

**St Andrew's Healthcare
Annual report and financial statements
for the year ended 31 March 2021**

Charity registration number: 1104951

Company number: 05176998

St Andrew's Healthcare

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St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021

Chair's report

Welcome to this year's Annual Report. The last year has been like no other, and Healthcare organisations across the world have had to pivot to meet the challenges of Covid-19. Our goal has been to keep our patients and staff safe and well during the first and second waves. I want to acknowledge how tough the past year has been, and thank our patients and our staff for everything they have done.

I joined the Charity as Chair last October. Starting during a pandemic is not without its challenges, but I have been grateful to and impressed by all my new St Andrew's colleagues who, despite the pressures, have been generous with their time.

Despite the enormity of operating under the shadow of Covid-19, the Charity has continued to progress an ambitious programme of change, to ensure that quality and safety are at the heart of everything we do. The goal is to create the best possible therapeutic environment to give people the opportunity to move on in their lives.

This has meant reducing the number of patients we care for to right size our services. It has meant making better use of our estate, especially in Northampton, to strengthen the clinical leadership of our services. The feedback from our patients and from our commissioners and regulators confirm we are on the right track, but there is still more to do.

From my visits to services in Essex, Birmingham and Northampton I have been impressed by the passion and compassion of our staff. The last year has taken a heavy toll on healthcare professionals everywhere.

The Charity has been around for 183 years. Much has changed in the field of mental health in that time, and St Andrew's has often been at the forefront of innovation. But past glory will not sustain us or deliver our charitable purpose. The mental health landscape is changing. As a society we are more aware of mental health and expect more of mental health services. As a leading mental health charity providing care, support and treatment for some of the most complex patients in the healthcare system, we too must change and play our part in shaping the future.

Since my appointment as Chair last autumn, the St Andrew's Trustees have been working with our Executive team on a new strategy which will build on the progress made so far and set our course for the future. I am excited for what lies ahead, and I am confident of the Charity's abilities to continue evolving and improving, to ensure that we continue to play our part.

Our commitment to treating people in the least restrictive setting is unwavering. Looking forward, we hope to treat more people close to home, in collaboration with the NHS and other partners. We hope to grow our community services – such as our Veterans' Complex Treatment Service which supports former members of the Armed Forces, our probation service which helps people in the criminal justice system, and our outpatients' therapy services - to ensure we reach more people who need support.

We will share our insights to identify future opportunities for early and preventative interventions, as well as developing a new portfolio of services including more care in community settings, both to avoid the need for inpatient care and to create opportunities for people to continue their recovery when they leave us.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Chair's report (continued)

The next chapter in St Andrew's history will see us use our charitable status to challenge, promote and advocate for people suffering complex mental ill health, and be based on us as being seen as experts in our field. As this Annual Report demonstrates, St Andrew's has a unique opportunity to develop the future of mental health and learning disabilities care and treatment.

A handwritten signature in black ink, appearing to read 'Paul Burstow', written in a cursive style.

Rt Hon Paul Burstow

Chair, Board of Trustees

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Objectives and activities

St Andrew's Healthcare is a charity that provides specialist mental healthcare for people with complex mental health needs. Over the past 183 years a lot has changed in the field of mental health, and St Andrew's has often been at the forefront of innovation, but as a charity our purpose remains to relieve suffering, give hope and promote recovery.

The people who use our services come from different backgrounds and places, and have various mental and physical health needs. Some individuals need short-term, intensive support following a mental health crisis or breakdown, and some people stay with us for longer periods; for these individuals we can provide not just medical interventions, but therapy and support to help them get their lives back on track. Some patients come to St Andrew's towards the end of their life, and our expert staff care for them in as comfortable an environment as possible.

We provide care across a number of services, including Men's and Women's mental health, Child and Adolescent Mental Health Services (CAMHS), Neuropsychiatry, Autistic spectrum disorder and learning disabilities. Our headquarters and largest site is in Northampton, but we also have facilities in Birmingham and Essex (Winslow and Broom Cottage) which provide specialist locally-focused mental healthcare.

Across our hospitals, we provide treatment and care for over 570 inpatients who face challenges of mental illnesses, developmental disorders, brain injuries and neurological conditions. We also offer treatment and support for individuals within community settings and as outpatients, to different groups including former members of the Armed Forces and people within the Criminal Justice System. We also work with other services to support individuals as they leave hospital care.

Public benefit

As laid out in our Articles of Association, our charitable purpose is to relieve suffering, give hope and promote recovery. Our activities aim to ensure that knowledge and understanding of a patient's needs are catered for; that patients are valued; and that patients (and their families) have access to help when they need it. We are a charity providing specialist care, education and research to help people with mental health disorders live a more rewarding life. The Charity's Strategy builds on this further through the six strategic focus areas of Quality of care, People, Delivering value, Innovation and Research, Buildings and Information, and New Partnerships, which enable us to deliver our charitable purpose. Further details of the six strategic focus areas are shown on page 25.

Our strategic objectives underpin the delivery of our strategy and the ability to meet our charitable purpose and include a commitment to providing high quality value-based outcomes; the co-production of outcomes with patients and their carers; strong external engagement and the forming of partnerships with other providers together with effective use of resources ensure that St Andrew's is at the forefront of clinical practice, care modelling and service delivery through innovation and research.

The Trustees have given due regard to the Charity Commission's guidance on public benefit when exercising relevant powers and duties.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Achievements and performance

Eighteen months ago, none of us could have anticipated what a challenging, unpredictable and emotional year it was going to be. The Coronavirus pandemic has given us numerous challenges, and our staff have been on the frontline throughout, working around the clock to support our patients' health and wellbeing.

It has been exceptionally difficult for people in hospitals and community settings. Our patients have been less able to enjoy visits from their loved ones and friends, or access as many group activity sessions as we would normally provide. However we are optimistic for the future as we follow the easing of lockdown restrictions, we are able to plan, with our patients, a safe reopening of the full range of therapeutic activities.

The pandemic hasn't slowed down our ambitions for the future. We are continuously striving to deliver the very best care for our patients. We aim to help everyone in our care to lead a meaningful life, with – where possible – discharge from hospital as soon as they are ready.

Over the past twelve months, 438 patients have been discharged from our care, moving on to either lower levels of security or back into the community.

We are continuing to lobby for an improvement in the approach to commissioning, and plan to develop more community services ourselves. This will help us to support more patients to move into a less restrictive environment within the community. We currently care for 11 patients within Winslow and Broom, our Community Services.

Our divisions

In order to focus our clinical and nursing expertise, we separate our Northampton hospital into five divisions.

- Child and Adolescent Mental Health Service (CAMHS)
- Medium secure mental health
- Low secure and specialist rehab
- Autistic spectrum disorders and learning disability
- Neuropsychiatry

Each division is led by a Triumvirate consisting of a Clinical Director, Head of Nursing and Head of Operations. Our Birmingham and Essex hospitals are separate divisions in their own right, with their own operational and clinical leadership. A similar model was adopted within our Nottingham hospital but this was sold during the year with these patients being moved to other hospitals or within the Charity. This site closure forms part of the Charities wider plans to re-structure the business by caring for patients over fewer sites and to use some of these efficiency savings to improve its quality of care.

In addition, our Community partnerships team supports over 2,000 individuals each year through a variety of clinics. These services include the Assertive transition service (ATS) which works with patients before they are discharged to ensure they are prepared for a life within the community, and our Veterans' complex treatment service which supports ex-military personnel who require intensive care and treatment for mental health issues. Between 1 April 2020 and 31 March 2021, the ATS supported 18 individuals while the Veterans' Complex Treatment Service supported 306 patients.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Our divisions (continued)

St Andrew's also supported individuals via the London Community Rehabilitation Company during the year. This service, based in the capital, provided Psychological assessment and therapy for offenders post sentence, and aimed to address mental health issues and offending behaviour. During the year the service supported 933 individuals, and received 1,774 referrals.

Patient outcomes

As we shared in last year's report, we use the Value Based Healthcare model to ensure we achieve the very best patient outcomes by using our resources in the most effective and efficient way possible.

We are using a range of outcomes measuring 'tools' to allow us to understand how well we are achieving the outcomes which are most important to our patients. Over the last year our Clinicians have made use of our innovative dashboards, which provide them with instant information about our patients to support clinical decision making. Collecting information with these tools allows us to compare outcomes data with other national or international mental healthcare providers. Ultimately, this data will help us to improve the quality of care we provide to our patients, now and in the future.

Feedback from the people we care for is vitally important, and the best way to ensure our patients are receiving good care and treatment while at St Andrew's is to ask them. Following a successful pilot last year, we are now running a regular Patient Reported Experience Measures (PREMS) survey, which aims to capture patient feedback in order for us to make improvements. It is not enough that our patients get clinically better while in our care; we also need to ensure they have a good experience while being treated by us. The data that PREMS provides will help us to systematically measure and understand the quality of our patients' experience of care. Improving this is a priority and our patients' feedback is a crucial source of evidence and information about service quality. It will be carefully collected the results will be taken seriously and action taken whenever necessary.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

External stakeholder reviews of our services

Due to the Coronavirus pandemic, the last 12 months have been exceptionally challenging. Despite the pandemic, over the last year we have made huge strides in improving the quality of our services.

The pandemic impacted the methods employed by external bodies to review the services we provide. The Care Quality Commission (CQC) regulates us, but other bodies also review aspects of what we do. These include NHS England/ Improvement, Commissioning Collaborative IMPACT, NHS Wales, the Safeguarding Boards for Adults and Children in the areas where we operate, the Charity Commission and the Health and Safety Executive. Most stopped undertaking physical visits and changed their methodology for conducting reviews during this period.

During the past year, the CQC carried out one focussed inspection of our Child and Adolescent Mental Health Services (CAMHS) with regard to the fundamental standards. It was acknowledged that at the time of the inspection although positive changes had been implemented since the service was rated Inadequate, they had not had the opportunity to be embedded and this was reflected in the improvement in the rating from 'Inadequate' to 'Requires Improvement'.

We have continued to drive the improvements needed across all of the services and are pleased to note that in March 2021 all the conditions that had been placed on the registration for both the CAMHS and Women's services were removed.

During the year, in response to the Covid-19 Pandemic the CQC implemented a new Transitional Monitoring Approach (TMA) to reviewing services. All of our Northampton based services were reviewed using this approach in the Spring of 2021. This process does not result in a formal outcome however the verbal feedback for all services was predominately positive.

As a direct result of the pandemic there was increased scrutiny in relation to the Infection Prevention and Control practices within St Andrew's from NHS England/Improvement. Their oversight supported changes to practice which has had positive outcomes for our patients. The work implemented, especially in relation to Covid-19, has been recognised with St Andrew's being invited to share best practice with others.

With the national Covid-19 restrictions now lifted we are seeing the external bodies return to physically visit services and undertake reviews. We remain positive about the scrutiny this provides as it affords an opportunity to reflect and to continue to make changes to improving the experiences and outcomes for our patients and staff.

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Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Key Performance Indicators (KPI's)

We are using three measures to track our progress with delivery of care and support to our patients:

CGI: The 'Clinical Global Impressions (CGI) outcome tool is a well-recognized and internationally used measure which allows clinicians to monitor and assess whether the treatments being delivered are leading to improvements in patient health. Our latest assessment using the tool indicates that 53% of patients (out of a total of 825) have seen an overall improvement in their condition.

Friends and Family: The last assessment of the Friends and Family Test showed that 62% of patients (out of a total of 151) are 'likely' or 'extremely likely' to recommend our service.

Patient Satisfaction: The Patient Satisfaction Survey showed that out of a total of 70 patients, 60% report that they would rate their satisfaction with their care as either 'good' or 'excellent'.

Research

Our Research and Innovation team has KPIs in 10 areas, each with a specific measure. We have chosen the number of papers published as a good indicator of progress – throughout the year, 21 research papers and conference abstracts were produced and published. The Research Centre is on target to meet and exceed its overall goal of 30 papers published by 2022.

Staff

2020-21 Engagement Score was 57% which was disappointing but reflects the massive impact of Covid-19 on healthcare and also reflects the external healthcare engagement scores. We have a strong post Covid-19 recovery strategy and engagement action plan to bounce back to 68% which is the 2019/20 pre-pandemic level.

2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
57%	68%	66%	64%	64%	59%

Education

Our St Andrew's College is rated as Outstanding by Ofsted and CAMHS patients achieved 404 qualifications in the year. For our adult patients we offered 12,143 teaching sessions and our adult patients achieved over 350 qualifications over the same period. Our Recovery and Every Day Skills Academy supported 632 patients across all our services and we provided over 100 work placements.

For staff we provided over 23,000 days of learning which is the equivalent of six days of learning per staff member and we currently have 110 apprentices on programmes making St Andrew's one of the largest apprenticeship employers in the UK.

Across the year we made 381 internal promotions. We hosted over 300 students from UK universities including 279 nursing students, 50 occupational therapy students, 31 psychology students and 112 medical students.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Research and Innovation

Research was one of the three founding principles of St Andrew's when it was formed in 1838, and despite many changes in the intervening 183 years, it remains a key strategic goal for the Charity. In today's world of technological advancements and, against a landscape of increasing competition for limited resources, innovation is the natural partner of research. Accordingly, research and innovation is a key focus for the Charity, demonstrating the emphasis we place on finding and delivering improvements.

We continue to develop our research strands to aid delivery of the Charity's strategy with an objective to develop and manage a carefully selected portfolio of research and innovation projects with the single aim of delivering maximum value to our patients, enabling them to recover, and return to the community as quickly as possible to lead fulfilling and rewarding lives.

Over the last year we have made significant progress and increased our research portfolio with particular emphasis on those projects that will have a real clinical impact, for example, improving our patients sleep, enhancing exercise, reducing distressing emotions through virtual reality technology and exploring inequalities with generalisable outputs to change healthcare system disparities.

We have also sought to nurture and support all members of the care teams to advance their research skills, through the provision of training and by assisting them in the development of research ideas. This mission has been further strengthened by introducing a number of clinical research secondments for practicing clinicians to give them the space and time to devote to research and innovation within the Charity.

Diversity and inclusion

At St Andrew's, we know that diversity is one of our greatest strengths, contributing positively to our success and, most importantly, to the care we provide for our patients. As a charity we take great pride in our diversity and inclusion initiatives and we are extremely proud of our results. Our Gender Pay Gap ratio based on data from April 2020 is 0% and this is a figure we have maintained for the last 3 years, comparing to a national pay gap of 15.4%. Our median ethnicity pay gap for the same period was -3.9% meaning that when considering total remuneration our ethnic minority employees received a higher hourly rate of pay in comparison to non-ethnic minority employees. This compares to a national pay gap of 2.3%.

We believe diversity is important in all parts of the organisation. We have a diverse workforce with 64% of our staff female and over 22% of staff from an ethnic minority background, higher than the national average. We are proud of our diverse Board representation and progress we have made in this area with 15% of the Board from an ethnic minority background and 38% female.

We have a number of initiatives where we are seeing fantastic results including our Peer Support Worker programme, bringing people with lived experience of mental health recovery to support our patients. We have successfully rolled out a 'reverse mentoring' scheme aiming to raise awareness and understanding about the barriers and challenges faced by our BAME community in the workplace and ultimately break down inequalities. We continue to provide unconscious bias training ensuring all managers have the tools to challenge their own decision making and fully embrace the diversity of their team.

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Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Volunteers

We are lucky enough to have over 300 volunteers at St Andrew's, some of whom are also paid employees of the Charity. The Pandemic has brought difficulties for our volunteering programme, but our volunteers have persevered and have found amazing ways to boost patient and staff morale and cheer them on during these unusual times.

Whilst the Covid-19 restrictions meant volunteers were not allowed on the wards for long periods they didn't let that stop them from still clocking up over 11,500 voluntary hours. Those that were able to, came in to help with 'contingency support' such as shopping for wards/patients or supporting admin/research duties. Our befrienders continued to regularly support their patients via calls, Zoom and sending letters and cards until they were able to meet them outside for visits. To help keep the patients entertained and remind them that they were still being thought of outside of the hospital, the majority of volunteers sent in letters, quizzes, activity sheets, stories, cards, photos etc., which were then copied and made into Patient Activity Packs and sent to every ward, on every site on a fortnightly basis.

The volunteers also formed themselves into a peer support group by exchanging contact details with each other to support each other through the crisis, and when Workbridge put a call out for additional support, plenty of our volunteers answered the call to provide invaluable support. Despite their own fears and uncertainties surrounding the pandemic, our volunteers continued to shine in their usual way by showing up, putting the patients first and continuing to help out in whatever way they could and doing what was needed. It was very humbling to see and their involvement was of huge help to the Charity and the departments they supported. So a huge thank you to all of our volunteers, for everything they do.

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Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Streamlined energy and carbon reporting ('SECR')

Summary

St Andrew's Healthcare's greenhouse gas emissions, reportable under SECR in 2020/21 were 8,970 tonnes CO₂e.

These include the emissions associated with UK electricity, natural gas consumption and business travel in company and private vehicles by employees. In addition, refrigerant gas (F-gas) consumption has been included in this year's reporting for the first time. St Andrew's greenhouse gas emissions were 9.4% lower than the equivalent emissions in the previous year. The intensity metric of 0.077 tonnes CO₂e per m² floor area is 4.9% lower than last year.

Boundary, methodology and exclusions

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary.

This approach captures emissions associated with the operation of all buildings, such as Residential Care Buildings, Staff Accommodation buildings, Day Centres, Offices and Workshops, plus company-owned vehicles, leased/rental cars and grey fleet transport used for business purposes. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

The reporting period is April 2020 to March 2021, as per the financial accounts.

1 An operational control approach to GHG emissions boundary is defined as: "Your organisation has operational control over an operation if it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies at the operation".

Energy efficiency initiatives

SECR legislation requires that every company provides some basic information in their Directors' Report on the energy efficiency initiatives carried out in the financial year covered by this report. St Andrew's Healthcare have been pro-active in the 20/21 reporting period and have implemented a number of energy efficiency measures, which are listed below:

- Created and launched an energy awareness e-learning module for St Andrew's Healthcare staff
- Policy to install smart LED lighting when refurbishing areas (Smyth House & Charity Gift Shop)
- Building Management Systems upgrades to the Northampton sports and leisure facility
- Reviewed & improved HVAC time and temperature control

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Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Streamlined energy and carbon reporting ('SECR') - continued

Greenhouse gas emissions

Figure 1: Greenhouse gas emissions by year (tonnes CO₂e)

Emissions source	2020/21	2019/20 *	Share %	Change %
Fuel combustion: Natural gas	4,305	4,080	48%	6%
Fuel combustion: Transport	165	275	2%	-40%
Facility operation (F-Gas) *	1,032	1,374	11%	-25%
Purchased electricity	3,468	4,173	39%	-17%
Total emissions (tCO₂e)	8,970	9,902	100%	-9%
Buildings Gross Internal Area (m ²)	116,263	122,229		
Intensity (tCO ₂ e per 1 m ²)	0.077	0.081		-4.9%

Figure 2: Greenhouse gas emissions by scope (tonnes CO₂e)

Emissions source	2020/21	2019/20 *	Share %	Change %
Scope 1 *	5,478	5,575	61%	-2%
Scope 2	3,193	3,846	36%	-17%
Scope 3	299	481	3%	-38%
Total emissions (tCO₂e)	8,970	9,902	100%	-9%

Scope 1: Natural gas, F-Gas and company-operated transport.

Scope 2: Electricity.

Scope 3: Losses from electricity distribution and transmission, private vehicles used for business travel. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.

** In order to increase transparency of carbon emissions and to align with NHS reporting, the Charity has chosen to disclose for the first time this year its emissions attributable to refrigerant gas usage (F-gas) and by doing so has restated the equivalent figures for 2019/20.*

Energy consumption

Figure 3: Energy consumption by year (kWh)

Emissions source	2020/21	2019/20	Share %	Change %
Natural gas for heating	23,410,613	22,192,791	62%	5%
Electricity	13,697,157	15,047,684	36%	-9%
Transport fuel	675,746	1,122,781	2%	-40%
Total	37,783,516	38,363,256	100%	-2%

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Structure, governance and management

Status and Structure

St Andrew's Healthcare is registered in England and Wales as a Company Limited by Guarantee and a registered charity. It is governed by its Articles of Association. The Charity is registered with the Care Quality Commission (CQC), holds a licence from NHS Improvement and is regulated by Ofsted.

The Charity is governed by a Court of Governors and a Board of Trustees. All Trustees are also Directors of the Company.

Court of Governors

The Governors are members of the Charity and at the date of signing the Statutory Accounts, there were 27 Governors which included one Non-Executive Trustee Director and four Constituency Governors. There are also 14 Honorary Governors, who have been active in the past but now play less of a role within the Charity.

Active Governors		
Anne Burnett	James Charrington	William Church
Tim Davy	Lord Charles FitzRoy	Jane Forman-Hardy
William Francklin	Dr Martin Gaskell	Dr Michael Harris
Nick Heygate	Robert Heygate	Crispin Holborow
Sandy Howse	Karen Irvine	Frances Jackson
Denford Jeyacheya	David Laing	Amanda Lowther
Oliver Mackaness	The Marchioness of Northampton	Rupert Perry
Lady Proby	Stuart Richmond-Watson	Adrian Spooner
Ria Stanyer	Johnny Wake	Peter Winslow OBE

The Court of Governors meets four times a year, which includes the Annual General Meeting, where the Governors receive the Annual Report and Accounts and elect or re-elect Trustees. The Board also informs the Governors about the Charity's recent performance and future development during these quarterly meetings.

A number of the Governors play a more active role in the Charity through ward and service visits, reviews of compliments and complaints and patient engagement, all of which provide an important form of assurance to the Governors and helpful intelligence to the Charity Executive Committee regarding current issues. Some Governors also act as Mental Health Act Managers, whilst others are involved with Board Committees, such as the Audit & Risk Committee and the Research Committee and some are also Directors of the Pension Trustee Company.

In order to bring more diversity to the Court of Governors and to ensure that key stakeholders have a voice in the overall direction and management of the Charity, the four Constituency Governors, represent different groups of stakeholders. We currently have two representing Carers and two representing St Andrew's staff.

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Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Governors (continued)

The Board of Trustees

The Board of Trustees operates as a Unitary Board, which means that it has a single board of Directors, made up of Executive and Non-Executive members. The Board is currently comprised of seven Non-Executive Directors and six Executive Directors. The Executive Directors are also members of the Charity Executive Committee.

There are no corporate Trustees and no Trustees hold title to property belonging to the Charity. No one person is entitled to appoint Trustees, with Trustees appointed via the Nomination and Remuneration Committee and confirmed at the Annual AGM.

All new Trustees are required to undergo a comprehensive induction programme, to introduce them to the Charity and explain their obligations as Trustees. This includes visits to our service facilities, discussions with Executive Directors, our corporate induction, and any appropriate training including Board related development.

Non-Executive Trustees are appointed for an initial three year term, which can be extended for a further three year term. Stuart Richmond- Watson, has served as a Trustee for 16 years, which is longer than the recommended time frame. However, his skills and knowledge are deemed by the Board to be valuable to the Charity and making an exception is therefore justified.

The Board considers the Non-Executive Trustees to be independent. All Non-Executive Trustees, save for Dr Peter Carter, the Rt Hon Paul Burstow and Dr Michael Harris have no financial or other business relationship with St Andrew's and act as Non-Executive Directors on an unpaid and voluntary basis. Both Dr Peter Carter and the Rt. Hon. Paul Burstow were remunerated for being the Chair in light of the time commitment required.

Non-Executive Directors/Trustees:

Name	Office (if any)	Dates acted if not for a whole year
Dr Peter Carter OBE	Charity Chair	Resigned 30 September 2020
Rt Hon. Paul Burstow	Charity Chair Committee Chair – People Committee	Appointed 1 October 2020
Stuart Richmond-Watson	Chair – Nomination and Remuneration Committee Chair – Investment Committee	
Dr Michael Harris		Resigned 30 April 2020
Andrew Lee	Chair – Finance Committee	Appointed 1 May 2020
Elena Lokteva	Chair – Audit & Risk Committee	Appointed 1 May 2020
Stanton Newman	Chair – Research Committee	Appointed 1 May 2020
Professor David Sallah	Chair – Quality & Safety Committee	Appointed 1 May 2020
Anne Tansi Harper	Safeguarding	Appointed 1 May 2020, Resigned 30 April 2021
Jane Forman Hardy		Resigned on 24 July 2020
Frances Jackson		Resigned on 24 July 2020
Paul Parsons		Resigned on 31 March 2021
Ruth Bagley		Appointed on 1 June 2021

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Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

The Board of Trustees (continued)

Executive Directors/Trustees:

Name	Office (if any)	Dates acted if not for a whole year
Katie Fisher	Chief Executive Officer	Resigned on 1 December 2021
Jess Lievesley	Deputy Chief Executive Officer	Appointed on 1 August 2020
Alexandra Owen	Chief Finance Officer	
Martin Kersey	Executive HR Director	
Dr. Sanjith Kamath	Executive Medical Director	
Lisa Cairns	Chief Nurse	Resigned on 1 May 2020
Andrew Brogan	Chief Nurse	Appointed on 1 November 2020
Alastair Clegg	Chief Operating Officer	Appointed on 1 August 2020 Resigned on 31 October 2020

Katie Fisher stepped down as chief executive of St Andrews Healthcare on 7 October 2021 and as a director of the company on 1 December 2021. Jess Lievesley moved into the position of interim Chief Executive Officer immediately after her departure and will operate in this role until a permanent appointment is made.

Officers:

Name	Office (if any)	Dates acted if not for a whole year
Duncan Long	Company Secretary	

Board Responsibilities

There were two new committees set up in the year being The People Committee and The Finance Committee, further details are shown below.

The Board is responsible for the overall leadership of the Charity, and for the approval and monitoring of the Charity's vision, values, purpose, long-term objectives and strategy. The Board meets six times a year, with a Board plan in place to ensure that issues are discussed at the right time. In addition to the six scheduled meetings, the Board meets regularly throughout the year to discuss, review and determine the Charity's Strategy. The day-to-day running of the Charity is the responsibility of the Charity Executive Committee.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

The Board is supported by a number of committees:

The People Committee

The People Committee was introduced this year, first sat in September 2020 and provides oversight and guidance on the Charity's overall Engagement Strategy building positive links between patients, carers and staff. The People Committee meets on a bi-monthly basis and has patient and carer representative members, as well as Constituency Governor members, together with staff from across all services within the Charity. The Committee also looks at opportunities for partnerships, networking and information sharing. The Committee is chaired by a Non-Executive Trustee and consists of two Non-Executive Trustees, two Executive Trustees and two Charity Constituency Governors and is attended by employee and patient representatives along with Executives and senior management.

The Finance Committee

The Finance Committee was introduced this year and first sat in September 2020 and provides assurance and governance oversight of the financial management of the Charity, using the "5 F's" model of financial excellence: Financial Control; Financial Resources; Financial Information (internally); Financial Management and Planning and Financial Investment. The Committee meets quarterly and provides performance and treasury updates to the Board and maintains oversight of the Budget and financial forecasting processes. The Committee is chaired by a Non-Executive Trustee and consists of two Non-Executive Trustees and four Executive Trustees and is attended by senior management.

The Quality and Safety Committee

Provides effective governance over all aspects of quality and clinical safety in relation to the Charity's Objects (as laid out in the Articles of Association). Promoting the healing of sickness, the relief of suffering and the relief of need of those experiencing mental disorder, is achieved through defining the Charity's Quality Strategy, and monitoring the implementation and delivery of it. The Committee meets bi-monthly and also oversees the clinical risk processes by identifying associated risks and providing recommendations for mitigating controls. The Committee is chaired by a Clinical Non-Executive Trustee and consists of three Non-Executive Trustees and three Executive Trustees and is attended by both Non-Executives and Executives.

The Nomination and Remuneration Committee

Makes recommendations to the Board regarding new Governors, Trustees, Board and Governor Committees, and nominates candidates for appointment to the Charity Executive Committee and to Director positions of any of the Charity's Group Companies. It also approves the remuneration policy for all employees and determines annually the pay and benefits packages of senior management. The Committee is chaired by a Non-Executive Trustee and consists of three Non-Executive Trustees and one Charity Governor and is attended by Executives and senior management.

The Audit and Risk Committee

Provides assurance and governance oversight of the Charity's risk management and internal control systems, compliance with legal and regulatory requirements, and reviews the quality, performance and independence of the external auditors, along with monitoring the effectiveness of the internal audit function. The Committee consists of three Non-Executive Trustees and three Charity Governors and is attended by Executives and senior management.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

The Charity Executive Committee

Has day-to-day responsibility for running the Charity, focussing on development and delivery of the strategy, delivering value based outcomes for patients and ensuring robust financial management and compliance. The Charity Executive Committee (CEC) is formed from Executives and senior management from across the Charity, with the majority of members from clinical roles, alongside operational and support senior management representing all divisions and functions. The CEC meets on a weekly basis to discuss strategic, performance and operational matters.

The Research Committee

Provides strategic leadership and direction to the Charity's Research Centre and the approach to research and development. The Research Committee has both Patient and Carer members so that we can be sure we are taking their views into account, as well as members from external organisations providing additional knowledge and expertise.

The Investment Committee

Advises and makes recommendations to the Board and to the St Andrew Pension Scheme Trustees on the appointments of fund managers, investment strategy and other investment matters regarding the investment funds.

St Andrew's College Governing Body

St Andrew's Healthcare operates a registered College within the Charity providing patients under the age of 18 with their education. This committee provides strategic leadership and accountability to St Andrew's College by ensuring clarity of vision, ethos and strategic direction. It seeks assurance as to the quality of education of all pupils attending the College.

Employees

Our staff are our most important asset and we invest a lot of time in recruiting the right people. We are committed to continuous development, and ensuring our staff have the right skills to perform their roles and care for our patients.

We have a focussed learning and development strategy, and on average our staff members complete 23,000 days of learning each year, with numerous opportunities for face to face study, e-learning and further education available to people of all role levels and career paths. We also strive to look after our staff when things go wrong, in their work or private lives, with our comprehensive wellbeing benefits.

Our internal development programmes have borne fruit this year, with 381 internal promotions taking place across the Charity. Over the past year we have promoted 52 people to leader or management level, including 3 Charity Executive Committee members, 39 Clinical Leaders and 10 Specialist Managers. In addition, 329 staff members have been promoted within their professional discipline, including 51 Allied Health Profession (AHP) Assistants, 31 Senior AHPs, 34 Senior Healthcare Assistants, 55 Nurses and 63 Senior Nurses.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

CARE Awards

We expect all of our staff to live the St Andrew's CARE values of Compassion, Accountability, Respect and Excellence, every single day. These values shape our staff behaviours, the care we provide and everything we do.

Every year we recognise the achievements of our staff in our annual CARE Awards, which highlight some of the amazing achievements of our staff and some of the moments when their remarkable care and compassion has shone through.

Accountability

Our staff are key to ensuring that we operate in an open and transparent way, identifying when things go wrong or when aspects of our care for patients can be improved. At St Andrew's, everyone is encouraged to speak up and have their say, as our patients rely on us to make a stand for each other when needed.

We have many ways in which staff can make suggestions for change and raise issues, through open forums, online portals, line manager feedback and an independently run whistleblowing service called SafeCall.

Freedom to Speak up Guardians

In 2019 we followed in the footsteps of NHS Trusts and appointed four Freedom to Speak Up Guardians, who offer independent support and advice to staff who would like to raise concerns. Since this time, the team has expanded from four to eleven members and are represented in all sites across the Charity. The Charity has appointed one of its Non-Executive Directors as the designated Trustee for Whistleblowing. This is a critical oversight and assurance role in making sure that staff concerns are acted upon effectively, and where not, brings these issues directly to the attention of the Board of Directors.

Together our Guardians:

- Provide confidential advice and support to employees about any concerns they have about risks, malpractice or wrongdoing in the workplace
- Help create a culture of openness across St Andrew's, encouraging people to speak up and enable lessons to be learned that will in turn improve care
- Help to raise the profile of raising concerns in St Andrew's and the different routes available to do this
- Support and provide guidance to employees to speak up, working collectively to remove any barriers which stop our staff from doing so.

The Guardians have increased their profile across the Charity through a number of staff engagement forums. These have included live team events, site/ward/team visits and speak up campaigns as well as creating new marketing materials and a video to promote the service they offer. The response has been good and has resulted in more staff seeking assistance from the Guardians, and the initiative is helping us to create a culture of openness and transparency.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Remuneration policy

Our reward strategy is designed to deliver market competitive remuneration for all employees, while recognising our status as a charity. We also provide a range of benefits, development and wellbeing support which help make St Andrew's a great place to grow and progress.

As part of our reward strategy we regularly benchmark salaries and other benefits for the whole organisation, and report this to our Remuneration Committee. For our Executive team, we have a published Remuneration Policy that describes a framework for how remuneration is positioned relative to the market, so that we can ensure we can attract and retain the talent we need. Accordingly, when making any decisions on pay, the Remuneration Committee considers pay levels in the NHS, the private sector, the healthcare sector, as well as other charitable organisations. As part of the reward strategy the charity closed the bonus scheme for Executives and senior employees in 2019.

We recognise and value the extraordinary work that everyone working at St Andrew's undertakes, and we set our minimum pay levels above the National Living Wage (NLW) for all employees, regardless of age or role. This year, we continued to pay a premium above the NLW and since we offer enhancements on top of base salary, over 92% of our employees continue to earn average hourly earnings at or above the Real Living Wage based on total remuneration.

The charity's Gender Pay Gap ratio, which was published in March 2021, showed the median pay gap remained at 0% for a third year. This is a clear commitment to being an inclusive employer, and demonstrates the success of our approach to ensuring equality for our workforce.

Showing our commitment to transparency and being an inclusive organisation is important to us, and the charity's Ethnicity Pay Gap ratio was also published internally and externally for the second time in March 2021. This showed our median ethnicity pay gap at April 2020 was -3.9% (based on disclosed ethnicity). This calculation considers total remuneration, which means payments such as enhancements for working unsocial hours are included. The figure of -3.9% means that overall our Ethnic Minority employees received a higher hourly rate of pay in comparison to our non-Ethnic Minority colleagues when taking into account enhancement payments.

Reference and administrative details

The Charity's name is St Andrew's Healthcare, its Charity number is 1104951 and its company number is 5176998. The principal and registered office address is Billing Road, Northampton, Northamptonshire, NN1 5DG.

Other names associated with the Charity include 'Workbridge'. Workbridge, at our Northampton and Birmingham hospital sites, gives patients and service users from the community an opportunity to work as a team, learning and developing work and life skills through a broad range of meaningful activities to help them realise their potential in the community.

The consolidated financial statements of the Group incorporate the financial statements of St. Andrew's Healthcare (the 'Charity'), its subsidiary St. Andrew's Property Management Ltd and joint ventures in Three Shires Hospital LLP and The Pavilion Clinic Limited.

Political donations and political expenditure

No political donations or political expenditure has been incurred during the year (2020: None).

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Qualifying third party and director indemnity provisions

The Charity maintains trustees' and officers qualifying third-party indemnity insurance to provide cover for legal action against its trustees' and officers. This has been in place throughout the year and remains in place at the date of approval of the financial statements.

Dividends

No dividends were paid or recommended in the year (2020: Nil).

Post balance sheet events

1. St Andrew's Healthcare is the ultimate controlling party of Three Shires Hospital LLP. At the balance sheet date, Three Shires Hospital LLP had the controlling interest and was the majority shareholder of The Pavilion Clinic, owning 51% of the issued ordinary share capital. On 1 September 2021 Three Shires Hospital LLP acquired the remaining share capital of The Pavilion Clinic and become the 100 per cent shareholder.

2. In July 2021 the Care Quality Commission conducted an inspection of St Andrews Healthcare Men's and Women's Wards. The Care Quality Commission imposed admission approval processes and introduced enhanced monitoring as a consequence of this inspection. The final report and rating of this inspection were published on 10 November 2021.

3. On 30 November 2021 St Andrews Healthcare received verbal agreement to extend its existing banking credit facility until 31 December 2022 at the level of £27m (2020: £50m), with formal approval taking place on 16 December 2021. This facility was due to end in May 2022 but the facility has been extended for seven months under the existing banking covenants and a revised margin interest rate charge. The Charity will commence tendering of new banking facilities during 2022.

4. Katie Fisher stepped down as chief executive of St Andrews Healthcare on 7 October 2021 and as a director of the company on 1 December 2021. Jess Lievesley moved into the position of interim Chief Executive Officer immediately after her departure and will operate in this role until a permanent appointment is made.

Funds held as custodian trustees on behalf of others

The Charity manages cash and bank balances on behalf of some of its patients. A specific bank account is used for patient money to keep it separate from corporate money, and a patient money system called Harlequin is used to manage patient's individual accounts. The balance at 31 March 2021 was £2.6m (2020: £3m) and this account has been included in the Charity's Balance Sheet in both years.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Statement of Trustees' responsibilities

The Trustees (who are also Directors of St Andrew's Healthcare for the purposes of Company Law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company Law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors

As far as each trustee/director is aware:

- there is no relevant audit information of which the Charity's auditors' are unaware; and
- the trustee/director has taken all the steps which ought to have been taken as a trustee/director in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditors' are aware of that information.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Financial instruments

The group has exposures to two main areas of risk – liquidity risk and interest rate risk.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. Given the maturity of the bank loan in note 19, the group is in a position to meet its commitments and obligations as they fall due.

Interest rate risk

The group borrows from its bankers using term loans, the tenure of which depends on the nature of the asset and management's view of the future direction of interest rate.

Employee statement

The Charity's policy on employment, training, career development and promotion (including disabled people) is covered in the Diversity and Inclusion section on page 10.

Engagement with suppliers, customers and others in a business relationship with the Charity Suppliers

Due to the nature of the Charity, we work closely with our suppliers throughout the country and value the role that they play in the services we provide. We rely on our supply chain partners in all areas of our services, whether relating to direct patient care or support function products and services. Our supply chain partners rely on us to generate revenue and employment for them and we strive to maintain productive and mutually beneficial relations with all our supply partners.

Our Strategic Sourcing team work closely with supplier partners and colleagues to develop and maintain new contractual relationships ensuring best possible value and service is achieved for both parties. They foster healthy competition in the main supply categories in which we operate, through the process of sourcing, competitive tendering, quotations and contracting, whilst maintaining a fully transparent process throughout. The Charity encourages open dialogue with our partners through a number of channels and we also work jointly with partners on initiatives both regionally and nationally that promote our mutual success and the best outcomes for our patients.

Key service contracts are relationship managed across the Charity in an open and collaborative way, to ensure the Charity obtains the desired quality of service and achieving contractual value for money.

The Charity maintains a dedicated Finance and Contracts Management Group, whose function is to provide effective governance over the management of the Charity's key contracts and financial commitments by monitoring compliance with contractual requirements; approving financial commitments within certain financial thresholds, and reviewing those that are above the threshold prior to review by the Finance Committee, Charity Executive Committee or Board of Directors and identifying, and recommending the implementation of controls of associated risks. In addition, the Finance Committee, a Board sub-committee chaired by one of our Non-Executive Trustees, provides further assurance and governance oversight of the Financial Management, Investment and Controls which would include major supply agreements to the Charity Board.



Details of engagement with customers and others in a business relationship with the Charity can be seen in the Section 172 Statement which starts on page 30.

St Andrew's Healthcare

Combined Trustees' and Directors' report for the year ended 31 March 2021 (continued)

Approval and signing

The trustees/directors declare that they have approved the combined trustees' and directors' report above. Signed on behalf of the Charity's trustees/directors:

Signature(s):		
Full name(s):	Rt. Hon. Paul Burstow	Jess Lievesley
Position:	Chairman	Interim Chief Executive Officer
Date:	16 December 2021	16 December 2021

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021

Review of the Group's business

Business review

A financial review of the business has been carried out and is shown on pages 36 – 41.

Plans for future periods

Each year we review our Strategy to ensure that we are still on track in terms of our ambitions and plans. The six key strategic themes that we put in place in our 2018 – 2022 Strategy which aim to ensure that we are delivering our charitable purpose of service, education and research, have remained unchanged:

Quality of Care: We focus on getting the best possible outcomes for our patients and are fully committed to involving them and their carers in achieving this.

People: We strive to ensure that our staff are skilled, flexible and engaged, supported by a wide a range of development programmes and our patients and their carers have access to a range of learning opportunities.

New Partnerships: We work in partnership with the NHS and others to develop the right care for the future and we are developing new community-focused ways to help people recover.

Buildings and Information: We provide high quality patient accommodation that meets people's needs. We continually develop new ways of gathering quality information and data and use this to make the best decisions for our patients.

Delivering Value: We focus our resources on the areas that will make the biggest difference to our patients.

Innovation and Research: We aim to partner with the NHS, universities and other organisations to develop new therapies and treatments; improving patient outcomes with innovative ideas and technologies.

We have a detailed series of measurements for each Strategic theme, so that we can check whether we are on track to achieve what we set out to do. The Charity Executive Committee focuses one of its meetings each month on the Strategy, and the Board reviews the whole Strategy twice a year, and makes changes to the measurement, as some items are completed and further developments are agreed.

We have made good progress with our plans so far, and in the key areas that we identified last year, the current position is set out in the following table.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Plans for future periods (continued)

Strategy Area	2022 Strategic Targets	Current Position 20/21	Next steps 21/22
Quality of care	Patient outcomes improving.	Outcomes are now being measured for patients across all clinical areas.	We will increase stakeholder involvement to support further uptake, and continue to compare our outcomes data with other national or international mental healthcare providers.
People	A staff engagement score of 68%.	The overall engagement score from the 2020/21 staff survey was 57%, 11 points down from the 2019/20 score of 68%. While the last 12 months have been challenging, given the impact of the Covid-19 pandemic we were pleased that 11 wards and 10 function teams achieved an engagement score as good as or even better than the 2019/20 charity-wide engagement score of 68%. However we recognise that this is an area that we need to focus on in 21/22.	Looking ahead, we are developing a charity-wide, local and divisional action plans and our progress will regularly be shared with staff throughout 2021/22. We are focussed on building staff confidence in the Charity's future plans, improving awareness of our leading and development opportunities and ensuring staff are aware of the breadth of wellness support we have on offer.
New partnerships	A 35% increase in the number of patients in community settings compared to 2018. 50% of our service offering is delivered through partnerships by 2022.	We are continuing to work collaboratively in partnership with NHS providers, seeking better ways to manage referral demand. Community partnership opportunities have continued to evolve during the year.	We will continue to grow projects such as our Assertive Transition Service – which offers additional support to individuals from the East Midlands as they prepare to be discharged from hospital and settle into community living – to ensure patients have the best chance of recovery.
Buildings and information	The estate is brought up to date and data is used to support decision making.	We have continued to refurbish clinical areas and move patients around to ensure we make best use of our estate. So far, 16 wards have moved to more appropriate accommodation.	Further ward moves are set to continue this year, with nine wards planned to move before August 2021. Plans to repurpose our main building are continuing at pace.
Delivering value	Focus on cost efficiencies and the introduction of patient level costing by 2021.	We have continued to seek cost efficiencies within clinical settings and enabling functions.	Each of our divisions directly manages both the budget and the outcomes for their patients; over the next year each will be tasked to seek cost efficiencies.
Innovation and research	Patient driven research is delivered that improves outcomes.	The Research and Innovation Department are continuing to support various projects of significant importance, focussed on areas such as medication side effects, staff perceptions and virtual reality.	We aim to develop and grow St Andrew's external partnerships and engagement in this area.

We are currently developing our 2021-2026 strategy, which will focus on Quality, Education and Training, Partnership and Promotion, Research and Innovation, Finance and Sustainability, Service Innovation and Adapting Post Pandemic. We look forward to updating you on these plans and progress in next year's report.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Principal risks and uncertainties

To support the delivery of high quality care to our patients, it is important for us to identify and understand the risks and uncertainties that could disrupt our care activities or could lead to loss or damage to our resources and properties. The better we are at anticipating and managing risks and uncertainties the more effective and reliable we can be in delivering value based patient outcomes and our strategic objectives.

Our managers identify these risks and uncertainties and record them in 'risk registers', also identifying who is responsible for monitoring and managing the risk, and whether any additional actions are required to reduce the uncertainty with the risk to an acceptable level.

Where managers identify a risk or uncertainty they believe could affect the wider Charity, these are reported to our Charity Executive Committee. If the Charity Executive Committee agrees, the risk is adopted as a 'Material Risk' and added to the register of 'Material Risks', assigned an overall Executive owner and allocated to the relevant Board sub-committee for monitoring and oversight purposes. The Material Risk Register is reviewed by the Charity Executive Committee on a monthly basis, and every individual 'Material Risk' is reviewed in detail at least once a quarter.

Our Board of Trustees is responsible for ensuring the arrangements for identifying and managing risks are appropriate, and they review these together with the register of 'Material Risks' at least annually. The Audit and Risk Committee, who meet on a quarterly basis, review the register of 'Material Risks' at each meeting and monitor the risk management arrangements throughout the year to satisfy themselves that the approach is working effectively. Additionally, the Board sub-committees are responsible for completing structured 'deep dive' reviews of each of the 'Material Risks' that fall within their remit.

A summary of our current 'Material Risks' are shown in the following table, along with an explanation of what we are doing to address them. They have been linked to our strategic objectives.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Principal risks and uncertainties (continued)

Risk Theme	Risk Description	Management response
Quality of Care	Regulation and compliance Failure to comply with existing or changing regulatory requirements and achieve positive ratings for standards/ inspections could lead to reputational damage, adverse media comment, negative perceptions amongst patients, relatives and friends and financial and business impacts	We continue to evolve and embed the Charity's Governance Model to ensure that there is an effective flow of information from 'ward to board', so that issues can be addressed in a timely manner. We continually update our policies and procedures to improve the format, clarity and quality of information. We do this to ensure that we can demonstrate compliance with the wide range of regulatory governance requirements that exist within the healthcare sector.
Quality of Care	Inconsistent clinical practice Inconsistencies in the application, oversight and recording of clinical practice could undermine the quality and effectiveness of patient care.	We maintain a Charity-wide clinical governance framework and continue to embed our Clinical Effectiveness Strategy including organisation and ownership, collation and reporting of patient measurements, managing restrictive practices, developing technologies and data provision to support best patient care delivery. Focussed clinical governance meetings are held across different levels within our services, at ward, divisional and executive levels, with clear reporting lines to ensure that any areas of concern are escalated in a timely manner.
Quality of Care	Integrated Healthcare Insufficient depth and range of skills, capabilities, organisational frameworks and stakeholder support could compromise the development and delivery of effective integrated patient healthcare.	We have significantly strengthened the provision of physical healthcare for our patients, ensuring integration between our clinical software to improve the quality of patient records and patients across all of our locations have access to GP services. We are exploring long term sustainable solutions to ensure our focus on preventative physical healthcare is maintained.
Quality of Care	Strategic Environmental Change A late and ineffective response to the changing expectations and requirements of key stakeholders in the healthcare economy could materially impact the Charity's Strategy and its relevance to national mental health provision emphasising provider collaborative care and new commissioning models to deliver care, including risk and gain share arrangements.	We continue to develop the level of engagement and collaboration with key stakeholders within the healthcare sector, and monitor developments in the health and social care system, so that we can ensure that our business model remains relevant and meets the requirements of commissioners and regulators.
Quality of Care	Covid-19 Infection & Pandemic The risks associated with Covid-19 outbreak could impact the Charity's financial position, workforce stability, procurement of resources, patient and staff safety causing widespread service disruptions (impacting patient care) potentially leading to litigation, financial and reputational damage.	We have an established Clinical and Professional Advisory Committee (CPAC), which forms part of the Charity emergency planning for Covid-19. The CPAC provides advice to clinical teams regarding ethical, clinical and complex decisions regarding patients are services in the face of challenges presented by the pandemic. We maintain a Pandemic Preparedness Plan which is continually reviewed to ensure it reflects actual practices.
New Partnerships	Reputation Management The risk of significant short or long-term damage to the Charity's credibility and brand could occur due to negative media reports, adverse events, false rumours and / or the materialisation of high profile risks.	We are working directly with partners in the oversight and delivery of services with positive progress noticed by our stakeholders, including commissioners, regulators, care partners and key influencers in the healthcare economy. We continue to develop our integrated campaign of promotion and marketing with distinct phases and messaging around how the Charity is changing.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Principal risks and uncertainties (continued)

Risk Theme	Risk Description	Management response
New Partnerships	Service Development The risk of the Charity not having the internal capabilities and capacity to successfully deliver the proposed Community based service user and patient services.	We continue to develop our community care solutions in partnership with other providers, to ensure that our services are appropriate and meet the requirements of the organisations that commission Healthcare services. We consult with Commissioners on requirements for bespoke service developments and engage with housing association partners with a view to establishing new services. We are utilising available Northampton estate capacity to develop community infrastructure and capacity to support the transfer of patients from within our buildings.
People	Recruitment and retention challenges The Charity may be unable to recruit and retain sufficient numbers and quality of clinical, management and strategy skillsets and expertise to deliver operational excellence and develop and implement the strategy.	We have gained approval from market leading Professional Bodies and Top Universities to directly recruit the requisite skillsets for our Charity, as well as running campaigns in the British Medical Journal to recruit Consultant & Non-Consultant Doctors. We continue to work with local NHS Trusts and Universities to promote cross system careers in Healthcare. Our programme of charity-wide employee engagement activities continues to be developed and delivered, including the employee forum, staff survey and the appointment of further Freedom to Speak Up Guardians. We are changing our culture through our leadership, development of staff, employee wellbeing, reward strategy, succession planning and value based recruitment.
People	Health and Safety Management Failure to comply in our duties under the Health & Safety at Work Act (1974) and other regulations could compromise patient and staff safety, potentially leading to fines and sentencing of individual prosecution and litigation. Failure to prevent and control the risk of violence and aggression towards staff could result in prosecution or enforcement by the Health and Safety Executive, and damage the reputation of the Charity and its standing with Commissioners, Patients and their families.	The health and safety of our staff and patients is of primary importance to us, so we must ensure our health and safety arrangements are effective, appropriate and adaptable to the broad range of activities our staff and patients are engaged in. We continue to develop and improve our health and safety management system and a Health and Safety Business Partnership has been put in place. Health and safety is a key topic monitored by our Board of Directors and Charity Executive Committee. We have taken measures to minimise the risk of violence and abuse towards staff, based upon risk assessment, staff training, and thorough investigation of incidents to ensure that lessons are learned, so that work areas can be made as safe as practicable.
People	Achieving Positive Cultural Change Development of a positive, challenging organisational culture could be compromised by poor engagement, understanding and support for the Strategy and the organisational change agenda. There is also a risk that a lack of capability and flexible frameworks for the delivery of change and transformation could inhibit the Charity in adapting to address changes in strategic and operational markets, potentially leading to lost opportunities.	We are focused upon improving staff engagement, ensuring that our Multi-Disciplinary Teams are fully integrated into clinical teams, and ensuring that staff understand and contribute to the Charity's mission whilst modelling our core values at all times. We continue to communicate our 'Value Based Healthcare' strategy to clinical and healthcare teams to raise awareness and understanding of our values. We have launched a Continuous Improvement Programme based on the 'PDSA' model. There is a programme to increase awareness and engagement with Continuous Quality Improvement initiatives using internal resource and external support through NHS England.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Principal risks and uncertainties (continued)

Risk Theme	Risk Description	Management response
Buildings and Information	Cyber Risk and Resilience Potential weaknesses in cyber security strategy and arrangements could render the Charity's information systems and applications vulnerable to external or internal attack, increasing the risk of major systems disruption, data loss, 'ransom-ware' attack and potential financial impact.	We have a well-established Information Security team and are continually improving our IT network and information systems to ensure that data is secure.

Section 172 Statement

The Trustees of St Andrew's Healthcare are aware of their requirement under s.172 of the Companies Act 2006, to act in the way they consider, in good faith, would most likely promote the success of the Charity for the benefit of its patients, employees and other key beneficiaries and stakeholders, and in doing so, have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Charity's employees;
- the need to foster the Charity's business;
- the relationships with suppliers, customers and others;
- the impact of the Charity's operations on the community and the environment;
- the desirability of the Charity maintaining a reputation for high standards of business conduct, and
- the need to act fairly between members of the Charity

The Trustees have taken steps to incorporate the s.172 requirements as part of the matters and decisions reserved for the Board, with due consideration given to potential impacts and risks for our stakeholders. The Trustees take account of these factors before making strategic decisions which they believe are in the best interests of the Charity and are in keeping with the Charity's purpose to relieve suffering, give hope and promote recovery. The Charity recognises that it remains in a period of reflection and learning in response to a number of performance issues previously identified through our stakeholders and the Trustees are aware of the significance of these areas when discharging their duties. Learning from previous decisions and actions, the Trustees ensure the Charity's strategy and vision considers the longer-term consequences for the Charity and its key beneficiaries and stakeholders.

The Board of Trustees regularly reviews our main stakeholders and how we engage with them and consider that the following groups are the Charity's key stakeholders. The Board looks at many ways to understand the respective interests of them and how they are properly considered in the Board's decisions. We have many ways of doing this, including reports and updates from members of management who directly engage with the stakeholders; direct engagement with them by the Trustees, membership and attendance of Board committees by representatives of the stakeholder groups and inclusion within Board papers of appropriate stakeholder interests in relation to proposed courses of actions and potential decisions.

The section below provides examples of how we have engaged with them in the year, as well as demonstrating stakeholder considerations in the decision making process.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Section 172 Statement (continued)

Patients

At the heart of the Charity are our patients and delivering the best outcomes possible. As such, it is crucial for the voice of our patients to be heard throughout the Charity, especially at Board level. The Patient Experience Team have a range of initiatives to capture and act on patient's opinions and collaborate about decision making and service improvement and a "Patient Voice" section is included on all Board agendas.

The Trustees regularly attend our Birmingham, Essex and Northampton Service (BENS) meeting, to hear patients' views and concerns from across all three regional sites and services, and the patient voice is heard at every meeting of the Board. Patients attend an element of the meeting to share their experience and discuss topics of interests with the Trustees and senior management. This year we have had patients from our CAMHS and Medium Secure services, including patients from our Blended Ward, Personality Disorder Service and a patient who moved from our Nottingham Hospital to our Northampton site, who discussed their journey and experiences, providing valuable insight into patient transfers from a patient's point of view. We have also had patient led discussions on a number of conditions and diagnoses. These patient led sessions have directly influenced the decisions made at Board in relation to patient services.

Where a significant event is planned that may or may not impact patients, a Quality Impact Assessment is completed and overseen by our Executive Trustees, ensuring any impact on the quality of care given to our patients is given the highest priority during the decision process.

Patient outcomes and their care is a central part of our Quality and Safety Committee and this Sub-Board Committee is chaired by one of our Non-Executive Trustees and includes two further Non-Executive and three Executive Trustees within its membership. The focussed discussions at these meetings help inform and support the decisions made in these areas by the Board and help shape the Quality element of the Charity's Strategy.

The Charity's Strategy, overseen by the Board via the relevant sub-Board Committees and at regular focussed Board Strategy days, has clear objectives directly focused on the considerations of our patients, including outcomes, co-production and estates management.

In September 2020 a new Board sub-committee was formed, the People Committee. This committee looks at all the Charity strategies relating to patient and carer engagement, patient co-production, staff engagement, diversity and inclusion, as well as the results and actions relating to both patient and staff surveys. As well as providing oversight and guidance on these strategies, the Committee provides a direct route to the Board agenda for patient, carer and employee focussed topics, ensuring that they remain a key element of Board decision making and are taken into account when discussing future Board strategies. There are patient, carer and employee representatives on the Committee, working alongside our Non-Executive and Executive Trustees as well as key senior managers from across the Charity.

This year saw the appointment of Anne Tansi Harper as the designated Trustee for Safeguarding. This Non-Executive working in conjunction with our Chief Nurse and Executive Medical Director ensured that the Board was sighted directly on safeguarding events and procedures, increasing the ability to respond to patient safeguarding concerns at a Board level.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Section 172 Statement (continued)

Carers

We understand that often our patients are supported by a network of families and carers and how key it is for Trustees to receive their input when making decisions that impact them. To support this there is a dedicated Carer Centre on the Northampton site available for carers to use as well as a support line, however use of the carer centre has been significantly impacted by the restrictions imposed due to the Coronavirus Pandemic during the year. In response to the restrictions imposed due to the pandemic, virtual forms of support, guidance and contact have been maintained to maintain the on-going contact with carers. There are regular carer forums where they are able to voice their comments or concerns and dedicated Carer Governors available for them to liaise with.

In order to bring the views and different experiences of carers to the discussions at the Court of Governors, there are two Carer Governors who attend our Court of Governors during the year and liaise with Trustees through the attendance at sub-Board committees. The Court of Governors help the Board achieve the best possible results for the patients who use our services. Now and in the future, they hold the Board to account, appoint Directors and provide additional scrutiny through ward visits and reviews of complaints and levels of patient engagement.

Employees

The Charity recognises the value of its employees and volunteers and the important role they have to play in its success. There is an annual "YourVoice" survey to capture information on employee opinion, which informs a yearly plan for improvement (You Said, We Did) which is submitted for review and approval by the Board. In addition there are frequent employee engagement forums where employees can raise any concerns and have discussions on Charity matters. The Charity has increased the number of "Freedom to Speak Up" Guardians this year. The Guardians provide confidential advice and support to employees about any concerns. Regular reports on all these topics are shared directly with the Trustees, during Board meetings and this year saw the appointment of one of our Non-Executives as the designated Trustee for Whistleblowing, further enhancing the connection and ability to respond to employee concerns at Board level.

Our Court of Governors also includes two dedicated Staff Governors in order to bring the views and different experiences of the Charity's employees to the discussions at the Court of Governors.

The Charity continues with its innovative Reverse Mentoring programme that was introduced last year, and this approach helps to drive better representation of Black, Asian and Minority Ethnic people at senior levels. Reverse mentoring is about mentoring 'upwards' where it is the senior leader who is primarily learning from the less experienced, usually younger colleague. It enables each person to benefit from the knowledge, insight, perspective and experiences of the other. A number of our Executive Directors have entered into reverse mentoring relationships so that they can understand and learn from the skills and expertise from our staff and help inform some of the wider Board decisions.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Section 172 Statement (continued)

Governors

Whilst the Trustees understand their obligations to the Charity as Directors, the Charity operates an additional level of oversight through its Court of Governors. The Trustees meet with our Governors formally, four times each year, to provide updates on the Charity's performance and ability to meet its strategic objectives. This allows our Governors the opportunity to ensure that our Trustees are meeting their statutory obligations toward the Charity and acting in a way that promotes its success.

Governors usually make regular visits to the Charity to review the care provided and feed this back to both ward management and the Executive team, however this has been significantly impacted by the restrictions imposed due to the Coronavirus Pandemic, with face to face visits being postponed during restrictions. A number of virtual visits were carried out to help facilitate this important element of engagement and learning and face to face ward and service visits resumed in June 2021.

A number of Governors continue to sit on Board sub-committees, such as the Audit and Risk, Nominations and Remuneration, Research and People Committees providing valuable contributions to discussions and decisions.

Regulators

As a result of the care that the Charity provides we are subject to review through a number of external regulators. Our Trustees are committed to working closely with our regulators and taking account of their views. To this end the Charity meet regularly with a variety of these regulators to discuss ongoing matters but also to seek advice and guidance on decisions.

In addition the Charity has been able to welcome two senior members of staff from one of our regulators on secondment into key roles which have supported the drive for an improvement in quality and with the continuous improvement of services, through their attendance and participation at Board and Sub-Board Committees.

We have also worked closely with the appropriate regulators throughout the Coronavirus Pandemic, including the provision of a specific Infection Prevention Control Quality Improvement programme provided with direct support from the regulator's advisors. This programme directly influences the future IPC approach and culture within the Charity.

Since November 2020, the Charity's Board of Directors have been holding part of their meetings as a Meeting in Public, with the agendas and papers shared on the Charity's website, allowing regulators, members of the public and other interested stakeholders to access and review discussions and decisions taken by the Board. In March, the Charity held its first "live" Board Meeting in Public via Microsoft Teams with a number of regulators and key stakeholders in attendance.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Section 172 Statement (continued)

Partners

Due to the nature of the Charity, we work closely with key partners throughout the country and value the role that they play in shaping our strategy. To support the Trustees in understanding this wide range of views, the Charity encourages open dialogue with our partners through a number of channels. We also work jointly with partners on initiatives both regionally and nationally that promote our mutual success and the best outcomes for our patients.

The Charity's Strategy contains a key focus area of New Partnerships, overseen directly by an Executive Trustee, with objectives focused on strong external engagement and ensuring future service offerings are built on partnerships. The Charity has entered into a number of Alliances and Provider Collaboratives within the East and West Midlands, and continues to grow these partnerships via collaborative Board meetings. The development of these collaboratives and alliances are reviewed regularly by our Trustees via Board and Sub-Board Committees.

Alliances aim to build strong relationships with our NHS Partners and look at the direction and development of services and are therefore an integral part of our future decision making processes. The Provider Collaboratives place the emphasis on collaboration rather than competition with providers to drive better patient outcomes.

New Community based partnerships are being created in line with our Strategy, and representatives of the Community Partnerships division attended Board to provide insight on the diverse nature of services provided and discuss the direction of future community partnerships, having a direct impact on decisions taken by the Board.

Our Trustees also work closely with key partners such as NHS England, Care Quality Commission and Commissioners to build understanding and awareness of the Charity's decisions and activities.

Suppliers

The Charity works with a wide range of suppliers, the majority situated within the UK. We remain committed to being fair and transparent in our dealings with all of our suppliers and wherever possible prioritising smaller suppliers in the local community.

The Charity undergoes due diligence before appointing any new suppliers including a review of their internal governance, for example, their anti-bribery and corruption practices, data protection policies and modern slavery matters.

The Company has systems and processes in place to ensure suppliers are paid in a timely manner.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Key performance indicators

The Group measures its results using Key Performance indicators ('KPI's'). Non-financial KPI's are included in the above Combined Trustees' and Directors' report on page 9, the main Financial KPI's are shown below:

KPI			2021	2020	Movement (%)
In-patient occupancy	Annual Avg	Volume	615	758	(19%)
In-patient occupancy % of available beds	Annual Avg	%	81%	86%	(6%)
Total Charity deficit	Annual Total	£m	(10.1)	(14.4)	30%
Loan balance	at 31st March	£m	(19.8)	(34.6)	43%
Investments held	at 31st March	£m	21.4	19.1	12%
Cash balance held	at 31st March	£m	7.6	5.0	53%
Current Assets to Current Liabilities ratio	at 31st March	Ratio	(0.9)	(0.9)	-%

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Financial review of the Group

Income of the Group

	2021 £m	2021 %	2020 £m	2020 %
Income from:				
Donations	-	-	0.4	0.2
Funding for charitable activities	175.6	89.8	180.5	88.4
Other trading activities	19.7	10.1	22.8	11.2
Investments	0.3	0.1	0.4	0.2
Total Income	195.6	100.0	204.1	100.0

St Andrew's receives almost all of its income from NHS commissioners who aim to place patients with complex mental health needs with appropriate providers of care. Our single biggest source of such funding is NHS England (NHSE), the centralised body that places patients with secure care requirements, although during 2020-21 NHS England commenced the devolvement of service provision to Regional Provider Collaboratives. Our other main source of funding is the Clinical Commissioning Groups (CCGs) who commission our services for their patients with complex needs. The funding from NHSE, Regional Provider Collaboratives and CCGs is linked to each patient in our care and paid mainly on a per day basis for each day they are with us.

We also receive funding to support the provision of education for our patients, from the Education Funding Authority and Local Authorities. In addition we operate regional commercial contracts delivering specialist services and through St Andrew's Workbridge have funding to support external service users and generate income from our Café and Garden Centre.

Periodically we receive donations due to the generosity of our supporters, including ex-patients and their families and the newly created Fundraising and Donations Group is responsible for how any donations are spent and future development of policies around how we might actively seek funding through donations, grants and legacies. The Group does not currently actively seek donations from the public and as such does not undertake to be bound by any voluntary scheme or standard for regulating fund-raising.

In total, funding received for charitable activities was £175.6m (2020: £180.5m), a decrease of 2.7% on the previous year. This is inclusive of the non-underlying income received from the sale of our Nottingham property. This reduction was as a direct result of a planned reduction in occupancy to allow a number of wards based on our Northampton site to be relocated into more suitable facilities. These changes were delayed slightly as a result of the 2nd wave of the Covid-19 pandemic but have now been completed and occupancy will grow in future years as a result of the changes made. In addition but as part of the strategic plans we sold our Nottingham Hospital during the financial year which consequently reduced occupancy and income compared to previous financial year.

We also receive income from other trading activities, mainly Three Shires Hospital LLP, which receives income from insurance companies and NHS bodies for general medical care of £17.0m (2020: £19.6m). Income from trading activities was affected by the Covid-19 pandemic and as a result reduced to £19.7m (2020: £22.8m) in the year, which was a decrease of 13.6% from the previous year.

Income from investments in the year was £0.3m (2020: £0.4m).

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Financial review of the Group (continued)

Expenditure of the Group

	2021 £m	2021 %	2020 £m	2020 %
Expenditure on:				
Charitable activities	(189.6)	91.7	(193.3)	91.1
Other trading activities	(16.2)	7.8	(17.8)	8.4
Interest payable and similar charges	(1.0)	0.5	(1.0)	0.5
Total expenditure	(206.8)	100.0	(212.1)	100.0
Total income less total expenditure	(11.2)		(8.0)	
Net gain/(loss) on investments	2.0		(4.1)	
Taxation	-		(0.1)	
Net income attributable to non-controlling interests share	(0.9)		(1.7)	
Total net expenditure attributable to Charitable Group	(10.1)		(13.9)	
Other recognised losses	-		(0.5)	
Deficit for year	(10.1)		(14.4)	

We are extremely conscious of our duty not only to provide the best outcomes for our patients but to do so in an efficient manner. Our aim is to maximise the impact of every pound spent on delivering outcomes for our patients.

We aim to make a surplus in some years to enable us to retain a certain amount of money in reserve so that in challenging years, or years where we need to spend on "one-off" items, we can move into a deficit if we believe this in the best interests of our long term charitable objectives and still have enough cash to continue to provide care.

In 2020-21, our total expenditure was £206.8m (2020: £212.1m), 2.5% less than in the previous year, resulting in a deficit (after other recognised losses) of £10.1m (2020: deficit of £14.4m). This is inclusive of non-underlying expenditure incurred regarding the sale of our Nottingham property. This reduction in expenditure over and above the previous year is as a result of a cost saving strategy across the Group during the year to align costs with reduced revenue, although the implementation of these initiatives continue into the future years. These costs savings have been offset by investment in Northampton site to ensure that our services are provided in the best facilities we have across the site, this programme of activities will be completed in the summer of 2021.

Over the last three years we have been investing in major change initiatives aimed at reorganising the Group to align all its resources in order to achieve better outcomes for patients. The financial impact of this has resulted in another Group deficit for the year.

Charitable activities accounted for 91.7% of the group's expenditure amounting to £189.6m (2020: £193.3m), and was used in either directly caring for our patients or providing the infrastructure and enabling services required to make that possible. The Group reported a £16.5m deficit (2020: £9.3m deficit) from underlying activities in the year but offset by a £6.4m surplus (2020: £4.6m deficit) from non-underlying activities which included the profit on disposal of our Nottingham hospital less costs associated with the site sale.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Financial review of the Group (continued)

Summarised Balance Sheet of the Group

The Balance Sheet of the Group measures the assets and liabilities that the Group had on the final day of the year, 31 March 2021, and compares them with the same position a year earlier.

	2021 £m	2020 £m
Tangible and intangible fixed assets	211.1	235.8
Investments	21.4	19.1
Current assets	26.6	21.8
Current liabilities	(31.1)	(23.1)
Long term liabilities	(20.8)	(35.6)
Net assets	207.2	218.0
Total funds of the Charity	205.9	216.0
Non-controlling interests	1.3	2.0
Total funds	207.2	218.0

Tangible and intangible fixed assets comprises of £207.0m (2020: £229.3m) of tangible assets, £4.1m (2020: £6.5m) of intangible assets. The total has reduced by £24.7m in the year. This movement is due to depreciation and impairment charges of £15.3m (2020: £16.0m) and disposal of our Hospital in Nottingham with a net book value of £16.2m and of other assets with a net book value of £0.4m (2020: £nil). This reduction is offset by additional investment in tangible and intangible fixed assets of £7.2m (2020: £12.8m) in the year.

Current assets of £26.6m (2020: £21.8m) are mainly cash of £7.6m (2020: £5.0m) and debtors and inventories of £19.0m (2020: £16.8m), and our current liabilities of £31.1m (2020: £23.1m) are mainly accruals and creditors.

Long term liabilities are largely made up of a bank loan of £19.8m (2020: £34.6m). The potential interest rate risk as a result of these borrowings has been reduced by swapping part of the variable exposure for a fixed interest rate. The bank loan has reduced by £14.8m in the year from using some of the proceeds from the sale of our Nottingham Hospital.

Although the Group has net current liabilities of £4.5m (2020: £1.3m) overall the Group remains in a comfortable position with reserves of £207.2m (2020: £218.0m). During the year the Group has actively reduced the long term loan position in order to minimise the borrowing with the aim to reduce interest payments and associated risks with elevated borrowing. The Group has £15m of headroom remaining within the current revolving credit facility ensuring the Group can comfortably fund any short and long term financial requirements.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Financial review of the Group (continued)

Investments and Reserves Policy

The Group has investments that it uses to fund its long term capital development program, which means that in a challenging year, or one where we need to spend on "one-off" items, we can move into a deficit if we believe this is in the best interests of our long term charitable objectives. With this in mind our overall investment objective is to maximise the returns the Group receives while maintaining the capital value of investments in real terms over the long term. By the end of the financial year the investments had increased in value by £2.3m reflecting a market realignment after a Covid-19 impacted position at 31st March 2020. These investments are managed by the Group's Fund Manager on a discretionary basis.

As the Charity transitions to a more efficient business model, getting to this stage has required a significant level of investment into the business which has resulted in a deficit being incurred in the current and prior years. Consequently, the current level of reserves is very much in line with expectations but should the unexpected happen, the Charity has a significant amount of assets it could use to bolster reserves without adversely affecting the running of the business or quality of patient care.

The long term strategy may require an increase in borrowing against assets that the Board will monitor closely and is restricted by bank covenants where net debt cannot exceed three times profit before interest, tax and depreciation.

A breakdown of funds held by the Group is shown below:

	2021 £m	2020 £m
Restricted funds	1.3	1.3
Designated or committed funds	-	-
Total restricted, designated or committed funds	1.3	1.3
Funds that can only be realised by disposing of tangible fixed assets or programme related investments	-	-
Non restricted or non-committed funds	203.8	215.3
Total funds	205.1	216.6
Total reserves	205.1	216.6
Allowance for restricted, designated or committed funds	1.3	1.3
Total reserves after allowances for restricted, designated or committed funds	203.8	215.3

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Financial review of the Group (continued)

Going concern

The Trustees have a responsibility to make sure that the Group continues in existence for the foreseeable future (at least 12 months from signing these accounts) and to do so they have to be assured that there are always sufficient funds not only to meet Group's liabilities as they fall due.

The Trustees are confident that the Group remains a going concern. The Group has a bank facility that is sufficient to meet all foreseeable requirements which is managed carefully and only drawn upon where additional funding is required for the immediate future. During the financial year the Group reduced the bank facility from £50m to £35m (2020: from £75m to £50m) reflecting further assessment of future funding requirements. Subsequently, on 30 November 2021 St Andrews Healthcare received verbal agreement to extend its existing banking credit facility until 31 December 2022 at the level of £27m, with formal approval taking place on 16 December 2021. This facility was due to end in May 2022 but the facility has been extended for seven months under the existing banking covenants and a revised margin interest rate charge. The Charity will undertake a tender exercise to obtain new banking facilities in 2022.

In September 2020 the banking covenants aligned to the credit facility were waived in agreement with the banks recognising the imminent sale of the Nottingham Hospital in November 2020. This represented an isolated occurrence due to the timing of the Hospital sale only, which was expected and managed collaboratively with the banks.

The Group's review of Going Concern has been extensive and extended to 'severe but plausible downside scenarios' and potential impact over the next eighteen months including the financial impact of ongoing operational staffing challenges, which ultimately restricts the Charity from patient admissions and reduces income and only partial achievement of operational efficiency change programs during the 2021-22 financial year.

However, the plausible mitigations of these scenarios which are all within our control, have also been considered and St Andrew's would freeze all capital investment and maintenance programs, place restrictions on all non-essential expenditure/staff roles and defer the strategic growth and diversification programs. The outcome of these reviews show that these events would be challenging for the Group during quarter four of the year ending March 2022 with minimal headroom in the banking covenants and increasing funding requirements but still within the available loan facility and without breaching any covenant restrictions. The Charity project to utilise £25m of the loan facility in Q4 2021-22 with limited headroom but this will reduce to £20m (£7m headroom) in March 2022 when the Charity will liquidate part of the investment portfolio to repay 20% of the loan. Therefore in the Trustees' opinion these scenarios would not compromise the Group's ability to continue as a Going Concern.

The existing bank facility ends in December 2022 and the refinancing of the facility is planned to be completed in advance of this period. The Going Concern 'severe but plausible downside scenarios' would impact on cash flow requirements and this would be mitigated by increasing the drawdown of the existing loan facility. Therefore, the bank facility is important to the Group and its ability to continue as a Going Concern recognising that the credit facility is required for both the ongoing operational activities and the cash flow implications of any 'severe but plausible downside scenarios'.

St Andrew's Healthcare

Strategic report for the year ended 31 March 2021 (continued)

Financial review of the Group (continued)

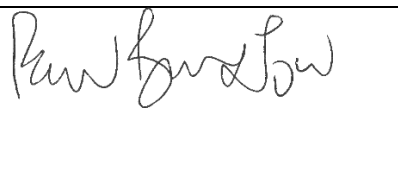

Going concern (continued)

If the Charity was unable to secure a new credit facility during 2022 the projected loan balance at 31 December 2022 of £16.5m would be fully repaid by fully liquidating the Investment portfolio (£15.7m as at 31 March 2021) and disposing of non-operational assets the Charity hold, which have been independently valued at £4.2m.

Taking into consideration the mitigating circumstances outlined above the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and withstand any worst case scenarios that could occur. For this reason, the Trustees continue to adopt the Going Concern basis in preparing the presented Financial Statements.

Approval and signing

The trustees/directors declare that they have approved the strategic report above. Signed on behalf of the Charity's trustees/directors:

Signature(s):		
Full name(s):	Rt. Hon. Paul Burstow	Jess Lievesley
Position:	Chairman	Interim Chief Executive Officer
Date:	16 December 2021	16 December 2021

Independent auditors' report to the members of St Andrew's Healthcare

Report on the audit of the financial statements

Opinion

In our opinion, St Andrew's Healthcare's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2021; the Consolidated Statement of Financial Activities, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Funds for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Combined Trustees' and Directors' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Combined Trustees' and Directors' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Combined Trustees' and Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Combined Trustees' and Directors' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and charitable company and industry, we identified that the principal risks of non-compliance with laws and regulations related to charity legislation, employment laws, and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instance of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations, posted by unusual users and journal entries with specific defined descriptions which are focused on improving profitability;
- Challenging assumptions and judgement made by management in their accounting estimates and judgements;
- Review of board minutes and legal expense to identify any inconsistencies with other information provide by management; and
- Incorporating elements of unpredictability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

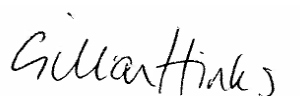
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Gillian Hinks (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
17 December 2021

St Andrew's Healthcare
Consolidated Statement of Financial Activities
For the year ended 31 March 2021

		All Restricted and unrestricted funds			All Restricted and unrestricted funds		
		Underlying result	Non-underlying result	Group Total	Underlying result	Non-underlying result	Group Total
				2021			2020
Note	£m	£m	£m	£m	£m	£m	£m
Income from:							
Donations		-	-	-	0.4	-	0.4
Charitable activities	4,7	167.2	8.4	175.6	180.5	-	180.5
Other trading activities	5	19.7	-	19.7	22.8	-	22.8
Investments	6	0.3	-	0.3	0.4	-	0.4
Total income		187.2	8.4	195.6	204.1	-	204.1
Expenditure on:							
Charitable activities	7	(187.6)	(2.0)	(189.6)	(191.3)	(2.0)	(193.3)
Other trading activities		(16.2)	-	(16.2)	(17.8)	-	(17.8)
Interest payable and similar charges		(1.0)	-	(1.0)	(1.0)	-	(1.0)
Total expenditure		(204.8)	(2.0)	(206.8)	(210.1)	(2.0)	(212.1)
Total income less total expenditure		(17.6)	6.4	(11.2)	(6.0)	(2.0)	(8.0)
Net gain/(loss) on investments	16	2.0	-	2.0	(1.5)	(2.6)	(4.1)
Taxation	9	-	-	-	(0.1)	-	(0.1)
Net (expenditure) / income		(15.6)	6.4	(9.2)	(7.6)	(4.6)	(12.2)
Net income attributable to non-controlling interests share	8	(0.9)	-	(0.9)	(1.7)	-	(1.7)
Total net expenditure attributable to Charitable Group		(16.5)	6.4	(10.1)	(9.3)	(4.6)	(13.9)
Other recognised losses							
Actuarial losses on defined benefit pension schemes	22	-	-	-	(0.2)	-	(0.2)
Change in value of interest rate swap	23	-	-	-	(0.3)	-	(0.3)
Net movement in deficit		(16.5)	6.4	(10.1)	(9.8)	(4.6)	(14.4)
Reconciliation of funds:							
Total funds brought forward				216.0			230.4
Deficit for year				(10.1)			(14.4)
Total funds carried forward				205.9			216.0

Included above are all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

St Andrew's Healthcare
Consolidated Balance Sheet
As at 31 March 2021

	Note	2021 £m	2020 £m
Fixed assets			
Intangible assets	15	4.1	6.5
Tangible assets	15	207.0	229.3
Investments	16	21.4	19.1
		232.5	254.9
Current assets			
Inventories		0.9	0.8
Debtors falling due within one year	17	18.1	16.0
Cash at bank and in hand	18	7.6	5.0
		26.6	21.8
Current liabilities			
Creditors falling due within one year	19	(31.1)	(23.1)
		(4.5)	(1.3)
Net current liabilities		(4.5)	(1.3)
Total assets less current liabilities		228.0	253.6
Creditors falling due after one year	19	(20.1)	(35.0)
Net assets excluding pension liability		207.9	218.6
Defined benefit pension liability	22	(0.7)	(0.6)
Net assets		207.2	218.0
Funds			
Funds		205.1	216.6
Revaluation reserve		1.5	-
Pension reserve		(0.7)	(0.6)
Total funds of the Charity		205.9	216.0
Non-controlling interests		1.3	2.0
Total funds		207.2	218.0

The notes on pages 50 to 79 are an integral part of the financial statements.

Approved by the Board of Trustees on 16 December 2021 and signed on its behalf by:



Rt. Hon. Paul Burstow
Chairman and Trustee



Alexandra Owen
Chief Financial Officer and Trustee

Members of the Board of Directors of St Andrew's Healthcare Company number: 5176998


St Andrew's Healthcare
Company Balance Sheet
As at 31 March 2021

	Note	2021 £m	2020 £m
Fixed assets			
Intangible assets	15	3.9	6.3
Tangible assets	15	217.2	241.3
Investments	16	21.4	19.1
		242.5	266.7
Current assets			
Inventories		0.6	0.5
Debtors falling due within one year	17	15.7	14.1
Cash at bank and in hand	18	5.8	3.0
		22.1	17.6
Current liabilities			
Creditors falling due within one year	19	(27.1)	(21.0)
		(5.0)	(3.4)
Net current liabilities		(5.0)	(3.4)
Total assets less current liabilities		237.5	263.3
Creditors falling due after one year	19	(20.0)	(34.8)
Net assets excluding pension liability		217.5	228.5
Defined benefit pension liability	22	(0.7)	(0.6)
Net assets		216.8	227.9
Funds			
Funds		216.0	228.5
Revaluation reserve		1.5	-
Pension reserve		(0.7)	(0.6)
Total funds of the Charity		216.8	227.9

The Charity has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of financial activity. The Charity's net loss before other recognised gains was £11.8m (2020: net loss £14.3m).

The notes on pages 50 to 79 are an integral part of the financial statements.

Approved by the Board of Trustees on 16 December 2021 and signed on its behalf by:



Rt. Hon. Paul Burstow
Chairman and Trustee



Alexandra Owen
Chief Financial Officer and Trustee

Members of the Board of Directors of St Andrew's Healthcare Company number: 5176998

St Andrew's Healthcare
Consolidated Cash Flow Statement
For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Net cash from operating activities	24	2.4	5.6
Taxation paid		-	(0.1)
Net cash generated from operating activities		2.4	5.5
Cash flows from investing activities			
Dividends received on investments		0.3	0.3
Interest received		-	0.1
Proceeds from sale of tangible & intangible assets		25.0	-
Purchase of tangible & intangible assets		(7.2)	(11.7)
Proceeds from sale of investments		3.0	2.4
Purchase of investments		(3.3)	(2.7)
Net cash generated from / (used in) investing activities		17.8	(11.6)
Cash flows from financing activities			
Repayments of borrowing		(18.8)	-
Cash inflows from new borrowing		4.0	5.0
Interest paid on loans		(1.0)	(0.9)
Dividends paid to non-controlling interests		(1.6)	(1.7)
Repayment of obligations under finance leases		(0.2)	(0.2)
Net cash (used in) / generated from financing activities		(17.6)	2.2
Change in cash and cash equivalents in the reporting year		2.6	(3.9)
Cash and cash equivalents at the beginning of the reporting year		5.0	8.9
Cash and cash equivalents at the end of the reporting year	18	7.6	5.0

St Andrew's Healthcare
Consolidated Statement of Changes in Funds
For the year ended 31 March 2021

	Funds £m	Revaluation Reserve £m	Pension Reserve £m	Non-controlling Interests £m	Group Total £m
Balance as at 1 April 2020	216.6	-	(0.6)	2.0	218.0
Total net movement in deficit in the year	(10.0)	-	(0.1)	-	(10.1)
Revaluation reserve movement	(1.5)	1.5	-	-	-
Profit attributable to non-controlling interests	-	-	-	0.9	0.9
Dividends paid to non-controlling interests	-	-	-	(1.6)	(1.6)
Balance as at 31 March 2021	205.1	1.5	(0.7)	1.3	207.2
Balance as at 1 April 2019	227.5	3.6	(0.7)	2.0	232.4
Total net movement in deficit in the year	(14.5)	-	0.1	-	(14.4)
Revaluation reserve movement	3.6	(3.6)	-	-	-
Profit attributable to non-controlling interests	-	-	-	1.7	1.7
Dividends paid to non-controlling interests	-	-	-	(1.7)	(1.7)
Balance as at 31 March 2020	216.6	-	(0.6)	2.0	218.0

St Andrew's Healthcare

Notes to the Financial Statements

1 General information

St Andrew's Healthcare ("the Charity") is incorporated and registered in England and Wales as a charity and as a private company limited by guarantee. The address of its registered office is Billing Road, Northampton, Northamptonshire NN1 5DG.

The Charity has no share capital and is limited by guarantee. Each of the members has a liability of £1 should there be a deficit of assets after meeting liabilities on winding up.

2 Accounting policies

Basis of preparation

The financial statements of the Group and Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102 (Charities SORP FRS 102 (2019)), the Companies Act 2006 and the Charities Act 2011.

Going concern

The Trustees have a responsibility to make sure that the Group continues in existence for the foreseeable future (at least 12 months from signing these accounts) and to do so they have to be assured that there are always sufficient funds not only to meet Group's liabilities as they fall due.

The Trustees are confident that the Group remains a going concern. The Group has a bank facility that is sufficient to meet all foreseeable requirements which is managed carefully and only drawn upon where additional funding is required for the immediate future. During the financial year the Group reduced the bank facility from £50m to £35m (2020: from £75m to £50m) reflecting further assessment of future funding requirements. Subsequently, on 30 November 2021 St Andrews Healthcare received verbal agreement to extend its existing banking credit facility until 31 December 2022 at the level of £27m, with formal approval taking place on 16 December 2021. This facility was due to end in May 2022 but the facility has been extended for seven months under the existing banking covenants and a revised margin interest rate charge. The Charity will undertake a tender exercise to obtain new banking facilities in 2022.

In September 2020 the banking covenants aligned to the credit facility were waived in agreement with the banks recognising the imminent sale of the Nottingham Hospital in November 2020. This represented an isolated occurrence due to the timing of the Hospital sale only, which was expected and managed collaboratively with the banks.

The Group's review of Going Concern has been extensive and extended to 'severe but plausible downside scenarios' and potential impact over the next eighteen months including the financial impact of ongoing operational staffing challenges, which ultimately restricts the Charity from patient admissions and reduces income and only partial achievement of operational efficiency change programs during the 2021-22 financial year.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

Going concern (continued)

However, the plausible mitigations of these scenarios which are all within our control, have also been considered and St Andrew's would freeze all capital investment and maintenance programs, place restrictions on all non-essential expenditure/staff roles and defer the strategic growth and diversification programs. The outcome of these reviews show that these events would be challenging for the Group during quarter four of the year ending March 2022 with minimal headroom in the banking covenants and increasing funding requirements but still within the available loan facility and without breaching any covenant restrictions. The Charity project to utilise £25m of the loan facility in Q4 2021-22 with limited headroom but this will reduce to £20m (£7m headroom) in March 2022 when the Charity will liquidate part of the investment portfolio to repay 20% of the loan. Therefore in the Trustees' opinion these scenarios would not compromise the Group's ability to continue as a Going Concern.

The existing bank facility ends in December 2022 and the refinancing of the facility is planned to be completed in advance of this period. The Going Concern 'severe but plausible downside scenarios' would impact on cash flow requirements and this would be mitigated by increasing the drawdown of the existing loan facility. Therefore, the bank facility is important to the Group and its ability to continue as a Going Concern recognising that the credit facility is required for both the ongoing operational activities and the cash flow implications of any 'severe but plausible downside scenarios'.

If the Charity was unable to secure a new credit facility during 2022 the projected loan balance at 31 December 2022 of £16.5m would be fully repaid by fully liquidating the Investment portfolio (£15.7m as at 31 March 2021) and disposing of non-operational assets the Charity hold, which have been independently valued at £4.2m.

Taking into consideration the mitigating circumstances outlined above the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and withstand any worst case scenarios that could occur. For this reason, the Trustees continue to adopt the Going Concern basis in preparing the presented Financial Statements.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Charity and all of its subsidiary undertakings:

- St Andrew's Healthcare, the Charity;
- St Andrew's Foundation for Mental Health, a wholly owned subsidiary of St Andrew's Healthcare (dormant since 2017);
- St Andrew's Property Management Limited, a wholly owned subsidiary of St Andrew's Healthcare;
- Three Shires Hospital LLP, a subsidiary of St Andrew's Property Management Limited;
- The Pavilion Clinic Limited, a subsidiary of Three Shires Hospital LLP.

All the subsidiaries of the Charity are incorporated in the United Kingdom, and have a year end of 31 March. Uniform accounting policies have been adopted across the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. New subsidiaries included in the Group for the first time are consolidated from the date of acquisition.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

Income

Income from charitable activities largely consists of fees for the provision of services and facilities to our service users. This is recognised when the service has been provided, the Charity has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Donated services from our volunteers are not included within the financial statements. Volunteers perform various roles, mainly involving therapeutic activities, patient events and befriending patients. Volunteer contribution was the equivalent of 10 full-time staff (2020: 10).

Income from other trading activities consists of income generated by subsidiary undertakings through provision of goods and services and income generated by the Charity in respect of its garden centre and coffee shop. This income is recognised to the extent that the service has been provided, or the significant risks and rewards of ownership have transferred to the buyer in the case of goods, receipt is probable and the income can be reliably measured.

Investment income in relation to dividends and interest is recognised when receivable.

Donations received from external sources are deferred on the Balance Sheet until qualifying expenditure has been incurred and then an appropriate amount of the donation income is released to the Statement of Financial Activities to match it. Donations from group companies are recognised in the Statement of Financial Activities once entitlement to the income has been determined.

Expenditure

Expenditure is accounted for on an accruals basis and is classified under headings that aggregate costs related to that category. Liabilities are recognised when an obligation exists, it is probable that settlement will be required, and the amount can be measured or estimated reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred, or capitalised as part of the cost of the related asset, where appropriate.

Non-underlying items

In order to illustrate the underlying performance of the Group, presentation has been made of performance measures excluding those items which it is considered would distort the comparability of the Group's results. These non-underlying items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and pension plans.

- i. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.
- ii. The Group has two types of pension schemes, defined contribution and defined benefit. The assets of these are held separately from each other and those of the Group in independently administered funds.
 - a. A defined contribution plan is a pension plan under which contributions are paid into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.
 - b. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. The contributions are recognised as an expense in the Statement of Financial Activity when they are due. A defined benefit plan is a pension plan that is not a defined contribution plan. The defined benefit plan was closed to new entrants on 1 April 2003 and closed to future accrual from 31 March 2012. The fair values of plan assets and liabilities are measured in accordance with FRS 102 by independent actuaries. Any surplus of assets over liabilities is not recognised as the Charity is not entitled to a refund of any of the surplus.

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

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

If (and when) the defined benefit obligations exceed the fair value of plan assets, an amount equal to this is recognised as a liability in the Group's balance sheet.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

Investments

Investments comprise investment properties and stock market investments and are stated at market value at the balance sheet date. Investment properties are revalued by specialist independent valuers, stock market investments are valued using the latest available mid-market prices at the year end. Investment gains and losses are reported in 'Gains/(losses) on investments' in the Consolidated Statement of Financial Activities with the unrealised element reported in the revaluation reserve in the Consolidated Statement of Changes in Funds. Investments in subsidiary companies are held at cost.

Inventory

Inventory is included at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

Service users' funds

The Charity holds cash in current accounts on behalf of service users. The asset (being the amount held at the bank) is shown within other debtors and the liability (being the offsetting amount payable to service users) is shown within other creditors.

Cash at bank and in hand

Cash at bank and in hand includes cash and any short term highly liquid investments which are not volatile in value and have a short maturity of three months or less from the date of acquisition or deposit.

Financial instruments

i. Financial Assets

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets include trade and other receivables and cash and bank balances, are initially recognised at fair value, being the transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Consolidated Statement of Financial Activities.

Basic financial assets are recognised at cost (being transaction price) and subsequently measured at amortised cost using the effective interest rate method. For trade and other receivables, cash and bank balances, their settlement value (net of any discount offered or provision for doubtful debt) is used to determine fair value. For investments in equity instruments which are not subsidiaries, market value is used to determine fair value. Any changes in fair value are recognised in the consolidated statement of financial activities.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in net income in finance costs or finance income as appropriate.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

Financial instruments (continued)

ii. Financial Liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price. Bank loans are subsequently carried at amortised cost, using effective interest rate method. They are then subsequently carried at amortised cost, calculated using the effective interest rate method.

Fixed assets

Items classified as fixed assets are those which provide an on-going economic benefit (by generating income or contributing to the Charity's objectives) for more than one year. Cost includes the purchase price of the asset, expenses attributable to bringing the asset to working condition, and any capitalised borrowing costs.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any recognised provision for impairment. Depreciation is calculated to write down the cost of assets to their residual values, over their expected useful lives, on a straight-line method, on the following bases:

Freehold land & buildings

Land: is not depreciated

New buildings: 50 years

New building fit-out: 3 years

Building extensions: 25 years

Building refurbishments: 10 or 15 years (major refurbishments)

Assets under construction: are not depreciated

Fixtures, fittings, machinery & equipment: 3 to 5 years (or the lease term if shorter)

Motor vehicles: 5 years (or the lease term if shorter)

St Andrew's Healthcare

Notes to the Financial Statements (continued)

Fixed assets (continued)

Intangible fixed assets

- i. Software is measured at cost less accumulated depreciation and any recognised provision for impairment. Software is depreciated in equal instalments over its estimated useful economic life (3 to 5 years). Software assets in the course of construction are not depreciated.
- ii. Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its useful economic life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively.

Funds

Unrestricted funds are available to spend as the Trustees see fit, in accordance with the objectives of the Charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work.

3 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

a. Critical judgements in applying the Group's accounting policies

Control of Three Shires Hospital LLP

Assessing whether the Group controls Three Shires Hospital LLP requires judgement. St Andrew's Property Management Limited holds 50% of the issued share capital of the partnership and the Group has a controlling interest in this company through the provisions of a LLP members' agreement giving the Group the power to appoint the Chairman and under certain circumstances, exercise a casting vote. The Group considers that this demonstrates control of Three Shires Hospital LLP.

Assessment of Going Concern

The ability of the Charity to continue to operate as a Going Concern requires judgement over the ongoing financial and operation projections and also the impact of risks that present themselves to the Charity. The consideration of risk requires management judgement at the point of going concern assessment and the judgements made are included on pages 40 & 41 of the strategic report.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

3 Accounting estimates and judgements (continued)

b. Accounting estimates and assumptions

The preparation of these financial statements includes estimation, relevant estimates are disclosed below:

Depreciation, amortisation and impairment of fixed assets

When calculating depreciation and amortisation, the residual value of fixed assets (with the exception of land and assets under construction) is assumed to be zero as the intention is to keep fixed assets for their entire useful economic lives. Residual values and useful economic lives are reviewed annually at the end of the reporting year with any appropriate adjustments being made via depreciation, amortisation and impairment of fixed assets.

Defined benefit pension scheme

The value of assets and liabilities of the scheme are estimated annually by an independent and qualified actuary. The cost of the benefits and the present value of future obligations depend on a number of factors including; life expectancy, inflation, asset valuations and the discount rate. Assumptions made in relation to these factors are based on years of past experience and current trends. However, they are tested for accuracy on a regular basis with appropriate recommendations being made by the actuary to ensure the scheme remains solvent.

Investment Property valuations

Investment properties are revalued annually by independent valuers using a combination of estimated future rental income and potential market value for development of the site. Whilst factors outside the control of valuers such as a global pandemic could affect property valuations, revaluations are based on years of past experience and current trends in the property market.

4 Income from charitable activities

Relates entirely to providing care for individuals either in inpatient or community based services.

5 Income from other trading activities

	2021 £m	2020 £m
Three Shires Hospital LLP - healthcare activities	17.0	19.6
The Pavilion Clinic Limited - healthcare activities	2.0	2.6
Other - healthcare related services	0.2	0.4
Rental income	0.5	0.2
	19.7	22.8

St Andrew's Healthcare

Notes to the Financial Statements (continued)

6 Income from investments

	2021 £m	2020 £m
Dividends received on investments	0.3	0.3
Interest received	-	0.1
	0.3	0.4

7 Expenditure on charitable activities

	2021 £m	2020 £m
Staff costs		
Wages and salaries	129.5	134.2
Social security costs	10.8	11.2
Other pension costs	4.5	4.5
Training	1.0	1.0
Other	0.7	0.5
Facilities and residents' amenities	13.5	13.2
Administration	13.7	12.7
Advertising	0.1	0.1
Depreciation, amortisation and impairment	15.1	15.4
Loss on sale of tangible & intangible assets	0.2	-
Operating lease costs – plant and machinery	-	0.1
External governance costs		
External statutory audit	0.2	0.1
External non-audit services	-	-
External legal advice	0.3	0.3
Total for the Group	189.6	193.3

St Andrew's Healthcare

Notes to the Financial Statements (continued)

7 Expenditure on charitable activities (continued)

Staff costs include £2.6m (2020: £0.9m) in relation to redundancy and termination payments (including £2.0m of non-underlying costs re the closure of our Nottingham site) where individuals were notified during the financial year. £0.1m is accrued at the year-end (2020: £nil).

Non-underlying items in the current year

During the year, we sold our hospital at Nottingham which generated a profit on disposal of land & buildings of £8.4m and incurred redundancy costs of £2.0m in relation to the closure of this site. Both of these amounts have been included in the statement of financial activities under charitable activities.

Non-underlying items in the prior year

Included within the above is a total of £2.0m non-underlying costs which is made up of the following expenditure:

- 1) During the prior year the Charity agreed a three year 'Health and Safety Action Plan' (HSAP) further to guidance from the Health and Safety Executive (HSE) to ensure the Charity's estate complies with statutory Health and Safety requirements. This HSAP has been put in place to address shortfalls in Compliance, Training and Management Systems. During the prior year £1.4m was expended in the execution of the HSAP which represents a specific project cost on the basis it is bringing the Charity's systems, processes and assurance to a standard appropriate to the ongoing management of Health and Safety and once completed will become embedded as the usual course of business.
- 2) During the prior year the Charity incurred £0.4m non-recurring costs in relation to re-allocation of our property resources. These costs were incurred in order to achieve better outcomes for our patients and to utilise assets owned by the Charity to maximise the benefit that the Charity receives from these assets. This includes costs incurred of £0.3m in relation to the movement of all central functions out of Cliftonville House which was then rented to a third party securing future income to benefit the Charity.
- 3) During the prior year the Charity engaged a third party to undertake an external review of the Child and Adolescent Mental Health Service (CAMHS) that the Charity provides after a CQC inspection which originally resulted in an inadequate rating (now revised to Requires Improvement). The cost of this review was £0.2m and its purpose was to provide recommendations on how the Charity could improve its services and ensure patients receive care which is of the highest standards.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

8 Non-controlling interests share of net income

	2021 £m	2020 £m
Non-controlling interest in Three Shires Hospital LLP	0.8	1.4
Non-controlling interest in The Pavilion Clinic Limited	0.1	0.3
	0.9	1.7

9 Taxation

The Charity is exempt from taxation in respect of income and capital gains received within categories covered under Part 11 Chapter 3 Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The Charity's subsidiaries are subject to corporation tax and deferred tax in the same way as commercial organisations.

The tax charge on the profit on ordinary activities of the subsidiaries was:

	2021 £m	2020 £m
Current tax:		
UK corporation tax	-	0.1
Adjustments in respect of prior year	-	-
Total current tax	-	0.1
Tax on profit on ordinary activities of subsidiaries	-	0.1

Factors affecting tax charge

The tax assessed for the year is the same as (2020: same as) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £m	2020 £m
Profit on ordinary activities of subsidiaries before tax	1.7	3.5
Less profit not subject to corporation tax	(1.6)	(3.1)
Profits subject to corporation tax	0.1	0.4
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2020: 19%)	-	0.1
Effects of:		
Adjustments to tax in respect of prior years	-	-
Losses arising in the year not relievable against current tax	-	-
Total tax charge for the year	-	0.1

St Andrew's Healthcare

Notes to the Financial Statements (continued)

10 Staff numbers

The average monthly numbers of employees (including Directors) were:

	Consolidated Group		Charitable Company	
	2021 FTE	2020 FTE	2021 FTE	2020 FTE
Care for service users	3,683	4,043	3,683	4,043
Other healthcare related services	221	232	49	55
	3,904	4,275	3,732	4,098

11 Emoluments analysis

The number of employees whose total employee benefits excluding pension contributions for the year from £60,000 upwards is as follows:

	2021 Number	2020 Number
£60,000 to £70,000	46	60
£70,001 to £80,000	32	38
£80,001 to £90,000	5	11
£90,001 to £100,000	12	8
£100,001 to £110,000	8	11
£110,001 to £120,000	6	10
£120,001 to £130,000	6	7
£130,001 to £140,000	9	10
£140,001 to £150,000	5	4
£150,001 to £160,000	4	7
£160,001 to £170,000	2	4
£170,001 to £180,000	5	2
£180,001 to £190,000	2	6
£190,001 to £200,000	1	3
£210,001 to £220,000	1	1
£220,001 to £230,000	-	1
£230,001 to £240,000	1	-
£320,001 to £330,000	1	-
£330,001 to £340,000	-	2
	146	185

St Andrew's Healthcare

Notes to the Financial Statements (continued)

12 The cost of key management personnel

Amounts paid to key management personnel is shown in this table, explanatory notes are also included below.

		Salaries / fees £'000	Pension ¹ £'000	Other Benefits ⁵ £'000	Total £'000	Expenses ² £'000
2021						
Rt Hon. Paul Burstow	Chairman (Appointed 01.10.20) ⁴	25	-	-	25	-
Dr Peter Carter OBE	Chairman (Resigned 30.09.20)	25	-	-	25	-
Stuart Richmond-Watson		-	-	-	-	-
Frances Jackson	(Resigned 24.07.20)	-	-	-	-	-
Jane Forman Hardy	(Resigned 24.07.20)	-	-	-	-	-
Dr Michael Harris	(Resigned 30.04.20)	2	-	-	2	-
Paul Parsons	(Resigned 31.03.21)	-	-	-	-	-
Anne Tansi Harper	(Appointed 01.05.20, resigned 30.04.21)	-	-	-	-	-
Elena Lokteva	(Appointed 01.05.20)	-	-	-	-	-
Andrew Lee	(Appointed 01.05.20)	-	-	-	-	-
Professor David Sallah	(Appointed 01.05.20)	-	-	-	-	-
Stanton Newman	(Appointed 01.05.20)	-	-	-	-	-
Non-Executive Director Total		52	-	-	52	-
Katie Fisher	Chief Executive Officer (Resigned 01.12.21)	293	-	31	324	-
Alexandra Owen	Chief Finance Officer	178	7	9	194	1
Martin Kersey	Executive HR Director	182	-	31	213	-
Dr. Sanjith Kamath	Executive Medical Director	217	1	17	235	-
Lisa Cairns	Chief Nurse (Resigned 01.05.20)	13	1	1	15	-
Andrew Brogan	Chief Nurse (Appointed 01.11.20)	73	2	3	78	-
Jess Lievesley	Deputy Chief Executive Officer (Appointed 01.08.20)	123	5	6	134	-
Alastair Clegg	Chief Operating Officer (Appointed 01.08.20, resigned 31.10.20)	40	2	2	44	-
Key management personnel who are not Trustees ³		581	21	25	627	3
Executive Director Total		1,700	39	125	1,864	4
Duncan Long	Company Secretary (Appointed 01.04.20)	93	4	6	103	-
Total		1,845	43	131	2,019	4

St Andrew's Healthcare

Notes to the Financial Statements (continued)

12 The cost of key management personnel (continued)

		Salaries / fees £'000	Pension ¹ £'000	Other Benefits ⁵ £'000	Total £'000	Expenses ² £'000
2020						
Peter Winslow	Chairman (Resigned 25.07.19)	-	-	-	-	-
Dr Peter Carter OBE	Chairman (Appointed 25.07.19)	34	-	-	34	2
Stuart Richmond-Watson		-	-	-	-	-
Frances Jackson		-	-	-	-	-
Jane Forman Hardy		-	-	-	-	-
Dr Michael Harris	(Resigned 30.04.20)	21	-	-	21	1
Paul Parsons		-	-	-	-	-
Non-Executive Director Total		55	-	-	55	3
Katie Fisher	Chief Executive Officer	303	-	32	335	1
Alexandra Owen	Chief Finance Officer (appointed 01.04.19)	178	7	9	194	1
Martin Kersey	Executive HR Director	181	15	17	213	1
Dr. Sanjith Kamath	Executive Medical Director	218	6	11	235	1
Lisa Cairns	Chief Nurse (Appointed 01.06.19)	133	8	7	148	-
Key management personnel who are not Trustees		547	22	27	596	2
Executive Director Total		1,560	58	103	1,721	6
Claire Carless	General Counsel and Company Secretary (resigned 31.03.20)	173	-	38	211	-
Total		1,788	58	141	1,987	9

The legal authority under which payments are made to both Non-Executive and Executive Trustee Directors are provided in the governing documents of the Charity.

The Board has recognised the need to attract and retain able executives to manage the day to day affairs of the Group. The pay of senior executives is determined by the Remuneration Committee, which benchmarks these remuneration packages with those paid by the NHS and peers within the Charity, as well as the broader independent sector with whom it competes and similar sized commercial organisations from which it recruits.

Sub notes

- 1 Relates to contributions made to the defined contribution scheme.
- 2 Expenses relate to travel and subsistence.
- 3 John Clarke - Chief Information Officer (full year), Lisa Cairns - Period since leaving position as Acting Chief Nurse (02.05.20 - 28.02.21), Alastair Clegg - Periods when not Acting Chief Operating Officer (01.04.20 - 31.07.20 and 01.11.20 - 31.03.21) and Jess Lievesley - Period prior to appointment as Deputy Chief Executive Officer (01.04.20 - 31.07.20). Salaries / fees includes compensation for loss of office payments totalling £114,860 paid to Lisa Cairns.
- 4 Fees for the services of the Rt. Hon. Paul Burstow were invoiced by Indy Associates Ltd.
- 5 Other benefits include pension compensation and car scheme payments.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

13 Related party transactions

Consolidated Group

The Group has not entered into any transactions with Trustee Directors or the Company Secretary during the year except for the transactions disclosed in note 12 (2020: nil). There are no related party transactions with Group companies other than those noted below:

Entity with significant control over Three Shires Hospital LLP

Trading and balances between Three Shires Hospital LLP and the Charity was as per below:

	2021 £m	2020 £m
Charges to Three Shires Hospital LLP by the Charity		
Management charges	0.9	1.4
Purchased goods and other recharges	0.4	0.7
Amounts owed by Three Shires Hospital LLP to the Charity at year end	0.2	0.8

In 2020 and 2021 there is no fixed date for repayment and no interest is charged on the amounts owed.

Entity with significant control over The Pavilion Clinic Limited

Trading and balances between The Pavilion Clinic Limited and Three Shires Hospital LLP was as per below:

	2021 £m	2020 £m
Recharges to The Pavilion Clinic Limited by Three Shires Hospital LLP	0.1	0.2

In 2020 and 2021 there are no amounts outstanding at the year-end between The Pavilion Clinic Limited and Three Shires Hospital LLP.

Charitable Company

St Andrew's Property Management Limited and St Andrew's Healthcare

St Andrew's Property Management Limited manages construction projects and certain non-core facilities for the Group which are charged onto the Charity. Each year any surplus that the company makes is donated to the Charity.

Some of the Trustee Directors of St Andrew's Healthcare are also Board Directors of St Andrew's Property Management Limited.

Trading with St Andrew's Property Management Limited during the year was as follows:

	2021 £m	2020 £m
Donation paid by St Andrew's Property Management Limited to the Charity	1.6	1.4
Amounts owed to the Charity by St Andrew's Property Management Limited at year end	0.7	0.2

There is no fixed date for repayment and no interest is charged on the amounts owed.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

13 Related party transactions (continued)

Three Shires Hospital LLP and St Andrew's Healthcare

Three Shires Hospital LLP leases the Three Shires Hospital buildings from St Andrew's Healthcare.

Some of the Trustee Directors of St Andrew's Healthcare are also Partnership Board Directors of Three Shires Hospital LLP.

Trading with Three Shires Hospital LLP during the year was as follows:

	2021 £m	2020 £m
Sales (rental income)	1.4	1.4

In 2020 and 2021 there are no amounts outstanding at the year-end between the Charity and Three Shires Hospital LLP.

14 Subsidiary undertakings

All subsidiary undertakings are registered in England and Wales.

St Andrew's Property Management Limited manages construction projects and certain non-core facilities for the Group. The Charity owns 100% of the two £1 ordinary shares of the company. Each year any surplus that the company makes is donated to the Charity.

The Charity is an ultimate shareholder of Three Shires Hospital LLP. St Andrew's Property Management Limited owns 250,000 £1 shares amounting to 50% of the issued share capital of the partnership with the remaining share capital being held by BMI Healthcare Limited. Since the year-end, BMI Healthcare Limited has been acquired by the Circle Health Group. The Group has a controlling interest in this company through the provisions of the LLP members' agreement giving the Group the power to appoint the Chairman and, under certain circumstances, exercise a casting vote. Three Shires Hospital LLP operates an acute medical surgical hospital situated in the grounds of St Andrew's Healthcare in Northampton.

Three Shires Hospital LLP has the controlling interest and holds 51% of the issued ordinary share capital (the remainder is held by Global Diagnostics Limited) of The Pavilion Clinic Limited, which provides a diagnostic centre of excellence in a dedicated environment, with consulting and physiotherapy services provided by Three Shires Hospital. The Pavilion Clinic Limited trades as Imaging @ Three Shires.

St Andrew's Property Management Limited owned 50% of the share capital of 3SH Ltd (Company number 05072004) until it was dissolved on 30 March 2021. The remaining 50% was held by BMI Healthcare Limited.

The Charity owns 100% of St Andrew's Foundation for Mental Health (Company number 10938734), a dormant company. Net assets are £2. The registered office of the company is the same as the St Andrew's Property Management Limited as per below and the company number is 10938734. The company is exempt from preparing or filing individual accounts under CA 2006, s. 394A.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

14 Subsidiary undertakings (continued)

The financial performance for the subsidiary undertakings, prior to the elimination of intercompany balances and transactions, included within the consolidated financial statements is as follows:

	St Andrew's Property Management Limited		Three Shires Hospital LLP		The Pavilion Clinic Limited	
Company number	2798380		OC398963		6061941	
Registered office	Billing Road Northampton Northamptonshire NN1 5DG		1st Floor 30 Cannon Street London EC4M 6XH		1st Floor 30 Cannon Street London EC4M 6XH	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Income	1.6	1.5	17.4	20.3	1.9	2.6
Expenditure	(1.6)	(1.5)	(15.8)	(17.2)	(1.8)	(2.1)
Tax	-	-	-	-	-	(0.1)
Net income	-	-	1.6	3.1	0.1	0.4
Fixed assets	1.5	1.5	1.6	1.2	0.4	0.6
Current assets	0.6	0.1	4.7	4.0	0.5	0.4
Liabilities due within one year	(0.7)	(0.2)	(4.2)	(1.6)	(0.3)	(0.4)
Liabilities due after one year	-	-	-	-	(0.2)	(0.3)
Net assets	1.4	1.4	2.1	3.6	0.4	0.3

St Andrew's Healthcare

Notes to the Financial Statements (continued)

15 Tangible and Intangible assets

Consolidated Group

	Freehold land and buildings £m	Assets under construction £m	Fixtures, fittings, machinery & equipment £m	Motor vehicles £m	Total tangible assets £m	Software £m	Software Assets under construction £m	Goodwill £m	Total intangible assets £m
Cost									
At 1 April 2020	290.5	7.6	21.1	0.7	319.9	16.3	0.1	1.8	18.2
Additions	4.0	1.6	1.2	-	6.8	0.4	-	-	0.4
Disposal	(20.2)	(0.2)	(2.6)	-	(23.0)	(0.2)	(0.1)	-	(0.3)
Reclassification	5.1	(6.6)	1.5	-	-	-	-	-	-
At 31 March 2021	279.4	2.4	21.2	0.7	303.7	16.5	-	1.8	18.3
Accumulated depreciation/amortisation									
At 1 April 2020	76.8	-	13.1	0.7	90.6	10.5	-	1.2	11.7
Charge for the year	8.3	-	3.6	-	11.9	2.7	-	0.1	2.8
Disposals	(4.0)	-	(2.4)	-	(6.4)	(0.3)	-	-	(0.3)
Impairments	0.6	-	-	-	0.6	-	-	-	-
At 31 March 2021	81.7	-	14.3	0.7	96.7	12.9	-	1.3	14.2
Net book value									
At 31 March 2021	197.7	2.4	6.9	-	207.0	3.6	-	0.5	4.1
At 31 March 2020	213.7	7.6	8.0	-	229.3	5.8	0.1	0.6	6.5

The net book value of tangible fixed assets includes £0.2m (2020: £0.4m) in respect of assets held under hire purchase agreements.

Included in the net book value of freehold land and buildings is £21.1m (2020: £23.7m) and £20.4m (2020: £23.7m) relating to freehold land owned by the Group and Charity respectively.

Also included are restricted fixed assets, see note 21.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

15 Tangible and Intangible assets (continued)

Charitable Company

	Freehold land and buildings £m	Assets under construction £m	Fixtures, fittings, machinery & equipment £m	Motor vehicles £m	Total tangible assets £m	Software £m	Software Assets under construction £m	Goodwill £m	Total intangible assets £m
Cost									
At 1 April 2020	305.6	7.6	15.1	0.7	329.0	16.3	0.1	0.4	16.8
Additions	3.7	1.5	0.8	-	6.0	0.4	-	-	0.4
Disposals	(21.6)	(0.2)	(2.6)	-	(24.4)	(0.2)	(0.1)	-	(0.3)
Reclassification	5.1	(6.6)	1.5	-	-	-	-	-	-
At 31 March 2021	292.8	2.3	14.8	0.7	310.6	16.5	-	0.4	16.9
Accumulated depreciation/amortisation									
At 1 April 2020	78.5	-	8.5	0.7	87.7	10.5	-	-	10.5
Charge for the year	8.6	-	3.1	-	11.7	2.7	-	0.1	2.8
Disposals	(4.3)	-	(2.3)	-	(6.6)	(0.3)	-	-	(0.3)
Impairments	0.6	-	-	-	0.6	-	-	-	-
At 31 March 2021	83.4	-	9.3	0.7	93.4	12.9	-	0.1	13.0
Net book value									
At 31 March 2021	209.4	2.3	5.5	-	217.2	3.6	-	0.3	3.9
At 31 March 2020	227.1	7.6	6.6	-	241.3	5.8	0.1	0.4	6.3

St Andrew's Healthcare

Notes to the Financial Statements (continued)

16 Investments

Consolidated Group and Charitable Company	As at 31 March 2020		Purchases	Sales	Cash Movement	As at 31 March 2021	
	Cost	Market value				Cost	Market value
	£m	£m	£m	£m	£m	£m	£m
Stock market investments	11.3	12.6	3.3	(2.2)	(0.3)	12.1	15.7
Cliftonville House investment Property	8.4	5.8	-	-	-	8.4	5.0
Well Vale Estates investment property	-	0.7	-	-	-	-	0.7
Total investment assets	19.7	19.1	3.3	(2.2)	(0.3)	20.5	21.4
(Deficit) / surplus of market value (under) / over cost		(0.6)					0.9
Less: prior year (deficit) / surplus excluding amounts realised		(3.1)					0.6
Unrealised (losses) / gains on revaluation of investments		(3.7)					1.5
Realised (loss) / profit on disposal of investments in year		(0.4)					0.5
Net (loss)/gain		(4.1)					2.0

All investment assets are held primarily to provide an investment return for the Group. The stock market investments are listed securities on recognised stock exchanges and comprise 64% UK securities with a market value of £10.0m (2020: 67%, £8.5m) and 36% non-UK securities with a market value of £5.7m (2020: 33%, £4.1m). The Well Vale Estates comprise farming lands of approximately 40 acres. Cliftonville House comprises offices and premises which are rented to a third party.

As a result of the difference between cost and valuation on investments, there is a revaluation reserve of £1.5m (2020: £nil) held within unrestricted funds on both the Consolidated Group balance sheet and the Charitable Company balance sheet. Stock market investments are valued using the latest available mid-market prices at the valuation date. Investment properties are valued by specialist independent valuers. Well Vale Estates were valued by Berry's Chartered Surveyors and Valuers regulated by RICS and was valued using market value of the land. Cliftonville House was valued by Avison Young (UK) Limited regulated by RICS and was valued using combination of the future rental income until 2030 and the potential market value of the development of the site in 2030 on expiry of a restrictive covenant which only allows redevelopment of the site for specific uses. There are no contractual obligations for the purchase, construction or development of investment properties held by the Group or for repairs, maintenance or enhancements in relation to these investment properties.

St Andrew's obtained an external valuation report of our Investment Property at 31st March 2021, similar to previous years. Avison Young (UK) Limited recognised the market changes in rental property demanded over the last twelve months due to Covid-19 and consequently reduced the Cliftonville House value to £5m (2020 £5.8m). The valuation report recognises that at 31st March 2021 market valuation uncertainties existed due the global pandemic and the measures taken to tackle Covid-19 impacting economies and real estate markets globally. However, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.

The independent valuation completed for Cliftonville House of £5m is considered fair and reasonable at 31st March 2021 but there is recognition that due to the global pandemic this valuation contains material uncertainty in the longer term demand for property rental.

St Andrew's Healthcare

Notes to the Financial Statements (continued)

17 Debtors

	Consolidated Group		Charitable Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Trade debtors	9.5	8.8	7.3	7.6
Amounts owed by group undertakings	-	0.8	0.7	0.2
Prepayments and accrued income	5.7	3.3	5.0	3.2
Other debtors	2.9	3.1	2.7	3.1
Amounts falling due within one year	18.1	16.0	15.7	14.1

Included within trade debtors is a bad debt provision of £0.4m (2020: £0.4m). Included within other debtors is cash held at bank by St Andrew's Healthcare on behalf of service users' of £2.6m (2020: £3.0m). There is an offsetting liability within other creditors.

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

18 Cash at bank and in hand

Included within cash are balances in current accounts and instant access interest bearing accounts.

19 Creditors

	Consolidated Group		Charitable Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Trade creditors	(9.9)	(5.3)	(8.7)	(4.0)
Other creditors	(4.5)	(3.9)	(3.5)	(3.9)
Obligations under finance lease and hire purchase contracts	(0.1)	(0.2)	-	-
Taxation and social security	(3.1)	(3.3)	(3.0)	(3.1)
Accruals	(11.0)	(8.9)	(9.4)	(8.5)
Deferred Income	(2.5)	(1.5)	(2.5)	(1.5)
Creditors falling due within one year	(31.1)	(23.1)	(27.1)	(21.0)
Bank loans (falling due between 1 and 5 years)	(19.8)	(34.6)	(19.8)	(34.6)
Obligations under finance lease and hire purchase contracts	(0.1)	(0.2)	-	-
Derivative financial instrument	(0.2)	(0.2)	(0.2)	(0.2)
Creditors falling due after one year	(20.1)	(35.0)	(20.0)	(34.8)

St Andrew's Healthcare

Notes to the Financial Statements (continued)

19 Creditors (continued)

Included within other creditors are balances in respect of service users' monies of £2.6m (2020: £3.0m).

The Charity has a £35.0m (2020: £50.0m) revolving credit facility with Barclays and HSBC. This not only provides for current working capital needs but also enables the Board to fulfil its strategic ambitions. At the year-end £19.8m (2020: £34.6m) was drawn down in relation to this facility. The Charity opted to reduce the facility during the year in order to more closely align the facility with the estimated funds required. The facility is secured on a proportion of the Charity's land and building portfolio (William Wake House, FitzRoy House, Birmingham, Essex, Cliftonville House and the Braye Centre). The interest on this facility is charged at LIBOR plus a margin which at the year-end was 1.1% however this margin can fluctuate based on the Charity's net leverage. The facility is due for repayment in May 2022. A commitment fee of 0.4% was applicable at year end and is charged on the undrawn amount.

20 Commitments

At the year-end, the Company had future minimum lease payments under non-cancellable operating leases for assets as follows:

	Consolidated Group		Charitable Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Falling due:				
Within one year	-	0.1	-	0.1
	-	0.1	-	0.1

Contractual commitments in relation to the acquisition of tangible and intangible fixed assets for the group are £nil at year end (2020: £4.5m). Contractual commitments in relation to the acquisition of tangible and intangible fixed assets for the Charity are £nil at year end (2020: £4.2m).

St Andrew's Healthcare

Notes to the Financial Statements (continued)

21 Funds of the Charity

	Restricted Funds	Unrestricted Funds	Group Total	Restricted Funds	Unrestricted Funds	Group Total
	£m	£m	2021 £m	£m	£m	2020 £m
Income from:						
Donations	-	-	-	-	0.4	0.4
Charitable activities	-	175.6	175.6	-	180.5	180.5
Other trading activities	-	19.7	19.7	-	22.8	22.8
Investments	-	0.3	0.3	-	0.4	0.4
Total income	-	195.6	195.6	-	204.1	204.1
Expenditure on:						
Charitable activities	-	(189.6)	(189.6)	-	(193.3)	(193.3)
Other trading activities	-	(16.2)	(16.2)	-	(17.8)	(17.8)
Interest payable and similar charges	-	(1.0)	(1.0)	-	(1.0)	(1.0)
Total expenditure	-	(206.8)	(206.8)	-	(212.1)	(212.1)
Total income less total expenditure	-	(11.2)	(11.2)	-	(8.0)	(8.0)
Net gain/(loss) on investments	-	2.0	2.0	-	(4.1)	(4.1)
Taxation	-	-	-	-	(0.1)	(0.1)
Net expenditure	-	(9.2)	(9.2)	-	(12.2)	(12.2)
Net income attributable to non-controlling interest share	-	(0.9)	(0.9)	-	(1.7)	(1.7)
Total net expenditure attributable to Charitable Group	-	(10.1)	(10.1)	-	(13.9)	(13.9)

St Andrew's Healthcare

Notes to the Financial Statements (continued)

21 Funds of the Charity (continued)

	Restricted Funds	Unrestricted Funds	Group Total	Restricted Funds	Unrestricted Funds	Group Total
	£m	£m	2021 £m	£m	£m	2020 £m
Other recognised losses						
Total net expenditure attributable to Charitable Group	-	(10.1)	(10.1)	-	(13.9)	(13.9)
Actuarial loss on defined benefit pension schemes	-	-	-	-	(0.2)	(0.2)
Cash flow hedge loss on change in value of hedging instrument	-	-	-	-	(0.3)	(0.3)
Net movement in funds	-	(10.1)	(10.1)	-	(14.4)	(14.4)
Reconciliation of funds:						
Total funds brought forward	1.3	213.2	214.5	1.3	229.1	230.4
Revaluation reserve	-	1.5	1.5	-	-	-
Total funds carried forward	1.3	204.6	205.9	1.3	214.7	216.0

Summary of restricted donations

	Funds Net Assets 1 April 2020 £m	Income £m	Expenditure £m	Funds Net Assets 31 March 2021 £m	Cash £m	Fixed Assets £m
Huntington's fund For the care and wellbeing of people with Huntington's disease	0.3	-	-	0.3	0.3	-
FitzRoy fund Contribution to the construction of the FitzRoy Building	1.0	-	-	1.0	-	1.0
Total	1.3	-	-	1.3	0.3	1.0

St Andrew's Healthcare

Notes to the Financial Statements (continued)

22 Pensions

Defined Contribution Pensions

Scottish Widows operate St Andrew's Healthcare defined contribution pensions through their Money4Life workplace savings arrangement.

Contributions are either:

Based on qualifying earnings as defined by auto enrolment legislation. For the year up to April 2021 they were set at a minimum of 3% for the employer and 5% for the employee of relevant earnings. For ex-Group Personal Pension Scheme (GPP) members, for the year to 2021 the Charity has a minimum employer's contribution of 4% and minimum employee contribution of 5%.

The Charity also provides life assurance of 3x salary for ex-GPP active employees.

The Charity's contributions are charged to the Statement of Financial Activities each year during the year in which the employee is an active member of the scheme. The costs of administering the scheme and providing for death in service cover are met by the Group.

The pension charge for the year for these schemes was £4.1m (2020: £3.7m). As at 31 March 2021 there was an accrual of £0.8m (2020: £0.8m) for these schemes.

Defined benefit pension scheme (St Andrew's Healthcare Pension Scheme)

The Charity pays £0.5m per annum to meet the expenses of the scheme.

The last full actuarial valuation was carried out as at 31 March 2019 by a qualified independent actuary. After discussions between the Trustee and St Andrew's Healthcare, a Recovery Plan was agreed. The Recovery Plan follows the actuarial valuation of the scheme, which revealed a shortfall in the assets, when measured against the scheme's Technical Provisions, of £3.5m. It will be reviewed, and may be revised, following the Trustee's next valuation under section 224 of the Pensions Act 2004, or earlier if the Trustee and Employer agree. To ensure the statutory funding objective is met, St Andrew's Healthcare agreed to pay additional contributions of £0.5m per scheme year to 31 March 2023. This on top of anticipated investment returns are expected to be sufficient to correct the full shortfall balance.

Actuarial Valuation Report

Financial year ending on	31 March 2021	31 March 2020
	£m	£m
Change in defined benefit obligation		
Defined benefit obligation at end of prior year	172.2	182.8
Loss on curtailments / changes / introductions	0.5	0.5
Interest expense	4.0	4.3
Cash flow - benefit payments from plan assets	(7.5)	(8.3)
Re-measurement - effect of changes in assumptions	19.2	(6.2)
Re-measurement - effect of experience adjustments	-	(0.9)
Defined benefit obligation at end of year	188.4	172.2
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	173.2	199.1
Interest income	4.0	4.7
Total employer contributions	0.5	1.0
Benefit payments from plan assets	(7.5)	(8.3)
Administrative expenses paid from plan assets	-	(0.3)
Re-measurement - return on plan assets (excluding interest income)	18.2	(23.0)
Fair value of plan assets at end of year	188.4	173.2

St Andrew's Healthcare

Notes to the Financial Statements (continued)

22 Pensions (continued)

Actuarial Valuation Report (continued)

	31 March 2021	31 March 2020
	£m	£m
Change in asset ceiling		
Asset ceiling at end of prior year	1.0	16.3
Interest income	-	0.4
Re-measurements - changes in asset ceiling (excluding interest income)	(1.0)	(15.7)
Asset ceiling at end of year	-	1.0

Financial year ending on	31 March 2021	31 March 2020
	£m	£m
Amounts recognised in the Balance Sheet		
Defined benefit obligation	188.4	172.2
Fair value of plan assets	188.4	173.2
Funded status	-	(1.0)
Effect of asset ceiling	-	1.0
Net defined benefit liability / (asset)	-	-

The defined benefit surplus has been restricted to zero on the Balance Sheet, as no refund has been agreed with the pension scheme Trustees.

Financial year ending on	31 March 2021	31 March 2020
	£m	£m
Cost relating to defined benefit plans		
Loss on curtailments/changes/introductions	0.5	0.5
Interest expense on DBO	4.0	4.3
Interest (income) on plan assets	(4.0)	(4.7)
Interest expense on effect of (asset ceiling)	-	0.4
Administrative expenses and/or taxes	-	0.3
Cost relating to defined benefit plans included in Statement of Financial Activity	0.5	0.8

Re-measurements (recognised in other recognised gains/losses)		
Effect of changes in assumptions	19.2	(6.2)
Effect of experience adjustments	-	(0.9)
(Return) on plan assets (excluding interest income)	(18.2)	23.0
Changes in asset ceiling (excluding interest income)	(1.0)	(15.7)
Total re-measurements included in Statement of Financial Activity	-	0.2

Total cost related to defined benefit plans recognised in Statement of Financial Activity	0.5	1.0
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St Andrew's Healthcare

Notes to the Financial Statements (continued)

22 Pensions (continued)

Actuarial Valuation Report (continued)

	31 March 2021	31 March 2020
	£m	£m
Net defined benefit liability / (asset) reconciliation		
Cost relating to defined benefit plans included in SOFA	0.5	0.8
Total re-measurements	-	0.2
Cash flows - employer contributions	(0.5)	(1.0)
Net defined benefit liability / (asset) as of end of year	-	-
Defined benefit obligation by participant status		
Vested deferreds	62.3	56.2
Retirees	126.1	116.0
Total	188.4	172.2
Fair value of plan assets		
Cash and cash equivalents	33.9	15.1
Equity instruments	55.5	84.9
Debt instruments	99.0	73.2
Total	188.4	173.2
Actual return on plan assets	22.3	(18.3)

Significant actuarial assumptions

	31 March 2021	31 March 2020
Weighted-average assumptions to determine defined benefit obligations		
Discount rate	2.10%	2.40%
RPI Max 5.0%	3.10%	2.55%
RPI Max 2.5%	2.10%	1.90%
CPI Max 3.0%	2.05%	1.55%
Price inflation rate (RPI)	3.25%	2.60%
Male Post-retirement mortality assumption	100% S3 light tables CMI_2020_1.25%_SK7.5	100% S3 light tables CMI_2019_1.25%_SK7.5
Female Post-retirement mortality assumption	93% S3 middle tables CMI_2020_1.25%_SK7.5	93% S3 middle tables CMI_2019_1.25%_SK7.5
Assumed life expectancy on retirement at age 65		
Male retiring today (member age 65)	23.4	23.4
Female retiring today (member age 65)	24.4	24.4
Male retiring in 20 years (member age 45 today)	24.6	24.6
Female retiring in 20 years (member age 45 today)	25.9	25.9

St Andrew's Healthcare

Notes to the Financial Statements (continued)

22 Pensions (continued)

Actuarial Valuation Report (continued)

Financial year ending on	31 March 2021	31 March 2020
Expected cash flows for following year	£m	£m
Expected employer contributions	0.5	1.0

Provision in respect of an unfunded employer-financed retirement benefits scheme (EFRBS)	31 March 2021	31 March 2020
	£m	£m
Discounted present value of EFRBS:	(0.7)	(0.6)

23 Financial instruments

	Consolidated Group		Charitable Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Financial assets at fair value				
Stock market investments	15.7	12.6	15.7	12.6
Investment properties	5.7	6.5	5.7	6.5
	21.4	19.1	21.4	19.1
Financial assets at amortised cost				
Trade debtors	9.5	8.8	7.3	7.6
Accrued income	3.9	3.1	3.4	3.1
Other debtors	2.9	5.9	2.7	5.2
Cash and short term deposits	7.6	5.0	5.8	3.0
	23.9	22.8	19.2	18.9
Financial liabilities measured at fair value				
Derivative financial instruments	(0.2)	(0.2)	(0.2)	(0.2)
	(0.2)	(0.2)	(0.2)	(0.2)
Financial liabilities measured at amortised cost				
Trade creditors	(9.9)	(5.3)	(8.7)	(4.0)
Accruals	(11.0)	(8.9)	(9.4)	(8.5)
Other creditors	(7.6)	(7.2)	(6.5)	(7.0)
Obligations under finance lease and hire purchase contracts	(0.2)	(0.4)	-	-
Amortised Bank loans	(19.8)	(34.6)	(19.8)	(34.6)
	(48.5)	(56.4)	(44.4)	(54.1)

St Andrew's Healthcare

Notes to the Financial Statements (continued)

23 Financial instruments (continued)

Derivative financial instruments – Interest rate swaps

The Charity has entered into an interest rate swap to address the Charity's exposure to interest rate movements on the revolving credit facility as per below:

To receive interest at LIBOR and pay interest at a fixed 0.765%. The swap is based on a principal amount of £20.0m which is part of the revolving credit facility with Barclays and HSBC and matures in 2022 on the same date as the revolving credit facility. The fair value of the swap is -£0.2m (2020: -£0.2m).

Cash flows on the interest rate swap are paid quarterly. During 2021 a profit of £nil (2020: loss £0.3m) was recognised in other recognised gains/losses for changes in the fair value of the interest rate swap.

24 Notes to the cash flow statement

Net cash from operating activities

	Total 2021 £m	Total 2020 £m
Net expenditure for the reporting year per the statement of financial activities	(9.2)	(12.2)
Taxation	-	0.1
Depreciation and amortisation charge	14.7	15.9
Impairment of tangible assets	0.6	0.1
Profit on disposal of property	(8.4)	-
Loss on sale of tangible & intangible assets	0.2	-
(Profit) / loss on disposal of investments	(2.0)	4.1
Dividends received on investments	(0.3)	(0.3)
Interest received	-	(0.1)
Interest payable on loans	1.0	1.0
(Increase) / decrease in inventories	(0.1)	0.1
Increase in debtors	(2.1)	(2.7)
Increase / (decrease) in creditors	8.0	(0.3)
Increase in defined benefit pension liability (EFRBS)	-	(0.1)
Net cash generated from operating activities	2.4	5.6

St Andrew's Healthcare

Notes to the Financial Statements (continued)

24 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 April 2020	Cash flows	Fair value movements	Non-cash changes	At 31 March 2021
	£m	£m	£m	£m	£m
Cash at bank and in hand	5.0	2.6	-	-	7.6
Bank loan	(34.6)	14.8	-	-	(19.8)
Finance leases	(0.4)	0.2	-	-	(0.2)
Derivative financial instrument	(0.2)	-	-	-	(0.2)
Total	(30.2)	17.6	-	-	(12.6)

25 Post balance sheet events

1. St Andrew's Healthcare is the ultimate controlling party of Three Shires Hospital LLP. At the balance sheet date, Three Shires Hospital LLP had the controlling interest and was the majority shareholder of The Pavilion Clinic, owning 51% of the issued ordinary share capital. On 1 September 2021 Three Shires Hospital LLP acquired the remaining share capital of The Pavilion Clinic and become the 100 per cent shareholder.

2. In July 2021 the Care Quality Commission conducted an inspection of St Andrews Healthcare Men's and Women's Wards. The Care Quality Commission imposed admission approval processes and introduced enhanced monitoring as a consequence of this inspection. The final report and rating of this inspection were published on 10 November 2021.

3. On 30 November 2021 St Andrews Healthcare received verbal agreement to extend its existing banking credit facility until 31 December 2022 at the level of £27m (2020: £50m), with formal approval taking place on 16 December 2021. This facility was due to end in May 2022 but the facility has been extended for seven months under the existing banking covenants and a revised margin interest rate charge. The Charity will commence tendering of new banking facilities during 2022.

4. Katie Fisher stepped down as chief executive of St Andrews Healthcare on 7 October 2021 and as a director of the company on 1 December 2021. Jess Lievesley moved into the position of interim Chief Executive Officer immediately after her departure and will operate in this role until a permanent appointment is made.