



## Annual Report and Financial Statements 2021-2022



an expert group of charities inspiring individual recovery nationwide

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## RICHMOND FELLOWSHIP GROUP BOARD MEMBERS AND ADVISERS

### BOARD MEMBERS

#### Non-Executive Directors

Helen Edwards	Chair
Martin Allen Morales	(resigned 16 July 2021)
Ian Ayling	(appointed 2 June 2021)
Kapil Bakshi	
Geoffrey Bland	(resigned 31 August 2021)
Albert Fletcher	
Anne Tansi Harper	(resigned 31 May 2021)
Maureen Hopcroft	(appointed 1 September 2021)
Peter Molyneux	(resigned 31 March 2022)
Rachel Perkins	
Alan Powell	Vice Chair
Jonathan Royle	

#### Executive Directors

Derek Caren	Group Chief Executive
Tracey Bell	Group Director of Performance, Quality & Innovation
June Riley	Group Director of Finance
Robert Templeton	Director of Operations (Richmond Fellowship)
Mary Wishart	Group Director of Business Development

### SOLICITORS

Bates Wells & Braithwaite LLP (trading as Bates Wells)  
10 Queen Street Place  
London EC4R 1BE

### BANKERS

Lloyds Bank Plc  
4<sup>th</sup> Floor  
25 Gresham Street  
London EC2V 7HN

### INDEPENDENT AUDITOR

CLA Evelyn Partners (formerly Nexia Smith and Williamson)  
Statutory Auditors  
Chartered Accountants  
45 Gresham Street  
London EC2V 7BG

### REGISTERED OFFICE

80 Holloway Road  
London N7 8JG

### COMPANY REGISTRATION

662712

### CHARITY NUMBER

200453

### REGISTERED PROVIDER OF SOCIAL HOUSING

H2025

### WEBSITES

[www.recoveryfocus.org.uk](http://www.recoveryfocus.org.uk)  
[www.richmondfellowship.org.uk](http://www.richmondfellowship.org.uk)

## Introduction from the Chair and Group Chief Executive

Welcome to the Board Report and Accounts for the year ended 31 March 2022.

We are now well into our 3 Year Group Strategy, "Growing Stronger Together" and despite the everyday challenges from managing life with and after COVID-19 we continue to press ahead with our strategic priorities. At the same time, we are very aware of the economic challenges faced by the people we support and by our staff. Many of these challenges also create risks for Recovery Focus. The Board has therefore worked closely with the Group Leadership Team to look at how we might transform the business to help manage those risks, to provide an improved pay offer for our staff and to provide more support to those who most need it.

Despite the pressures, we have achieved a lot. Amongst the highlights of the year has been the progress with our Working Together Strategic Plan, making coproduction central to our models of care and support thereby ensuring truly personalised provision for all. No indicator has expressed this more than the level of coproduction of care plans which currently stands at 82% of people we support, a terrific turnaround from the 20/21 level of 50%. In the coming year we will supplement this positive direction of travel by switching from annual satisfaction surveys amongst the people we support, to on-going pulse surveys to give the Group a regular update on areas of excellence and opportunities for improvements. The number of clients with positive or stabilised scores in their recovery journey outcomes stands at 92% and 96% of people we support feel that they are treated with dignity and respect by service staff. This is an excellent set of metrics.

To support this work, the Board and Group Leadership Team have engaged in a root-and-branch review of our operating models and sectors, so that good practice can more easily be fed into similar models of provision. During the coming year we will support this development by the creation of Working Together Committees for each operating sector so again we can get direct input from those who use our services into planning, improvements and performance monitoring.

At the end of last year, we opened another new Crisis House in Blackpool working evermore closely with NHS Commissioners to ensure that there remain safe alternative spaces for care that are outside a hospital setting. We hope to deliver our first Crisis House in the South of England over the coming year as we work closely with NHS Partners, existing and new, to relieve pressures on hospital settings.

The Board were hugely proud of everyone across the Group when Aquarius succeeded in achieving Gold Investor's in People (IiP) status and shortly thereafter RF retained its Silver accreditation. Again, given the challenges being faced these were two terrific endorsements of the Group valuing and listening to its workforce.

The Old Moat Garden Centre and Café in Surrey, our biggest social enterprise, won the Good Retail Awards Community Award for the third year. The work that is done here is amazing and we hope to further develop the service in the coming year. Also in 22/23, the Aquarius Evolve Café will have a concession at the 2022 Commonwealth Games in Birmingham which will raise visibility of the excellent work done in this service.

All these achievements underline the skill and commitment of our staff and volunteers and the contribution made by the many people who support the organisation. I would like to thank them on behalf of the whole Board.

Finally, after many years of service we said goodbye during the year to Board members Tansi Harper, Geoff Bland and Peter Molyneux who all contributed a huge amount to Recovery Focus. We have been pleased that Ian Ayling and Maureen Hopcroft have joined us as new Board members and more recently welcomed Susan Moore and Paul Najsarek as we broaden the skills base of the Board and build our governance for the future. I very much look forward to working with them and to another successful year for Recovery Focus.

*Helen Edwards*

Helen Edwards (Aug 5, 2022 12:23 GMT+1)

**Helen Edwards**  
**Chair**

5 August 2022

## REPORT OF THE BOARD

### KEY HIGHLIGHTS

Across England we supported 21,258 people. This map shows more clearly the areas in which we operate.

We provided residential services from 275 owned properties, 402 managed homes, 67 beds in registered care homes and 36 beds in short-term crisis centres.



Our turnover was £47.6m (2021: £45.3m), our surplus £2.3m (2021: £2.0m surplus), our net assets £42.8m (2021: £40.5m), and our unrestricted reserves £35.7m (2021: £32.6m)



Our 2022 satisfaction rating was 89% with the number of people we support.



As at 31 March 2022, we were delivering 152 separately commissioned contracts for 103 separate commissioners (mainly NHS and local authority)



## STRATEGIC REPORT

The Group Board presents its annual accounts for the year ended 31 March 2022. This report is prepared in compliance with the Charities Act 2011 and the Companies Act 2006.

Our Group comprises Richmond Fellowship (RF) and Aquarius Action Projects (Aquarius) (together known as, "Recovery Focus"). RF and Aquarius are both registered charities and RF is also a registered provider of social housing.

Our Group brings together expertise in the fields of mental health, addictions and domestic abuse. The people we support often have complex and multiple needs. One of the key advantages of being a group is our ability to work together to create joined up solutions for such complexities and we are accustomed to sharing lessons learned to ensure that the people we support can have a tailored, co-produced personal recovery plan that can address all of their needs. All of our strategic priorities focus on delivering the best possible outcomes for people we support.

Going forward, we will continue to work with (and develop new) strategic partners to combine our expertise and deliver better outcomes for the people we support and together "do better business". We believe a collaborative approach is working increasingly effectively in the evolving care and support market where the pressures on commissioners and providers alike are inspiring everyone to respond more creatively.

## OUR ACTIVITIES AND MODELS TO SUPPORT RECOVERY

We are a group of charities highly experienced in providing specialist support services to individuals and families living with the effects of ill mental health, drug and alcohol use, gambling, and domestic abuse. All our partners share a rich history of providing support to people when they need it most. At Recovery Focus, we know that one size cannot fit all, and we pride ourselves on working with the people we support to create a personalised plan that works for them. Although each of our services is unique, we specialise in a range of models to support recovery, each of which sits within a designated operating sector.

The principal activities of our operating sectors' structure are as follows:

- **Mental Health Support Crisis Services** - our crisis services offer intensive, short-term support to help people manage a mental health crisis. Our services include residential crisis support and community-based safe havens.
- **Mental Health Community Based Services** - our community-based services support the recovery and resilience of people with mental health needs, delaying or reducing the need to access intensive services.
- **Mental Health Employment Services** - employment services focus on getting people into mainstream employment at a pace that is right for them and/or enabling people to retain their current job by facilitating a support package with their employer. Our services do not exclude people on the basis of diagnosis or supposed 'work readiness'; we support anyone who wants to gain or stay in work.
- **Mental Health Floating Support Services** - our floating support services work with people experiencing issues with their mental health in their own homes.
- **Mental Health Residential Recovery Services** our services provide accommodation and support to people with mental health conditions who may be at risk of repeat homelessness or would otherwise be accessing intensive NHS mental health services.
- **Social Enterprise** - we run a range of social enterprises that not only provide an income stream but also employment opportunities, training, and development for the people we support.
- **Domestic Abuse Services** - our domestic abuse services work with survivors and perpetrators in a range of services including peer support, domestic abuse assessments, and perpetrator programmes.
- **Drug and Alcohol Services** - our services provide support to those impacted by drink, drug and gambling addictions. Our services are based on the idea that behaviour is learned and maintained in the context of each person's whole life - the family, employment, housing, biology, cultural backgrounds and other personal social challenges.
- **Gambling Services** - we provide support, information, and advice to anyone affected by gambling, providing specialist services tailored to young people, adults and their family or friends.

## Our Group Strategy, Corporate Plan and Business Models

We have just completed the second year of the Recovery Focus Group Strategy (2020-2023) entitled *Growing Stronger Together* which has a primary goal of *Inspiring Recovery* through the strengthening of the quality and range of our services. To deliver this aim we identified five key enablers which are:

- put people we support at the heart of everything we do
- build an effective and motivated workforce
- secure and maintain stable finances
- develop an efficient and effective infrastructure
- build our evidence and demonstrate our impact

Delivery of these is underpinned by Strategic Enabling Plans which map out the journey from where we are now to where we want to be and the key milestones along the way. Board Committees are charged with the oversight of the progress against these plans, which despite the wider challenges of the pandemic, are progressing well, and helping to build a stronger and more effective Group.

Information and Computer Technology (ICT) plays a big part in this, and our digital ambition and platforms were given more impetus by the continuing challenges of the pandemic. Our investment strategy continues to ensure we are well equipped and sufficiently modernised to better deliver our services for the future.

### Corporate Plan 2021/22

Our key targets for delivery in the second year of the Group Strategy were drawn together in the Corporate Plan 2021/22. The early part of the year was devoted to supporting our services to continue to negotiate the pandemic, whilst also learning from our innovations and creative working as to what new initiatives has a strong impact on the well-being of the people we support and therefore could be integrated into the delivery model for that service (and potentially others).

In the second half of the year, as services adjusted to living with the pandemic, we focused on helping the people we support to find a framework for regaining their freedoms. Some people have been very strongly affected by what has happened and keeping our people safe and ensuring they feel supported has become even more of a priority. Nonetheless, the number of deaths amongst people we support has sadly been rising. Every loss is a tragedy, and every event can yield learning, but coping has been challenging for front-line staff and the people supported alongside those who felt unable to cope.

In parallel, as people start to reflect on their own lives post pandemic, risk due to staff turnover within our organisation has risen significantly after a period of relative stability. All pressures on services are closely monitored and we speak regularly with commissioners to ensure they are clearly aware of our current resourcing position and how we are managing this risk. Finally, the cost-of-living crisis is really starting to bite for the people we support and our workforce alike.

In spite of these increasing risks, besides our delivery programme for the 2020-23 Group Strategy and our ongoing continuous improvement plans, we have made a number of significant achievements which included:

- expanding the number of roles within our organisation for people with lived experience (including apprenticeships). This really benefits our person-centred approach and our co-production ethos which increasingly now touches every activity we deliver.
- all services now participating in an Annual Self-Assessment process, to review performance against commissioner goals, local risks, and improvement plans for the coming year. This is central to our local focus and each of these plans is co-produced, across all service sectors.
- An expansion of our ability to gather and analyse ongoing feedback data to create a body of evidence around the effectiveness of services and areas that require further action. This will be much expanded upon in 2022/23.
- developing a more flexible workforce and empowering our staff to work in new ways. We are using innovation and better technology to adapt how we deliver and make sure we have the evidence to show this is far more effective in terms of improved outcomes.
- Continuing a positive dialogue with staff council and Unite, our recognised union to share our challenges and work through them collaboratively.
- overhauling learning management to deliver a far more consistent approach to training and awareness campaigns.
- Aquarius completing a review of how it recruits and retains a skilled and engaged workforce.

- significantly strengthened financial controls frameworks to allow devolved management but at the same time ensure weaknesses that will potentially lead to fraud cannot occur. This streamlining of processes prepares us well for the future and simplifies accounting. Our cash, net margin, reserves and new business targets are also firmly on track.
- working ever more closely with our key commissioning partners to build our relationships and help them to evolve for mutual benefit in both Richmond Fellowship and Aquarius.
- successfully rolling out Office 365, allowing staff to work more flexibly and collaboratively and giving self-service access to a significantly increased number of areas. This will now allow us to look more closely too at how we deliver central services to streamline overheads where possible, pushing more resources to the front-line.
- enhancing our existing core systems to give us better, faster data to a more granular level to enable local management to closely monitor its areas for improvements. This will also help us to better evidence progress made by people we support.
- making significant strides to improve the consistency of our approaches by redefining our operating sectors and models to support recovery. We have learnt from the past and facilitated far better internal benchmarking and collaboration - both between delivery teams and in terms of co-producing models with the people we support

## REVIEW OF THE YEAR AND KEY PERFORMANCE INDICATORS

Overall, in 2021/22, the Group achieved a turnover of £47.6m increasing from £45.3m in 2020/21. Most of the increase in turnover is a direct result of continued increases in tendering activities and demand for community-based projects like employment services, crisis housing and drug and alcohol support around the country. Our operating surplus, before property disposals and other income, increased by £1.4m to £1.8m (2020/21 £0.4m)

We continued to operate under the shadow and long-term effects of the COVID-19 pandemic for the first half of the financial year and started to see the impact of the cost-of-living crisis which dominated the last quarter of the year. These two major external pressures influenced how we operated in the year and the subsequent financial performance of the Group. Like many other businesses in the sector and the wider economy, we saw a significant increase in the level of our staff vacancies. The staffing underspend contributed to the surplus. In the year, we conducted a review of some of our staff salaries and made increases where this was appropriate following market testing. In addition, we made a decision to implement the National Living Wage ahead of the government's timescale.

High property voids resulted in an increase in our void loss. Our referrals reduced in some areas of the country where the pandemic saw less move-on in some of our services. Working with our NHS partners however meant our Crisis and Step-Down Services continued to thrive as alternative places of safety, care and support for whom hospital can be a challenging environment for personal recovery.

As with other businesses, we saw increases in the costs of many of our essential items required by our services due to inflation increases at a time when service income remained static. We have started to adopt new procurement routes to mitigate this risk as much as possible, but are aware this challenge will continue into the new year. We are continuing to look at other areas that offer scope for more procurement efficiencies.

## People we support to achieve their recovery outcomes

In 2021/22, 21,258 people were supported in their personal recovery by our services (2020/21; 18,267), each with a personalised care plan. The full breakdown of activity within the Group over the past year is as follows:

	<u>2021/22</u>	<u>2020/21</u>
<i>Social housing provision:</i>		
In supported housing	1,018	1,040
In registered care homes	150	145
<i>Non-social housing accommodation:</i>		
Care home with nursing	0	12
Crisis	1,543	1,700
<i>Non-accommodation services:</i>		
Crisis Haven (new service)	2,201	0



Employment related	2,440	2,412
Floating/community	5,479	5,382
Domestic abuse	1,163	820
Substance use/gambling	7,264	6,756
<b>TOTAL CLIENT ACTIVITY FOR THE YEAR</b>	<b><u>21,258</u></b>	<b><u>18,267</u></b>

We monitor a range of indicators amongst which include:

<u>Activity indicators</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Number of CQC registered services not meeting all core standards	0	0	1
Referral to treatment time of >3 weeks for treatment services	1.4%	0.7%	5.1%
<u>Satisfaction indicators</u>			
Clients surveyed who felt involved in planning their individual support	92%	90%	94%
% of clients with positive or stabilised scores in their recovery journey outcomes	91%	92%	92%
% of client exits planned – Richmond Fellowship services	92%	90%	92%
% of client exits planned – Aquarius services	72%	72%	68%
% of clients satisfied with the quality of their service	89%	90%	93%
% of residential clients (Richmond Fellowship only) satisfied with the quality of their accommodation	77%	75%	84%

These key indicators have shown remarkable consistency at a time when the environment remained uncertain. This is a tribute to our front-line staff who work so hard to support the people we support to achieve their recovery goals. Our indicators benchmark well against national metrics and our drive for continuous improvement will continue to underpin core satisfaction with our services on a more granular level to ensure we are delivering for each model of recovery.

## Satisfaction

In November 2021, when we conducted our Annual Satisfaction Survey with people we support across our services, there was a drop in the response rates overall. We plan to work towards surveys on a rolling basis in the medium future and look specifically at feedback from exit surveys (akin to the NHS), when people we support services and also pulse-surveys so that we can see satisfaction trends on a rolling basis.

There have also been a higher number of serious incidents, including deaths, amongst those supported by our services. Every lost life is a tragedy. We know we need to learn from each and every high-level incident and our approach to internally review all high levels incidents as well as supporting any statutory inquiries is robust.

The overall satisfaction score was down slightly at 89% (2021; 90%). 92% (2021; 95%) of responses confirmed that the support we had offered had improved their life with 92% (2021; 90%) positively stating that they felt they had been directly involved in the planning of their personal support. Scores at service level are shared with local management and these are part of the foundation for quality improvement plans for the coming year.

We are currently reviewing our feedback process and aim to move towards continuous feedback approach rather than it being via an annual survey. We are also developing a new and exciting framework for being able to access real-time information across all of our systems within the Group to contrast and compare results between our different operating sectors. This will allow us to be far more analytical in developing improvement plans which don't focus on averages, but pro-actively support performance at a more local operational level to raise overall consistency and quality standards. This new ability to use smart data will be built around empowering local management to review at any point their local performance and make comparisons with peer services. This self-service approach is the cornerstone of being able to make continuous improvement a "bottom-up" process. In turn, it will allow the Leadership Team and the Board to access more granular level information to be able to better support teams to make adjustments to benefit services through better quality and financial data alike.

## FINANCIAL REVIEW AND FIVE-YEAR SUMMARY

### Financial performance in the year

The care and support sector continued to be impacted by the effects of Covid-19 in the first half of the financial year. Other externally driven factors including vacancies and the cost-of-living dominated the latter part of the financial year. In a sector that is run on traditionally low margins, despite playing a key role in supporting some of the most vulnerable in our society, cost pressures bite deeply. Despite these difficulties, the Group reported a full year surplus of £2.3m, (2021; £2.0m) representing an increased return on income of 4.8% (2021; 4.3%).

Overall, Group turnover increased by 5% to £47.6m in 2022 (£45.3m, 2021). The increase of £2.3m was largely explained by a growth in contract income from community-based support services. The table below details the breakdown of our performance, together with the comparatives for previous four years.

The increase in surplus is mainly driven by the increased number of contracts delivered with a corresponding increase in the number of people who receive our support. The Group continues to focus on developing relationships with existing and new commissioners in areas identified for growth. We partner to create joined-up support propositions for people in need of support and we continue to see commissioner appetite for support both in residential schemes and in people's own homes.

We sold two properties in the year as they became vacant at the contract end. We have also strategically withdrawn from a small number of contracts which were no longer viable within the quality standards we had set for the provision of these services. The continued review of the fitness for purpose of our properties and commissioner appetite for greater support for people in their own homes, created a voids situation which was 22% higher than the previous year. We believe the work we are doing to re-evaluate the demand and use of our property portfolio will address this problem in the future as we re-visit the shape of the services being delivered from some of these properties.

Adapting our model offering and winning new business brings with it the challenge of set-up costs and recruiting staff in an intensive labour-driven market. As a result, both operating costs and overheads showed year-on-year increases as unit cost of provision rises.

We invested £1.4m on acquisition and upgrade of fixed assets and increased our cash balances from £14m to £17m, which represent a cash to net asset ratio of 40% (2021, 34%). This will allow us to continue to strategically invest in the infrastructure needs that are so vital to our future. The cash balances provide strong liquidity to meet our obligations, but also presents management risk of how best to hold these cash reserves until suitable investment projects are worked up. A testament to our treasury strategy is highlighted by the results of the £4.0m we have invested in ethical funds which yielded £0.15m in dividends and increased in value by £0.20m.

The value of our pension assets reduced by £0.02m (2021; an increase of £109k), reflecting changes in actuarial assumptions and forecast valuations. Richmond Fellowship is the sole employer of the 2Care Pension and Life Assurance Scheme, where the net value of the pension Scheme reserve fell slightly to £0.48m.

The table below shows our financial performance and statistics for the past five years.

Financial highlights in £'000	2022	2021	2020	2019*	2018*
<b>Statement of comprehensive income</b>					
Rental income and service charges	8,200	8,713	8,577	26,261	24,801
Non-rental income	39,361	36,849	37,685	20,386	18,932
<b>Total revenue</b>	<b>47,561</b>	<b>45,562</b>	<b>46,262</b>	<b>46,647</b>	<b>43,733</b>
Operating cost	(45,774)	(44,910)	(47,089)	(48,247)	(44,425)
<b>Core operating surplus</b>	<b>1,787</b>	<b>652</b>	<b>(827)</b>	<b>(1,600)</b>	<b>(692)</b>
Surplus on disposals	151	433	-	1,929	60
<b>Operating surplus</b>	<b>1,938</b>	<b>1,085</b>	<b>(827)</b>	<b>329</b>	<b>(632)</b>
Net interest & investment income/(loss)	352	786	(79)	282	195
Actuarial (Loss)/Gain on pensions obligations	(2)	109	(291)	21	(128)
<b>Surplus for the year</b>	<b>2,288</b>	<b>1,980</b>	<b>(1,197)</b>	<b>632</b>	<b>(565)</b>

\* 2019 and 2018 rental revenue have not been restated to reflect recent re-analysis of this income source

<b>Group Cash &amp; Cash Equivalents</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019*</b>	<b>2018*</b>
Opening Cash balance	13,946	11,184	9,316	13,198	16,449
Net Cash from operating activities	3,221	2,762	1,868	(3,882)	(3,251)
Closing Cash balance	17,167	13,946	11,184	9,316	13,198

<b>Statement of Financial Position</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019*</b>	<b>2018*</b>
Non-current assets	30,267	30,304	30,222	30,944	29,556
Current assets	27,759	24,330	21,214	22,363	21,961
Current liabilities	(7,516)	(6,283)	(4,609)	(4,704)	(3,391)
Long-term creditors	(7,712)	(7,830)	(8,286)	(8,865)	(9,020)
Net assets	42,798	40,521	38,541	39,738	39,106
Restricted funds	7,095	7,931	7,789	7,758	7,781
Unrestricted reserve	35,219	32,052	30,304	31,228	30,582
Pension reserve	484	538	448	752	743
Total reserves	42,798	40,521	38,541	39,738	39,106

<b>Financial Statistics</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019*</b>	<b>2018*</b>
Surplus for the year as % of turnover	4.8%	4.3%	(2.6%)	1.4%	(1.3%)
Operating margin	4.1%	2.4%	(1.8%)	0.7%	(1.4%)
Operating cost as % of revenue	96.2%	98.6%	101.8%	103.4%	101.6%
Operating surplus (before overheads)**	8,701	7,447	6,400	5,700	6,000
Contribution Margin (before overheads)	18.3%	16.3%	13.8%	12.2%	13.7%
Capital Investments	1,424	2,014	1,300	3,500	4,300
Capital investment (as % of opening cash balance)	10.2%	18.0%	14.0%	26.5%	26.1%
Cash & investments as % of Net Assets	49.5%	43.8%	37.2%	32.2%	42.4%

\*\*This represents turnover less operating expenditure before overheads

## PRINCIPAL BUSINESS RISKS AND UNCERTAINTIES

We review risk quarterly by:

- A Group risk register that reads across between risks, but closely aligns with our Group Strategy. The new focus of the register is the risk's direction of travel and the management actions to tackle controllable risk and adapt our frameworks to work with the effects of less controllable risks.
- Operational and functional risk registers that underpin the corporate register and allow reporting of "bubbling under" risk.
- Further work to operationalise how we manage risk on a day-to-day basis – further embedding our risk culture.
- Disaggregating our mapping of controls and assurances so there is a clear order of dependency between our first, second and third line controls and how we use these to impact our risk management.

Our internal auditors work with us throughout this programme and the approach to risk is consistent and thoroughly considered across all parts of our governance structures.

During the first half of the year, we continued to intensively manage our approach to protecting the people we support and our staff during the pandemic. We stabilised our approach to managing the pandemic on an ongoing basis in line with the emerging guidance. We continue to remain fleet of foot to deal with local pressures and new methods of delivery as we seek to deliver as close to "business as usual" in terms of our outcomes as possible. Policies and processes are being continually refreshed to reflect these new ways of operating. Nonetheless, at the end of the year, much of the work to mitigate this risk has been mainstreamed and we do not expect this challenge to have a high residual risk rating in the medium term.

As we emerge from the impact of the pandemic, our principal resource risk is enduring high levels of staff turnover and its resultant impact on the continuity of service and morale. Many people have re-evaluated their work commitments and are changing priorities. In parallel, businesses like ours are finding it hard to

recruit in a sector where care workers' salaries are low, and are being further challenged by cost-of-living increases. Labour markets have got progressively tighter since Brexit and cross-sector competition for the most effective workforce is proving to be extremely challenging. This is something that some commissioners are working with us to tackle. The People Committee, reporting to the Group Board and the Aquarius Board maintains a close oversight of this risk.

Staff turnover and its impact on service delivery is closely monitored to ensure we deliver **safe and effective services**. The goodwill of our staff, drawn from helping people in acute need and furthering our charitable objectives, is to be commended.

Increases in inflation are contributing to cost pressures in many areas. Our value for money initiatives (detailed elsewhere within this report) are stemming these pressures and smarter procurement to drive efficiencies are being introduced. We have succeeded in attracting new business but this is against the constant background of extracting further efficiencies and economies of scale from our existing work. This impacts our ability to remain **sustainably viable** whilst managing this key risk.

Finally, as demand and service models change, so does the way we use our premises. Many of our buildings, for both residential and non-residential services, are less fit for purpose against the latest commissioning expectations. In 2022/23 we will publish a new Estates Plan to refurbish as required but also recycle through sale and reinvestment, to meet new needs and expectations of the people we support and commissioners alike. Some of these changes will be achieved through joint investment and delivery with other partners.

## **COMPLIANCE WITH OUR STATUTORY DUTIES UNDER SECTION 172 OF THE COMPANIES ACT**

The directors of Richmond Fellowship always adhere to acting in a way that they consider, in good faith, will be most likely to promote the success of the company for the benefit of the people we support in the long term (as well as the immediate needs of our current beneficiaries). To do this we pay regard to:

- (a) the likely impact and consequences of all our decisions in the immediate and long term, with social and financial returns clearly spelled out alongside the wider impact assessments.
- (b) the interests of all of our stakeholders, through working closely with, and listening to, issues flagged by the people we support, our staff (including volunteers), our commissioners, regulators and all of our suppliers and customers, taking seriously all feedback we receive to help us to deliver on this commitment.
- (c) clearly understanding the impact of our services and their delivery, whilst continuing to provide value for money services, on our local and wider communities and the environment generally; and,
- (d) conducting our business to a high standard, which is reflected in how our staff approach their work and in our expectations of our partners and providers to ensure this ethos permeates every aspect of our delivery.

Examples of how we have conducted our operations in this way over the past year are referenced throughout this report, together with relevant targeted improvement plans.

## DIRECTORS REPORT

### FINANCIAL RISK MANAGEMENT

We proactively seek to minimise our exposure to risk wherever possible. A potentially significant risk is the credit risk from bank balances. We also face market risk from listed investments and liquidity risk from our trade debtors. Trade debt remained challenging during the pandemic: so too the effects of increased cost of living crisis. We have had to find new ways of working, but with close management scrutiny and clear accountability, we have managed to keep a very firm grasp on this area. Much of our trade debt by value is due from the government in one form or another, so ultimately credit risk is not considered to be significant.

The Group has a treasury policy that underpins how our liquid resources are managed. The policy includes liquidity limits, security of investments and approved counterparty ratings. It is regularly monitored by the board and reviewed in consultation with our treasury advisers. Investments are split between the Cazenove Charity multi-asset fund and CCLA-COIF's ethical fund (relatively low risk funds), both portfolios engaging only with opportunities which can demonstrate high ethical standards. Investment managers present regularly to our Business and Finance Committee to ensure that the evidence of these standards is robust.

We remain free of loan financing and as such, covenants, gearing and securitisation are not currently a risk for us.

We continue to pursue a strategic use of our reserves as rates of return for cash balances remain poor. The returns achievable under this strategy are a more beneficial use of reserves.

### POST BALANCE SHEET EVENTS

There are no post balance sheet events to disclose other than, On 1 April 2022 Susan Moore and Paul Najsarek joined the Board.

### OUR PEOPLE

Our People Strategic Plan is key to our delivery of the Group Strategy 2020-23 and we made further important progress in the year to move closer to our key deliverables in that plan.

Our staff are essential in what we do and to the long term success of the business. We are continuing to work with our staff to develop a new, fairer pay and reward system and we are seeking to attain market medians as the over-arching goal for our pay strategy.

We continue to drive for more consistency across our services, more autonomy for local management and a more substantial role for peer support workers and volunteers in our services (who may or may not be pursuing routes into employment), in addition to doing more to recruit people with lived experience. All these initiatives mean our staff are in an even better position to support people on their recovery journey. We continue to work with commissioners to offer more services (across all our recovery models) using this approach.

Richmond Fellowship has a solid, long-standing trade union recognition agreement with Unite and has a formally constituted Joint Negotiation Committee (JNC) for matters relating to pay (both contractual and non-contractual). Both Richmond Fellowship and Aquarius have Staff Councils which function well and meet quarterly to run through key issues around the running of both businesses and how these impact staff and their ability to be productive. Reports from these meetings are reviewed by the People Committee of the Group Board and the Aquarius Board.

During the year we paid particular attention to the following indicators. The table below gives a snapshot of the 31 March position in each year.

Activity indicators (annualised)	2022	2021	2020
% of days lost arising from sickness	3.9%	2.4%	4.6%
% of voluntary turnover in the past 12 months	37%	21%	29%
% of workforce from BAME backgrounds compared to client %	+3.3%	+1.5%	+0.3%
Client satisfaction indicators			
Client feels staff treat them with dignity and respect	96%	95%	97%
Client feels keyworker listens to client's views and acts on them	94%	94%	96%

Client feels supported by staff to achieve plan goals	93%	93%	96%
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Staff surveys were taken both early in the year (in relation to the handling of the pandemic) and towards the end of the year (for our Investors in People re-accreditation).

Our Group workforce at 31 March 2022 comprises the following:

- 72% female (70.8% in Richmond Fellowship and 77.4% in Aquarius). This is higher in front-line services (72% compared to 60% in office-based functions). As at 1 April 2022, 43% of the Group Leadership Team and 47% of the Richmond Fellowship Board are female.
- 19.3% of the Group's workforce self-classify their ethnicity other than white (19.9% in Richmond Fellowship and 15.5% in Aquarius) – the equivalent data for the Group Leadership Team and Board is 14% and 20% respectively.
- 5.0% of staff consider they have a disability (5.5% in Richmond Fellowship and 1.9% in Aquarius);
- 10.2% of the Group's workforce is under 25 (11.0% in Richmond Fellowship and 5.8% in Aquarius); 43.3% of the Group's workforce is aged 25-44 (41.8% in Richmond Fellowship and 52.9% in Aquarius); 46.5% of the Group's workforce is over 45 (47.3% in Richmond Fellowship and 41.2% in Aquarius).
- 3.9% of staff consider they have lived experience of the issues that our services currently support (ranging across mental health, substance use, gambling and domestic abuse). This breaks down to 4.3% in Richmond Fellowship and 1.9% in Aquarius.

A cross-functional project group is working through an Action Plan relating to Equalities, Diversity and Inclusion improvements across the Group to ensure our organisation is representative of the people we support and the communities where we provide services. We are working through improvements to our Impact Assessment process to be assured that the chances of wellbeing and achieving recovery goals are equal for all groups of people irrespective of personal characteristics.

At 31 March 2022 our services were supported by 186 volunteers (173 in 2020/21) in place across the Group, 24 in Aquarius and 162 in Richmond Fellowship. This is a steady expansion of volunteers supporting our staff to improve life changes for those we support. Over the past year, their contribution represents 1,449 hours of support and we will continue to unlock the further potential that volunteers can bring to our service delivery.

## DIVERSITY, EQUALITIES and SOCIAL RESPONSIBILITY

We are committed to social inclusion, which is a vital part of our aim to reduce stigma faced by the people we support. It is important to us that our organisation reflects and celebrates the diversity of the communities we serve, and our commitment is a golden thread through our organisational culture, as well as our key strategies, policies and processes. Our workforce is a very strong reflection of the diversity of the people we support; and we measure this closely to be sure of the balance.

In the year, both Richmond Fellowship and Aquarius sought Investors in People reaccreditation. We were delighted that the outcome of this was a Gold Award for Aquarius and a Silver Award for Richmond Fellowship. This is a real cause for celebration and again, there was a significant amount of learning that came out of the review which in turn has generated an action plan that we will progress over the coming years.

We believe that inclusion and social responsibility is a dynamic goal which requires constant monitoring, clear leadership and strong training and awareness programmes. Senior leadership have looked during the year at more closely defining our cultural identity and we are currently in the process of re-evaluating our business plans across the organisation to ensure that our values and the areas of significant cultural importance to us, are front and centre of the work every team is engaged in.

Our training programmes, which underpin our ethos, but also deliver safe and effective services on the frontline, are delivered through a variety of routes via our main Workday system, so we can track individual development and ensure our people have the skills and knowledge to deliver their roles. Our training and awareness programmes extend to board members, staff, peer support workers and volunteers, and other delivery partners without whom we cannot effectively support those people using our services.

Through social enterprise, we can directly engage with communities where our services are located, supporting the integration of those who are part of our social enterprise services into local communities. It has been another tough year for our social enterprises, with business models affected greatly by people's work and leisure patterns since the pandemic. However, the social return on these services remains high and as the world finds a "new normal", we are supporting them by making adjustments to ensure they retain sustainable long-term business models. Of particular note is our award-winning Old Moat garden centre in

Surrey, supporting a significant number of people, and also the Aquarius Evolve service which is gearing up to deliver services for the 2022 Commonwealth Games in Birmingham.

The physical and emotional well-being of the people we support, and our workforce, remains a firm commitment and one that has never been more needed in these harsh economic times. We are supporting the establishment of special interest groups across the workforce, covering well-being, lived experience, LGBTQ+, ethnic minorities and disability to support us in our drive to ensure we can champion recovery for all people we support, no matter what their background or personal characteristics might be.

## ENVIRONMENT

We are committed to improving our environmental awareness and reducing the impact of our business on our environment, both now and in the future.

Aquarius first achieved ISO 14001 (Environmental Management Standard) status in 2012 and maintains its accreditation. In 2022/23 we expect to update our Estates Plan across the Group which will integrate our future green footprint into our compliance and investment frameworks for renewing our premises infrastructure.

We have again mapped 12 months of continuous consumption data for most of our premises and extrapolated this data across the premises' portfolio using consumption profiling. The period covered was the financial year 2021-22. The calculation estimates total consumption at 8.4m kWh with 8.3m kWh on fossil fuels (broadly equivalent to 1.6m kg CO<sub>2</sub>, with 0.5m kg CO<sub>2</sub> from electricity usage, including transmission and 1.2m kg CO<sub>2</sub> from natural gas supplies). A further de minimis consumption of 112k kWh (1.3% of total consumption, equivalent to 33k kg CO<sub>2</sub>) estimated for use of public and private transport in delivering our services (NB. there is no use of air or sea travel for this purpose). The 2020 kWh to CO<sub>2</sub> conversion rates were applied.

We have worked with expert advisers to identify sites with significant energy usage as well as potential savings. By implementing specific measures such as improving our lighting systems to LED and introducing more automated energy efficiency features, including heating controls in our buildings and heating and hot water boiler upgrades, we could significantly improve our energy footprint. We will map out where investment can be prioritised to achieve greatest impact as part of the planned Estates Plan review.

Further work needs to be done to routinely monitor water consumption and waste to further stretch our environmental impact reduction targets. We always seek to procure sustainably across our supply chain and will be looking at more of our routes to procurement in the coming year

## FUNDRAISING

As a Group we do not currently engage in unsolicited direct fund-raising – either to specific supporters or the general public. Occasionally, of their own volition, individuals who have been affected by services provided by the Group engage in a sponsored activity and donate their proceeds to a service or partner within the Group. When approached in advance, the Group supports such gestures by providing charity-branded materials to for the event.

The Group does not participate in any voluntary regulation schemes for fund-raising. It does not use commercial participators or professional fundraisers, pursues no organisation-wide fund-raising programmes, has received no complaints regarding fund-raising in the year and did not actively monitor individuals who independently raised funds for the Group.

## LEGAL STRUCTURE AND GOVERNANCE

The legal structure of the Group throughout the year has remained as Richmond Fellowship acting as parent of a single, wholly controlled charitable subsidiary, Aquarius Action Projects (known as Aquarius).

Richmond Fellowship's objects as they appear in the Articles are:

- to provide a home and community life for the Fellowship's Beneficiaries;
- to provide care, assistance and treatment to the Fellowship's Beneficiaries;
- to advance the education of the public in all aspects of the treatment and care of the Fellowship's Beneficiaries; and
- to advance other exclusively charitable purposes

The Group Board is a unitary board comprising up to five executive directors and up to ten non-executive directors. For any vote, the number of non-executives present must exceed executives. New Group Board directors are recruited in accordance with specific provisions in the Richmond Fellowship Articles and are taken through a tailored induction on joining. This has been more challenging during the pandemic, as the induction process would normally include service visits (which non-executives do on a rolling basis).

Nonetheless, new ways of delivering the induction have been developed and in addition, board members are provided with both general and tailored training support, identified from regular appraisal and review discussions.

The Group has standing orders and a schedule of delegations in place to underpin the Articles. A Procedure Agreement is in place between parent and subsidiary. This sets out the respective duties, delegations and responsibilities of the Group and Partner (Subsidiary) Boards in the governance of the subsidiary.

We again undertook a significant overhaul of policy, practice and learning (both internal and in the wider sector) in relation to our service delivery and duty of care obligations. This has included refreshing our approaches to safeguarding, risk, environmental responsibilities, equalities, diversity and inclusion, information governance, data security, whistle-blowing and fraud, as well as updating our statement to remain ever vigilant group-wide, against Human Trafficking and Modern Slavery. Our policies are mostly written for the Group with local related procedures to deliver these policies in different settings, according to the model to support recovery they are delivering.

## REGULATION AND COMPLIANCE

The Group complies with the requirements of the Regulator of Social Housing, the Charity Commission, Charities Acts and Companies Acts, seeking consent, filing returns and publishing accounts as required. Compliance updates go to each meeting of the Audit and Assurance Committee of the Board. A small number of our services are registered with and subject to inspection by the Care Quality Commission.

### Statement on public benefit

The purpose of the Group is laid out in the charitable objects above. Prospective users of services across the Group are usually referred to the provider organisation by a psychiatrist, general practitioner, or other health care professional. Day care and other non-residential services are provided free of charge at the point of delivery. Rent and any other charges for housing, residential care and nursing homes are usually covered by a range of housing and other benefits. The Group Board has given due regard to the Charity Commission's guidance on providing public benefit in its decision making and considers that all Group activities provide public benefit.

### Statement of accountability

The Group Board accepts the obligation to account for its actions in an open manner to people we support, our regulators, commissioners, and other stakeholders, including the wider public. The Group Board also accepts the obligation to ensure that Group companies deliver the standards of probity required by law, by their regulators and appropriate to their position in the community. The Group aims to achieve a high level of corporate social responsibility in line with new directions from recent Environmental, Social and Governance (ESG) guidance, subject to its overriding duty to fulfil its charitable objects and to use its charitable resources for that purpose.

In addition to putting people we support at the centre of everything we do, the Group Board remains committed to our Recovery Focus Group identity, bringing like-minded expert partners together. We will continue to build the identity and profile of both the Group and individual partners over the coming year.

### Statement of compliance with the RSH's Governance and Viability Standard and the NHF Code of Governance

The Governance and Financial Viability Standards of the Regulator of Social Housing (RSH), effective at 31 March 2022, requires compliance with an "appropriate code of governance, giving reasons for the choice and explaining areas of non-compliance". RF has chosen the National Housing Federation (NHF) Code of Governance. The NHF re-issued their Code in 2020 and the Group Board committed to its adoption in the year ended March 2022 and therefore this report is prepared in the context of the 2020 Code (for the first time). The Code of Governance in turn requires compliance with the NHF Code of Conduct (which has very recently been revised).

The Board considers the regulatory standards and matters covered by the Code through the ongoing work of the Audit and Assurance Committee. In July 2022, the Committee reviewed the Group's compliance and concluded that this had been demonstrated, approving the following statement of compliance:

*"Richmond Fellowship is a member of the National Housing Federation (NHF) and endorses the NHF Code. The Code is an integral part of RF's agreement for services with its non-executive directors. RF is compliant with (or taking steps to achieve compliance) with all requirements of the Code that are relevant to it as a small, specialist registered provider of social housing and registered charity. The RF Group has rigorous governance arrangements which are audited regularly by our engaged firm of internal auditors and meets the reporting requirements of the Regulator of Social Housing and the Charity Commission."*



This year we have self-assessed our governance against the 2020 Code. We have been updating our approaches in a number of areas to ensure compliance with the revised Code and to deliver better governance overall. Two areas in particular have received a lot of attention: a formal Succession Strategy for Non-Executives and our organisational response to the emerging Environmental, Social and Governance (ESG) agenda. In relation to specific non-compliance with the 2020 Code (and as with the previous Code and disclosures), Richmond Fellowship remains non-compliant with the NHF Code as follows:

**Requirement**

3.3(2) The board has between 5 and 12 members, including any co-optees and executive members.

**Reason for non-compliance**

To meet the demands of our complex and changing Group, the Group Board comprises 15 members in total (with the Articles allowing a maximum of 15) as at 31 March 2022, including 5 executive directors as RF has a unitary board.

Two new Group Board appointments were made in 2021/22, when welcoming Ian Ayling and Maureen Hopcroft to the Board in July and September respectively. Two further appointments were made, to replace retiring non-executives, on 1 April 2022 and this is declared as a post balance sheet event earlier in this document. The Board has a clear Succession Strategy for its non-executives which is rolled forward every six months, ensuring that proper planning of succession takes place and is well managed. We are of the belief that having a unitary (and therefore larger) board currently serves our Group well.

As part of its annual self-evaluation process, the Board has concluded that the business case for payment of non-executive Group Board members remains valid and of benefit to the charity. The levels of payment in place are reviewed annually and these were fully benchmarked in 2021/22 to ensure they remain at the right level for the responsibility and expectations we make of our non-executives. The recommendation was to leave the rates of remuneration unchanged.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

The Board confirms that, in fulfilling their duties as directors, they have taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditor is made aware of that information. So far as the directors are aware, there is no relevant audit information which has not been brought to the attention of the auditor.

**Approved by the Board and signed on its behalf by**

*Helen Edwards*

Helen Edwards (Aug 5, 2022 12:23 GMT+1)

**H Edwards, Chair of the Board**

**5 August 2022**

## STATEMENT OF THE GROUP BOARD ON VALUE FOR MONEY

To comply with the Regulator of Social Housing's latest code of practice on value for money, as a registered provider we are required to publish our performance against a given set of key indicators which is shown below:

Benchmarking (based on 2021 Global Accounts)									
Peer Group	RF 2022	RF 2021	A	B	C	D	E	F	2021 Ranking
> Business Health									
Operating Margin (Overall)	2.9%	0.6%	6.9%	9.1%	5.1%	3.0%	22.8%	(1.2%)	6th
Operating margin (social housing lettings)	10.8%	18.1%	13.5%	28.2%	9.0%	0.7%	10.4%	1.8%	2nd
EBITDA MRI (as % interest)	n/a	n/a	679.4%	233.3%	1,306.9%	(59.5%)	617.0%	(100.0%)	
> New Supply delivered									
Social housing units - %	n/a	n/a	1.5%	1.5%	2.1%	-	-	0.2%	
Non-social housing units - %	n/a	n/a	-	-	-	-	-	-	
Gearing	n/a	n/a	(0.9%)	37.1%	0.2%	12.1%	11.2%	(27.5%)	
> Effective asset mgmt									
Return on Capital Employed - %	3.1%	2.4%	3.0%	3.0%	3.4%	1.1%	2.8%	-1.4%	5th
>Outcome delivered									
Reinvestment	0.5%	2.9%	3.3%	13.0%	8.3%	4.2%	1.6%	4.1%	
>Operating Efficiency									
Headline social housing unit costs	£ 9,498	£ 9,295	£ 13,320	£ 11,330	£ 24,450	£ 28,790	£ 6,620	£ 21,030	2nd
Management cost per unit	£ 1,569	£ 1,445	£ 2,721	£ 2,235	£ 5,526	£ 10,796	£ 6,609	£ 11,727	1st
Service charge cost per unit	£ 2,961	£ 2,966	£ 5,726	£ 2,495	£ 8,865	£ 11,623	£ 7,914	£ 11,597	2nd
Routine Maintenance cost per unit	£ 275	£ 118	£ 2,317	£ 1,112	£ 3,693	£ 2,550	£ 3,667	£ 2,353	1st
Planned Maintenance cost per unit	£ 71	£ 89	£ 2,731	£ 1,039	-	-	-	£ 388	4th
Major repairs cost per unit	£ 676	£ 943	£ 209	£ 81	-	£ 51	£ 497	-	7th
Lease costs	£ 2,677	£ 2,719	-	£ 766	-	-	-	£ 6,159	6th
Capitalised major repairs expenditure for period	£ 676	£ 943	£ 485	£ 135	£ 87	£ 4,410	£ 2,299	£ 835	5th
Other (social housing letting) costs	£ 749	£ 445	£ 1,698	£ 509	£ 1,104	-	£ 120	£ 636	3rd
Other social housing activities: charges for support services]	£ 16,533	£ 16,141	£ 14,123	£ 6,390	£ 10,657	£ 40,570	£ 2,267	£ 21,316	5th
Total social housing units owned and/or managed at period end	770	768	2,277	1,303	1,224	2,431	3,660	2,616	7th

It is important for us to get the best value we can from our resources. To test this, we benchmark ourselves against a selected group of peer organisations to help to give us an objective perspective. We have identified six similar-sized registered providers of social housing who provide care and support services and operate in similar geographic areas to compare ourselves with. We have selected their metrics from the 2021 Global accounts of private registered providers and ranked our performance for each of the above key measures. We believe this is an effective way to get an objective point of view on our performance to help us to learn, plan, grow and take corrective action where we find this to be necessary.

Our results show that our headline social housing unit cost metric has increased from £9,295 to £9,498 per unit. This represents increases in our housing management, maintenance, and support costs. In particular, we voluntarily implemented the National Minimum Wage ahead of government guidelines. The increases were budgeted and part of our ongoing commitment to keep providing a safe and healthy environment for our staff and residents. We will continue to monitor costs and have increased our budget to assist in the management of future price increases.

### Value for money through delivery

The Group continues to promote value for money improvements through the following main channels:

- Co-production – through increasing levels of co-production we can deliver services differently and more effectively using local ideas and innovations.
- Governance – through scrutiny and assurance we ensure that the people we support get value for money by internal and external benchmarking and robust budgeting.
- Delivery processes – the pandemic forced us to re-assess how we work and how we deliver services. Many of the changes delivering efficiencies will continue. We have aligned this to our digital strategy, making our business more technology-driven and end user focused.

- Consistent and improved models to support recovery and procurement – the pandemic has given us further impetus to hone our models to support recovery. Group-wide we are driving a procurement initiative that will yield consistent and effective outcomes with an affordable cost base.

We have worked hard in compiling the Corporate Plan, to ensure that our plan priorities take on board how these will impact and improve our regulatory indicators.

#### **Procurement**

The Board approved a procurement strategy 2020-2023 with a focus on strengthening the Group's approach to procurement and supporting the achievement of the 2020-2023 Group Strategy 'Growing Stronger Together'. The aim of the procurement strategy is to ensure that procurement activities are undertaken efficiently and economically. The strategy provides direction to strive for best practice in procurement while constantly improving value for money and the quality of goods and services that are procured. It outlines the role that procurement will play in the delivery of the Group's priority objectives:

- To evaluate and improve current procurement practices to achieve better value for money and to ensure the Group's needs are met efficiently and effectively.
- To ensure that good practice examples are identified and applied consistently across the organisation.
- To review our products to ensure these are providing a return on investment.
- To renegotiate contracts to maximise economies of scale.
- To reduce our environmental impact and increase our sustainability, making the best use of our national footprint.
- To ensure that current and future procurement activities are planned, monitored and reviewed effectively.
- To create a structure where we can share resources, drive innovation and create more efficient ways of working.
- To use digital solutions to create the most efficient and effective procurement methods to deliver the best possible service.
- To use digital solutions to strengthen the financial controls of the business procurement process – using Workday "purchase to pay".
- To identify opportunities for collaboration with others to widen the scope for maximising purchasing power and identifying innovation.
- To identify what part customers will play in the procurement process.

## STATEMENT OF THE GROUP BOARD ON INTERNAL CONTROLS ASSURANCE

The Group Board is responsible for controls assurance across the whole Group and reviewing its effectiveness. The directors recognise that such systems can provide only reasonable, not absolute, assurance against material misstatement or loss.

### Board Members and Meetings

A full list of Board Members is available on page 1. The Group Board met formally six times during the year (2021; 7). Attendance overall (including Executive Directors) at these meetings was 96% (2021; 94%). Meetings, including Board Committees, have all been held by videoconference except for two annual Board away events, which were held in person. Each Board meeting is prefaced by a discussion on a wide range of topics exploring strategic and governance-related matters. These supplement the risk "deep dives" that occur on a wide range of challenging issues affecting the Group, as part of each Committee's quarterly agenda.

Directors participate in one-to-one reviews of the Board, its committees and their own personal performance - identifying areas for action and any development needs. We use the skills review alongside the priorities in the Group Strategy to assess the strength of governance, future Board needs and the desirable values, experiences, and knowledge, in identifying new non-executives as vacancies arise.

Board Members' remuneration, attendance and Partner Board/Committee Memberships in 2021/22 were:

<u>Non-Executive</u>	<u>Remuneration</u>	<u>Group Board Attendance</u>	<u>Partner Board/Committee Memberships</u>	<u>PARTNER BOARD/ COMMITTEE KEY</u>
M Allen Morales	£0	0 / 0	BFC	AAC (Audit & Assurance)
I Ayling	£4,167	5 / 5	AAC, BFC	BFC (Business & Finance)
K Bakshi	£5,000	6 / 6	QPC, WTC	AAP (Aquarius Board)
G Bland	£2,500	2 / 2	AAC, BFC	PeC (People)
H Edwards	£12,500	6 / 6	AAC, PeC	QPC (Quality & Performance)
A Fletcher	£10,000*	5 / 6	QPC, PeC, AAP	WTC (Working Together)
T Harper	£1,318	0 / 0	BFC, PeC	
M Hopcroft	£2,917	4 / 4	WTC	
P Molyneux	£5,500	5 / 6	QPC	
R Perkins	£6,000	6 / 6	PeC, WTC	
A Powell	£8,000	6 / 6	AAC, BFC	
J Royle	£5,833	6 / 6	PeC, QPC	

- This includes an exceptional one-off adjustment of £4,000

The work of our Board Committees is enhanced by co-opted expert advisers who add a wider perspective and expertise to all committees (except the Remuneration Committee). We thank all of them for their dedication to the work of the Group and the sharing of their perspectives.

### Matters reserved for the Group Board

The Group Board has delegated limited powers to its six committees: Audit and Assurance, Business and Finance, People, Quality and Performance, Working Together and Remuneration Committees. It reserves certain responsibilities and decisions for itself, specifically:

- Management structure, organisation and essential governance
- Objects, values and corporate strategy
- Annual budget setting
- Key controls as specified in the standing orders and scheme of delegations

Terms of reference for each Board committee are reviewed annually and approved by the Board itself. Each committee (except Remuneration) aims to include an adviser with recent lived experience and has also appointed one or more independent members to bring a broader perspective to the work of each committee. Each independent member contributes significantly to the assurance framework, being experts in their field.

To support the work of both the Richmond Fellowship and Aquarius Boards, the Group has three key assurance groups which meet quarterly to support the management of risk and add additional expertise and assurance in their areas of focus:

**Health and Safety Group** – proactively manages health and safety risk and compliance, monitoring risks relating to clients, workforce and premises. This Group includes an external expert adviser and reports and makes recommendations via the Group Board's Quality and Performance Committee to both Boards. Albert Fletcher attends as Board Non-Executive Health and Safety Champion.

**Service Governance Group** – this Group oversees the quality of service delivery across the Group, ensuring consistently high standards and assessing and managing emerging risks in service delivery. This Group also includes an external expert adviser who provides an independent assurance report after each meeting, making recommendations to the Group Board's Quality and Performance Committee as required. (This Committee, in turn, reports to both Boards). This Group also oversees the internal Quality Improvement Plan and client risk, including the local management of clients' own funds, medication and wellbeing.

**Information Governance Group** – the remit of this Group is to ensure that all aspects of our approach to information governance comply with the expectations of the law, regulators, commissioners and the rights of individuals who access or deliver our services. The increasing challenges from cyber risk, with the increasing importance of and reliance upon technology and data to support the safe and effective delivery of services, makes the work of this Group an ever more important part of our governance.

#### Identification and evaluation of risks and control objectives

Board directors, working with the Group Leadership Team (GLT - currently comprising Group directors and the operations leads for both Richmond Fellowship and Aquarius) and the directors of the Aquarius Board, have separately and collectively given substantial consideration to the major risks to which the Group is exposed. As part of this process, the Audit and Assurance Committee meets four times annually and gives a significant portion of its agenda to risk scrutiny and challenge. The internal and external audit teams are an important second line of assurance in fulfilling this remit.

Ownership for delivering the priorities and managing the associated risks rests with the GLT, but each Group Board committee has a portfolio of risks that it leads scrutiny, on with non-executives introducing additional ideas and rigorously working through the challenges for the organisation.

As a shared responsibility, parent and subsidiary board directors and the GLT routinely satisfy themselves that appropriate systems, plans and procedures are in place to properly manage risk and assess progress against significant milestones in delivering key priorities.

#### Managing the business

Performance indicators are in place to provide information that allows management to monitor the key targeted outcomes that have been agreed upon as the best metrics to assess the sound progress of our strategic priorities. These indicators satisfy management that our services are delivering for our beneficiaries and matters which require intervention can be tackled. Our key data management systems provide much of the information to do this and we continue to make good progress in our long-term goal of moving towards a digital dashboard, for more timely information that can be sense checked against other indicators to be able to inform and suggest actions to ensure that our priorities can be met.

In support of all the control mechanisms in place, the provision of effective training and awareness information is essential to ensure that processes work and are applied safely and consistently. As part of a significant training and development offer, many modules are mandatory for all staff, and are refreshed regularly to ensure the Group's workforce are informed and prepared and can deliver quality services.

In the past year, we have referred only one significant incident to our regulators, that being the case of a suspected fraud which is now in the hands of the police. Under the oversight of the Audit and Assurance Committee, management is ensuring that all learning is reviewed and controls are in place to minimise the opportunity of re-occurrence.

As another line of assurance, our Internal Audit Team deliver a comprehensive annual programme highlighting a range of actions that management are pursuing.

Internally we continued to publicise our Feedback Policy and raise awareness around the key policies that assist with controls assurance, such as Whistle-blowing, Anti-Money Laundering, Anti-Fraud, Gifts/Hospitality

and Conflicts of Interest. Our Quality Self-Assessment regime is in place across the whole Group and is operating at local, area and partner-wide level.

Our non-executive board members undertake service visits as part of their wider responsibility (and development) to better understand the services we are delivering, the challenges faced in delivering them; it is also an opportunity for them to speak to people we support directly. Since the end of the first pandemic lockdown, this programme has been delivered virtually but towards the end of 2021-22, we began a limited number of face-to-face visits again. Both approaches have distinct benefits as many services don't operate from a fixed location, so the variety of different service models, where a non-executive visit has been possible, has been much wider this year.

At the end of the year, the Group Board has reviewed the controls and assurances in place across the Group and is satisfied that the Group is both compliant with legal and regulatory requirements and improving. This includes all the areas of work for which the Aquarius Board is ultimately responsible for delivery and oversight.

We work closely with external partners and others to ensure we are aware of their perspectives on our strategic direction and ongoing performance. This includes working closely with commissioners to ensure they are happy with our provision and to see how services might be made more effective. We also work with local safeguarding teams, fire safety authorities, the Care Quality Commission and other independent expert advisers whose objective viewpoint is valued as a means to delivering our continuous improvement agenda.

## **STATEMENT OF THE RESPONSIBILITIES OF THE GROUP BOARD IN RESPECT OF THE ACCOUNTS**

The Group Board directors are responsible for preparing the report of the Group Board, incorporating the strategic report and the accounts in accordance with applicable law, regulations and associated guidance and good practice.

Company and housing law requires the Group Board to prepare consolidated accounts for each financial year in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland". Under company and housing law, the Group Board members must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the surplus or deficit of the Group for that period.

In preparing these accounts, the Group Board directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Board directors are also responsible for keeping adequate accounting records that are sufficient to show and explain all transactions and disclose with reasonable accuracy at any time the financial position of the Group and that ensure the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and have due regard to Charity Commission guidance. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICHMOND FELLOWSHIP

### Opinion

We have audited the financial statements of Richmond Fellowship (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group and Company Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2022 and of the group's and parent charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 for the group and the company and the Charities Act 2011 (for the Group); and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of 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 group and parent charitable 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 other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information contained within the Annual Report and Financial



Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Report of the Group Board has 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Group Board.

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

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 trustees**

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

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and under section 151 of the Charities Act 2011, and report in accordance with those Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

We obtained a general understanding of the group and the parent charitable company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the group and the parent charitable company's industry and regulation.

We understand that the group and the parent charitable company complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A programme of internal audit performed by an independent firm of internal auditors;
- A risk assessment framework and register that includes regular review and scrutiny by the Board of Directors;
- Regular safeguarding and health and safety reviews;
- An annual assessment of compliance with social housing regulations; and
- The Board of Director's close oversight through regular Board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group and the parent charitable company's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the group and the parent charitable company:

- FRS 102 and the requirements of the Companies Act 2006, in respect of the preparation and presentation of the financial statements;
- Safeguarding, including health and safety and Care Quality Commission regulations; and
- Social housing and Charity law and regulation.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries of management and the Audit and Assurance Committee as to the risks of non-compliance and any instances thereof;
- Reviewing internal audit reports and correspondence between regulators and the group and the parent charitable company; and
- Reading minutes of meetings of those charged with governance.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group and the parent charitable company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the group and the parent charitable company's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive work on revenue transactions.

A further description of our responsibilities is available 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 auditor's report.

#### Use of our report

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

CLA Evelyn Partners

Andrew Bond  
Senior Statutory Auditor, for and on behalf of

CLA Evelyn Partners Limited  
Statutory Auditor  
Chartered Accountants

45 Gresham Street  
London  
EC2V 7BG  
5 August 2022

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2022

	Notes	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Turnover	3	47,557	41,855	45,267	39,721
Operating expenditure		(45,774)	(40,645)	(44,910)	(39,681)
Surplus on disposals of fixed assets	11	151	151	433	433
Other operating income		4	3	295	187
Operating surplus	3	1,938	1,364	1,085	660
Interest receivable	9	148	145	156	155
Interest & financing costs	10	-	-	-	-
Movement in the value of investments		204	204	630	630
Surplus for the financial year	11	2,290	1,713	1,871	1,445
<b>OTHER COMPREHENSIVE INCOME</b>					
Actuarial loss/(gain) in respect of pension scheme	8	(2)	(2)	109	109
<b>Total comprehensive income for the year</b>		<b>2,288</b>	<b>1,711</b>	<b>1,980</b>	<b>1,554</b>

The Income and Expenditure Account was approved and authorised for issue by the Group Board on 5 August 2022.

*Helen Edwards*  
Helen Edwards (Aug 5, 2022 12:23 GMT+1)

Helen Edwards  
Director

*Alan Powell*  
Alan Powell (Aug 5, 2022 13:49 GMT+2)

Alan Powell  
Director

**STATEMENT OF FINANCIAL POSITION as at 31 March 2022**  
**COMPANY NUMBER 662712**

	Note	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
<b>Fixed Assets</b>					
Property, plant & equipment					
- Housing & other properties used for social provision	12	24,137	22,157	24,421	22,660
- Other property, plant and equipment	13	5,646	4,820	5,345	4,489
Post-employment benefits	8	484	484	538	538
		<b>30,267</b>	<b>27,461</b>	<b>30,304</b>	<b>27,687</b>
<b>Current assets</b>					
Inventories	14	169	167	129	128
Debtors due within one Year	15	6,421	5,882	6,457	5,833
Investments	16	4,002	4,002	3,798	3,798
Cash at bank and in hand		17,167	13,039	13,946	10,557
		<b>27,759</b>	<b>23,090</b>	<b>24,330</b>	<b>20,316</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(7,516)</b>	<b>(6,630)</b>	<b>(6,283)</b>	<b>(5,675)</b>
<b>Net current assets</b>		<b>20,243</b>	<b>16,460</b>	<b>18,047</b>	<b>14,641</b>
<b>Total assets less current liabilities</b>		<b>50,510</b>	<b>43,921</b>	<b>48,351</b>	<b>42,328</b>
<b>Creditors: amounts falling due over one year</b>	18	<b>(7,712)</b>	<b>(7,712)</b>	<b>(7,830)</b>	<b>(7,830)</b>
<b>Total assets less liabilities</b>		<b>42,798</b>	<b>36,209</b>	<b>40,521</b>	<b>34,498</b>
<b>Funds</b>					
Restricted funds	22	7,095	2,392	7,931	3,806
Unrestricted funds					
- Unrestricted general funds	24	34,050	32,346	31,087	29,371
- Designated funds	23	184	-	184	-
- Revaluation reserve	24	985	987	781	783
- Pension reserve	24	484	484	538	538
		<b>42,798</b>	<b>36,209</b>	<b>40,521</b>	<b>34,498</b>

The accounts were approved and authorised for issue by the Group Board on 5 August 2022.

Helen Edwards  
Helen Edwards (Aug 5, 2022 12:23 GMT+1)

Helen Edwards  
Director

Alan Powell  
Alan Powell (Aug 5, 2022 13:49 GMT+2)

Alan Powell  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2022

	Restricted Funds £000	Unrestricted				Total £000
		General Funds £000	Designated Funds £000	Revaluation Reserve £000	Pension Reserve £000	
Balance at 1 April 2021	7,789	29,771	382	151	448	38,541
Surplus for the year	-	1,871	-	-	-	1,871
Other comprehensive income	-	-	-	-	109	109
Total comprehensive income	-	1,871	-	-	109	1,980
Transfers (note 21)	142	(555)	(198)	630	(19)	-
Balance at 31 March 2021	7,931	31,087	184	781	538	40,521
Surplus for the year	-	2,290	-	-	-	2,290
Released on Disposal	-	(11)	-	-	-	(11)
Other comprehensive income	-	-	-	-	(2)	(2)
Total comprehensive income	-	2,279	-	-	(2)	2,277
Transfers (note 21)	(836)	684	-	204	(52)	-
Balance at 31 March 2022	7,095	34,050	184	985	484	42,798

## COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2022

	Restricted Funds £000	Unrestricted				Total £000
		General Funds £000	Designated Funds £000	Revaluation Reserve £000	Pension Reserve £000	
Balance at 1 April 2021	4,090	28,055	198	153	448	32,944
Surplus for the year	-	1,445	-	-	-	1,445
Other comprehensive income	-	-	-	-	109	109
Total comprehensive income	-	1,445	-	-	109	1,554
Transfers (note 21)	(284)	(129)	(198)	630	(19)	-
Balance at 31 March 2021	3,806	29,371	-	783	538	34,498
Surplus for the year	-	1,713	-	-	-	1,713
Other comprehensive income	-	-	-	-	(2)	(2)
Total comprehensive income	-	1,713	-	-	(2)	1,711
Transfers (note 21)	(1,414)	1,262	-	204	(52)	-
Balance at 31 March 2022	2,392	32,346	-	987	484	36,209

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2022

	Note	2022 £000	2021 £000
<b>Net cash generated from operating activities</b>	<b>30</b>	<b>4,106</b>	<b>3,428</b>
<b>Cash flow from investing activities</b>			
Acquisition & development of properties used for service provision		(365)	(766)
Sale of housing properties	11	407	1,190
Purchase of other property, plant & equipment		(1,064)	(1,248)
Sale of other property plant & equipment			12
Investment income received		125	141
Interest received		12	5
<b>Net cash used in investing activities</b>		<b>(885)</b>	<b>(666)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>3,221</b>	<b>2,762</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>		<b>13,946</b>	<b>11,184</b>
<b>Cash &amp; cash equivalents at the end of the year</b>		<b>17,167</b>	<b>13,946</b>
<b>Cash &amp; cash equivalents at the end of the year comprise:</b>			
Cash at bank & in hand		17,167	13,946
		<b>17,167</b>	<b>13,946</b>

## NOTES TO THE ACCOUNTS for the year ended 31 March 2022

### 1. Legal status

Richmond Fellowship ("the company") is a private company limited by guarantee (number 662712) and is incorporated in England; the registered office address is 80 Holloway Road, London, N7 8JG. The company is a registered charity (number 200453) and is also registered as a private provider of social housing with the Regulator of Social Housing (number H2025).

Aquarius Action Projects ("Aquarius"), is a wholly owned subsidiary of Richmond Fellowship. It is incorporated as a private company limited by guarantee under the Companies Act 2006 in England, number 2427100. It is also a registered charity, number 1014305. Its registered office is 236 Bristol Road, Birmingham, B5 7SL.

The group of companies is collectively known as Recovery Focus as referred to as the "Group"

Details of the principal activities of the Group are given in the accompanying narrative reporting.

### 2. Accounting policies

#### Basis of preparation

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Housing SORP 2018 "Statement of Recommended Practice for Registered Social Housing Providers" and comply with The Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are also prepared in accordance with the Companies Act 2006 and the Housing and Regeneration Act 2008. The consolidated financial statements are additionally prepared in accordance with the Charities Act 2011.

The company is a public benefit entity and the Group is a public benefit group, as defined by FRS 102. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Groups accounting policies.

#### Disclosure exemptions

The company is a qualifying entity as defined by FRS 102 and, as such, has taken advantage of the exemption from presenting a statement of company cash flows on the grounds that the relevant information is included within the consolidated information presented within these financial statements.

#### Basis of consolidation

The Group consolidated financial statements include the financial statements of the company and its subsidiary undertaking.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In the case of subsidiaries which are charitable companies limited by guarantee, that control exists by virtue of the company being the sole member of each of the subsidiaries thereby being able to appoint the trustees of those entities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to that subsidiary's financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

#### Business combinations

The acquisition method, as applied to public benefit groups, is used to account for a combination with a new charitable subsidiary.

The acquisition method requires that the new subsidiary's assets and liabilities be initially recognised at their fair value. Where the nature of the combination is in substance a gift, the fair value of the gifted assets and liabilities is recognised as a gain or loss in the statement of comprehensive income in the year of the transaction, with all costs directly relating to the combination being expensed. For combinations which are in the nature of acquisitions, the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of net assets and liabilities acquired is recognised as goodwill.



On transition to FRS 102 the Group and Company took the exemption available to not restate acquisitions affected before the transition date of 1 April 2014.

### Going concern

The financial statements have been prepared on the going concern basis which the directors consider to be appropriate for the following reasons.

The Board has considered the potential impacts from different adverse conditions such as Covid-19, increased cost of living and fluctuations in revenue as well as options for mitigating them as part of the annual budgeting cycle. To ensure the business can continue operating in the immediate term, we carried out scenario testing on these conditions looking at income reduction from our Social Enterprises, changes in grant conditions, potential movement in operating costs affecting staff and other operating expenditures. Other scenario testing included subjective judgments of the impact of increased rent arrears, delayed rent collection and increased voids. In making these assessments, we also considered the mitigations available to manage the potential impact on cashflow affecting the financial viability of the business. Financial forecasts were regularly presented to the Board which included these scenarios and mitigations. The assessment demonstrated the financial impact could be managed within the approved budget and gave assurance we had sufficient liquidity to manage the financial risks. In addition, the Board is regularly updated with our performance against expectations by;

- detailed forecasting as part of the monthly reporting cycle
- twelve-month forward rolling cashflows forecast
- enforcing a 'golden rule' where cash reserves must remain within a minimum uncommitted cash reserves of £6 million, being £5million for the company and £1 million for Aquarius.

The Group has no loan commitments or operates within restrictive financial covenants,

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

On this basis, the Board has reasonable expectations that the Group and company have adequate resources to continue the operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### Key sources of estimation uncertainty and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements, estimates and assumptions have had the most significant effect in amounts recognised in the financial statements:

#### (a) Critical judgements

In preparing the financial statements, the following judgements which have, or could have, a material impact on the financial statements were made:

##### *Identification of housing property components*

Housing property depreciation is calculated on a component-by-component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

##### *Housing property impairments*

An impairment review of the Group's properties is undertaken when an impairment indicator is believed to have been triggered. The 2020/21 review did not result in the requirement for any material impairments.

##### *Properties let to other service providers*

Properties let to other service providers are classed as property, plant and equipment rather than as investment properties, as the properties are retained primarily to ensure the continued provision of services to beneficiaries, rather than for capital gain or income generation.

##### *Cap on net pension scheme asset*

The net defined pension scheme asset is recognised only to the extent of the net present value of the estimated future Group contributions to the scheme, as it is deemed to be unlikely that the scheme trustees would make refunds to the Group.

#### (b) Key accounting estimates and assumptions

#### *Estimation of revenue*

Income from the provision of services is recognised as the services are provided. In most cases, the services are provided in accordance with the funding agreement, but in a minority of cases, the funder may contend that the services haven't been fully provided and retrospectively demand that a proportion of the invoiced income be refunded. Estimates are therefore necessary as to the extent to which invoiced income may be repayable.

#### *Defined benefit pension scheme*

The cost of defined benefit pension scheme plans are determined using actuarial valuations. The actuarial involves making assumptions about discount valuation rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long-term nature of these plans, such estimates are subject to considerable uncertainty and the Group relies on the expert input of actuaries. Further details of the assumptions made are provided in Note 8.

#### *Useful lives*

Depreciation of assets is calculated based on the cost and the estimated useful lives of the assets. The expected useful lives for housing property components is estimated based on the expected replacement frequency used for asset management purposes.

#### *Impairments of housing and other properties held social purposes*

The cost of purchasing an equivalent property on the open market is estimated based on the sales prices for similar properties in or near the same location.

The rebuilding cost of structures and components is based on the current build costs obtained from market data (being primarily construction indices) applied to the relevant building size and type.

#### *Rent arrears and other debtors*

Provision is made for rent arrears where there is objective evidence concerning recoverability. This is an estimate based on past experience, the current level and age profile of the arrears / debtors, and the specific circumstances relating to a particular rent arrear or debt.

### **Carrying values**

The carrying amount of the assets and liabilities affected by the above estimates are set out in the notes below.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents rental income receivable; fees from local authorities and other funders for the provision of services; grant income from the Government and other bodies; income from fundraising activities and amounts receivable for goods sold. All such amounts are stated excluding VAT where this has been applied.

Income is recognised as follows:

- *Rental Income* – on a time apportioned basis
- *Service Income* – as the services are provided
- *Donations* – when the Group has entitlement, the donation can be measured reliably, and receipt is probable
- *Revenue (performance) grants* – in the same period as the expenditure to which they relate
- *Government capital grants* - recognised using the accruals model and initially deferred and then credited to revenue on a straight-line basis over the expected life of the asset which they have funded
- *Other capital grants* – recognised using the performance model, with recognition being when the Group has entitlement, the grant can be measured reliably, and receipt is probable

Donated assets and services which would otherwise have been purchased are included at the estimated expenditure purpose, the donations may become repayable in which case the liability is recognised when the related asset is disposed of or when it ceases to be used for the approved purpose.

### **Arrears**

Debtors include the total rent and service charge arrears which is comprised of both current and former tenant arrears. Former tenant arrears are fully provided for in the financial statements at the point the tenant leaves the property. Current tenant arrears are provided for at specific rates according to the age of the debt.

### **Employee benefits**

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

**Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

**Defined contribution pension plan**

The Group operates a defined contribution plan, whereby the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in the period to which they relate. Amounts not paid are shown in accruals in the statement of financial position.

The assets of the plan are held separately from the Group in independently administered funds.

**State plan**

The Group is an admitted body to the NHS Pension Scheme, a multi-employer defined benefit pension scheme. The Group has no on-going liability to this scheme other than to pay contributions as they fall due and this plan is accounted for as a defined contribution plan.

**Defined benefit pension plan**

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The asset recognised in the statement of financial position in respect of the defined benefit plan is the lower of the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the reporting date and the net present value of the estimated future Group contributions to the scheme.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in operating expenditure in the statement of comprehensive income as employee costs comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the statement of comprehensive income as 'Finance expense'.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

**Financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Trade and other debtors and creditors, including rent arrears and rent paid in advance, are classified as basic financial instruments and measured at initial recognition at transaction price. Such debtors and creditors are subsequently measured at amortised cost using the effective interest rate method, save that amounts expected to be settled within 12 months are not discounted. An impairment provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents and long-term bank deposits are classified as basic financial instruments and are initially recognised at their transaction price and subsequently at fair value.

Interest bearing bank and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the counterparty, which is ordinarily equal to the

proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Financial assets are derecognised when either the contractual rights to the cash flows from the asset are settled or expire, or when substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities are derecognised when the liability is extinguished, that is when contractual obligation is discharged, cancelled or expires.

### Managed properties

Income and expenditure relating to housing properties managed by the Group are recognised in the statement of comprehensive income where the Group is exposed to a significant proportion of the risks and rewards associated with the properties.

### Housing and other properties used for social purposes

Housing and other properties used for social purposes are properties which are held to provide residential accommodation, nursing homes or day care centres. These properties are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of the properties is the purchase price together with those costs that are directly attributable to acquisition and construction up to the date of completion.

Properties in the course of construction are not depreciated.

Depreciation is charged on major components so as to write down the cost of the components to their estimated residual value on a straight-line basis over their estimated useful lives as follows:

Freehold Land	indefinite	Structure	100 years
Pitched Roof	60 years	Flat Roof	20 years
Windows	40 years	Boilers	15 years
Bathrooms	20 years	Kitchens	15 years
Wiring	30 years	Fire Systems	10 years

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefits is capitalised and the carrying amount of any replaced component or part component is derecognised. Any other expenditure incurred in respect of repairs is charged to operating expenses in the statement of comprehensive income.

### Other tangible fixed assets

Other fixed assets are stated at cost less depreciation. Depreciation is charged on a straight-line basis over the expected economic lives of the assets at the following annual rates:

Office premises	1%
Motor vehicles	25%
Plant & machinery	25%
Furniture	25%
Computer, IT & other office equipment	33.3%
Computer software	10%

### Inventories

Inventories are stated at cost less provision for impairment losses.

### Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indicator that the asset (or asset's cash generating unit) may be impaired. If there is such an indicator the recoverable amount of the asset (or asset's cash generating unit; CGU) is compared to the carrying amount of the asset (or asset's cash generating unit).

### Assets not used for social purposes

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use (VIU) is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the operating expenses unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

#### Assets used for social purposes, including housing and other properties

For the purposes of impairment assessments, housing and other properties used for social purposes are assessed on a property by property basis.

At each statement of financial position date, the properties are assessed to determine if there are indicators that the property may be impaired in value; if there are such indicators of impairment, then a comparison of the property's carrying value to its recoverable amount is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as operating expenses in the statement of comprehensive income; the carrying value is reduced appropriately. The recoverable amount of a property is the higher of its fair value less costs to sell and its value in use. Value in use for properties which are able to be used in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

When an impairment loss is subsequently reversed, the carrying amount of the property is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in operating expenses in the statement of comprehensive income.

#### **Government grants (social housing grants - SHG)**

Government grants are recognised when there is reasonable assurance that the Group will receive the grant and be able to comply with the terms of the grant. Grants are classified as either relating to assets or as relating to revenue.

Grants relating to assets are accounted for using the accrual model and are recognised as revenue in the statement of comprehensive income over the period of the estimated life of the relevant asset to which it relates as follows:

- Grants relating to whole properties – over the useful life of the structure
- Grants relating to components – over the useful life of the relevant components

Grants relating to assets are derecognised when the asset to which they relate is derecognised.

Grants which relate to revenue are accounted for using the performance model and are recognised in the statement of comprehensive income as the associated costs to which the grant relates are recognised.

Any grants which are received but are not recognised are disclosed as liabilities.

Grant relating to a property which is sold is derecognised and disclosed as a liability where repayment or recycling is required. Where SHG is recycled, it is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year

#### **Current asset investments**

Investments are stated at fair value and any changes in the fair value are recognised in the statement of comprehensive income.

#### **Operating leases**

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to operating expenses in the statement of comprehensive income on a straight-line basis over the life of the lease.

Incentives received to enter into an operating lease are credited to operating expenses, to reduce the lease expense, on a straight-line basis over the period of the lease.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank deposits and other highly liquid investments which have a maturity of three months or less.

In certain cases, the Group and its employees assist individuals to manage their money in their bank accounts. These bank accounts do not relate to the Group and are therefore not dealt with in these financial statements.

### **Provisions**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

### **Value Added Tax**

The Group is registered for VAT and the balances shown in these accounts exclude VAT where applicable. Irrecoverable input VAT is expensed as incurred and is analysed in line with the underlying expense to which it relates.

### **Taxation**

All entities within the Group are registered charities and are able to obtain relief from corporation tax, provided that they operate within certain charitable exemptions, including applying all income to charitable purposes. Since these conditions have been fulfilled, these entities do not recognise provisions for taxation.

Provision is made for direct and deferred tax in respect of non-charitable subsidiaries; currently, the activities of non-charitable subsidiaries are immaterial to the Group.

### 3. Particulars of turnover, operating expenditure and operating surplus / (deficit)

Group	2022			2021		
	Turnover	Operating expenditure	Operating Surplus (Deficit)	Turnover	Operating expenditure	Operating Surplus (Deficit)
	£000	£000	£000	£000	£000	£000
<b>Social housing activities</b>						
Social housing lettings ( <i>note 4</i> )	8,200	7,314	886	8,713	7,138	1,575
<b>Other social housing activities</b>						
Supporting people contract income	15,599	16,533	(934)	15,371	16,141	(770)
	<b>23,799</b>	<b>23,847</b>	<b>(48)</b>	<b>24,084</b>	<b>23,279</b>	<b>805</b>
<b>Activities other than social housing activities</b>						
Registered nursing home lettings	513	512	1	924	1,590	(666)
Crisis Houses	2,691	2,720	(29)	1,610	1,702	(92)
Community based projects	20,049	18,039	2010	18,222	17,476	746
Leased to third party providers	143	24	119	237	7	230
Other	362	632	(270)	190	856	(666)
	<b>23,758</b>	<b>21,927</b>	<b>1,831</b>	<b>21,183</b>	<b>21,631</b>	<b>(448)</b>
<b>TOTAL</b>	<b>47,557</b>	<b>45,774</b>	<b>1,783</b>	<b>45,267</b>	<b>44,910</b>	<b>357</b>
Surplus on disposals of fixed assets			151			433
COVID-19 Job Retention Scheme Income			4			295
<b>Operating surplus</b>			<b>1,938</b>			<b>1,085</b>

### 3. Particulars of turnover, operating expenditure and operating surplus / (deficit) (continued)

Company	2022			2021		
	Turnover	Operating expenditure	Operating Surplus (Deficit)	Turnover	Operating expenditure	Operating Surplus (Deficit)
	£000	£000	£000	£000	£000	£000
<b>Social housing activities</b>						
Social housing lettings (note 4)	8,200	7,314	886	8,713	7,138	1,575
<b>Other social housing activities</b>						
Supporting people contract income	15,599	16,533	(934)	15,371	16,141	(770)
	<b>23,799</b>	<b>23,847</b>	<b>(48)</b>	<b>24,084</b>	<b>23,279</b>	<b>805</b>
<b>Non-social housing activities</b>						
Registered nursing home lettings	513	512	1	924	1,590	(666)
Crisis Houses	2,691	2,720	(29)	1,610	1,702	(92)
Community based projects	14,347	12,916	1,431	12,675	12,297	378
Leased to third party providers	143	24	119	237	7	230
Other	362	626	(264)	191	806	(615)
	<b>18,056</b>	<b>16,798</b>	<b>1,258</b>	<b>15,637</b>	<b>16,402</b>	<b>(765)</b>
<b>TOTAL</b>	<b>41,855</b>	<b>40,645</b>	<b>1,210</b>	<b>39,721</b>	<b>39,681</b>	<b>40</b>
Surplus on disposals of fixed assets			151			433
COVID-19 Job Retention Scheme Income			3			187
<b>Operating surplus</b>			<b>1,364</b>			<b>660</b>



#### 4. Particulars of income and expenditure from social housing lettings

##### GROUP AND COMPANY

	2022	2021
	Total	Total
	£000	£000
<b>Supported housing</b>		
Rent receivable net of service charges	3,977	4,322
Service charge income	4,125	4,293
<b>Net rental income</b>	<b>8,102</b>	<b>8,615</b>
<b>Government grants taken to income</b>		
Amortised government grants	98	98
<b>Turnover from social housing lettings</b>	<b>8,200</b>	<b>8,713</b>
<b>Operating expenditure</b>		
Housing management	1,209	1,110
Service charge cost	2,280	2,278
Routine maintenance	212	91
Planned maintenance	54	68
Major repairs expenditure	520	724
Bad debts	576	342
Property lease charges	2,062	2,088
Depreciation of housing properties and associated fixtures, fittings and equipment	401	437
<b>Operating expenditure on social housing lettings</b>	<b>7,314</b>	<b>7,138</b>
<b>Surplus on social housing lettings (as per note 3)</b>	<b>886</b>	<b>1,575</b>
<b>Void losses (deducted from rent above)</b>	<b>1,101</b>	<b>900</b>

Throughout the year we operated a few residential crisis services which are not considered to be social housing (and the premises were not provided with the support of social housing grant) and as such are excluded from all of the data contained within this note.

Income and expenditure reflect all social housing provided by Richmond Fellowship, irrespective of the intensity of support given as part of the service provision.

## 5. Leases

The Group lets certain of their housing properties to social housing tenants and to other social landlords.

### Social housing tenancies

The social housing tenancy agreements are governed by housing law and rents levels are governed by the Government through powers derived from the Housing and Regeneration Act 2008. Housing law sets out various safeguards for tenants, the effect of which is to make gaining possession of the properties in the event of a default by tenant an onerous process requiring Court action by the Group. In addition, where a tenant is in default through the failure to pay rent due, the Court, rather than terminating the tenancy, will usually order that the tenant clears the arrears over a number of years by making small weekly payments.

The tenants have no statutory rights or rights under the tenancy agreements to purchase the properties.

### Properties let to other social housing landlords

RF has a number of properties which are let under non-cancellable operating leases to other social landlords for the provision of social housing. RF will receive the following future rents from such properties:

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Rents due within one year	127	127	121	121
Rents due between one and five years	46	46	81	81
Rents due after five years	-	-	-	-
<b>Total</b>	<b>173</b>	<b>173</b>	<b>202</b>	<b>202</b>

## 6. Key management emoluments

The emoluments of the directors / key management were as follows:

The emoluments of the directors / key management were as follows:	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
<i>Emoluments (including pension contributions and benefits in kind)</i>				
Executive staff	624	565	611	553
Non-executive directors	64	64	64	64
	<b>688</b>	<b>629</b>	<b>675</b>	<b>617</b>
Employers' national insurance	83	76	72	65
	<b>771</b>	<b>705</b>	<b>747</b>	<b>682</b>
<i>Emoluments paid to the highest paid Director (Excluding pension contribution, including benefits in kind)</i>	<b>125</b>	<b>125</b>	<b>124</b>	<b>124</b>
Pension contributions for the highest paid director	8	8	8	8

The Group Chief Executive is an ordinary member of the Group's defined contribution pension scheme. No special terms apply.

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Directors' emoluments, as defined by the Companies Act 2006	691	691	529	529

Five (2020 – five) executive directors were members of the defined contribution pension scheme.

## 7. Employee information

Average number of employees employed during the year:

	2022	2022	2021	2021
Full time equivalents	Group	Company	Group	Company
	No.	No.	No.	No.
Office Staff	120	108	115	106
Service Staff	1,007	861	977	838
<b>Total staff</b>	<b>1,127</b>	<b>969</b>	<b>1,092</b>	<b>944</b>

The full-time equivalent number of staff has been derived by reference to estimated hours worked.

	2022	2022	2021	2021
Actual employees	Group	Company	Group	Company
	No.	No.	No.	No.
Office staff	124	113	119	109
Service staff	1,051	917	1,263	1,108
<b>Total staff</b>	<b>1,175</b>	<b>1,030</b>	<b>1,382</b>	<b>1,217</b>

	2022	2022	2021	2021
	Group	Company	Group	Company
	£000	£000	£000	£000
Wages and salaries	26,767	23,229	26,788	23,119
Redundancy costs	101	101	116	116
Social security costs	2,231	1,945	2,165	1,868
Other pension costs	1,204	1,000	1,156	953
<b>Total</b>	<b>30,303</b>	<b>26,275</b>	<b>30,225</b>	<b>26,056</b>

During the year 13 people (2021, 21) were made redundant. Wages and salaries include £34k ex-gratia payments to 3 employees (2021 - £Nil). Non-contractual payments are made on an exceptional basis only and are individually approved by the Group Leadership Team.

### Senior Pay Banding

In the year, the following number of staff within the business, expressed in full-time equivalents, were paid remuneration (including pensions) of over £60,000:

	2022	2022	2021	2021
Staff remuneration bandings	Group	Company	Group	Company
	No.	No.	No.	No.
£130,001 to £140,000	1	1	1	1
£110,001 to £120,000	-	-	-	-
£100,001 to £110,000	-	-	-	-
£90,001 to £100,000	1	1	2	2
£80,001 to £90,000	2	2	-	-
£70,001 to £80,000	2	2	3	3
£60,001 to £70,000	1	1	-	-
<b>Total staff</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>6</b>

Pension costs are analysed as follows:

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Defined contribution schemes, including contributions to state schemes accounted for as defined contribution pension schemes	1,162	912	1,093	890
Defined benefit schemes – current service costs	88	88	63	63
	<b>1,250</b>	<b>1,000</b>	<b>1,156</b>	<b>953</b>

## 8. Post-employment benefits

### NHS Pension Scheme

The Group is an admitted body to the NHS Pension Scheme. The Group's contribution in 2022 was £27k (2021: £41k) and the total number of employees participating in the scheme at the end of the year was 10 (2021: 12). The Group has no on-going employer's liability in respect of this scheme other than to fulfil annual contribution obligations for members whilst they are employed by the Group. This scheme is accounted for as a defined contribution scheme as the scheme actuary is unable to provide any details of the notional assets and liabilities attributable to the Group. More details regarding the scheme are available from the NHS Pensions website.

### 2Care Pension & Life Assurance Scheme

RF operates a defined benefit scheme, the 2Care Pension & Life Assurance Scheme. The assets of the fund are held in a separate trustee administered fund. Contributions to the scheme are assessed with the advice of a qualified actuary based on valuations using the projected unit method. Future employer contributions to the scheme have been agreed as being 26.95% (2021 – 26.95%) of pensionable salaries plus life assurance costs. Future employee contributions have been agreed as 8.45% (2021 – 8.45%) of pensionable salaries. The fund is now closed to new entrants and as a closed scheme it is likely that the future contribution rates will increase.

A comprehensive actuarial valuation of the fund was carried out at 31 March 2019 by an independent actuary and updated at 31 March 2022 by a qualified actuary. Adjustments to the valuation at that date have been made based on the following assumptions:

	2022 % per annum	2021 % per annum
Inflation	3.60	3.20
Salary increases	3.60	3.20
Rate of discount	2.80	2.20
Pension in payment increases - pre 97 accrual	3.60	3.20
Pension in payment increases - post 97 accrual	3.60	3.20
Revaluation rate for deferred pensioners – RPI	3.60	3.20
Revaluation rate for deferred pensioners – CPI	3.10	2.60
Expected return on assets	2.80	2.20
<b>Mortality assumptions:</b>	<b>Years</b>	<b>Years</b>
<i>Longevity at age 65 for current pensioners</i>		
Men	22.2	22.1
Women	23.9	23.8
<i>Longevity at age 65 for future pensioners</i>		
Men	23.5	23.4
Women	25.4	25.4

**Reconciliation of scheme assets and liabilities:**

	Assets £000	Liabilities £000	Total £000
<b>At April 2020</b>	<b>8,572</b>	<b>(7,383)</b>	<b>1,189</b>
Benefits paid	(100)	100	-
Employer contributions	34	-	34
Employees' contributions	11	(11)	-
Current service cost	-	(63)	(63)
Interest income / (expense)	-	(170)	(170)
Actuarial losses:	-	-	-
Return on plan assets excluding interest income	197	-	197
Actuarial gains / (losses)	1,335	(1,315)	20
<b>At 31 March 2021</b>	<b>10,049</b>	<b>(8,842)</b>	<b>1,207</b>
Benefits paid	(82)	82	-
Employer contributions	25	-	25
Employees Contributions	8	(8)	-
Current service cost	-	(88)	(88)
Interest income / (expense)	-	(195)	(195)
Actuarial losses:	-	-	-
Return on plan assets excluding interest income	221	-	221
Actuarial gains / (losses)	313	304	617
<b>At 31 March 2022</b>	<b>10,534</b>	<b>(8,747)</b>	<b>1,787</b>
Unrecognised deficit			(1,303)
<b>Net assets at 31 March 2022</b>			<b>484</b>

The unrecognised deficit as at 31 March 2022 was £1,303k (2021: £669k).

**Amounts recognised in income and expenditure are as follows:**

	2022 £000	2021 £000
Current service costs	88	63
Financial income	(11)	(10)
<b>Total</b>	<b>77</b>	<b>53</b>

**Amounts recognised in other comprehensive income are as follows:**

	2022 £000	2021 £000
Return on plan assets excluding interest	313	1,335
Experience gains and losses arising on plan liabilities	(72)	83
Effects of changes in assumptions affecting plan liabilities	376	(1,398)
Effects of changes in the amounts of the surplus that is not recoverable	(619)	89
<b>Total</b>	<b>(2)</b>	<b>109</b>

**Plan assets are invested as follows:**

	2022 £000	2021 £000
Equities	546	881
Diversified Growth Funds	4,669	6,709
Liability Driven Investment	5,318	2,459
Cash	1	-
<b>Total</b>	<b>10,534</b>	<b>10,049</b>

**9. Interest receivable and financial income**

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Interest receivable on deposits	12	9	5	4
Listed investment income	125	125	141	141
Net return on post-employment benefits	11	11	10	10
<b>Total</b>	<b>148</b>	<b>145</b>	<b>156</b>	<b>155</b>

**10. Interest and financing costs**

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Recycled capital grant fund interest	0.1	0.1	0.2	0.2

**11. Surplus for the year**

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Depreciation and impairment of tangible owned fixed assets	1,147	1,084	1,200	1,126
Auditor's remuneration: (Excluding VAT)				
Audit of Group Annual Accounts	62	62	59	59
Audit of Group Subsidiary Accounts	15	-	15	-
Operating Leases				
Receivables from non-cancellable operating leases	127	127	121	121
Payments under non-cancellable operating leases	415	415	389	389
Rents payable under property licenses	2,101	1,996	2,291	2,158
<b><u>Surplus / (deficit) on disposal of fixed assets</u></b>				
Net proceeds from the sale of fixed assets	407	407	1,190	1,190
Less: net book value of assets sold	(256)	(256)	(757)	(757)
Less: capital grant recycled	-	-	-	-
<b>Total surplus on disposal</b>	<b>151</b>	<b>151</b>	<b>433</b>	<b>433</b>

## 12. Housing and other properties used for social purposes

GROUP	Social Housing Properties £000	Nursing Homes £000	Crisis Houses £000	Day / Garden Centres* £000	Total £000
<b>Cost:</b>					
At 1 April 2021	23,983	1,160	2,793	951	28,887
Additions: existing properties	231	-	-	-	231
Additions: components	135	-	-	-	135
Disposals: components	(363)	-	-	-	(363)
<b>At 31 March 2022</b>	<b>23,986</b>	<b>1,160</b>	<b>2,793</b>	<b>951</b>	<b>28,890</b>
<b>Depreciation:</b>					
At 1 April 2021	4,095	227	103	41	4,466
Charge for the year	315	11	36	10	372
Disposals: components	(85)	-	-	-	(85)
<b>At 31 March 2022</b>	<b>4,325</b>	<b>238</b>	<b>139</b>	<b>51</b>	<b>4,753</b>
<b>Net Book Value</b>					
At 31 March 2022	19,661	922	2,654	900	24,137
At 31 March 2021	19,888	933	2,690	910	24,421

COMPANY	£000	£000	£000	£000	£000
<b>Cost:</b>					
At 1 April 2021	21,828	1,160	2,793	951	26,732
Additions: existing properties	-	-	-	-	-
Additions: components	135	-	-	-	135
Disposals During the year	(339)	-	-	-	(339)
<b>At 31 March 2022</b>	<b>21,624</b>	<b>1,160</b>	<b>2,793</b>	<b>951</b>	<b>26,528</b>
<b>Depreciation:</b>					
At 1 April 2021	3,701	227	103	41	4,072
Charge for the year	315	11	36	10	372
Disposals During the year	(73)	-	-	-	(73)
<b>At 31 March 2022</b>	<b>3,943</b>	<b>238</b>	<b>139</b>	<b>51</b>	<b>4,371</b>
<b>Net Book Value</b>					
At 31 March 2022	17,681	922	2,654	900	22,157
At 31 March 2021	18,127	933	2,690	910	22,660

Housing and other properties used for social purposes at cost comprise:

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Net book value				
Freehold	18,976	16,996	19,083	17,322
Long Leasehold	685	685	804	804
	<b>19,661</b>	<b>17,681</b>	<b>19,887</b>	<b>18,126</b>

### 13. Other tangible fixed assets

	Freehold Office Premises	Leasehold Office Premises	Motor Vehicles	Information Systems	Fixtures, Fittings & Equipment	Total
GROUP	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 April 2021	2,809	985	72	4,036	1,030	8,932
Additions in year	-	-	-	1,060	-	1,060
Disposals during the year	-	-	-	-	-	-
At 31 March 2022	2,809	985	72	5,096	1,030	9,992
<b>Depreciation</b>						
At 1 April 2021	492	366	61	1,754	914	3,587
Charge for the Year	21	8	3	652	75	759
Disposals during the year	-	-	-	-	-	-
At 31 March 2022	513	374	64	2,406	989	4,346
<b>Net Book Value</b>						
At 31 March 2022	2,296	611	8	2,690	41	5,646
At 31 March 2021	2,317	619	11	2,282	116	5,345

  

	Freehold Office Premises	Leasehold Office Premises	Motor Vehicles	Information Systems	Fixtures, Fittings & Equipment	Total
COMPANY	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 April 2021	2,219	492	66	3,689	867	7,333
Additions in year	-	-	-	968	61	1,029
Disposals during the year	-	-	-	-	-	-
At 31 March 2022	2,219	492	66	4,657	928	8,362
<b>Depreciation</b>						
At 1 April 2021	371	61	55	1,601	756	2,844
Charge for the year	18	5	3	602	70	698
Disposals	-	-	-	-	-	-
At 31 March 2022	389	66	58	2,203	826	3,542
<b>Net Book Value</b>						
At 31 March 2022	1,830	426	8	2,454	102	4,820
At 31 March 2021	1,848	431	11	2,088	111	4,489



#### 14. Inventories

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Consumables	169	167	129	128

#### 15. Trade and other receivables

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Trade debtors	4,685	4,191	5,689	5,122
Less: Provision for bad debts	(1,247)	(1,212)	(806)	(806)
	<b>3,438</b>	<b>2,979</b>	<b>4,883</b>	<b>4,316</b>
Prepayments & accrued income	2,971	2,891	1,562	1,493
Amounts due from subsidiary undertaking	-	1	-	13
Other Debtors	12	11	12	11
	<b>6,421</b>	<b>5,882</b>	<b>6,457</b>	<b>5,833</b>

#### 16. Current asset investments

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Investments listed on recognised stock exchange	4,002	4,002	3,798	3,798
<b>At 31 March 2022</b>	<b>4,002</b>	<b>4,002</b>	<b>3,798</b>	<b>3,798</b>

Investments listed on a recognised stock exchange comprise Schroders' Charity Multi-asset fund and CCLA-COIF Charities Ethical Investment Fund (Income).

#### 17. Creditors: Amounts falling due within one year

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Trade creditors	1,761	1,719	726	707
Other creditors	177	150	253	226
Accruals & deferred income	3,958	3,221	3,768	3,281
PAYE, taxes & social security costs	691	611	607	532
Social housing grants (Note 20)	97	97	97	97
Other government grants (Note 20)	18	18	18	18
Recycled Capital Grants Fund (RCGF) (Note 19)	814	814	814	814
	<b>7,516</b>	<b>6,630</b>	<b>6,283</b>	<b>5,675</b>

# 18. Creditors: Amounts falling due after more than one year

	2022 Group	2022 Company	2021 Group	2021 Company
	£000	£000	£000	£000
Social housing grants (Note 20)	6,851	6,851	6,918	6,918
Other government grants (Note 20)	861	861	912	912
<b>Total</b>	<b>7,712</b>	<b>7,712</b>	<b>7,830</b>	<b>7,830</b>

# 19. Recycled capital grant fund – Group and Company

	2022 RSH	2021 RSH	2022 GLA	2021 GLA	2022 Total	2021 Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	470	470	344	371	814	841
Recycled on property disposal	-	-	-	-	-	-
Repayments	-	-	-	(27)	-	(27)
Interest	-	-	-	-	-	-
<b>Balance at 31 March 2022</b>	<b>470</b>	<b>470</b>	<b>344</b>	<b>344</b>	<b>814</b>	<b>814</b>
Amounts repayable within one year	470	470	344	344	814	814
Amounts due over 1 year	-	-	-	-	-	-
<b>Total</b>	<b>470</b>	<b>470</b>	<b>344</b>	<b>344</b>	<b>814</b>	<b>814</b>

The balance with the GLA is £344k and relates to a grant released by the sale of Trelawn in the London Borough of Croydon. This will be repayable at 31 March 2023 if an alternative investment has not been approved by the regulator.

The balances with Homes England relate to grants released by the sales of Irving Road in Bournemouth and Feversham Crescent in York. The former is now due for repayment, but we intend to apply to recycle this grant towards the purchase of a premises in the same geographical area. The £12k balance that relates to the York property is due for repayment at 31 March 2023.

# 20. Government grants

The government grants received to enable the Group to acquire properties for social purposes. Should the properties to which the grants relate cease to be used for social purposes the grants may be repayable in full. The total grants received by the Group in respect of owned property are as follows:

	2022 Group	2022 Company	2021 Group	2021 Company
	£000	£000	£000	£000
Grants credited to Income & Expenditure	3,249	3,249	3,119	3,119
Deferred grants (Notes 17 & 18) – Social Housing Grants	6,948	6,948	7,045	7,045
Deferred grants (Notes 17 & 18) – Other Government Grants	879	879	912	912
<b>Total</b>	<b>11,076</b>	<b>11,076</b>	<b>11,076</b>	<b>11,076</b>

## 21. Transfers between reserves

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
<b>Movement in restricted funds</b>				
Net (income) / expenditure of restricted funds for the year	(649)	(1,227)	823	397
Restricted reserves formerly held by CAN and Croftlands Trust	(187)	(187)	(488)	(488)
Re-gifted donation to Isle of Wight	-	-	(193)	(193)
Movement in restricted funds	<b>(836)</b>	<b>(1,414)</b>	<b>142</b>	<b>(284)</b>
<b>Movement in designated funds</b>				
Transfer to / (from) maintenance fund	-	-	(198)	(198)
	<b>-</b>	<b>-</b>	<b>(198)</b>	<b>(198)</b>
<b>Movement in revaluation reserve</b>				
Net revaluation (loss) / gain	204	204	630	630
<b>Movement in pension scheme reserve</b>				
Net movement in recognised pension scheme asset	(52)	(52)	(19)	(19)
<b>Total transfer to / from general fund</b>	<b>(684)</b>	<b>(1,262)</b>	<b>555</b>	<b>129</b>

## 22. Restricted reserves

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Mental illness services to be provided in Cumbria (formerly held by Croftlands Trust)	1,736	1,736	1,776	1,776
<i>Alcohol, drugs and gambling Services</i>				
- Held by Aquarius Action Projects	4,703	-	4,125	-
- Other (formerly held by CAN)	611	611	758	758
Sundry	16	16	16	16
BIG Lottery	29	29	29	29
Employment services	-	-	1,057	1,057
Other small items	-	-	170	170
	<b>7,095</b>	<b>2,392</b>	<b>7,931</b>	<b>3,806</b>

During the year, we reclassified Employment services and Other small items as unrestricted reserves after a review of some the contracts. The review lead us to conclude, the contractual conditions indicated they were inappropriately classified as restricted reserves in prior years.

### 23. Designated reserves

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Maintenance	184	-	184	-

### 24. Other reserves

The general unrestricted fund represents the accumulated surpluses generated by the Group / Company since inception, to the extent that they are not represented by other reserves.

The revaluation reserve represents unrealised gains arising on revaluations of investments.

The pension reserve represents the recognised surplus on the assets of the Group's defined benefit pension scheme.

### 25. Other commitments

The Group holds housing accommodation, office premises and equipment on non-cancellable operating leases. The Group is expected to make the following future minimum lease payments under non-cancellable operating leases:

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Within one year	476	426	428	385
Two to five years	255	254	213	212
More than five years	466	466	473	473
	<b>1,197</b>	<b>1,146</b>	<b>1,114</b>	<b>1,070</b>

In addition to the above commitments, the group also occupies various properties under licence. Although the licences can be cancelled with minimal notice by either party, it is expected that the majority of licences will continue. The expected payments under such licences for both the group and the company is estimated as being £2.10 million (2021 - £2.16 million).

### 26. Accommodation in management

The number of the different types of accommodation managed by the Group at the end of the year was as follows:

	2022		2021	
	Owned No.	Managed No.	Owned No.	Managed No.
<b>Social Housing</b>				
Supported Housing	275	402	264	399
Residential Care Homes	67	26	79	26
<b>Total Units in Management</b>	<b>342</b>	<b>428</b>	<b>343</b>	<b>425</b>

## 27. Financial instruments

As at the year end, the Group's financial instruments were as follows:

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Financial assets held at fair value	4,002	4,002	3,798	3,798
<i>Included in profit and loss are the following amounts:</i>				
	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Interest income on financial assets held at amortised cost	12	9	5	4
Interest expense on financial liabilities held at cost	-	-	-	-
Income from assets held at fair value through profit and loss	145	145	156	155
Change in value of assets held at fair value through profit and loss	204	204	630	630

## 28. Subsidiary undertaking

Richmond Fellowship has one subsidiary undertaking, Aquarius Action Projects ("Aquarius"), which is a registered charity (number 1014305) and a registered company (number 02427100) having its registered office at 236 Bristol Road, Birmingham, B5 7SL. Aquarius works with individuals, families, carers and professionals around issues of alcohol misuse, drug misuse, gambling and other behavioural problems.

## 29. Related party transactions

During the year the following transactions took place between Richmond Fellowship and its subsidiary companies:

<b>Overhead recharges from the charity to:</b>	<b>2022 £000</b>	<b>2021 £000</b>
To Aquarius Action Projects	297	296
From Aquarius Action Projects	(34)	(66)
<b>Total</b>	<b>263</b>	<b>230</b>

All transactions are charged at cost. Such costs are either direct or are apportioned based on estimated staff time. The total overheads subject to apportionment were £5,913k (2021: £5,521k).

### 30. Reconciliation of surplus for the year to net cash generated from operating activities

	2022	2021
	£000	£000
Surplus for the year	2,290	1,871
Movement on fair value of investments	(204)	(630)
(Surplus) on disposal of fixed assets	(151)	(433)
Net Interest (received)	(148)	(156)
<b>Operating surplus</b>	<b>1,787</b>	<b>652</b>
Depreciation and impairment charges	1,147	1,252
Pension net service cost	63	29
Movement in debtors	36	289
Movement in creditors	1,114	1,219
Movement in inventories	(41)	(13)
<b>Net cash inflow from operating activities</b>	<b>4,106</b>	<b>3,428</b>