u>

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	<u>1,441,463</u>	<u>(3,215,092)</u>
Net cash from operating activities		<u>1,441,463</u>	<u>(3,215,092)</u>
Cash flows from investing activities			
Interest received		<u>8,403</u>	<u>43,680</u>
Net cash from investing activities		<u>8,403</u>	<u>43,680</u>
Decrease in cash and cash equivalents		<u>1,449,866</u>	<u>(3,171,412)</u>
Cash and cash equivalents at beginning of year	2	<u>2,279,505</u>	<u>5,450,917</u>
Cash and cash equivalents at end of year	2	<u><u>3,729,371</u></u>	<u><u>2,279,505</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 2021

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

	2021 £	2020 £
Loss before taxation	(4,269,000)	(4,049,000)
Defined benefit scheme adjustments	3,338,000	3,294,000
Finance costs	931,000	755,000
Finance income	(8,403)	(43,680)
	(8,403)	(43,680)
Decrease/(increase) in trade and other debtors	1,855,231	(1,675,276)
Decrease in trade and other creditors	(405,365)	(1,496,136)
Cash generated from operations	<u>1,441,463</u>	<u>(3,215,092)</u>

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 2021

	31.3.21 £	1.4.20 £
Cash and cash equivalents	<u>3,729,371</u>	<u>2,279,505</u>

Year ended 31 March 2020

	31.3.20 £	1.4.19 £
Cash and cash equivalents	<u>2,279,505</u>	<u>5,450,917</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20 £	Cash flow £	At 31.3.21 £
Net cash			
Cash at bank and in hand	<u>2,279,505</u>	<u>1,449,866</u>	<u>3,729,371</u>
Total	<u>2,279,505</u>	<u>1,449,866</u>	<u>3,729,371</u>

The notes form part of these financial statements

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 14.

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 and any income that should rightly be recognised in the following year is deferred at the year end.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

3. ACCOUNTING POLICIES - continued

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.

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.

Capitalisation of assets

The Company has been established with Service Level Agreements for all of its asset-based infrastructure requirements such as vehicles, premises, ICT systems and equipment. Accordingly, there is a pre-disposition against holding assets on the Company's Balance Sheet. Where specific needs and/or projects arise where an acquisition has a carrying value for more than one accounting period, the de-minimis capitalisation level applied will be £20,000 and beneath that value, transactions will be treated as revenue and written off fully in the year of acquisition. Should an asset be acquired above the de-minimis limit then the asset will be depreciated on a straight-line basis as follows:

- Land Not depreciated
- Freehold buildings 50 years
- Long leasehold buildings 50 years
- Fixtures, fittings and equipment 10 years
- Plant, Vehicles and Machinery 5 years
- ICT equipment 5 years

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

3. ACCOUNTING POLICIES - continued

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

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

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 profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021 £	2020 £
Contract income	75,952,632	71,783,948
Educational income	46,315,489	43,298,345
Other income	<u>1,100,000</u>	<u>1,529,607</u>
	<u>123,368,121</u>	<u>116,611,900</u>

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	<u>123,368,121</u>	<u>116,611,900</u>
	<u>123,368,121</u>	<u>116,611,900</u>

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

5. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	25,911,488	24,351,891
Social security costs	2,555,047	2,319,093
Other pension costs	7,842,174	7,317,750
	<u>36,308,709</u>	<u>33,988,734</u>

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

Service delivery	732	689
Administration	100	96
	<u>832</u>	<u>785</u>

During the year, key management personnel compensation of £850,390 (2020: £819,590) was paid. Key management personnel encompasses the wider Company management team.

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 2020/21 the Company paid £4,259,000 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 31 March 2019. 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 £3,338,000 as a result of adjustments relating to costs associated with the defined benefit scheme.

	2021	2020
	£	£
Directors' remuneration	358,547	335,288
Directors' social security costs	42,593	41,520
Directors' pension costs	62,348	57,707
	<u>463,488</u>	<u>435,515</u>

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

Defined benefit schemes	<u>3</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	<u>112,035</u>	<u>110,965</u>

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

6. EXCEPTIONAL ITEMS

	2021 £	2020 £
Exceptional items	<u>(2,181,774)</u>	<u>-</u>

Exceptional items are the costs incurred by the company as a result of the COVID pandemic.

7. LOSS BEFORE TAXATION

The loss is stated after charging:

	2021 £	2020 £
Auditors' remuneration	<u>13,860</u>	<u>14,100</u>

Auditors' remuneration charged for 2021 includes £610 charged in respect of the audit of the company's S14 grant.

8. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2021 nor for the year ended 31 March 2020.

Tax effects relating to effects of other comprehensive income

	Gross £	2021 Tax £	Net £
Opening pension deficit			
Actuarial gains/(losses) on pension scheme	(22,567,000)	4,287,730	(18,279,270)
	<u>(22,567,000)</u>	<u>4,287,730</u>	<u>(18,279,270)</u>
	Gross £	2020 Tax £	Net £
Opening pension deficit			
Actuarial gains/(losses) on pension scheme	(6,381,000)	1,212,390	(5,168,610)
	<u>(6,381,000)</u>	<u>1,212,390</u>	<u>(5,168,610)</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	1,550,621	759,453
Amounts owed by group undertakings	128,612	142,529
Other debtors	22,613	24,856
Deferred tax asset	9,766,000	5,478,270
Prepayments and accrued income	<u>2,813,265</u>	<u>5,443,504</u>
	<u>14,281,111</u>	<u>11,848,612</u>

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR continued

Deferred tax asset	2021	2020
	£	£
Tax losses carried forward	(3,422,280)	(2,611,170)
Other timing differences	<u>13,188,280</u>	<u>8,089,440</u>
	<u>9,766,000</u>	<u>5,478,270</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	651,077	591,284
Social security and other taxes	2,275,363	3,220,699
Accruals and deferred income	<u>5,318,042</u>	<u>4,837,864</u>
	<u>8,244,482</u>	<u>8,649,847</u>

11. LEASING AGREEMENTS

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

	2021	2020
	£	£
Within one year	788,779	535,500
Between one and five years	2,674,815	2,006,836
In more than five years	<u>620,779</u>	<u>853,000</u>
	<u>4,084,373</u>	<u>3,395,336</u>

11. DEFERRED TAX

	£
Balance at 1 April 2020	(5,478,270)
Deferred tax on tax losses	811,110
Pension scheme movements	<u>(5,098,840)</u>
Balance at 31 March 2021	<u>(9,766,000)</u>

13. RESERVES

	Retained earnings £
At 1 April 2020	(37,097,730)
Deficit for the year	(4,269,000)
Deferred tax on pension deficit	4,287,730
Actuarial gain/loss	<u>(22,567,000)</u>
At 31 March 2021	<u>(59,646,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

14. 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.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Current service cost	7,580,000	7,147,000
Net interest from net defined benefit asset/liability	931,000	755,000
Past service cost	-	109,000
Gains/losses on settlements and curtailments	17,000	-
	<u>8,528,000</u>	<u>8,011,000</u>
Actual return on plan assets	<u>12,062,000</u>	<u>(3,712,000)</u>

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

	Defined benefit pension plans	
	2021	2020
	£	£
Opening defined benefit obligation	104,851,000	91,684,000
Current service cost	7,580,000	7,147,000
Past service cost	-	109,000
Contributions by scheme participants	1,525,000	1,383,000
Interest cost	2,425,000	2,305,000
Actuarial losses/(gains)	34,629,000	2,669,000
Benefits paid	(457,000)	(446,000)
Curtailments	17,000	-
	<u>150,570,000</u>	<u>104,851,000</u>

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2021	2020
	£	£
Opening fair value of scheme assets	62,275,000	59,538,000
Contributions by employer	4,259,000	3,962,000
Contributions by scheme participants	1,525,000	1,383,000
Interest income on assets	1,494,000	1,550,000
Actuarial gains/(losses)	12,062,000	(3,712,000)
Benefits paid	(457,000)	(446,000)
	<u>81,158,000</u>	<u>62,275,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Asset gains/(losses) arising during the period	12,062,000	(3,712,000)
Liability gains/(losses) arising during the period	(34,629,000)	(2,669,000)
	<u>(22,567,000)</u>	<u>(6,381,000)</u>

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

	Defined benefit pension plans	
	2021	2020
Equities	55.50%	54.80%
Government Bonds	2.20%	4.10%
Corporate Bonds	19.80%	15.30%
Property	7.90%	9.00%
Cash	4.00%	2.30%
Other	10.60%	14.50%
	<u>100.00%</u>	<u>100.00%</u>

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

	2021	2020
Discount rate	2.10%	2.30%
Future salary increases	4.10%	3.30%
Future pension increases	2.60%	1.80%
CPI inflation	2.60%	1.80%
Pension accounts revaluation rate	2.60%	1.80%

TOGETHER FOR CHILDREN SUNDERLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2021

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

The pension liability as shown on the Balance Sheet is calculated by deducting the closing fair value of the scheme assets from the closing present value of the defined benefit obligation as follows:-

	2021 £	2020 £
Present value of the defined benefit obligation	150,570,000	104,851,000
Fair value of the scheme assets	<u>81,158,000</u>	<u>62,275,000</u>
Pension liability	<u>69,412,000</u>	<u>42,576,000</u>

The latest actuarial valuation of Together for Children Sunderland Limited's liabilities took place as at 31 March 2019. 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 2021	31 March 2020
Males		
Member aged 65 at accounting date	21.9	21.8
Member aged 45 at accounting date	23.6	23.5
Females		
Member aged 65 at accounting date	25.1	25.0
Member aged 45 at accounting date	26.9	26.8

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 FRS102.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

In December 2018, the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement, which found that the transitional protection arrangements put in place when the firefighters' and judges' pensions schemes were reformed, were age discriminatory. In June 2019 the Supreme Court denied the Government permission to appeal against the judgement. The ruling has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated.

Following on from the Supreme Court's ruling, the matter was referred back to the Employment Tribunal for remedy hearings and the Tribunal proceeded to issue interim orders concerning the remedy, that will apply to claimants in the Firefighters Pension Schemes. The interim orders mean that claimants are entitled to be treated as if they had remained in the final salary scheme when the schemes were reformed in April 2015. The same remedy will apply to non-claimants who have been affected by the age discrimination and were members of a public service pension scheme on 31 March 2012.

In July 2020 HM Treasury and the Ministry of Housing, Communities and Local Government published consultations to remedy the age discrimination in schemes, which ran until October 2020, and it is the Government's intention that legislation necessary to bring forward changes to the schemes will be in place by April 2022.

In relation to the LGPS, the consultation proposes that a two-part revised underpin will apply to all members who meet the criteria for protection regardless of their age in 2012. The revised underpin will also apply to early leavers and will take account of early/late retirement adjustments. Membership up to the earlier of leaving, 2008 normal pension age or 31 March 2022, will be included in the calculation of the revised underpin.

Unlike other public service schemes, the LGPS moved all members of the 2008 scheme into the new 2014 scheme, but members within 10 years of normal retirement were given an underpin promise, that their benefits would be at least as valuable in terms of amount and when they could be drawn, as they would if they had remained in the 2008 scheme.

For the purpose of reporting a contingent liability it is therefore prudent to assume the remedy will be equivalent to extending the underpin promise to all members.

The Company recognises that a liability may therefore arise as a result of the above proceedings.

The report and scheme valuation prepared by the scheme actuary does take account of the proposals made in the consultation process, insofar as this is practicable with the data that is available. The pension scheme liability reported in the accounts does therefore reflect the potential increase in liability, where the scheme actuary considers that sufficient data is available to allow this.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

15. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Sunderland City Council.

16. RELATED PARTY DISCLOSURES

Included in turnover is £75,952,632 (2020: £71,783,948) in contract income, which includes £6,756,016 (2020: £6,347,102) of grants received from Sunderland City Council, the sole member of the Company, and £40,071,753 (2020: £37,214,444) in contributions also received from Sunderland City Council.

Services contracted from Sunderland City Council include £2,286,759 (2020: £2,358,688) in administrative expenses and £1,016,125 (2020: £853,528) in cost of sales.

Partnership Agreement Funding received by Sunderland City Council of £1.623m (2020: £1.737m) was passed to the Company and the Company paid the Council £0.490m (2020: £0.460m) in relation to Partnership Agreement Funding.

As agreed under the terms of the contract, Sunderland City Council has met redundancy costs totalling £0.026m (2020: £0.288m)

At the year end, Together for Children Sunderland Limited owed Sunderland City Council £1,655,947 (2020: £1,340,755) and the Council owed the Company £3,259,035 (2020: £5,398,840).

17. 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 £69.4m is recognised in full in the financial statements. The liability is being addressed on a going concern basis, with the Company having up to 27.6 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.