



Every day well lived

WCS Care Group Limited Annual report and consolidated financial statements

For the year ended 31 March 2021



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Reference and administrative details of the charity, its trustees and advisors

Registered name:	WCS Care Group Limited
Also known as:	WCS Care
Registered company:	02713150
Registered charity:	1012788
Registered office	Newlands Head Office Whites Row Kenilworth CV8 1HW
Trustees:	A F Levett - Chairman B C Cressey L E Middleburgh A J Last J A Matthews S E Dobinson (appointed 30 th November 2020) R L Merchant M R Andrews R L Warwick T M Banks N Weatherburn
Executive Team:	E J Russell – Chief Executive P C Parekh – Director of Finance and Company Secretary K Salt – Director of Quality and Compliance J Cheshire – Director of Communications and Marketing (from 1 st April 2021)
Auditors:	Crowe U.K. LLP Statutory Auditor Black Country House Rounds Green Road Oldbury B69 2DG
Solicitors:	Wright Hassall LLP Olympus Avenue Leamington Spa Warwickshire CV34 6BF
Bankers:	The Royal Bank of Scotland Derby Cornmarket Branch 41 Cornmarket Derby DE1 2DG

Welcome from the Chair of the Board

The entire period covered by this report has been subject to controls to manage the pandemic. Our ability to deliver critical services to many vulnerable people is down to our staff team, whether cleaner, carer, home management or Executive Team; all have risen to the challenge. My sincere thanks to them all, in particular our newly appointed Chief Executive, Ed Russell.

The company wide focus on the health and quality of life of our residents has provided a litmus test for many difficult decisions. From the outset of the pandemic we prepared a Covid response strategy and have sought to learn and adapt quickly. Our previous investment in technology, especially in communications and data capture has helped tremendously. At Board level we established a Business Recovery Advisory Committee, chaired by Trustee Mark Andrews to help the company emerge from the pandemic in best possible shape and created a new executive director post for marketing and communications to reflect the changed operating environment.

Despite the very best efforts of all those involved, sadly, lives were lost to the disease. I, on behalf of the whole Board offer my condolences to their friends and families.

I extend my thanks to the relatives and friends of our residents for their forbearance, separated from loved ones for months, as we endeavoured to keep residents safe and act within frequently changing guidelines imposed at national and local level.

Our 5-year strategy put in place in September 2019, included an aspiration to forge new relationships with the communities we serve, our suppliers, contractors and Warwickshire County Council. The pressures of Covid have been a catalyst for change. We are grateful to those who have recognised and supported our vision for adult social care encapsulated in the phrase *'every day well-lived'*. In particular the County Council has been a valuable intermediary with Government and brought strategic oversight. The prompt extension of the contract to provide socially funded residential places has given the company certainty.

As a provider of self and socially funded residential care we were already operating in a challenging environment looking with more hope than optimism for a clear policy lead from Government. Like the rest of the social care sector, we await any practical sign of the post-Covid framework we will be expected to operate in and invest for. In particular the financial challenge looms large. Expectations of care placements by potential clients, CQC and other regulatory bodies have been rising. This we support; however, it requires significant investment and fees paid for socially funded places do not reflect this. We compete for business and unless we remain competitive will not survive. This last year every opportunity has been taken to increase cash reserves to respond to reduced occupancy, unexpected and varying costs and regulatory requirements. This has impacted on longer term investment plans. The Board is paying close attention to this challenge.

As a not-for-profit company and charity, the Trustees, operating virtually and all unpaid, have worked diligently and determinedly to secure the best possible outcomes for our residents, at the same time ensuring a sustainable and positive basis for operating as a return to normality beckons. Our newest trustee, Shân Dobinson, joining from Deafinitely Independent is warmly welcomed. I cannot thank them all enough, both individually and collectively, for their skill and experience.

Adrian Levett - Chair of the Board

And a word from our Chief Executive

This is my first annual statement as the CEO of WCS Care. We of course couldn't have predicted what an unprecedented year 2020 would be for social care, and we are emerging intact in no small part to our continued sustained partnership with our health and social care partners, the bravery and dedication of our staff who've worked tirelessly, and the understanding of our residents and relatives.

Throughout the past 12 months we've welcomed many new residents and built additional rooms, and I was personally delighted to extend our contracts with South Warwickshire Foundation Trust, and Warwickshire County Council for socially funded beds, building on our 30-year history of providing services.

We're proud of our charity's continuing social impact and that approximately 250 socially funded people benefit from WCS Care's charitable support every year leading to a significant annual charitable contribution.

The last year has brought widely reported additional costs for care homes associated with Covid infection control measures. However, our charity has been diligent in claiming government infection control support grants which has, in the main, supported our Covid cost base so we're pleased to say that we have not had to pass on these additional Covid-related costs to residents.

Although we're looking ahead with renewed optimism as the successful vaccination programme continues, the effects of this pandemic will present us with new challenges.

As we go forward, the care home sector will undergo changes in sync with global society. We are able to meet these challenges as an innovative organisation embracing new technology, new ways of working and focusing on the quality of life for our residents. We have, and will continue to, invest in a significant programme of refurbishment and development, improving the environments in our existing residential homes and planning new accommodation to extend our offering.

For those that have been affected by Covid this year, personally or through their nearest relations, I extend our heartfelt condolences on behalf of everyone at WCS.

I also wish to express my most heartfelt thanks to each one of our staff, the people of WCS Care who have carried out critical tasks to manage this crisis, who work every day to keep our care homes operating.

Ed Russell – Chief Executive

Report of the Trustees including the strategic report

Introduction

The Trustees, who are also the directors of the company, present their report and the audited, consolidated financial statements for the year ended 31 March 2021.

Who we are: our story

Our ambition is that every day is well lived for our residents: every day we invite people to choose the things they want to do and try new opportunities.

Our care model outlines how we achieve a day well lived; this is developed around our values and the individual character of each of our 13 care homes.

Our values are that every day we *play, make someone's day, be there* and *choose our attitude*. The standard we walk past is the standard we accept.

Four essential building blocks to deliver a day well lived are:

Our principles

- Fair fees
- Home for life
- Always improving
- Sharing with sector
- Partnership

Enabling environments

- Small self-sufficient households
- Lifestyle options – living a life that is familiar
- Communal/active space in addition to living space
- Spending time outdoors
- Circadian lighting which promotes wellbeing
- Attractive and comfortable decor

High quality care

- People
- Behaviours
- Systems/policies
- Funding
- Technology

Financial sustainability

- Sustainable fee levels and occupancy
- Strong financial leadership and management
- Commercial and prosocial

Key behaviours to support and enable this are:

- Passionate leadership
- Strong communication
- Value driven
- Innovative
- Effective and robust governance
- Active risk management

Objectives for the year

This year the Charity focused on the following:

- Managing the Coronavirus pandemic through four key drivers:
 1. Reducing the spread of Covid-19 and subsequent harm to, and deaths amongst, residents;
 2. Ensuring sufficient availability of staff to care for residents, whilst maintaining their wellbeing and morale;
 3. Establishing and maintaining good stock and supply chains of all essential supplies, including PPE; and
 4. Ensuring the Charity is positioned to thrive in the aftermath.

Report of the Trustees including the strategic report (Continued)

- Developing our People Guide, to support our Care Guide and overall Delivery Model.
- Continuing to utilise innovation and technology in frontline services and support functions to provide enhanced quality of care.
- Ongoing development of the business infrastructure to ensure sufficient human and financial resources to sustain the business and its development programme over the long term.

Achievements and performance

What our customers told us

We're delighted our customers continue to rate us highly and as a learning organisation we're committed to continual improvement.



WCS's customers also continue to independently review us on carehome.co.uk giving:



carehome.co.uk

11/13 of WCS Care's homes a rating of 9 or above

and WCS Care a rating of 9.1 out of 10

9.1

And what our staff said

- 88% of staff told us that they'd recommend the homes as a good place to work.
- 86% of staff were happy with our Covid management.
- 68% of staff rated their personal wellbeing as good or excellent, and we'll continue to invest in staff health and wellbeing over the year ahead.

Report of the Trustees including the strategic report (Continued)

Regulatory requirements



Under Covid conditions WCS passed all of our CQC and local authority inspections against stringent infection control requirements, thanks to the management of our homes.

Building on our vision, mission and values – launching our People Guide

At the heart of WCS Care is the vision that every resident will experience *every day well lived*. Our mission to deliver this is supported by our four values and mantra, *the standard you walk past is the standard you accept*.

As a service delivered by people for people, we know we're only as good as our last act of care and our team members want to do the best they can for the people they care for. Over the last year, we've developed our People Guide. This framework is written for frontline teams, bringing together a range of practical tools and guidance helping teams to keep our values at the centre of their decisions and behavior, to be flexible, resilient, respond to opportunities and challenges, and allow people to be themselves.

Used alongside our Care Guide and Systems Guide within our overall Delivery Model, this key tool, used with team members from initial recruitment, helps each person understand how they contribute to delivering our vision, and what they can expect as a member of the WCS team. And one of the key elements of this is our culture of kindness. We know that being kind to our staff makes a difference; to morale, staff turnover, sickness levels and, importantly, the care they provide to our residents. Developing and maintaining this culture has been a key focus over the last year.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

Stakeholder engagement

The Charities stakeholders are:

- Residents, including their families
- Staff members
- Other stakeholder relationships include: Warwickshire County Council, NHS, Local Charities, Suppliers, and voluntary sector
- The Charity's trustees are regularly engaged throughout the year particularly through Board Committee meetings and regular visits to the care homes.

Report of the Trustees including the strategic report (Continued)

Structure, management and governance

WCS Care Limited is an independent charity, formed in 1992. The charity is registered with 12 trustees (Board of Directors), during the year there were 11 active members and one vacancy. The Board of Directors have a wide portfolio of expertise and experience in health care, human resources, finance, property and other disciplines.

In accordance with the charity's Articles of Association one third of the Management Committee members retire each year and those offering themselves for re-election are those serving longest since their election or re-election.

Rebecca L Warwick, Nick Weatherburn and Tricia Banks will retire by rotation and will offer themselves for re-election at the annual general meeting.

Trustee induction and training

Induction consists of a Trustees Handbook; a comprehensive session with each member of the Executive Leadership Team; and an in depth tour of the organisation. Training is carried out both with external agencies and via in-house training.

The Board provide support and challenge to the Executive Team on the direction and strategy of the Charity and in fulfilling its role has established the following system of management:

Management of organisation

The body responsible for the management of the charity is the Board of Directors (Management Committee). The Board has five scheduled meetings each year with other meetings arranged as necessary. Members are elected every three years and serve a maximum term of nine years, unless otherwise agreed. The maximum number of members that can be elected to the Board is 12. The Board elects the Chairman at the November Board Meeting.

The Board receives reports from four formally constituted committees:

- Quality and Practice
- Finance
- Project Commissioning
- Governance

Each committee has specific terms of reference and functions delegated by the Board. Following a governance review during 2018/19, the Safeguarding sub group now forms part of the Quality and Practice Committee. The Board in response to the Covid-19 situation set up a specific group reporting to the Board called the Business Recovery Advisory Committee in May 2020.

The Chief Executive and the Executive Team attend meetings of the Board. The Chief Executive attends the Committee meetings and is accompanied by members of the Executive Team as necessary.

The Board has overall responsibility for ensuring the charity has an appropriate system of internal financial and managerial controls across the entire organisation.

Report of the Trustees including the strategic report (Continued)

The Executive Team meets monthly, the focus being on strategy, and financial and operational issues. The four members of the Executive Team are supported by the three service managers in the management and development of the service. Service managers line manage a designated group of care homes and monitor and support the operational and quality performance against WCS's care management system.

The Director of Quality and Compliance is responsible for ensuring that WCS meets its quality performance of WCS's care management system. The Marketing and Communications Director is responsible for occupancy management. The Service managers are responsible for the day-to-day operational management of the homes.

WCS continues to maintain the registration of all services with the Care Quality Commission and the charity complies with the Commission's Fundamental Standards.

Residents and their families

We were isolating not isolated (Covid-19)

Throughout the pandemic WCS has done everything it can to keep people connected. Our use of the Relatives' Gateway on our electronic care planning system increased, with over a third of residents having at least one relative actively using the platform, as did telephone and video calls. We also instigated weekly calls with relatives so they had regular updates on their loved ones, and provided compassionate visits when people needed time to say goodbye. As we moved into the summer, we supported window visits and outdoor visits behind screens, and welcomed the opportunity for people to see each other face-to-face again whilst ensuring residents and visitors remained safe.

Looking ahead, we planned for safe indoor visits, converting rooms that had external access for visitors into screened visiting spaces, and, where this wasn't possible, invested in garden pods with two entrances. These rooms were greeted with enthusiasm by relatives, residents and staff and there were lots of happy tears when the rooms started to be used. We were able to celebrate Christmas Every Day in December (and extended this into January because it proved so popular), providing families and residents with the opportunity to share a safe Christmas meal together. And of course the rooms have been used for birthdays, anniversaries, meeting new grandchildren and great grandchildren, Valentine's Day celebrations, Mother's Day and more. The return of close-contact visits has given these spaces another lease of life as screens are removed, allowing people to finally be in the same space whilst ensuring the risk of infection is minimised for residents in the rest of the home.

More recently we've launched our online booking system, giving relatives the option to book in-home and out-of-home visits quickly and easily. Whilst life has not yet returned to open visits in the homes, we know this is only a matter of time and our experience of managing the testing of visitors and their visits will help us to navigate the next steps of lockdown easing.

Whilst keeping our residents connected to their loved ones was a key focus, their absence from our homes had another impact – our staff needed to be there for our residents for all those times that they'd have otherwise had visitors. At a time of increased pressure, this gap was immediately apparent and our teams worked hard to ensure residents were kept active and engaged – from corridor bingo and golf to puzzles, games and daily dancing, our staff provided stimulation, fun and laughter, keeping the morale of residents and team members high.

Report of the Trustees including the strategic report (Continued)

And our communities pulled together around us in a way we'd never felt before. Gifts for residents and staff, and acts of kindness were felt across every home.

Staff members - Care heroes 2020

Our staff felt valued by Clap for Carers, their role in our society finally recognised more widely by the general public, and they celebrated other keyworkers each week throughout the first lockdown.

Whilst it was nice to see our carers being appreciated publicly, we also ensured our team members felt supported and valued by the organisation. This support was delivered in a number of ways: discretionary sick pay if they had to isolate because of Covid (a benefit we extended to our new team members who usually don't receive this until they've been with us for six months); encouragement to be overly cautious before coming into work if they had any symptoms and to take care of themselves as a priority; a supply of facemasks and hand gel to use at home and share with friends and family; and, for ongoing employee relations, the creation of our wellbeing group (The Potting Shed), led by a team of staff volunteers who hold fun events and provide opportunities for staff to raise issues that are impacting on their lives and work in a safe space so that we can see how we can help directly as an employer or through our employee assistance provision.

And we've supported our staff to access the Covid vaccine – with some staff members receiving their first vaccinations on the same day as the first person in the world at the University Hospital Coventry and Warwickshire. At the time of writing 88% of WCS staff have received either one or both doses of their Covid vaccination, with just 4% of staff being exempt on medical grounds.

We're incredibly proud that such a high proportion of our staff have chosen to have the vaccine. We know many of them had concerns or phobias they had to overcome, however by providing everyone with clear, factual information, the support of a local GP who provided answers to their most common questions in a video for us, and in some cases taking staff to their appointments, the results speak for themselves and demonstrate our staff want to do the right thing for the safety of our residents and each other.

Other stakeholder engagement as part of Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

Suppliers: New ways of working

WCS Care is known in the care sector for our use of technology and embedding new, innovative ways of working. Our experience of thinking outside the box, trialling new approaches, learning fast and applying change held us in good stead during 2020.

Spray gates

Our staff, residents, visitors and new customers now have a different experience when they're coming into one of our care homes. Installed in every home, our spray gates use a natural, safe spray that kills bacteria or viruses on people's clothing and hair. This same spray is also used as an additional layer on top of our two-stage cleaning regime.

Dementia support

In 2020, HammondCare, a charitable Australian care provider, launched a dementia support service in the UK, providing free telephone support to carers who need additional professional advice if they have concerns about a resident. WCS Care were one of the first providers in the country to make use of this service, ensuring carers, who work more closely with residents, could contact the service directly to seek support.

Report of the Trustees including the strategic report (Continued)

Improving sleep

If you've not heard of acoustic monitoring, it's a non-intrusive technology that listens to sleeping residents and is triggered by unusual sounds beyond a set level for each person's specific needs. If there's no sound from a resident's room, they're left to sleep in peace, rather than being disturbed by hourly door-checks throughout the night.

Having installed acoustic night-time monitoring in our three new-build homes, and experiencing a reduction in night-time falls of 34% in the first year of use, we were keen to extend this technology to our existing residential homes for the benefit of more residents. However, the original system needed to be hard-wired, something which limited its rollout in our older homes. That is until our supplier, CLB, developed a wireless version of the system which means we're not restricted by the age or layout of the building. Residents at The Limes in Stratford-Upon-Avon were the first in the world to benefit from CLB's new system. However it wasn't simply the use of the wireless system that was innovative, or a first in the UK – we also implemented multi-site monitoring with The Limes being remotely monitored from another of our homes. This strategy has provided oversight and staff support for the night carers at The Limes, enhanced care quality and reduced night staff costs by 17%.

Human centric lighting

Circadian lighting imitates nature's cycles of light and dark, as well as the changes in colour we experience from dawn to dusk.

This natural cycle which links to our body clock has a huge impact on our wellbeing and health. When the clock is running smoothly we can be active, productive and eat well during the day, and sleep restfully at night when our breathing and heartbeat slows, and our core temperature cools. When our clock is running late or early our natural sleep/wake rhythm is upset, which has a number of knock-on effects on our health and wellbeing.

80% of residents living in a WCS Care home for older people live with dementia. 1 in 5 people with Alzheimer's disease experience sundowning syndrome, sometimes called late-day confusion, but it can also happen generally to older people. 1 in 15 people in the UK suffer from Seasonal Affective Disorder (known as SAD syndrome) which, because we live in the northern hemisphere, tends to impact people more between September and April.

The conditions above, as well as a lack of sleep, can lead to depression, over-eating, poor concentration, memory problems, a lack of energy, confusion, loss of day orientation and changes in mood.

Exposure to natural light for as little as 10 to 15 minutes a day, can help to reduce or stop these symptoms.

During the day, circadian rhythm lighting replaces the sun indoors, and at night stops you being exposed to inappropriate blue/white light which can delay or disturb sleep patterns.

In 2020 we've extended the use of circadian lighting to a third home and now have 87 rooms that benefit from this lighting. When we first started to use circadian lighting we compared the wellbeing of residents before and after its installation using dementia mapping and found that before installation 26% of people were in ill-being and 74% of people were in a neutral state of wellbeing, or content. After eight weeks of living with the new lighting no people were in ill-being, 45% of

Report of the Trustees including the strategic report (Continued)

people were very happy, and 100% of people were in a neutral, content of very content state of wellbeing.

Hydration treats

In September we started a trial with Lewis Hornby and his team at Jelly Drops. Lewis, Jelly Drop's inventor, created the sweet treats after realising how important staying hydrated was when his grandmother became severely dehydrated and had to go to hospital. Staying hydrated helps to regulate body temperature, keeps joints lubricated, prevents infections, delivers nutrients to cells and keeps organs functioning properly, amongst other things. It can also help improve sleep, cognition and mood.

It's something we keep a close eye on at WCS Care and we've set a target of at least 1.5 litres of fluid for each resident every day, which experts say is a healthy amount. We accurately record this on our mobile care planning app throughout the day, so we can encourage people to drink a bit more if they need to. The average daily fluid intake for people living with us is 1.9 litres.

For people with dementia, it can be particularly challenging to stay hydrated, so taking part in a trial with Lewis and his team gave us another tool to help our residents stay hydrated that came wrapped up in a fruit-flavoured sweet treat that contains 95% water. Eating a tray of the sweets gives a resident 300ml of water, the same as drinking three cups of water.

Residents and staff were keen to try the sweets and we provided a range of feedback to Lewis about the sweets' flavours, consistency, handling ease and packing. We've recently taken delivery of the improved version of the drops and will be trialling them in homes over the coming months.

Music for dementia

We often hear about the power of music and for people living with dementia, when language understanding and verbal communication becomes harder, music can unlock the brain and people who can no longer speak or follow a conversation can often still sing and even recall lyrics.

When CEO Ed Russell visited HammondCare in Australia in 2018 he witnessed staff musicians playing for residents at their care homes – a bit like music on prescription. This was the inspiration for our Community Musician role at Woodside Care Village – a permanent staff member who ensures music is an everyday experience for the people living there. From community musical experiences to personalised musical memories, our musician gets to know each resident's musical tastes so they can use the power of music to bring people together and help reminiscence.

Our first Community Musician has been so successful it's inspired us to change our recruitment of activity staff going forwards, and we're now recruiting people who have specific specialisms, such as music, or art and crafts, who can travel between homes and share their passion with residents.

Docobo

Having first been introduced to Docobo in our Innovation Hub several years ago, we've been pleased to be part of a trial of the Doc@Home integrated care system at several of our homes over the second half of the year.

When a resident starts to become unwell, this digital platform allows carers to record a resident's observations and symptoms by answering a range of structured questions. This data is then

transmitted to a secure clinical database ready for triage, contributing to faster, more appropriate treatment for residents. Designed specifically for residential care the system has contributed to a **Report of the Trustees including the strategic report (Continued)**

reduction in unnecessary hospital admissions which can cause emotional and physical upset for residents, and the upskilling of carers.

Smart nutrition

Working with two of our long-standing innovation partners, *apetito*, who support our meal delivery approach at Castle Brook and Woodside Care Village, and PCS, who provide our electronic care planning system, we're trialling an approach to capture the nutritional value of the food our residents eat. By having the exact ingredients and nutritional values for each meal, we can use the PCS system to scan a meal option and capture the nutritional value of each resident's individual food consumption.

Although this project is in an early phase, initial work is progressing well and we hope this approach will contribute to food safety as well as nutritional knowledge through the flagging of allergens and dietary requirements.

Small household design

We believe it's important to recognise the success of the household design at Woodside Care Village in relation to managing Covid over the last year. We designed the home with small households for between five and seven residents, each with their own front door, to create a sense of community, provide a range of lifestyle choices and give residents a homely environment where they could do as little or as much as they wanted.

Another advantage of this design has been our ability to manage infection control effectively at the home. We had very few cases of Covid at the home, however where we did have isolated cases the infection didn't spread in the home because residents were able to be isolated effectively on their own household, with dedicated household staff and no access to the rest of the home or the rest of their household. If the infection had spread within a household it would have been limited to a small number of residents, however this didn't happen and each person was managed effectively through the isolation period.

Partnership working

Warwickshire County Council

We were pleased to build on the excellent working relationship we have with our local commissioners during 2020 and extend our contract with Warwickshire County Council to provide socially funded places in our homes for another five years, building on our charity's continuing social impact and our 30-year history of providing services.

We're proud that approximately 250 socially funded people benefit from WCS's charitable support every year leading to an overall annual charitable contribution of approximately £600,000 to this contract.

South Warwickshire Foundation Trust (SWFT)

Our partnership with SWFT was extended with additional capacity in 2020, and continued to deliver successful outcomes for hospital patients who are discharged to us for support with their ongoing reablement after experiencing a fall or having surgery. Freeing up vitally needed hospital beds, 87% of people who came through the service returned to their usual accommodation and 93% of people were discharged with no district nurse support requirements, an increase of 22% on the previous year.

Report of the Trustees including the strategic report (Continued)

This service was also extended to Drovers House in 2020, providing the same therapy provision in a homely environment for the people of Rugby.

Local charities and trusts

Two of the households at Woodside Care Village, Oken House and Eyffler House, are named after The Charity of Thomas Oken and Nicholas Eyffler, who provided grants to install acoustic monitoring and circadian lighting in the home.

The circadian lighting provides everyday health benefits for the people living at the home, and in particular has been of help when people have had to isolate during lockdown or upon admission to the home during the last year.

And we're pleased that Oken House is now home to six people, with Eyffler House, the last household to open, about to welcome its first residents, just 18 months after the home first opened.

Financial review

Taxation status

As a charity, WCS Care Group Limited is exempt from corporation tax on its charitable activities.

Insurance of directors and trustees

The charity maintains insurance for the directors and trustees of WCS Care Group Limited in respect of their duties for the organisation.

Reserves policy and going concern

It is the policy of the charity to target free reserves at a level which will support the operation of the business for a minimum of three months (approximately £4m). Reserves are also held to provide funds for the future development of its property portfolio, continual improvement of services and growth within the charity. The reserves policy is reviewed on an annual basis.

At the year end, free reserves represent unrestricted reserves of £18.9m, less fixed assets of £29.7m, plus debt used to finance assets of £16.7m, which equals £5.9m (2020: £2.6m), which is approximately 4 - 5 months expenditure. The free reserves over £4m are planned to be invested in maintenance of existing care homes and the development of new care services over the coming years.

The directors have considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The trustees are of the view that adequate resources are available to the organisation to continue to operate as a going concern over the foreseeable future from the date of approval of the financial statements.

The Board has revisited its going concern assessment in July 2021 following the outbreak of Covid-19 during 2020. It has reviewed the re-worked cash flows up to March 2023 including scenario planning for a third wave Covid impact on self-funder income. Although there has been some impact, this has been minimal in 2020 year and has had no material impact on the financial viability of the charity in the foreseeable future.

Work is continuing to identify the longer-term effects of Covid-19 on the Care sector. However, we have seen the investment sentiment remaining strong and without an alternative safe and viable

Report of the Trustees including the strategic report (Continued)

option for the care of older people, residential care sector will continue to play a vital role. This work will be closely monitored and updated including consideration of the financial impact in the 21/22 year and beyond. A continuity plan was put to the test during the Coronavirus pandemic and the

Charity has shown to be resilient and able to operate and provide good levels of care in very challenging of circumstances.

Statement of disclosure of information to auditor

The directors at the time when the Report of the Trustees was approved confirm that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- each director has taken steps that ought to have been taken as a director in order to be aware of any information needed by the charity's auditor in connection with preparing their report and to establish that the charity's auditor is aware of that information.

Strengthening the financial position

The charity has made surpluses in the year, building on the reserves generated in previous years.

Financial results

The Charity generated an overall surplus of £1,984,000 (2020: £412,000) in the financial year ended 31 March 2021. This year's financial performance has had a positive impact on the Charity's balance sheet, shows net assets of £18,894,000 (2020 - £16,910,000). More information on the application of reserves is provided on page 11. Whilst substantial net assets are not the prime business objective, a strong balance sheet is important in providing the resources to support the Charity's development. The Charity remains in a position to be able to pay its debts as and when they fall due and it continues to provide quality care to its service users.

The Parent Charity, WCS Care, saw overall income from sales increase by 10.6%, mainly due to new sales from Woodside Care Village which opened at the end of November 2019, the annual inflationary increase and sales mix from existing rooms accounted for a 2.5% increase.

Care operating expenditure continues to absorb relatively high property maintenance costs and additional depreciation from fixture and fitting replacements and from the new care home. The Executive Team is charged with maintaining a tight control over operating and administrative expenditure whilst still recognising the need to undertake major maintenance works at some homes so that the high level of service to our service users is maintained.

Payroll costs have increased this year substantially due to additional staff deployed to combat the infection risk from Covid-19 and staffing Woodside Care Village. While the homes make every effort to minimise the use of agency staff, costs in this area have increased by £1,787,000. The Government grants of £1,281,000 to support the additional infection control costs have absorbed the additional staffing costs during the year.

The cost of all refurbishment and capital works has been depreciated since the completion of each individual scheme. The Charity has undertaken the refurbishment of all its Homes and combined with plant replacements and the new homes, depreciation costs have increased this year to

£1,560,000 (2020 - £1,490,000). Further information on depreciation costs can be found in note 8 to the Financial Statements.

Report of the Trustees including the strategic report (Continued)

The expenditure on property maintenance continues to be a priority for the charity at £1,060,000 (2020 - £891,000). Within this expenditure the Charity spent £358,000 on safe visiting measures which were partly offset by infection control grant funding. Smaller items of furnishings and equipment purchased by the Homes which, in accordance with the Charity's accounting policies has not been capitalised, increased to £92,000 (2020 - £50,000). This expenditure reflects the Charity's continuing commitment to maintain a high level of décor and furniture within the Homes for the benefit of our service users.

Cost increases were experienced in care and management staff, through the deployment of additional resources in care, pension contributions and Head Office support services, social activities for residents, residential expenses and professional services.

Although the charity operates on a 'not-for-profit' basis, the financial future of the business can only be secured through the delivery of an efficient and effective service that provides operating surpluses to finance even higher standards and future developments. The Charity is required to generate sufficient surpluses in order to raise finances from the bank to invest in existing and new homes.

Despite the continuing underlying financial success of the charity a number of significant financial pressures remain and these include:

i) Staffing costs

The additional staffing for Covid pressures and Infection control totalled £1,055,000 and were mitigated via the government grants received in year of £1,281,000. With the roll out of the vaccination programme, the care homes have seen a dramatic reduction in infections and this has led to a reducing demand on additional staffing. The Charity furloughed eligible staff for instances of self-isolation and pregnancy, this resulted to a claim of £184,000 for the year.

Over many years now the real cost of employing direct care staff in our residential homes has been increasing by significantly more than the rate of inflation. The increase in cost has resulted from meeting the needs of ever frailer residents, specific requirements to meet Dementia Care standards, enhancing service quality in areas such as social activities and laundry. Changes in legislation this year has resulted in over 6.1% increase in direct care staff wages due to increases in the National Living Wage and the continuing professionalisation of the workforce continues to maintain the upwards pressure on staffing costs.

In recent years, the tightening financial position of the charity and the economy in general has led to relatively small increases in pay-grade rates. Due to the lack of fee increases by our main local authority funder, it has been essential for pay awards to be kept to a minimum, in line with many employers in the sector, other than to recognise the increase in the National Living Wage each year. Despite this, there is still pressure on the organisation to generate the income to meet its major costs.

ii) Property maintenance costs, ICT and environment expenditure

The charity's previous refurbishment programme did not address all property aspects and certain equipment, such as boilers, lifts and catering equipment. A programme of replacements has been established and the charity will work through the remainder of this over the next few years. Further

resources have also been earmarked to roll out enhanced technology supporting electronic care planning and acoustic night-time monitoring within the homes. There is also an ongoing programme to purchase new furniture, flooring and curtains.

Report of the Trustees including the strategic report (Continued)

iii) Other costs

There was a significant Covid-19 related expenditure for PPE and infection control during the year. These costs were reimbursed via the Government's Covid financial pressures grant funding. £702,000 of PPE infection control costs were incurred, which were either reimbursed via the Government's funding to Councils or ordered directly via the Government's PPE portal. Costs related to enable safe visiting totalled £226,000 during the year.

Expenditure on insurance was higher than the normal inflationary increase, reflecting the care sector's higher risk profile due to Covid-19 during the year: £154k (2020: £126k). Other utilities costs, Electricity, Gas and Water services were more stable while the cost of food, waste disposal and CQC registration fees remain at significant risk of rising.

Brexit uncertainties will add further cost pressures in the areas of food supplies and energy costs, depending on the relative strength of sterling and potential additional tariffs being applied in any future settlement. Although WCS Care does not employ many staff from mainland Europe (less than 5%), the indirect effects of staffing movement at the minimum wage level could see staff shortages in the care sector as a whole.

In seeking to meet the increasing operational costs faced by the charity, the business strategy is geared towards improving income streams whilst being as efficient as possible in the deployment and management of staff and in contracting for services.

Places within our homes are purchased either by people with independent means or those supported through public expenditure to meet the specific care needs of very frail older people and adults with disabilities. The charity remains committed to ensuring that places will be available at support prices throughout Warwickshire to meet its commitment to operating for the public benefit.

WCC support prices rose in line with inflation in 2020/21, however, this did not entirely cover the wage increase resulting from the statutory National Living Wage.

The need to balance rising care standards and costs with income generation has driven the Charity's business strategy since inception. However, to secure the charity's future position as the leading independent care provider in Warwickshire, directors are committed to the generation of higher operating surpluses with the aim being to continue to strengthen the charity's Balance Sheet and to invest in new residential care homes. The directors have a long-term aim of building unrestricted reserves to a level that would support the operation of the charity for a minimum of six months. This objective has not been achieved, but as explained on page 11, the charity will strive to increase the level of free reserves over the coming years.

On the basis that WCC support rates rise in line with expectations and National Living Wage increases, directors remain confident the charity will be able to maintain care standards and develop its core services, as envisaged in the Business Plan.

Plans for future periods

The strategy adopted focuses on ensuring the Charity has the capacity and capability to develop and deliver future-proofed services. This strategy is predicated on a programme of ensuring sustainability or redevelopment of all its care homes across the county.

Report of the Trustees including the strategic report (Continued)

The key element of the strategy is to develop WCS older people's services over a 5-10 year period based on a mix of successful existing homes operated by WCS; expansion, redevelopment and new build extensions.

Development programme

The charity has developed three new residential care homes. The first home was opened in 2013 in Rugby, providing specialist dementia care for 75 people and the second opened in 2016 in Kenilworth, housing 84 residents and the latest development in Warwick opened in November 2019 with 72 beds. All three care homes were developed with a mix of internally generated funds and bank lending. The current focus is on bringing Warwick to full maturity and developing extensions to existing homes.

Principal risks and uncertainties

General risk management

On a continuous basis, specific risks are identified and rated high, medium or low in a matrix format. Controls are then designed to minimise or mitigate the risk through quality measures, indicating action required and by whom. The Business Risk Assessment forms an integral part of our board meetings.

The directors have examined the principal areas of the charity's operations and considered the major risks faced in each of these areas. The Executive Team reviews key organisational risks on a bi-monthly basis and these are assessed for their likelihood and potential impact on the charity. Action is taken to mitigate any significant risks and the outcome is reported to the board. In the opinion of the directors, the charity has established resources and review systems which, under normal conditions, should allow these risks to be mitigated to an acceptable level in its day to day operations.

Covid-19, service failures, the threat from competitors and higher wage costs due to statutory National Living Wage increases are the most significant risks faced by the charity.

Due to the significant potential harm posed by Covid-19 on the care sector and WCS Care, the Trustees and the Executive Team set up a Covid specific risk review, which focused on the following:

- The impact and development of the virus itself on resident wellbeing and survival.
- Staff morale, wellbeing and employment challenges.
- Financial viability from lower occupancy due to Covid risk preventing older people from choosing care homes as a preferred choice of care.
- Risk to the quality of care dropping whilst the focus throughout the organisation remains on controlling Covid-19 infections and its impact.
- Significant reputational damage due to potential outbreaks at the homes.

For all of the risks above, the Charity has strong mitigations and monitoring systems in place and is confident in being able to contain them.

WCS Care Group Limited

The charity's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk. The charity has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the charity by fixing majority of its' loans to avoid interest rate fluctuations.

Report of the Trustees including the strategic report (Continued)

The charity does not use derivative financial instruments to manage interest rate risks and as such, no hedge accounting is applied.

Given the size of the charity, the directors have not delegated the responsibility of monitoring financial risk management to a sub group of the board. The policies set by the board of directors are implemented by the charity's finance department.

Energy and emissions report

The following table summarises WCS Care's reporting requirements under the Government's Streamlined Energy and Carbon Reporting (SECR).

	<u>2021</u>	<u>2020</u>
UK energy use (1) kWh	6,955,744	7,363,656
Associated Greenhouse gas emissions (2) Tonnes CO2 equivalent	1,538	1,508
Intensity ratio (3) Tonnes CO2 equivalent emissions per FTE	2.77	3.00

- (1) UK energy use (Kwh) is relation to Gas, Electricity and car fuel used by the company.
- (2) The associated Greenhouse gas emissions tonnes CO2 equivalent has been calculated using the Government's conversion factors for reporting and HM Environmental reporting guidelines.
- (3) The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full time employee (FTE).

Energy efficiency measures

Our ESOS (Energy Savings Opportunities Scheme) energy audit was undertaken in 2019 in accordance with the principles of the ISO 50002 and the British Standards Institution energy audits requirements. The Summary findings recommended to replace high energy lighting with LED equivalent. WCS has replaced florescent lights in two of the Home's receptions and where existing florescent lights fail these are upgraded to LED as a matter of course.

In 2021-22, 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 where it is feasible to do so.

Related parties

The organisation has one wholly owned subsidiary, which was active during the year: Common Lane Developments Limited (CLDL). The charity acquired the entire share capital of CLDL in May 2013 and developed the site it owns in Kenilworth into an 84 bed specialist residential dementia care home which completed in December 2016. CLDL will continue to operate as a development company for WCS Group Limited. It developed Woodside Care Village during 2019.

Significant contracts

The charity has a care contract with Warwickshire County Council (WCC) which is being extended for a further 5 years from 2021. The contract involves delivering residential care services to older people

Report of the Trustees including the strategic report (Continued)

and people with disabilities and provides the charity with around half of its income with the remainder generated from sales to private individuals or other public authorities.

Key performance indicators

Each home within the residential care operation prepares a monthly Management Report which includes key performance indicators to ensure each part of the business is compliant with the following standards which are internally audited. The KPI standards include overall care quality; safety; effectiveness of operations; responsiveness; and the homes being well led.

Public benefit

The charity trustees have complied with the requirement contained in section 17 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission in exercising their duties.

Service users who are not able to fund their place entirely from their own resources are normally subsidised by their local authority, predominately Warwickshire County Council, following an assessment of care needs. In this way, the charity is able to ensure that individuals across the whole community are able to benefit from the high quality services WCS offers.

Fees charged to service users are commensurate with maintaining the financial viability of the organisation.

Statement of Directors' responsibilities

The directors are responsible for preparing the report of the trustees incorporating the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for the year. In preparing those financial statements the directors are required to:

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

The directors are responsible for keeping adequate 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of

the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Trustees including the strategic report (Continued)

Independent auditor

A resolution to reappoint CROWE U.K. LLP as auditor to the charity will be proposed at the annual general meeting.

People management

An extensive programme of training on organisational values and aspirations continued to be delivered to staff across the organisation to ensure values are shared and cascaded into all areas of care and practice. Evidence that this was successful is apparent in recent reports from CQC which recognise the strong culture, leadership and innovation at all levels of WCS Care and individual homes.

Staff turnover increased slightly to 23% (2020 - 22%) above the internal target of 20%. Despite the level of staff turnover WCS does not have many staff vacancies.

WCS has in place Conditions of Service which comply with legislation, are flexible, support the organisation's values and objectives, and which promote employee satisfaction. They include:

- full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities
- continuing the employment of, and arranging training for, employees who have become disabled persons while employed
- the training, career development and promotion of disabled persons

Staff salaries (including KMP) are benchmarked against similar organisations, recruitment guidance and 3rd parties advice is also taken to ensure that they are reasonable and in line with the sector

Sickness absence was impacted by Covid-19 and increased to 5.8% for the year (2020 – 3.4%) and is slightly above the internal target of 5.5%.

The charity holds a Silver accreditation in Investors in People, which is due for renewal during 2021.

Approval of the report of the trustees and the strategic report

The Report of the trustees incorporating the strategic report has been approved by the Board of Directors and is signed on behalf of the board by:

A F Levett - Chairman



17 September 2021

Independent auditor's report to the members of WCS Care Group Limited

Opinion

We have audited the financial statements of WCS Care Group Limited ('the charitable company') and its subsidiary ('the group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Company Balance Sheet, Statement of Consolidated Cash Flow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions related to going concern

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

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

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

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

WCS Care Group Limited

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the Directors' report and the Strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report included within the Trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 4, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were the CQC Regulations, General Data Protection Regulations and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be with the completeness and accuracy of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance Committee about their own identification and assessment of the risks of irregularities, designing audit procedures over income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

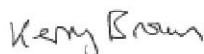
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for

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preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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



Kerry Brown
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

Date 30 September 2021

Consolidated statement of financial activities (including income and expenditure account) for the year ended 31 March 2021

	Notes	Unrestricted funds £000	Restricted funds £000	Total funds 2021 £000	Total funds 2020 £000
Income					
Income from Charitable Activities					
Provision of care services	2	22,389	-	22,389	19,688
Other income	2	185	-	185	-
Donations	2	85	1,281	1,366	-
Investment income	4	3	-	3	16
Total Income		22,662	1,281	23,943	19,704
Expenditure					
Charitable expenditure:					
Care operating expenses	6	20,194	1,281	21,475	18,880
Total charitable expenditure		20,194	1,281	21,475	18,880
Interest payable	5	483		483	412
Total Expenditure		20,677	1,281	21,958	19,292
Net income before other recognised gains and losses					
	7	1,985	-	1,985	412
Corporation tax paid	25	1	-	1	-
Net income and net movement in funds for the year		1,984	-	1,984	412
Reconciliation of funds					
Fund balances brought forward at 1 April	17	16,907	3	16,910	16,495
Net movement		1,984	-	1,984	412
Fund balances carried forward at 31 March		18,891	3	18,894	16,907

The notes on pages 28 to 43 form part of these financial statements.

Balance sheet as at 31 March 2021

		Group		Company	
	Notes	2021	2020	2021	2020
		£000	£000	£000	£000
Fixed Assets					
Tangible Assets	8	29,701	31,129	29,717	31,159
Investments	9	-	-	-	-
		29,701	31,129	29,717	31,159
Current Assets					
Debtors	10	1,872	1,741	1,872	1,732
Cash at bank and in hand		5,519	3,284	5,495	3,225
		7,391	5,025	7,367	4,957
Creditors: amounts falling due within one year	11	(2,384)	(3,336)	(2,351)	(3,274)
Net current assets		5,007	1,689	5,016	1,683
Total assets less current liabilities		34,708	32,818	34,733	32,842
Creditors: amounts falling due after more than one year	12	(15,814)	(15,908)	(15,814)	(15,908)
Net assets		18,894	16,910	18,919	16,934
Funds					
Unrestricted fund	17	18,891	16,907	18,916	16,931
Restricted fund	15	3	3	3	3
Total funds		18,894	16,910	18,919	16,934

Company Number: 02713150

The financial statements on pages 25 to 42 were approved and authorised for issue by the board of directors on 17 September 2021 and were signed on its behalf by:

A F Levett



Statement of Consolidated Cash flow for the year ending 31 March 2021

	Notes	2021	2020
		£000	£000
Cash provided by operating activities	18	3,058	2,124
Cash flows from investing activities			
Interest income		3	11
Purchase of tangible fixed assets		(129)	(4,971)
Corporation tax	25	(1)	-
Cash used in investing activities		(127)	(4,960)
Cash flows from financing activities			
Cash outflow from repayment of borrowings		(355)	(850)
Cash inflows from new borrowings		142	4,671
Interest payable		(483)	(412)
Cash used in financing activities		(696)	3,409
Increase in cash and cash equivalents in the year	19	2,235	990
Cash and cash equivalents at the beginning of the year		3,284	2,294
Total Cash and cash equivalents at the end of the year		5,519	3,284
Cash and cash equivalents			
Cash and bank and in hand		5,519	3,284
Cash and cash equivalents		5,519	3,284

Note: All cash and cash equivalents are held in instant access deposit accounts.

Notes to the Financial Statements for the year ended 31 March 2021

1. Accounting policies

WCS Care Group Limited is a company limited by guarantee, registered in England and Wales with registration number 02713150, and a registered charity, number 1012788. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of Preparation and Going Concern

The financial statements have been prepared on a going concern basis.

In the current business climate, the Trustees acknowledges the ongoing Covid-19 pandemic. In response to the pandemic, the Executive and the Board are monitoring all aspects of the Group's activities and have implemented the necessary operational changes to mitigate the financial impact of Covid-19. Actions have included a full reforecast of the financial position and cash flows for the period to March 2022 and stress testing the cash position to assess scenarios relating to reductions in investment values. The liquidity of investments has also been considered to ensure that funds are sufficiently accessible should they be called upon.

Given the strength of the balance sheet and availability and liquidity of investments, the members of the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the group's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Basis of consolidation

The consolidated statement of financial activities, income and expenditure account, cash flow statement and balance sheet include the financial statements of the charity and its subsidiary undertaking made up to 31 March 2021 on a line by line basis. Intra-group sales and surpluses are eliminated fully on consolidation. Uniform accounting policies are applied across the whole group.

The charity has also taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirements to present a charity only Statement of Cash Flows and certain disclosures about the charity's financial instruments within the consolidated financial statements.

Tangible fixed assets

Property and equipment is stated at cost less accumulated depreciation and impairment charges.

Freehold land and buildings

Freehold land and buildings are capitalised at cost. Freehold land is not depreciated. New freehold buildings are depreciated on a straight line basis over their estimated useful economic life of 50 years commencing with the completion of the building or its acquisition. Capital expenditure incurred by the charity on refurbishing or improving older freehold properties acquired is capitalised. Depreciation on these properties is provided on a straight line basis over the expected economic life of the improvements, commencing with the period in which the improvement or refurbishment project is concluded. An average economic life of 25 years is used as a basis.

Other tangible fixed assets

Items costing over £1,500 each are capitalised. The cost of fixed assets comprises their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Equipment, fixtures and fittings	20 – 33%

Leases

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Investments

Fixed asset investments include investment in subsidiaries which are stated at cost less any impairment.

Investment income

Interest income is accounted for on a receivable basis and is accrued up to the balance sheet date.

Income from provision of care services

Income, which excludes value added tax, represents revenue from residents and local authorities for care services. This revenue is recognised as the services are provided.

Legacies

Legacies are recognised when they are received or, if before receipt, there is sufficient evidence to provide the necessary certainty that the legacy will be received and the value can be measured with sufficient reliability.

Expenditure

Expenditure in relation to charitable activities is included on an accruals basis, inclusive of any value added tax which cannot be recovered.

Support costs

Support costs include all expenditure not directly attributable to the day to day operation of providing care services and relate to services provided by head office.

Bad debts

Specific provision is made for those debts which are not considered recoverable.

Government grants

Revenue grants are credited to the statement of financial activities.

Pension costs

The charity closed and exited the defined benefit pension scheme, operated by WCC on 31 September 2018. The total cessation payment amounted to £952k and was paid to WCC in March 2019. The LGPS members were transferred to the existing People's Pension scheme.

WCS Care Group Limited

The charity operates its own Stakeholder Pension Scheme and makes contributions based on length of service. The charity has also implemented an Auto Enrolment Scheme making contributions that follow the requirements of the relevant legislation. The cost of contributions is charged to the statement of financial activities as incurred.

Taxation

Taxation has not been provided on the net income for the year on the grounds that Part 11 of the Corporation Tax Act 2010 applies (tax exemption for charitable companies).

Funds structure

Unrestricted funds

Fund available to the charity to reinvest in the services it provides.

Restricted fund

Unexpended balances relating to legacies from former residents to be used for the sole benefit of the home receiving the bequest.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

Impairment of debtors

The group makes an estimate of trade debtors and other debtors. When assessing the impairment of trade debtors and other debtors, management considers factors including ageing profile of debtors and historical experience.

Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are amended when necessary to reflect current estimates and the physical condition of the assets.

2. Income

Provision of care services

The total income of £23,942,000 has arisen entirely within the United Kingdom and includes a total of £9,153,000 which is received from WCC under a contract for the provision of care services (2020 £8,211,000). During the year, other income and donations received in relation to Covid-19 totalled £2,167,000:

	Unrestricted funds £000	Restricted funds £000	Total funds 2021 £000	Total funds 2020 £000
Income from charitable activities	22,389	-	22,389	19,688
Job retention scheme	185	-	185	-
Other Income	185	-	185	-
Infection control		1,281	1,281	-
Government portal PPE	85	-	85	-
Donations	85	1,281	1,366	-

3. Employee information

The members of the Management Committee, who are directors of the charity, receive no remuneration for their services to the charity but are reimbursed for incidental expenses associated with attendance at committee and other meetings. The total of expenses in the year of £0 (2020: £500) due to meetings being conducted online.

The cost of indemnity insurance for the trustees was £840 (2020: £896).

The cost of employing staff during the year was:

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Staff costs				
Wages and salaries	13,895	12,309	13,895	12,309
Social security costs	822	679	822	679
Pension costs	324	309	324	309
Total staff costs	15,041	13,297	15,041	13,297

WCS Care Group Limited

Staff costs include expenditure on agency staff of £1,047,000 (2020: £1,280,000).

The average monthly number of persons employed within the charity by business activity was:

	2021	2020
	Number	Number
Residential care	858	747
Head office	24	23
	882	770

The following number of employees received remuneration (excluding pension contributions) falling within the following ranges:

	2021	2020
	Number	Number
£70,001 – £80,000	1	1
£80,001 – £90,000	1	2
£90,001 – £100,000	1	-
£100,001 – £110,000	-	1

The number of staff receiving more than £60,000 to whom retirement benefits are accruing under a defined benefit scheme was 0 (2019: 0). All of the above 3 (2020: 4) were members of a money purchase scheme for which the contributions were £45,000 (2020: £63,000).

The key management personnel of the group and the charity comprise of the Chief Executive, Finance Director and Director of Quality and Compliance. The total remuneration was £410,000 (2020: £525,000).

4. Investment income

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Interest receivable on short term deposits and other bank balances	3	16	3	16
	3	16	3	16

5. Interest payable

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Interest payable on bank loans	483	412	483	412
	483	412	483	412

6. Charitable expenditure

Care operating expenses of £21,475k (2020: £18,860k) include the following support charges:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
General office and finance staff	1,306	1,351	1,306	1,351
Premises	116	161	116	161
Training	39	62	39	62
Information and communications technology	340	266	340	266
Banking and finance charges	88	17	88	17
Legal and professional	64	69	64	69
Governance costs	51	57	50	52
	2,004	1,983	2,003	1,978

7. Net income for the year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Depreciation charge for the year:				
Tangible owned fixed assets	1,556	1,490	1,556	1,490
Auditor's remuneration for:				
Audit	27	27	27	23
Other services	-	3	-	3
Operating lease rentals:	12	3	12	3
Other leases				
Expenditure on furnishings and equipment in refurbished premises	92	50	92	50
	1,688	1,573	1,688	1,569

8. Tangible assets**Group**

	Freehold Land and Buildings £000	Fixtures Fittings and Equipment £000	Motor Vehicles £000	Total £000
<u>Cost</u>				
At 1 April 2020	42,428	3,425	15	45,868
Additions	14	146	-	160
Disposals	<u>(26)</u>	<u>(5)</u>	<u>0</u>	(31)
At 31 March 2021	<u>42,416</u>	<u>3,566</u>	<u>15</u>	<u>45,997</u>
<u>Depreciation</u>				
At 1 April 2020	12,683	2,047	9	14,739
Charge for the year	1,041	516	3	1,560
Eliminated in respect of disposals	<u>(2)</u>	<u>(1)</u>	-	(3)
At 31 March 2021	<u>13,722</u>	<u>2,562</u>	<u>12</u>	<u>16,296</u>
<u>Net Book Value</u>				
At 31 March 2021	<u>28,694</u>	<u>1,004</u>	<u>3</u>	<u>29,701</u>
At 1 April 2020	<u>29,745</u>	<u>1,378</u>	<u>6</u>	<u>31,129</u>

8. Tangible assets

Company

	Freehold Land and <u>Buildings</u> £000	Fixtures Fittings and <u>Equipment</u> £000	Motor <u>Vehicles</u> £000	<u>Total</u> £000
<u>Cost</u>				
At 1 April 2020	42,457	3,425	15	45,897
Additions	-	146	-	146
Disposals	<u>(26)</u>	<u>(5)</u>	-	(31)
At 31 March 2021	<u>42,431</u>	<u>3,566</u>	<u>15</u>	<u>46,012</u>
<u>Depreciation</u>				
At 1 April 2020	12,683	2,047	9	14,739
Charge for the year	1,040	516	3	1,559
Eliminated in respect of disposals	<u>(2)</u>	<u>(1)</u>	-	(3)
At 31 March 2021	<u>13,721</u>	<u>2,562</u>	<u>12</u>	<u>16,295</u>
<u>Net Book Value</u>				
At 31 March 2021	<u>28,710</u>	<u>1,004</u>	<u>3</u>	<u>29,717</u>
At 1 April 2020	<u>29,774</u>	<u>1,379</u>	<u>6</u>	<u>31,159</u>

The net book value at 31 March 2021 represents fixed assets used entirely for direct charitable purposes.

9. Fixed asset investments

WCS Care owns 100% of the share capital of the following group company:

Company	Principal activity
Common Lane Developments Limited	Construction development services
Company number: 07582043	
Incorporated in England in March 2011	

The liability of WCS Care as a member of Common Lane Developments Limited is £799; 100% of the ordinary share capital. It made an operating loss of £1,000 for the year (2020 surplus: £35,000). The subsidiary has net assets of £5,000 (2020: net assets of £5,000).

10. Debtors

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	1,741	1,574	1,741	1,574
Taxation recoverable	-	9	-	-
Prepayments and accrued income	131	158	131	158
	1,872	1,741	1,872	1,732

11. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank loans	846	965	846	965
Payments received on account	-	513	-	513
Trade creditors	276	455	276	395
Amounts owing to subsidiary undertakings	-	-	78	167
Other taxation and social security	182	180	182	180
Other creditors	16	8	16	8
Accruals	1,065	1,215	953	1,046
	2,384	3,336	2,351	3,274

12. Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank loans	15,814	15,908	15,814	15,908
	15,814	15,908	15,814	15,908

Bank loans are repayable as follows:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
In one year or less	845	965	845	965
Between one and two years	967	967	967	967
Between two and 5 years	4,586	4,574	4,586	4,574
In 5 years or more	10,261	10,367	10,261	10,367
	16,660	16,873	16,660	16,873

The charity has four loan facilities, which are fully drawn: (1) £2.3m variable loan to 2023. (2) Fixed loan of £5.1m to 2030. (3) Third loan, £5.5m fixed for 10 years to 2028. (4) £5.7m to 2043, which part financed the Warwick development and opened in November 2019.

On 13 May 2013 the charity entered into a debenture with The Royal Bank of Scotland plc to secure loan facilities by way of a fixed charge over all property, plant & machinery, goodwill, investments in subsidiaries and intellectual property. There is a floating charge over its undertaking and all its other property, assets and rights owned now or in the future which are not subject to an effective fixed charge under the debenture.

13. Employee benefit obligations

Defined contribution scheme

The charity participates in a Stakeholder Pension Scheme operated by Aviva which meets the government's Auto Enrolment requirements. This scheme was closed to new entrants in March 2015. Charity contributions range from 3% to 6% dependent on length of service and the level of contribution made by employees, which is flexible and governed by the Stakeholder Pension Scheme

rules. On 1 April 2014 the charity implemented an Auto Enrolment Scheme making contributions that follow the requirements of the relevant legislation. At present, employee and employer contributions are 3%.

The total pension cost for the charity for the defined contribution schemes in the current year was £324,000 (2020: £309,000). The increase is due to increased staff numbers.

14. Deferred grants

Deferred grants are included within accruals and deferred income.

15. Restricted funds

The income funds of the charity include restricted funds (represented by net current assets) comprising the following unexpended balances relating to donations received for the benefit of certain homes. The donations cannot be used for any other purpose and their net value at the end of the financial year was represented by a cash balance of £3,554.

Analysis of restricted fund movements

	Fund Balance brought forward	Incoming resources	Expenditure	Fund balance carried forward
	1 April 2020 £000	2020/21 £000	2020/21 £000	31 March 2021 £000
Donations	3	1,281	1,281	3

During the year the charity received £1,281k in infection control grants for Covid 19 related expenditure.

16. Designated fund

The charity does not have any designated funds which have been set aside by the trustees.

17. Other charitable fund

The other charitable funds of the charity are represented by the following balances and movements in the year related to operational surpluses.

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
At 1 April	16,907	16,495	16,931	16,513
Net income	1,984	412	1,985	418
At 31 March	18,891	16,907	18,916	16,931

18. Reconciliation of changes in resources to net cash inflow from continuing operating activities

	2021	2020
	£000	£000
Net incoming resources for the period	1,984	412
Depreciation on tangible fixed assets	1,556	1,490
Interest receivable	(3)	(11)
Interest payable	483	412
Increase in trade debtors	(167)	223
Decrease in prepayments and other debtors	37	124
Decrease in trade creditors	(179)	(361)
Decrease in accruals and other creditors	(653)	252
Net cash inflow from continuing operating activities	3,058	2,541

19. Analysis of changes in net debt

		Cash flows	Financing charge			Cash flows	Financing charge	
	1 April 2020 £000	2020/21 £000	2020/21 £000	31 March 2021 £000	1 April 2019 £000	2019/20 £000	2019/20 £000	31 March 2020 £000
Cash at bank and in hand	3,284	2,235	-	5,519	2,294	990	-	3,284
Debt due within 1 year	(965)	423	(304)	(845)	(791)	850	(1,024)	(965)
Debt due after 1 year	(15,908)	(210)	304	(15,814)	(12,262)	(4,671)	1,025	(15,908)

20. Capital commitments

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
At 31 March	-	163	-	-

Group capital commitments related to the construction works for a care home development in Warwick. Work on the development started in January 2018 and was completed in November 2019.

21. Financial commitments

At 31 March 2021 the Group and Company had annual commitments under non-cancellable operating leases as follows:

	2021		2020	
	Land and Buildings	Other	Land and Buildings	Other
Group and company				
Expiring within one year	-	1	-	-
Expiring between two and five years inclusive	-	33	-	4
	-	34	-	4

22. Contingent liabilities

At 31 March 2021 the Group and Company had no contingent liabilities (2020: £nil).

23. Related party transactions

The organisation has one wholly owned subsidiary which was active during the year, Common Lane Developments Limited (CLDL), registered at Newlands, Whites Row, Kenilworth, CV8 1HW. The charity acquired the entire share capital of CLDL in May 2013 and the company is used to redevelop care homes for WCS Care Group limited. During 2020-21 CLDL completed no work. Amount owned by CLDL to WCS Care as at 31 March 2021 is £78k (2020 -£47k).

24. Taxation

	2021	2020
	£000	£000
UK Corporation tax	1	0

Tax charged to the Statement of Financial Activities represents UK corporation tax payable by WCS's subsidiary, Common Lane Developments Limited, for the development and sale of Woodside Care Village to WCS Care in 2019.

25. Allocation of Net Assets between funds – Current Year

	Group			Company		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Tangible Fixed Assets	29,701		29,701	29,717		29,717
Net Current Assets / (Liabilities)	5,004	3	5,007	5,012	3	5,015
Long-Term Liabilities (> 1 yr)	(15,814)		(15,814)	(15,814)		(15,814)
	18,891	3	18,894	18,915	3	18,918

Allocation of Net Assets between funds – Prior Year

	Group			Company		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Tangible Fixed Assets	31,129		31,129	31,159		31,159
Net Current Assets / (Liabilities)	1,686	3	1,689	1,680	3	1,683
Long-Term Liabilities (> 1 yr)	(15,908)		(15,908)	(15,908)		(15,908)
	16,907	3	16,910	16,931	3	16,934

Consolidated statement of financial activities (including income and expenditure account) for the year ended 31 March 2020

	Unrestricted funds £000	Restricted funds £000	Total funds 2020 £000	Total funds 2019 £000
Income				
Income from Charitable Activities				
Provision of care services	19,688	-	19,688	17,592
Other income	-	-	-	-
Donations	-	-	-	-
Investment income	16	-	16	13
Total Income	19,704	-	19,704	17,605
Expenditure				
Charitable expenditure:				
Care operating expenses	18,880	-	18,880	17,118
Other expenditure			-	(1,292)
Total charitable expenditure	18,880	-	18,880	15,826
Interest payable	412		412	377
Total Expenditure	19,292	-	19,292	16,203
Net income and net movement in funds for the year	412	-	412	1,402
Reconciliation of funds				
Fund balances brought forward at 1 April	16,495	3	16,498	15,096
Net movement	412	-	412	1,402
Fund balances carried forward at 31 March	16,907	3	16,910	16,498