



Annual Report and Financial Statements

for the year ended 31 March 2020





CONTENTS

Strategic Report

		Pages
01	Chair's and Chief Executive's Introductory Statement	2
02	About this Annual Report	4
03	Trustees Report, including Section 172 Statement	5 - 38
04	Structure, Governance and Management	39 - 49
05	Legislative and Regulatory Disclosures	50 - 51
06	Trustees' Responsibilities Statement	52
07	Independent Auditor's Report	53 - 54
08	Statement of Comprehensive Income	55 - 56
09	Statement of Financial Position	57
10	Cash Flow Statement	58 - 59
11	Notes to the Financial Statements	60 - 84
12	Details of Key Individuals	85 - 86

01

CHAIR AND CHIEF EXECUTIVE'S INTRODUCTORY STATEMENT

Whilst this is an annual report for 2019/20, it would be inappropriate for us not to address the true impact and scale of COVID-19 on Brunelcare, our communities, colleagues and families. Our heartfelt thanks go out to everyone who works for, and with Brunelcare for their loyalty, hard work and commitment during the COVID-19 pandemic that swept across the UK towards the latter part of the financial year. Without such commitment, loyalty and hard work we would have been unable to respond to the pandemic so swiftly.

Sadly, we have lost a small number of our care home family to the virus and our thoughts are with all those affected and who lost a loved one. The fact that the virus didn't result in a high number of tragedies is testimony to the commitment and professionalism of our staff, and the cooperation of relatives who, despite much sadness, supported our decision to close our care homes, reablement and extra care facilities to visitors, a decision we had to take with a heavy heart.



**RECRUITED
OVER
100
VOLUNTEERS**

to support our clients and tenants throughout the period of lockdown.

As the spread of the COVID-19 virus increased during March 2020, we had to put a number of our routine 'non-essential' services on hold, such as non-urgent repairs, and we would like to thank our tenants for working with us and for their patience. To ensure the continued safety

and quality of our services, we strengthened our risk assessment and planning processes and revised our governance structures so that we were able to adapt quickly. We quickly brought in new ways of working and recruited over 100 volunteers to support our clients and tenants throughout the period of lockdown. All this whilst working proactively with our local authority commissioners to support the wider response to COVID-19 and raise awareness of the issues impacting the sector and the need for proactive action.

Despite the pressures and stresses that the pandemic has brought we ended the 2019-20 financial year in a positive position with an operating surplus of £1,982k, equivalent to 6.2% of income and £653k better than the previous year. It is still too early to forecast the full extent of the impact on our financial position for 2020/21 but we have been taking firm actions to keep all our budgets under control, whilst not compromising on staffing levels or infection control measures.





We ended the 2019-20 financial year in a **POSITIVE POSITION** with an operating **SURPLUS OF**

£1,982k

At the beginning of lockdown, we opened Little Heath, our brand new care and reablement centre at Cadbury Heath in South Gloucestershire, in the midst of the pandemic, as well as an extension to our Waverley Gardens Extra Care Housing Scheme in South Bristol. The fact that colleagues achieved this at such a turbulent time demonstrates their commitment and tenacity.

The role that Brunelcare plays in providing care and support to older people across our communities has never been more important, and wider society is starting to recognise the essential part that social care plays. We hope to see this recognition feed into changes in how social care is funded and supported.

For both of us, it has been a year of 'firsts'. Deborah completed her first full year as Chair and Oona joined as Chief Executive in October. Neither of us quite expected to be leading the organisation through such momentous times, but we remain enormously grateful for the support of all the Trustees and our wider colleagues. We continue to feel very proud to be associated with Brunelcare and the services it provides.



Deborah Evans
Chair

A. D. Evans



Oona Goldsworthy
Chief Executive

Oona Goldsworthy

02

ABOUT THIS ANNUAL REPORT

WHAT INFORMATION WILL YOU FIND IN OUR ANNUAL REPORT

Our Annual Report provides information about the services Brunelcare provides and what we are doing to deliver high quality social care and housing services, as well as planning for the future.

It provides information about how we performed in 2019-20, describes what we will do over the coming year to further improve the services we provide and explains how important it is for us to work with and listen to our tenants, clients and commissioners, so that we can continue to deliver services that meet their needs.



A company limited by guarantee, a registered charity and a **SOCIAL HOUSING PROVIDER**

As a company limited by guarantee, a registered charity and a social housing provider, Brunelcare is required to prepare its annual report and financial statements in accordance with:

- FRS 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland;
- The Statement of Recommended Practice (SORP) for social housing providers 2018;
- The Accounting Direction 2019;
- The Companies Act 2006;

- The Charities Act 2011 and relevant Charity Commission guidance; and
- The Charities (Protection and Social Investment) Act 2016

This Annual Report therefore comprises:

- 1** A report from the Board of Trustees that includes disclosures required by appropriate legislation and regulation
- 2** A section on the structure, governance and management of Brunelcare
- 3** Legislative and regulatory disclosures
- 4** A statement of the responsibilities of Trustees;
- 5** An independent auditor's report; and
- 6** The Financial Statements



03 TRUSTEES REPORT



**BRUNELCARE
WAS EST. IN
1941**

Established in 1941, Brunelcare is a Bristol based charity providing high quality housing, care and support for later living in the South West.

How our activities deliver public benefit

Today, across Bristol, South Gloucestershire and Somerset, Brunelcare works to support over 2,000 people to remain as independent as possible, in their communities, for as long as possible.

Care is provided in people's own homes, in five specialist care homes, two reablement facilities and through a day centre.



1,000+

To deliver all of its vital services
**BRUNELCARE EMPLOYS
A DEDICATED TEAM OF
OVER 1,000 PEOPLE.**

We offer a complete care and support pathway in our communities, starting in residents' own homes, right through to our care homes. This means we can offer the best choices for later living, which fit with what residents want or need.

We have over 1,000 sheltered homes within 31 sites, with three extra care housing schemes and a retirement village, all within the greater Bristol area.

To deliver all of its vital services, Brunelcare employs a dedicated team of over 1,000 people.

How we are funded

Our principal sources of funding are the monies we receive from our social housing and extra care housing rents, shared ownership schemes and care fees from the Local Authorities we partner with through long-term block contracts or spot placements and from individuals who fund their own care.

As a Charity we are focused on investing any surplus back into making us a quality provider and great employer. Most of our expenditure is either for the direct provision of care (mainly staff costs) followed by the provision of suitable home environments (such as repairs and maintenance costs) plus funding of the relevant support services (for example, recruitment and training).

What our customers say about us

During 2019, we conducted a customer satisfaction survey across the Charity. Of the 2,237 surveys distributed, we achieved a positive 41% response rate.

81% of our customers told us that they thought our overall customer services were good. We know we can do better than this and we have identified that improving services for our customers is a key priority. We will invest in the systems and tools to support this.

81%

of our customers told us that they thought our overall
CUSTOMER SERVICES
were

GOOD

Our vision, mission and strategic objectives

As a Board and working in partnership with the senior leadership team we constantly strive to provide the best quality care and services that are person centred and delivered with

compassion and professionalism. To consistently provide quality services that continue to be fit for purpose and fit for the next generation of older people, we recognise the need to change and adapt and respond to the ever changing regulatory environment and economic situation.

During 2019, as a Board we began to plan our strategy for the next five years. We set ourselves a new mission to be a leading community based provider of homes, care and support in the South West and a vision to provide a complete

community care and support pathway with support for people in their own homes right through to residential care.

It was this vision and mission that informed our approach throughout the latter part of 2019-20 and led to us setting ourselves the following strategic objectives:

- **Provide homes to feel proud of** - where people choose to live and thrive
- **Provide quality care** - that is second to none
- **Put people first** - be a great place to work with homes and care that customers love
- **Get the basics right** - making it easy for our customers to access all our services
- **Be financially secure** - so we can weather any storms ahead
- **Be stronger together** - building lasting relationships based on trust and shared values

As a Board we agreed that it was not the right time to consult on our new five year Strategy when we were in the grip of COVID-19, and it was important that we took time to learn from our experiences during lockdown before we finalised our plans for the next five years. We will give further thought to this as we move into 2021.





THE QUALITY OF OUR CARE SERVICES

Delivering care that is person-centred and focused on ensuring a positive experience for our clients and their families is always our main focus and priority.

Our care homes, extra care homes and community domiciliary services are regulated by the Care Quality Commission (CQC). They assess whether services are providing care that's safe, caring, effective, responsive to people's needs and well-led.

CQC award ratings to homes and services based on their inspections in four categories: Outstanding; Good; Requires Improvement; and, Inadequate.

All our care homes, reablement and extra care housing services have achieved ratings of good or above (see table 1 and 2 below) for full details of the outcome of CQC inspections - links to inspection reports are available on our website.

Table 1: CQC rating for Care Homes and Reablement Centres

Care Home	Latest CQC Inspection Details			Ratings for Key Areas				
	Took place on	Report Published on	Overall Rating	Safe	Effective	Caring	Responsive	Well led
Deerhurst	13, 15 & 19 Aug 2019	5 Dec 2019	Outstanding	G	O	O	O	O
Glastonbury	18 & 19 Dec 2018	17 Jan 2019	Good	G	G	O	G	G
Orchard Grove	19 June 2018	18 July 2018	Good	G	G	G	G	G
Robinson House	21 & 27 Jan 2020	3 Feb 2020	Good	G	G	G	G	G
Saffron Gardens	8 & 12 Nov 2018	4 Dec 2018	Good	G	G	G	O	G

Table 2: CQC ratings for Extra care Housing

Extra Care Housing	Latest CQC Inspection Details			Ratings for Key Areas				
	Took place on	Report Published on	Overall Rating	Safe	Effective	Caring	Responsive	Well led
ABC Centre	27 Feb 2020	29 May 2020	Good	G	G	G	G	G
Colliers Gardens	21 Nov 2019	19 Dec 2019	Good	G	G	G	G	G
Waverley Gardens	6 Dec 2018	10 January 2019	Good	G	G	G	G	G
Woodland Court	24 Apr 2018	25 May 2018	Good	G	G	G	G	G

Table 3. CQC ratings for domiciliary services

Community Services	Latest CQC Inspection Details			Ratings for Key Areas					Previous Inspection	
	Took place on	Report Published on	Overall Rating	Safe	Effective	Caring	Responsive	Well led	Took Place on	Overall Rating
Brunelcare Domiciliary Services: Bristol and South Glos	11,12,13 & 14 Sept 2018	12 Oct 2018	Good	G	G	G	G	G	11 & 12 Feb 2016	Good
Brunelcare Domiciliary Services: Somerset	26 Feb 2019	7 May 2019	Requires Improvement	RI	G	G	G	RI	11 & 12 Aug 2016	Good

As can be seen from the table above, an inspection of our domiciliary services delivered in Somerset was undertaken in early 2019, and two areas were found to require improvement. Since the inspection a number of changes have been made to structures and staffing to ensure safe services that are well-led and we anticipate that the CQC will be re-inspecting this service in 2020-21.

Dementia Care - a Human Rights based approach

We are fortunate to have the skillset of our Dementia Care Lead. Stuart Wright is based in our Care Homes but shares his expertise across the charity. Training is delivered based upon a Human Rights approach. This ensures that individualised, person centred care is at the core of what we do for people living with or without a Dementia. Monitoring of the 'Lived Experience' for the people in our Care Homes enables us to understand how we can improve wellbeing and the social aspects of the care that we provide.

Quality Clinical Care

Our Care Homes continue to strive to provide a high standard of clinical care. We have been recognised with accreditation from the Gold

Standards Framework for our excellence in End of Life Care. Using advanced care planning, we are able to identify people's preferred priorities of care at the earliest opportunity. This enables us to ensure that unplanned, unnecessary hospital admissions are avoided and people can remain in the place that has become home, cared for by people who are familiar to them, with the ability for loved ones to be with them in the last days of life. Good deaths are facilitated in the homes with only a small number of deaths occurring in a hospital setting.

Excellent relationships with partner GPs in all of our Care Homes ensure that regular treatment and health reviews take place on a weekly basis eg Medication, Long Term Condition, nutrition, pain management etc. Clients and their families are involved in decision making wherever possible.

Clinical training for our Nursing and Senior Care Teams is planned throughout the year and delivered by an external nurse educator from St George's NHS Trust, London. By using this external educator, we can ensure that we are in line with current best practice whilst creating a clinical training plan that fits with our Care Homes policies and procedures.

OUR HOUSING SERVICES

We want all of Brunelcare's customers to feel proud of their homes and where they live, but we know this isn't always the case. A number of our homes are in need of investment to bring them up to a more modern and energy efficient standard and local environments also need improvement.

In June 2020, we published a

NEW ASSET MANAGEMENT STRATEGY.



During 2019-20, we worked on ensuring all the information about our homes was up to date so that we could assess the level of investment we would need to make. In June 2020, we published a new Asset Management Strategy. This will allow us to focus on the homes in greatest need first, but make sure that our long term financial plan allows improvements to all our homes in priority order.

A key part of our role is to make sure that residents feel safe and secure in their homes and that we provide a quality, honest, customer service, making the best use of digital communication so residents can access services and manage their tenancy. A step towards this is the introduction of 'Alertacall' through a pilot at St. Johns Court. Tenants have been consulted regarding its installation and it will be introduced following the forthcoming rent review process. Over the last year the SLT has attended the quarterly sheltered housing site meetings so that tenant feedback is heard directly by the executive. This has improved accountability and shortened decision making times, so that site issues can be resolved faster. We have been advised that we have been awarded the tender of the 'Help when

you need it' contract for the provision of support within our sheltered housing sites from Bristol City Council, the contract has been awarded for a period of three years with the potential for a further three.

We recognise that we need to transform our customer services which includes our day to day repairs. This review will conclude in 2021/22 and will include investment in a new housing management system as well as a relaunched Direct Labour Organisation (DLO).

Tenant Involvement

Brunelcare encourages tenant involvement in decision-making by promoting mechanisms for their involvement. We employ a wide range of methods to communicate with our tenants, including:

- Issue of an annual report to tenants
- Suggestion boxes in all sheltered sites
- Site notice boards
- Quarterly site meetings
- Our quarterly Grapevine magazine
- Information on our website
- Repairs call back survey
- Exit survey for departing tenants
- Brunelcare Tenant Feedback Group

The sheltered housing sites' quarterly site meetings enable tenants to raise concerns and discuss ideas for their site. During the year over 80 quarterly site meetings took place.

Property Health and Safety Data Integrity Audit

Brunelcare's Internal Auditor, RSM undertook a review of 'Property Health and Safety Data Integrity' in August 2019. The findings of this audit were reported to the Audit and Risk Committee.



During the year over **80 QUARTERLY SITE MEETINGS** took place.

RSM concluded that the Board could take reasonable assurance that the controls in place to manage the integrity of property health and safety data were suitably designed and consistently applied. Three recommendations were made and all have been fully implemented and a follow-up audit will be undertaken in 2020-21.

Property Compliance Works

Detailed reports outlining the progress made to ensure full compliance with all landlord and property health and safety requirements were submitted to each meeting of the Board held in 2019-20.

Despite the impact of the COVID-19 pandemic on staffing and the ability of staff and contractors to access properties, as at 31 March 2020, there was 100% Compliance with all landlord health and safety requirements.

In 2020-21, a 100% survey of asbestos will be undertaken. The on-going issues in relation to COVID-19 will impact on the timeline for this work.

100%

As at 31 March 2020, there was **100% Compliance with all LANDLORD HEALTH AND SAFETY REQUIREMENTS.**

Reports from the Regulator of Social Housing

As reported in last year's Annual Report, in January 2019 the Regulator (RSH) undertook an in-depth assessment of our governance arrangements which resulted in a re-grade from G1 To G2. The RSH also concluded that the Charity had breached the Home Standard which requires registered providers to have a cost effective repairs and maintenance service and to meet all applicable statutory requirements that provide for the safety of tenants in their homes.

Over the past 12-months we have worked hard to address the issues raised with a particular focus on health and safety and the compliance of our homes.

- The appointment of a Property Compliance Manager and Property Compliance Administrator.
- The development and implementation of a Property Health and Safety Dashboard to enable oversight of all landlord and property compliance. Updates are regularly shared with the Senior Leadership Team and reported to the Board.
- The introduction of a compliance email address for the coordination of queries, and requests.
- A weekly audit of all compliance actions completed to ensure the adequacy of the evidence of completion.
- The introduction of PIMSS Asset Management Software, this offers a more robust way of managing all of the different property compliance requirements. With this software we have been able to;
 - create a register of all assets (property and equipment) that require a compliance inspection
 - customise the data captured for each type of inspection



OUR COLLEAGUES

- view and interrogate the inspection timelines as well as those for follow-up actions to identify which ones are due in a timely way so that we remain compliant with all statutory requirements

In 2020-21 we will ensure that the PIMSS Asset Management System is fully operational.

In January 2020, the RSH also decided to regrade the Charity's financial viability assessment, from V1 to V2 to reflect the additional forecast expenditure on our housing stock as well as the risk of sales within our new Extra Care scheme in South Bristol.

The Regulator's judgement confirmed that Brunelcare complies with the financial viability element of the Governance and Financial Viability Standard and that it has an adequately funded business plan and sufficient security in place.

The updated gradings issued by the Regulator are:

Measure	Previous grade	New grade
Governance	G1	G2
Viability	V1	V2

The strength of Brunelcare lies in the quality of its employees.



WE ARE INCREDIBLY HUMBLLED

by the **professionalism and compassion** of our colleagues who deliver **outstanding care** tirelessly to our clients, tenants and their families, each and **every day**.

One of our strategic objectives is to 'Put people first' (both our customers and colleagues). We recognise the importance of investing in our colleagues and supporting them to develop and achieve their personal and career aspirations. We offer a range of apprenticeships, health and social care qualifications, leadership skills training and other development.

Ensuring the wellbeing of our colleagues is as important as it is for our residents and tenants and so we have introduced a number of arrangements, including:

Mental Health First Aiders

Brunelcare is committed to treating mental health



Brunelcare now has **48 employees** who are **trained and qualified as Mental Health First Aiders**.

as seriously as physical health and general employee wellbeing. In the summer of 2019 we began to train internal Mental Health First Aiders who are able to provide first line support to colleagues who may be in need of assistance.

Brunelcare now has 48 employees who are trained and qualified as Mental Health First Aiders.

Care First

In the later part of 2019-20, we launched a new source of benefits called Carefirst. Carefirst offers comprehensive advice, information and articles covering personal and work related issues. They offer 24 hour telephone access where every call is answered immediately by a Carefirst directly employed, qualified counsellor who can immediately begin providing support for personal or work related issues.

We also offer a full Employees Assistance programme which provides help to deal with personal and domestic issues via telephone or face to face counselling. Online resources also offer health advice and lifestyle advice in conjunction with offering free flu immunisations.

Colleague Voice

In 2019-20 we responded to colleagues' views by completely changing our approach to colleague engagement, and introduced 'Colleague Voice'. Colleague Voice is the consultative body representing the interests of all employees, and ensures that there is an opportunity for genuine involvement for all in the Charity's activities and plans. There are three Colleague Voice Groups, one for Community Services and ECH, one for Care Homes and one overarching committee for the whole charity. Members are elected or nominated by colleagues and receive full training on how to effectively carry out the role. Senior Leadership Team members attend each meeting and are able to listen and respond to any colleague's concerns and ideas.

Whistleblowing Policy

We want to ensure that our colleagues feel safe to raise concerns and have confidence that they will be dealt with confidentiality, professionalism and understanding. Our Whistleblowing Policy aims to promote a culture that encourages candour, openness and honesty at all levels. The Policy will

be reviewed in 2020 and opportunities to further strengthen our arrangements explored.

Gender Pay



Brunelcare is committed to **delivering equality of opportunity** regardless of gender and has a **pay and grading structure** to support this.

Brunelcare is committed to delivering equality of opportunity regardless of gender and has a pay and grading structure to support this.

We aim to treat everyone fairly at work, across all levels and locations. This includes making

sure everyone has the same opportunities for recognition, reward and career development. Thanks to our pay grading system, we know that we provide men and women with equal pay for the roles they hold. We are committed to ensuring that leadership positions are available to the widest pool of talent regardless of gender. We are proud that our leadership team has an excellent gender balance; of our seven executives, five are female including our Chief Executive. Out of the 253 highest paid employees across Brunelcare, 75.1% are female.

In March 2020 we published our gender pay gap report. Our average mean pay gap for 2018-29 was 14%; this is slightly higher than the previous year but a 4.3% improvement on our results in 2017. Our average median pay gap was 7.2% which is 10.1% better than the national figure of 17.3%.

Equality and Diversity

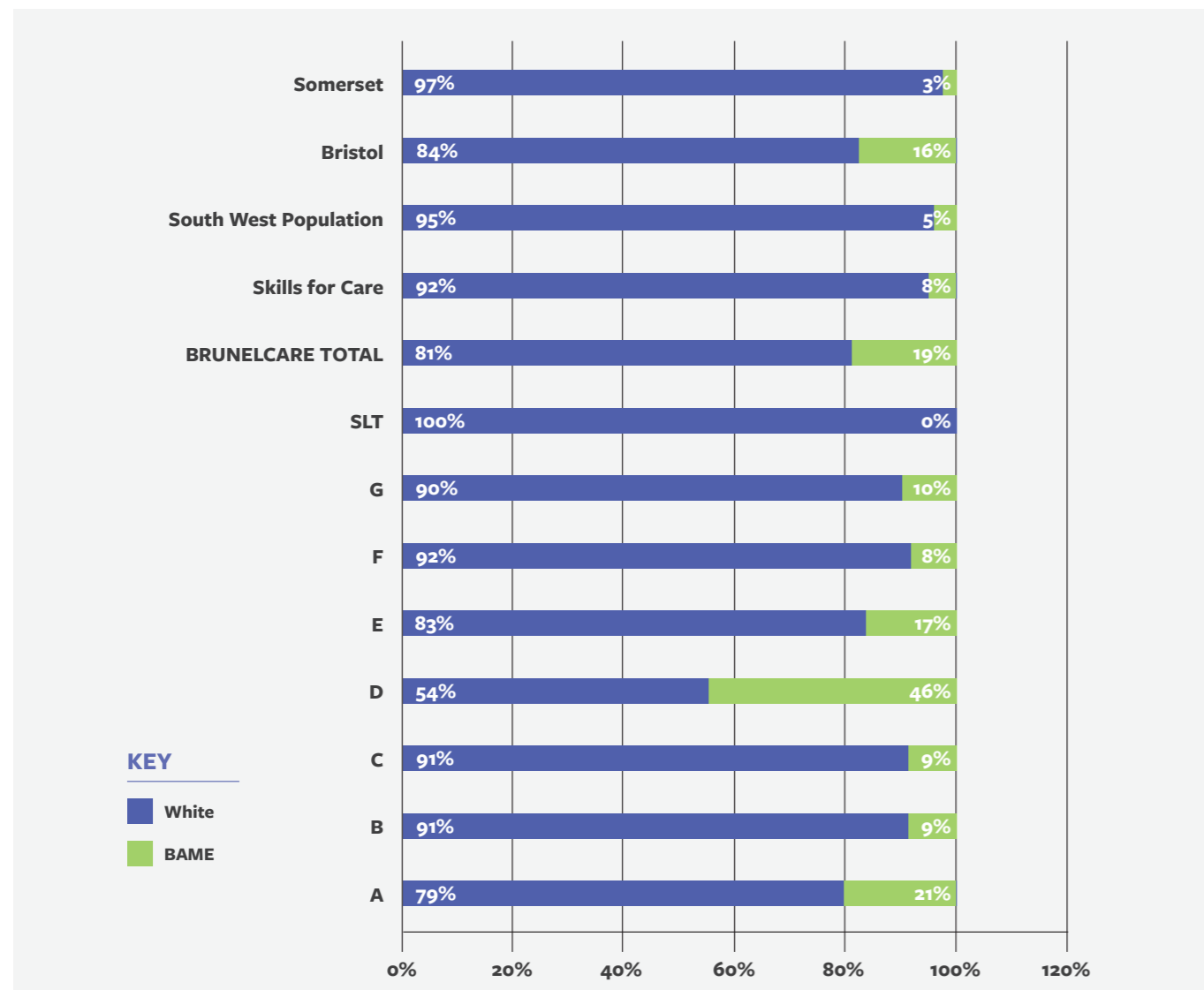
We value our employees and promote equality and diversity wherever we can. Equality and Diversity is an integral part of our employee induction programme, letting new starters know from the outset its importance and how to represent this within Brunelcare. To support this we have

an Equality and Diversity Policy and Acceptable Behaviour Policy in place.

We have retained Investors in People accreditation for the past 18 years and have remained a Disability Confident employer (previously known as Two Ticks) for the past 15 years. A management development programme has been rolled out to ensure the principles of person centred care are applied to the management of our employees [to treat everybody as an individual and to understand their individual needs]. These principles encompass the true meaning of inclusion and embrace diversity within our workforce

As an inclusive employer, we are committed to recruiting and retaining employees from

all backgrounds and ethnicities. Our selection processes are competency based and equality training is included within our induction process and ongoing development activities. Our pay grades and job families ensure that all employees are paid the correct rate of pay for the role irrespective of any other factors. Succession planning and career progression are based on merit and available to all employees. We continue to consider all additional opportunities to do more, in total 19% of our total workforce are either Black, Asian or Minority Ethnic. It is worth noting that the percentage is 46% for our grade D employees (supervisory and junior management). The full breakdown with external comparators are provided in the chart below.



HEALTH, SAFETY AND WELLBEING

Remuneration

The remuneration of the Senior Leadership Team and colleagues is reviewed annually. We do not operate any incentive schemes. The Trustees give their time freely but are entitled to claim out of pocket expenses.

National Living Wage

The Brunelcare Pay Policy is underpinned by a Pay and Grading matrix that was introduced in May 2017. Each role within Brunelcare has been evaluated and allocated a grade from A to G.

Newly introduced roles are evaluated to ensure that they are placed in the same grade as roles of equal value.

We recognise that a positive and consistently improving health and safety culture is key to the success of any organisation, but this needs to be at the heart of one such as Brunelcare that provides care and support to so many vulnerable people, in a range of different settings.

We are committed to driving continuous improvement in our health, safety and well-being arrangements and are constantly reviewing and strengthening its arrangements to achieve this. Since the publication of the findings of the InDepth Assessment by the RSH in 2019, there has been a great deal of time and resources invested in the development and implementation of more robust arrangements for the monitoring and management of health and safety across all parts of Brunelcare.

Over the last 12-months we introduced an organisation wide approach to health and safety that is aligned to the Health and Safety Executive's guidance document 'Management for Health and Safety' [HSG65]. As part of this approach we established a Health, Safety and Well-being Committee.

Health, Safety and Well-being Committee

The Board recognises that its employees understand the risks in the workplace best. Therefore, to ensure timely and appropriate engagement and consultation the Board of Brunelcare has established a Health, Safety and Well-being Committee.

The Committee takes a strategic overview of health, safety and well-being issues affecting Brunelcare. It also ensures best practice in health and safety, by promoting communication, co-operation and consultation across the Charity.

The Committee is chaired by the Chair of the Board and has representatives from all areas of the Charity. Representatives act as contact points within their service areas on matters of health and safety.



The Committee met three times in 2019-20. At the meeting held in January 2020 Committee Members agreed to establish a task and finish group to review and strengthen the Committee's terms of reference and membership.

Health, Safety and Well-being Committee Task and Finish Group

The Health and Safety Committee Task and Finish Group met twice in 2019-20 (February and March).

At the meeting held in March 2020 it was agreed that arrangements for the election by staff of a health and safety representative for each site would be put in place. This is now well advanced with the date for the relaunched Committee to take place on 22 October 2020.

Major Changes and External factors in 2019-20

Coronavirus (COVID-19)

Brunelcare's Board and SLT began to keep a watching brief of the emerging situation with COVID-19 in mid-January and work on a COVID-19 policy commenced immediately. The Board of Brunelcare implemented a specific Business Contingency Plan for COVID-19 (Contingency Plan) which was developed to prepare for and address three phases of readiness:

- **Phase 1:** Prepare, Inform, Safeguard and Protect
- **Phase 2:** Building Resilience
- **Phase 3:** Recovery Phase.

During the last quarter of 2019-20, the Charity put measures in place to address phases 1 and 2:

PHASE 1:

Prepare, Inform, Safeguard and Protect [3 March to 27 March 2020]

During Phase 1 of Brunelcare's Contingency plan the focus was on ensuring:

- Brunelcare staff were kept up to speed with Government and Public Health England guidance and advice.

- Brunelcare staff were supported to comply with Government advice in relation to shielding, at risk groups and home working;
- Business continuity plans were in place and updated;
- Additional resources - new recruits and volunteers were secured;
- PPE guidance and stocks were in place;
- Staff were listened to and their concerns addressed;
- Links made with the Clinical Commissioning Group (Silver Command) and the three local authorities.
- Staff were signposted to Mental Health First Aiders and others who can help clients and staff to maintain their mental health and well-being;

With the systems and processes in place to enable Brunelcare to comply with Government requirements and protect those in our care who were vulnerable, social distancing and home working as far as it is able, the charity moved into Phase 2 of its Contingency Planning Arrangements on 30 March 2020.

PHASE 2:

Building Resilience [implemented from 30 March 2020]

While the values of Brunelcare are based on empowerment and autonomy, the situation Brunelcare found itself in required a corporate and consistent approach that was centrally driven and directed. Some of the key systems/measures put in place included:

Weekly meetings of the Board of Trustees:

These meetings provided Board members with the opportunity to scrutinise the robustness of business continuity and contingency arrangements and provide on-going support to the Senior Leadership Team. **Daily meetings of the COVID-19 Business Continuity Team:**

The meetings were action focused and enabled Brunelcare to be responsive, flex resources (staff, equipment and finances) and appropriately

escalate any issues of concern to the appropriate level and agency. **The implementation and scrutiny of a Daily Resilience Dashboard:** Key data was collected each morning and fed into the Dashboard. The Dashboard ensured that collectively the Senior Leadership Team understood the impact of the COVID-19 pandemic on the services that Brunelcare provides and discussed and agreed the action to be taken to address any hotspots.

- **Weekly Compliance and Property Health and Safety Dashboard Meetings:** To ensure a continued focus on compliance and health and safety regulatory requirements weekly Compliance Dashboard meetings, started following Brunelcare's IDA, continued. This process was underpinned by robust risk assessments, including assessments of the continued viability of key contractors and suppliers.
- **A COVID-19 communications strategy** was developed to ensure that clients, stakeholders and employees were provided with up-to-date and accurate information on the status of the pandemic.
- **Standard Operating Procedure (SOP) for Dealing with Outbreaks:** Given the clientele that Brunelcare supports and cares for, the likelihood of there being an outbreak in one or more of our care homes or ECH facilities was high. A SOP was developed to ensure the advice issued by Public Health England was adhered to in all such instances. This operated effectively during the Covid outbreaks.
- **Access to properties to undertake the emergency repairs due to tenants self isolating and shielding:** A SOP was in place that set out the steps and safeguards that would be put in place to ensure social distancing and infection control procedures were adhered to on such visits - this was shared with all tenants where access to their property was needed. All staff were equipped with the appropriate PPE following guidance from PHE.

The Coronavirus Act 2020 came into force on 25 March 2020 - In developing its COVID-19 Business Continuity Plan referred to above, care was taken to ensure compliance with the requirements of the Act.

PROCUREMENT

During 2019-20, we began reviewing our approach to procurement. This became even more urgent as we hit difficulties with maintaining the supply of appropriate PPE. Brunelcare did not run out of the PPE, but we recognised the need to invest in a centralised procurement system to support the increased volume of our regular tendering and contracting activity and to achieve value for money.

Looking forward to 2020-21, steps will be taken to map out the requirements of a centre-led procurement function which reflects the future needs of the Charity and best practice.

ENERGY CONSUMPTION AND EMISSIONS

We take our impact on the global climate seriously. In 2019-20, we commissioned an energy survey of all our properties, which is due to report in Autumn 2020. We are aware that a significant proportion of our sheltered homes are inefficient, with Energy Performance Certificates (EPC) which can be as low as E. Our Asset Management Strategy sets out an ambition for all our homes to meet the Government target of an EPC of C by 2030. We know this is a stretching target that will require careful planning and investment.

Electricity accounts for 61% of our total energy consumption. Natural gas consumption accounts for 39% of the total energy consumption. We have

five minibuses and the majority of employees use their own vehicles for business use.

COVID-19 has had a big impact on the travel required for meetings and in commuting to work. In the first three months of 2020-21, we recorded a reduction in mileage which equated to 20 tons of CO₂. We envisage this will continue for the rest of the year.

Our ESOS (Energy Savings Opportunities Scheme) energy audit was undertaken by Trident Utilities and developed in accordance with the principles of the ISO 50002 and the British Standards Institution energy audits requirements. Invoices and meter readings were used for electricity and gas and mileage by user for transport (Note that the calculations assume that all mileage was diesel. In the next report we will separate diesel and petrol).

In 2020-21, as part of the work we are taking forward in relation to our Asset Management Strategy we will put mechanisms in place to monitor and improve our energy consumption and carbon footprint.

SECTION 172 STATEMENT

Brunelcare qualifies as a large company under the Companies Act 2006 as it meets at least two of the following criteria:

- Turnover of more than £36m;
- Balance sheet total of more than £18m;
- More than 250 employees.

We are therefore required to disclose in this strategic report a “Section 172(1) Statement” describing how directors have had regard to the matters set out in sections 172(1)(a)-(f) of the Companies Act 2006 when performing their duty under the section. This states that:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a)** *the likely consequences of any decision in the long term;*
- (b)** *the interests of the company’s employees;*
- (c)** *the need to foster the company’s business relationships with suppliers, customers and others;*
- (d)** *the impact of the company’s operations on the community and the environment;*
- (e)** *the desirability of the company maintaining a reputation for high standards of business conduct; and*
- (f)** *the need to act fairly between members of the company*

The following is a statement by the Trustees in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006.

The Board of Trustees of Brunelcare consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Charity for the benefit of its members as a whole (having regard to the stakeholders and the matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ending 31 March 2020. On pages 19 and 20 we have set out how we have engaged with key stakeholders during the 2019-20 financial year.

The principal decisions taken by the Board during the year were:

Principal decision 1: North Somerset Day Centres

In 2018, the Board agreed to close all services provided by Brunelcare in North Somerset including two day centres due to their lack of long-term future financial sustainability.



Brunelcare formally gave notice on the two day centres in October 2018 and their closure was planned to take place on 30 March 2019. However, by this date North Somerset Council (NSC) had not found an alternative provider for the day centres.

In the absence of an alternative provider the Board agreed to continue to provide day centre services until 1 September 2019. This decision was made at the July 2019 meeting of the Board and in making this decision the following matters were given careful consideration:

- The impact on the 35 clients, their carers and families;
- The impact on the 10 members of staff;
- The quality, health and safety risks of running the day centres without a local management infrastructure in place;
- Redundancy costs;
- The costs of continuing to run the service; and
- The financial risks of continuing to run the services.

As part of the decision making process the North Somerset Council was fully engaged and consulted with, as were staff, clients and families. Consultation with the local authority and the new provider were comprehensive and carried out in a collaborative manner. Feedback was provided after the event by both acknowledging the exemplary manner in which the transfer was facilitated. Affected employees were both consulted with and supported fully through both group and individual meetings in addition to the provision of written updates.

Principal decision 2: Fire Door Replacement Programme

In light of the recommendations made and guidance issued following the tragic Grenfell Tower disaster, the Board commissioned a survey of all fire doors across its sheltered housing, extra care housing and care home sites.

The survey report recommended the replacement of c.2000 doors and the Board made a decision to proceed with the replacement works as soon as possible. A revised capital expenditure profile for 2019-20 was approved by the Board in September 2019 and it was agreed to allocate £1.2million for the replacement of fire doors across Brunelcare’s sheltered housing sites. A further £1.15million was approved for the replacement of fire doors across extra care housing and care home sites in early 2020-21.

Tenants, clients and staff were engaged in the scheduling of the fire door replacement works. Tenants were part of the contractor evaluation panel, attending site visits with the prospective contractors and playing a key part in the decision as to who the contract should be awarded to.

Principal decision 3: Little Heath

The development and building of the Little Heath Care and Support Centre was a partnership project between Brunelcare and Brackley Developments and the contract for the two year development was approved by the Board in November 2017.

Building works were completed in March 2020 and the Board signed a lease with Brackley Developments for 25 years. The Freehold was transferred from Brackley Developments to financial investor Blackrock on 1 April 2020.

The Little Heath Care and Support Centre was opened to clients on 1 April 2020.

A differentiated fee structure was approved by the Board in December 2019. The new fee structure will ensure that the model is prudent enough to withstand economic risk in the period of the committed lease.

The Board agreed to enter into a contract with University Hospitals Bristol (UHB) for the delivery of reablement services and the use of 24 beds at the Little Heath Reablement centre. The contract commenced on 1 April 2020 for an initial period of 12-months.

STAKEHOLDER ENGAGEMENT

The Board gave careful consideration to the financial risks, recruitment issues and steps needed to safely open the Little Heath Reablement and Support Centre. A Project Group was established to ensure engagement with all key stakeholders including GP partners, members of the local population and University Hospitals Bristol. There was real engagement and good communication throughout the process with all involved leading to the final contract agreement ensuring that the centre could open as planned.

Principal decision 4:

Arrangements to ensure Board oversight of COVID-19 prevention and outbreak management arrangements

When it met on 18 March 2020, the Board agreed to meet weekly to ensure robust oversight of Brunelcare’s response to the COVID-19 pandemic and timely decision making. As part of these arrangements a number of key decisions were made in respect of:

- closing care homes to visitors (23 March 2020);
- the stopping of non-essential maintenance and refurbishment works;
- the provision of support to tenants; and
- Infection control arrangements and the procurement of PPE.

A COVID-19 communications strategy was developed to ensure that clients, stakeholders and employees are provided with up-to-date and accurate information on the status of the pandemic. Information was provided to employees via Brunelcare’s Intranet, e-mail and, where possible, through team meetings. As well as other important information, clients and employees were briefed on the symptoms of the virus and who to contact should they believe they, or a colleague, has the virus.

An understanding of our stakeholders and the relationships we have with them is key to our current and future success. We are committed to communicating with our stakeholders and to seeking innovative ways to further develop our relationships with them. We recognise that this is a process which will continue to evolve.

Recognising the importance of our stakeholders, we have recently carried out a stakeholder mapping exercise and intend to canvass their views on Brunelcare, to help inform our future strategy, later in 2020.



OUR STAKEHOLDERS

Here are just some of the ways we’ve worked with our stakeholders in 2019/20:



OUR COLLEAGUES

- Nearly 50 Mental Health First Aiders trained
- Employee assistance programme launched
- ‘Colleague Voice’ consultative group
- Regular all colleagues video calls
- Internal e-newsletter updates
- Annual Long Service and Learning and Development Awards



OUR COMMISSIONERS

- Strategic meetings on service provision
- Providing value for money
- Innovation and partnership working



OUR REGULATORS

- Commitment to person-centred care
- Open and transparent
- Proactive approach to self-reporting
- 100% compliance with all landlord health and safety requirements (at 31 March)



OUR CUSTOMERS

- Regular communication from the start of the Coronavirus pandemic
- Over 100 volunteers mobilised to provide additional support
- Customer satisfaction survey conducted
- Retained our ‘Outstanding’ at Deerhurst care home
- Quarterly ‘Grapevine’ magazine published



OUR COMMUNITY

- Raised the profile of Brunelcare in the media
- Developed our social media presence
- Engaged with local leaders and MPs
- Strengthened links with other local charities and organisations



RISK MANAGEMENT

Embedding effective risk management remains a key priority for the Board. The IDA completed in 2018, by the Regulator for Social Housing (RSH), highlighted the need for the risk and assurance arrangements operating throughout Brunelcare to be further developed and embedded. The resulting IDA Action Plan included a number of actions related to improvements in this area.

Over the last 12 months steps have been taken to strengthen risk management across the organisation and the Board approved a strengthened Risk Management and Assurance Framework in September 2019.

Our approach to risk management has been designed to ensure that risks are identified, assessed and prioritised and appropriate mitigating actions taken. Systems implemented to manage risk at various levels of the organisation include:

- A comprehensive Corporate Risks Register (CRR);
- Review of the CRR at Senior Leadership, Audit and Risk Committee and Board meetings;
- The monitoring of the internal control system by the corporate governance team, internal and external audit functions that can provide an independent perspective on the management of risk;
- Audit & Risk Committee meetings with the auditors, in the absence of management, at least once a year.

The Corporate Risk Register is updated regularly and highlights the top risks facing Brunelcare, changes to existing risks and any new risks identified together with actions to manage these risks, further action to be taken and assurance arrangements.

Principal Risks and Controls

During 2018-19, a detailed assessment of the risks impacting on the Charity was undertaken, this included a review of the Sector Risk Profile published by the Regulator for Social Housing, the risks identified by the Grenfell Tower Inquiry, sector risks highlighted by the Care Quality Commission and the Health and Safety Executive.

The Board together with the Senior Leadership Team identified the major strategic risks to which Brunelcare could be exposed and the Senior Leadership Team ensured controls were in place to mitigate/manage them. The Corporate risk Register was reviewed at each Audit and Risk Committee and Board meeting.

The principal areas of risk to which the Charity was exposed in 2019-20 were identified and reviewed throughout the year and, for each of these, an assessment made as to their impact, severity, and probability. The table below provides an overview of the risks set out in the Corporate Risk Register at 31 March 2020;

RISK	POTENTIAL IMPACT	MITIGATING FACTORS
Sustainable community services that meet regulatory standards and the needs of our customers and are not delivered.	<ul style="list-style-type: none"> • harm to customers • loss of registration with CQC • prosecution • loss of reputation impacting on ability to grow the business 	<p>During the year steps were taken to mitigate this risk by reviewing arrangements for:</p> <ul style="list-style-type: none"> • Staffing – levels, skills and experience • Care planning • Customer Feedback • Compliance with LA and CQC Requirements. • Business Growth and Financial Sustainability <p>During 2020-21 a deep dive will be undertaken of home care services.</p>
Sustainable housing services that meet regulatory standards and the needs of our customers and are not delivered.	<ul style="list-style-type: none"> • harm to customers • regulatory sanctions • prosecution • loss of reputation impacting on ability to grow the business 	<p>Brunelcare attempts to mitigate these risks through the regular review of strategy and processes to ensure they are flexible enough to take into account changing external conditions and tenant needs.</p>
Sustainable care home and reablement services that meet regulatory standards and the needs of our customers and are not delivered	<ul style="list-style-type: none"> • harm to customers • loss of registration with CQC • prosecution • loss of reputation impacting on ability to grow the business 	<p>A suite of policies and procedures is in place. Together with induction, training, comprehensive care plans, risk assessments, internal quality assurance audits these help to mitigate this risk.</p> <p>A comprehensive review of policies and procedures will be undertaken in 2020-21.</p>

RISK	POTENTIAL IMPACT	MITIGATING FACTORS
The charity breaches loan covenants	<ul style="list-style-type: none"> Intervention by credit wing of bank Interest rate increases 	<p>Compliance with covenants is monitored closely and monthly reports are produced.</p> <p>During 2019-20, regular discussions took place with Brunelcare's bankers and these will continue.</p>
ICT systems are not robust or stable enough to support safe, effective and up to date services	<ul style="list-style-type: none"> Vulnerable to cyber attacks Delivery of services impeded 	<p>Towards the end of 2019-20 a Systems Review Group was established to oversee the development of Brunelcare's ICT infrastructure.</p> <p>The Group will prioritise the new developments needed and oversee the development of a digital strategy that is linked to Brunelcare's strategic objectives.</p>
The services provided by Brunelcare are compromised due to the Charity's estate being non-compliant and not fit for purpose	<ul style="list-style-type: none"> harm to customers Regulatory sanctions prosecution loss of reputation impacting on ability to grow the business 	<p>During 2019-20, the structure of the estates team was reviewed and key posts, such as the Property Compliance Manager, appointed to.</p> <p>Following the recommendations arising from the tragic Grenfell incident the Board prioritised investment in a major fire door replacement exercise.</p> <p>An Asset Management Strategy has been developed and this was approved by the Board in June 2020.</p>
The charity is unable to meet the financial performance projections set out in its long term financial plan	<ul style="list-style-type: none"> Regulatory sanctions and down grading Unable to deliver the strategic plan Unable to fill gaps in resources 	<p>Comprehensive financial forecasting and monitoring; prudent financial management; regular covenant reporting and; secure, flexible funding arrangements help to mitigate this risk.</p> <p>Government and local authority assistance and continuity funding have helped to mitigate the additional costs that have arisen due to COVID-19.</p>

RISK	POTENTIAL IMPACT	MITIGATING FACTORS
Effective governance arrangements are not embedded across all parts of the Charity	<ul style="list-style-type: none"> Non delivery of strategy or annual business plans Non compliance with legislative and regulatory requirements Regulatory sanctions loss of reputation impacting on ability to grow the business financial difficulties 	<p>In the Autumn of 2019 we undertook a due diligence review of our governance arrangements and assessed them against the National Housing Federation Code, Charity Governance Code and UK Corporate Governance Code. An Integrated Governance Improvement Plan, incorporating the recommendations arising from the In-depth Assessment completed by the Regulator for Social Housing, was approved by the Board in December 2019. Progress against the Plan is monitored by the Audit, Risk and Finance Committee.</p>
Coronavirus could impact on the quality and sustainability of our services	<ul style="list-style-type: none"> harm to customers loss of staff capacity increase in agency staff leading to additional financial costs loss of customers/business loss of reputation impacting on ability to grow the business 	<p>Planning for the impact of the pandemic commenced in late January 2020. A COVID-19 Business Continuity Team was established and COVID-19 policy agreed. We have mitigated the impact on services through adherence to Public Health England guidance, sourcing of sufficient PPE supplies, stringent infection control procedures, the appointment of over 100 volunteers, increased recruitment activity and daily monitoring of data relating to infection rates and staffing levels. We have actively lobbied for greater testing of employees and residents and are seeking to recover additional costs of working through local authorities' resilience funds.</p>

As we move into 2020-21 we have begun to revisit the impact of Brexit that is now imminent and evaluate the impact of COVID-19 on the insurance sector and the risks that these pose to Brunelcare.



Capacity to Handle Risk

Embedding effective risk management remains a key priority for the Board as it is integral to enabling the delivery of our objectives, both strategic and operational, and most importantly to the delivery of safe, high quality services. During the last 12 months a number of steps were taken to strengthen risk management across the organisation.

The Risk Management and Assurance Framework approved by the Board in September 2019, sets out the processes and mechanisms for the identification, assessment and escalation of risks. It has been developed to create a robust risk management culture across Brunelcare by setting out the approach and mechanisms by which the Board will:

- make sure that the principles, processes and procedures for best practice risk management are consistent across the Charity and fit for purpose;
- ensure risks are identified and managed through a robust organisational Assurance Framework and accompanying Corporate and Directorate Risk Registers;
- embed risk management and established local risk reporting procedures to ensure an effective integrated management process across the Board's activities;
- ensure strategic and operational decisions are informed by an understanding of risks and their likely impact;
- ensure risks to the delivery of the Board's strategic objectives are eliminated, transferred or proactively managed; and
- keep the Board and its Committees suitably informed of significant risks facing the Board and associated plans to treat the risk.

Risk appetite

HM Treasury (2006) define risk appetite as:

The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time'.

In December 2019, the Board approved its Risk Appetite Statement. This set out the Board's strategic approach to risk-taking by defining its risk appetite thresholds. It is a 'live' document that is regularly reviewed and modified, so that any changes to the organisation's strategies, objectives or its capacity to manage risk are properly reflected.

In developing the Risk Appetite Statement careful consideration was given to Brunelcare's capacity and capability to manage risk.

The Risk Appetite Statement will be re-visited in December 2020 when the Risk Management and Assurance Framework has had time to embed.

INFORMATION GOVERNANCE

Risks relating to information are managed and controlled in accordance with the Charity's Information Governance Policies.

All information governance issues are escalated to Brunelcare's Data Protection Officer who reviews and assesses each one to ensure any breaches are identified and concerns addressed.

During the year no Information Governance breaches were reported to the Information Commissioner's Office.

ASSESSMENT OF FINANCIAL AND OPERATIONAL PERFORMANCE

The good financial performance of the Charity in the year has been overshadowed by events at the year-end although the Coronavirus and the lockdown introduced to slow its spread took place at the end of March 2020. Consequently, the financial impacts had only a negligible impact on these financial statements other than the boost from the back-dated 9% increase to Funded Nursing Care rates announced in April 2020.

This contributed to the strong operating surplus of £1,982k for the year which is £653k more than 2018-19 despite total turnover falling by £1,206k due mainly to the ending of the North Somerset domestic care contract.

For the 2019-20 financial year, Brunelcare again adopted Housemark's Sector Scorecard approach to monitoring its activities in order to ensure that we continue to deliver value for money and make progress towards our strategic objectives.

The Scorecard sets out a number of indicators covering business health, outcomes delivered, effective asset management and operating efficiencies. An analysis of each metric and Brunelcare's score against each of these indicators is set out below for 2019-20.

In addition to these sector-wide benchmarks we also have a series of internal metrics that monitor key risks to the business. The metrics monitored are the same as used in 2018-19 and are set out below. All of these metrics are monitored regularly by the Senior Leadership Team and Trustees and are vital to ensuring that we challenge ourselves to deliver the best value for our stakeholders.

Value for Money Metrics

Below are the Sector Scorecard measures identified by the Regulator for Social Housing in their 'Value for money metrics and reporting 2019-Annex to 2019 Global accounts'. These identify Brunelcare's value for money performance in the year, based on the financial statements for the period, together with the benchmark scores from the Global Accounts 2018-19 survey for Housing for Older People as a comparative sub sector (HOP).

Overall, Brunelcare scores well on the financial stability metrics but less well on the performance metrics. Both variances are due to the nature of Brunelcare's business which includes significant additional support for our tenants in addition to the provision of accommodation.

These factors reduce operating margins and require Brunelcare to operate more cautiously, holding more working capital than traditional property businesses that can generate surplus cash more quickly from their operations. That said, our performance in development metrics will improve significantly over the coming year as our investment in Waverley Gardens and Little Heath projects comes to fruition.



Key Metrics

Metric 1: Reinvestment

Reinvestment %	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
Reinvestment as a percentage of existing stock	%	5.8%	11.2%	4.9%

This is a positive movement: due to significant investment over the past year in an extension to our Waverley Gardens site, which has delivered 62 new ECH units. Delays caused by COVID-19 in our planned maintenance programme will mean that our re-investment in 20/21 will slow down. However our fire safety and energy improvement works, as well as the first sheltered housing scheme improvements, will result in our reinvestment % being sustained in future years.

Metric 2: New Supply

New Supply Delivered %	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
Social Housing units developed as % of owned	%	0%	0%	0%
Non-social Housing units developed as % of owned	%	0%	0%	0%

There has been no new supply added in 2019/20, but two major projects completed in the first few weeks of April '20. This included Waverley Gardens extension which has added 62 units to our Extra Care stock. Our major new care home development at Little Heath opened on April 1st. Brunelcare's future development activity will focus on redeveloping and refurbishing our elderly care and sheltered housing homes.

Metric 3: Gearing

Gearing %	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
Gearing %	%	11.3%	19.6%	33.9%

Against all the sector quartiles, Brunelcare's gearing ratio is low despite drawing an extra £1.85m from our revolving credit facility. This is because the Charity includes care home and domiciliary care activities alongside housing for older people. These activities require higher levels of working capital and more cautious use of cash reserves. This year our cash levels have been reduced to fund the Waverley Gardens extension. They will now be rebuilt, although we continue to invest in our estate at higher levels than historically.

Metric 4: EBITDA interest cover

EBITDA %	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
EBITDA MRI as % of interest	%	389.9%	338.6%	172%

This strong performance in the year combined with falls in the Base Rate on our variable rate loans, has combined to strengthen our EBITDA well above sector norms. Brunelcare's operation is fundamentally cash generative and its debt is relatively low but this is appropriate given the Charity's relatively low operating surplus compared to the sector.



Metric 5: Headline Social Housing Cost per Unit

Headline Social Housing Cost Per Unit	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
Total cost per unit	£	5,431	6,336	6,150

Whilst our costs per unit are higher than average general needs housing, they compare well with other specialist and HOP providers.

Our services charges include significant costs for utilities, restaurants and laundries, which distort the metric. An adjusted figure, taking account of these factors, is also shown in the next section which would bring it more into line with comparators. In 19/20 we procured a new energy provider which will help to reduce utility bills for all our residents. A number of other procurement exercises, including for planned repairs will improve operational expenditure. A new health and safety compliance system has also streamlined our compliance management and helped to reduce staff costs.

Metric 6: Operating Margin

Operating Margin	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
Operating margin overall	£	4.3%	6.1%	19.2%
Operating margin social housing lettings	£	14.8%	14.0%	21%

The operating margin for the whole business has improved significantly this year, although it continues to be lower than average for the housing sector due to significant operating activity in Care Homes and Domiciliary Care, which have much lower operating margins. The Board has set targets to improve our margins in future years, with a target of achieving an overall margin of 10% by 2025. However the impact of COVID-19 is likely to impact on this, principally because of reduced occupancy levels in our care homes. We are also carrying out a 'deep dive' review of our Home Care service, recognising that margins on domiciliary care are typically between 1 and 3 %.

Metric 7: Return on Capital Employed

Return On Capital Employed %	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
Total cost per unit	%	2.4%	3.3%	3.4%

Brunelcare's return on capital has improved this year to be closer to the HoP and sector average. It is suppressed by the inclusion of the care home element of the charity's operations (whereas the domiciliary care activities generate very small surpluses on very little capital investment so do not distort this metric). Efficiency savings have been targeted to improve this return in the medium term and are being achieved by the use of improved procurement practices.

Other Sector Scorecard Metrics

Below are the remaining Sector Scorecard measures that do not form part of the Regulator for Social Housing's value for money metrics, based on the financial statements for the period, together with the benchmark scores from the 2018-19 survey as reported by Housemark.

Other Metric 1: Business performance

Business Health	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
Adjusting operating margin social housing	%	17.5%	17.0%	21%

Brunelcare consistently achieves surpluses but these are small and our Corporate Strategy recognises the need to increase these to more sustainable levels by 2025. Against the 2018-19 Sector Scorecard results, our 2019-20 outturn surplus as a proportion of total income is low for the sector because the majority of our business has lower margins than housing provision. The margin on the sheltered housing part of our business is also lower than other HOP's. This is because we procure some significant goods and services on behalf of our tenants, particularly fuel, which are recharged to them at no margin. Removing these distorting amounts increases the margin somewhat although it is still in the lowest quartile. Our Asset Management Strategy includes a reinvestment programme in our homes to improve performance.



Other Metric 2: Asset Management

Effective Asset Management	Measure	Brunelcare		Median for HOP Provide
		2018-19	2019-20	
Occupancy (General Needs properties)	%	100%	100%	
Occupancy of all housing properties	%	99%	98.9%	99.5%
Ratio of responsive repairs to planned maintenance	%	103.3%	69.3%	65%

Brunelcare has only four general needs properties but, nevertheless, the occupancy rate has been 100% in the financial year. Extending the metric to all the Charity's housing shows that occupation is slightly lower than sector norms across all housing types. However landlords with a large stock of supported housing, tend to record lower occupancy rates.

The ratio of response repairs to planned maintenance has improved this year to the sector average as we have started on our fire doors replacement project. In future years we will be investing in our stock condition improvement programme so should sustain this balance.

Other Metric 3: Operating Costs

Brunelcare is a provider of older peoples housing (HOP) and as such our costs are significantly higher with a lower overall operating margin compared to the rest of the housing sector. The benchmarked unit costs for HOP are not broken down below the headline social housing unit costs, and so it is not possible to accurately compare our operating costs below this headline.

Operating Efficiencies	Measure	Brunelcare		Adjusted unit costs to omit utility and support cost.	Median for Provider
		2018-19	2019-20		
Headline social housing cost per unit	£	£5,431	£6,336	£5,188	£6,099 (HOP)
Management cost per unit	£	£1,049	£1,011	n/a	£1,045
Maintenance cost per unit	£	£919	£1,022	£926	£1,160
Major repairs per unit	£	£737	£1,193	£1,130	£1,020
Service charge per unit	£	£1,641	£1,986	n/a	£648
Other housing costs p.u.	£	£1,085	£1,123	£134	£597
Rent collected (general needs properties)	%	100%	100%		99.8%
Overheads a % of turnover	%	8.1%	8.0%		12.3%

Brunelcare overall social housing costs are slightly higher than the average HoP per unit costs and have increased in 2019-20, predominantly reflecting increased maintenance and major works costs, particularly the fire door replacement project.

Management, maintenance and major repairs costs are close to the sector median and have increased this year reflecting increased investment in health and safety compliance.

The high service charge per unit, differs from other providers, in that it includes the provision of communal facilities such as laundries and lounges. They also include utility fees as most of our sites are not separately metered so electricity and water bills are recharged to the tenants through their rent at nil margin. This cost is in the region of £1m annually.

Other costs include funding for specific activities paid by the Local Authorities, including help and advice provided to support our older tenants. If these distortions are removed, both the headline social housing cost, and the individual cost measures, are made more comparable to regular social housing providers.

The charities overheads are half that of other social housing providers, reflecting the efficiency in back office and support functions.

Pension

We have seen a large reduction in the pension provision, following a large increase last financial year; the first year we reported our share of the deficit. These large movements are non-cash and do not represent an impact on the business in either the short or medium terms. We closed our defined benefit scheme to new and current members at the end of March 2019 and the benefits of this decision are starting to come through in a reduction to the ongoing costs, although the majority of the favourable movement is due to the accounting assumptions used in the year-end accounting valuation compared to last year's triennial actuarial assessment.

New Development

At the very end of the year, both the Little Heath Care Home and Reablement Centre and the extension to the Waverley Gardens Extra Care Scheme were poised to open but, as at the balance sheet date, both were still officially under construction with several legal issues still to be resolved before they could be opened. These obstacles were overcome in early April 2020 and both schemes are now open.

The primary issues that have affected performance in the year are:

- The favourable movement in our pension provision due to changes in actuarial assumptions compared to last year-end.
- Whilst the pressure has remained from our largest customers, the local authorities, we have made a significant impact on the performance of our care homes.
- The National Living Wage increased again by more than inflation. 30% of our staff are paid at National Living Wage rate and we were not able to pass all of this additional cost on to our clients although we are in discussion with our local authority partners on ways to achieve funding increases that would enable better salaries for our care staff.

Cash Flow and Working Capital Management

Through the year we have maintained a close focus on debtor, creditor and cash management. Operational cash inflow of £1,772k was positive but reduced on the prior year £3,851k due to less depreciation in the year and adverse movements in working capital.

The cash balance had fallen to a low point at the end of November of £3,831k, in line with our projections and development progress. In early December we drew down £1,850k from our revolving credit facility, increasing cash to £5,301k at the end of December. This balance was further eroded by the final months of the Waverley project construction costs to stand at £4,646k at the year-end (2017: £8,771k).



The final construction invoice was paid after the year-end, other than retention payments due in the future, and cash balances are now rebuilding from the low point in readiness to fund the stock condition works and ongoing fire improvements, particularly the replacement of fire doors.

Accounting policies

Brunelcare's principal accounting policies are set out on pages 37 to 42 of the financial statements and have been prepared in accordance with the Statement of Recommended Practice 2018.

Payment of creditors

In line with government guidance, Brunelcare's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. To achieve this, we make two cyclical payments in each month and one-off payments where required.

We have submitted a return to the Government's Payment Practices Service for the second half of the 2019-20 financial year with the following speeds of payment:

Percentage of invoices paid within 30 days	87%
Percentage of invoices paid between 31 and 60 days	11%
Percentage of invoices paid after 60 days	2%

We paid 19% of our invoices outside of the agreed time but the majority of these were due within a week or sooner and we are working to improve our turnaround times for authorising invoices for payment to reduce this figure. The average number of days taken to pay our invoices in the period was 26.

Fixed Assets

Details of changes to Brunelcare's fixed assets are shown in notes 10 and 11 to the financial statements.

Reserves

At the end of the year Brunelcare had total reserves of £27,369k (2019: £22,590k). Within that figure the Revenue Reserves ("Free" Reserves) totalled £25,579k (2019: £20,739k).

Brunelcare generates net surpluses in each financial year which are reinvested in existing properties and services and new projects, and to provide reserves with which to meet any emergency that may arise. The Board is satisfied that the level of reserves reported is reasonable.

Treasury management & strategy

Brunelcare has a formal Treasury Management Policy which is approved by the Board. The purpose of the policy is to agree and maintain a framework within which the exposure to risk related to cash investments and borrowings can be managed. The policy requires an Annual Report to the Board setting out the application of the policy for the past 12 months and the strategy for the next financial year.

Brunelcare's current debt profile shows term loan borrowings from two lenders: Lloyds TSB and Capita Plc (Orchardbrook Limited). In addition, in the year the Charity drew £1,850k from its £5,000k revolving credit facility arranged with Barclays Bank Plc. The facility is in place for ten years, to 2029.



Going concern

These financial statements have been prepared on a going concern basis. The Board believes that Brunelcare is well placed to manage their business risks successfully and that it has adequate resources to continue in operational existence for the foreseeable future, based on forecasts and current expectations of future sector conditions.

The COVID-19 virus and associated lockdown has impacted on the Charity's finances but mitigating action taken by management, plus Government help during the peak of the lockdown, has offset any adverse financial impacts in the period since the year-end. However, the revised 30-year plan, also approved on 22 September 2020, shows that the Charity's financial position will continue to strengthen over the coming years and that the Charity can meet the adverse scenarios envisaged without needing external support or breaching banking covenants.

In particular, the following adverse scenarios were considered:

Income reductions: Ranging from falls in rental income due to regulatory or market pressures, falls in care homes income and in negotiated rates received from local authorities across care homes and community care.

Expenditure increases: Above inflation increases in staffing costs, including especially accommodating an increase in lower salaries to the National Living Wage, plus anticipated increases in the National Minimum Wage and then further above inflation increases. Also, increases in non-salary costs, particularly maintenance and utility costs above general inflation levels.

Arrears, bad debts and voids: Increased levels of voids across housing and care homes plus increased levels of arrears and bad debts impacting cash levels above historic norms.

Further expansion: The cash needs of a further scheme to expand the Charity's services and the effects of cost overruns and other issues that may arise.

In these scenarios, plus a combination of them, the Charity is able to maintain its financial health with minimal mitigating actions due to a well-established underlying business and a cautious approach to future ambitions. Consequently, the Trustees are confident that these financial statements should be prepared on a going concern basis.

Board Internal Targets

The Board also uses internal operational targets as follows:

Target 1: Housing return on assets

Internal Measure	2018-19	2019-20	Benchmark
1. Housing return on assets exceeds the latest RSH benchmark figure	4.1%	3.4%	4.5%

This target was not achieved but a part of this is due to including the costs of Waverley extension project in capital whereas the project was not open in the year. Excluding this asset from the metric increases the percentage for the year to 4.4%.

Target 2: Care Homes return on assets

Internal Measure	2018-19	2019-20
2. Care Homes return to assets is maintained above 5%	6.0%	8.1%

This target has been achieved and improved compared to 2018-19. Part of this improvement is from the backdated increase to FNC rates announced in April 2020.

This has been achieved through better pricing, and improved management and efficiency whilst safeguarding the high quality of care that we are known for.

Target 3: Quality of care

Internal Measure	2018-19	2019-20
3. 80% or more of our CQC regulated services are rated as 'Good' or 'Outstanding'	100%	90.9%

Please see the section on the quality of our care services on page 10 above for current CQC ratings. All care services were rated 'good' or above with the exception of Somerset Homecare services which was received a 'Requires Improvement'. An action plan has been agreed with the CQC and a new inspection is expected in 2020.



Target 4: Head Office performance

Internal Measure	2018-19	2019-20
4. Central support services spend to be managed up to 10% of income	8.5%	6.4%

This target was achieved plus the strong operating surplus meant that this metric improved compared to the prior year. Brunelcare's support costs are low by sector standards but, in order to pursue cost saving measures across the business, the Charity will start to invest in its systems so this metric is likely to increase in future years.

Target 5: Agency usage

Internal Measure	2018-19	2019-20
5. Further reduce the charity's agency usage to less than 5% of employee-related costs	6.9%	3.8%

This target was achieved. Brunelcare has struggled to recruit sufficient trained nurses over recent years and this difficulty continued in 2019-20, in addition to an ongoing desire to recruit additional care staff. However, through better rostering and improved recruitment conditions Brunelcare was able to reduce its reliance on agency staff in the year.

It has maintained this improved position despite additional agency usage to fill gaps during the recent lockdown where employed staff have had to isolate themselves because of a health issue or to protect a vulnerable family member.

Target 6: Sickness absence

Internal Measure	2018-19	2019-20
6. Reduce sickness absence in line with the social care sector average	4.7%	5.1%
CIPD Health & Wellbeing at Work Survey care sector (not for profit)	4.1%	4.1%

The target was not achieved and the measure has deteriorated. A small part of this will be staff self-isolating at the start of the lockdown, which fell at the very end of the financial year but this will have had a small relative impact on the figure.

Target 7: Employee retention

Internal Measure	2018-19	2019-20
7. Achieve an employment retention level of higher than 78.5%	71.6%	72.4%

This target was not achieved but there was an improvement over the previous year as the uncertainty and concern has been removed following the transfer of the North Somerset staff and contract to an alternate provider. Employee retention remains a key issue in the care sector and forms a key part of our new corporate strategy.

Target 8: Occupancy

Internal Measure	2018-19	2019-20
8. Achieve a level of occupancy in Care Homes and Sheltered Housing of higher than 95%		
Occupancy in Care Homes	94.6%	95.6%
Occupancy in Sheltered Housing and Extra Care	99.0%	98.6%

Our housing and care homes have continued to be in demand and the occupancy levels are consistent with last year and ahead of the target. However, the impact of COVID-19, means that care home occupancy will fall in 2020/21.



04 STRUCTURE, GOVERNANCE AND MANAGEMENT

Brunelcare's Legal Structure

Founded in 1941, Brunelcare is a company limited by guarantee without share capital (registered company number 601847) and a registered charity (registration number 201555).

The charitable objectives of Brunelcare, as set out in its Articles of Association are

- the relief of those within the United Kingdom who are in need by reason of age (whether or not that need is exacerbated by ill health, disability and/or financial hardship); and
- the relief of those within the United Kingdom who are in need by reason of ill-health, disability and/or financial hardship.

To fulfill the above objectives, Brunelcare is registered with the Regulator for Social Housing and provides social housing across a range of sites in the Bristol area. It is also registered with the Care Quality Commission as a provider of care homes, extra care housing and a range of community services in Bristol, Somerset and South Gloucestershire. Further details about the care Brunelcare provides and the types of housing and the areas where they are provided can be found by visiting our website: brunelcare.org.uk.

The Board of Trustees

The Board sits at the top of the organisation's governance and assurance systems. Its principal role is to exercise effective leadership, provide strategic direction and control.

The Board is accountable for governance and internal control in the organisation, and the Chief Executive is responsible for maintaining appropriate governance structures and procedures.

In summary, the Board:

- Sets the strategic direction of the organisation;
- Establishes and maintains high standards of corporate governance;
- Ensures the delivery of the aims and objectives of the organisation through effective challenge and scrutiny of performance across all areas of responsibility;
- Monitors progress against the delivery of strategic and annual objectives; and ensures effective financial stewardship by effective administration and economic use of resources.

The Trustees, as the directors and charity trustees, are collectively responsible for the affairs of Brunelcare.

Board Meetings

During 2019-20 the Board held five formal meetings and two development sessions. Through these meetings the Board:

- Oversaw the development of an organisational Assurance Framework;
- Approved a strengthened Risk Management Framework;
- Oversaw the development of, received, considered and discussed the organisational risk register and the monitoring and management of the assigned risks to key committees of the Board;
- Received, considered and discussed financial performance and the related risks being managed by the Board;
- Discussed and approved capital projects, contracts and tender proposals in line with agreed delegated authority levels.
- Routinely received assurance reports from the Committees of the Board.

All formal meetings of the Board held in 2019-20 were appropriately constituted with a quorum. Attendance at Board meetings was formally recorded within the minutes, detailing where apologies have been received.

Attendance at Board meetings in 2019/20 is set out in the following table. Please note attendance is expressed as the number of meetings attended out of the number eligible to be attended.

Trustee	Attendance	14 May 2019	2 July 2019	10 Sept 2019	10 Dec 2019	18 March 2020
Deborah Evans	5/5	✓	✓	✓	✓	✓
Tarun Chotai ¹	2/5	✓	✓			
Harry Hayer	5/5	✓	✓	✓	✓	✓
Maggie Hehir ¹	4/5	✓	✓	✓	✓	
Nick Hooper	4/5	✓	✓		✓	✓
Phil Hope	4/5	✓		✓	✓	✓
Kate Innes (Still)	5/5	✓	✓	✓	✓	✓
Julie Steed ²	0/5					
Ian Turner	5/5	✓	✓	✓	✓	✓
Tony Wilson	4/5	✓	✓	✓	✓	
Executive Directors:						
Becky Edwards ¹	2/2			✓	✓	
Kevin Fairman ³	2/2	✓	✓			
Oona Goldsworthy ⁴	2/2				✓	✓

1. Traun Chotai, Maggie Hehir and Becky Edwards resigned in March 2020
2. Julie Steed resigned on 16 October 2019
3. Kevin Fairman resigned on 3 July 2019
4. Oona Goldsworthy took up the role of Chief Executive Officer in October 2019.



Scheme of Reservation and Delegation

A schedule of matters reserved for the Board was approved by the Board in March 2019, and there is a clear demarcation between executive and non-executive roles. The Trustees delegate day-to-day executive control of the Charity to the Chief Executive officer and the Senior Leadership Team, which meets regularly.

The Chief executive Officer is responsible for running the charity in accordance with the direction set by the Board and the powers delegated to them by the Board. The Chief Executive Officer is accountable to the Trustees for their performance and that of the Senior Leadership Team.

Trustee Terms of Appointment

Brunelcare's Articles of Association allow for the appointment of up to 15 trustees.

Trustees are appointed on the basis of the skills and experience they can bring to overseeing the activities of the Charity. The skills and backgrounds collectively represented on the Board should reflect the population it serves.

New appointments are made on merit, taking account of the specific skills and experience, knowledge, personality and approach needed to ensure a well-rounded Board.

In terms of diversity, the objectives are to:

- consider aspects of diversity when reviewing the composition and balance of the Board;
- ensure that candidate lists for Trustee positions are compiled by drawing from as diverse a range of candidates as possible who possess suitable skills and qualities;
- aspire to increase Board diversity without setting specific targets or compromising on the calibre of Trustees.

All Trustees are appointed for terms not exceeding three years and are eligible for re-appointment for a maximum of three terms. To be eligible for appointment Trustees must meet eligibility requirements, as specified in Articles 9.14 of Brunelcare's Articles of Association. The Charity's Standing Orders [see 5.2.4] require Board members to confirm in writing their continued eligibility on an annual basis.

In December 2019, a skills audit of Trustees was undertaken. This was used to:

- Develop a Board development Programme for 2020-21; and
- Inform the recruitment of three new trustees, planned to take place in the new financial year.

Trustee Resignations and Appointments

There was one new Board appointment made during the year, that of Kate Innes in May 2019, bringing further housing and property expertise to the Board. In addition, Oona Goldsworthy was appointed as the Chief Executive Officer in October 2019.

There were a number of Trustee resignations: Julie Steed stepped down in October 2019 and Maggie Hehir and Tarun Chotai in March 2019.

Kevin Fairman, the former Chief Executive Officer resigned in July 2019 and Becky Edwards, Director of Finance left to take up a new appointment in the education sector in March 2019.

The Board Composition as at 31 March 2020 was:

Name	Role	Took up Appointment on	Area of Interest
Deborah Evans	Chair of the Board	9 June 2017 as Trustee and was appointed as Chair 1 January 2019	Relative/carer Health
Harry Hayer	Trustee	15 February 2019	HR and OD
Nick Hooper	Trustee and Chair of the Remuneration and Nomination Committee	12 March 2018	Strategic Development - Housing
Phil Hope	Trustee	12 March 2019	Health and Social Care, Strategy Development
Kate Innes (Still)	Trustee	8 May 2019	Housing
Ian Turner	Trustee, Vice Chair and Chair of the Audit, Risk and Finance Committee	10 July 2018	Finance
Tony Wilson	Trustee	4 January 2019	Tenant Engagement
Oona Goldsworthy	Chief Executive Officer	14th October 2019	Housing



OUR TRUSTEES

Appointed 1st July 2017

Deborah Evans - Chair

Deborah has worked as a manager and Chief Executive in the NHS for 35 years. She was Primary Care Trust Chief Executive in Bristol, working closely with the City Council and with many third sector organisations. Within the last five years, Deborah was Managing Director of the West of England Academic Health Science Network, an NHS funded body whose role is to stimulate innovation in the NHS and to spread best practice in care. Deborah was appointed at Chair of Trustees in January 2019. She has extensive experience as a carer.

Appointed 1st August 2018

Ian Turner

Ian is a Chartered Accountant. He has worked in a number of organisations in a Non-Executive Director (“NED”), Executive, Trustee and advisory capacity. He is currently Deputy Chief Executive and Finance Director of the Healthcare Financial Management Association (HFMA) which represents Finance Professionals within the NHS. He is also a NED at Devon Partnership NHS Trust the NHS Mental Health Trust based Exeter, a Trustee at RICE a Charity researching into the Care of the Elderly and a trustee of the Healthcare Supply Association (HCSA), a membership organisation for procurement professionals in the NHS.

Appointed 1st March 2018

Nick Hooper

Nick has spent most of his career in local government, but has also worked in the voluntary and private sectors. His background is in housing development and in the nearly 30 years he spent with Bristol City Council – the last 12 as Director of Housing Solutions – he developed expertise in homelessness, private housing renewal, commissioning, strategy and policy development as well as organisational development. Nick is Chair of 16:25 Independent People, a youth homelessness charity.

Appointed 1st February 2019

Phil Hope

Phil is a partner in Hope Consultancy and Training that works with health and social care organisations to help them navigate the changing landscape of the health and care sector; and to develop excellent and sustainable care services for older people. He is also visiting professor at the Institute for Global Health Innovation at Imperial College, London and chaired the Imperial College report ‘Creating Sustainable Health and Care Systems in Ageing Societies’. Phil is a former Member of Parliament (1997-2010) and served in a number of Ministerial roles with responsibilities for local government, skills, charities, social enterprise and social finance. As Minister of State for Care Services his work included development of the White Paper ‘Building a National Care Service’, the National Dementia Strategy, the National Mental Health Strategy ‘New Horizons’, and the National Autism Strategy.

Appointed 1st January 2019

Tony Wilson

Tony, an octogenarian and great grandfather, became a tenant of Brunelcare in 2013. His career background includes extensive engineering risk management on behalf of clients such as Network Rail, Dublin LUAS tram main contractor, MoD Navy and suppliers such as BAe Filton. He also ran a recruitment agency, followed by practice as a counsellor and group facilitator. Tony also volunteers as a Trustee with Bristol Older People’s Forum, as a youth mentor with 1625 Independent People, a board member with Driving and Mobility West of England, and is a community navigator with Bristol Community Health.

Appointed 1st June 2019

Harry Hayer

Harry has been on the boards of numerous companies and organisations for 25 years. His experience spans the NHS, the charity sector, national and local government, academia, regulation and the music industry. He has travelled extensively with his work, leading large-scale transformation, restructuring, merger, acquisition, closure and change programmes. He has specialist experience in HR and organisation design and development. He is currently HR Director of Sustrans, the national cycling charity.

Appointed 14th June 2019

Kate Innes

Kate has worked in social housing for around 15 years. Her career has covered rent and service charge management for small and medium housing associations in London and Bath. Kate has carried out previous trustee roles with Bristol based housing associations and so has a good understanding of what the role requires.

Conflicts of Interest

Trustees are aware of their legal duty to act in the best interests of Brunelcare and to make a declaration when they have a Conflict of Interest. Any Trustee who has a conflict of interest in relation to any matter discussed by the Board must declare this at the start of a meeting. The meeting chair in consultation with the Company Secretary makes a decision in relation to how the conflict will be managed and this is recorded in the minutes of the meeting.

In addition, Trustees are required to complete a declaration of interest form on an annual basis, any declarations made are recorded in a Register of Interests. Declarations are updated as and when a Trustees circumstances change.

Trustee Remuneration

All of our Trustees are volunteers and therefore receive no remuneration. Trustees are entitled to be reimbursed for reasonable travel and subsistence costs and Brunelcare arranges indemnity insurance cover on behalf of the Board. During the year, two Trustees reclaimed expenses totalling £146.75.



BOARD COMMITTEE ARRANGEMENTS

The Board is clear that robust governance is reliant upon effective and efficient Board Committee arrangements, which ensure a balance of focus between strategic development, gaining assurance and scrutiny and driving the right culture.

During 2019-20 the Board established the following committee:

- The Audit and Risk Committee; and
- The Remuneration, Nomination and Governance Committee.

AUDIT AND RISK COMMITTEE

During 2019-20, the Committee met four times:

- 8 May 2019;
- 27 August 2019;
- 26 November 2019; and
- 25 February 2020

All meetings were quorate with the exception of that held on 26 November 2019. With the agreement of the Chair of the Remuneration, Nomination and Governance Committee the November meeting went ahead but all matters requiring a decision were taken to the Board for ratification in December 2019.

As at 31 March 2020, the Committee comprised the following Trustee Members:

- Ian Turner - Committee Chair and Vice Chair of the Board
- Harry Hayer;
- Kate Innes;
- Vacancy (awaiting appointment of new Trustee/ Non-executive Director.)

Member	Role	Attendance
Ian Turner	Chair (appointed August 2018)	4/4
Tarun Chotai*	Member (appointed March 2019)	0/3
Harry Hayer	Member (appointed March 2019)	4/4
Kate Innes	Member (appointed March 2019)	4/4

* During the year Tarun Chotai stood down as a Committee member following his resignation as a Trustee/Non-executive Director in March 2020.

The Chief Executive Officer and Director of Finance attend (the Chief Executive Officer by invitation) but are not members of the Committee. The Chair and members of the Committee are appointed by the Board.

Committee meetings were regularly attended by representatives

from:

- RSM, Brunelcare's Internal Auditors (all meetings); and
- KPMG, Brunelcare's external auditors (27 August 2019 and 25 February 2020).

PURPOSE AND ISSUES DISCUSSED

The primary purpose of the Audit and Risk Committee (ARC) is to provide oversight of the financial planning, management and reporting process, the audit processes, and the system of internal controls. It is also the key point of contact between Board and External/Internal Auditors - i.e. both auditors would report through ARC rather than direct to Board.

Amongst the key issues considered by the Committee during 2019-20 were the following:

- ✓ Assets and Liabilities Register: Annual Review
- ✓ Audit Recommendations: Progress Reports
- ✓ Bi-annual Review of the 30 Year Business Plan
- ✓ Business Plan: Stress testing and Development
- ✓ Capital Spend
- ✓ Committee's Annual Programme of Business for 2020-21
- ✓ Committee's Terms of Reference: Annual Review
- ✓ Compliance Register: Quarterly Updates
- ✓ Corporate Risk Register
- ✓ Dormant Subsidiary Company: Update
- ✓ Draft Budget for 2020-21
- ✓ Economic Standards: Self-Assessment
- ✓ External Audit Annual Plan for 2020-21
- ✓ External Auditors Memorandum
- ✓ External Audit Progress Updates
- ✓ Financial Regulations
- ✓ Financial Statements: Quarterly
- ✓ Fire Door Replacement: Updates
- ✓ Insurance Renewal
- ✓ Integrated Governance Improvement Plan: Including Outstanding IDA Actions
- ✓ Internal Audit Plan for 2020-21
- ✓ Internal Audit Reports & Progress Updates
- ✓ Learning from the Rent Review Annual Process
- ✓ Little Heath and Extension to Waverley Gardens (Redhouse): Financial Positions and Fee Structure
- ✓ Loans and Covenants
- ✓ Management Accounts: Quarterly updates
- ✓ Rent Review Annual Process
- ✓ Rent Setting Policy
- ✓ Review of Debtors
- ✓ Risk and Assurance: Progress and Next Steps
- ✓ Risk Management and Assurance Strategy
- ✓ Risk Management and Assurance Progress Reports
- ✓ 30 Year Draft Business Plan : Review and Scrutiny of Assumptions
- ✓ Stress Testing: Approach and Policy
- ✓ Treasury Management: Quarterly Updates
- ✓ Treasury Policy

In March 2010, the Board agreed the following improvement actions:

- *To revise the name of the Committee to the Audit, Risk and Finance Committee* so that it better reflects its remit in relation to finance.
- *To update the Terms of the Reference for the Committee:* The Committee reviewed its Terms of Reference in February 2020 when it was agreed that certain changes would be recommended to the Board for 2020-21 to bolster the emphasis on the responsibilities of the Committee for finance. The revised Terms of Reference were developed with due regard to guidance set out in HM Treasury’s Audit and Risk Assurance Committee Handbook (March 2016) and the best practice promulgated by Chartered Governance Institute. They now include a requirement to oversee certain governance matters that fell previously to the Remuneration, Nomination and Governance Committee, such as the review of Articles of Association and Standing Orders.

Member	Role	Attendance
Nick Hooper	Chair (appointed February 2019)	4/4
Maggie Hehir*	Member (appointed August 2019)	2/3
Deborah Evans	Member (appointed October 2018)	2/4

* During the year Maggie Hehir stood down as a Committee member following her resignation as a Trustee/Non-executive Director in March 2020.



REMUNERATION AND NOMINATION COMMITTEE

During 2019-20, the Committee met four times:

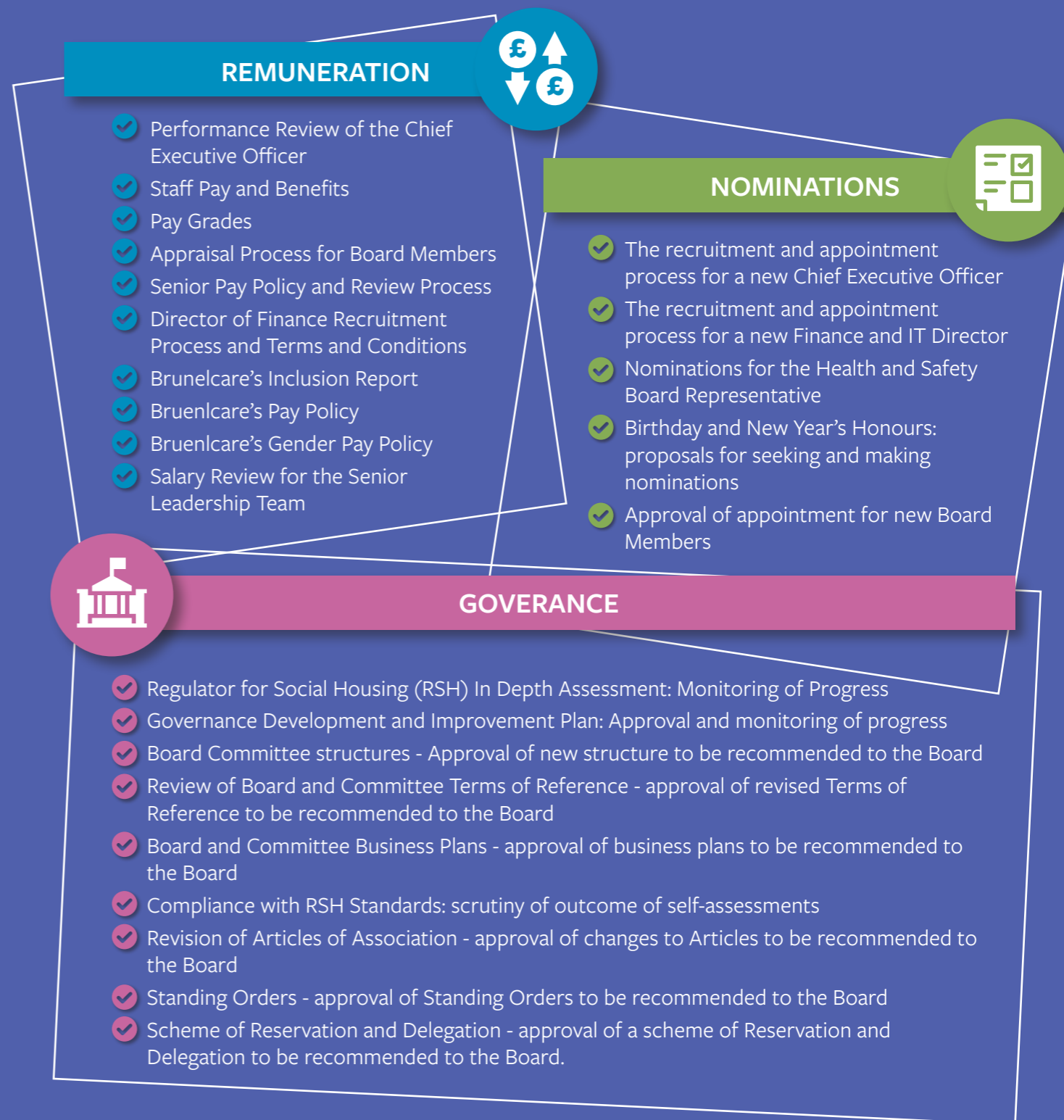
- 18 April 2019;
- 15 August 2019;
- 25 November; and
- 4 March 2020



PURPOSE AND ISSUES DISCUSSED

The Committee was established by the Board to support its responsibilities in relation to the regular review of the structure, size and composition of the Board (including the skills, knowledge and experience of the Trustees) and make recommendations to the Board; CEO, Senior Management and employee remuneration; Board renewal and recruitment along with ensuring governance is effective.

Amongst the key issues considered by the Committee during 2019-20 were the following:



The Committee agreed the following improvement actions:

- *To revise the name of the Committee to the Remuneration and Nominations Committee.* It was agreed that the governance agenda should sit with the Audit, Risk and Finance Committee going forward.
- *To update the Terms of the Reference for the Committee:* The Committee reviewed its Terms of Reference and those of all Board Committees in March 2020 when it was agreed that certain changes would be recommended to the Board for 2020-21. The revised Terms of Reference were developed with due regard to the best practice promulgated by the Chartered Governance Institute.

During 2018-19, the committees considered and scrutinised a range of reports and issues relevant to the matters delegated to them by the Board. The committees' consideration and analysis of such information has played a key role in my assessment of the effectiveness of internal controls, risk management arrangements and assurance mechanisms.

Throughout the year, the Chair of each committee reported to the Board on the committees' activities. Further, each committee has produced an annual report, for 2019-20, setting out a helpful summary of its work.

Articles Of Association

Articles of Association' are one of the constitutional documents of a company which set out the basic management and administrative structure of the company. The articles are a public document open to inspection at Companies House.

Companies have freedom in drafting their articles although Brunelcare is subject to relevant provisions of the Charities Act 2011 and Companies Acts. Charities who are also companies limited by guarantee may adopt model articles set out by the Charity Commission.

Brunelcare's current Articles of Association were

approved by Special Resolution on 13 September 2016 and filed on 28 September 2016.

In March 2020 the Board agreed to amend its Articles of Association. A set of revised articles have been drafted and are currently with the Charity Commission for review.

As far as possible the draft Articles have been based on the Model Articles of Association for a Charitable Company as issued by the Charity Commission in August 2014 and updated in January 2017.

Once approved by the Charity Commission the revised Articles will need to be formally adopted by the Board

Standing Orders, Scheme of Reservation and Delegation of Powers and Standing Financial Instructions

In March 2020 the Board agreed Standing Orders for the regulation of proceedings and business. Together with the adoption of a Scheme of Reservation and Delegation of Powers matters reserved to the Board and Standing Financial Instructions they provide the regulatory framework for the business conduct of the Board and define its 'ways of working'.

These documents, together with a range of corporate policies set by the Board contribute to the organisation's governance framework.

In alignment with the development of Standing Orders and Committee terms of reference, a detailed review of the Board's Scheme of Reservation and Delegation of Powers was also undertaken. The document, which was approved by the Board in March 2020 therefore sets out the matters that are:

- reserved for the full Board;
- delegated to Committees of the Board;
- delegated to Trustees; and
- delegated to the CEO.

We also reviewed the Board's Standing Financial Instructions and ensured that delegations aligned to these were established and approved by the Board.

05

LEGISLATIVE AND REGULATORY DISCLOSURES

Regulator for Social Housing Governance and Financial Viability Standard

Brunelcare undertakes annual self-assessments to monitor its on-going compliance with both the Governance, Economic and Consumer Standards. These self-assessments are reviewed by Committees of the Board before being approved by the Board. Any changes or implications arising within the year are reported on an ad-hoc basis. The self-assessments at the time of reporting showed that the Charity continues to be materially compliant with Governance, Economic and Consumer Standards. Any areas for refinement or improvement have been identified and transferred to the Integrated Governance Improvement Plan. The Charity has the capability and capacity to meet all the compliance standards.

Statement of adherence to the fundraising regulator code

Brunelcare seeks to comply fully with all regulation and relevant codes of practice.

Fundraising is not a significant income stream for the Brunelcare and therefore we are not required to report under section 162A of the Charities Act 2011. However it applies the principles of the Code of Fundraising Practice. For example, by directing all supporters to use the JustGiving platform to ensure funds are raised in a transparent manner and quickly transferred to Brunelcare.

Brunelcare does not, at present, proactively run fundraising campaigns or initiatives. Instead, the charity responds to the generosity of supporters by facilitating their efforts to raise funds in aid of the charity. The option to support Brunelcare is promoted on the charity's website.

Brunelcare does not employ or engage third party professional fundraisers and is not aware of any complaints being made about its fundraising activities. All employees strive to protect the

rights and promote the interests of our clients and tenants. It is the policy of Brunelcare that under no circumstances should any employees offer advice or act as a witness to the Will of a resident.

The board's self assessment of its effectiveness

The Board has adopted the National Housing Federation's (NHF) Code of Governance. This is reflected within key policies and procedures. Further, within our system of internal control, there are a range of mechanisms in place which are designed to monitor our compliance with the code, these include: Self-assessment; Internal and external audit; and Independent reviews.

The Board is clear that it is complying with the main principles of the Code, and is conducting its business openly and in line with the Code.

During the latter part of the 2019 an assessment against the NHF Code, Charity Code and UK Corporate Governance Code was undertaken. The outcome of this was used to inform the development of the Governance Improvement Programme and a Board Development Programme.

Review of effectiveness of system of internal control

The Board put mechanisms in place for the review, on an on-going basis, of the effectiveness of the systems of internal control operating across all functions of the Charity. A review and evaluation of the adequacy of the system of internal control has been informed by the Senior Leadership Team who have responsibility for the development, implementation and maintenance of the internal control framework; the work of the committees established by the Board; the Board's internal auditors and the feedback and views of external auditors set out in their annual audit letter and other reports.

The processes in place to maintain and review the effectiveness of the system of internal control includes:

- The maintenance of an overview of the overall position with regard to internal control by the Board and its Committees through routine reporting processes and the engagement of all Board members in the development and maintenance of the Board Assurance Framework and Corporate Risk Register;
- The embedding of the Assurance Framework and the receipt of internal and external reports on the internal control processes by the Audit and Risk Committee; and
- Audit and Risk Committee oversight of audit, risk management and assurance arrangements.

The steps taken over the last 12-months to strengthen risk management arrangements, embed the Assurance Framework and improve the quality of information have made the assessment and testing of the internal control system less onerous.

We are satisfied that the mechanisms in place to assess the effectiveness of the system of internal control are working well and that we have the right balance between the level of assurance received from the Senior Leadership Team, Board and Board Committee arrangements and Internal Audit Services.

A plan to address weaknesses and ensure continuous improvement of the system of internal control is in place and this is aligned to the work being taken forward to embed the Board Assurance Framework and Risk Management Framework.

Internal audit

Internal audit provides the Board through the Audit and Risk Committee with a flow of assurance on the system of internal control.

A programme of audit work was commissioned in 2019-20 and the scope of this work was agreed by the Audit and Risk Committee and was focussed on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

THE HEAD OF INTERNAL AUDIT HAS CONCLUDED:

Based on work carried out in 2019-20:

‘the organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.’

06

TRUSTEES’ RESPONSIBILITIES STATEMENT

Statement of trustees’ responsibilities in respect of the annual accounts

The Trustees’ of Brunelcare (who are also Directors of the Charity for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees Annual Report and the Financial Statements in accordance with relevant law, regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Trustees’ must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of the surplus or deficit for that period. In preparing these financial statements the Trustees were required to:

- select suitable accounting policies and apply these consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis.

The Trustees are also responsible for keeping proper accounting records that are sufficient to show and explain the Charity’s transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social

Housing 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Disclosure of Information to auditors

On behalf of the Board of Trustees, I confirm that in so far as the trustees are aware at the time of reporting:

- there is no relevant audit information of which the charity’s auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approval

The Trustees’ report, including the Strategic Report and Financial Statements, was approved by the Trustees at a Board meeting held on 22 September 2020 and signed on its behalf by:

Deborah Evans

Chair

22 September 2020

A. D. Evans



07

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Brunelcare

Opinion

We have audited the financial statements of Brunelcare ("the association") for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position, cash flow statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the association as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the association's business model, including the impact of Brexit, and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the association will continue in operation.

Other information

The directors are responsible for the other information, which comprises the Report of the Board and Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information

therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 81, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either

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

Auditor's responsibilities

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

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

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

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association'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 association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Sewell (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
66 Queen Square
Bristol
BS1 4BE



08

STATEMENT OF
COMPREHENSIVE INCOME

Statement of comprehensive income

For the year to 31 March 2020

	Notes	2020	2019
		£000	£000
Turnover	3	32,087	33,293
Operating costs	3, 5, 8	(30,105)	(31,964)
Operating Surplus		1,982	1,329
Interest receivable	6	20	33
Interest payable	7	(699)	(702)
Change in fair value of Investment properties	12	(49)	551
Surplus for the year		1,254	1,211
Remove pension deficit recovery creditor	23	-	3,851
Opening adjustment in pension scheme fair value	23	-	(5,479)
Actuarial gain/(loss) in respect of pension schemes	23	3,525	(1,580)
Total comprehensive income for the year		4,779	(1,997)

All of the above results derive from continuing operations.

The financial statements were approved by the Board on 22nd September 2020 and signed on its behalf

A Evans

Chair

C Wall

Company Secretary

Statement of changes in equity

For the year to 31 March 2020

	Accumulated Capital Fund	Revenue Reserve	Total
	£000	£000	£000
At April 2019	1,851	20,739	22,590
Surplus for the year	-	1,254	1,254
Other comprehensive income	-	3,525	3,525
Transfers	(61)	61	-
Total funds at 31 March 2020	1,790	25,579	27,369

Statement of changes in equity

For the year to 31 March 2019

	Accumulated Capital Fund	Revenue Reserve	Total
	£000	£000	£000
At April 2018	1,912	22,675	24,587
Surplus for the year	-	1,211	1,211
Other comprehensive income	-	(3,208)	(3,208)
Transfers	(61)	61	-
Total funds at 31 March 2019	1,851	20,739	22,590



09 STATEMENT OF FINANCIAL POSITION

Statement of financial position at 31 March 2020

	Notes	2020	2019
		£000	£000
Tangible fixed assets			
Tangible fixed assets - properties	10	56,802	52,046
Tangible fixed assets - other assets	11	1,501	1,602
Investment properties	12	648	680
Total fixed assets		<u>58,951</u>	<u>54,328</u>
Current Assets			
Properties held for sale	13	1,092	228
Trade receivables	14	2,600	2,467
Cash		4,646	8,771
		<u>8,338</u>	<u>11,466</u>
Creditors: amounts falling due within one year	15	(7,338)	(5,697)
Net Current assets		<u>1,000</u>	<u>5,769</u>
Total assets less current liabilities		<u>59,951</u>	<u>60,097</u>
Creditors: amounts falling due after more than one year	16	(29,982)	30,954
Provisions: Pension deficit	23	(2,600)	(6,553)
Net Assets		<u>27,369</u>	<u>22,590</u>
Equity			
Designated reserves		1,790	1,851
Revenue reserves		25,579	20,739
Total funds		<u>27,369</u>	<u>22,590</u>

The financial statements were approved by the Board on 22 September 2020 and signed on its behalf by:

A Evans

Chair

A. D. Evans

C Wall

Company Secretary

C Wall

Company registered in England
& Wales number 601847

10 CASH FLOW STATEMENT

Cash flow statement for the year to 31 March 2020

	2020	2019
	£000	£000
Net cash inflow from operating activities (page 92)	1,772	3,851
Cash outflow from financing activities		
Interest received	20	33
Interest paid	(624)	(568)
Total cash outflow from financing activities	<u>(604)</u>	<u>(535)</u>
Cash outflow from capital expenditure		
Investment in existing housing properties	(6,308)	(2,827)
Construction and investment in existing nursing and residential care home properties	(67)	(204)
Purchase of other fixed assets	(51)	(225)
Capital grants received	0	1,833
Total cash outflow from capital expenditure	<u>(6,426)</u>	<u>(1,423)</u>
Financing		
New loans drawn	1,850	0
Housing capital loans repaid	(717)	(687)
Total cash inflow/(outflow) from financing	<u>1,133</u>	<u>(687)</u>
Net change in cash and cash equivalents	<u>(4,125)</u>	<u>1,206</u>
Cash and cash equivalents at the start of the year	8,771	7,565
Cash and cash equivalents at the end of the year	4,646	8,771



Reconciliation of operating surplus to net cash inflow from operating activities for the year to 31 March 2020

	2020	2019
	£000	£000
Operating surplus before interest	1,982	1,329
Depreciation and impairment of tangible fixed assets	1,734	2,137
Grant amortisation	(289)	(289)
Deficit on disposal of tangible fixed assets	38	89
	<u>3,465</u>	<u>3,266</u>
Working capital movements		
Decrease/(Increase) in debtors	(966)	(243)
(Decrease)/Increase in creditors	(175)	3,484
Less fair value changes in assets and liabilities	(552)	(2,656)
Operating surplus before interest	<u>(1,693)</u>	<u>(585)</u>
Net cash inflow from operating activities	1,772	3,851

Statement of changes in net debt

For the year to 31 March 2020

	Cash and cash equivalents	Borrowings	Total
		£000	£000
Net debt at 1st April 2019	8,771	(14,629)	(5,858)
Cash flow in the year	(4,125)	(1,133)	(5,258)
Net debt at 31st March 2020	<u>4,646</u>	<u>(15,762)</u>	<u>(11,116)</u>

11

NOTES TO THE FINANCIAL STATEMENTS

1. Legal Status

Brunelcare is a charity registered with the Charities Commission, under the Companies Act 2006, and with the Regulator for Social Housing as a social landlord. It is a company limited by guarantee, registered in England and Wales and, as such, has no share capital. The liability of the members, in the event of winding up, is limited to an amount not exceeding £1 per member.

Brunelcare meets the definition of a public benefit entity.

2. Accounting policies

2.1. Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 - the applicable financial reporting standard in the UK and Republic of Ireland (FRS102) and the Statement of Recommended practice: Accounting by Registered Social Housing Providers 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2. Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The organisation based its estimates and assumptions on parameters available at the time the financial statements were prepared. Existing circumstances

and assumptions about future developments may change due to market circumstances, legislation or other circumstances beyond the organisation's control. Such changes are reflected in the assumptions and estimates when they occur.

The judgements on estimated useful lives of property, plant and equipment have had the most significant effect on amounts recognised in the financial statements.

In addition, the pension provision is based on a series of estimates that are explained further in Notes 2.24 and 23.

2.3. Estimated lives of Property, Plant and Equipment

At the date of capitalising tangible fixed assets, the organisation estimates the useful life of the asset based upon management's judgement and experience.

2.4. Impairment of trade and other receivables

The company makes an estimate of the recoverable value of trade and other account receivables. When assessing the impairment, management consider factors including the current credit rating of the account, the ageing profile and historical experience. See note 14 for the net position of debtors and associated provision.

2.5. Valuation of housing properties

The Company tests annually whether there are any impairment triggers that would require the company to undertake a full impairment review of housing properties or other cash generating unit activities under FRS 102.

The recoverable value is assessed as the higher of fair value or value in use. The SORP 2018 – Social Housing Providers considers depreciated replacement cost as a reasonable estimate for

value in use taking into consideration the service potential of social housing. The valuation of housing properties at the year-end have therefore been assessed using depreciated replaced cost. These calculations require the use of assumptions and estimates, in particular in relation to the identification of cash generating units, expected replacement cost and the service potential of the asset.

2.6. Measurement convention

The financial statements are prepared on the historical cost basis with Investment Properties and the Pension Deficit marked to Fair Value based on external valuations.

2.7. Going Concern

These financial statements have been prepared on a going concern basis. The Board believes that Brunelcare is well placed to manage their business risks successfully and that it has adequate resources to continue in operational existence for the foreseeable future, based on forecasts and current expectations of future sector conditions.

The COVID-19 virus and associated lockdown has impacted on the Charity's finances but mitigating action taken by management, plus Government help during the peak of the lockdown, has offset any adverse financial impacts in the period since the year-end. However, the revised 30-year plan, also approved on 22nd September 2020, show that the Charity's financial position will continue to strengthen over the coming years and that the Charity can meet the adverse scenarios envisaged without needing external support or breaching banking covenants.

In particular, the following adverse scenarios were considered:

Income reductions: Ranging from falls in rental income due to regulatory or market pressures, falls in care homes income and in negotiated rates received from local authorities across care homes and community care.

Expenditure increases: Above inflation increases in staffing costs, including especially accommodating an increase in lower salaries to the National Living Wage, plus anticipated increases in the National Minimum Wage and then further above inflation increased. Also, increases in non-salary costs, particularly maintenance and utility costs above general inflation levels.

Arrears, bad debts and voids: Increased levels of voids across housing and care homes plus increased levels of arrears and bad debts impacting cash levels above historic norms.

Further expansion: The cash needs of a further scheme to expand the Charity's services and the effects of cost overruns and other issues that may arise.

In these scenarios, plus a combination of them, the Charity is able to maintain its financial health with minimal mitigating actions due to a well-established underlying business and a cautious approach to future ambitions. Consequently, the Trustees are confident that these financial statements should be prepared on a going concern basis.

2.8. Turnover

Turnover represents housing property rental income and service charges receivable, care home fees, day centre and domiciliary care fees receivable, fees receivable for home care services provided based on care hours provided and income from donations, and Social Housing Grant amortisation.

2.9. Revenue Recognition

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.



Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

2.10. Value added tax

Brunelcare charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by Brunelcare and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

2.11. Land and buildings

Works to existing properties are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business are capitalised. Subsequent additions have been, and future additions will be, taken in at cost, and a policy of periodic valuation has not been adopted.

2.12. Investment properties

Investment properties are fixed assets that we intend to sell for a capital gain. They are held at fair value and revalued annually until sale by an experienced third-party valuer.

2.13. Shared Ownership properties held for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal. Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion of shared ownership

properties is classed as a current asset in the Balance Sheet. Related sale proceeds will be included in Turnover in the year of sale. The remaining element of shared ownership properties is held in fixed assets and included in Shared Ownership Properties Held for Letting.

There has been strong demand for the ten properties offered for lease at the Waverley Gardens extension, with three sold by the date of signing of these financial statements and a further three in conveyancing.

2.14. Leasehold properties held for sale

Buyback properties are valued at current market rates by an independent estate agent, prior to buyback. These are stated in the financial statements at the cost of the buyback. Buybacks are recognised in the accounts as a creditor when the deed of surrender has been received. Cash sales are recognised on completion with any sale proceeds included in Turnover and Costs of sales in expenditure.

2.15. Impairment

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the income and expenditure account.

2.16. Depreciation

Social housing properties are depreciated on a straight-line basis over their estimated useful lives under component accounting. These components are:

Component	Useful life
Structure	75 years
Pitched roof	50 years
Flat roof	15 years
Bathrooms	30 years
Wiring	30 years
Alarm/Call system	15 years
Ground works	30 years
Doors & windows	30 years
Kitchens	20 years
Heating	20 years
Lifts	25 years
Leasehold land	Lease Term

Freehold land is not depreciated.

Care homes are depreciated on a straight-line basis over their estimated useful lives under component accounting. Land is not depreciated. The land element for each property has been estimated at 15% of the total value, where not known.

2.17. Other fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over their useful estimated lives:

Asset group	Useful life
Computer equipment	4 years
Motor vehicles	5 years
Office equipment	5 years
Fixtures and fittings	5 years
Offices	75 years

2.18. Capitalisation limit

The 'de minimis' limit for the capitalisation of purchased fixed assets was £1,000 per item during the year.

2.19. Social housing grants

Social housing grant (SHG) is receivable from Homes England (formerly the Homes and Communities Agency) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due or received in advance is included in creditors. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the Homes and Communities Agency. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

2.20. Other capital grants

These include grants from local authorities and other organisations. Other grants are initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the statement of consolidated income as turnover over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

Grants in respect of revenue expenditure are credited to the statement of consolidated income in the same period as the expenditure to which they relate.

2.21. Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b) interest on borrowings of the company as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

2.22. Leases

Where Brunelcare enters into a lease, which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is the shorter.

Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income and expenditure account, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and rentals are charged to the income and expenditure account on a straight-line basis over the life of the lease.



2.23. Service charge sinking funds

Included within the housing units managed by the organisation are 15 leasehold units. Sinking funds are maintained for the two sites involved to cover medium term cyclical maintenance. In addition, a maintenance fund is maintained to cover day-to-day services. Within Community Services there are 56 units which also have a sinking fund.

2.24. Pension costs

Brunelcare is a member of the Social Housing Pension Scheme defined contribution section. At the end of the prior financial year Brunelcare withdrew from the defined benefit section so no further benefits are being accrued.

For the Social Housing Pension Scheme defined benefit section, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

2.25. Supporting People

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

2.26. Cyclical repairs and maintenance

Due to the number of properties held and the establishment of regular programmes of repair and maintenance, Brunelcare does not make provision for future works but charges actual costs incurred to the income and expenditure account unless capitalised under component accounting.

2.27. Tax

Brunelcare is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.28. Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, which can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

2.29. Reserves

Brunelcare establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Brunelcare has a designated reserve which is the Accumulated Capital Funds reserve. Donations to capital appeals are accounted for as non-operating, ordinary activities in the Income and Expenditure Account and then taken to the designated Accumulated Capital Funds reserve. Transfers from the reserve are then made annually in proportion to the depreciation charge for the assets, which were purchased using the proceeds.



3. Turnover, cost of sales, operating costs and operating surplus

Note A

	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000
Social housing lettings (Note B)				
	7,732	-	(6,652)	1,080
Other social housing activity				
Other income	468	-	(31)	437
	<u>8,200</u>	<u>-</u>	<u>(6,683)</u>	<u>1,517</u>
Activities other than Social Housing				
Community Services	7,778	-	(8,363)	(585)
Care Homes	16,083	-	(15,059)	1,024
Fundraising and shops	26	-	-	26
	<u>23,887</u>	<u>-</u>	<u>(23,422)</u>	<u>465</u>
Total	<u>32,087</u>	<u>-</u>	<u>(30,105)</u>	<u>1,982</u>



Note B

	General Needs	Supported Housing	Shared ownership	2020 Total	2019 Total
	£000	£000	£000	£000	£000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges	18	4,800	73	4,891	4,912
Service charges receivable	3	2,327	31	2,361	2,186
Net rental income	21	7,127	104	7,252	7,098
Other income	-	192	2	194	41
Amortised Government grants	1	201	1	203	203
Government grants taken to income	-	1	-	1	-
Other grants amortised	-	70	12	82	81
Turnover from social housing lettings	22	7,591	119	7,732	7,423
Expenditure on social housing lettings					
Management services	2	1,069	12	1,083	1,124
Service Charge costs	2	2096	29	2,127	1,757
Routine maintenance	-	968	3	971	901
Planned maintenance	1	120	3	124	83
Major repairs expenditure	1	157	1	159	227
Depreciation	2	919	32	953	1,066
Bad debts	-	32		32	4
Other costs	1	1,176	26	1,203	1,230
Operating expenditure on social housing lettings	9	6,537	106	6,652	6,392
Operating surplus on social housing lettings	13	1,054	13	1,080	1,031
Void losses	-	99	-	99	118

Void losses are rental income lost as a result of property not being let, although it is available for letting.

4. Accommodation in management and development

At the end of the year units owned for each class of accommodation were:

	2020	2019
	Number	Number
Social housing		
Social rent general needs housing	4	4
Supported housing	1,058	1,058
Shared ownership	9	9
Leasehold accommodation	20	20
Total owned and managed	1,091	1,091
Accommodation included above and managed by others:		
Second Step	-	10
Non-social housing		
Registered care homes	294	294
Market rent flats	7	7
Retirement villages	56	56
Total owned and managed	357	357

Second Step ended their lease agreement in the latter half of the year.

5. Operating surplus

	Notes	2020	2019
		£000	£000
Depreciation of tangible fixed assets	10, 11	1,734	2,051
Operating lease rentals:			
Plant and machinery		71	50
Land and buildings		29	33
Vehicles		61	78
Auditor's remuneration (excluding VAT):			
Audit of these financial statements		23	29
Other services		3	14
		3	14

6. Interest receivable and other income

	2020	2019
	£000	£000
Income from short-term deposits	20	33

7. Interest payable and similar charges

	2020	2019
	£000	£000
Bank loans and overdrafts	553	568
Pension net interest expense	146	134
	699	702

8. Employees

	Notes	2020	2019
		Number	Number
Average monthly number of employees		1,059	1,175
Average monthly employees, expressed as full-time equivalents		777	864
Employee costs:		2020	2019
		£000	£000
Wages and salaries		17,569	18,564
Social security costs		1,463	1,426
Pension costs – defined benefit		178	258
Pension costs – defined contribution		329	208
		19,539	20,456

The average monthly employees, expressed as full-time equivalents, is calculated from monthly data collected by Brunelcare's HR department which records starters, leavers, hours worked, gender etc. This data is circulated monthly to aid managers.

Brunelcare employees are entitled to be members of the Social Housing Pension Scheme (SHPS). Some members of the SHPS also contribute additional voluntary contributions to The Pension Trust's Growth Plan. Brunelcare also complies with the Government Scheme of Auto Enrolment and has legal duties to enrol eligible jobholders into a qualifying workplace pension scheme and make contributions towards it. Further information on the scheme is given in Note 23.

Brunelcare has the following number of employees with remuneration of £60,000 or more, shown in bands of £10,000:

	Notes	2020	2019
		Number	Number
Salary:			
£60,000 to £70,000		2	2
£70,000 to £80,000		-	1
£80,000 to £90,000		2	-
£150,000 to £160,000		-	1



9. Board members and executive directors

The key management personnel are deemed to be the board members and executive directors.

	Remuneration	Pension contributions	2020 Total	2019 Total
	£000	£000	£000	£000
Chief executive:				
Kevin Fairman	37	-	37	151
Oona Goldsworthy	52	2	54	-
	89	2	91	151

None of the non-executive board members received emoluments. The emoluments of the highest-paid executive director, the Chief Executive, in aggregate for the incoming and departing individuals, were £91,217 (2018: £151,231).

The outgoing Chief Executive, Kevin Fairman, was not a member of any pension scheme. Oona Goldsworthy, the incoming Chief Executive, is a member of the Charity's defined contribution pension scheme on the same basis as other staff. She is entitled to three months' notice and is required to give the same.

The total emoluments of the executive directors, including pension contributions, were £490,310 for the year ended 31 March 2019 (2018: £519,843). The £490,310 was made up of salaries at £475,597 and pension contributions of £14,713.

Total expenses reimbursed to board members and executive directors and not subject to UK income tax (i.e. those expenses incurred wholly, exclusively and necessarily in the course of Brunelcare's business) amounted to £1,305 (2018: £5,178).

10. Tangible fixed assets – properties

	Social housing properties held for letting	Social housing properties under construction	Shared ownership properties held for letting	Community services	Care homes	Care homes under construction	2020 Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 April 2019	55,562	2,621	940	458	17,415	43	77,039
Additions in year	1,051	5,213	1	43	67	-	6,375
Transfers	45	(45)	-	-	43	(43)	-
Disposals	(184)	-	-	(6)	(33)	-	(223)
At 31 March 2020	56,474	7,789	941	495	17,492	-	83,191
Depreciation and impairment							
At 1 April 2019	(20,345)	-	(71)	(32)	(4,545)	-	(24,993)
Charge for the year	(1,134)	-	(27)	(14)	(408)	-	(1,583)
Released on disposal	156	-	-	1	30	-	187
At 31 March 2020	(21,323)	-	(98)	(45)	(4,923)	-	(26,389)
Net book value							
At 31 March 2019	35,217	2,621	869	426	12,870	43	52,046
At 31 March 2020	35,151	7,789	843	450	12,569	-	56,802

10. Tangible fixed assets – properties (continued)

	31 March 2020		31 March 2019	
	Housing properties	Nursing and residential care homes	Housing properties	Nursing and residential care homes
	£000	£000	£000	£000
Fixed assets with restricted title – leasehold land	1,433	-	1,447	-
Fixed assets pledged as security	17,854	3,261	13,914	3,357

The properties pledged as security are securing total facilities of £19,629k. The assets are held at cost but they are regularly revalued by our lenders to ensure they remain sufficient to cover the amount of the liabilities.

11. Tangible fixed assets – other assets

	Assets under construction	Offices	Fixtures & fittings	Computer equipment	Motor vehicles	2020 Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2019	30	1,325	2,634	1,537	224	5,750
Additions in year	-	9	24	19	-	52
Impairments						
Disposals	-	-	(11)	-	(65)	(76)
At 31 March 2020	30	1,334	2,647	1,556	159	5,726
At 1 April 2019	-	(135)	(2,467)	(1,335)	(211)	(4,148)
Charge for the year	-	(14)	(76)	(58)	(3)	(151)
Disposals	-	-	10	-	64	74
At 31 March 2020	-	(149)	(2,533)	(1,393)	(150)	(4,225)
Net book value						
At 31 March 2019	30	1,190	167	202	13	1,602
At 31 March 2020	30	1,185	114	163	9	1,501

12. Investment properties

	2020	2019
	£000	£000
Land at cost at start of period	680	103
Additions in the year at cost	17	26
Changes in fair value in the year	(49)	551
	648	680

The land held as an investment property is two thirds of the value of a plot of land in Nailsea, North Somerset, that was gifted without restriction to Brunelcare and St Peter's Hospice by the late Mrs Mary Sophia Shepstone. The two charities have submitted a planning application for the land and intend to sell it to a developer once planning is obtained. The valuation was carried out by JLL.

13. Properties held for sale

	2020	2019
	£000	£000
Properties held for sale	1,092	228

14. Debtors

	2020	2019
	£000	£000
Due within one year:		
Rent, fees and service charges receivable	2,079	1,795
Less: Provision for bad and doubtful debts	(487)	(189)
	1,592	1,606
Prepayments	498	399
Accrued income	509	455
Loans to employees	1	7
	2,600	2,467

Rent, fees and service charges receivable includes gross social housing rent arrears of £175k (2019: £119k).

15. Creditors: amounts falling due within one year

	Notes	2020	2019
		£000	£000
Bank loans	18	2,558	717
Trade payables		791	836
Rent and service charge received in advance		351	198
Other taxation and social security		516	516
Payroll costs		1,455	1,383
Other creditors		683	588
Accruals and deferred income		984	1,459
		<u>7,338</u>	<u>5,697</u>

16. Creditors: amounts falling after more than one year

	Notes	2020	2019
		£000	£000
Bank loans	18	13,204	13,912
Other creditors		199	163
Social housing grant		11,422	11,630
Other grants		5,117	5,198
Pension – deficit funding liability		40	51
		<u>29,982</u>	<u>30,954</u>

17. Deferred capital grants

	Social Housing grant	Other grants
	£000	£000
Bank loans	11,838	5,280
Trade payables	-	-
Rent and service charge received in advance	(208)	(82)
Other taxation and social security	<u>11,630</u>	<u>5,198</u>

18. Bank loan analysis

	2020	2019
	£000	£000
Due within one year:		
Bank loans	2,558	717
Due after more than one year:		
Bank loans	<u>13,204</u>	<u>13,912</u>
	<u>15,762</u>	<u>14,629</u>

The bank loans above are secured by fixed charges over individual properties.

The bank loans are repayable by instalments at fixed rates of interest ranging from 3.5% to 11.7%, with four loans totalling £4.5m on LIBOR variable rates. Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2020	2019
	£000	£000
Within one year	2,559	717
Between two and five years	2,873	2,865
After five years	<u>10,330</u>	<u>11,047</u>
	<u>15,762</u>	<u>14,629</u>

19. Financial commitments

Capital expenditure commitments were as follows:

	2020	2019
	£000	£000
Capital expenditure		
Authorised by the Board but not contracted	1,296	1,703
Contracted but not delivered at the year-end	1,478	6,403

The above commitments will be financed using existing cash reserves and drawings from the new £5m revolving credit facility.

The future lease payments payable under non-cancellable leases are as follows:

	2020	2019
	£000	£000
Land and buildings:		
Less than one year	789	214
One to five years	3,067	3,073
Beyond five years	15,280	15,853
	19,136	19,140
Office equipment:		
Less than one year	111	24
One to five years	111	114
	222	138

20. Financial commitments

Brunelcare has entered into a lease for the Little Heath Care Home at Cadbury Heath, from April 2020. This lease is for 25 years at an annual amount of £768k and is included in future lease payments for land and buildings in the table above under Note 19.

21. Contingent liabilities

There were 16 Woodland Court properties remaining as at 31 March 2020 which are owned by the current residents where their lease includes a buyback obligation clause. As such, Brunelcare may be obliged to buy back these properties at some future date and the properties would then be resold. At 31 March 2020, no buyback clauses had been activated.

These transactions are uncertain and therefore an amount has not been disclosed (2019: nil).

22. Related parties

The Social Housing Pension Scheme, managed by The Pensions Trust, is a related party. The details of the relationship are set out in Note 23.

23. Pension schemes

The Charity participates in two defined benefit pension schemes, the Social Housing Pension Scheme and the Growth Plan, both of which are multi-employer final salary schemes. Both schemes are now closed to members.

It is not possible for the Charity to obtain sufficient information to enable it to account for the Growth Plan as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme. The Charity's current liability for the Growth Plan is £51k (2019: £61k).

23.1 Social Housing Pension Scheme – Defined Benefit section

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK and The Pensions Trust, which administers the Social Housing Pension Scheme, has undertaken an exercise to disaggregate the assets and liabilities of the fund between the various participating members so, for both financial years, Brunelcare's full share of the assets and liabilities are shown on the balance sheet. The movement in the year comprises the movements between the opening and closing scheme assets and liabilities attributable to Brunelcare plus an adjustment to move from the previous year's accounting presentation.

The movement in the year in the pension scheme on the defined benefit approach is:

Present value of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2020	1 April 2019
	£000	£000
Fair value of plan assets	19,358	18,912
Present value of defined benefit obligation	(21,958)	(25,465)
Deficit in plan	(2,600)	(6,553)
Unrecognised surplus	-	-
Defined liability to be recognised	(2,600)	(6,553)

Reconciliation of opening and closing balances of the defined benefit obligation

	2019-20	2018-19
	£000	£000
Defined benefit obligation at start of period	25,465	23,452
Current service cost	-	258
Expenses	33	37
Interest expense	581	596
Contribution by plan participants	-	96
Actuarial losses/(gains) due to scheme experience	(175)	83
Actuarial losses/(gains) due to changes in demographic assumptions	(225)	74
Actuarial losses/(gains) due to changes in financial assumptions	(2,966)	1,558
Benefits paid and expenses	(755)	(690)
Defined benefit obligation at end of period	21,958	25,465

Reconciliation of opening and closing balances of the fair value of plan assets

	2019-20	2018-19
	£000	£000
Fair value of plan assets at start of period	18,912	17,973
Interest income	436	464
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	160	135
Contributions by the employer	604	934
Contributions by plan participants	-	96
Benefits paid and expenses	(754)	(690)
Fair value of plan assets at end of period	19,358	18,912

The actual return on the plan assets (including any changes in the share of assets) over the period from 31st March 2019 to 31st March 2020 was £596,000 (March 2019: £599,000).

Defined benefit costs recognised in the Statement of Comprehensive Income

	2019-20	2018-19
	£000	£000
Current service cost	-	258
Expenses	33	37
Net interest expense	145	132
Defined benefit costs recognised in the Statement of Comprehensive Income	178	427

Defined benefit costs recognised in Other Comprehensive Income

	2019-20	2018-19
	£000	£000
Experience of plan assets (excluding amounts included in net interest cost) – gain/(loss)	159	135
Experience gains and losses on the plan liabilities	175	(83)
Effect of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	225	(74)
Effect of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	2,966	(1,558)
Total actuarial gains and (losses) before restriction due to some of the surplus not being recognisable – gain/(loss)	3,525	(1,580)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain/(loss)	-	-
Total amount recognised in other comprehensive income – gain/(loss)	3,525	(1,580)

**Assets**

	31 March 2020	1 April 2019
	£000	£000
Global equity	2,831	3,182
Absolute return	1,009	1,636
Distressed opportunities	373	344
Credit relative value	531	346
Alternative risk premia	1,354	1,091
Fund of hedge funds	11	85
Emerging markets debt	586	653
Risk sharing	654	571
Insurance-linked securities	595	542
Property	426	426
Infrastructure	1,441	992
Private debt	390	254
Opportunistic illiquid credit	468	-
Corporate bond fund	1,104	882
Liquid credit	8	-
Long-lease property	335	278
Secured income	734	677
Liability driven investments	6,425	6,917
Net current assets	83	36
Total assets	19,358	18,912

None of the fair values of assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.



Key assumptions

	31 March 2020	1 April 2019
	% per annum	% per annum
Discount rate	2.38	2.31
Inflation (RPI)	2.62	3.29
Inflation (CPI)	1.62	2.29
Salary growth	2.62	3.29
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31st March 2020 imply the following life expectancies:

	Life expectancy at age 65 in 2020	Life expectancy at age 65 in 2019
	Years	Years
Male retiring in 2020/2019	21.5	21.8
Female retiring in 2020/2019	23.3	23.5
Male retiring in 2040/2039	22.9	23.2
Female retiring in 2040/2039	24.5	24.7

23.2. Social Housing Pension Scheme – Defined Contribution section

Brunelcare have a legal duty to enrol eligible employees into a qualifying workplace pension scheme and make contributions towards it. The employee isn't required to take any action in order to become an active member of the scheme. An employee who has been automatically enrolled is free to opt out and get a refund of the contributions they have paid.

Brunelcare uses the Social Housing Pension Scheme – Defined Contribution Section to invest these contributions.

23.3. Dementia Care Trust group personal pension scheme

The acquisition of the Assets and Liabilities of Dementia Care Trust (DCT) in July 2007 meant that the existing pension arrangements for employees of DCT, who remain on DCT employment contracts, became part of the overall Brunelcare pension arrangements. The scheme is a defined contribution scheme and Brunelcare contributes at the rate of 5% of salary with employees contributing at rates between nil & 5%. Being a defined contribution scheme there are no on-going liabilities for Brunelcare. As at 31 March 2019 there was one member of the scheme.

24. Post Balance Sheet Event

On March 11 2020 the World Health Organisation declared COVID-19 a pandemic due to its rapid global spread. In the United Kingdom the infection rate escalated during April reducing steadily but remaining a significant risk at the date of accounts signing.

The Board and Management team have taken urgent steps to respond to this exceptional challenge. Whilst the impact on care home occupancy, staffing and some supplies such as personal protective equipment (PPE) has been significant, financial performance to date has been in line with expectations. This includes additional income arising associated with national and local government COVID-19 support measures, including social care investment, announced post the balance sheet date.



12 DETAILS OF KEY INDIVIDUALS

Details of key individuals and organisations involved in the leadership, oversight and audit of brunelcare in the year to 31 March 2020

TRUSTEES

Deborah Evans - Chair of The Board

Ian Turner - Vice Chair of the Board and Chair of the Audit, Risk and Finance Committee

Nick Hooper - Chair of the Performance Quality and Safety Committee

Harry Hayer - Chair of the Remuneration and Nomination Committee

Phil Hope

Kate Innes (Still)

Tony Wilson

Tarun Chotai (to 18 March 2020)

Maggie Hehir (to 18 March 2020)

Julie Steed (to 16 October 2019)

SENIOR LEADERSHIP TEAM

Mandy Collins - Head of Corporate Governance

Kevin Fairman - Chief Executive Officer (to 3 July 2019)

Oona Goldsworthy - Chief Executive Officer (from 14 October 2019)

Brian Whittaker - Director of HR and OD (interim CEO from 3 July 2019 to 14 October 2019)

Becky Edwards - Director of Finance (to 13 March 2020)

Jo Makinson - Interim Director of Finance (13 March to 27 April 2020)

Matthew Bell - Director of Marketing and Business Development

Michelle Caine - Director of Community Services

Michelle Richards - Director of Property and Housing

Sandra Payne MBE - Director of Nursing and Care Homes

Registered Office

Saffron Gardens Prospect Place, Whitehall Bristol, BS5 9FF Tel: (0117) 914 4200 / Fax: (0117) 987 3502
E-mail: info@brunelcare.org.uk Web: www.brunelcare.org.uk

Registered Numbers

Company – 601847 (registered by guarantee)

Charity – 201555

Homes England – LHO269

Care Quality Commission registration no. CRT1-579008632

External Auditors

KPMG LLP 66 Queen Square Bristol BS1 4BE

Internal Auditors

RSM Risk Assurance Services LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD

Registered charity no: 201555

Registered company no: 601847

Care Quality Commission registration no: CRT1-579008632

Homes England registration no: LHO269

Head Office

Saffron Gardens Prospect Place Whitehall
Bristol BS5 9FF

T: 0117 914 4200

E: info@brunelcare.org.uk

www.brunelcare.org.uk

Registered Charity 201555.



INVESTORS IN PEOPLE™
We invest in people Standard