

THE PAPWORTH TRUST

England & Wales · Charity number 211234

Details

Other names	PAPWORTH, PAPWORTH TRUST
Status	Registered
Legal form	Charitable company
Company number	00148906
Registered	1963-04-16
Register	View on the Charity Commission register

Contact

Address	Saxongate Bradbury Place Hartford Road Huntingdon Cambridgeshire PE29 3RR
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Website	http://www.papworthtrust.org.uk

Activities

Objects: THE OBJECT OF THE CHARITY IS TO PROVIDE RELIEF TO DISABLED PEOPLE, INCLUDING THE PROVISION OF SOCIAL HOUSING, IN SUCH WAYS THAT ARE FOR THE BENEFIT OF THE PUBLIC AND ARE CHARITABLE ACCORDING TO ENGLISH LAW. 4.2 FOR THE PURPOSES OF PROVIDING SUCH RELIEF, THE CHARITY WILL, IN ANY WAYS THAT THE BOARD THINKS FIT, PROVIDE ALL SUCH SERVICES AND FACILITIES AS ARE REQUIRED; CONTRIBUTE TO RESEARCH AND DEVELOPMENT PROJECTS; AND PROMOTE THE ENTITLEMENT OF DISABLED PEOPLE TO EQUALITY, CHOICE AND INDEPENDENCE.

Activities: Papworth Trust helps disabled people achieve equality, choice and independence. Papworth Trust focuses its activities in seven areas: Home; Work; Employment; Rehabilitation; Leisure; and Involvement; Care.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Education/training, Disability, Accommodation/housing
- **Who:** People With Disabilities

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£14,515,000	£14,338,000	£28,409,000	225
2024-03-31	£14,961,000	£13,265,000	£27,448,000	238
2023-03-31	£15,121,000	£13,795,000	£25,542,000	250
2022-03-31	£14,771,000	£13,532,000	£26,682,000	249
2021-03-31	£13,383,000	£11,811,000	£23,132,000	232

Trustees

Name	Role	Appointed
Adam Stewart Towle		2024-11-07
Amy Carter		2022-10-26
Andrew John Williams		2020-05-07
Andrew Lamb		2025-11-05
BRIAN STEWART OBE		2019-05-23
Deana Burgoyne		2025-11-05
GRAZINA BERRY		2022-10-26
Jack Hardiman		2023-10-25
Michael Connelly Anderson		2020-05-07
Minesh Bharatbhai Patel		2024-11-07
Naomi-Jayne Adie		2024-11-07
Vanessa Clare Stanislas		2017-11-23

Linked charities

- THE BORNE HOUSE TRUST (211234-1)
- TUBERCULOUS NURSES ENDOWMENT FUND (211234-2)
- THE QUEEN MARY HOME (211234-3)
- THE PAPWORTH FUND (OTHERWISE KNOWN AS THE ASHTEAD-PICKERING TRUST) (211234-4)
- WINIFRED EMERY HOME (211234-5)

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England & Wales - Charity number 211234

Accounts

The Papworth Trust

Report and Accounts
31 March 2025

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Our vision, mission and values

Our vision: A world where disabled people are seen for who they are.

Our mission: For disabled people to have equality, choice and independence.

Our values:



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	Registration Number
Trust status:	
A registered charity	211234
A company limited by guarantee	148906
A private registered provider	LH1648

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Chair and CEO introduction

We remain as true to our core today as we did when our founder, Sir Pendrill Varrier Jones had his vision for helping patients with Tuberculosis back in 1917. Our vision is for disabled people to be seen for who they are, and every aspect of our work is to achieve our mission of supporting disabled people to have equality, choice and independence.

During the past year, we have supported more people into the workplace through delivering new employment contracts, we have grown our Day Opportunities services and continued to deliver our Care and Housing services, amidst an incredibly challenging background of reduced funding and increased costs. We are pleased to have developed strategies for our four key operational areas, each of which drive quality improvements and growth, whilst keeping customers at the heart of everything we do.

Through listening to our colleagues, we have worked hard to use the resources we have in the most effective way to deliver pay and benefits that reflect the outstanding work they do. Through this, we have achieved an 86% staff satisfaction rate, of which we are incredibly proud.

We are transforming our services with the use of technology, appreciating we have a long way to go. We have introduced upgrades to existing software that have improved capability, implemented new software to revolutionise how we work for our rostering and timesheets along with increasing accessibility for our customers through applications and digital solutions.

We refined our values and introduced the new 'ambitious and brave' which is a clear reflection of the world we are operating in now. We want our customers to achieve their aims, their goals and are continuously asking, and listening to feedback to see where we can learn and improve. We went one step further to engage with a partner to help us develop our approach to Co-Production and are really pleased to have started on that journey.

2024 -25 has been an incredibly busy year for Papworth Trust, and a very productive year. We are extremely grateful for the dedication and hard work of our commissioners, funders, colleagues and volunteers, who are amazing.

Brian Stewart OBE, Chair, and Sarah Miller, Chief Executive

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Trustees' Report

The Trustees present their Report and audited Financial Statements for the year ended 31 March 2025.

Overview of activities and achievements in 2024/25

Set in 2022, our three-year Strategic Objectives are Customer Focus, Sustainability, Grow our Impact and External Influence.

Customer focus

Last year we said...

- We will communicate to our customers in a way that meets their needs and preferences.
- We will develop an approach to Co-production.
- We will increase care customers' independence and quality of life through the use of technology.

Our progress made...

- We are confident that we have captured our customers' communication needs and preferences within our respective services at a local level. Our expert partners Healthwatch Suffolk delivered a training session for 20 managers. Having engaged with 16 customers, we are now piloting our first project.
- Our Tenant Scrutiny Panel started their second deep dive review looking at communication within the capital works programme, meeting with members of the housing team and our contractor, the Bell Group, to understand more about how the programme works.
- We involved tenants to help form our housing strategy – we offered sessions with tenants and other ways to feed their views into the strategy.
- Work is underway to launch two new tech offers to customers to communicate and engage with the housing service - an online portal for customers to access their housing account online and a text messaging service rolling out early 2025/26.
- Employment focus group – 3 customers indicated they wished to take part in a customer forum, however no attendees showed when the meeting was set. As we've tried this multiple of times recently, we will now review this approach.

Sustainability

Last year we said ...

- We will develop an information management strategy.
- Through investment and planning we will ensure our workforce has the knowledge, skills and resources to deliver great services.
- We will develop a net zero action plan.
- We will develop housing and commercial property strategies.

Our progress made...

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- Implementation of Care Rostering system and our Pyramid upgrade (housing system) went well.
- We have commissioned new software, Notify, to improve our Accidents, Incidents and Near miss logs, which can potentially be used to improve our auditing processes.
- We have met our target to bring organisation-wide staff turnover to 18%. Through our staff morale and wellbeing survey, 86% said Papworth Trust is a great place to work (up from 74% the previous year).
- We launched a new Careers Portal advertising jobs and volunteering vacancies, showcasing staff case studies and information on our employer offer.
- We've implemented Safecall, an external whistleblowing service.
- We moved our payroll function to Staffology with payslips now emailed direct to staff.
- Our housing team completed customer service training at the beginning of the year, with positive feedback and staff putting into practise what they have learned.
- A managers' toolkit (for current and aspiring managers) is now in place; a first cohort of 15 line managers took part in the coaching culture training programme.
- We have created our learning and development programme, which includes a target of supporting at least 5% of our staff to undertake a formal qualification beyond any mandatory training required.
- We were successful in securing 43% grant funding of our warm homes funding bid, which equates to £1.28m and will help circa 114 homes achieve at least EPC category C over the next three years as part of our Net Zero action plan.
- We have streamlined our volunteer application process and are extremely grateful to our 47 dedicated volunteers who have donated just under 5,000 hours over the last year. Eight Corporate Volunteering organisations worked with us to provide 107 people to support us over 12 events.
- We have published our housing strategy and a commercial property strategy is in progress.

Grow our impact

Last year we said ...

- We will deliver our services to more disabled people.

Our progress made...

- We won a new contract, WorkWell, an 18-month employment support programme in Peterborough which finishes in March 2026.
- We are having open conversations with designated authorities and prime providers as they look to set up their Connect to Work contracts in 2025. We've also completed eight Expression of Interests with Prime Providers.
- We are expanding our South Cambridgeshire Day Opportunities service to include people with Profound and Multiple Learning Difficulties (PMLD).
- We've secured our move to Unity Campus in Sawston for our South Cambridgeshire Day Opportunities service which will create capacity to grow.
- We are purchasing a property which will provide growth opportunity for our Lowestoft Care service.

- Working in partnership Independent Living Suppliers (ILS), we launched an Assistive Technology pilot to support our developing an organisational approach to customers maximising their use of Assistive Technology.
- Our Social Value statement has now been drafted.
- A working group for our Value for Money strategy has been formed to ensure we comply with the spirit of the Regulator of Social Housing standards.
- We developed a fundraising action plan which showcases the areas we wish to focus on moving forwards.

External influence

Last year we said

- We will increase the number of employers we work with to raise disability awareness through promoting Disability Confident.
- We will develop and implement our brand awareness strategy.

Our progress made...

- We prepared for our Disability Confident Leader status renewal which we achieved in May 2025.
- Of the 71% of staff who responded to our survey, 35% consider themselves to have a disability or long-term health condition.
- With a part time resource, we worked with 76 organisations to become Disability Confident. This will become Full Time in 2025/26 and will focus on Level 2 due to being able to maximise Disability Confident influence.
- Disability Confident featured as a two-page advertorial in Jobs and Careers magazine.
- We have responded to five Government consultations including the Low Pay Commission's review into the National Minimum Wage, where the Trust's evidence was quoted twice within their final report to Government.
- Our Director of People and Culture delivered a webinar to the National Housing Federation's EDI network of over 100 attendees on our work as a Disability Confident Leader supporting disability, mental health and wellbeing in the workplace.
- [BBC Look East](#) filmed our Chief Executive and 3 Day Opportunities customers as part of the campaign to ask the Chancellor to rethink the increase on National Insurance Contributions for charities.
- We hosted a visit from the Department for Work and Pensions officials to talk about the progress being made on our WorkWell employment support programme across Cambridgeshire and Peterborough.

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Reserves Policy

Restricted Funds

The Trust from time to time receives grants or donations that might be specifically designated by the donor for a particular purpose, either in response to an appeal that we have made, or more generally by the donor's relationship with the Trust.

Where the Trust chooses to accept such grants or donations, it will do so on the full understanding of the terms and conditions that pertain to the grant or donation and will put steps in place to ensure that these donations are only spent as prescribed in the terms of the grant/donation. The Trust will ensure that any further obligations placed upon the Trust by the acceptance of such grants or donations are strictly adhered to. Such grants and donations are separately tracked and monitored and do not form part of the general reserves at the disposal of the Trust.

The value of restricted funds held at 31 March 2025 was £2.711m, (£2.835m at 31 March 2024).

Endowment Funds

The Trust holds a small number of funds, described as endowment funds, established over time to support particular groups of beneficiaries. We seek to utilise these funds to support these beneficiaries to the extent that we are able, in line with our objects.

The value of the endowment funds held at 31 March 2025 was £437,000, (£435,000 at 31 March 2024).

Designated Funds

The Trustees also use their powers to designate certain funds for specific purposes, if required, to ensure that known future commitments can be met, or to recognise that certain assets cannot be freely deployed to meet particular objectives of the Trust without significant disruption to the Trust's business.

To this end the Trustees have resolved to exclude from general reserves the value of fixed assets held, net of the long-term liabilities held against these, representing assets held for the purpose of delivering our mission. These assets do not represent 'free' reserves as they are required to be maintained in order that we can continue to deliver services to our customers in pursuance of our aims. Therefore, the Trustees have designated reserves that reflect the carrying value of these assets in the Statement of Financial Position (Balance Sheet).

The Trustees have also elected to include in designated funds the pension liability payments still required under the deficit repayment plan produced from the most recent full actuarial assessment, less the amounts already provided for this liability on the balance sheet, following the pension trustees' current assessments.

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In addition, the Trustees recognise the need to maintain its properties and work towards the government's net-zero target by 2050, which will require significant financing, and have therefore started to provide funds to undertake initial works. The Trustees have also recognised the need to invest in services to develop our offering to meet evolving requirements and intend to invest additionally over the course of the business plan to achieve these objectives.

The value of designated funds held at 31 March 2025 was £17.556m (£17.596m at 31 March 2024).

General Reserves

General reserves represent the 'free' reserves that the Trustees have at their disposal to meet the objectives of the Trust. These reserves are held to ensure the financial resilience and sustainability of the Trust, helping to manage risk and volatility, to insulate the organisation against the impact of future financial shocks and to enable the Trust to react to unplanned growth opportunities should they arise.

The Trust has sought to evaluate the material risks and uncertainties facing the business, and the quantum of financial provision that may need to be reserved to manage these risks, should they occur. We have considered activity as identified in our three-year business plan to represent an appropriate time horizon for the assessment of the level of reserves required.

It is also recognised that there is a level of general volatility in operations, and any plans to materially change provision, to exit any activity, or to manage the transition of programmes to differing funding mechanisms, inevitably takes time and involves cost. It is therefore prudent for the Trust to preserve funds for such eventualities.

The Trustees have evaluated the principal financial risks facing the charity, along with an assessment of the range of potential liabilities that may arise, should these risks crystallise, and have summarised these in the following table:

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General Reserves assessment

Category	Description of Risk	Estimated Financial Exposure of risk
1. Potential Future Obligations	SHPS liability. There is a potential £233m claim against The Pensions Trust (TPT), the fund managers for SHPS, relating to the application of inflation rates to benefits historically. This is not reflected in the TPT valuation, and is being disputed by TPT, however it would be prudent to reserve for our share of risk to our own funds.	£600k
	Capital Investments – own funds required to be reserved to complete projects.	None at present. Funding plans in place to meet requirements. This could change once requirements to meet net zero are known
	SHPS liability increases following actuarial review at last triennial valuation, as of Sept 2023.	£500k to £1,500k
2. Operational challenges	Care service delivery. Challenging operating model, risk to achieving financial improvement plan and sustainable operating model	£100k to £200k
	Reduction in voluntary funding. Reserve needed to manage any transition to reduced funding environment	£500k
	Inflation levels significantly exceed those budgeted, adversely impacting the cost base of the organisation	£100k to £200k
	Stress testing and sensitivity of budget projections not captured above	£250k
3. Transitional arrangements	Funds required to manage transitions between contracts	£100 - £250k
4. Funding planned service shortfalls	Identification of reserves to fund future shortfalls	None required that are not already included in the budget
5. Asset valuation risk	Impairment risk of fixed assets. Realisable value may be less than in-use value for specialist assets used for service delivery	£1,000k
	Repayment of social housing grants, should these not be recycled effectively	£150k
	Downgrade in valuation of Investment portfolio	£1,000k to £2,000k

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From this assessment the Trustees have concluded that they need to hold general reserves for risks arising from operating activities in the target range of £4.3m to £6.6m (31 March 2024: £4.2m to £6.1m). Current general reserves stand at £7.705m, as of 31 March 2025, £1.105m above the top end of the minimum range required.

Given the desire to maintain a modest buffer to allow the Trust to react to unplanned growth opportunities and a generally higher level of cost base and cost increases being experienced, and factors such as domestic political uncertainty and geo-political tensions mean the Trustees do not feel that any steps are required to reduce this level of reserves at this point. In fact, there is a case to increase fundraising activities.

The level of general reserves is monitored carefully against our long-term plans to assess whether any excess is permanent or temporary in nature, and future programme delivery will be structured accordingly should the Trustees decide to utilise some reserves in furtherance of our objects.

Investment Policy

The Trust seeks to produce the best risk-adjusted financial returns from its financial investments. The investment objective is to maintain the real value of the assets over the long term, whilst also producing an income stream that can support the regular operations of the Trust. Investments are managed with full discretion by the Trust's investment advisers in accordance with the Statement of Investment Policy agreed with the Board. The Trustees of the Trust set the objectives, restrictions, investment mandate and any exclusions and, via the Finance, Audit and Risk Committee, monitors the performance of the investment advisers periodically. Part of this strategy seeks to diversify adequately to minimise concentration risk and to manage currencies appropriately.

Investment scope

Subject to the Environmental, Social and Governance (ESG) limitations that are set, the Trust delegates authority to the appointed fund managers to invest its funds appropriately to meet the targeted financial return and liquidity requirements agreed from time to time.

Attitude to Risk

The Trust seeks primarily to ensure that the real value of its investment funds is at least maintained, to support its reserves policy, whilst also providing a valuable unrestricted income stream to support operations. A key risk to the long-term sustainability of these funds is inflation, and the assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that the financial investments will be concentrated in real assets and that the capital value will fluctuate. The Trustees are able to tolerate short-term volatility of the capital value of the Trust's financial investment portfolio, as long as the Trust is able to preserve the underlying value in the long term. The investment portfolio is positioned to act as a fall-back source of liquidity in the unlikely event that the Trust experiences a period of operational cashflow stress.

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Structure, governance and management

The Papworth Trust is governed by its Trustees, who are also the members of the Trust. Trustees can serve up to three terms of office of up to three years each; the arrangements for the election or appointment of Trustees are detailed in the Articles of Association.

The Trustees, who are also Directors of the company under company law, meet quarterly as the Board of Directors to review the management of the organisation. Trustees are all assigned to Committees. The Committees take a more detailed view of the areas of operations and governance delegated to them at their quarterly meetings. Committees meet with Executive and Leadership Team member and managers of respective services and departments who provide reports and information which are subsequently discussed at Board meetings. Day-to-day management is delegated to the Chief Executive and Executive Team.

The induction process for Trustees is structured to ensure they receive a comprehensive introduction to their role and to the organisation. The induction process includes visiting our services and meeting customers and colleagues, understanding the functions of the Trust through 1:1 meetings with senior managers and reading core relevant information, guidance and legislation, supported via a structured induction plan delivered by an executive Team 'buddy'.

Trustees undertake mandatory training, whilst also having the opportunity to participate in a range of good practice training relating to governance, Charity Commission requirements and operational delivery. Trustees are supported by access to a dedicated section of our intranet site and board management software, keeping them updated on matters arising within the Trust, as well as within the sector and our operating landscape more widely. The Trust follows the Charity Governance Code and monitors ongoing compliance with this code.

All Trustees, including the Chair, undertake an appraisal review, incorporating feedback from primary points of contact, in order to monitor Board effectiveness.

Trustees do not receive a salary but may claim expenses for actual reasonable costs incurred in attending meetings or otherwise fulfilling their duties. The extent of reimbursement of expenses is dealt with under note 7 below.

Conflicts of Interest

A register of Trustee and Executive Team interests is maintained, to assess and manage any potential conflicts. The Conflicts of Interest policy and process aligns with current best practice.

Trustees and Executive Team are formally asked on an annual basis to review the information held on each respective register and confirm that it is correct and that they remain eligible to serve as a Trustee of The Papworth Trust, with reference to disclosures required under company law and charity law, as well as best practice. In addition, at

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the beginning of each Board and Committee meeting or prior to the involvement in any project they are also reminded of the register and asked if there are any changes to be recorded. Any conflict raised is then managed in accordance with the policy.

Trustees' Liabilities

The Trust indemnifies the Trustees of the Trust against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year.

Committees

Committees take a more detailed interest in specific areas of the Trust's activities and monitor performance against key performance indicators. The terms of reference of individual committees are reviewed annually to ensure continued effectiveness and compliance with good governance practice, with an external board effectiveness review undertaken every three years and a light touch internal review undertaken in intervening years. Following an external Board Effectiveness Review conducted by Deloitte, the Governance structure changed with the following committee now in operation, with key responsibilities identified, is as follows:

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is responsible for reviewing the financial performance of the Trust and reporting this to the Board, as well as overseeing the organisation's Risk Management Framework. The Committee monitors in-year financial performance and reviews the Trust's annual accounts, recommending them to the Board for approval. The Committee receives audit reports from internal and external auditors and reviews the Trust's framework for financial controls, including consideration of the annual statement of internal controls and its compliance with current guidance. The Committee holds responsibility for the oversight of treasury and investment management, the financial appraisal of new projects and prevention and detection of fraud.

The Committee also takes primary responsibility for ensuring that the Trust has effective risk management mechanisms in place, and periodically considers the Trust's risk register, ensuring that mitigations are effective and that any residual risk is aligned with the Trust's tolerance and appetite for risk.

Housing and Property Committee

This is a newly formed Committee, focusing on the Trust's social housing and commercial properties, overseeing the review of performance of the Trust's properties, in line with service standards and statutory, regulatory and contractual compliance, along with tenant satisfaction, accidents and incidents and safeguarding within our social housing.

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The Committee reviews the Trust's net zero agenda and promotes the Trust's approach to our housing development strategy. It has oversight of the Housing Action Plan, monitoring all aspects of housing management, maintenance and tenant engagement and satisfaction activities.

People and Culture Committee

The Committee has responsibility for recommending the overall annual pay award and general reward policy for staff and determining the remuneration of the Chief Executive and Executive Team. It also has an oversight of the salaries of any other staff in receipt of salaries over the Statement of Recommended Practice (the SORP) reporting threshold (currently £60,000 pa).

The People and Culture Committee takes the responsibility to monitor the Trust's performance against our People and Culture Plan and our Workforce Development Plan. The Committee champions our work on Equality, Diversity, Inclusion and Belonging along with reviewing our progress on our volunteering strategy and work to ensure that we as a Trust are adhering to and exceeding disability confident in all aspects of our work whilst working with employers to support them to become disability confident through our validation status.

Quality and Engagement Committee

This newly formed Committee reviews the performance of the Trust's quality and engagement across our Work, Care and Day Opportunities services. This Committee oversees the review of performance of the Trust's operations, in line with service standards and statutory, regulatory and contractual compliance.

Customer engagement and satisfaction, incidents and safeguarding are an area of focus for this committee along with Co-Production and ensuring our customer voice shapes our services.

Health and Safety

The Board recognises its responsibilities on all matters relating to health, safety and security, for our staff, customers and volunteers. We maintain scrutiny through best practice groups, as well as formal reporting mechanisms to management and to the Board of any health and safety issues or concerns. The profile of Health and Safety across the wider organisation continues to rise with a cross-working advisory group who hold responsibility for the delivery of a 3-year action plan to improve processes and embed a health and safety mindset more deeply into our culture. We will continue the monitoring of safeguarding via our Housing and Property Committee for our tenants and Quality and Engagement Committee for our customers in Work, Care and Day Opportunity services and utilise the Safeguarding Best Practice Group to capture learning and feedback from our own experience, and the experience of others, to improve process and practice.

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Internal control assurance

The Board of Trustees carries out an annual review of the effectiveness of controls, through a report from the Finance, Audit and Risk Committee which has delegated authority for the review. As part of the annual review, the Committee:

- Reviews the process for identifying, evaluating and managing significant risks, as detailed in this report above, and as contained in the Risk Management Framework
- Reviews reports and recommendations received by management, as appropriate
- Reviews any incidences of significant failings in internal control and considers whether the remedial action and management recommendations have been effective.
- Considers reports from Internal audit, and considers the proposed scope of activities planned for the internal audit programme for the coming year
- Reports to the Board on the overall effectiveness of internal control and risk management processes.

Additionally, a self-assessment against the checklist of internal controls contained in the Charity Commission guidance CC8 is conducted on an annual basis.

Compliance with the Regulator of Social Housing's Governance and Financial Viability standard

During the year, the Trust was not fully compliant with the standard in two respects.

The Trust has not previously had a 30-year financial business plan but rather relied on shorter term financial business plans with only rudimentary and limited stress testing performed. The Trust has invested in some proprietary software that is widely used in the sector. Since the year end and for the first time, the Trust now has a draft 30-year financial business plan that can be used to model various scenarios. A schedule of stress tests is being developed. Once the results of the various stress test scenarios have been approved, a mitigation plan will be put in place.

The Trust has an assets and liabilities register; however, this has not been kept up to date. The Trust has commissioned a comprehensive valuation exercise to enable the assets and liabilities register to be brought up to date. A project is underway to enhance the assets and liabilities register generally.

Equality, Diversity and Inclusion

Papworth Trust is proud to be a welcoming and inclusive organisation, committed to recruiting and retaining a diverse workforce with a wide range of backgrounds and experiences which reflects the communities we work and live in.

We are committed to embedding equity of opportunity for our staff, volunteers and customers.

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Disability Confident Leader

Disability Confident is a scheme run by the Department for Work and Pensions in partnership with employers and disabled peoples' representatives, designed to help employers recruit and retain disabled workers, as well as promote a positive and inclusive work environment for disabled people. The Disability Confident Scheme has three levels; Committed, Employer and Leader. It aims to break down barriers and misconceptions surrounding disability in the workplace, encourage employers to create accessible and inclusive working environments, and provide opportunities for disabled individuals to find and maintain meaningful employment.

We have achieved leader status since 2019 and continue to champion good practice under the scheme. Through our validation accreditation, we actively support other organisations to become Disability Confident by funding a Disability Confident Advisor role and encourage all organisations within our supply chain and wider networks to employ, support and promote disabled people.

As a disability confident leader, we understand that one in every five of our staff has a disability or long-term health condition. As such, our practices aim to be exemplary, demonstrating our commitment to the scheme and our employees.

We use targeted recruitment methods to attract and retain staff from diverse backgrounds including prioritising advertising our vacancies on disability platforms to encourage applications from disabled candidates, we continue to review and develop inclusive recruitment practices and take an individual approach to support all staff to thrive. We have a reasonable adjustments budget to fund implementing reasonable adjustments to support colleagues with disabilities to succeed in the workplace.

In the last year, we have supported 76 organisations to become Disability Confident with information, advice or guidance. Of those employers:

- 40 have achieved level 1 status
- 22 have achieved level 2 status
- 2 have achieved level 3 status

Employee voice

We continue to develop our staff voice through our colleague groups. Our Employee and Wellbeing Forum, Disabled Colleagues Group and Carers Experience Group all contribute to the development and delivery of our services, reward packages and policies.

We continue to regularly survey our staff and value the high response rates we achieve in gaining feedback on what we do well and, as importantly what we can do better, as well as understanding more about how staff are feeling about the organisation.

86% of our staff recommend Papworth Trust as a great or good place to work, up from 74% the previous year and we are delighted with this progress.

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Gender Pay Gap

Papworth Trust is satisfied we are paying both men and women fairly for the work they do. A number of elements have affected our pay gap results this year, including gender distribution across quartiles, the salary exchange scheme and job sector differences, for example IT and Finance roles which tend to attract higher pay than some other specialisms.

We continue to challenge ourselves to ensure our recruitment practices attract a diverse range of candidates and are inclusive. We also continue to have a robust and transparent pay award structure in place across the organisation.

Customer Involvement

As part of our Customer Focus Strategic Objective for 2024–25, Papworth Trust set out its ambition to begin developing our approach to Co-production. To support this work, we engaged with Healthwatch Suffolk, who continue to provide expert guidance through their Co-production Ambassadors programme. In December 2024, 20 staff members from across the organisation participated in dedicated training to deepen their understanding of co-production and explore its potential application within the Trust.

Our Co-production team were tasked with identifying suitable projects for co-production, and in March 2025, selected a pilot project within our Routeways to Work employment support programme.

This pilot launched in 2025 and will conclude in the 2025–26 financial year. Upon completion, the Trust will review key learnings and outcomes to inform future improvements and integration of co-production across our services.

Streamlined Energy & Carbon Reporting (SECR)

The Board has committed to adopt SECR from 1 April 2025 even though this requirement is not mandatory for the Trust.

Fundraising

The Trust is registered with the Fundraising Regulator, adhering to the Fundraising Code of Practice guidelines.

Fundraising is vital to our work. It generates income to help us create and deliver added value bespoke services to meet unmet needs that we have identified for our customers. For example, the Trust's unique Routeways to Work programme was created as a direct result of learning of the lack of work experience and employment opportunities for disabled people. Fundraising helps us bridge the gap in service delivery costs to deliver good quality services where statutory funding falls short. Our customers, colleagues, volunteers and our local community enhance their wellbeing through feeling included and having fun by engaging with our fundraising.

Our fundraising activities enable us to do 'extra' great things for and with our customers and takes the form of grant applications which may be for specific projects or activities, for example, The Earl Fitzwilliam Charitable Trust recently donated £2,500 towards our Routeways to Work programme. Other fundraising activities include working with corporate partners, individual and regular donors, participation events and legacies, alongside donations in the form of pro-bono expertise and equipment.

We have had great participation in prestigious events:

- Five runners raised £8,414 in the 2024 TCS London Marathon
- 13 runners raised £3,934 in the 2025 Cambridge Half Marathon

We are developing our participation events catalogue to ensure there is 'something for everybody', this will include walks, skydives and events that customers can actively participate in, alongside increasing the number of places we are able to offer at the more prestigious events. All participants' fundraising, helps raise the profile of Papworth Trust alongside raising much needed funds.

Value for Money

Papworth Trust's mission is to support disabled people to have equality, choice and independence. As a Registered Provider of social housing, we provide safe, accessible and affordable homes for our customers and we have a portfolio of specialist housing located across the East of England. We continue to focus on delivering a high-quality service to our customers in the most efficient and effective way, working to improve levels of satisfaction whilst generating surpluses to assist in both the funding of our core services and provide ongoing improvements to our homes.

In presenting the value for money metrics for our housing portfolio for 2024-25, we follow the requirements of the Value for Money standard published by the Regulator of Social Housing (RSH).

We have elected to use benchmark comparisons with a national small provider benchmarking group, comprising up to 150 smaller social housing providers, the Small Provider Benchmark (SPBM). It should be noted, however, that whilst it is possible to find comparative organisations in terms of size and number of homes, it is more challenging to benchmark against organisations with similar operational models, i.e. small providers with high levels of supported housing spread over a wide geographical area, alongside a core of general needs homes.

This year, for the first time, we have presented the standard RSH's Value for Money metrics in graphical form. In doing so, we have presented the current year's metrics for both Papworth Trust and the benchmark group for the previous five years in order to place the results in a more meaningful context. In the past, current year's metrics have been presented against prior year metrics for the Trust and the benchmarking group. The Board believes that this approach more closely follows the spirit of the RSH's Value for Money standard.

The Papworth Trust

Report and Accounts for the year ended 31 March 2025

Unlike previous years, we have provided comparative benchmark metrics for the current year. However, it should be noted that at this stage of the reporting season only half of the expected submissions have been made. Therefore, when benchmark data for 2024/25 is presented next year, the final set of median metrics will be used rather than the provisional figure shown here.

Regulator of Social Housing Value for Money Metrics

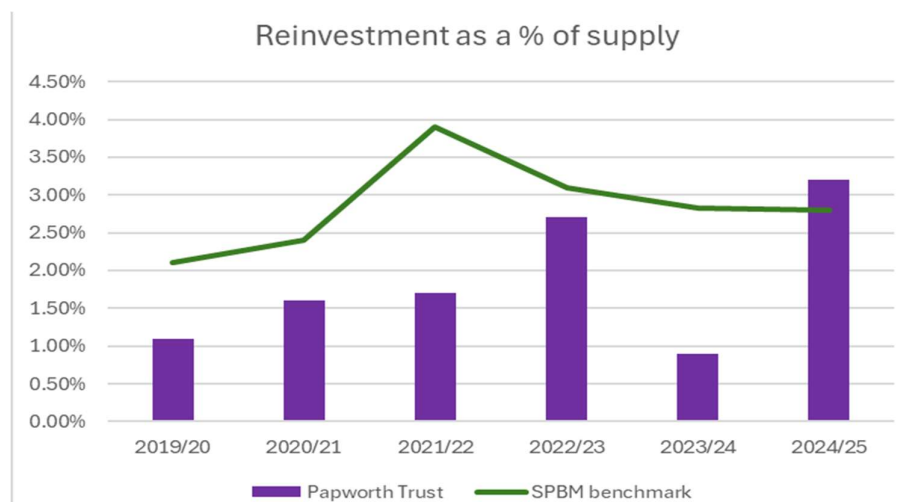
Value for Money Metrics	Papworth		SPBM median
	2024/25	2023/24	2024/25
Reinvestment	3.20%	0.90%	2.80%
New supply delivered	0.00%	0.00%	0.00%
Gearing	22.80%	23.00%*	12.83%
Interest cover (EBITDA MRI)	135%	181%	199%
Social Housing cost per unit	£7,210	£7,253	£6,583
Operating margin (social housing)	6.04%	4.90%	15.02%
Return on capital employed	2.37%	2.90%	3.12%

*The gearing metrics for Papworth Trust for 2023/24 and 2022/23 have been restated from those previously reported to comply with the methodology set out in RSH guidance. The graph below shows gearing for 2023/24 and 2022/23 as 27.57% and 22.58%, whereas previous published metrics were 13.7% and 17.2% respectively.

Reinvestment

Our level of reinvestment has increased from 0.90% to 3.20% between 2023/24 and 2024/25.

For existing homes, in 2024/25 our annual investment has more than doubled to £1,180,000 (2024: £532,000).



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Our reinvestment percentage shows a pleasing upward trend and for the first time in six years is higher than the benchmark group median.

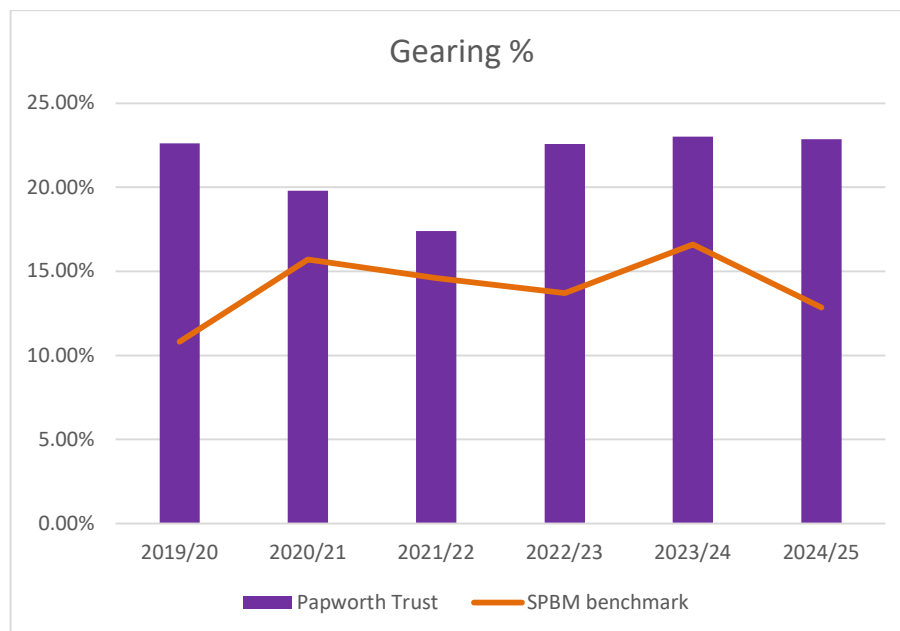
New Supply Delivered

We have not developed any new homes in either 2023/24 or 2024/25.

However, the Trust is working on a Development Strategy aimed at delivering net growth in our number of homes. This work is being supported by the development of a 30-year financial business plan and an assessment of our borrowing capacity.

Gearing

Gearing has decreased from 23.00% to 22.80% as our overall net debt has reduced. The Trust has not drawn down any new loans in the year whilst regular capital repayments have reduced the loan balances outstanding.

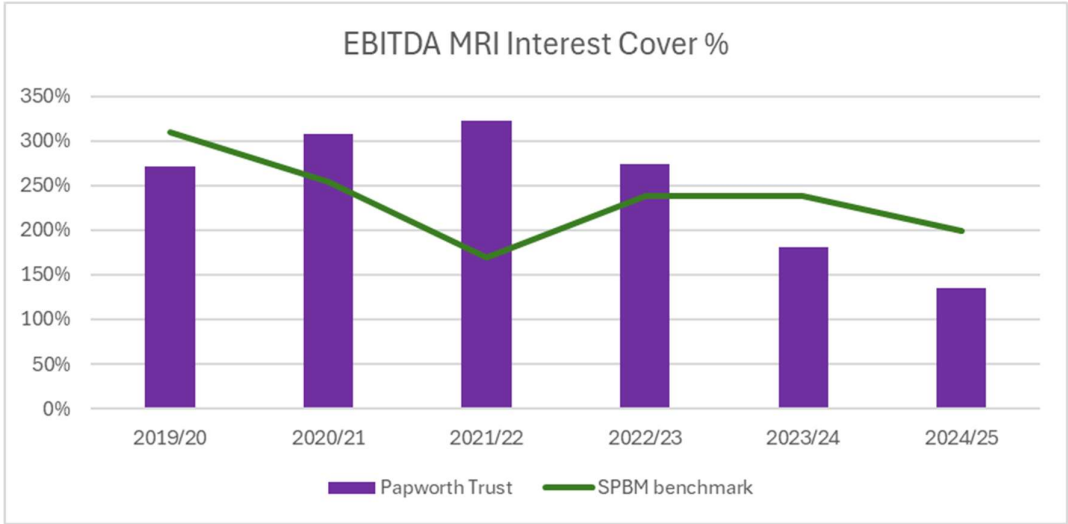


Gearing continues to be above the median for the benchmark group of smaller social housing providers.

Interest Cover

Our interest cover based on the EBITDA MRI has decreased from 181% to 135% due to a lower operating surplus and a the more than doubling of expenditure on capitalised major repairs.

The Papworth Trust
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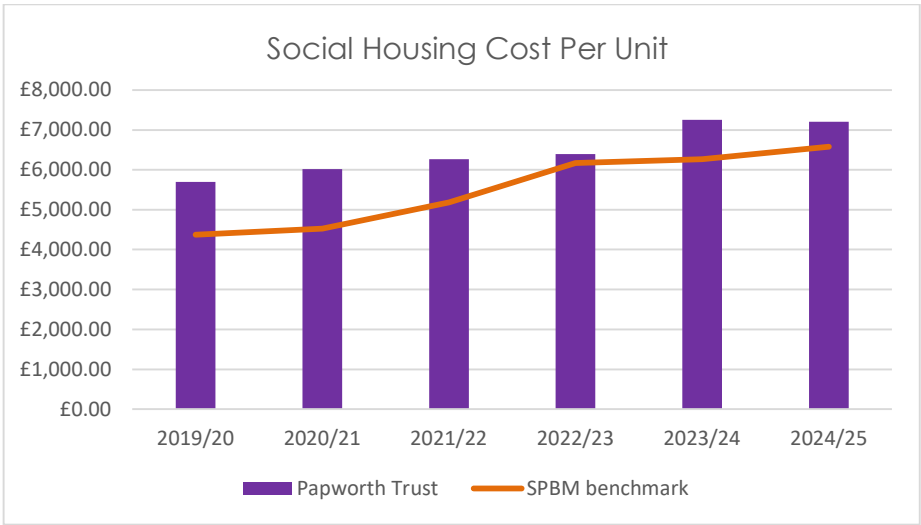


Interest cover for 2024/25 is lower than the median of the benchmarking group.

Headline Social Housing cost per unit

Our overall headline cost per unit is similar to last year, which demonstrates increased efficiency in providing our services. Papworth Trust remains passionately committed to providing homes that are suitably adapted to meet the needs of our customers and to maximise their independence.

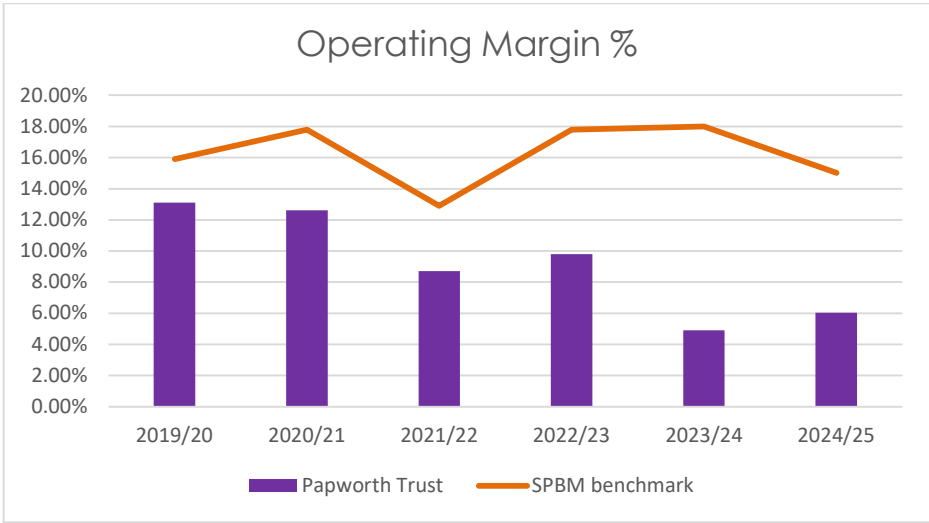
The following graph shows that headline social housing costs per unit for Papworth Trust seems to have followed the trend for the median cost of the benchmarking group over the past six years, with the Trust's costs per unit being close to the median for the group.



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Report and Accounts for the year ended 31 March 2025

Operating Margin

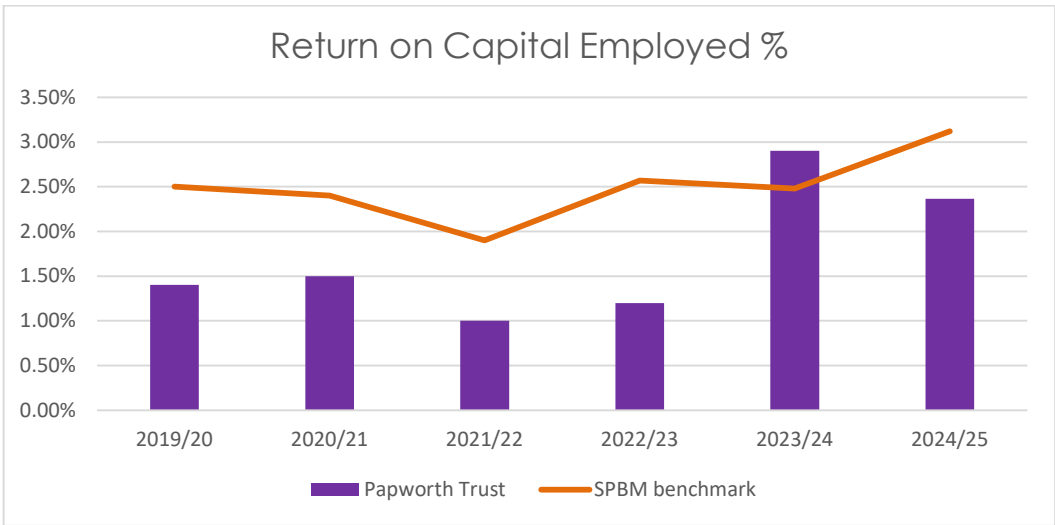
The overall operating margin has increased this year from 4.90% to 6.04%.



Operating margin historically has been lower than the median operating margin for the benchmarking group as a whole. This reflects the nature of our customers and homes. It is pleasing that operating margin has returned to similar levels to those achieved in the past.

Return on Capital Employed (ROCE)

The return on capital employed has decreased in 2024/25 compared with the previous year, falling from 2.90% to 2.37% mainly due to a reduced operating surplus.



The Papworth Trust

Report and Accounts for the year ended 31 March 2025

Value for Money 2024/25

We remain focused on how we can continue to engage with and improve our services for disabled people at a sustainable cost that delivers value for money, with improved customer satisfaction whilst adhering to regulatory standards, including the recently introduced consumer regulations.

Value for Money strategy

We are in the process of refreshing our overall approach to achieving value for money by developing a new Value for Money strategy encompassing all areas of the Trust's operations. The Board has adopted a suite of seven new Value for Money metrics specifically relating to the Trust's operations (rather than just housing). The intention is that these will be reported on in the quarterly management accounts packs alongside the metrics required by the RSH's Value for Money standard.

Going Concern

The Board has assessed The Papworth Trust's current financial position and resources, future obligations and risks, together with a review of the Trust's forward business plan, to consider the future financial viability of the Trust.

We have issued a new Business Plan which articulates our planned activity for the next three financial years and considers areas of revenue growth, as well as the likely impact of future cost pressures due to high inflation and interest rates. We have also completed risk and sensitivity testing around key areas of uncertainty, and of major cash flows, within this plan and note that the Trust anticipates having sufficient reserves and working capital to support the Business Plan. The Trust also continues to have the support of the Varrier-Jones Foundation, who have confirmed their commitment to support the Trust over the next financial year.

The Board therefore considers that it has a reasonable expectation that adequate resources exist for the Trust to continue to be operational for the foreseeable future and therefore that the adoption of the going concern principle is reasonable and appropriate in producing these financial statements.

Auditors

A resolution proposing the appointment of external auditors will be proposed at the Trustee meeting in November 2025.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The Papworth Trust**Report and Accounts for the year ended 31 March 2025**

The report of the Board of Trustees was approved by the Board, and signed on its behalf on 20 August 2025 by:

Brian Stewart OBE - Chair of Trustees

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Strategic Report

Objectives and public benefit

What we do

We offer essential support and care to disabled people. Our Mission is to help disabled people achieve equality, choice and independence. We support a wide range of disabled people, including those with physical disabilities, learning disabilities, mental ill health and sensory impairments.

We support people to live their lives to the full and be seen for who they are.

Objects

The object of the Trust is to provide relief to disabled people, including the provision of social housing, in such ways that are for the benefit of the public and charitable according to English Law.

This Object is delivered via a five-year business plan, supported by annual departmental plans and budgets. We carry out service reviews on a quarterly basis to compare the outcomes and achievements of our work to our stated aims and objectives. The reviews look at the successes and challenges of each key activity and the benefits they have brought to those individuals and groups of people, considering any risks that emerge and any resourcing that may be required. The reviews also help to ensure that our activities remain focused on our strategic objectives.

Public Benefit

The Trustees confirm that they have regard to the Charity Commission's general guidance on public benefit whenever we review our Mission, aims and objectives and also when planning future activities, or evaluating existing ones.

We provide a benefit to the public by actively seeking to support disabled people to live their lives to the full, providing housing, employment support, care and day services as appropriate to meet the needs of our customers. We actively seek to embed our services in the wider community, recognising the benefits of an inclusive society, where everyone is seen for who they are.

We operate across the East of England and use our resources, as outlined above, to provide essential services and support, engaging with customers, commissioners and other key stakeholders to constantly evolve our offering to maximise the impact that we can achieve with the resources available.

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Financial Review

Full details of our financial performance for the year ended 31 March 2025 are shown in the Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement and Notes to the Accounts.

Turnover and operating surplus for 2024-25, with prior year comparisons, are shown in the table below:

	2025 £'000s	2024 £'000s
Turnover	14,525	14,082
Operating costs	(13,660)	(12,522)
Operating surplus	<u>865</u>	<u>1,560</u>
Surplus/(loss) on sale of fixed assets	(10)	879
Interest receivable	62	69
Release of impairment provision	330	-
Interest payable	(678)	(743)
Investment gains/(losses)	<u>186</u>	<u>860</u>
Surplus for the year	<u>755</u>	<u>2,625</u>

Income

- Turnover from social housing lettings has increased to £5.5m from 2023/24 increasing by 7.8% from £5.1m.
- Care income decreased by 7% to £4.0m from £4.3m. Our Ipswich and Haverhill locations performed in line with expectations. Our Lowestoft location income was lower due to reductions in customer count throughout the year.
- Day Opportunities income increased by 27% to £1.9m from £1.5m. This was driven by a growth in the number of sessions and successful uplift negotiations. Income growth for 2024/25 exceeded expectations.
- The Work and Health Programme achieved better outcomes, resulting in increased income for the year, with the Work services exceeding anticipated income for the year by £120k in total.
- Expenditure on fundraising was lower in 2024/25 than anticipated largely due to vacancies in the team, and as a result fundraising income was also lower.
- Investment income, interest received and funding from the Varrier Jones Foundation were all similar to 2023/24.

The Papworth Trust

Report and Accounts for the year ended 31 March 2025

Expenditure

- Expenditure in Care decreased due to reduced staff and agency costs, specifically in our Lowestoft and Ipswich operations. The Care sector continues to experience difficulties in attracting and retaining care workers. In April the Trust increased hourly rates for care workers, ahead of anticipated changes in the National Living Wage, to seek to improve the recruitment and retention of support workers.
- Housing expenditure has increased overall during the year, with price increases in materials and labour continuing to be a factor. We have seen delays in planned maintenance activity especially in the earlier part of the year with revenue expenditure on maintenance being £152k lower than planned for the year.
- The Work and Health Programme has remained strong throughout the year but staffing cost savings contributed to a £69k reduction in costs.
- Expenditure in Day Opportunities has increased as a result of additional costs relating to the change in the service delivery model as well as increased activity costs due to a growing customer base.
- Our support functions expenditure was broadly in line with expectations.

Statement of Financial Position (Balance Sheet)

- Cash balances have reduced by £929k, with total cash held of £3.3m (including restricted and endowment funds) at the year end. This balance includes proceeds of the sale of Bourne House amounting to £725k which continues to be ringfenced.
- The Trust's net current asset position at the balance sheet date was £ 1.3m lower than at the previous year end. This is a product of the reduction in cash balances, an increase in current liabilities recognising that the Trust has significant loan redemptions to make in the next financial year offset by an increase in the level of accounts receivable.
- The Trust actively monitors and manages cash flow and has prepared a draft 30-year financial plan which will be tested under stress scenarios to ensure adequate future liquidity. The Trust was ahead of its target for liquid funds at the balance sheet date.
- The current year financial statements highlight an improvement in the level of deficit for the Social Housing Pension Scheme (SHPS). The scheme has seen a slight reduction in the fair value of plan assets but this was less than the decrease in our present value of defined obligations. The Trust also made deficit repayment contributions of £745k in the year and has a schedule of deficit repayment obligations running until March 2028, based upon the outcome of the last triennial valuation, which was as at 30 September 2023.

Treasury Management

The Trust's historic housing development has been financed through a combination of Social Housing Grant, long term loan facilities and surpluses generated through normal activities and through fundraising.

The Papworth Trust

Report and Accounts for the year ended 31 March 2025

Treasury activities are managed by the Finance Team and overseen by the Finance, Audit and Risk Committee. During the year a new Treasury Management Policy has been put in place. This policy will be reviewed on a regular basis. Treasury strategy is set in line with expected future requirements and is informed by long term financial projections to ensure adequate funding is in place to meet future investment in new and existing homes. Stress testing is planned to ensure that the Trust has potential mitigations in place in the event of multiple events occurring that place stress on working capital. Working capital requirements are held as cash, with surplus funds being invested through the Trust's investment managers. Potential drawdowns from investments are considered as part of the Trust's financing plan to support working capital as required.

At the year end the Trust had £1m remaining undrawn of a £3m loan facility established in 2022/23. This is anticipated to be drawn down in the forthcoming financial year.

Loan Covenants

There are several loan covenants in place on the Trust's long-term loans, the key measures being asset cover and interest cover. Breach of covenants could result in loans becoming immediately repayable. Loan covenant tests are monitored monthly and were comfortably met for the year ended 31 March 2025.

Plans for the future – a new 5-year Business Plan

The next five years will continue to deliver challenges as we navigate the increased regulation, increased costs and reduced funding in all areas of our operations. Through commissioning a market intelligence report, we have sight of where we sit in the market in terms of our offer and reputation along with recommendations to support our growth and delivering person centred, and innovative services.

We continue to go from strength to strength, having developed a housing strategy which sees us focus on delivering a high-quality tenant experience, good quality homes that are safe, warm and dry for our current and future customers, providing value for money and developing new homes for disabled people. Our expertise has been clearly demonstrated in our ability to deliver exceptional employment services to disabled people, however at the time of writing this, we wait to hear from Local Authorities as to how the Government's 'Get Britain Working' white paper will be delivered locally and the opportunities available to the Trust. Our Care services have made great strides to increase our retention of staff, with the next step being to grow and continue to focus on the quality of our service delivery. One of our Day Opportunities centres has just moved to Sawston, having an ambitious growth plan including supporting adults with profound and multiple learning disabilities. We are focussing on how we ensure we continue to deliver great services, meeting the needs of our customers in the community and in accessible and appealing environments across all our locations.

We continue to progress our digital pathway, recognising the rewards that technology can provide in terms of efficiency and accessibility. Our culture remains a priority for the Trust; we are developing our approach to co-production and continue to drive our work on staff rewards, and engagement.

The Papworth Trust

Report and Accounts for the year ended 31 March 2025

The Trust is in a good place, we employ great people, committed to delivering high quality services for disabled people and are proud to continue to punch above our weight.

We recognise there is a lot of work to do over the next five years, whilst navigating a continually uncertain landscape. We have developed six new Strategic Objectives to help us achieve our aims and ambitions:

Customers shape our services

We will:

- Define our approach to co-production and pilot with small projects
- Establish and embed methods to capture customer satisfaction
- Analyse trends and lessons learned from complaints received

Deliver high quality services

We will:

- Secure new employment support contracts whilst continuing to develop our Routeways to Work offer
- Ensure our Care services are CQC rated as a minimum 'Good' and continue to grow these in a sustainable manner
- Create a Papworth Trust Day Opportunities identity and develop a defined Customer Pathway for existing and new customers

Our buildings are fit for the future

We will:

- Develop a high-quality tenant experience of our services, working with our tenants to co-produce services that meet our tenants' needs
- Deliver quality homes that are safe, warm and dry for our current and future tenants
- Develop new homes for disabled people

Grow and integrated our services

We will:

- Implement a new Care Management system
- Commission a Housing portal for tenants to engage digitally with us
- Scope new digital systems that will enhance their workings
- Provide more volunteering opportunities to a wider range of people
- Create a Participation Events programme that offers participants thorough choice and opportunity to increase fundraised income

The Papworth Trust

Report and Accounts for the year ended 31 March 2025

Influence and inspire

We will:

- Set a target that 40% of the organisations we support through the Disability Confident scheme will achieve Level 2 or above
- Undertake a pilot with Care customers to better understand the positive role that Assistive Technology can have on their daily lives

Get the basics right and build on them

We will:

- Build a robust 30-year financial business plan
- Implement and embed a value for money strategy
- Publish our Equity, Diversity, Inclusion and Belonging (EDIB) strategy and action plan
- Embed coaching skills across the organisation and upskill our current, new and aspiring managers

Principal risks and uncertainties

Management of risk is an integral part of our planning and project management processes. The Papworth Trust has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the business planning processes, which review risks and controls in existing processes, and business reviews to track both systemic and emerging risks, this generates a comprehensive review of risks facing the Trust.

We maintain a risk register in which risks are documented and evaluated so that major risks can be identified and the effectiveness of controls which mitigate these risks can be assessed and compared to the Board approved risk appetite. The system of internal control is designed to manage key risks and to provide reasonable assurance about the reliability of financial and operational information and the safeguarding of the Trust's assets and reputation. This is supported by a programme of internal audits, both financial and operational, to provide assurance to Trustees of the effectiveness of controls in operation. The Trustees have reviewed the internal controls in operation during the period and are satisfied that there are no issues leading to any material uncertainty regarding these financial statements.

The Finance, Audit and Risk Committee and the Trustee Board monitor and review our principal risks and the processes for managing them, together with the arrangements for internal and external audits and preparation of financial statements. The Finance, Audit and Risk Committee has oversight over regulatory compliance. The Quality and Engagement Committee oversees quality standards for our service delivery, and monitors risks against these.

The critical risks and uncertainties have been identified, and are documented in the table below, along with mitigation strategies in place to address the potential impact of any risk materialising.

Key risk	Responses to the risk
Financial Sustainability Because the environment is challenging and full of uncertainty for both us and our donors, with upward cost pressures due to high inflation and interest rates, and challenges to increase revenues to match, we may not perform in accordance with our current financial plan, resulting in us having insufficient funds to operate our services to the desired quality or with the desired reach.	• Effective management information framework, including budgeting and forecasting, and robust internal controls • Long term plans and reserves policy established, and stress tested to ensure resilience • Investment portfolio professionally managed and tested against our risk appetite • Risk Management framework established to ensure potential adverse impacts are identified, mitigated accordingly and contingency plans are in place • Regular engagement with our key sponsors
Our People Because our people are key to everything we do at all levels of our organisation, and because the employment and volunteer markets continue to be challenging, we may struggle to recruit and retain people to provide the skills and capacity that we need, resulting in us needing to limit the scope of our provision or not achieving the quality of delivery required, or not having the right skills mix around our board table.	• Benchmarking exercises conducted to re-align reward packages, where appropriate • Greater focus on well-being and development of a more holistic reward package for staff • Development pathways opened up for staff with potential to grow with the organisation • Succession plans and business continuity plans established to mitigate any single key person / function dependency • Trustee skills assessment and regular appraisal to ensure we have the right skills to support the organisation
Service Quality and Continuity Because we operate in high-profile regulated sectors supporting vulnerable people, we may not be able to deliver services to the standard expected or to keep up with changes in our operating landscape, resulting in poor service quality, health and safety, safeguarding or cyber security failures leading to material downgrade in our reputation with customers and commissioners.	• Clear, regularly reviewed organisational policies in place, tracked and supported by structured training managed through a central portal • Complaints process in place with rigorous follow up procedures • Secured Cyber Essentials Plus accreditation, ensuring data is kept secure and our infrastructure resilient • Working groups established for Health and Safety, Safeguarding, Data governance etc to ensure regulations are tracked and monitored and organisational policies and procedures are maintained • Testing of Business Continuity, including penetration testing, conducted regularly, with agreed actions monitored by the Executive Team

Key risk	Responses to the risk
Quality of Housing Stock Because requirements, and the level of potential support from government, to achieve net zero targets is not yet known with certainty, and because our housing stock is typically quite old and on the whole has not been built to modern construction standards we may have challenges meeting future housing standards and ensuring that our homes remain decent, resulting in an inability to let certain properties and retaining an element of housing stock that is no longer viable.	• Comprehensive stock condition surveys undertaken • Housing strategy development • 3-year capital programme agreed to improve procurement and secure financing • Impact assessments conducted for all poorly performing stock and appraisals / action plans being developed • Contingencies factored into our long-term 30-year financing plans, together with stress testing to provide comfort we have the resilience to adapt to a range of unforeseen circumstances
Breach of regulations Because the Trust works with vulnerable people in a number of highly regulated environments and because new regulations are regularly being proposed, a breach of regulations could lead to a downgrade of assessment and / or significant reputational damage, resulting in penalties and material financial loss.	• Deployed a risk-based Assurance Framework, with focus on highly regulated areas such as Care prioritised, and engagement of further Internal Audit resource • Maintenance of our self-assessment model to create greater local accountability, as well as independent scrutiny • Effective reporting, safeguarding and whistle-blowing policies and procedures in place, as part of a structured policy register, with scheduled review points
Strategic Alignment Because we are operating in a changing environment where there is an increasing scope and scale of demand, coupled with constrained resources to deliver, we may not retain suitable focus on our core priorities resulting in the needs of our beneficiaries and other stakeholders not being properly addressed.	• Regular strategy reviews, with horizon scanning and three-year planning cycle to clearly define strategic objectives (SO's) • Monitoring mechanisms established, and KPI's and dashboards developed, to ensure effective progress against these SO's • Board effectiveness reviews, and Trustee assessments, ensure we continually monitor our governance structures to effectively deliver our strategy

The Trustees recognise that achieving maximum impact for disabled people does involve risk, but believe that the frameworks in place, and the measures outlined above to manage and monitor these risks, best position the organisation to achieve meaningful and long-lasting results. The Trustees will continue to monitor the external landscape, both short and long term, to ensure charitable funds are appropriately safeguarded and effective delivery maintained within the governance and regulatory landscapes in which we work.

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

The Strategic Report was approved by the Board and signed on its behalf on 20 August 2025 by:

Brian Stewart OBE
Chair of Trustees

Statement of the Board of Trustees' responsibilities in respect of the Board of Trustees' Annual Report and the financial statements

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

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

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Independent Auditor's Report to the Members of The Papworth Trust

Opinion

We have audited the financial statements of The Papworth Trust for the year ended 31 March 2025 which comprise Statement of comprehensive income and statement of changes in reserves, the Balance sheet, the Cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of the income and expenditure for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Annual Report.

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

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

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Respective responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 32 the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the company operates in and how the company are complying with the legal and regulatory frameworks.
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud.
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inquiring of management whether the company is in compliance with these laws and regulations and inspecting any correspondence with external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspecting any correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and completeness of revenue streams as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and any transactions entered into outside the normal course of business and performing tests of detail on revenue recognised in the year and subsequent to the year end.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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Use of our report

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

Laragh Jeanroy (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1st Floor, Platinum Building

St John's Innovation Park

Cowley Road

Cambridge

CB4 0DS

Date

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Report and Accounts for the year ended 31 March 2025

Statement of Comprehensive Income

	Note	2025 £'000s	2024 £'000s
Turnover	3	<u>14,525</u>	<u>14,082</u>
Operating costs	3	<u>(13,660)</u>	<u>(12,522)</u>
Operating surplus		<u>865</u>	<u>1,560</u>
(Loss)/surplus on disposal of tangible fixed assets	8	(10)	879
Interest receivable		62	69
Interest payable and similar charges	9	(678)	(743)
Release of impairment provision	10	330	-
Gains on investments		<u>186</u>	<u>860</u>
Surplus for the year		<u>755</u>	<u>2,625</u>
Movement in defined benefit pension scheme	22	<u>367</u>	<u>(719)</u>
Total Comprehensive income		<u>1,122</u>	<u>1,906</u>

The accounts relate to continuing operations. The notes on pages 48 to 78 form part of these financial statements.

Statement of Changes in Funds

	Note	2025 £'000s	Restated 2024 £'000s
Balance at 1 April		27,287	25,542
Prior Year Adjustment	27	-	(161)
Surplus for the year		755	2,625
Decrease/(increase) in Defined Benefit Pension liability		367	(719)
Balance at 31 March		<u>28,409</u>	<u>27,287</u>

The notes on pages 43 to 69 form part of these financial statements.

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Report and Accounts for the year ended 31 March 2025

Statement of Financial Position	Notes	2025 £'000s	Restated 2024 £'000s
Fixed Assets			
Housing Properties	10	36,828	36,691
Other Fixed Assets	11	2,503	2,492
Investments	12	10,390	10,204
Endowment Fund investments	13	437	435
Total fixed assets		50,158	49,822
Current Assets			
Debtors - amounts falling due within one year	15	1,114	1,083
Cash and cash equivalents	27	3,171	4,101
		4,285	5,184
Creditors:			
Amounts falling due within one year	16	(3,962)	(3,722)
Net current assets/ (liabilities)		323	1,462
Total assets less current liabilities		50,481	51,284
Creditors:			
Amounts falling due after more than one year	17-18	(19,766)	(20,929)
Provisions for liabilities and charges			
Other Provisions	21	(406)	(203)
Pension liabilities	22	(1,900)	(2,865)
Net assets		28,409	27,287
Funds			
Restricted Funds		2,711	2,835
Endowment Funds		437	435
Unrestricted Funds:			
Designated Funds	17,556		17,595
General Reserves	<u>7,705</u>		<u>6,422</u>
Total Unrestricted Funds		25,261	24,017
Total Funds	25/27	28,409	27,287

The notes on pages 43 to 69 form part of these financial statements.

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Cash Flow Statement	2025	Restated 2024
	£'000s	£'000s
<i>Cash flows from operating activities</i>		
Operating surplus	865	1,560
Adjustment for:		
Depreciation	1,515	1,489
Amortisation of grants	(368)	(368)
Decrease/(increase) in trade and other debtors	(31)	183
Increase in trade and other creditors	788	42
Pensions deficit payments made	(745)	(630)
Net cash inflow	<u>2,024</u>	<u>2,276</u>
Interest paid	<u>(555)</u>	<u>(630)</u>
<i>Cash flows from investing activities</i>		
Proceeds from disposal of fixed assets	-	969
Acquisition of tangible fixed assets	(1,439)	(578)
Net cash (outflow)/inflow from investing activities	<u>(1,439)</u>	<u>391</u>
<i>Cash flows from financing activities</i>		
Repayment of borrowing	(960)	(1,029)
Net cash (outflow) from financing activities	<u>(960)</u>	<u>(1,029)</u>
Net (decrease)/increase in cash	(930)	1,008
Cash and cash equivalents at 1 April	4,101	3,093
Cash and cash equivalents at 31 March	<u>3,171</u>	<u>4,101</u>

The notes on pages 43 to 69 form part of these financial statements.

These Financial Statements were approved by the Board, and signed on the Board's behalf on 20 August 2025 by:

B Stewart
Chair / Trustee

M Anderson
Treasurer / Trustee

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Notes to the financial statements

1. Legal Status

The Trust is a registered charity constituted as a company limited by guarantee. The Trust is also registered with the Regulator of Social Housing. The principal objective of the Trust is to provide care and support to disabled people, which it does through providing essential services including social housing. The Trust's registered office is at 1 Saxongate, Bradbury Place, Huntingdon, PE29 3RR.

2. Accounting Policies

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. They have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The presentation currency of these financial statements is GBP (Great British Pounds). All amounts in the financial statements have been rounded to the nearest £1,000.

2.1 Going concern

The Board has assessed the Trust's financial performance and resources having regard to the 2025/26 budget and long-term financial business plan. As a consequence, the Board believes that the Trust is well positioned to manage business risks and expects to have adequate resources to operate for the foreseeable future. The Board therefore continues to adopt the going concern basis in the preparation of these financial statements.

2.2 Turnover

Turnover represents the income derived from the provision of the Trust's activities, comprising the sale of goods and services, property rental income net of voids, amortisation of Social Housing Grant, revenue grants, a donation from the Varrier-Jones Foundation, charitable gifts and investment income received.

Rental income is recognised from the point when it becomes due. Income for services is recognised when services have been delivered. Income from grants is recognised when the conditions of the grant have been met. Income from investments is recognised in the period to which it relates.

2.3 Expenses

Cost of sales

Cost of sales represents the direct costs and overheads involved in providing social housing and other charitable activities.

Operating costs

Operating costs represent the support and premises costs that enable the Trust to provide social housing and other charitable activities.

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Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease unless the payments to the lessor are structured differently e.g. increased in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred in the period to which they relate.

Interest payable

Interest payable and similar charges are charged to the Statement of Comprehensive Income when incurred on an accruals basis.

2.4 Tangible fixed assets – housing properties

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment charges. Cost includes the cost of acquiring land and buildings, directly attributable development costs, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Where components of tangible fixed assets have different useful lives, they are accounted for separately.

2.5 Depreciation – housing properties

Depreciation is charged to the Statement of Comprehensive Income account on a straight-line basis over the estimated useful lives of each component part of a housing property. Land is not depreciated. No depreciation is charged on housing properties or components under construction. The estimated useful lives are as follows:

Structure	50-80 years
Roof	60 years
Electrical installations	40 years
Windows and doors	30 years
Heating (excluding boilers), plumbing and ventilation	30 years
Bathrooms	20 years
Boilers	15 years
Kitchens	15 years
Flooring	10 years

Depreciation methods, rates and residual values are reviewed if there is an indication of a significant change in the expectation of typical useful lives of asset groups.

2.6 Non-component works to existing properties

The amount of expenditure incurred that relates to an improvement is capitalised. Works that increase the net rental stream of a property or extend its useful life are classed as improvements. Expenditure incurred on other major repairs, cyclical and day-to-day repairs and maintenance to housing properties is charged to the income and expenditure account in the period incurred.

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2.7 Other fixed assets

Other tangible fixed assets include those with an individual value at cost in excess of £1,000.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings (non-housing)	50 years
Leasehold improvements	over the life of the lease
Motor vehicles	4-6 years
Plant, machinery and fixtures	3-15 years
Office equipment	5-10 years

2.8 Properties held for sale and work in progress

Assets under construction are held at cost within the relevant category of fixed assets and are not depreciated until the asset is in use.

Properties held for sale are recognised at the lower of depreciated cost and net realisable value. They are classified as current assets when the Trust deems disposal probable within the next twelve months. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

2.9 Basic financial instruments

Trade and other debtors, including tenant arrears; trade and other creditors

These are recognised initially at transaction value less attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.10 Impairment

The Trust conducts an annual impairment review of individual tangible fixed assets and cash generating units. The Trust considers cash generating units to be schemes or geographical areas depending on size. The review considers internal and external indicators of impairment; including obsolescence, physical damage, expected cash flows, replacement values market factors and government policy. Where an indicator of impairment exists, an impairment assessment is performed. The assessment compares the carrying amount to the recoverable amount. If the carrying amount of an asset or cash generating unit exceeds the higher of the value in use or fair value less costs to sell then the loss is charged to the Statement of Comprehensive Income as expenditure and as a separate line within operating expenditure where it is considered to be material.

2.11 Social Housing Grant

Social Housing Grant ("SHG") is initially recognised at fair value as a long-term liability, specifically as deferred grant income and released through the Statement of Comprehensive Income as income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost. The income released is disclosed under turnover in the Statement of Comprehensive Income.

On disposal of properties, all associated SHG is transferred to either the recycled capital grant fund until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

2.12 Investment assets

Investments are carried at mid-market value as at the balance sheet date. Movements in asset valuations are recorded in the Statement of Comprehensive Income.

2.13 Retirement benefits

The Trust participated in one defined benefit pension scheme, the Social Housing Pension Scheme (SHPS) during the year, although the Trust closed the scheme to further accrual in 2019. SHPS is a multi-employer scheme which provides benefits to non-associated employers. Associated assets and liabilities are allocated to each employer for accounting purposes. The net defined benefit liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The last triennial valuation of the scheme for funding purposes was conducted as at 30 September 2023.

Gains/Losses

Gains or losses recognised in the Statement of Comprehensive Income are as follows:

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- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income are as follows:

- Any actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

2.14 Termination benefits

Termination benefits are recognised as an expense when the Trust is demonstrably committed, without realistic possibility of withdrawal, to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Trust has made an offer of voluntary redundancy, it is likely that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.15 Provisions

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

2.16 Service charges

Service charge income and costs are recognised on an accrual basis. The Trust applies service charges where applicable to schemes, ordinarily on a fixed basis, in consultation with residents. The budgets are set annually, informed by past costs and future planned activity. Any balances remaining are held as creditors or debtors in the Statement of Financial Position until such time as all costs are recognised. Where periodic expenditure is required, a provision may be built up over the years, in consultation with the residents. Until these costs are incurred, this liability is held in the Statement of Financial Position within creditors.

2.17 Value Added Tax (VAT)

The Trust's main income stream, being rent, is exempt for VAT purposes. The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs (HMRC). The Trust is able to reclaim VAT in line with a partial exemption method agreed with HMRC. VAT reclaimed under the partial exemption method is calculated using a sectorised approach, allowing the different activities of the Group to be assessed separately for recovery based on the VAT treatment of the supply. The balance of VAT payable to or recoverable at the year-end is included in the financial statements as a current liability or asset.

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2.18 Corporation Tax

As a registered charity, the Trust is exempt from UK corporation tax to the extent that incomes or other gains are applied exclusively for charitable purposes. Corporation tax on any income or gains that do not meet the criteria for exemption would be included on the Statement of Comprehensive Income.

2.19 Reserves

Restricted funds

Restricted funds represent unspent funds received for specific purposes from external funders. Restricted funds are only expendable in relation to the purposes for which they were received.

Endowment funds

Endowment funds are held where the funds are part of either an expendable or permanent endowment fund. Endowment funds are only expendable in relation to the purposes for which they were received.

Designated funds

Designated funds are reserves that have been identified for specific purposes by the Trustees.

General reserves

General reserves are held at a level appropriate for working capital and contingency and are reviewed annually by the Board. The general reserves have been subject to a Prior Year Adjustment, reducing the opening balance for the year by £161,000. Details are given in note 27 of the financial statements.

2.20 Accounting estimates and judgements

In producing these financial statements, the Trust has made estimates and judgements that it feels give a true and fair view. Accounting policies and judgements are assessed against current accounting standards, sector practice and market conditions, and reviewed annually for appropriateness.

Impairment

Housing stocks are assessed for impairment when an indicator of impairment is noted. Carrying values are considered to ensure that they are not greater than net present value, calculated using a discounted cash flow basis for housing stock that is in use. Where housing properties are not in use the net realisable value is calculated with reference to the potential sales value of the property. Any impairment provisions made are re-evaluated each year and released or augmented as required.

Bad Debts

Provisions are made for bad debts when there is deemed to be significant risk to recovery. For tenant arrears, bad debt provision is made in all instances for former tenants unless a clear recovery plan is in place. For existing tenants, consideration for provision will be made based on the ageing profile of the debt.

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For other debtors, provision will be considered for transactions that are over three months overdue, with consideration being made for each debt based on the customer profile and the type of debt.

Defined benefit pension scheme

Accounting estimates are made for the defined benefit pension scheme SHPS. The Trust has adopted the standard actuarial assumptions used by the scheme as the Trust's membership profile is not considered to be untypical of the membership of the scheme as a whole.

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3. Social Housing and other activities

	2025 General Needs	2025 Supported Housing	2025 Total	2024 Total
	£'000s	£'000s	£'000s	£'000s
Rent Receivable (net of service charges)	1,031	3,222	4,253	3,971
Profit on disposal social housing assets	-	-	-	-
Service Charges	-	1,185	1,185	1,132
Net Rent Receivables	1,031	4,407	5,438	5,103
Other Income	-	-	-	-
Total Income from lettings	1,031	4,407	5,438	5,103
Expenditure on letting Activities				
Management	(291)	(780)	(1,071)	(896)
Services	(24)	(391)	(415)	(308)
Routine Maintenance	(441)	(2,108)	(2,549)	(2,230)
Planned Maintenance	(33)	(92)	(125)	(133)
Bad debts	-	(9)	(9)	(1)
Depreciation of housing properties	(191)	(1,121)	(1,312)	(1,267)
Depreciation of other housing assets	(5)	(14)	(19)	(17)
Total expenditure on lettings	(985)	(4,515)	(5,500)	(4,852)
Operating surplus on lettings	46	(108)	(62)	251
Void Losses (Included within the above)	(74)	(127)	(201)	(172)

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3. Social housing and other activities (continued)

	Turnover	Cost of Sales	2025 Operating Costs	Operating Surplus
	£'000s	£'000s	£'000s	£'000s
Social Housing Lettings				
General Needs	1,031	(505)	(480)	46
Supported Housing	4,407	(3,152)	(1,363)	(108)
	<u>5,438</u>	<u>(3,657)</u>	<u>(1,843)</u>	<u>(62)</u>
Other Social Housing Activities				
Other housing Activities	22	(51)	-	(29)
Amortised grant income	368	-	-	368
	<u>390</u>	<u>(51)</u>	<u>-</u>	<u>339</u>
Non-Social housing Activities				
Work Services	878	(738)	-	140
Care Services	4,047	(4,318)	-	(271)
Opportunities without Limits	1,933	(1,874)	-	59
Policy and Comms	-	-	(150)	(150)
Business Development	-	-	(57)	(57)
VJF Donation	1,350	-	-	1,350
Fundraising	100	(209)	-	(109)
Enabling	152	-	(647)	(495)
Investment Income	237	(73)	-	164
Remeasurement of pension	-	-	(43)	(43)
	<u>8,697</u>	<u>(7,212)</u>	<u>(897)</u>	<u>588</u>
Total Social Housing and non-housing activity surplus/(deficit)	<u>14,525</u>	<u>(10,920)</u>	<u>(2,740)</u>	<u>865</u>
Gain on disposal of assets				(10)
Release of impairment provision				330
interest payable				(678)
Interest Receivable				62
Gain on investment				186
Surplus for year				<u>755</u>

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4. Housing Stock

	General needs	Supported	2025 Total	2024 Total
Number of Units	173	499	672	673
Owned and managed	173	496	669	669
Managed on behalf of others	-	3	3	4
	173	499	672	673

5. Expenses and auditor's remunerations

	2025 £'000s	2024 £'000s
Depreciation on housing properties	1,312	1,267
Loss on replacement of component asset	11	8
Release of impairment provision on housing properties	(330)	-
Depreciation on other fixed assets	236	239
Profit on sale of other fixed assets	(11)	(887)
Costs of operating leases	65	76
Auditor's remuneration: Audit of these financial statements	41	34

6. Staff and employee costs

	2025 £'000s	2024 £'000s
Wages and Salaries	6,351	6,127
Social Security costs	570	524
Pension costs	180	187
	7,101	6,838

The average number of persons employed by the Trust (including executive directors but excluding Trustees) during the year was as follows:

Average Headcount	234	238
Average full time equivalent	192	198

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7. Board Members and Executive Directors

The Directors, for this note, are defined as the Trustee members of the Board, the Chief Executive and the Executive Team. The Directors in Company Law are the Trustees. Trustee roles are unremunerated.

	2025	2024
	£'000s	£'000s
Aggregate emoluments paid to Directors	435	375
Pension	32	31
	467	406

Total emoluments paid to the highest paid Director:
£126,199 (2024: £120,000)

Total number of paid Directors: 6(2024: 4)

Number of Directors in the defined benefit pension scheme
None (2024: None)

In addition to the above the highest paid director received pension contributions of £13k (2024: £13k).

During the year no consideration was paid to Trustees for performing their roles (2024: Nil). In the year out of pocket expenses totalling £679 (2024: £708) were paid to members of the Board.

8. Surplus on disposal of tangible assets

	2025	2024
	£'000s	£'000s
Proceeds from sale of assets	-	969
Cost of sale of assets	(10)	(90)
	(10)	879

9. Interest payable and similar charges

	2025	2024
	£'000s	£'000s
Interest payable on financial liabilities	555	629
Interest payable on the unwinding of the net pension deficit liability	123	114
	678	743

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10. Housing Properties

	General Needs	Supporting Living	Capital works in progress	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
Balance at 1 April 2024	7,750	52,741	65	60,556
Acquisitions	289	880	11	1,180
Allocation of work in progress	-	-	(65)	(65)
Disposals	(3)	(26)	-	(29)
At 31 March 2025	8,036	53,595	11	61,643
Depreciation				
Balance at 1 April 2024	3,693	20,172	-	23,865
Depreciation charge for year	142	1,166	-	1,308
Release of impairment provision	-	(330)	-	(330)
Disposals	(3)	(26)	-	(29)
At 31 March 2025	3,832	20,982	-	24,814
Net Book Value				
At 31 March 2025	4,204	32,613	11	36,828
At 31 March 2024	4,057	32,569	65	36,691

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Report and Accounts for the year ended 31 March 2025

11. Other fixed assets	Land & Buildings	Motor Vehicles	IT Assets	Other Fixed Assets	Total
	£,000	£,000	£,000	£,000	£,000
Cost					
Balance at 1 April 2024	5,603	292	154	259	6,308
Acquisitions	101	127	30	-	258
Disposals	-	(11)	-	-	(11)
At 31 March 2025	5,704	408	184	259	6,555
Depreciation					
Balance at 1 April 2024	3,196	251	125	244	3,816
Depreciation charge for year	198	18	16	4	236
Disposals	-	-	-	-	-
At 31 March 2025	3,394	269	141	248	4,052
Net book value					
At 31 March 2025	2,310	139	43	11	2,503
At 31 March 2024	2,407	41	29	15	2,492

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12. Investments

	2025	2024
	£'000s	£'000s
Market value at 1 April	10,204	9,358
Additions	5,417	4,892
Disposals	(5,801)	(4,814)
Realised gains	435	70
Unrealised (Losses)/Gains	249	790
Unrealised & other movements	(114)	(92)
Market Value at 31 March	10,390	10,204

Historical cost of assets

	2025	2024
	£'000s	£'000s
Historical cost of assets	9,433	8,972
Unrealised gains	957	1,232
Market Value at 31 March	10,390	10,204

Held as follows:

	2025	2024
	£'000s	£'000s
Fixed Income	1,265	1,637
Cash & cash equivalents	1,000	415
Alternative Investments	979	756
UK Equities	503	771
Global Equities	6,643	6,625
Market Value at 31 March	10,390	10,204

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Report and Accounts for the year ended 31 March 2025

13. Endowment fund assets

	2025	2024
	£'000s	£'000s
Cash	162	162
Investments	119	117
Property	156	156
	437	435

Total cash balances amount to £3,333,000 (2024: £4,263,000) but include endowment fund assets of £162,000 (2024: £162,000), hence cash and cash equivalents is disclosed as £3,171,000 (2024: £4,101,000).

14. Properties held for disposal

Certain housing properties are currently being considered for disposal but a formal decision to sell has not yet been made by Board.

15. Debtors

	2025	2024
	£'000s	£'000s
Trade Debtors	779	780
Prepayments and Accrued income	253	216
Tenant arrears	77	86
Other debtors	5	1
	1,114	1,083

Tenant Arrears:

	2025	2024
	£'000s	£'000s
Current tenant arrears	70	86
- less provision for bad and doubtful debts	-	-
Former tenant arrears	36	31
- less provision for bad and doubtful debt	(29)	(31)
	77	86

16. Creditors: amounts falling due within one year

2025 **2024**

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Report and Accounts for the year ended 31 March 2025

	£'000s	£'000s
Loans (note 20)	1,037	1,200
Trade creditors	633	224
Other taxation and social security	168	164
Other creditors	1,110	1,050
Rents received in advance	135	233
Accruals and deferred income	738	718
Recycled capital grants fund	141	133
	3,962	3,722

17. Creditors: amounts falling due after one year

	2025 £'000s	2024 £'000s
Loans	10,551	11,346
Deferred Grant Income	9,215	9,583
	19,766	20,929

Deferred grant income

	2025 £'000s	2024 £'000s
Recycled capital grants fund	141	133
Social Housing grants	9,201	9,565
Other grants	14	18
Other		
	9,356	9,716

Amounts falling due within one year	141	133
Amounts falling due more than one year	9,201	9,565
Other Grants	14	18
	9,356	9,716

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

18. Social Housing Grant

	2025 £'000s	2024 £'000s
Cost		
Cost at 1 April	19,434	19,434
Additions/ disposals in year	-	-
Cost at 31 March	19,434	19,434
Amortisation		
Amortisation at 1 April	9,850	9,482
Amortisation income in year	368	368
Amortisation at 31 March	10,218	9,850
Deferred Grant income	9,216	9,584

Recycled Capital Grant Fund

	2025 £'000s	2024 £'000s
At 1 April	133	125
Disposed of in year	-	-
Utilised in the year	-	-
Interest Credited to the fund	8	8
At 31 March	141	133

19. Loans and borrowings

All loans and borrowings are measured at amortised cost.

Secured bank loans are secured by way of a first fixed charge over specified housing properties and include an asset cover test based on the ratio of the value of properties secured to the carrying value of the loan. Secured bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the Statement of Comprehensive Income and the Balance Sheet of the financial statements.

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

	2025	2024
	£'000s	£'000s
Secured bank loans		
Due within one year	1,037	1,200
Due between one and two years	2,238	1,414
Due between two and five years	3,015	2,477
Due in greater than five years	5,296	7,455
	11,586	12,546

Outstanding loans by lender

Orchard Brook	395	406
Lloyds	2,396	2,521
Royal Bank of Scotland	3,295	3,869
Barclays	3,500	3,750
Triodos	2,000	2,000
	11,586	12,546

20. Analysis of Net Debt

	2025	Restated 2024
	£'000s	£'000s
Net debt at 1 April	8,445	10,482
Cash flows in period	932	(1,008)
Loan Borrowings	0	0
Repayment of borrowing	(960)	(1,029)
Balance at 31 March	8,417	8,445
Net debt made up as follows:		
Loans due in less than one year	1,037	1,200
Loans due in more than one year	10,551	11,346
Cash held	(3,171)	(4,101)
Net debt held	8,417	8,445

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

21. Other Provisions

	2025 £'000s	2024 £'000s
Balance at 1 April	203	221
Provisions made during the year	203	-
Provisions used during the year	-	(18)
Balance at 31 March	406	203

The provisions relate to expected future dilapidations works required on specific leasehold properties upon expiry of their leases.

22. Defined Pension Benefit Liability

Papworth Trust participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last man standing arrangement'. Therefore, the trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	31 March 2025 £'000s	31 March 2024 £'000s
Fair value of plan assets	12,282	12,614
Present value of defined benefit obligation	(14,182)	(15,479)
Defined benefit (liability) to be recognised	(1,900)	(2,865)

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	31 March 2025 £'000s	31 March 2024 £'000s
Defined benefit obligation at 1 April	15,479	15,566
Expenses	24	21
Interest expense	745	748
Actuarial losses / (gains) due to scheme experience	629	(146)
Actuarial (gains) / losses due to changes in demographic assumptions	-	(171)
Actuarial (gains) / losses due to changes in financial assumptions	(2,061)	(165)
Benefits and expenses paid	(634)	(374)
Defined benefit obligation at 31 March	14,182	15,479

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	31 March 2025 £'000s	31 March 2024 £'000s
Fair value of plan assets at 1 April	12,614	12,904
Interest income	622	634
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,065)	(1,201)
Contributions by employer	745	651
Benefits paid and expenses	(634)	(374)
Fair value of plan assets at 31 March	12,282	12,614

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was £443,000 (2024: (£567,000)).

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	31 March 2025 £'000s	31 March 2024 £'000s
Expenses	24	21
Net interest expense	123	114
Defined benefit costs to be recognised	147	135

Defined Benefit Costs Recognised in the Statement of Changes in Reserves

	31 March 2025 £'000s	31 March 2024 £'000s
Experience on plan assets (excluding amounts included in net interest cost)	(1,065)	(1,201)
Experience gains and losses arising on the plan liabilities	(629)	146
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	-	171
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	2,061	165
	367	(719)

Plan Assets

	31 March 2025 £'000s	31 March 2024 £'000s
Global equity	1,376	1,257
Absolute return	-	493
Distressed opportunities	-	445
Credit relative value	-	413
Alternative risk premia	-	400
Liquid alternatives	2,277	-
Fund of hedge funds	-	163
Emerging markets debt	-	738
Insurance- linked securities	38	65
Property	615	507
Infrastructure	2	1,274
Private equity	11	10
Real assets	1,470	-
Private debt	-	496
Opportunistic Illiquid credit	-	493
Private credit	1,503	-
Credit	470	-

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Investment grade credit	378	-
High Yield	-	2
Cash	167	249
Long lease property	4	81
Secured income	205	377
Liability driven investment	3,719	5,134
Currency hedging	20	-5
Net current assets	27	22
	12,282	12,614

Key Assumptions

	31 March 2025	31 March 2024
	% per annum	% per annum
Discount rate	5.87	4.91
Inflation (RPI)	3.08	3.12
Inflation (CPI)	2.80	2.79
Salary Growth	3.80	3.79
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March based on life expectancy at 65 years are as follows:

	31 March 2025	31 March 2024
	Life expectancy (years)	Life expectancy (years)
Male retiring in 2023	20.5	20.5
Female retiring in 2023	23.0	23.0
Male retiring in 2043	21.7	21.8
Female retiring in 2043	24.5	24.4

23. Operating Leases

	2025	2024
	£'000s	£'000s
Future minimum lease payments due are as follows:		
Less than one year	109	65
Between one and five years	212	46
	321	111

The Papworth Trust

Report and Accounts for the year ended 31 March 2025

Future lease payments have increased due to entering into a new lease for premises to accommodate the relocation and expansion of our South Cambridgeshire day opportunities service.

24. Contingent Liabilities

Social Housing Grant

The Trust receives grants and loans from Homes England and other bodies. Under the terms of these grants/ loans, amounts may be repayable if the properties are disposed of or cease to be used for the purpose specified. The Trust therefore has a contingent liability for amounts in relation to grants which have been recognised in the Statement of Comprehensive Income through amortisation, plus any calculation of interest accrued on these amounts, which could become repayable if the property is disposed of or its use changes. Details of these grants are included within note 18 of these financial statements.

Housing grants may be recycled in which case the obligation is transferred to the recycled capital grant fund and held on the balance sheet as a current liability.

Social Housing Pension Scheme

The Trust has been notified by the Trustee of the Scheme that it has performed a review comparing the benefits provided to scheme members over recent years with the requirements of the Scheme documentation. Due to uncertainty as to the effect of some benefit changes, the Trustee has been advised by lawyers to seek clarification from the Court on potential changes to the pension liability. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the ongoing Court process is known (which is currently expected to be late 2025), it is not possible to calculate the impact on the liabilities of this issue with any accuracy, particularly on an individual employer basis, for the purposes of the 31 March 2025 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

The Board is aware that the Court of Appeal has upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. No adjustment has been made in these financial statements in respect of this potential issue.

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Report and Accounts for the year ended 31 March 2025

25. Reserves

Movement in funds

£'000s	31 March 2024	Adjustment	Restated 31 March 2024	Income	Expenditure	Investment	Other	31 March 2025
General Reserves	<u>6,583</u>	<u>(161)</u>	<u>6,422</u>	<u>14,389</u>	<u>(14039)</u>	<u>186</u>	<u>747</u>	<u>7,705</u>
Designated funds:								
Fixed asset funds	15,266	-	15,266	3	(42)	-	-	15,227
Pension Liabilities	281	-	281	-	-	-	-	281
Net Zero	848	-	848	-	-	-	-	848
Development Fund	1,000	-	1,000	-	-	-	-	1,000
Benefits Equalisation fund	200	-	200	-	-	-	-	200
	<u>17,595</u>	<u>-</u>	<u>17,595</u>	<u>3</u>	<u>(42)</u>	<u>-</u>	<u>-</u>	<u>17,556</u>
Restricted Funds								
Capital fund	1,903	-	1,903	-	(126)	-	-	1,777
Bourne House	725	-	725	-	-	-	-	725
Other Housing funds	32	-	32	-	-	-	-	32
First Steps to success	55	-	55	2	(14)	-	-	43
Garden Studios	47	-	47	-	-	-	-	47
Wellbeing	41	-	41	-	-	-	-	41
Other funds	32	-	32	131	(117)	-	-	46
	<u>2,835</u>	<u>-</u>	<u>2,835</u>	<u>133</u>	<u>(257)</u>	<u>-</u>	<u>-</u>	<u>2,711</u>
Endowment funds	<u>435</u>	<u>-</u>	<u>435</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437</u>
	<u>27,448</u>	<u>(161)</u>	<u>27,287</u>	<u>14,527</u>	<u>(14338)</u>	<u>186</u>	<u>747</u>	<u>28,409</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Analysis of net assets between funds

£'000s	General Reserves	Designated Reserves	Restricted Reserves	Endowment Fund	Total Reserves
Fixed Assets	8,555	38,500	2,506	437	49,998
Current Assets	4,510	-	205	-	4,715
Liabilities due within 1 year	(3,054)	(1,178)	-	-	(4,232)
Liabilities due after one year	-	(19,766)	-	-	(19,766)
Pension	(1,900)	-	-	-	(1,900)
Provisions for liabilities	(406)	-	-	-	(406)
Total	7,705	17,556	2,711	437	28,409

The Papworth Trust

Report and Accounts for the year ended 31 March 2025

25. Reserves (continued)

Designated Funds

The fixed asset fund relates to the net value the Trust holds in fixed assets including associated liabilities such as secured loans and Housing Grants less any properties funded through restricted funding streams.

Income into the fund relates to amortisation of social housing grants. Expenditure relates to the annual depreciation charge made against unrestricted fixed assets. Transfers into the fixed asset fund related to capital investments made in fixed assets, payments made to reduce associated liabilities and other fixed asset movements.

The Pension liability fund relates to the remaining deficit liability payments required produced from the most recent full actuarial assessment, less the value of the creditor for pension liability shown on the balance sheet.

Other designated funds relate to funds identified against future liabilities, such as net-zero evaluations and assessments, and also to invest in the transformation of services to meet evolving demands and digitalisation requirements.

Restricted Funds

The capital fund relates to assets purchased using restricted funding and includes cash raised as part of capital appeals. Depreciation is expensed against those grants as they are utilised. Other Housing Funds represent restricted funds for various Housing Projects. These funds relate to previous local authority funding agreements for specific housing programmes. The First Steps Project is being run throughout our three key regions and aims to utilise community fundraising to provide an employment advisor in all three counties. To date funds have been raised for this project in Suffolk and Cambridgeshire. The Covid recovery appeal relates to funding received specifically to support our services due to disruption from the pandemic. These funds have supported additional staffing to reach those customers isolating in their own homes as well as provide essential equipment to customers and our staff, including tablet computers for a number of our service users. The garden studios fund represents funding received in support of our objective to develop garden studios at three of our centres to support customer-based activities. Other funds represent all other restricted funds for non-housing related projects, including the Trust's Day Centres.

26. Related parties

During the year the Trust purchased services in the normal course of business from The Varrier-Jones Foundation, a charity whose objectives are to support the work of The Papworth Trust.

In the year ended 31 March 2025 services were purchased totalling £18,949 (2024: £11,615), these services were for the lease of two premises owned by the Varrier-Jones Foundation. The Trust made sales to The Varrier-Jones Foundation of £13,467 (2024: £54,531) for the provision of business support functions for the Foundation. At

The Papworth Trust

Report and Accounts for the year ended 31 March 2025

31 March 2025 the amount due from The Varrier-Jones Foundation was £ 12,000 (2024: £nil). The amount due to The Varrier-Jones Foundation was £nil (2024: £nil)

The Varrier-Jones Foundation provides funding to the Trust. During the year, donations of £1,350,000 were received (2024: £1,431,000).

27. Prior Year Adjustment

Nature of the error

Whilst preparing the financial statements for the year ended 31 March 2025 for external audit it was discovered that the cash element of Endowment Fund assets had been double counted in the previous reporting periods. This error appears to date back to 2021.

Impact

The amount involved is £161,000; this sum being included in both fixed assets under Endowment Fund investments and in current assets as cash. This resulted in an overstatement of net assets and reserves of £161,000 in the previous reporting periods. The Trust considers this error to be material and has therefore made a prior period adjustment.

Restatement

The balance of endowment funds in reserves has remained relatively constant since prior to the apparent error, as expected. Therefore, the opening general reserves at 1 April 2023 (the beginning of the comparative period) have been reduced by £161,000 as has the cash and cash equivalents at that date, to reflect the correction.

Changes to the statement of financial position

	As previously reported at 31 March 2024	Adjustment	As restated at 31 March 2024
	£'000	£'000	£'000
Cash and cash equivalents	4,262	(161)	4,101
Net Assets	<u>27,448</u>	<u>(161)</u>	<u>27,287</u>
General reserves	6,583	(161)	6,422
Total Funds	<u>27,448</u>	<u>(161)</u>	<u>27,287</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Honorary personnel, Trustees and senior managers

PATRON

Her Royal Highness the Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A Dasgupta MBE	Sir Hugh Duberly CBE LL	
Lady S Marshall	Mrs J P B G Pearson	Mrs M E Thomas CBE DL
Mrs J Womack	Mr G R W Wright DL	Mr R Hammond

CHAIR OF TRUSTEES

Brian Stewart OBE

VICE-CHAIR OF TRUSTEES

Vanessa Stanislas

HON. TREASURER

Mike Anderson

OTHER TRUSTEES

Naomi Adie - appointed 7 November 2024
Grazina Berry
Jane Carmichael
Amy Carter
Jack Hardiman
Penny Metcalf – resigned 31 December 2024
Minesh Patel - appointed 7 November 2024
Adam Towle - appointed 7 November 2024
Andrew Williams

EXECUTIVE TEAM

Sarah Miller	Chief Executive Officer
Mark Blake	Director of Finance and IT - resigned 27 September 2024
Chris Judson	Director of Finance and IT - appointed 20 October 2024
Sarah Harvey	Director of People and Culture
Chris Bull	Director of Housing and Property - appointed April 2024
Karryn Dixon	Director of Operations – appointed April 2025

The Papworth Trust is a company limited by members' guarantee of £1.00 each.

The Trustees are the members of The Papworth Trust.

The register of members is maintained at the registered office.

The Papworth Trust
Report and Accounts for the year ended 31 March 2025

Principal Advisers and Papworth Trust information

COMPANY SECRETARY

Mark Blake (to 27 September 2024)

Sarah Miller (27 September 2024 to 7 November 2024)

Chris Judson (from 7 November 2024)

REGISTERED OFFICE

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Huntingdon
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info@papworthtrust.org.uk

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London
E14 5HP

Lloyds Bank PLC
10 Gresham Street
London
EC2V 7AE

AUDITORS

RSM UK Audit LLP
First Floor
Platinum Building
St John's Innovation Park
Cowley Road
Cambridge
CB4 0DS

SOLICITORS

Mishcon de Reya LLP
4 Station Square
Cambridge
CB1 2GE

National Westminster Bank Plc
Lending Operations
250 Bishopsgate
London
EC2M 4AA

Triodos Bank UK
Deanery Road
Bristol
BS1 5AS

Accounts

The Papworth Trust
Annual Report and Accounts
31 March 2024

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Our vision, mission and values

Our vision

- A world where disabled people are seen for who they are

Our mission

- Is for disabled people to have equality, choice and independence

Our values

Our core value is that we put our customers at the heart of everything we do

We support our customers to:

- Be in control
- Have a choice
- Be happy
- Have a voice and be heard
- Have opportunities
- Have a home they want and the community services they need

We work with our customers by:

- Being fair
- Working together
- Being honest
- Being responsible for what we do
- Showing respect

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Report and Accounts for the year ended 31 March 2024

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Registration	Number
Trust status:	
A registered charity	211234
A company limited by guarantee	00148906
A private registered provider	LH1648

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Chair's review

It is with great pleasure that I present our trustees report and accounts for year ending 31 March 2024. As we entered this year, we were feeling the impact of Covid and the cost of living, with challenges including the backlog of works that needed to be completed on our properties, funding shortages, vast increases on cost across all areas of our business, contractors scarcely available and shortages of quality candidates in the labour market to fill our vacant roles.

In the face of adversity, we made inroads towards a better future for the Trust and for disabled people, with our report detailing the success that has been made. This would not have been possible without the continued support and dedication of our incredible people, both our employed staff and outstanding volunteers, along with the Varrier-Jones Foundation and our superb corporate partners who provide much needed additional support and income.

Our digital strategy is transforming how we work in key areas across the Trust alongside achieving Cyber Essentials Plus. Through our use of technology and data we are working towards being more evidence driven, efficient and transparent, supporting our sustainability and resilience.

Our Day Opportunities services have been redesigned to ensure customers are supported to work towards clear goals and outcomes. This is mirrored by our Routeways to Work programme; a great example of how the Trust is supporting customers to learn new skills that support them in numerous ways going forward.

Our Work Programmes have reduced in volume due to contracts ending although we continue to deliver excellent outcomes within our Work and Health Programme and are exploring opportunities to grow our employment support offer. Within our Care services, we have consolidated our offer to be able to deliver from a stronger place and have plans to support more customers with complex Care needs in the future.

Following a restructure within our Executive Team, we have introduced a Director of Housing and Property and are keen to progress our homes and commercial properties review to deliver a long-term strategy and our plans for net zero.

We were saddened to hear of the death of Mr A. Bridgwater, a Trustee for over 20 years and most recently one of our Vice Presidents.

The Trust is in a strong position going forward. With excellent people and our wonderful supporters drawing on our legacy of resilience and customer focus, I am confident we will continue to deliver great homes and services to disabled people.

Brian Stewart OBE – Chair of Trustees

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Trustees' Report

The Trustees present the Trustees' Report and audited Financial Statements for the year ended 31 March 2024.

Achievements and performance

Set in 2022, our Strategic Objectives are Customer Focus, Sustainability, Grow our Impact and External Influence.

Customer focus

Last year we said we would...

- Embed a customer-focused culture based on kindness, openness and Papworth Trust values;
- Implement our customer engagement strategy to improve communication and monitor and measure its impact;
- Continue to learn from customers to shape and improve our services and offering;
- Provide joined-up services for customers alongside signposting information.

Our progress made...

- We published our customer service standards, so you know what to expect when contacting us;
- We implemented our customer service action plan to improve tenant satisfaction. We also introduced transactional surveys for tenants who have had a repair carried out at their home;
- We introduced quarterly customer feedback weeks across our Day Opportunities services;
- We produced information packs for new tenants and 'walkthrough' videos for new Day Opportunities customers to help familiarise them with staff and centre layout.

Sustainability

Last year we said we would...

- Invest in and develop our people, embracing equality, diversity and inclusion. Invest in our processes, technology and management information systems to enhance our digital capability and offer;
- Develop our net zero strategy to reduce our carbon footprint;
- Ensure our housing strategy delivers good quality, sustainable homes;
- Develop a housing development and commercial property strategy;

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- Optimise funding and partnerships to maximise our impact.

Our progress made...

- Using the results from staff surveys, we developed staff morale and wellbeing action plans;
- We achieved our Cyber Essentials Plus accreditation;
- We invested in an electronic care rostering system;
- We approved our net zero strategy and started to look at how we can reduce our carbon footprint;
- We approved our business development and fundraising strategies to optimise funding and partnership opportunities and maximise our impact in the future.

Grow our impact

Last year we said we would...

- Increase our brand awareness across the East of England;
- Implement our volunteer strategy;
- Develop our offering to deliver more services to more disabled people.

Our progress made...

- We remodelled and rebranded our Day Opportunities service, embedding new Caseworker roles to support customers to achieve their goals and aspirations. We've increased the number of sessions we're delivering to customers; that's 3,500 more sessions this year;
- We secured the Work and Health Programme's 'Pioneer' project in partnership with Shaw Trust. Pioneer supports participants who need assistance in connecting with employers, enhancing their skills and securing jobs;
- We implemented our volunteer strategy;
- We consulted with Papworth Everard residents on ways to help combat loneliness and isolation in the village;
- We attended over 80 employment and careers fairs, transition and learning events to raise awareness of who we are and the services we offer across the East of England.

External influence

Last year we said we would...

- Positively influence our local communities and national policy to meet the needs of disabled people;

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- Use our Disability Confident leadership status and expertise to maximise opportunities for disabled people.

Our progress made...

- We responded to seven Government consultations, attended a Data Poverty Parliamentary roundtable and spoke to local MPs on our key policy areas of social housing, disability employment and social care funding;
- We partnered with national umbrella organisations to push for fairer outcomes for disabled people, including the National Housing Federation and Shaping the Future of Volunteering. We held events across our services to celebrate His Majesty the King's coronation, the Big Help Out and International Day of Disability;
- We supported Cambridgeshire County Council with their Preparation for Adulthood strategy work. We're now working with local Special Educational Needs schools about children's options at this crucial transition point in their lives;
- We refreshed our website homepage with a cleaner, modern feel that has accessibility features at its heart;
- We became a Disability Confident validator and supported two organisations to achieve their Level 3 Disability Confident Leadership accreditation. We supported a further 48 organisations to become Disability Confident Levels 1 and 2. We achieved this through offering personalised advice and guidance, lunchtime learning sessions and online resources.

Reserves Policy

Restricted Funds

The Trust from time to time receives grants or donations that might be specifically designated by the donor for a particular purpose, either in response to an appeal that we have made, or more generally by the donor's relationship with the Trust. The value of restricted funds held as at the balance sheet date was £2.8m.

Where the Trust chooses to accept such grants or donations, it will do so on the full understanding of the terms and conditions that pertain to the grant or donation and will put steps in place to ensure that these donations are only expended as prescribed in the terms, and that any further obligations placed upon the Trust by the acceptance of such grants or donations are adhered to. Such grants and donations are separately tracked and monitored and do not form part of the general reserves at the disposal of the Trust.

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Designated Funds

The Trustees also use their powers to designate certain funds for specific purposes, if required, to ensure that known future commitments can be met, or to recognise that certain assets cannot be freely deployed to meet particular objectives of the Trust without significant disruption to the Trust's business.

To this end the Trustees have resolved to exclude from general reserves the value of fixed assets held, net of the long-term liabilities held against these, representing assets held for the purpose of delivering our mission. These assets do not represent 'free' reserves as they are required to be maintained in order that we can continue to deliver services to our customers to deliver our aims, therefore the Trustees have designated reserves that reflect this carrying value on the Balance Sheet. The Trustees have also elected to include in designated funds the pension liability payments still required under the deficit repayment plan produced from the most recent full actuarial assessment, less the amount already provided for this liability on the balance sheet, following the pension trustees' current assessments. In addition, the Trustees recognise the need to maintain its properties and work towards the government's net-zero target by 2050, which will require significant financing, and have therefore started to provide funds to undertake initial works. The Trustees have also recognised the need to invest in services to develop our offering to meet evolving requirements and intend to invest additionally over the course of the business plan to achieve these objectives. The value of designated funds held as at the balance sheet date was £17.6m.

Endowment Funds

The Trust holds a small number of funds, described as endowment funds, established over time to support particular groups of beneficiaries. We seek to utilise these funds to support these beneficiaries to the extent that we are able, in line with our general objects. The value of the endowment funds held as at the balance sheet date was £435k.

General Reserves

General reserves represent the free reserves that the Trustees have at their disposal to effectively meet the objectives of the Trust. These reserves are held to ensure the financial resilience and sustainability of the Trust, helping to manage risk and volatility, to insulate the organisation against the impact of future financial shocks and to enable the Trust to react to unplanned growth opportunities should any present themselves.

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The Trust has sought to evaluate the material risks and uncertainties facing the business, and the kind of financial provision that may need to be reserved to manage these risks, should they occur. We have considered activity as identified in our three-year business plan to represent an appropriate time horizon for the assessment of the level of reserves required.

It is also recognised that there is a level of general volatility in operations, and any plans to materially change provision, to exit any activity, or to manage the transition of programmes to differing funding mechanisms, inevitably takes time and involves cost, so it is prudent for the Trust to preserve funds for such eventualities also.

The Trustees have evaluated the principal financial risks facing the charity, along with an assessment of the range of potential liabilities that may arise, should these risks crystallise, and have summarised these in the table below.

General Reserves assessment

Category	Description of Risk	Estimated Financial Exposure of risk
1. Potential Future Obligations	Social Housing Pension Liability. There is a potential £233m claim against The Pensions Trust (TPT), the fund managers for SHPS, relating to the application of inflation rates to benefits historically. This is not reflected in the TPT valuation, and is being disputed by TPT, however it would be prudent to reserve for our share of risk to our own funds	£377k
	Capital Investments – own funds required to be reserved to complete projects	None at present – funding plans in place to meet requirements. This could change once we have an assessment of requirements to meet net zero compliance
	SHPS liability increases following actuarial review at next triennial valuation, as of Sept 2023, expected to be known Oct 2024	£800k to £1,500k

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Category	Description of Risk	Estimated Financial Exposure of risk
2. Operational challenges	Care service delivery. Challenging operating model, risk to achieving financial improvement plan and sustainable operating model	£100k to £200k
	Reduction in voluntary funding. Reserve needed to manage any transition to reduced funding environment	£450k
	Inflation levels significantly exceed those budgeted, adversely impacting the cost base of the organisation	£100k to £200k
	Stress testing and sensitivity of budget projections not captured above	£250k
3. Transitional arrangements	Funds required to manage transitions between contracts	none anticipated at present
4. Funding planned service shortfalls	Identification of reserves to fund future shortfalls	none required that are not already included in the budget
5. Asset valuation risk	Impairment risk of fixed assets. Realisable value may be less than in-use value for specialist assets used for service delivery	£1,000k
	Repayment of social housing grants, should these not be recycled effectively	£133k
	Downgrade in valuation of Investment portfolio	£1,000k to £2,000k

From this assessment the Trustees have concluded that they need to hold general reserves for risks arising from operating activities in the target range of £4.2m to £6.1m, Current general reserves stand at £6.6m, as of 31st March 2024, marginally above the top end of the range required. Given the desire to maintain a modest buffer to allow the Trust to react to unplanned growth opportunities and a generally higher level of cost base and cost increases being experienced, and, even though headline inflation rates have stabilised a little, factors such as domestic political uncertainty and geo-political tensions mean the Trustees do not feel that any steps are required to reduce this level of reserves at this point. The level of general reserves is monitored carefully against our long-term plan to assess whether any excess is permanent or temporary in nature, and

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future programme delivery will be structured accordingly should the Trustees decide to utilise some reserves in furtherance of our objects.

Investment Policy

The Trust seeks to produce the best risk-adjusted financial returns from its financial investments. The investment objective is to maintain the real value of the assets over the long term, whilst also producing an income stream that can support the regular operations of the Trust. Investments are managed with full discretion by the Trust's investment advisers in accordance with the Statement of Investment Policy agreed with the Board. The Trustees of the Trust set the objectives, restrictions, investment mandate and any exclusions and, via the Finance, Audit and Risk Committee, monitors the performance of the investment advisers via advisors reporting to the Committee. Part of this strategy seeks to diversify adequately to minimise concentration risk and to manage currencies appropriately.

Investment scope

Subject to the Environmental, Social and Governance (ESG) limitations that are set, the Trust delegates authority to the appointed fund managers to invest its funds appropriately to meet the targeted financial return and liquidity requirements agreed from time to time.

Attitude to Risk

The Trust seeks primarily to ensure that the real value of its investment funds is at least maintained, to support its reserves policy, whilst also providing a valuable unrestricted income stream to support operations. A key risk to the long-term sustainability of these funds is inflation, and the assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that the financial investments will be concentrated in real assets and that the capital value will fluctuate. The Trustees are able to tolerate short-term volatility of the capital value of the Trust's financial investment portfolio, as long as the Trust is able to preserve the underlying value in the long term. The investment portfolio is positioned to act as a fall-back source of liquidity in the unlikely event that the Trust experiences a period of operational cashflow stress.

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Structure, governance and management

As a Charity, The Papworth Trust is governed by its Trustees, who are also the members of the Trust. Trustees can serve up to three terms of office of up to three years each; the arrangements for the election or appointment of Trustees are detailed in the Articles of Association.

The Trustees, who are also the Directors of the company under company law, meet quarterly to review the management of the organisation at Board meetings, and are assigned to Committees who have a more detailed review of areas of operations and governance on a quarterly basis. Committees meet with Executive and Leadership Team member and managers of respective services and departments who provide reports and information which are subsequently discussed at Board meetings. Day-to-day management is delegated to the Chief Executive and Executive Team.

The induction process for Trustees is structured to ensure they receive a comprehensive introduction to their role and to the organisation. It consists of visiting our services and meeting our customers and staff, understanding the functions of the Trust through 1:1 meetings with senior managers and reading core relevant information, guidance and legislation, supported via a structured induction plan delivered by an executive Team 'buddy'.

Trustees undertake mandatory training, whilst also having the opportunity to participate in a range of good practice training relating to governance, Charity Commission requirements and operational delivery. Trustees are supported by access to a dedicated section of our intranet site and board management software, keeping them updated on matters arising within the charity, as well as within the sector and our operating landscape more widely.

All Trustees, including the Chair, undertake an appraisal review, incorporating feedback from primary points of contact, in order to monitor Board effectiveness.

Trustees do not receive a salary but may claim expenses for actual costs incurred in attending meetings or otherwise fulfilling their duties. The extent of reimbursement of expenses is dealt with under note 7 below.

Conflicts of Interest

A register of Trustee and Executive Team interests is maintained, to assess and manage any potential conflicts. The Conflicts of Interest policy and process aligns with current best practice.

Trustees and Executive Team are formally asked on an annual basis to review the information held on the register and confirm that it is correct and that they remain eligible to serve as a Trustee of The Papworth Trust, with reference to

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disclosures required under company law and charity law, as well as best practice. In addition, at the beginning of each Board and Committee meeting or prior to the involvement in any project they are also reminded of the register and asked if there are any changes to be recorded. Any conflict raised is then managed in accordance with the policy.

Trustees' Liabilities

The Trust indemnifies the Trustees of the Trust against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year.

Committees

Committees take a more detailed interest in specific areas of the Trust's activities and monitor performance against key performance indicators. The terms of reference of individual committees, and of the Board, are reviewed annually to ensure continued effectiveness and compliance with good governance practice, with an external board effectiveness review undertaken every 3 years and a light touch internal review undertaken in intervening years. The committee structure now in operation, with key responsibilities identified, is as follows:

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is responsible for reviewing the financial performance of the Trust and reporting this to the Board, as well as overseeing the organisation's Risk Management Framework. The Committee monitors in-year financial performance and reviews the Trust's annual accounts, recommending them to the Board for approval. The Committee receives audit reports from internal and external auditors and reviews the Trust's framework for financial controls, including consideration of the annual statement of internal controls and its compliance with current guidance. The Committee holds responsibility for the oversight of treasury and investment management, the financial appraisal of new projects and prevention and detection of fraud.

The Committee also takes primary responsibility for ensuring that the Trust has effective risk management mechanisms in place, and periodically considers the Trust's risk register, ensuring that mitigations are effective and that any residual risk is aligned with the Trust's tolerance and appetite for risk.

Governance and Compliance Committee

The Governance and Compliance Committee oversees the review of performance of the Trust's operations, in line with service standards and statutory,

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regulatory and contractual compliance, and ensures the effective ongoing governance of Papworth Trust.

The Committee ensures effective oversight of safeguarding and health and safety is maintained, and that we have an appropriate policy framework to govern the work of the Trust.

Strategy and Change Committee

The Strategy and Change Committee is responsible for discussing and reviewing key areas of strategy and recommending changes for the continuous improvement of services offered by the Trust. Significant changes to markets, services, re-alignment of strategy or significant new ventures and major projects are all considered by this Committee. This Committee also reviews the Trust's strategic objectives, customer engagement, income generation activities and the scope and scale of our influencing activities, as part of the consideration of our wider strategic positioning.

Culture and Remuneration Committee

The Committee has responsibility for recommending the overall annual pay award and general reward policy for staff and to determine the remuneration of the Chief Executive and Executive Team. It also has oversight of salaries of any other staff in receipt of salaries over the Statement of Recommended Practice (the SORP) reporting threshold (currently £60,000 pa).

The Committee regularly reviews both the existing culture and progress towards the desired culture, through the benchmarking of the total reward package, market intelligence and staff engagement survey results, and demonstrable progress of the delivery of Equality, Diversity, Inclusion, Disability Confident and wider workforce strategies.

Joint Investment Committee

Up until November 2023 the Joint Investment Committee, a combined committee of the Papworth Trust and the Varrier-Jones Foundation, oversaw the management of financial market investments to assist in meeting the current and future financial needs of each organisation. It considered investment mandates, policies and objectives, and met with the investment managers on a regular basis to review performance against benchmarks, and to consider the wider economic outlook. Since November 2023 this Committee ceased and this responsibility is now part of the terms of reference of the Finance, Audit and Risk Committee, which provides the oversight and monitoring required and reports to the board of Trustees on investment performance, strategy and risk.

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Health and Safety

The Board recognises its responsibilities on all matters relating to health, safety and security, for our staff, customers and volunteers. We maintain scrutiny through best practice groups, as well as formal reporting mechanisms to management and to the Board of any health and safety issues or concerns. The profile of Health and Safety across the wider organisation continues to rise with a cross-working advisory group who hold responsibility for the delivery of a 3-year action plan to improve processes and embed a health and safety mindset more deeply into our culture. We will continue the monitoring of safeguarding via the Governance and Compliance Committee and utilise the Safeguarding Best Practice Group to capture learning and feedback from our own experience, and the experience of others, to improve process and practice.

Equality, Diversity and Inclusion

Papworth Trust is proud to be an open and inclusive organisation, committed to recruiting and retaining a diverse workforce which reflects the communities we serve. We are committed to equality of opportunity for everyone who uses or provides our services.

Disabled Employees

We are a Disability Confident Leader and continue to champion good practice under the scheme. We actively support other organisations to become Disability Confident and encourage all organisations within our supply chain and wider networks to employ, support and promote disabled people. In the last year, we have become a Disability Confident validator and supported 2 organisations to achieve their leadership status.

One in every five of our staff have a disability and we prioritise advertising our vacancies on disability platforms to encourage applications from disabled candidates and guarantee an interview for those who have declared a disability and who meet the essential criteria for the role.

We also train all our staff in equality, diversity and inclusion and disability awareness.

Employee Involvement

We continue to develop our staff voice through our colleague groups. Our Employee and Wellbeing Forum, Disabled Colleagues Group and Carers Experience Group all contribute to the development and delivery of our services, reward packages and policies.

We also continue to build on the success of our existing communication mechanisms, retaining those channels already in place, such as the weekly

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briefing from the Chief Executive Officer (CEO) and our newsletters and publications. We will continue to strengthen our employee engagement through activities committed to in our Culture and People plan for 2023-25.

Gender Pay Gap

A number of changes have affected our Gender Pay Gap in April 2023:

- We paid a sleep-in top up for our Care staff until June 2023. As sleep ins have now been classed as non-working time, we have included payments for these shifts in the remuneration received but not the hours completed. This reflects a change in our reporting methods from October 2020 and results in an increase in hourly pay calculation for our lower paid staff.
- We introduced company sick pay for all staff in January 2021.
- The male workforce has increased by 4.7% to 35.8% of the total workforce.
- We have had a greater proportion of female staff contributing to our salary sacrifice pensions. As the calculations must be made on gross pay after pension deductions for salary sacrifice this has increased the gender pay gap, particularly in the lower quartile.

Customer Involvement

"Being on the Tenant Scrutiny panel allows me to challenge, change and improve the housing service that the Papworth Trust provides for their tenants." **Linda, Chair of the Tenant Scrutiny panel**

This year we centralised our customer engagement team and implemented a new Customer Engagement Strategy which are key in confirming our commitment to customers being at the heart of everything we do, through having a range of activities and processes to encourage our customers to influence and shape service delivery and strategic planning.

Using a number of different engagement tools, we listen to our customers and their support networks to help us to test the quality of our services, identify key learnings and implement improvements to support the current and future needs and aspirations of our customers, whilst sharing best practice internally and externally. We recognise how important it is to understand customer need and aspirations in ensuring the long-term sustainability of our services and the Trust.

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Fundraising

The Trust is registered with the Fundraising Regulator, adhering to the Fundraising Code of Practice guidelines. Processes are in place to ensure that all fundraised donations are utilised for the purposes for which they were given, aiding the charitable objectives of the Trust. For donors and potential donors who have opted in to receiving contact by the Trust, personal details are maintained in accordance with General Data Protection Regulations (GDPR).

In the 2023/24 financial year the Trust did not receive any complaints relating to fundraising practice.

Over the course of 12 weeks, our Huntingdon Day Opportunities customers took part in music sessions facilitated by Beat This, an initiative aimed to provide music and technology sessions to people with additional needs develop skills, interact, and express themselves through music. This project was supported by a generous amount of £6,443 from the NFU Mutual Charity Fund.

Through guitar strums, drumbeats, and lyrical compositions, participants delved into the world of music, ending the programme in the recording of their own song at the Beat This studio in Peterborough. The project not only honed musical skills but also fostered a sense of teamwork and accomplishment among the customers.

The initiative had a big effect outside of the studio and sessions. Customers said that they felt healthier and happier, looking forward to each session. One customer told a member of the team **"it changed my life and has given me a reason to live"**.

Value for money (VfM) – Housing

Papworth Trust's mission is to support disabled people to have equality, choice and independence. As a Registered Provider of social housing, we provide safe, accessible and affordable homes for our customers and we have a portfolio of specialist housing located across the East of England. We continue to focus on delivering a high-quality service to our customers in the most efficient and effective way, working to improve levels of satisfaction whilst generating surpluses to assist in both the funding of our core services and provide ongoing improvements to our homes.

In presenting the value for money metrics for our housing portfolio for 2023-24, we follow the recommended reporting of the Regulator of Social Housing and have elected to use benchmark comparisons with a national small provider

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benchmarking group, comprising up to 150 smaller social housing providers, the Small Provider Benchmark (SPBM). It should be noted, however, that whilst it is possible to find comparative organisations in terms of size and number of homes, it is more challenging to benchmark against organisations with similar operational models, i.e. small providers with high levels of supported housing spread over a wide geographical area, alongside a core of general needs homes. We separate out general needs and supported housing costs separately and compare these with providers that focus on these housing types to better understand our respective performance in each area. These are presented alongside other metrics to demonstrate how the Trust deliver Value for Money for tenants.

Achievements in 2023-24

- **Customer Service Standards**

We have developed customer service standards in partnership with our tenants to provide much greater clarity of what to expect whilst living in a Papworth Trust home. These include performance indicators specifically aimed at measuring value for money.

- Tenant satisfaction survey results and estate inspection outcomes to measure whether communal areas that are managed by the Trust meet our Estate and Shared Areas standard and deliver value for money
- Feedback on our improved lettable standard from new tenants
- Repairs and maintenance performance indicators that we can compare with other housing providers.

- **Lettable Standard**

In 2023/24 we carried out a project looking at the trend of increased void remedial work of vacated homes due to the poor condition in which they had been returned. The outcome of this was to work closely with our Tenant Scrutiny Panel to develop a new lettable standard. This included an enhanced specification of voids works and investment to bring homes up to a higher standard for new tenants to move in.

We will be monitoring the impact of the new standard in the coming year with focus on levels of satisfaction with new customers. Longer term we will be assessing tenancy turnover and void costs which is forecast to reduce due to this investment.

- **Centralise our customer engagement function**

We delivered on our value for money commitment to centralise our customer engagement team. By covering our four operational areas we can deliver a

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more efficient engagement programme and ensure we are better equipped to share feedback, learning and create best practice across the organisation.

- **Customer Satisfaction**

We have introduced the tenant satisfaction measures (TSMs) as required under the regulatory consumer standards. Using a census survey we obtained 230 responses from customers, including quantitative feedback on our tenants' perception of whether the Trust delivers a housing service that offers value for money. As a baseline 17% of tenants feel renting with Papworth Trust does not offer value for money. We will be resurveying tenants in 2024-25 to understand how this has changed.

- **Net Zero Strategy**

Our Net Zero Strategy was agreed in 2023-24 by our Board of Trustees. This covers 10 years up to 2035 with an action plan detailing specific work being undertaken to meet the long-term ambition of Net-Zero-Carbon by 2050.

- **Investment in our homes**

We have continued our long-term commitment to improve the standard of our homes in line with our 30-year plan. We have completed year one of our new three-year capital programme in line with individual stock condition surveys that are carried out to every home.

- **Asset management**

We have completed our strategic asset management review. This has involved work to determine how each of our homes is currently performing using a wide -ranging set of criteria covering financial, social and people factors and then assessing how they are likely to perform in the future to enable the Trust to make strategic decisions about its assets. All homes achieved a grading A-C, with options appraisals carried out on all loss-making homes. The data is due to be refreshed in 2025-26 to understand the impact of interventions taken.

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Regulator of Social Housing Value for Money Metrics

Value for Money Metrics (Note 27)	2023/24	2022/23	SPBM median (2022-23)
Reinvestment	0.9%	2.7%	3.1%
New supply delivered	0.0%	1.5%	0.0%
Gearing	13.7%	17.2%	13.7%
Interest cover (EBITDA)	181%	274%	238%
Social Housing cost per unit	£7,253	£6,403	£6,174
Operating margin (social housing)	4.9%	9.8%	17.8%
Return on capital employed	2.9%	1.2%	2.57%

Reinvestment

Our level of reinvestment has decreased from 2.7% to 0.9% between 2022-23 to 2023-24.

We have not developed any new homes in 2023/24 following the addition of 10 new homes in 2022/23.

For existing homes 2023/24 we have invested £532K (2023: £1,646k) which represents year one of our three-year capital programme, which is the first time the Trust have procured a three-year capital programme rather than one year. Initial challenges with our contract have prevented the planned investment of £2,178k in year one, we aim to catch this up in years two and three reaching a total investment of £5,763k between 2023-2026.

New Supply Delivered

We have delivered no new supply in 2023/24, however we have one accessible unit in progress that is the repurposing of an underutilised communal space into rental accommodation. This is a strategic approach we have taken in several supported schemes as it results in the delivery of new units with no construction costs and minimal capital investment.

Gearing

Gearing has decreased by 3.5% as our overall net debt has reduced. Our loan balances have decreased by £1.0m, whilst our cash held has increased by £1.0m

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resulting in our net debt decreasing by £2.0m. Our cost of housing properties has increased by £0.5m.

Interest Cover

Our interest burden in the year has increased as a result of higher total interest levels following increases to the base rates during the year.

Headline Social Housing Cost per Unit – analysed by type

	2023/24	2022/23	SPBM
Supported housing	£8,026	£7,146	£9,900
General needs housing	£4,851	£4,111	£4,958
All housing	£7,253	£6,403	£6,174

Our overall social housing cost per unit has increased by 13.3%. This is above inflation statistics for the year (5.1%), reflecting increased maintenance costs as we seek to upgrade our older stock, as well as higher material costs and interest rates. Our headline social housing cost remains higher than the sector median, recognising that three quarters of our stock is supported housing. Our supported homes by their nature require greater expenditure in terms of more intensive and engaging housing management resources to our core tenants alongside higher repairs and maintenance investment associated with accessible and specialised housing.

In recognising this increased headline cost we are also firmly committed to providing homes that are suitably adapted to meet the needs of our customers and maximise their independence.

To better understand relative value for money, we have separated the headline cost of general needs and supported housing operations to enable more accurate benchmarking with comparable providers. When this more granular comparison is applied the cost of general needs per unit is slightly below the median level. This is not unexpected given the reduced capital expenditure in 2023/24.

The supported housing cost per unit has further increased toward the sector median. This is not unexpected due to the different types of supported homes we provide, from accessible homes with low-level of support which tend to be lower cost, through to higher cost specialised supported housing with complex specifications. We recognise that significant variation can exist between

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supported housing costs due to differences in customer group, level of adaptation and service level, and remain committed to providing a range of suitable homes to disabled people.

Operating Margin

The operating margin has decreased this year by 4.9%. Overall revenue has remained stable, but increased maintenance costs have led to a reduction in surplus.

As with the social housing cost per unit metric, it is useful to split out the operating margin of our supported and general needs housing to understand the respective operating efficiency and business health.

The additional costs associated with providing and delivering supported housing alongside greater proportions of income via service charges (at cost only) reduce the overall margin of supported housing. Provision of supported housing remains a key strategic area for the Trust.

	2023/24	2022/23	SPBM
Supported housing	2.9%	6.6%	11.8%
General needs housing	13.4%	23.3%	20.6%
All housing	4.9%	9.8%	17.8%

Return on Capital Employed (ROCE)

The return on capital employed has increased in 2023-24, driven by gains realised from asset disposals and our improved cash position.

Value for Money 2024/25

We remain focused on how we can continue to engage with and improve our services for disabled people at a sustainable cost that delivers value for money, improved satisfaction and adheres to regulatory standards, including recently introduced consumer regulation.

- **Value for money strategy**

We will refresh our overall approach to achieving value for money in 2024-25 to include all business areas of the organisation.

- **Net Zero and Asset Management**

We will continue on our journey towards the net-zero-carbon challenge by 2050, taking steps to reduce our carbon footprint and ensure we have a

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sustainable model that takes into consideration operating costs, net zero requirements and embraces continued advances in technology.

In line with our Net Zero Strategy developed this year we will be working through our Net Zero action plan, including targeted work toward all our homes attaining a C rating on Energy Performance Certificates by 2030.

Going Concern

The Board has assessed The Papworth Trust's current financial position and resources, future obligations and risks, together with a review of the Trust's forward business plan, to consider the future financial viability of the Trust.

We have issued a new Business Plan which articulates our planned activity for the next three financial years and considers areas of revenue growth, as well as the likely impact of future cost pressures due to high inflation and interest rates. We have also completed risk and sensitivity testing around key areas of uncertainty, and of major cash flows, within this plan and note that the Trust anticipates having sufficient reserves and working capital to support the Business Plan. The Trust also continues to have the support of the Varrier-Jones Foundation, who have confirmed their commitment to support the Trust over the next financial year.

The Board therefore considers that it has a reasonable expectation that adequate resources exist for the Trust to continue to be operational for the foreseeable future and therefore that the adoption of the going concern principle is reasonable and appropriate in producing these financial statements.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Auditors

A resolution proposing the re-appointment of RSM UK Audit LLP as auditors will be proposed at the Trustee meeting in October.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The report of the Board of Trustees was approved by the Board, and signed on its behalf on 13 August 2024 by:

Signed by:

A8786EBE14094E2...

Brian Stewart OBE - Chair of Trustees

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

STRATEGIC REPORT

Objectives and public benefit

What we do

We offer essential support and care to disabled people. Our Mission is to help disabled people achieve equality, choice and independence. We support a wide range of disabled people, including those with physical disabilities, learning disabilities, mental ill health and sensory impairments.

We support people to live their lives to the full and be seen for who they are.

Objects

The object of the Trust is to provide relief to disabled people, including the provision of social housing, in such ways that are for the benefit of the public and charitable according to English Law.

This Object is delivered via a three-year business plan, supported by annual departmental plans and budgets. We carry out service reviews on a monthly basis to compare the outcomes and achievements of our work to our stated aims and objectives. The reviews look at the successes and challenges of each key activity and the benefits they have brought to those individuals and groups of people, considering any risks that emerge and any resourcing that may be required. The reviews also help to ensure that our activities remain focused on our strategic objectives.

Public Benefit

The Trustees confirm that they have regard to the Charity Commission's general guidance on public benefit whenever we review our Mission, aims and objectives and also when planning future activities, or evaluating existing ones.

We provide a benefit to the public by actively seeking to support disabled people to live their lives to the full, providing housing, employment support, care and day services as appropriate to meet the needs of our customers. We actively seek to embed our services in the wider community, recognising the benefits of an inclusive society, where everyone is seen for who they are.

We operate across the East of England and use our resources, as outlined above, to provide essential services and support, engaging with customers, commissioners and other key stakeholders to constantly evolve our offering to maximise the impact that we can achieve with the resources available.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Financial Review

Full details of our financial performance for the year ended 31 March 2024 are shown in the Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement and Notes to the Accounts.

Turnover and operating surplus for 2023-24, with prior year comparisons, are shown in the table below:

	2024 £'000s	2023 £'000s
Turnover	14,082	14,444
Operating costs	(12,522)	(13,250)
Operating surplus	<u>1,560</u>	<u>1,194</u>
Profit on sale of fixed assets	879	677
Interest receivable	69	-
Impairment of assets	-	(1,040)
Interest payable	(743)	(545)
Investment gains/(losses)	860	(591)
Surplus/(Deficit) for the year	<u>2,625</u>	<u>(305)</u>

Headline income has decreased by 3%, which is principally attributable to reduced income from Work activities, Work income has declined by 46%, (£1,079k) as contracts have come to an end. Housing has seen income increase by 7%, (£361k) due to rental uplifts. Care income has increased by 4% (£161k) with some changes in volume and pricing, and the Varrier-Jones Foundation donation has increased by £131k. Other income has remained largely consistent across other service streams.

Total operating costs have decreased over the period primarily attributable to reduced Work programme activity. Work operating costs have decreased by 85% (£1,259k) and Care operating costs have decreased by 4% (£208K). Housing operating costs have increased by 11% (£497k) and Day Opportunities have increased by 4% (£68K). Housing cost increases are driven by the increased costs of maintenance, 3rd party contractors and additional void costs in the year.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Income

- Turnover from social housing lettings has increased to £5.1m from 2022/23 increasing by 7% from £4.7m.
- Care income increased by 4% to £4.3m from £4.1m. Our Ipswich and Haverhill locations income increased by 12% and 32% respectively. Our Lowestoft location increased by 2% despite reductions in customer count throughout the year.
- Day Opportunities income increased by 5% to £1.5m from £1.4m. Our Cambridge and Basildon day centres remained fairly in line with the prior year whilst at our other centres turnover grew between 8% and 20%. This has been driven by growth and successful uplift negotiations.
- Work services saw decreased turnover of 46%. The Work and Health Programme achieved better outcomes, resulting in above budget income for the year, being offset by a decline in revenue from our Building Better Opportunities (BBO) programmes which ended in June 2023.

Expenditure

- Expenditure in Care decreased by 5% due to reduced staff and agency costs, specifically in our Lowestoft and Ipswich operations. The Care industry has experienced national difficulties around attracting and retaining care workers, and we have experienced this impact directly. In April the Trust increased hourly rates for care workers, ahead of anticipated changes in the National Living Wage, to seek to improve the recruitment and retention of support workers. This has been significantly improved since 2022-23.
- Housing expenditure has increased 11% this year, as we have experienced price increases in materials and labour. We have seen delays in planned maintenance activity due to the establishment of new 3-year maintenance contracts, phasing the work to a more manageable profile.
- Work services expenditure has decreased by 85% compared to last year. The Work and Health Programme has remained strong throughout the year. Our BBO programmes ended in June 2023, which saw a small amount of redundancy costs being incurred, with resources being deployed elsewhere where practical.
- Expenditure in Day Opportunities has increased by 4% as a result of additional costs relating to the change in the service delivery model as well as increased activity costs due to an increasing customer base.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

- Our support functions expenditure has increased due to staff costs, additional investment in IT infrastructure and catch up on planned maintenance in our facilities.

Balance Sheet

- The cash position has improved by £1,008k, with total cash held of £4.3m at the balance sheet date. This is inclusive of the sale of Bourne House at £725k.
- The improved cash position has ensured that the Trust is reporting an improved current asset position at the balance sheet date. It is recognised that the Trust has significant loan redemptions to make in future.
- The Trust actively monitors and manages cash utilisation and has prepared a long-term forecast which has been tested under stress scenarios to ensure adequate future liquidity. The Trust was ahead of its target for liquid funds at the balance sheet date.
- The current year financial statements highlight a worsening in the level of deficit for the SHPS pension scheme. The scheme has seen a decline in the fair value of plan assets greater than the decline in our present value of defined obligations. The Trust also made deficit repair contributions of £651K, and has a schedule of deficit repayment obligations running until March 2028, based upon the outcome of the last triennial valuation, which was as at 30 September 2020.

Treasury Management

The Trust's historic housing development has been financed through a combination of Social Housing Grant, long term loan facilities and surpluses generated through normal activities and through fundraising.

Treasury Management is managed by the Finance Team and overseen by the Finance, Audit and Risk Committee. It is reviewed on a regular basis, setting treasury policy in line with expected future requirements, and reviewing longer term projections to ensure adequate financing is in place to meet future liabilities. Stress testing is performed to ensure that the Trust has sufficient mitigations in place in the event of multiple events occurring that place stress on working capital. Working capital requirements are held as cash, with surplus funds being invested through the Trust's investment managers. Potential drawdowns

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

from investments are considered as part of the Trust's financing plan to support working capital as required.

The Trust has £1m remaining undrawn of a £3m loan facility established in 2022/23 which is anticipated to be drawn down in the forthcoming financial year.

Loan Covenants

There are several loan covenants in place on the Trust's long-term loans, the key measures being asset cover and interest cover. Breach of covenants could result in loans becoming immediately repayable. Loan covenant tests are monitored monthly and were comfortably met for the year ended 31 March 2024.

Plans for future periods

The Trust's 2024-27 Business Plan has continued to focus on the following strategic objectives to allow us to deliver good quality homes, jobs and services that enable our customers to achieve their aspirations:

- Customer focus
- Sustainability
- Grow our impact
- External Influence

In order to achieve our strategy, we have set the following key objectives over the period:

Customer focus

We will:

- Communicate to our customers in a way that meets their needs and preferences.
- Develop an approach to Co-Production.
- Increase care customers' independence and quality of life through the use of technology.

Expected results and outcomes...

Customers are better informed to make decisions, provide feedback and influence the way we deliver our services.

Our customers will influence service and organisational decisions, leading to a more customer-focussed charity.

Care customers are more independent through the use of technology.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Sustainability

We will:

- Develop an information management strategy.
- Through investment and planning we will ensure our workforce has the knowledge, skills and resources to deliver great services.
- Develop a net zero action plan.
- Develop a commercial property strategy.
- Develop a housing strategy.

Expected results and outcomes...

Improved data accuracy, reduction of risk and a more effective and resilient organisation.

A satisfied, stable and motivated workforce who have opportunities to develop their knowledge and skills and deliver great services to our customers.

A three-year action plan which will see the Trust reducing our carbon emissions through improved working practices, homes and facilities (such as buildings and vehicles).

The Trust will have successfully bid for Government funding which will be used to improve our homes to meet decarbonisation targets.

We will have a 10-year roadmap for each of our commercial properties to meet the needs of our customers and staff.

We will have a 30-year plan for property management, maintenance and development of our homes to ensure tenant satisfaction and good quality homes.

Grow our impact

We will:

- Deliver our services to more disabled people.

Expected results and outcomes...

Existing services will continue to improve and grow to secure their future sustainability. You will see us delivering quality homes in the right geographical location, secure future funding for employment programmes and continually evolve our offer to suit the labour market. We will also seek fairer funding for Social Care and continue to improve our Day Opportunities. In reaching these, more disabled people can achieve their independent living targets, become more economically active and enjoy a good quality of life.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

External influence

We will:

- Increase the number of employers we work with to raise disability awareness through promoting Disability Confident.
- Develop and implement our brand awareness strategy.

Expected results and outcomes...

Through our work in raising disability awareness and dispelling myths, more employment opportunities for disabled people are created.

Papworth Trust is actively influencing local and national policy through use of data and membership of forums. Our expertise is being sought and championed, leading to disabled people having greater equality, choice and independence.

Principal risks and uncertainties

Management of risk is an integral part of our planning and project management processes. The Papworth Trust has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the business planning processes, which review risks and controls in existing processes, and business reviews to track both systemic and emerging risks, this generates a comprehensive review of risks facing the Trust.

We maintain a risk register in which risks are documented and evaluated so that major risks can be identified and the effectiveness of controls which mitigate these risks can be assessed and compared to the Board approved risk appetite. The system of internal control is designed to manage key risks and to provide reasonable assurance about the reliability of financial and operational information and the safeguarding of the Trust's assets and reputation. This is supported by a programme of internal audits, both financial and operational, to provide assurance to Trustees of the effectiveness of controls in operation. The Trustees have reviewed the internal controls in operation during the period and are satisfied that there are no issues leading to any material uncertainty regarding these financial statements.

The Finance, Audit and Risk Committee and the Trustee Board monitor and review our principal risks and the processes for managing them, together with the arrangements for internal and external audits and preparation of financial statements. The Governance and Compliance Committee has oversight on regulatory compliance and quality standards for our service delivery, and monitors risks against these.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

The critical risks and uncertainties have been identified, and are documented in the table below, along with mitigation strategies in place to address the potential impact of any risk materialising.

Key risk	Responses to the risk
Financial Sustainability Because the environment is challenging and full of uncertainty for both us and our donors, with upward cost pressures due to high inflation and interest rates, and challenges to increase revenues to match, we may not perform in accordance with our current financial plan, resulting in us having insufficient funds to operate our services to the desired quality or with the desired reach.	• Effective management information framework, including budgeting and forecasting, and robust internal controls • Long term plans and reserves policy established, and stress tested to ensure resilience • Investment portfolio professionally managed and tested against our risk appetite • Risk Management framework established to ensure potential adverse impacts are identified, mitigated accordingly and contingency plans are in place • Regular engagement with our key sponsors
Our People Because our people are key to everything we do at all levels of our organisation, and because the employment and volunteer markets continue to be challenging, we may struggle to recruit and retain people to provide the skills and capacity that we need, resulting in us needing to limit the scope of our provision or not achieving the quality of delivery required, or not having the right skills mix around our board table.	• Benchmarking exercises conducted to re-align reward packages, where appropriate • Greater focus on well-being and development of a more holistic reward package for staff • Development pathways opened up for staff with potential to grow with the organisation • Succession plans and business continuity plans established to mitigate any single key person / function dependency • Trustee skills assessment and regular appraisal to ensure we have the right skills to support the organisation

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Key risk	Responses to the risk
Service Quality and Continuity Because we operate in high-profile regulated sectors supporting vulnerable people, we may not be able to deliver services to the standard expected or to keep up with changes in our operating landscape, resulting in poor service quality, health and safety, safeguarding or cyber security failures leading to material downgrade in our reputation with customers and commissioners.	• Clear, regularly reviewed organisational policies in place, tracked and supported by structured training managed through a central portal • Complaints process in place with rigorous follow up procedures • Secured Cyber Essentials Plus accreditation, ensuring data is kept secure and our infrastructure resilient. • Working groups established for Health and Safety, Safeguarding, Data governance etc to ensure regulations are tracked and monitored and organisational policies and procedures are maintained. • Testing of Business Continuity, including penetration testing, conducted regularly, with agreed actions monitored by the Executive Team
Quality of Housing Stock Because requirements, and the level of potential support from government, to achieve net zero targets is not yet known with certainty, and because our housing stock is typically quite old and on the whole has not been built to modern construction standards we may have challenges meeting future housing standards and ensuring that our homes remain decent, resulting in an inability to let certain properties and retaining an element of housing stock that is no longer viable.	• Comprehensive stock condition surveys undertaken • Housing strategy development • 3-year capital programme agreed to improve procurement and secure financing • Impact assessments conducted for all poorly performing stock and appraisals / action plans being developed • Contingencies factored into our long-term 30-year financing plans, together with stress testing to provide comfort we have the resilience to adapt to a range of unforeseen circumstances

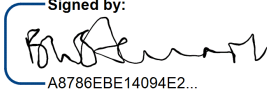
The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Key risk	Responses to the risk
Breach of regulations Because the Trust works with vulnerable people in a number of highly regulated environments and because new regulations are regularly being proposed, a breach of regulations could lead to a downgrade of assessment and / or significant reputational damage, resulting in penalties and material financial loss.	• Deployed a risk-based Assurance Framework, with focus on highly regulated areas such as Care prioritised, and engagement of further Internal Audit resource • Maintenance of our self-assessment model to create greater local accountability, as well as independent scrutiny • Effective reporting, safeguarding and whistle-blowing policies and procedures in place, as part of a structured policy register, with scheduled review points
Strategic Alignment Because we are operating in a changing environment where there is an increasing scope and scale of demand, coupled with constrained resources to deliver, we may not retain suitable focus on our core priorities resulting in the needs of our beneficiaries and other stakeholders not being properly addressed.	• Regular strategy reviews, with horizon scanning and three-year planning cycle to clearly define strategic objectives (SO's) • Monitoring mechanisms established, and KPI's and dashboards developed, to ensure effective progress against these SO's • Board effectiveness reviews, and Trustee assessments, ensure we continually monitor our governance structures to effectively deliver our strategy

The Trustees recognise that achieving maximum impact for disabled people does involve risk, but believe that the frameworks in place, and the measures outlined above to manage and monitor these risks, best position the organisation to achieve meaningful and long-lasting results. The Trustees will continue to monitor the external landscape, both short and long term, to ensure charitable funds are appropriately safeguarded and effective delivery maintained within the governance and regulatory landscapes in which we work.

The Strategic Report was approved by the Board and signed on its behalf on 13 August 2024 by:

Signed by:

A8786EBE14094E2...

Brian Stewart OBE
Chair of Trustees

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Statement of the Board of Trustees' responsibilities in respect of the Board of Trustees' Annual Report and the financial statements

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Papworth Trust**Report and Accounts for the year ended 31 March 2024****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PAPWORTH TRUST****Opinion**

We have audited the financial statements of The Papworth Trust for the year ended 31 March 2024 which comprise Statement of comprehensive income and statement of changes in reserves, the Balance sheet, the Cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Annual Report.

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

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

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Respective responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 32 the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the company operates in and how the company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inquiring of management whether the company is in compliance with these laws and regulations and inspecting any correspondence with external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspecting any correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and completeness of revenue streams as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and any transactions entered into outside the normal course of business and performing tests of detail on revenue recognised in the year and subsequent to the year end.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at:

The Papworth Trust
Report and Accounts for the year ended 31 March 2024

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Laragh Jeanroy (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1st Floor, Platinum Building
St John's Innovation Park
Cowley Road
Cambridge
CB4 0DS
Date 14/08/2024

The Papworth Trust
Report and Accounts for the year ended 31 March 2024

Statement of Comprehensive Income

	Note	2024 £'000s	2023 £'000s
Turnover	3	14,082	14,444
Operating costs	3	(12,522)	(13,250)
Operating surplus		1,560	1,194
Gain/(loss) on disposal of tangible fixed assets	8	879	677
Interest receivable		69	-
Impairment of Assets	10	-	(1040)
Interest payable and similar charges	9	(743)	(545)
Gains/(Losses) on investments		860	(591)
(Deficit)/surplus for the year		2,625	(305)
Actuarial (loss) in respect of pension scheme	22	(719)	(835)
Total Comprehensive income		1,906	(1,140)

The accounts relate to continuing operations. The notes on pages 41 to 77 form part of these financial statements.

Statement of Changes in Funds

	2024 £'000s	2023 £'000s
Balance at 1 April	25,542	26,682
Surplus/(Deficit) for the year	2,625	(305)
(Increase) in Defined Benefit Pension liability	(719)	(835)
Balance at 31 March	27,448	25,542

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Co. no: 00148906, Charity no: 211234 RP no.: LH1648

Balance Sheet	Notes	2024 £'000s	2023 £'000s
Fixed Assets			
Housing Properties	10	36,691	37,429
Other Fixed Assets	11	2,492	2,682
Investments	12	10,204	9,358
Endowment Fund Assets	13	435	424
Total fixed assets		<u>49,822</u>	<u>49,893</u>
Current Assets			
Assets held for disposal	14	-	137
Debtors - amounts falling due within one year	15	1,083	1,129
Cash and cash equivalents		<u>4,262</u>	<u>3,254</u>
		5,345	4,520
Creditors:			
Amounts falling due within one year	16	<u>(3,722)</u>	<u>(3,508)</u>
Net current assets/ (liabilities)		<u>1,623</u>	<u>1,012</u>
Total assets less current liabilities		<u>51,445</u>	<u>50,905</u>
Creditors:			
Amounts falling due after more than one year	17	(20,929)	(22,498)
Provisions for liabilities and charges			
Pension liabilities	22	(2,865)	(2,662)
Other Provisions	21	(203)	(203)
Net assets		<u>27,448</u>	<u>25,542</u>
Funds			
Restricted Funds		2,835	2,352
Endowment Funds		435	424
Unrestricted Funds:			
Designated Funds		17,595	15,662
General Reserves		<u>6,583</u>	<u>7,104</u>
Total Unrestricted Funds		<u>24,178</u>	<u>22,766</u>
Total Funds	25	<u>27,448</u>	<u>25,542</u>

These Financial Statements were approved by the Board, and signed on the Board's behalf on 13 August 2024 by:

Signed by:

A8786EBE14094E2...

B Stewart
Trustee

Signed by:

6D99FB87B8AB448...

M Anderson
Trustee

The notes on pages 41 to 77 form part of these financial statements.

The Papworth Trust
Report and Accounts for the year ended 31 March 2024

Cash Flow Statement

	2024 £'000s	2023 £'000s
Cash flows from operating activities:		
Operating surplus	1,560	1,194
<i>Adjustment for:</i>		
Remeasurement of pensions liability	-	(59)
Depreciation	1,489	1,192
Amortisation of grants	(368)	(368)
Decrease/(increase) in trade and other debtors	183	246
(Decrease)/increase in trade and other creditors	42	(214)
Pensions deficit payments made	(630)	(684)
Net cash inflow	<u>2,276</u>	<u>1,307</u>
Interest paid	<u>(630)</u>	<u>(468)</u>
Cash flows from investing activities:		
Proceeds from disposal of fixed assets	969	695
Acquisition of tangible fixed assets	(578)	(1,697)
Net cash (outflow) from investing activities	<u>391</u>	<u>(1,002)</u>
Cash flows from financing activities:		
Repayment of borrowing	(1,029)	2,000 (1,008)
Net cash outflow from financing activities	<u>(1,029)</u>	<u>992</u>
Net Increase in cash	1,008	829
Cash and cash equivalents at 1 April	3,254	2,425
Cash and cash equivalents at 31 March	<u>4,262</u>	<u>3,254</u>

The notes on pages 41 to 77 form part of these financial statements.

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Notes to the financial statements

1. Legal Status

The Trust is a registered charity and an incorporated Company limited by guarantee. The Trust is also registered with the Regulator of Social Housing. The principal objective of the Trust is to provide essential care and support to disabled people, which it does through providing essential services including social housing. The Trusts' Registered office is at 1 Saxongate, Bradbury Place, Huntingdon, PE29 3RR.

2. Accounting Policies

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Accounting Direction for Private Registered Providers of Social Housing 2022, and under the historical cost convention, modified to include certain financial instruments at fair value. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

2.1 Going concern

The Board has assessed the Trust's financial performance and resources having regard to the 2024-25 budget and three-year business plan. As a consequence, the Board believes that the Trust is well positioned to manage business risks and expects to have adequate resources to operate for the foreseeable future. The Board therefore continues to adopt the going concern basis in the preparation of these financial statements.

2.2 Turnover

Turnover represents the income derived from the provision of the Trust's activities, comprising the sale of goods and services, property rental income net of voids, amortisation of Social Housing Grant, revenue grants, donation from the Varrier-Jones Foundation, charitable gifts and dividend Income received.

Rental income is recognised from the point when it becomes due. Income for service delivery is recognised when services have been delivered. Income from grants is recognised when the conditions of the grant have been met. Income from investments is recognised in the period to which it relates.

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Report and Accounts for the year ended 31 March 2024

2.3 Expenses

Cost of sales

Cost of sales represents the direct costs and overheads involved in providing social housing and other charitable activities.

Operating costs

Operating costs represent the support and premises costs that enable the Trust to provide social housing and other charitable activities.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Statement of Comprehensive Income account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred in the period to which they relate.

Interest payable

Interest payable and similar charges are charged to the Statement of Comprehensive Income account when incurred.

2.4 Tangible fixed assets – housing properties

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated differently to buildings.

2.5 Depreciation – housing properties

Depreciation is charged to the Statement of Comprehensive Income account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. No depreciation is charged on housing properties or components under construction. The estimated useful lives are as follows:

Structure	50-80 years
Roof	50 years
Electrical installation	40 years

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Windows and doors	30 years
Heating (excluding boilers), plumbing and ventilation	30 years
Bathrooms	20 years
Boilers	15 years
Kitchens	15 years
Flooring	10 years

Depreciation methods, rates and residual values are reviewed if there is an indication of a significant change in the expectation of typical useful lives of asset groups.

2.6 Non-component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream of the life of a property, is capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs and maintenance to housing properties is charged to the income and expenditure account in the period incurred.

2.7 Other fixed assets

Other tangible fixed assets include those with an individual value at cost in excess of £1,000.

Depreciation is charged to the Statement of Comprehensive Income account on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings (non-housing)	50 years
Leasehold improvements	over the life of the lease
Motor vehicles	4-6 years
Plant, machinery and fixtures	3-15 years
Office equipment	5-10 years

2.8 Properties held for sale and work in progress

Assets under construction are held at cost within the relevant category of fixed assets and are not depreciated until the asset is in use.

Properties held for sale are recognised at the lower of depreciated cost and net realisable value. They are classified as current assets when the Trust deems disposal probable within the next twelve months. Net realisable value is based on

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estimated sales price after allowing for all further costs of completion and disposal.

2.9 Basic financial instruments

Trade and other debtors, including tenant arrears; trade and other creditors

These are recognised initially at transaction value less attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.10 Impairment

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, the impairment is calculated as the difference between its' carrying amount and the best estimate of the amount that the Trust would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the Statement of Comprehensive Income.

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2.11 Social Housing Grant

Social Housing Grant ("SHG") is initially recognised at fair value as a long-term liability, specifically as deferred grant income and released through the income and expenditure account as income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG are transferred to either the recycled capital grant fund or the disposal proceeds fund until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

2.12 Investment assets

Investments are carried at mid-market value as at the balance sheet date. Movements in asset valuations are recorded in the statement of comprehensive income.

2.13 Retirement benefits

The Company participated in one defined benefit pension scheme, the Social Housing Pension Scheme (SHPS), although the Company closed the scheme to further accrual in 2019. SHPS is a multi-employer scheme which provides benefits to non-associated employers. Associated assets and liabilities are allocated to each employer for accounting purposes. The net defined benefit liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023 – it is expected to be able to reflect the results from this revaluation in the accounts for 2024/25.

Gains/Losses

Gains or losses recognised in the Statement of Comprehensive Income account are as follows:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the

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beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income are as follows

- Any actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

2.14 Termination benefits

Termination benefits are recognised as an expense when the Trust is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Trust has made an offer of voluntary redundancy, it is likely that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.15 Provisions

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

2.16 Service charges

Service charge income and costs are recognised on an accrual basis. The Trust applies service charges where applicable to schemes, ordinarily on a fixed basis, in consultation with residents. The budgets are set annually, informed by past costs and future planned activity. Any balances remaining are held as creditors or debtors in the Balance Sheet until such time as all costs are recognised. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents. Until these costs are incurred, this liability is held in the Balance Sheet within creditors.

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2.17 VAT

The Company is partially exempt for Value Added Tax (VAT). The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs.

2.18 Taxation

As a registered charity, the Trust is exempt from UK corporation tax to the extent that incomes or other gains are applied exclusively for charitable purposes. Corporation tax on any income or gains that do not meet the criteria for exemption would be included on the income and expenditure report.

2.19 Reserves

Restricted funds

Restricted funds represent unspent funds received for specific purposes from external funders. Restricted funds are only expendable in relation to the purposes for which they were received.

Endowment funds

Endowment funds are held where the funds are part of either an expendable or permanent endowment fund. Endowment funds are only expendable in relation to the purposes for which they were received.

Designated funds

Designated funds are reserves that have been identified for specific purposes by the Trustees.

General reserves

General reserves are held at a level appropriate for working capital and contingency and are reviewed annually by the Board.

2.20 Accounting estimates and judgements

In producing these financial statements, the Trust has made estimates and judgements that it feels give a true and fair view. Accounting policies and judgements are assessed against current accounting standards, industry practice and market conditions, and reviewed annually for appropriateness.

Impairment

Housing stocks are assessed for impairment when an indicator of impairment is noted. Carrying values are considered to ensure that they are not greater than net present value, calculated using a discounted cash flow basis for housing

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stock that is in use. Where housing properties are not in use the net realisable value is calculated with reference to the potential sales value of the property.

Bad Debt

Provisions are made for bad debts when there is deemed to be significant risk to recovery. For tenant arrears, bad debt provision is made in all instances for former tenants unless a clear recovery plan is in place. For existing tenants, consideration for provision will be made based on the ageing profile of the debt.

For other debtors, provision will be considered for transactions that are over three months overdue, with consideration being made for each debt based on the customer profile and the type of debt.

Defined benefit pension

Accounting estimates are made for the defined benefit pension scheme SHPS. Critical estimates are made by Management, following advice from the Trust's pension's advisors.

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3 Social Housing and other activities

	2024	2024	2024	2023
	General	Supported	Total	Total
	Needs	Housing		
	£'000s	£'000s	£'000s	£'000s
Rent receivable (net of service charges)	969	3,002	3,971	3,708
Profit on disposal social housing assets	-	-	-	-
Service charges	-	1,132	1,132	1,044
Net rents receivable	969	4,134	5,103	4,752
Other income	-	-	-	-
Total income from lettings	969	4,134	5,103	4,752
Expenditure on letting activities				
Management	(240)	(656)	(896)	(790)
Services	(20)	(288)	(308)	(308)
Routine maintenance	(353)	(1,877)	(2,230)	(1,854)
Planned maintenance	(35)	(98)	(133)	(81)
Bad debts	-	(1)	(1)	(1)
Depreciation of housing properties	(187)	(1,080)	(1,267)	(1,230)
Depreciation of other housing assets	(4)	(13)	(17)	(20)
Total expenditure on lettings	(839)	(4,013)	(4,852)	(4,284)
Operating surplus on lettings	130	121	251	468
Void Losses (included within the above)	(60)	(112)	(172)	(128)

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3 Social housing and other activities (continued)

	Turnover	Cost of sales / delivery	Operating Costs	Operating Surplus
	£'000s	£'000s	£'000s	£'000s
Social housing lettings				
General needs	969	(446)	(393)	130
Supported housing	4,134	(2,900)	(1,113)	121
	<u>5,103</u>	<u>(3,346)</u>	<u>(1,506)</u>	<u>251</u>
Other social housing activities				
Other housing activities	31	(65)	-	(34)
Amortised grant Income	368	-	-	368
	<u>399</u>	<u>(65)</u>	<u>-</u>	<u>334</u>
Non-social housing activities				
Work services	730	(768)	-	(38)
Care services	4,282	(4,347)	-	(65)
Day Opportunities	1,497	(1,615)	-	(118)
Policy & Communications	-	-	(126)	(126)
Business Development	-	-	(45)	(45)
Varrier-Jones Foundation donation	1,431	-	-	1,431
Fundraising	191	(116)	-	75
Enabling Services (Management, Finance, IT, HR and Facilities)	178	-	(523)	(345)
Investment income	271	(43)	-	228
Re-measurement of defined benefit pension liability	-	-	(22)	(22)
	<u>8,580</u>	<u>(6,889)</u>	<u>(716)</u>	<u>975</u>
Total social housing and non-housing activity	<u>14,082</u>	<u>(10,300)</u>	<u>(2,222)</u>	<u>1,560</u>
Gain/ (loss) on disposal of assets				879
Interest payable				(743)
Interest receivable				69
Gain on investments				860
Surplus for year				<u>2,625</u>

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3 Social housing and other activities (continued)

	Turnover	Cost of sales / delivery	2023 Operating Costs	Operating Surplus
	£'000s	£'000s	£'000s	£'000s
Social housing lettings				
General needs	927	(406)	(305)	216
Supported housing	3,825	(2,709)	(864)	252
	<u>4,752</u>	<u>(3,115)</u>	<u>(1,169)</u>	<u>468</u>
Other social housing activities				
Other housing income	1	(116)	-	(115)
Amortised grant Income	368	-	-	368
	<u>369</u>	<u>(116)</u>	<u>-</u>	<u>253</u>
Non-social housing activities				
Work services	1,776	(2,012)	-	(236)
Care services	4,096	(4,572)	-	(476)
Opportunities Without Limits	1,445	(1,510)	-	(65)
Policy & Communications	-	-	(117)	(117)
Business Development	-	-	(46)	(46)
Fundraising	1,300	-	-	1,300
Varrier-Jones Foundation donation	242	(104)	-	138
Enabling Services (Management, Finance, IT, HR and Facilities)	212	-	(417)	(205)
Investment income	252	(42)	-	210
Re-measurement of defined benefit pension liability	-	-	(30)	(30)
	<u>9,323</u>	<u>(8,240)</u>	<u>(610)</u>	<u>473</u>
Total social housing and non-housing activity surplus/(deficit)	<u>14,444</u>	<u>(11,471)</u>	<u>(1,779)</u>	<u>1,194</u>
Gain on disposal of assets				677
Impairment				(1,040)
Interest payable				(545)
Gain on investments				(591)
Surplus for year				<u>(305)</u>

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4 Housing Stock

	General Needs Housing (units)	Supported Housing (units)	2024 Total (units)	2023 (units)
Number of units	173	500	673	673
Analysed:				
Owned and managed	173	496	669	669
Managed on behalf of others	-	4	4	4
Total number of units	173	500	673	673

5 Expenses and auditor's remuneration

	2024 £'000s	2023 £'000s
Included in the Statement of Comprehensive Income account are the following:		
Depreciation on housing properties	1,267	1,230
Loss on replacement of component assets	8	16
Impairment of housing properties	-	1,040
Depreciation on other fixed assets	239	246
(Profit)/loss on sale of other fixed assets	(887)	(677)
Costs of operating leases	76	83
Auditor's remuneration:		
Audit of these financial statements	34	32
	<u>34</u>	<u>32</u>

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6 Staff and employee costs

	2024	2023
	£'000s	£'000s
Staff costs		
Wages and salaries	6,127	6,529
Social security costs	524	588
Pension costs	187	204
	<u>6,838</u>	<u>7,321</u>

	2024 Number	2023 Number
The average number of persons employed by the Trust (including executive directors, but excluding trustees) during the year was as follows:		
Average headcount	238	250
Average full-time equivalent employees	<u>198</u>	<u>221</u>

At 31 March 2024 outstanding pensions contributions were £nil (2023: £nil).

Salary banding for all employees earning over £60,000 (including salaries, performance related pay and benefits in kind but excluding pension contributions paid by the employer and any termination costs paid).

	2024	2023
Bands		
£60,000- £70,000	4	2
£70,001-£80,000	-	1
£80,001-£90,000	1	-
£90,001- £100,000	1	2
£100,001-£110,000	1	-
£110,001-£120,000	-	1
£120,001-£130,000	1	-

The above bandings for 2024 additionally include 2 staff members who left the Trust during the course of the year.

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7 Board members and Executive Directors

The Directors, for this note, are defined as the Trustee members of the Board, the Chief Executive and the Executive Team. The Directors in Company Law are the Trustees. Trustee roles are unremunerated.

	2024 £'000s	2023 £'000s
Aggregate emoluments paid to Directors	375	383
Pension	31	36
	<u>406</u>	<u>419</u>
Total emoluments paid to the highest paid Director	<u>120</u>	<u>116</u>
Total number of paid Directors	4	4
Number of Directors in the defined benefit pension scheme	<u>-</u>	<u>-</u>

In addition to the above the highest paid director received pension contributions of £13k (2023: £12k).

During the year no consideration was paid to Trustees for performing their roles (2023: Nil). In the year out of pocket expenses totalling £708 (2023: £1,005) were paid to members of the Board.

8 Profit on disposal of tangible fixed assets

	2024 £'000s	2023 £'000s
Proceeds from sale of assets	969	695
Cost of disposals	(90)	(18)
	<u>879</u>	<u>677</u>

During the year the Trust sold premises, resulting in a book profit of £887,000. Other losses reflect the write down of component assets that were not fully depreciated at the time of replacement.

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9 Interest payable and similar charges

	2024 £'000s	2023 £'000s
Interest payable on financial liabilities	629	486
Interest payable on the unwinding of the net pension deficit liability	114	59
	<u>743</u>	<u>545</u>

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10 Housing properties	General Needs £'000s	Supporting living £'000s	Capital work in progress £'000s	Total £'000s
Cost				
Balance at 1 April 2023	7,616	52,390	39	60,045
Acquisitions	143	408	(18)	533
Allocation of work in progress	(9)	(35)	44	-
Disposals	-	(22)	-	(22)
Balance at 31 March 2024	<u>7,750</u>	<u>52,741</u>	<u>65</u>	<u>60,556</u>
Depreciation				
Balance at 1 April 2023	3,494	19,122	-	22,616
Depreciation charge for year	199	1,064	-	1,263
Disposals	-	(14)	-	(14)
Balance at 31 March 2024	<u>3,693</u>	<u>20,172</u>	<u>-</u>	<u>23,865</u>
Net book value				
At 31 March 2024	<u>4,057</u>	<u>32,569</u>	<u>65</u>	<u>36,691</u>
At 31 March 2023	<u>4,122</u>	<u>33,268</u>	<u>39</u>	<u>37,429</u>

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11 Other fixed assets	Land & Buildings £'000s	Motor Vehicles £'000s	IT Assets £'000s	Other Fixed Assets £'000s	Total £'000s
Cost					
Balance at 1 April 2023	5,561	292	138	266	6,257
Acquisitions	42	-	16	-	58
Disposals	-	-	-	(7)	(7)
Balance at 31 March 2024	<u>5,603</u>	<u>292</u>	<u>154</u>	<u>259</u>	<u>6,308</u>
Depreciation					
Balance at 1 April 2023	2,998	224	111	242	3,575
Depreciation charge for year	198	27	14	5	244
Disposals	-	-	-	(3)	(3)
Balance at 31 March 2024	<u>3,196</u>	<u>251</u>	<u>125</u>	<u>244</u>	<u>3,816</u>
Net book value					
At 31 March 2024	<u>2,407</u>	<u>41</u>	<u>29</u>	<u>15</u>	<u>2,492</u>
At 31 March 2023	<u>2,563</u>	<u>68</u>	<u>27</u>	<u>24</u>	<u>2,682</u>

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12 Investments

Market Value

	2024	2023
	£'000s	£'000s
At 1 April	9,358	9,932
Additions	4,892	3,649
Disposals	(4,814)	(3,701)
Realised gains	70	393
Unrealised gains (losses)	790	(915)
Unrealised & other movements	(92)	-
Market Value at 31 March	10,204	9,358

Historical cost of assets

	2024	2023
	£'000s	£'000s
Historical cost of assets	8,972	8,898
Unrealised gains	1,232	460
Market Value at 31 March	10,204	9,358

Held as follows:

	2024	2023
	£'000s	£'000s
Cash & cash equivalents	415	274
Fixed Income	1,637	1,576
UK Equities	771	1,779
Global Equities	6,625	4,400
Alternative Investments	756	1,329
Market Value at 31 March	10,204	9,358

13 Endowment Fund Assets

	2024	2023
	£'000s	£'000s
Cash	162	162
Investments	117	106
Property	156	156
	435	424

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14 Properties Held for Disposal

	2024 £'000s	2023 £'000s
Commercial property	-	137
	<u>-</u>	<u>137</u>

15 Debtors

	2024 £'000s	2023 £'000s
Trade debtors	780	578
Prepayments and accrued income	216	414
Tenant arrears	86	125
Other debtors	1	12
	<u>1,083</u>	<u>1,129</u>

Tenant Arrears:

	2024 £'000	2023 £'000
Current tenant arrears	86	125
- less provision for bad and doubtful debts	-	-
Former tenant arrears	31	58
- less provision for bad and doubtful debts	(31)	(58)
	<u>86</u>	<u>125</u>

Former tenant arrears relate to individuals who no longer occupy premises owned by the Trust.

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Report and Accounts for the year ended 31 March 2024

16 Creditors: amounts falling due within one year

	2024 £'000s	2023 £'000s
Loans (note 19)	1,200	1,028
Trade creditors	224	412
Other taxation and social security	164	161
Other creditors	1,050	842
Rents received in advance	233	150
Accruals and deferred income	718	790
Recycled capital grants fund	133	125
	<u>3,722</u>	<u>3,508</u>

17 Creditors: amounts falling due after more than one year

	2024 £'000s	2023 £'000s
Loans (note 19)	11,346	12,546
Deferred grant income	9,583	9,952
	<u>20,929</u>	<u>22,498</u>

Deferred grant income

	2024 £'000s	2023 £'000s
Recycled capital grants fund	133	125
Social Housing Grants	9,565	9,929
Other grants	18	23
	<u>9,716</u>	<u>10,077</u>

Amounts falling due within one year	133	125
Amounts falling due after more than one year	9,583	9,952
	<u>9,716</u>	<u>10,077</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2024

18 Social Housing Grants

Housing Grants due after one year

	2024 £'000s	2023 £'000s
Cost		
Cost at 1 April	19,434	19,434
Additions/ disposals in year	-	-
Cost at 31 March	<u>19,434</u>	<u>19,434</u>
Amortisation		
Amortisation at 1 April	9,482	9,114
Amortisation income in year	368	368
Amortisation at 31 March	<u>9,850</u>	<u>9,482</u>
Deferred Grant income	<u>9,584</u>	<u>9,952</u>

Recycled Capital Grant Fund

	2024 £'000s	2023 £'000s
At 1 April	125	120
Utilised in the year	-	-
Disposed of in year	-	-
Interest Credited to the fund	8	5
At 31 March	<u>133</u>	<u>125</u>
Due within one year	133	125
Due after more than one year	<u>-</u>	<u>-</u>
	<u>133</u>	<u>125</u>

Of the above balance £133,000 (2023: £125,000) relates to grants that were recycled over three years previously from the date of these financial statements; there are plans to recycle these grants in the 2024/25 financial year on new developments.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

19 Loans and borrowings

All loans and borrowings are measured at amortised cost.

Secured bank loans are secured by way of a first fixed charge over specified housing properties and include an asset cover test based on the ratio of the value of properties secured to the carrying value of the loan. Secured bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the Statement of Comprehensive Income and the Balance Sheet of the financial statements.

Secured bank loans	2024 £'000s	2023 £'000s
Due within one year	1,200	1,028
Due between one and two years	1,414	1,016
Due between two and five years	2,477	3,287
Due in greater than five years	7,455	8,243
	<u>12,546</u>	<u>13,574</u>

Outstanding Loans by Lender	2024 £'000s	2023 £'000s
Orchard Brook	406	428
Lloyds	2,521	2,638
National Westminster Bank Plc	3,869	4,508
Barclays	3,750	4,000
Triodos	2,000	2,000
	<u>12,546</u>	<u>13,574</u>

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

19 Loans and borrowings continued

A loan from Orchard Brook Limited of £406k is repayable by 2034 at a fixed rate of interest of 11.47% secured by specific charges on various Papworth Trust housing properties and repayable in bi-annual instalments.

Interest rate	End of fixed rate period	£'000s
Fixed 11.47%	December 2034	406

A loan from Lloyds Bank plc of £2.51m is secured by way of fixed charges over certain properties owned by Papworth Trust. Outstanding balances are as follows:

Interest rate	End of fixed rate period	£'000s
Fixed 3.91%	December 2039	1,832
Fixed 2.68%	December 2039	689

The National Westminster Bank Plc loan is part of an original £10m facility secured by way of fixed charges on certain properties owned by Papworth Trust. Total outstanding loans of £3.9m are held as of 31 March 2024 and details are as follows:

Interest rate	End of fixed rate period	£'000s
Fixed 7.09%	September 2024	196
Fixed 6.97%	November 2024	86
Fixed 4.57%	July 2026	400
Fixed 4.74%	February 2027	1,000
Fixed 3.61%	March 2027	900
Variable 5.81%		1,287

The Barclays Bank plc loan is part of a £5m facility and is secured by way of fixed charges over certain properties owned by Papworth Trust. Capital redemptions of £250k are due annually in July for a period of twenty years beginning July 2019, leaving a balance of £3.75m outstanding at year end. Details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 3.43%	July 2038	1,600
Variable 5.79%		2,150

A loan from Triodos Bank UK Limited of £2m is repayable by 2047 at a fixed rate of interest of 4.39% secured by specific charges on various Papworth Trust housing properties and repayable in bi-annual instalments, starting in 2026/27.

Interest rate	End of fixed rate period	£'000s
Fixed 4.39%	July 2027	2,000

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Report and Accounts for the year ended 31 March 2024

20 Analysis of Net Debt

	2024 £'000s	2023 £'000s
Net debt at 1 April	10,321	10,158
Cash flows in period	(1,008)	(829)
Loan borrowings	-	2,000
Repayment of borrowing	(1,029)	(1,008)
Balance at 31 March	<u>8,284</u>	<u>10,321</u>
Net debt made up as follows:		
Loans due in less than one year	1,200	1,028
Loans due in more than one year	11,346	12,546
Cash held	(4,262)	(3,253)
Net debt held	<u>8,284</u>	<u>10,321</u>

21 Other Provisions

	2024 £'000s	2023 £'000s
Balance at 1 April	203	221
Provisions made during the year	-	-
Provisions used during the year	-	(18)
Balance at 31 March	<u>203</u>	<u>203</u>

Provisions held relate to expected future dilapidations works required on a leasehold property upon termination of the lease. The lease expired in March 2020 and is currently rolling whilst a strategic review is undertaken as to the future use of these premises by the Trust.

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

22 Defined Benefit Pension Liability

The Trust participates in the SHPS scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The Trust has been notified by the Trustee of the Scheme that it has performed a review comparing the benefits provided to scheme members over recent years with the requirements of the Scheme documentation. Due to uncertainty as to the effect of some benefit changes, the Trustee has been advised by lawyers to seek clarification from the Court on potential changes to the pension liability. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the ongoing Court process is known (which is currently expected to be February 2025), it is not possible to calculate the impact on the liabilities of this issue with any accuracy, particularly on an individual employer basis, for the purposes of the 31 March 2024 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	31 March 2024 £'000s	31 March 2023 £'000s
Fair value of plan assets	12,614	12,904
Present value of defined benefit obligation	(15,479)	(15,566)
Defined benefit (liability) to be recognised	<u>(2,865)</u>	<u>(2,662)</u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	31 March 2024 £'000s	31 March 2023 £'000s
Defined benefit obligation at 1 April	15,566	22,505
Expenses	21	25
Interest expense	748	622
Actuarial losses / (gains) due to scheme experience	(146)	54
Actuarial (gains) / losses due to changes in demographic assumptions	(171)	(36)
Actuarial (gains) / losses due to changes in financial assumptions	(165)	(7,212)
Benefits and expenses paid	<u>(374)</u>	<u>(392)</u>
Defined benefit obligation at 31 March	15,479	15,566

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Report and Accounts for the year ended 31 March 2024

22 Defined Benefit Pension Liability (continued)

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	31 March 2024 £'000s	31 March 2023 £'000s
Fair value of plan assets at 1 April	12,904	20,042
Interest income	634	563
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,201)	(8,029)
Contributions by employer	651	720
Benefits paid and expenses	(374)	(392)
Fair value of plan assets at 31 March	<u>12,614</u>	<u>12,904</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was £567,000 (2023: (£7,466,000)).

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	31 March 2024 £'000s	31 March 2023 £'000s
Expenses	21	25
Net interest expense	114	59
Defined benefit costs to be recognised	<u>135</u>	<u>84</u>

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Report and Accounts for the year ended 31 March 2024

22 Defined Benefit Pension Liability (continued)

Defined Benefit Costs Recognised in the Statement of Changes in Reserves

	31 March 2024 £'000s	31 March 2023 £'000s
Experience on plan assets (excluding amounts included in net interest cost)	(1,201)	(8,029)
Experience gains and losses arising on the plan liabilities	146	(54)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	171	36
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	165	7,212
	<u>(719)</u>	<u>(835)</u>

Plan Assets	31 March 2024 £'000s	31 March 2023 £'000s
Global equity	1,257	241
Absolute return	493	140
Distressed opportunities	445	391
Credit relative value	413	487
Alternative risk premia	400	24
Fund of hedge funds	163	-
Emerging markets debt	738	69
Risk sharing	65	950
Insurance- linked securities	507	326
Property	1,274	555
Infrastructure	10	1,474
Private debt	496	574
Opportunistic Illiquid Credit	493	552
High Yield	2	45
Opportunistic Credit	-	1
Cash	249	93
Long lease property	81	389
Secured income	377	592
Liability driven investment	5,134	5,943
Currency Hedging	5	25
Current assets	22	33
	<u>12,614</u>	<u>12,904</u>

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

22 Defined Benefit Pension Liability (continued)

Key Assumptions

	31 March 2024	31 March 2023
	% per annum	% per annum
Discount rate	4.91	4.85
Inflation (RPI)	3.12	3.18
Inflation (CPI)	2.79	2.78
Salary Growth	3.79	3.78
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March based on life expectancy at 65 years are as follows:

	31 March 2024	31 March 2023
	Life expectancy (years)	Life expectancy (years)
Male retiring in 2023	20.5	21.0
Female retiring in 2023	23.0	23.4
Male retiring in 2043	21.8	22.2
Female retiring in 2043	24.4	24.9

23 Operating Leases

	2024 £'000s	2023 £'000s
Future minimum lease payments due are as follows:		
Less than one year	65	69
Between one and five years	46	81
	111	150

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24 Contingent Liabilities

The Trust receives grants and loans from Homes England and other bodies. Under the terms of these grants/ loans, amounts may be repayable if the properties are disposed of or cease to be used for the purpose specified. The Trust therefore has a contingent liability for amounts in relation to grants which have been recognised in the Statement of Comprehensive Income through amortisation, plus any calculation of interest accrued on these amounts, which could become repayable if the property is disposed of or its use changes. Details of these grants are included within note 18 of these financial statements.

Housing grants may be recycled in which case the obligation is transferred to the recycled capital grant fund and held on the balance sheet as a current liability.

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25 Reserves

Movement in funds

£'000s	At 31 March 2023	Income	Expenditure	Investment	Other	At 31 March 2024
<u>General</u> <u>Reserves:</u>	7,104	13,642	(10,494)	860	(4,529)	6,583
<u>Designated</u> <u>funds:</u>						
Fixed asset Fund	14,337	368	(1,414)	-	1,975	15,266
Pension Liabilities	1,325	-	(1,044)		-	281
Net Zero Fund					848	848
Development Fund					1,000	1,000
Benefits Equalisation					200	200
<u>Restricted</u> <u>Funds:</u>						
Capital fund	2,071	(32)	(135)	-	-1	1,903
Other Housing funds	32	-	-	-	-	32
First Steps to success	70	20	(35)	-	-	55
Covid recovery funds	14	-	(15)	-	-	(1)
Garden Studios	49	-	(2)	-	-	47
Wellbeing	45	4	(8)	-	-	41
Borne House					725	725
Other funds	71	80	(118)	-	-	33
<u>Endowment</u> <u>Funds:</u>	424	-	-	-	11	435
	25,542	14,082	(13,265)	860	229	27,448

Designated Funds

The fixed asset fund relates to the net value the Trust holds in fixed assets including associated liabilities such as secured loans and Housing Grants less any properties funded through restricted funding streams, designated as

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

these are not readily available to be utilised in the day-to-day operations of the Charity.

Income into the fund relates to amortisation of social housing grants. Expenditure relates to the annual depreciation charge made against unrestricted fixed assets. Transfers into the fixed asset fund related to capital investments made in fixed assets, payments made to reduce associated liabilities and other fixed asset movements.

The Pension liability fund relates to the remaining deficit liability payments required, produced from the most recent full actuarial assessment, less the value of the creditor for pension liability shown on the balance sheet.

The net-zero fund is designated funding for specific work, in relation to surveys and assessments and initial insulation work required to our housing stock. The Development Fund is designed to invest in the transformation of services to meet evolving demands and digitalisation requirements. The Benefits Equalisation is to recognise the cost required to equalise staff benefits for different groups of staff who may have joined the Trust on different terms and conditions, which we are now seeking to harmonise.

Restricted Funds

The capital fund relates to assets purchased using restricted funding and includes cash raised as part of capital appeals. Depreciation is expensed against those grants as they are utilised. Other Housing Funds represent restricted funds for various Housing Projects. These funds relate to previous local authority funding agreements for specific housing programmes. The First Steps Project is being run throughout our three key regions and aims to utilise community fundraising to provide an employment advisor in all three counties. To date funds have been raised for this project in Suffolk and Cambridgeshire. The Covid recovery appeal relates to funding received specifically to support our services due to disruption from the pandemic. These funds have supported additional staffing to reach those customers isolating in their own homes as well as provide essential equipment to customers and our staff, including tablet computers for a number of our service users. The garden studios fund represents funding received in support of our objective to develop garden studios at three of our centres to support customer-based activities. The Borne House fund represents proceeds for sale from a disposal of an asset held under a historic restriction. Other funds represent all other restricted funds for non-housing related projects, including the Trust's Day Centres.

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25 Reserves continued - Analysis of Net Assets between Funds

£'000s	General Reserves	Designated Funds	Restricted Funds	Endowment Funds	Total Funds
Fixed Assets	7,627	39,857	1,903	435	49,822
Current Assets	4,413	-	932	-	5,345
Liabilities due within 1 year	(2,389)	(1,333)	-	-	(3,722)
Liabilities due after one year	-	(20,929)	-	-	(20,929)
Pension Liabilities	(2,865)	-	-	-	(2,865)
Other liabilities	(203)	-	-	-	(203)
Total	6,583	17,595	2,835	435	27,448

26 Related parties

During the year the Trust purchased services in the normal course of business from The Varrier-Jones Foundation, a charity whose objectives are to support the work of The Papworth Trust.

In the year ended 31 March 2024 services were purchased totalling £11,615 (2023: £17,952), these services were for the lease of two premises owned by the Varrier-Jones Foundation. The Trust made sales to The Varrier-Jones Foundation of £54,531 (2023: £52,835) for the provision of business support functions for the Foundation.

At 31 March 2024 the amount due from The Varrier-Jones Foundation was £nil (2023: £nil). The amount due to The Varrier-Jones Foundation was £nil (2023: £nil).

The Varrier-Jones Foundation provides funding to the Trust. During the year, donations of £1,431,000 were received (2023: £1,300,000).

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27 Value for Money Metrics

27.1 Reinvestment

	2024	2023
	£'000s	£'000s
Reinvestment in housing stock is as follows:		
Capital works to existing properties	532	1,646
Total reinvestment	532	1,646
Historical cost of Housing Properties	60,556	60,046
Percentage of reinvestment	0.9%	2.7%

27.2 New Supply delivered

	2024	2023
New supply delivered is as follows:		
New supported living units	-	10
Total new units	-	10
Total Units owned	669	669
Percentage of new supply	0.0%	1.5%

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Report and Accounts for the year ended 31 March 2024

27 Value for Money Metrics (continued)

27.3 Gearing

	2024	2023
	£'000s	£'000s
Gearing is made up as follows:		
Loans due in less than one year	1,200	1,028
Loans due in more than one year	11,346	12,546
Cash held	(4,262)	(3,253)
Net debt held	<u>8,284</u>	<u>10,321</u>
Historical cost of Housing Properties	<u>60,556</u>	<u>60,046</u>
Gearing	<u>13.7%</u>	<u>17.2%</u>

27.4 Interest cover

	2024	2023
	£'000s	£'000s
EBITDA MRI is made up as follows:		
Operating Surplus for Social Housing Activities	251	468
Add back depreciation for Housing Units	1,267	1,230
Less Amortisation of government grants	(368)	(368)
	<u>1,150</u>	<u>1,330</u>
Interest payable	<u>629</u>	<u>486</u>
EBITDA MRI	<u>183%</u>	<u>274%</u>

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27 Value for Money Metrics (continued)

27.5 Social Housing costs per unit

	2024	2023
	£'000s	£'000s
Per unit housing costs is made up as follows:		
Management costs	896	790
Maintenance costs	879	788
Service charge costs	1,810	1,476
Depreciation	1,267	1,230
	4,852	4,284
 Total number of units	 669	 669
 Total cost per unit	 7.3	 6.4

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Report and Accounts for the year ended 31 March 2024

27 Value for Money Metrics (continued)

27.6 Operating margin

	2024	2023
	£'000s	£'000s
Operating margin is made up as follows		
Operating surplus from general needs	130	216
Operating surplus from supporting living	121	252
Total Operating Surplus	251	468
Revenue from general needs	969	927
Revenue from supported living	4,134	3,825
Total revenue	5,103	4,752
Operating margin from general needs	13.4%	23.3%
Operating margin from supported living	2.9%	6.6%
Total operating margin	4.9%	9.8%

Exceptional items, including impairment charges are excluded from the above operating margin ratios.

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Report and Accounts for the year ended 31 March 2024

27 Value for Money Metrics (continued)

27.8 Return on Capital Employed (ROCE)

	2024	2023
	£'000s	£'000s
ROCE is made up as follows		
Operating Surplus for Social Housing Activities	251	468
Gain on disposal of fixed assets	879	
Adjusted operating surplus	<u>1,130</u>	<u>468</u>
Net book value of housing properties	36,691	37,429
Current assets	5,345	4,434
Current liabilities	(3,722)	(3,422)
Total assets less current liabilities	<u>38,314</u>	<u>38,441</u>
ROCE	<u>2.9%</u>	<u>1.2%</u>

The Papworth Trust

Report and Accounts for the year ended 31 March 2024

Honorary personnel, Trustees and senior managers

PATRON

Her Royal Highness the Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A Dasgupta MBE

Sir Hugh Duberly CBE LL

Lady S Marshall

Mrs J P B G Pearson

Mrs M E Thomas CBE DL

Mrs J Womack

Mr G R W Wright DL

Mr R Hammond

CHAIR OF TRUSTEES

Brian Stewart OBE

VICE-CHAIR OF TRUSTEES

Vanessa Stanislas

HON. TREASURER

Mike Anderson

OTHER TRUSTEES

Grazina Berry

Mick Burgess – resigned 7 June 2023

Jane Carmichael

Amy Carter

Penny Metcalf – appointed 26 April 2023

Dominic Tait – appointed 26 April 2023, resigned 2 October 2023

Andrew Williams

Jack Hardiman – appointed 25 October 2023

EXECUTIVE TEAM

Sarah Miller

Chief Executive Officer

Mark Blake

Director of Finance and IT

Helena Harris

Director of Operations and Development (to Sept. 2023)

Sarah Harvey

Director of People and Culture

The Papworth Trust is a company limited by members' guarantee of £1.00 each.

The Trustees are the members of The Papworth Trust.

The register of members is maintained at the registered office.

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Report and Accounts for the year ended 31 March 2024

Principal Advisers and general Trust information

COMPANY SECRETARY

Mr M Blake

REGISTERED OFFICE

1 Saxongate
Bradbury Place
Huntingdon
PE29 3RR
Telephone: (01480) 357200
www.papworthtrust.org.uk
info@papworthtrust.org.uk

INVESTMENT MANAGERS

Sarasin & Partners
Juxon House
100 St Pauls Churchyard
London
EC4M 8BU

BANKERS

Barclays Bank plc
Level 12
1 Churchill Place
Canary Wharf
London
E14 5HP

Lloyds Bank PLC
10 Gresham Street
London
EC2V 7AE

PENSION MANAGERS/PROVIDERS

The Defined Benefit Scheme

The Pensions Trust
Verity House
6 Canal Wharf
Leeds
LS11 5BQ

AUDITORS

RSM UK Audit LLP
1st Floor, Platinum Building
St John's Innovation Park
Cowley Road
Cambridge
CB4 0DS

SOLICITORS

Mishcon de Reya LLP
4 Station Square
Cambridge
CB1 2GE

National Westminster Bank Plc
Lending Operations
250 Bishopsgate
London
EC2M 4AA

Triodos Bank UK
Deanery Road
Bristol
BS1 5AS

Pensions Adviser

Foster Denovo Employee Benefits
Ruxley House
2 Hamm Moor Lane
Addlestone
Surrey
KT15 2SA

The Papworth Trust

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A thank you to our Notable Partners and Donors

The Varrier-Jones Foundation

Deloitte LLP

PCS Legal

The committee and members of Purple Horizons

Members of the Centenary Circle

Christopher & Elspeth Thomas Charitable Trust

Stained Glass

SEN Legal

Glazing Vision

One Broker

Digitaas

West and Co

Qualcomm

Co-op Foundation

St Johns College

Orwell Housing

Ego Technology

Garfield Weston Foundation

John Lewis Foundation

NFU Mutual Charity Fund

Dudley and Geoffrey Cox Charitable Trust

The Douglas Compton James Charitable Trust

Sir John Eastwood Foundation

GVMKR Trust

The Nancy Kenyon Trust

Sybil and Robin Thompson Charitable Trust

The Cambridge Building Society Community Fund administered by

Cambridgeshire Community Foundation

Area Committee Community Grant administered by Cambridge City Council

Appreciation for Legacies received:

Margaret Watkinson

John Dudley Simmons

THE PAPWORTH TRUST

England & Wales - Charity number 211234

Accounts

The Papworth Trust
Report and Accounts
31 March 2023

The Papworth Trust
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OUR VISION, MISSION AND VALUES

Our vision

- a world where disabled people are seen for who they are

Our mission

- is for disabled people to have equality, choice and independence

Our values

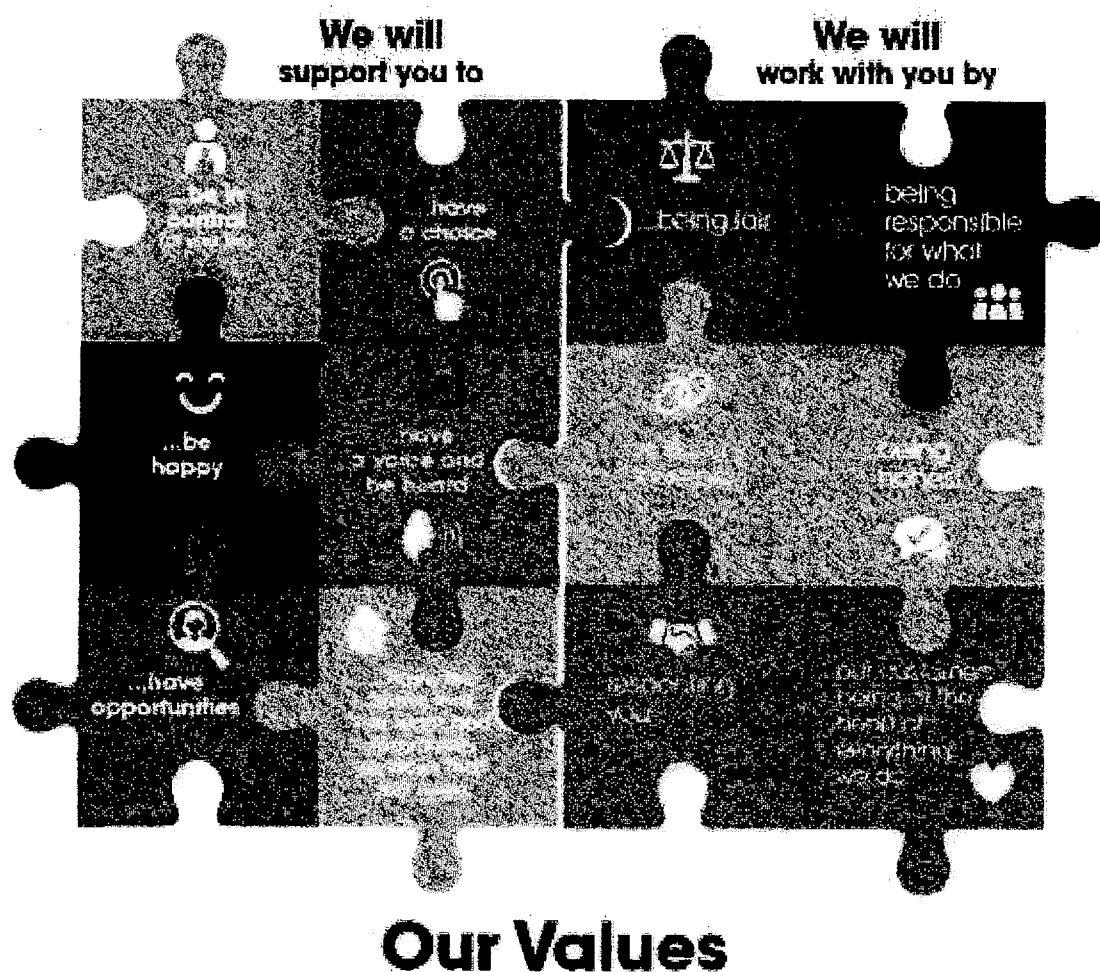
Our core value is that we put our customers at the heart of everything we do

We support our customers to:

- Be in control
- Have a choice
- Be happy
- Have a voice and be heard
- Have opportunities
- Have a home they want and the community services they need

We work with our customers by:

- Being fair
- Working together
- Being honest
- Being responsible for what we do
- Showing respect



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**Registration
Number**

TRUST STATUS:

A registered charity	211234
A company limited by guarantee	148906
A private registered provider	LH1648

CHAIR'S REVIEW

I am pleased to present the latest report and accounts for the year ending 31st March 2023 for the Trust, in a year where we have continued to deliver positively against our Business Plan, increasing our customer focus, progressing on our sustainability objectives and influencing organisations through our Disability Confident Leader activities. The economic environment continues to be challenging, with cost inflation impacting the cost of goods and services procured and increasing interest rates starting to impact on our cost of borrowing. We have weathered the storm well to date, recording an operating surplus and generated cash whilst continuing to make a positive impact on the lives of people that we support. Our achievements against our plan are outlined in the report below, and these achievements are only possible through the continued outstanding work of our staff and volunteers, and the continued support of our partners, particularly the Varrier-Jones Foundation, and the funding that they provide, as well as Deloitte for their support and the renewal of our charity partnership.

We have invested significantly to bring on stream a further ten social housing units at our site in Knutsford Road in Bassingbourn and, although this has resulted in some write down of the historic value of this asset, we are excited that we have been able to offer high quality social housing to ten additional households in these challenging times. We have also secured an extension to our Work and Health Programme, providing access to opportunities to progress towards employment, and have consolidated our care and day services provision to maintain our support for our customers.

The external landscape is likely to remain difficult for some time. Local Authority funding, which is a key income stream for us, has never been more constrained, and increasing inflationary pressures in all areas will challenge the Trust. We, like much of the economy, have on-going recruitment and retention issues, as well as material and contractor availability challenges for buildings maintenance. We have sought to be as pro-active as possible to ensure we can secure the resources required for continued delivery. Our plans recognise these pressures and seek to mitigate risks to delivery as far as possible.

I would like to thank all the staff and volunteers of the Trust for their efforts over the past year; their commitment and dedication to our customers continues to inspire. I would also like to thank our Trustees, and all of our supporters, who make a significant contribution to the work of the Trust. Without the support of all, we couldn't do everything that we do.

Brian Stewart OBE – Chair of Trustees

TRUSTEES' REPORT

The Trustees present the Trustees' Report and audited Financial Statements for the year ended 31 March 2023.

Achievements and performance

We are pleased to report that we have been able to sustain our service delivery and continue to positively support our customers, despite the difficult economic climate currently being faced, whilst retaining customer and outcome focus. We send our thanks to all our staff and volunteers without whom this would not have been possible.

We have maintained our attention on elements that we believe have the greatest impact on the lives of disabled people, concentrating on our four key service delivery areas, which are:

- **Housing** – we are a registered provider of social housing, with over 70% of this being supported housing, ensuring disabled people have suitable homes
- **Work** – we deliver a number of programmes to support people to develop skills and gain access to employment opportunities
- **Care** – we provide care to individuals who generally have complex needs so that they can live independently within their own homes
- **Opportunities without Limits (OWL)** – provides a range of day services and opportunities for disabled people

We currently provide 673 homes of which 500 offer supported living, have supported 659 individuals moving towards and into work, delivered 191,947 hours of care in total for our 29 supported living customers and supported 241 people with learning disabilities with 47,424 sessions in 5 Opportunities without Limits centres. In 2022-23 Papworth Trust had turnover of £14.4m (2021-22: £14.8m) and employed 250 staff (2021-22: 249)

The Board of Trustees have established four key strategic objectives as part of our three-year Business Plan. We are pleased to report the following progress in 2022-23 that has been made against each of these.

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Customer focus

Last year we promised to:

- Respond to the needs of our customers, providing support to achieve their aspirations
- Learn from our customers through engaging and co-producing our services and our offer
- Measure and monitor the impact our services have on the lives of our customers to learn and improve
- Co-design service standards and assess our performance against them.

Our Progress made:

- Consulted on our customer service standards, so you know what to expect when interacting with us
- Engaged with over 150 tenants at our new coffee and chat mornings
- Trialled an inaugural tenant satisfaction survey, helping to learn lessons from over 230 responses
- Established two employee wellbeing forums, a disabled colleague's group and the carers experience group to improve staff engagement
- Upskilled our tenant scrutiny panel to conduct their first review in 'reporting a repair', with their recommendations contributing to improved processes

Sustainability

Last year we promised to:

- Invest in our people processes and technology to provide a progressive and inclusive work environment
- Use asset management and net zero strategies to drive sustainability, whilst optimising our assets in accordance with our long-term financing plan
- Build on our strategic relationship with Varrier-Jones Foundation and broaden our approach to unrestricted funding
- Develop our management information strategy to support effective decision making and performance monitoring

Our Progress made:

- Achieved our Cyber Essentials accreditation
- Engaged with staff through 2 new employee forums
- Provided two one-off cost-of-living payments and set up a Positive Action fund to support staff and tenants
- Negotiated positive funding uplifts for the provision of our care services
- Engaged with Varrier-Jones Foundation to develop sustainable joint-working that supports their investments and our future needs

- Commenced our journey towards net zero, seeking to baseline our current emissions and trialled air source heat pumps in six homes and at our new Knutsford Road development

Grow our impact

Last year we promised to:

- Develop and invest in our approach to innovation
- Enhance our relationship management and strategic partnerships to maximise opportunities for disabled people
- Develop and integrate Information, Advice and Guidance, Transition and Befriending into existing core service delivery
- Implement our volunteer strategy to enhance the value of our services

Our Progress made:

- Secured a further 3 year partnership with Deloitte
- Delivered additional arts, drama, environmental and healthy living customer sessions at Opportunities Without Limits
- Provided 154 bikes to Ukrainian refugees
- 133 Corporate volunteers have helped with decorating, gardening, local moves and staff training
- Upskilled staff to signpost customer to the right place, no matter where they live in the region
- Refreshed our Opportunities Without Limits service model and began delivering two new employment programmes

External influence

Last year we promised to:

- Positively influence communities and national policy to meet the needs of disabled people
- Use our Disability Confident leadership status and expertise to maximise opportunities for disabled people
- Engage with Papworth Everard tenants and the wider community to enhance our relationships and our role in the village

Our Progress made:

- Responded to five Government consultations, set up a new policy hub area on our website and engaged with our Local MPs about rising energy prices, the cost of living and the funding crisis affecting adult social care providers

- partnered with national umbrella organisations, including the National Housing Federation and Shaping the Future of Volunteering, to push for fairer policy outcomes for disabled people
- Engaged with 22 organisations helping them to become Disability Confident
- Established regular open sessions with tenants to capture first-hand feedback on our delivery and performance.
- Strengthened the Tenant Scrutiny panel to provide review and challenge of our key processes

Reserves Policy

The Trust seeks to retain adequate reserves within the operation to ensure our financial resilience and sustainability, considering the obligations that we have, the future plans that we have made and the risks to delivery that we have identified in our risk register. The reserves policy sets out the target general reserves level and identifies measures to be taken to bring these reserves back within the target range, if required. It also sets out any designated reserves held and the purpose for holding these. The reserve balances are reviewed annually, informed by the business plan and the assessment of risks facing the business.

The management of funds to ensure sufficient liquidity and the protection of funds to meet our obligations, both those recognised on the balance sheet and elements provided for under our reserves policy, is a separate consideration dealt with under our investment and treasury management processes.

Restricted Reserves

The Trust from time to time receives grants or donations that might be specifically designated by the donor for a particular purpose, either in response to an appeal that we have made, or more generally by the donor's relationship with the Trust. The value of restricted reserves held as at the balance sheet date was £2.4m.

Where the Trust chooses to accept such grants or donations, it will do so on the full understanding of the terms and conditions that pertain to the grant or donation and will put steps in place to ensure that these donations are only expended as prescribed in the terms, and that any further obligations placed upon the Trust by the acceptance of such grants or donations are adhered to. Such grants and donations are separately tracked and monitored and do not form part of the general reserves at the disposal of the Trust.

Designated Reserves

The Trustees also use their powers to designate certain reserves for specific purposes, if required, to ensure that known future commitments can be met, or to recognise that certain assets cannot be freely deployed to meet particular objectives of the Trust without significant disruption to the Trust's business.

To this end the Trustees have resolved to exclude from general reserves the value of fixed assets held, net of the long-term liabilities held against these, representing assets held for the purpose of delivering our mission. These assets do not represent 'free' reserves as they are required to be maintained in order that we can continue to deliver services to our customers to deliver our aims, therefore the Trustees have designated an amount of reserves that reflect this carrying value on the Balance Sheet. The Trustees have also elected to include in designated funds the pension liability payments still required under the deficit repayment plan produced from the most recent full actuarial assessment, less the amount already provided for this liability on the balance sheet, following the pension trustees' current assessments. The value of designated reserves held as at the balance sheet date was £15.7m.

Endowment Funds

The Trust holds a small number of funds, described as endowment funds, established over time to support particular groups of beneficiaries. We seek to utilise these funds to support these beneficiaries to the extent that we are able, in line with our general objects. The value of the endowment funds held as at the balance sheet date was £424k.

General Reserves

General reserves represent the free reserves that the Trustees have at their disposal to effectively meet the objectives of the Trust. These reserves are held to seek to ensure the financial resilience and sustainability of the Trust, helping to manage risk and volatility, to insulate the organisation against the impact of future financial shocks, and to enable the Trust to react to unplanned growth opportunities should any present themselves.

The Trust has sought to evaluate the material risks and uncertainties facing the business, and the kind of financial provision that may need to be reserved to manage these risks, should they occur. We have considered activity as identified in our three-year business plan to represent an appropriate time horizon for the assessment of the level of reserves required.

It is also recognised that there is a level of general volatility in operations, and any plans to materially change provision, to exit any activity, or to manage the transition of programmes to differing funding mechanisms, inevitably takes time and involves cost, so it is prudent for the Trust to preserve funds for such eventualities also.

The Trustees have evaluated the principal financial risks facing the charity, along with an assessment of the range of potential liabilities that may arise, should these risks crystallise, and have summarised these in the table below.

General Reserves assessment

Category	Description of Risk	Estimated Financial Exposure of risk
1. Potential Future Obligations	Social Housing Pension Liability. There is a potential £233m claim against The Pensions Trust (TPT), the fund managers for SHPS, relating to the application of inflation rates to benefits historically. This is not reflected in the TPT valuation, and is being disputed by TPT, however it would be prudent to reserve for our share of risk to our own funds.	£377k
	Capital Investments – own funds required to be reserved to complete projects	None at present – funding plans in place to meet requirements. This could change once we have an assessment of requirements to meet net zero compliance
	SHPS liability increases following actuarial review at next triennial valuation, as of Sept 2023, expected to be known Oct 2024	£800k to £1,500k
2. Operational challenges	Care service delivery. Challenging operating model, risk to achieving financial improvement plan and sustainable operating model	£75k to £150k

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Category	Description of Risk	Estimated Financial Exposure of risk
	Reduction in voluntary funding. Reserve needed to manage any transition to reduced funding environment	£200k
	Inflation levels significantly exceed those budgeted, adversely impacting the cost base of the organisation	£100k to £200k
	Stress testing and sensitivity of budget projections not captured above	£500k
3. Transitional arrangements	Funds required to manage transitions between contracts	none anticipated at present
4. Funding planned service shortfalls	Identification of reserves to fund future shortfalls	none required that are not already included in the budget
5. Asset valuation risk	Impairment risk of fixed assets. Realisable value may be less than in-use value for specialist assets	£1,000k
	Repayment of social housing grants, should these not be recycled effectively	£125k
	Downgrade in valuation of Investment portfolio	£1,000k to £2,000k

From this assessment the Trustees have concluded that they need to hold general reserves for risks arising from operating activities in the target range of £4.2m to £6.1m, Current general reserves stand at £7.1m, as at 31st March 2023. Given the desire to maintain a modest buffer to allow the Trust to react to unplanned growth opportunities, the continued uncertainty over inflation, particularly affecting our housing capital and maintenance expenditure, and continuing upwards wage inflationary pressures, the Trustees do not feel that any steps are required to reduce this level of reserves at this point. The level of general reserves is monitored carefully against our long-term plan to assess whether any excess is permanent or temporary in nature, and programme delivery will be structured accordingly.

Investment Policy

The Trust seeks to produce the best risk-adjusted financial returns from its financial investments. The investment objective is to maintain the real value of the assets over the long term, whilst also producing an income stream that can support the

regular operations of the Trust. Investments are managed with full discretion by the Trust's investment advisers in accordance with the Statement of Investment Policy agreed with the Board. This is monitored and managed by the Joint Investment Committee, made up jointly of trustees of the Papworth Trust and the Varrier-Jones Foundation. The Trustees of the Trust set the objectives, restrictions, investment mandate and any exclusions and, via the Joint Investment Committee, monitors the performance of the investment advisers through formal review meetings. Part of this strategy seeks to diversify adequately to minimise concentration risk and to manage currencies appropriately.

Investment scope

Subject to the Environmental, Social and Governance (ESG) limitations that are set, the Trust delegates authority to the appointed fund managers to invest its funds appropriately to meet the targeted financial return and liquidity requirements agreed from time to time.

Attitude to Risk

The Trust seeks primarily to ensure that the real value of its investment funds is at least maintained, to support its reserves policy, whilst also providing a valuable unrestricted income stream to support operations. A key risk to the long-term sustainability of these funds is inflation, and the assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that the financial investments will be concentrated in real assets and that the capital value will fluctuate. The Trustees are able to tolerate short-term volatility of the capital value of the Trust's financial investment portfolio, as long as the Trust is able to preserve the underlying value in the long term. The investment portfolio is positioned to act as a fall-back source of liquidity in the unlikely event that the Trust experiences a period of operational cashflow stress.

Structure, governance and management

As a Charity, The Papworth Trust is governed by its Trustees, who are also the members of the Trust. Trustees can serve up to three terms of office of up to three years each; the arrangements for the election or appointment of Trustees are detailed in the Articles of Association.

The Trustees, who are also the Directors of the company under company law, meet quarterly to review the management of the organisation. Day-to-day management is delegated to the Chief Executive and Executive Team. Trustees also meet managers in Committees to oversee the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees. Minutes of all Committee meetings are subsequently circulated to the full Board.

The induction process for Trustees is structured to ensure they receive a comprehensive introduction to their role and to the organisation. It consists of visiting our services and meeting our customers and staff, understanding the functions of the Trust through 1:1 meetings with senior managers and reading core relevant information, guidance and legislation.

Trustees undertake mandatory training, whilst also having the opportunity to participate in a range of good practice training relating to governance, Charity Commission requirements and operational delivery. Trustees are supported by access to a dedicated section of our intranet site and by the use of board management software, keeping them updated on matters arising within the charity, as well as within the sector and our operating landscape more widely.

All Trustees, including the Chair, undertake an appraisal review, incorporating feedback from primary points of contact, in order to monitor Board effectiveness.

Trustees do not receive a salary but may claim expenses for actual costs incurred in attending meetings or otherwise fulfilling their duties. The extent of reimbursement of expenses is dealt with under note 7 below.

Conflicts of Interest

A register of Trustee and Executive Team interests is maintained, in order to be able to assess and manage any potential conflicts, and the Conflicts of Interest policy and process has also been recently revised in order to ensure alignment with current best practice.

Trustees and Executive Team members are asked to maintain the information held, and formally confirm on an annual basis the contents of the Register of Interests and also continued eligibility to serve as a Trustee of The Papworth Trust,

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with reference to disclosures required under company law and charity law, as well as best practice.

Trustees and Executive Team members are asked to disclose any potential conflicts of interest at the start of any Board or Committee meeting, or prior to the involvement in any project, where a conflict might exist. Any such conflict so identified is then managed in accordance with the policy.

Trustees' Liabilities

The Trust indemnifies the Trustees of the Trust against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year.

Committees

Committees take a more detailed interest in specific areas of the Trust's activities and monitor performance against key performance indicators. The terms of reference of individual committees, and of the Board, are reviewed annually to ensure continued effectiveness and compliance with good governance practice, with an external Board effectiveness review undertaken every 3 years with a light touch internal review undertaken annually. The committee structure now in operation, with key responsibilities identified, is as follows:

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is responsible for reviewing the financial performance of the Trust and reporting this to the Board, as well as overseeing the organisation's Risk Management Framework. The Committee monitors in-year financial performance and reviews the Trust's annual accounts, recommending them to the Board for approval. The Committee receives audit reports from internal and external auditors and reviews the Trust's framework for financial controls, including consideration of the annual statement of internal controls and its compliance with current guidance. The Committee holds responsibility for the oversight of treasury management, the financial appraisal of new projects and prevention and detection of fraud.

The Committee also takes primary responsibility for ensuring that the Trust has effective risk management mechanisms in place, and periodically considers the Trust's risk register, ensuring that mitigations are effective and that any residual risk is aligned with the Trust's tolerance and appetite for risk.

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Governance and Compliance Committee

The Governance and Compliance Committee oversees all matters of performance, quality and compliance of the Trust's operations, and ensures the effective ongoing governance of The Papworth Trust.

The key responsibilities of this Committee are to review performance in line with service standards and statutory, regulatory and contractual compliance, to ensure effective oversight of safeguarding and health and safety is maintained and also to ensure that we have an appropriate policy framework to govern the work of the Trust.

Strategy and Change Committee

The Strategy and Change Committee is responsible for discussing and reviewing strategy and recommending changes for the continuous improvement of services offered by the Trust. Significant changes to markets, services, re-alignment of strategy or significant new ventures and major projects are all considered by this Committee. This Committee also reviews the Trust's fundraising strategy and the scope and scale of our influencing activities, as part of the consideration of our wider strategic positioning.

Culture and Remuneration Committee

The Committee has delegated authority from the Board to approve the overall annual pay award and general reward policy for staff and to determine the remuneration of the Chief Executive and Executive Team. It also has oversight of salaries of any other staff in receipt of salaries over the Statement of Recommended Practice (the SORP) reporting threshold (currently £60,000 pa).

The Committee regularly reviews both the existing culture and progress towards the desired culture, through the benchmarking of the total reward package, market intelligence and engagement survey results, and demonstrable progress of the delivery of Equality, Diversity, Inclusion and wider workforce strategies.

Joint Investment Committee

The Joint Investment Committee oversees the management of financial market investments to assist in meeting the current and future financial needs of the Papworth Trust and the Varrier-Jones Foundation. It considers investment mandates, policies and objectives, and meets with the investment managers on a regular basis to review performance against benchmarks, and to consider the wider economic outlook.

Equality, Diversity and Inclusion

In line with our mission, we want disabled people to have their own home and live independent lives. Papworth Trust also strives to be an open and inclusive organisation, which serves all our communities and service users. We are committed to equality of opportunity for everyone who uses or provides our services.

We seek to make sure that no one will be treated less favourably because of their gender, sexual orientation, marital status, responsibilities for dependants, race, colour, nationality, ethnic origin, religious or political beliefs, age, class, disability or unrelated criminal convictions.

We expect all individuals and organisations that are involved in our activities to respect our equality and diversity policy.

Health and Safety

The Board recognises its responsibilities on all matters relating to health, safety and security, for our staff, customers and volunteers. We maintain scrutiny through best practice groups, as well as formal reporting mechanisms to management and to the Board of any health and safety issues or concerns. We will continue the monitoring of safeguarding via the Governance and Compliance Committee, and utilise the Safeguarding Best Practice Group to capture learning and feedback from our own experience, and the experience of others, to improve process and practice.

Disabled Employees

We have an Equality, Diversity and Inclusion Policy that applies to all Papworth employees. We have Equality and Diversity and Disability Awareness training as standard across the Trust. We are a Disability Confident Leader and as such have an inclusive and accessible recruitment process. We encourage applications for employment from candidates with a disability and will guarantee an interview for those who meet the minimum criteria for the job.

We continue to champion good practice under the Disability Confident scheme and actively encourage all organisations within our supply chain and wider networks to employ, support and promote disabled people. We also actively support other organisations to join the Disability Confident scheme.

One in five of our staff have a disability.

Employee Involvement

We continue to develop our staff and volunteer voice to enable them to contribute to the development and delivery of our services, reward packages and policies. We will be embedding this through our Employee & Wellbeing

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Forum, colleague experience groups such as the Disabled Colleague's Group and Carers Experience Group and will focus on developing even more effective communication/feedback mechanisms.

We also continue to build on the success of our existing communication mechanisms, retaining those channels already in place, such as the weekly briefing from the Chief Executive Officer (CEO) and our newsletters and publications. We will continue to strengthen our employee engagement through activities committed to in our Culture and People plan for 2023-25.

Gender Pay Gap

A number of changes affected our Gender Pay Gap in April 2022:

We pay a sleep-in top up for our Care staff. As sleep ins have been classed as non-working time, we have included payments for these shifts in the calculations but not the hours completed. This reflects a change in our reporting methods from October 2020 and results in an increase in pay for our lower paid staff.

We introduced company sick pay for all staff in January 2021.

We have had a greater proportion of female staff contributing to our salary sacrifice pensions. As the calculations have to be made on gross pay after pension deductions for salary sacrifice this has increased the gender pay gap, particularly in the lower quartile.

The Trust is showing a positive Median pay gap of 7.7% and a Mean pay gap of 6.6%.

Customer Involvement

It is very important to us that our customers are involved and influence how we develop, design and deliver services. The Trust has local customer groups covering our centres and services that inform us of key points of issue or concern. We are a member of the National Housing Federation and adopted their Together with Tenants charter, aimed at making clear commitments for Housing Associations to be accountable and responsive to their tenants. Enhancing engagement is one of the key strands of our current Business Plan, and we are actively developing a comprehensive engagement strategy to improve the communications and feedback across the Trust.

Fundraising

The Trust is registered with the Fundraising Regulator and adheres to the guidelines of the Fundraising Code of Practice. Processes are in place to ensure that donations are utilised for the purposes for which they were given and towards the charitable objectives of the Trust. For donors and potential donors

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who have opted in to receiving contact by the Trust, personal details are kept in accordance with General Data Protection Regulations (GDPR).

Two small volunteer fundraising groups act on behalf of the Trust; their activity is monitored by a steering group, which includes Papworth Trust staff, and there are transparent processes in place to ensure that all donations are received by the Trust, that information relating to the Trust is accurate and that donors are not misled. In the 2022/23 financial year the Trust did not receive any complaints relating to fundraising practice.

Value for money (VfM) - Housing

Papworth Trust's mission is to support disabled people to have equality, choice and independence. As a Registered Provider of social housing we provide safe, accessible and affordable homes for our customers and we have a portfolio of specialist housing located across the East of England. We continue to focus on delivering a high quality service to our customers in the most efficient and effective way, working to improve levels of satisfaction whilst generating surpluses to assist in both the funding of our core services and provide ongoing improvements to our homes.

In presenting the value for money metrics for our housing portfolio for 2022-23, we follow the recommended reporting of the Regulator of Social Housing and have elected to use benchmark comparisons with a national small provider benchmarking group, comprising over 140 smaller social housing providers, the Small Provider Benchmark (SPBM). It should be noted, however, that whilst it is possible to find comparative organisations in terms of stock count, it is more challenging to benchmark against organisations with similar operational models, i.e. smaller providers with high levels of supported housing spread over a wide geographical area, alongside general needs housing. To support further analysis we separate out the general needs providers from similar supported housing providers to better understand our respective performance.

Achievements in 2022-23

In recent years we have focused significantly in improving how we measure asset value for money predominantly through the implementation of our strategic asset management appraisal tool. This considers the economy, efficiency and effectiveness of the individual homes and rates each home category A-C. The last 12 months has been a continuation of this work, alongside how we can ensure customer input into measuring and improving our non-financial value for money.

- **Customer Charter**

We consulted on our customer charter that is derived from our values so that customers know what to expect from us.

- **Investment in Customer Engagement**

We have upskilled our Tenant Scrutiny Panel to conduct reviews into areas of the housing operation. This will ensure our customer voice is active when we look at proposing changes to the service. The panel's first review was on 'reporting a repair'. Following mystery shopping, a review of our policies and intensive data analysis, the panel proposed 14 recommendations and supported us in devising a plan for improvement.

- **Customer Satisfaction**

We have trialled the tenant satisfaction measures (TSMs) one year before the regulatory requirement to collect and publish them comes into force. Using a census survey we obtained 230 responses from customers, including quantitative feedback on our tenant's perception of whether we deliver value for money. We will be able to track how this changes over time to assess our value for money impact. We have also engaged with over 150 tenants through community events.

- **Investment in our homes**

We have continued our long-term commitment to improve the standard of our homes in line with our 30-year plan. Against a challenging external environment in the sector, we have completed £780k worth of capital maintenance works to our housing portfolio.

- **Asset management**

We have completed phase two of our strategic asset management review. This has involved comprehensively carrying out options appraisals of all category C homes that were identified as loss-making by our strategic asset management tool.

Phase three will be carried out in 2023-24 including appraisals of all category B properties.

We will also be repeating our strategic asset appraisal in 2024-25.

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Value for Money Metrics (Note 27)	2022/23	2021/22	SPBM median
Reinvestment	2.7%	1.7%	3.9%
New supply delivered	1.5%	0.0%	0.0%
Gearing	17.2%	17.4%	14.6%
Interest cover	274%	322%	169%
Social Housing cost per unit	£6,403	£6,271	£5,188
Operating margin (social housing)	9.8%	8.7%	12.9%
Return on capital employed	1.2%	1.0%	1.9%

Reinvestment

Our level of reinvestment has increased by 1% from 2021-22 to 2022-23, although expenditure was down on planned levels due to continued issues with procurement associated with being a smaller social landlord, spread over a wide geographical area. We are pleased that we have agreed longer capital investment budgets to enable more efficient and value for money procurement going forward. Our spend in the last year represents significant investment on component replacements in order to improve the overall quality of our stock and we plan to continue to increase this investment further in 2023-24.

Alongside conventional component replacements, we are trialling the use of sustainable heating sources in a small number of homes and our Knutsford Road homes. This trial will be used to inform future decisions as we seek to demonstrate value for money for stakeholders in achieving carbon net-zero by 2050.

New Supply Delivered

During 2022-23 we developed 10 new units with the development of our Knutsford Road property. We will continue to identify and assess any development opportunities in future years.

Gearing

Gearing has decreased by 0.2%, our loan balance has increased by £1.0m being a drawdown of £2m from Triodos offset by loan repayments of £1.0m and increased cash held by £0.8m leading to an increase in net debt held of £0.2m. We have also seen our cost of housing properties increase by £0.9m leading to a drop in our gearing ratio.

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Interest Cover

Our interest burden in the year has increased as a result of higher total interest levels as a result of significant increases to the base rates.

Headline Social Housing Cost per Unit – analysed by type

	2022/23	2021/22	SPBM
Supported housing	£7,146	£7,031	£10,943
General needs housing	£4,111	£4,119	£4,498
All housing	£6,403	£6,271	£5,188

Our overall social housing cost per unit has increased marginally from 2021-22 reflective of our ongoing investment in our homes coupled with price increases for materials and labour. This remains higher than the sector median, recognising that three quarters of our stock is supported housing. Our supported homes attract additional cost in terms of more intensive and engaging housing management and tenancy support to our core customers alongside increased maintenance costs associated with accessible housing.

We have identified that higher costs of maintenance and replacement of specialist adaptations and equipment, alongside increased service charge costs, leverage our unit cost per property. In recognising and acknowledging our higher unit cost, we are also firmly committed to providing homes that are suitably adapted to meet the needs of our customers and maximise their independence.

To understand whether the Trust delivers value for money, it is appropriate to separate the cost of providing both general needs and supported housing operations to enable more accurate benchmarking with comparable providers. When this more granular comparison is applied the cost of general needs per unit is operating at a median level.

The supported housing cost per unit has further increased toward the sector median. This is not unexpected due to the different types of supported homes provided to our customers, from homes with minimal support and few adaptations which tend to be lower cost, through to higher-cost specialised supported housing. We recognise that significant variation can exist between supported housing costs due to differences in customer group, level of adaptation and service level, and remain committed to providing a range of suitable homes to disabled people.

Operating Margin

Overall operating margin has increased in the year. Revenue has increased due to the introduction of 10 new housing units plus a 4% rent increase. Management costs have decreased due to long term vacancies however maintenance costs have increased due to increased material and labour costs.

As with the social housing cost per unit metric, it is useful to split out the operating margin of our supported and general needs housing to understand the respective operating efficiency and business health.

	2022/23	2021/22	SPBM
Supported housing	6.6%	5.1%	10.7%
General needs housing	23.3%	22.7%	18.0%
All housing	9.8%	8.7%	12.9%

Return on Capital Employed (ROCE)

The return on capital employed has increased in 2022-23, with operating margins improving against the previous year, and with an increased underlying asset valuation.

Value for Money 2023/24

We have recently published our new 2023-26 Business Plan. We remain focused on how we can continue to engage with and improve our services for disabled people at a sustainable cost that delivers value for money and improved satisfaction.

The year has not been without its challenges, however. There have been delays to some of last year's actions as we moved from the pandemic into the cost-of-living crisis.

The year ahead will not be without further challenges. As part of this we have considered some significant changes to our operating landscape, such as costs of materials, scarcity of labour and contractors, continued high inflation increases to costs alongside further regulatory restrictions on rent uplifts.

- **Value for money strategy**

We will refresh our overall approach to value for money in 2023-24 and include all business areas

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- **Centralise our customer engagement function**

A centralised resource will enable more efficient delivery and ensure we are better equipped to share your feedback and create best practice across all our business areas

- **Net Zero**

Develop our net zero strategy to reduce our carbon footprint and ensure we have a sustainable social housing model that takes into consideration operating costs, net zero requirements and embraces advances in technology.

- **Asset Management**

Phase three of our strategic asset management project will be completed in 2023/24. This involves undertaking options appraisals to category B homes that are underperforming and critical to our sustainability strategic objective. It considers the economy, efficiency and effectiveness of the individual homes within our portfolio to ensure they can deliver demonstrable value for money.

We recognise the importance of achieving net zero and our strategic assessment project includes consideration of viability to reach this.

Going Concern

The Board has assessed The Papworth Trust's current financial position and resources, future obligations and risks, together with a review of the Trust's forward business plan, to consider the future financial viability of the Trust.

We have issued a new Business Plan which considers the likely impact of future cost pressures due to high inflation and interest rates. We have also completed risk and sensitivity testing around key areas of uncertainty, and of major cash flows, within this plan and note that the Trust has sufficient reserves and working capital to support the Business Plan. The Trust also continues to have the support of the Varrier-Jones Foundation, who have confirmed their commitment to support the Trust over the next financial year.

The Board therefore considers that it has a reasonable expectation that adequate resources exist for the Trust to continue to be operational for the foreseeable future and therefore that the adoption of the going concern principle is reasonable and appropriate in producing these financial statements.

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Report and Accounts for the year ended 31 March 2023

Auditors

A resolution proposing the re-appointment of RSM UK Audit LLP as auditors will be proposed at the Trustee meeting in October.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The report of the Board of Trustees was approved by the Board, and signed on its behalf on 26 July 2023 by:

A handwritten signature in black ink, appearing to read 'B Stewart', with a stylized flourish at the end.

Brian Stewart OBE - Chair of Trustees

STRATEGIC REPORT

Objectives and public benefit

What we do

We offer essential support and care to disabled people. Our Mission is to help disabled people achieve equality, choice and independence. We support a wide range of disabled people, including those with physical disabilities, learning disabilities, mental ill health and sensory impairments.

We support people to live their lives to the full and be seen for who they are.

Objects

The object of the Trust is to provide relief to disabled people, including the provision of social housing, in such ways that are for the benefit of the public and charitable according to English Law.

This Object is delivered via a three-year Business Plan and annual Budgets and Departmental Plans. We carry out service reviews on a monthly basis to compare the outcomes and achievements of our work to our stated aims and objectives. The reviews look at the successes and challenges of each key activity and the benefits they have brought to those individuals and groups of people, considering any risks that emerge and any resourcing that may be required. The reviews also help to ensure that our activities remain focused on our strategic objectives.

Public Benefit

The Trustees confirm that they have regard to the Charity Commission's general guidance on public benefit whenever we review our Mission, aims and objectives and also when planning future activities, or evaluating existing ones.

We provide a benefit to the public by actively seeking to support disabled people to live their lives to the full, providing housing, employment support, care and day services as appropriate to meet the needs of our customers. We actively seek to embed our services in the wider community, recognising the benefits of an inclusive society, where everyone is seen for who they are.

We operate across the East of England and use our resources, as outlined above, to provide essential services and support, engaging with customers, commissioners and other key stakeholders to constantly evolve our offering to maximise the impact that we can achieve with the resources available.

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Financial Review

Full details of our financial performance for the year ended 31 March 2023 are shown in the Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement and Notes to the Accounts.

Turnover and operating surplus for 2022-23, with prior year comparisons, are shown in the table below:

	2023 £'000s	2022 £'000s
Turnover	14,444	14,771
Operating costs	(13,250)	(13,049)
Operating surplus	<u>1,194</u>	<u>1,722</u>
Profit/(loss) on sale of fixed assets	677	(133)
Impairment of assets	(1,040)	-
Interest payable	(545)	(483)
Investment (losses)/gains	(591)	320
(Deficit)/surplus for the year	<u><u>(305)</u></u>	<u><u>1,426</u></u>

Headline income has decreased by 2%, which is principally attributable to income from Work activities and our Varrier-Jones Foundation donation declining, Work has declined by 12%, representing a £250k decline in income, Varrier-Jones Foundation donation declined by 26% in the year, representing a £455k reduction in income. Housing has seen income increase by 4%, representing a £199k increase in income. Other income has remained largely consistent across other service streams. Total operating costs have increased over the same period primarily attributable to Care and OWL activities, Care operating costs have increased by 5% (£197K) and OWL 8% (£117K). Care cost increases are a result of staffing issues seen nationally in the care sector, increasing rates and increasing the usage of agency staff; OWL is due to additional costs around changes to the service delivery model plus increased activity.

Income

- Turnover from social housing lettings has increased to £4.7m from 2021/22 increasing by 4% from £4.6m.

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- Care activities saw income remain fairly static with a small increase of 1%. The key drivers are the negotiation of increased care rates from Suffolk County Council as well as a 2% one-off payment in recognition of the increased cost of care across all the providers in the County. This is being offset by the reduction in income due to the Trust no longer supporting 3 customers that were previously supported by us.
- OWL income increased by 8%, due to an increased intake of new customers post Covid and a 2% one-off payment from Suffolk County Council for our Ipswich Centre.
- Work services saw decreased turnover of 12%. The Work and Health Programme achieved better higher rate outcomes than expected, resulting in above budget income for the year, being offset by a decline in revenue from our Job Entry Targeted Support (JETS) scheme which ended in March 2023, and our Building Better Opportunities (BBO) programmes which end in June 2023.

Expenditure

- Expenditure in Care increased by 5% due to increased staff and agency costs, specifically in our Lowestoft and Ipswich operations. The Care industry has experienced national difficulties around attracting and retaining care workers, and we have experienced this impact directly. In January the Trust increased hourly rates for care workers, ahead of anticipated changes in the National Living Wage, to seek to improve the recruitment and retention of support workers.
- Housing expenditure has remained static, we have experienced price increases in materials and labour however due to material shortages we have seen delays in planned maintenance. We have also seen underspend in staff costs across maintenance and management due to delays in recruitment.
- Work services expenditure increased by 3% compared to last year. We have maintained all our programmes throughout the year with the Work and Health Programme being extended for a further 2 years. Our JETS programme ended in March 2023 and our BBO programmes are due to end in June 2023, we have therefore provided for redundancy costs relating to the ending of these contracts in the current financial year.
- Expenditure in OWL has increased by 8% as a result of additional costs relating to the change in the service delivery model as well as increased activity costs due to an increasing customer base.

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- Our support functions expenditure has declined due to staff savings in business development and delays to planned maintenance on our facilities.

Balance Sheet

- The cash position has improved by £829k, with total cash held of £3.3m at the balance sheet date. This is reflective of a drawdown of £2m from our Triodos loan facility not being fully utilised in the current financial year, being offset by the development of our Knutsford Road property into 10 separate housing units.
- The improved cash position has ensured that the Trust is reporting an improved current asset position at the balance sheet date. It is recognised that the Trust has significant loan redemptions to make in future.
- The Trust actively monitors and manages cash utilisation and has prepared a long-term forecast which has been tested under stress scenarios to ensure adequate future liquidity. The Trust was ahead of its target for liquid funds at the balance sheet date.
- The current year financial statements highlight a worsening in the level of deficit for the SHPS pension scheme. The scheme has seen a decline in the fair value of plan assets greater than the decline in our present value of defined obligations. The Trust also made deficit repair contributions of £695K, and has a schedule of deficit repayment obligations running until March 2028, based upon the outcome of the last triennial valuation, which was as at 30 September 2020.

Treasury Management

The Trust's historic housing development has been financed through a combination of Social Housing Grant, long term loan facilities and surpluses generated through normal activities and through fundraising.

Treasury Management is managed by the Finance Team and overseen by the Finance, Audit and Risk Committee. It is reviewed on a regular basis, setting treasury policy in line with expected future requirements, and reviewing longer term projections to ensure adequate financing is in place to meet future liabilities. Stress testing is performed to ensure that the Trust has sufficient mitigations in place in the event of multiple events occurring that places stress on working capital. Working capital requirements are held as cash, with surplus funds being invested through the Trust's investment managers. Potential drawdowns

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from investments are considered as part of the Trust's financing plan to support working capital as required.

The Trust has secured a new lending facility of £3m of which it drew down £2m in the current financial year.

Loan Covenants

There are several loan covenants in place on the Trust's long-term loans, the key measures being asset cover and interest cover. Breach of covenants could result in loans becoming immediately repayable. Loan covenant tests are monitored monthly and were comfortably met for the year ended 31 March 2023.

Plans for future periods

The Trust's 2023-26 Business Plan has continued to focus on the following strategic objectives to allow us to deliver good quality homes, jobs and services that enable our customers to achieve their aspirations:

- Customer focus
- Sustainability
- Grow our impact
- External Influence

In order to achieve our strategy, we have set the following key objectives over the period:

Customer focus

We will:

- Embed a customer-focused culture based on kindness, openness and Papworth Trust Values
- Implement our customer engagement strategy to improve communication, monitor and measure its impact
- Continue to learn from our customers to shape and improve our services and offering
- Provide joined-up services for customers alongside signposting information

Expected results and outcomes:

- Building on the good work of our tenant engagement, our flexible network of customer forums will be embedded across all services, listening to our customers and shaping our offer
- Wherever customers interact with us they will receive a consistent level of service because of our customer service standards and ongoing staff training

- Gain a greater understanding of how our customers want to be communicated with and offer new tools to ensure effective and consistent communications
- Centralise our customer engagement service to allow us to be better equipped to share customer feedback and create best practises across all our services
- Ensure customers can seamlessly navigate our services as well as provide signposting to external services to help and support our customers.

Sustainability

We will:

- Invest in and develop our people, embracing equality, diversity and inclusion
- Invest in our processes, technology and management information systems to enhance our digital capability and offer
- Develop our net zero strategy to reduce our carbon footprint
- Ensure our housing strategy delivers good quality, sustainable homes
- Optimise funding and partnerships to maximise our impact.

Expected results and outcomes:

- Have a well-motivated and rewarded workforce that is mission and values-led and impact and outcomes-focused
- Ensure staff are supported to reach their full potential with effective workforce planning to deliver business decisions
- We will have investigated how customers can digitally interact with us. Electronic Care rostering and Care management software will be embedded and housing software transitioned to the cloud
- Strengthen our health and safety ethos to maintain our safe working environment
- Continue our work towards our property portfolio being sustainable for our future needs, taking into consideration operating costs, net zero requirements and embracing advances in technology.

Grow our impact

We will:

- Increase our brand awareness across the East of England
- Implement our volunteer strategy
- Develop our offering to deliver more services to more disabled people.

Expected results and outcomes:

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- Existing services will continue to improve and grow to secure their future sustainability. You will see us deliver quality homes in the right geographical location, secure future funding for existing employment programmes, and continually evolve our offer to suit the labour market. We will also seek improved funding for social care and further embed our revised delivery for Opportunities Without Limits
- Increase awareness of who we are and be clear about our offer and the impact we make is critical, recognising that others also benefit from us helping us in our work
- Seek greater volunteer engagement to provide added customer value and bring expertise and experience to our teams.

External influence

We Will:

- Positively influence our local communities and national policy to meet the needs of disabled people
- Use our Disability Confident leadership status and expertise to maximise opportunities for disabled people.

Expected results and outcomes:

- New homes are developed with accessible design in mind, while employment support programmes are accessible and fully support disabled people into work
- We want to see increases in Government funding for the social care sector and fairer pay for our workforce
- Our people are collectively responsible for leveraging our work through their networks, seeking opportunities to benefit disabled people and the Trust
- A database of statistic and impact case studies is available to inform and influence key policy areas
- A further fifty organisations are supported to become Disability Confident employers
- There will be greater social interactions with Papworth Everard residents and stakeholders, further developing our relationship with them.

Principal risks and uncertainties

Management of risk is an integral part of our planning and project management processes. The Papworth Trust has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the budget process, which reviews risks and controls in existing processes, and business reviews to

track both systemic and emerging risks, this generates a comprehensive review of risks facing the Trust.

We maintain a risk register in which risks are documented and evaluated, so that major risks can be identified and the effectiveness of controls which mitigate these risks can be assessed and compared to the Board approved risk appetite. The system of internal control is designed to manage key risks and to provide reasonable assurance about the reliability of financial and operational information and the safeguarding of the Trust's assets and reputation. This is supported by a programme of internal audits, both financial and operational, to provide assurance to Trustees of the effectiveness of controls in operation. The Trustees have reviewed the internal controls in operation during the period and are satisfied that there are no issues leading to any material uncertainty regarding these financial statements.

The Finance, Audit and Risk Committee and the Trustee Board monitor and review our principal risks and the processes for managing them, together with the arrangements for internal and external audits and preparation of financial statements. The Governance and Compliance Committee has oversight on regulatory compliance and quality standards for our service delivery, and monitors risks against these.

The critical risks and uncertainties have been identified, and are documented in the table below, along with mitigation strategies in place to address the potential impact of any risk materialising.

Key risk	Responses to the risk
Macro-economic challenges Rising inflation and interest rates, coupled with downward pressure on public sector finances and failure to adequately fund public services may cause us to not be able to fund the service adequately to deliver a safe and sustainable service	• Careful consideration of the mix of fixed versus floating interest rate borrowing • Active tracking and monitoring of national policy and local markets with pro-active steps taken to preserve workforce levels • Close engagement and partnering with commissioners, with active negotiation on scope, scale and value of service delivery • Effective renegotiation of contracts

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Key risk	Responses to the risk
Staff recruitment challenges Inability to recruit and retain a diverse and appropriately skilled staff cohort who are innovative and support our values, at an affordable rate to meet existing and future organisational needs. Loss of a key member of staff.	• Extensive benchmarking exercise conducted to re-align reward packages, where appropriate • Greater focus on well-being • Development pathways opened up for staff with potential to grow with the organisation • Succession plans and business continuity plans established to mitigate any single key person / function dependency
Breach of data security Increased use of digital channels risks breaches of data or security, putting customers, staff, volunteers and the organisation at risk.	• Clear, regularly reviewed organisational policies • Mandatory training requirements in place • Achieved Cyber Essentials accreditation. • Reviewing data governance, management and protection, drafting improved policies and practices, supported by the establishment of a data governance working group. • Testing of Business Continuity, including regular penetration testing, with agreed actions monitored by the Executive Team
External environment continues to drive up costs to maintain our housing stock Need to invest to improve decency and thermal efficiency of our housing, and to meet 2050 net zero targets, may be challenging to finance, caused by lack of cash generation in the business, plus cost uncertainties, and may lead to tenant complaints and / or intervention by the regulator	• Long-term financing plan, informed by condition surveys and asset management reviews • Regular stress testing of our financing plans • 3 year capital procurement programme set • Impact assessments conducted for all poorly performing stock and appraisals / action plans being developed
Climate change impacts potentially affecting asset valuations and restitution costs Flooding / subsidence risks / global warming brings increased financial pressures	• Maintain effective insurance and build reserves to insulate organisation against potential costs

Key risk	Responses to the risk
Breach of regulations The Trust works with vulnerable people in a number of highly regulated environments. A breach of regulations could lead to a downgrade of assessment and / or significant reputational damage. Though the likelihood is low, the impact could be very high. Health and Safety regulation breach	• Deployed a risk-based Assurance Framework, with focus on highly regulated areas such as Care prioritised • Review and ongoing strengthening of our self-assessment model to create greater local accountability, as well as independent scrutiny • Effective reporting, safeguarding and whistle-blowing policies and procedures in place, as part of a structured policy register, with scheduled review points
Planned asset disposals not achieved. Challenging development landscape leads to failure to achieve planned asset disposals, deliver the capital programme and capital developments and may result in insufficient cash to meet liabilities, resulting in loan covenant / overdraft breach	• Asset disposals are planned with significant lead time in order to ensure funds are generated at value • Further loan finance facility already in place to mitigate likelihood and impact • Regular stress testing of our financing plans and robust liquidity contingency planning • Working with experts and Partners to optimise development / disposal opportunities
Defined Benefit pension liability increases significantly Actuarial assumptions made, and asset valuation volatility, gives rise to considerable uncertainty of future valuations and deficit contributions	• Active use of accounting tool to track liability • Provision of reserves to seek to mitigate impact of any changes in valuation experienced • Completion of cash flow stress-testing analysis and liquidity contingency planning
Social Housing Pension Scheme benefits review Additional financial liabilities accrue to the Trust as a consequence of the SHPS Benefit Review case being 'lost' could result in our financing plans being inadequate	• Engagement with The Pensions Trust, who administer the scheme, to track and evaluate, and participation in member engagement process

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Key risk	Responses to the risk
Value of investment portfolio significantly decreases Material devaluation in investment portfolio or reserves and/or decline in returns and asset values due to challenging world economic environment	- Funds placed in a suitably diversified portfolio, managed by qualified investment managers - Scrutiny by the Joint Investment Committee, including active consideration of the mandate for geographic base, sterling weighting, investment type and Environmental, Social and Governance considerations - Careful consideration of the appropriate risk tolerance for our investment portfolio
Significant reduction in voluntary income leading to an inability to maintain services or support functions	- Regular review of reserves and cash flow scenarios undertaken to stress-test - Seek to secure a longer-term agreement on the level of recurrent financing from VJF in order to provide stability, adjusting commitments accordingly. - Seek to build alternative sources of unrestricted funding to maintain flexibility

The Trustees recognise that achieving maximum impact for disabled people does involve risk, but believe that the frameworks in place, and the measures outlined above to manage and monitor these risks, best position the organisation to achieve meaningful and long-lasting results. The Trustees will continue to monitor the external landscape, both short and long term, to ensure charitable funds are appropriately safeguarded and effective delivery maintained within the governance and regulatory landscapes in which we work.

The Strategic Report was approved by the Board and signed on its behalf on 26 July 2023 by:



Brian Stewart OBE
Chair of Trustees

Statement of the Board of Trustees' responsibilities in respect of the Board of Trustees' Annual Report and the financial statements

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PAPWORTH TRUST

Opinion

We have audited the financial statements of The Papworth Trust for the year ended 31 March 2023 which comprise Statement of comprehensive income and statement of changes in reserves, the Balance sheet, the Cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern

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for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Annual Report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

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

Respective responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 33 the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with

other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the company operates in and how the company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inquiring of management whether the company is in compliance with these laws and regulations and inspecting any correspondence with external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspecting any correspondence with licensing or regulatory authorities.

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The audit engagement team identified the risk of management override of controls and completeness of revenue streams as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and any transactions entered into outside the normal course of business and performing tests of detail on revenue recognised in the year and subsequent to the year end.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Laragh Jeanroy (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Blenheim House

Newmarket Road

Bury St Edmunds

Suffolk

IP33 3SB

Date *9 August 2023*

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Statement of Comprehensive Income

	Note	2023 £'000s	2022 £'000s
Turnover	3	14,444	14,771
Operating costs	3	(13,250)	(13,049)
Operating surplus		1,194	1,722
Profit/(loss) on disposal of tangible fixed assets	8	677	(133)
Impairment of Assets	10	(1,040)	-
Interest payable and similar charges	9	(545)	(483)
(Losses)/gains on investments		(591)	320
(Deficit)/surplus for the year		(305)	1,426
Movement in defined benefit pension scheme	22	(835)	2,124
Total Comprehensive income		(1,140)	3,550

The accounts relate to continuing operations. The notes on pages 42 to 79 form part of these financial statements.

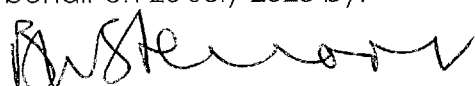
Statement of Changes in Reserves

	2023 £'000s	2022 £'000s
Balance at 1 April	26,682	23,132
(Deficit)/surplus for the year	(305)	1,426
(Increase)/decrease in Defined Benefit Pension liability	(835)	2,124
Balance at 31 March	25,542	26,682

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Balance Sheet	Notes	2023 £'000s	2022 £'000s
Fixed Assets			
Housing Properties	10	37,429	37,814
Other Fixed Assets	11	2,682	2,833
Investments	12	9,358	9,932
Endowment Fund Assets	13	424	428
Total fixed assets		<u>49,893</u>	<u>51,007</u>
Current Assets			
Assets held for disposal	14	137	137
Debtors - amounts falling due within one year	15	1,129	1,375
Cash and cash equivalents		<u>3,254</u>	<u>2,425</u>
		4,520	3,937
Creditors:			
Amounts falling due within one year	16	<u>(3,508)</u>	<u>(3,654)</u>
Net current assets/ (liabilities)		<u>1,012</u>	<u>283</u>
Total assets less current liabilities		<u>50,905</u>	<u>51,290</u>
Creditors:			
Amounts falling due after more than one year	17-18	(22,498)	(21,924)
Provisions for liabilities and charges			
Pension liabilities	22	(2,662)	(2,463)
Other Provisions	21	(203)	(221)
Net assets		<u>25,542</u>	<u>26,682</u>
Reserves			
Restricted Reserves		2,352	2,525
Endowment Funds Reserves		424	428
Unrestricted Reserves:			
Designated Reserves		15,662	17,283
General Reserves		<u>7,104</u>	<u>6,446</u>
Total Unrestricted reserves		<u>22,766</u>	<u>23,729</u>
Total Reserves	25	<u>25,542</u>	<u>26,682</u>

These Financial Statements were approved by the Board, and signed on the Board's behalf on 26 July 2023 by:



B Stewart
Trustee



M Anderson
Trustee

The notes on pages 42 to 79 form part of these financial statements.

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Cash Flow Statement

	2023 £'000s	2022 £'000s
Cash flows from operating activities		
Operating surplus	1,194	1,722
<i>Adjustment for:</i>		
Remeasurement of pensions liability	(59)	(106)
Depreciation	1,192	1,452
Impairment charge	-	-
Amortisation of grants	(368)	(370)
Decrease/(increase) in trade and other debtors	246	(193)
(Decrease)/increase in trade and other creditors	(214)	350
Pensions deficit payments made	(684)	(512)
Net cash inflow	<u>1,307</u>	<u>2,343</u>
Interest paid	<u>(468)</u>	<u>(377)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	695	298
Acquisition of tangible fixed assets	(1,697)	(1,065)
Net cash (outflow) from investing activities	<u>(1,002)</u>	<u>(767)</u>
Cash flows from financing activities		
Repayment of borrowing	(1,008)	(969)
Net cash outflow from financing activities	<u>992</u>	<u>(969)</u>
Net Increase in cash	829	230
Cash and cash equivalents at 1 April	2,425	2,195
Cash and cash equivalents at 31 March	<u>3,254</u>	<u>2,425</u>

The notes on pages 42 to 79 form part of these financial statements.

Notes to the financial statements

1. Legal Status

The Trust is a registered charity and an incorporated Company limited by guarantee. The Trust is also registered with the Regulator of Social Housing. The principal objective of the Trust is to provide essential care and support to disabled people, which it does through providing essential services including social housing. The Trusts' Registered office is at 1 Saxongate, Bradbury Place, Huntingdon, PE29 3RR.

2. Accounting Policies

These financial statements are prepared in accordance with the Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102").

The financial statements are also prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

2.1 Basis of accounting

The financial statements are prepared on the historical cost basis except for the revaluation of investments to fair market value.

2.2 Going concern

The Board has assessed the Trust's financial performance and resources having regard to the 2023-24 budget and three-year business plan. As a consequence, the Board believes that the Trust is well positioned to manage business risks and expects to have adequate resources to operate for the foreseeable future. The Board therefore continues to adopt the going concern basis in the preparation of these financial statements.

2.3 Turnover

Turnover represents the income derived from the provision of the Trust's activities, comprising the sale of goods and services, property rental income net of voids, amortisation of Social Housing Grant, revenue grants, donation from the Varrier-Jones Foundation, charitable gifts and dividend Income received.

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Rental income is recognised from the point when it becomes due. Income for service delivery is recognised when services have been delivered. Income from grants are recognised when the conditions of the grant have been met. Income from investments is recognised when received.

2.4 Expenses

Cost of sales

Cost of sales represents the direct costs and overheads involved in providing social housing and other charitable activities.

Operating costs

Operating costs represent the support and premises costs that enable the Trust to provide social housing and other charitable activities.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Statement of Comprehensive Income account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred in the period to which they relate.

Interest payable

Interest payable and similar charges are charged to the Statement of Comprehensive Income account when incurred.

2.5 Tangible fixed assets – housing properties

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated differently to buildings.

2.6 Depreciation – housing properties

Depreciation is charged to the Statement of Comprehensive Income account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. No depreciation is charged on housing properties or components under construction. The estimated useful lives are as follows:

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Structure	50-80 years
Roof	50 years
Electrical installation	40 years
Windows and doors	30 years
Heating (excluding boilers), plumbing and ventilation	30 years
Bathrooms	20 years
Boilers	15 years
Kitchens	15 years
Flooring	10 years

Depreciation methods, rates and residual values are reviewed if there is an indication of a significant change in the expectation of typical useful lives of asset groups.

2.7 Non-component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream of the life of a property, is capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs and maintenance to housing properties is charged to the income and expenditure account in the period incurred.

2.8 Other fixed assets

Other tangible fixed assets include those with an individual value at cost in excess of £1,000.

Depreciation is charged to the Statement of Comprehensive Income account on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings (non-housing)	50 years
Leasehold improvements	over the life of the lease
Motor vehicles	4-6 years
Plant, machinery and fixtures	3-15 years
Office equipment	5-10 years

2.9 Properties held for sale and work in progress

Assets under construction are held at cost within the relevant category of fixed assets and are not depreciated until the asset is in use.

Properties held for sale are recognised at the lower of depreciated cost and net realisable value. They are classified as current assets when the Trust deems disposal probable within the next twelve months. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

2.10 Basic financial instruments

Trade and other debtors, including tenant arrears; trade and other creditors

These are recognised initially at transaction value less attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.11 Impairment

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, the impairment is calculated as the difference between its' carrying amount and the best estimate of the amount that the Trust would receive for the asset if it were to

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be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the Statement of Comprehensive Income.

2.12 Social Housing Grant

Social Housing Grant ("SHG") is initially recognised at fair value as a long-term liability, specifically as deferred grant income and released through the income and expenditure as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG are transferred to either the recycled capital grant fund or the disposal proceeds fund until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

2.13 Investment assets

Investments are carried at mid-market value as at the balance sheet date. Movements in asset valuations are recorded in the statement of comprehensive income.

2.14 Retirement benefits

The Company participated in one defined benefit pension scheme, the Social Housing Pension Scheme (SHPS), although the Company closed the scheme to further accrual in 2019. SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. Associated assets and liabilities are allocated to each employer for accounting purposes. The net defined benefit liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020.

Gains/Losses

Gains or losses recognised in the Statement of Comprehensive Income account are as follows:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.

- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income are as follows

- Any actuarial gains and losses,
- The difference between the interest income on the plan assets and the actual return on the plan assets.

2.15 Termination benefits

Termination benefits are recognised as an expense when the Trust is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Trust has made an offer of voluntary redundancy, it is likely that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.16 Provisions

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

2.17 Service charges

Service charge income and costs are recognised on an accrual basis. The Trust applies service charges where applicable to schemes, ordinarily on a fixed basis, in consultation with residents. The budgets are set annually, informed by past costs and future planned activity. Any balances remaining are held as creditors or debtors in the Balance Sheet until such time as all costs are recognised. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents. Until these costs are incurred, this liability is held in the Balance Sheet within creditors.

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2.18 VAT

The Company is partially exempt for Value Added Tax (VAT). The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs.

2.19 Taxation

As a registered charity, the Trust is exempt from UK corporation tax to the extent that incomes or other gains are applied exclusively for charitable purposes. Corporation tax on any income or gains that do not meet the criteria for exemption would be included on the income and expenditure report.

2.20 Reserves

Restricted reserves

Restricted reserves represent unspent funds received for specific purposes from external funders. Restricted funds are only expendable in relation to the purposes for which they were received.

Endowment funds

Endowment funds are held where the funds are part of either an expendable or permanent endowment fund. Endowment funds are only expendable in relation to the purposes for which they were received.

Designated reserves

Designated reserves are reserves that have been identified for specific purposes by the Trustees.

General reserves

General reserves are held at a level appropriate for working capital and contingency and are reviewed annually by the Board.

2.21 Accounting estimates and judgements

In producing these financial statements, the Trust has made estimates and judgements that it feels give a true and fair view. Accounting policies and judgements are assessed against current accounting standards, industry practice and market conditions, and reviewed annually for appropriateness.

Impairment

Housing stocks are assessed for impairment when an indicator of impairment is noted. Carrying values are considered to ensure that they are not greater than net present value, calculated using a discounted cash flow basis for housing

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stock that is in use. Where housing properties are not in use the net realisable value is calculated with reference to the potential sales value of the property.

Bad Debt

Provisions are made for bad debts when there is deemed to be significant risk to recovery. For tenant arrears, bad debt provision is made in all instances for former tenants unless a clear recovery plan is in place. For existing tenants, consideration for provision will be made based on the ageing profile of the debt.

For other debtors, provision will be considered for transactions that are over three months overdue, with consideration being made for each debt based on the customer profile and the type of debt.

Defined benefit pension

Accounting estimates are made for the defined benefit pension scheme SHPS. Critical estimates are made by Management, following advice from the Trust's pension's advisors.

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3 Social Housing and other activities

	2023 General Needs £'000s	2023 Supported Housing £'000s	2023 Total £'000s	2022 Total £'000s
Rent receivable (net of service charges)	927	2,781	3,708	3,555
Profit on disposal social housing assets	-	-	-	-
Service charges	-	1,044	1,044	998
Net rents receivable	<u>927</u>	<u>3,825</u>	<u>4,752</u>	<u>4,553</u>
Other income	-	-	-	-
Total income from lettings	<u>927</u>	<u>3,825</u>	<u>4,752</u>	<u>4,553</u>
Expenditure on letting activities				
Management Services	(212)	(578)	(790)	(931)
Routine maintenance	(7)	(301)	(308)	(271)
Planned maintenance	(278)	(1,576)	(1,854)	(1,624)
Bad debts	(21)	(60)	(81)	(124)
Depreciation of housing properties	-	(1)	(1)	(4)
Depreciation of other housing assets	(188)	(1,042)	(1,230)	(1,188)
Total expenditure on lettings	<u>(5)</u>	<u>(15)</u>	<u>(20)</u>	<u>(16)</u>
Operating surplus on lettings	<u>(711)</u>	<u>(3,573)</u>	<u>(4,284)</u>	<u>(4,158)</u>
	<u>216</u>	<u>252</u>	<u>468</u>	<u>395</u>
Void Losses (included within the above)	(39)	(89)	(128)	(99)

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3 Social housing and other activities continued

	Turnover	Cost of sales / delivery	2023 Operating Costs	Operating Surplus
	£'000s	£'000s	£'000s	£'000s
Social housing lettings				
General needs	927	(406)	(305)	216
Supported housing	3,825	(2,709)	(864)	252
	4,752	(3,115)	(1,169)	468
Other social housing activities				
Other housing activities	1	(116)	-	(115)
Amortised grant income	368	-	-	368
	369	(116)	-	253
Non-social housing activities				
Work services	1,776	(2,012)	-	(236)
Care services	4,096	(4,572)	-	(476)
Opportunities Without Limits	1,445	(1,510)	-	(65)
Policy & Communications	-	-	(117)	(117)
Business Development	-	-	(46)	(46)
Varrier-Jones Foundation donation	1,300	-	-	1,300
Fundraising	242	(104)	-	138
Enabling Services (Management, Finance, IT, HR and Facilities)	212	-	(417)	(205)
Investment income	252	(42)	-	210
Re-measurement of defined benefit pension liability	-	-	(30)	(30)
	9,323	(8,240)	(610)	473
	14,444	(11,471)	(1,779)	1,194
Total social housing and non-housing activity surplus/(deficit)				
Gain/ (loss) on disposal of assets				677
Asset impairment				(1,040)
Interest payable				(545)
(Loss) on investments				(591)
(Deficit) for year				(305)

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3 Social housing and other activities *continued*

	2022	2022	2022
	Turnover £'000s	Cost of sales / delivery £'000s	Operating Costs £'000s
Social housing lettings			
General needs	922	(441)	(272)
Supported housing	3,631	(2,673)	(772)
	4,553	(3,114)	(1,044)
Other social housing activities			
Other housing income	23	(108)	-
Amortised grant Income	370	-	-
	393	(108)	-
Non-social housing activities			
Work services	2,026	(1,954)	-
Care services	4,039	(4,371)	-
Opportunities Without Limits	1,337	(1,393)	-
Policy & Communications	-	-	(99)
Business Development	-	-	(127)
Fundraising	1,755	-	-
Varrier-Jones Foundation donation	251	(213)	-
Enabling Services (Management, Finance, IT, HR and Facilities)	175	-	(552)
Investment income	242	(44)	-
Re-measurement of defined benefit pension liability	-	-	(30)
	9,825	(7,975)	(808)
	14,771	(11,197)	(1,852)
Total social housing and non-housing activity surplus/(deficit)			1,722
Gain on disposal of assets			(133)
Interest payable			(483)
Gain on investments			320
Surplus for year			1,426

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4 Housing Stock

	General Needs Housing (units)	Supported Housing (units)	2023 Total (units)	2022 (units)
Number of units	173	500	673	663
Owned and managed	173	496	669	659
Managed on behalf of others	-	4	4	4
	173	500	673	663

5 Expenses and auditor's remuneration

	2023 £'000s	2022 £'000s
Included in the Statement of Comprehensive Income account are the following:		
Depreciation on housing properties	1,230	1,187
Loss on replacement of component assets	16	66
Impairment of housing properties	1,040	-
Depreciation on other fixed assets	246	264
(Profit)/loss on sale of other fixed assets	(677)	67
Costs of operating leases	83	93
 Auditor's remuneration:		
Audit of these financial statements	32	28
	<u>32</u>	<u>28</u>

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6 Staff and employee costs

	2023	2022
	£'000s	£'000s
Staff costs		
Wages and salaries	6,529	6,618
Social security costs	588	578
Pension costs	204	209
	<u>7,321</u>	<u>7,405</u>

	2023 Number	2022 Number
The average number of persons employed by the Trust (including directors) during the year was as follows:		
Average headcount	250	249
Average full-time equivalent employees	<u>221</u>	<u>220</u>

At 31 March 2023 outstanding pensions contributions were £nil (2022: £1,000).

Salary banding for all employees earning over £60,000 (including salaries, performance related pay and benefits in kind but excluding pension contributions paid by the employer and any termination costs paid).

	2023	2022
Bands		
£60,000- £70,000	2	2
£70,001-£80,000	1	1
£80,001-£90,000	-	1
£90,001- £100,000	2	1
£100,001-£110,000	-	-
£110,001- £120,000	1	1

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7 Board members and Executive Directors

The Directors, for this note, are defined as the Trustee members of the Board, the Chief Executive and the Executive Team. The Directors in Company Law are the Trustees. Trustee roles are unremunerated.

	2023 £'000s	2022 £'000s
Aggregate emoluments paid to Directors	383	425
Pension	36	43
	<u>419</u>	<u>468</u>
 Total emoluments paid to the highest paid Director	 <u>116</u>	 <u>112</u>
 Total number of paid Directors	 4	 4
Number of Directors in the defined benefit pension scheme	<u>-</u>	<u>-</u>

In addition to the above the highest paid director received pension contributions of £12k (2022: £11k).

During the year no consideration was paid to Trustees for performing their roles (2022: Nil). In the year out of pocket expenses totalling £1,005 (2022: £769) were paid to members of the Board.

8 Profit on disposal of tangible fixed assets

	2023 £'000s	2022 £'000s
Proceeds from sale of assets	695	98
Cost of disposals	(18)	(231)
	<u>677</u>	<u>(133)</u>

During the year the Trust sold premises in Papworth Everard, resulting in a book profit of £695,000. Other losses reflect the write down of component assets that were not fully depreciated at the time of replacement.

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9 Interest payable and similar charges

	2023 £'000s	2022 £'000s
Interest payable on financial liabilities	486	377
Interest payable on the unwinding of the net pension deficit liability	59	106
	545	483

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10 Housing properties

Cost	General Needs £'000s	Supporting living £'000s	Capital work in progress £'000s	Total £'000s
Balance at 1 April 2022	7,366	50,661	210	58,237
Acquisitions	220	1,637	(210)	1,647
Allocation of work in progress	50	160	39	249
Disposals	(20)	(68)	-	(88)
Balance at 31 March 2023	<u>7,616</u>	<u>52,390</u>	<u>39</u>	<u>60,045</u>
Depreciation				
Balance at 1 April 2022	3,319	17,105	-	20,424
Depreciation charge for year	188	1,037	-	1,225
Impairment of Assets	-	1,040	-	1,040
Disposals	(13)	(60)	-	(73)
Balance at 31 March 2023	<u>3,494</u>	<u>19,122</u>	<u>-</u>	<u>22,616</u>
Net book value				
At 31 March 2023	<u>4,122</u>	<u>33,268</u>	<u>39</u>	<u>37,429</u>
At 31 March 2022	<u>4,047</u>	<u>33,556</u>	<u>211</u>	<u>37,814</u>

Upon completion of our Knutsford Road development the Trust commissioned Jones Lang LaSalle Ltd to provide a valuation in relation to the 10 new units. The valuation was prepared on the basis of Existing Use Value for Social Housing and the units were valued at £1.04m less than the book value, giving rise to an impairment charge in the current financial year.

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11 Other fixed assets

Cost	Land & Buildings £'000s	Motor Vehicles £'000s	IT Assets £'000s	Other Fixed Assets £'000s	Total £'000s
Balance at 1 April 2022	5,497	287	318	266	6,368
Acquisitions	64	18	21	-	103
Disposals		(13)	(201)	-	(214)
Balance at 31 March 2023	5,561	292	138	266	6,257
Depreciation					
Balance at 1 April 2022	2,809	200	290	236	3,535
Depreciation charge for year	189	37	18	6	250
Disposals		(13)	(197)	-	(210)
Balance at 31 March 2023	2,998	224	111	242	3,575
Net book value					
At 31 March 2023	2,563	68	27	24	2,682
At 31 March 2022	2,688	87	28	30	2,833

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12 Investments

Market Value

	2023	2022
	£'000s	£'000s
At 1 April	9,932	9,605
Additions	3,649	3,019
Disposals	(3,701)	(3,273)
Realised gains	393	749
Unrealised (losses)	(915)	(428)
Unrealised & other movements	-	260
Market Value at 31 March	<u>9,358</u>	<u>9,932</u>

Historical cost of assets

	2023	2022
	£'000s	£'000s
Historical cost of assets	8,898	8,698
Unrealised gains	460	1,234
Market Value at 31 March	<u>9,358</u>	<u>9,932</u>

Held as follows:

	2023	2022
	£'000s	£'000s
Cash & cash equivalents	274	327
Fixed Income	1,576	1,045
UK Equities	1,779	2,120
Global Equities	4,400	4,866
Alternative Investments	1,329	1,574
Market Value at 31 March	<u>9,358</u>	<u>9,932</u>

13 Endowment Fund Assets

	2023	2022
	£'000s	£'000s
Cash	162	159
Investments	106	112
Property	156	157
	<u>424</u>	<u>428</u>

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Report and Accounts for the year ended 31 March 2023

14 Properties Held for Disposal

	2022 £'000s	2021 £'000s
Commercial property	137	137
	<u>137</u>	<u>137</u>

At the Balance Sheet date one of the Trust's commercial premises was being actively marketed for sale in Ipswich, following its closure as an operational facility in 2019. This has been sold post Balance Sheet date. There are also a number of surplus assets, with little or no carrying value, within the village of Papworth Everard for which disposal is being sought.

15 Debtors

	2023 £'000s	2022 £'000s
Trade debtors	578	559
Prepayments and accrued income	414	724
Tenant arrears	125	61
Other debtors	12	31
	<u>1,129</u>	<u>1,375</u>

Tenant Arrears:

	2022 £'000	2022 £'000
Current tenant arrears	125	61
- less provision for bad and doubtful debts	-	-
Former tenant arrears	58	50
- less provision for bad and doubtful debts	(58)	(50)
	<u>125</u>	<u>61</u>

Former tenant arrears relate to individuals who no longer occupy premises owned by the Trust.

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

16 Creditors: amounts falling due within one year

	2023 £'000s	2022 £'000s
Loans (note 19)	1,028	978
Trade creditors	412	397
Other taxation and social security	161	190
Other creditors	842	841
Rents received in advance	150	157
Accruals and deferred income	790	971
Recycled capital grants fund	125	120
	<u>3,508</u>	<u>3,654</u>

17 Creditors: amounts falling due after more than one year

	2023 £'000s	2022 £'000s
Loans (note 19)	12,546	11,604
Deferred grant income	9,952	10,320
	<u>22,498</u>	<u>21,924</u>

Deferred grant income

	2023 £'000s	2022 £'000s
Recycled capital grants fund	125	120
Social Housing Grants	9,929	10,293
Other grants	23	27
	<u>10,077</u>	<u>10,440</u>
Amounts falling due within one year	125	120
Amounts falling due after more than one year	9,952	10,320
	<u>10,077</u>	<u>10,440</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

18 Social Housing Grants

Housing Grants due after one year

	2023 £'000s	2022 £'000s
Cost		
Cost at 1 April	19,434	19,434
Additions/ disposals in year	-	-
Cost at 31 March	19,434	19,434
Amortisation		
Amortisation at 1 April	9,114	8,744
Amortisation income in year	368	370
Amortisation at 31 March	9,482	9,114
Deferred Grant income	9,952	10,320

Recycled Capital Grant Fund

	2023 £'000s	2022 £'000s
At 1 April	120	402
Utilised in the year	-	-
Disposed of in year	-	(283)
Interest Credited to the fund	5	1
At 31 March	125	120
Due within one year	125	120
Due after more than one year	-	-
	125	120

Of the above balance £125,000 (2022: £120,000) relates to grants that were recycled over three years previously from the date of these financial statements; there are plans to recycle these grants in the 2023/24 financial year on new developments.

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

19 Loans and borrowings

All loans and borrowings are measured at amortised cost.

Secured bank loans are secured by way of a first fixed charge over specified housing properties and include an asset cover test based on the ratio of the value of properties secured to the carrying value of the loan. Secured bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the Statement of Comprehensive Income and the Balance Sheet of the financial statements.

	2023 £'000s	2022 £'000s
Secured bank loans		
Due within one year	1,028	978
Due between one and two years	1,016	1,029
Due between two and five years	3,287	3,353
Due in greater than five years	8,243	7,223
	13,574	12,583

Outstanding Loans by Lender

	2023 £'000s	2022 £'000s
Orchard Brook	428	447
Lloyds	2,638	2,762
National Westminster Bank Plc	4,508	5,124
Barclays	4,000	4,250
Triodos	2,000	-
	13,574	12,583

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

19 Loans and borrowings continued

A loan from Orchard Brook Limited of £428,000 is repayable by 2034 at a fixed rate of interest of 11.47% secured by specific charges on various Papworth Trust housing properties and repayable in bi-annual instalments.

Interest rate	End of fixed rate period	£'000s
Fixed 11.47%	December 2034	428

A loan from Lloyds Bank plc of £2.64 million is secured by way of fixed charges over certain properties owned by Papworth Trust. Outstanding balances are as follows:

Interest rate	End of fixed rate period	£'000s
Fixed 3.91%	December 2039	1,832
Fixed 2.68%	December 2039	806

The National Westminster Bank Plc loan is part of an original £10 million facility secured by way of fixed charges on certain properties owned by Papworth Trust. Total outstanding loans of £4.5m are held as of 31 March 2023 and details are as follows:

Interest rate	End of fixed rate period	£'000s
Fixed 7.09%	September 2024	196
Fixed 6.97%	November 2024	86
Fixed 4.57%	July 2026	400
Fixed 4.74%	February 2027	1,000
Fixed 3.61%	March 2027	900
Variable 4.55%		1,926

The Barclays Bank plc loan is part of a £5 million facility and is secured by way of fixed charges over certain properties owned by Papworth Trust. Capital redemptions of £250,000 are due annually in July for a period of twenty years beginning July 2019. Details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 3.43%	July 2038	1,600
Variable 4.49%		2,400

The Papworth Trust
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A loan from Triodos Bank UK Limited of £2,000,000 is repayable by 2047 at a fixed rate of interest of 4.39% secured by specific charges on various Papworth Trust housing properties and repayable in bi-annual instalments.

Interest rate	End of fixed rate period	£'000s
Fixed 4.39%	July 2027	2,000

20 Analysis of Net Debt

	2023 £'000s	2022 £'000s
Net debt at 1 April	10,158	11,357
Cash flows in period	(829)	(230)
Loan borrowings	2,000	-
Repayment of borrowing	(1,008)	(969)
Balance at 31 March	<u>10,321</u>	<u>10,158</u>
Net debt made up as follows:		
Loans due in less than one year	1,028	978
Loans due in more than one year	12,546	11,605
Cash held	(3,253)	(2,425)
Net debt held	<u>10,321</u>	<u>10,158</u>

21 Other Provisions

	2023 £'000s	2022 £'000s
Balance at 1 April	221	206
Provisions made during the year	17	69
Provisions used during the year	(17)	(54)
Balance at 31 March	<u>221</u>	<u>221</u>

Provisions held relate to expected future dilapidations works required on a leasehold property upon termination of the lease. The lease expired in March 2020 and is currently rolling whilst a strategic review is undertaken as to the future use of these premises by the Trust.

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

22 Defined Pension Benefit Liability

The company participates in the SHPS scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	31 March 2023 £'000s	31 March 2022 £'000s
Fair value of plan assets	12,904	20,042
Present value of defined benefit obligation	(15,566)	(22,505)
Defined benefit (liability) to be recognised	<u>(2,662)</u>	<u>(2,463)</u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	31 March 2022 £'000s	31 March 2022 £'000s
Defined benefit obligation at 1 April	22,505	23,198
Current service cost	-	-
Expenses	25	22
Interest expense	622	509
Member contributions	-	-
Actuarial losses / (gains) due to scheme experience	54	1,258
Actuarial (gains) / losses due to changes in demographic assumptions	(36)	(353)
Actuarial (gains) / losses due to changes in financial assumptions	(7,212)	(1,788)
Benefits and expenses paid	<u>(392)</u>	<u>(341)</u>
Defined benefit obligation at 31 March	15,566	22,505

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

22 Defined Benefit Pension continued

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	31 March 2023 £'000s	31 March 2022 £'000s
Fair value of plan assets at 1 April	20,042	18,226
Interest income	563	403
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(8,029)	1,241
Contributions by employer	720	513
Contributions by plan participants	-	-
Benefits paid and expenses	(392)	(341)
Fair value of plan assets at 31 March	<u>12,904</u>	<u>20,042</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £(7,466,000) (2022: £1,644,000).

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	31 March 2023 £'000s	31 March 2022 £'000s
Expenses	25	22
Net interest expense	59	106
Defined benefit costs to be recognised	<u>84</u>	<u>128</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

22 Employee Benefits continued

Defined Benefit Costs Recognised in the Statement of Changes in Reserves

	31 March 2023 £'000s	31 March 2022 £'000s
Experience on plan assets (excluding amounts included in net interest cost)	(8,029)	1,241
Experience gains and losses arising on the plan liabilities	(54)	(1,258)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	36	353
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	7,212	1,788
	(835)	2,124

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

Plan Assets

	31 March 2023 £'000s	31 March 2022 £'000s
Global equity	241	3,846
Absolute return	140	804
Distressed opportunities	391	717
Credit relative value	487	666
Alternative risk premia	24	661
Fund of hedge funds	-	-
Emerging markets debt	69	583
Risk sharing	950	660
Insurance- linked securities	326	467
Property	555	541
Infrastructure	1,474	1,428
Private debt	574	514
Opportunistic Illiquid Credit	552	673
High Yield	45	173
Opportunistic Credit	1	71
Cash	93	68
Corporate Bond Fund	-	1,337
Liquid credit	-	-
Long lease property	389	516
Secured income	592	747
Liability driven investment	5,943	5,592
Currency Hedging	25	(78)
Current assets	33	56
	12,904	20,042

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

22 Employee Benefits continued

Key Assumptions

	31 March 2023	31 March 2022
	% per annum	% per annum
Discount rate	4.85	2.79
Inflation (RPI)	3.18	3.51
Inflation (CPI)	2.78	3.16
Salary Growth	3.78	4.16
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March based on life expectancy at 65 years are as follows:

	31 March 2022	31 March 2022
	Life expectancy (years)	Life expectancy (years)
Male retiring in 2023	21.0	21.1
Female retiring in 2023	23.4	23.7
Male retiring in 2043	22.2	22.4
Female retiring in 2043	24.9	25.2

23 Operating Leases

	2023 £'000s	2022 £'000s
Future minimum lease payments due are as follows:		
Less than one year	69	69
Between one and five years	81	51
	<u>150</u>	<u>120</u>

24 Contingent Liabilities

The Trust receives grants and loans from Homes England and other bodies. Under the terms of these grants/ loans, amounts may be repayable if the properties are disposed of or cease to be used for the purpose specified. The Trust therefore has a contingent liability for amounts in relation to grants which have been recognised in the Statement of Comprehensive Income through amortisation, plus any calculation of interest accrued on these amounts, which could become repayable if the property is disposed of or its use changes. Details of these grants are included within note 18 of these financial statements.

Housing grants may be recycled in which case the obligation is transferred to the recycled capital grant fund and held on the balance sheet as a current liability.

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

25 Reserves

Movement in funds

£'000s	At 31 March 2022	Income	Expenditure	Investment	Other	At 31 March 2023
<u>General</u>	6,446	13,952	(9,253)	(591)	(3,450)	7,104
<u>Reserves:</u>						
<u>Designated</u>						
<u>funds:</u>						
Fixed asset Fund	15,262	368	(4,254)	-	2,961	14,337
Pension	2,021	-	-	-	(696)	1,325
Liabilities						
<u>Restricted</u>						
<u>Funds:</u>						
Capital fund	2,185	25	(139)	-	-	2,071
Other Housing	32	-	-	-	-	32
funds						
First Steps to	91	32	(53)	-	-	70
success						
Covid recovery	17	-	(3)	-	-	14
funds						
Garden Studios	57	-	(8)	-	-	49
Wellbeing	45	-	-	-	-	45
Other funds	98	67	(94)	-	-	71
Endowment	428	-	-	-	(4)	424
Funds						
	26,682	14,444	(13,804)	(591)	(1,189)	25,542

Designated Funds:

The fixed asset fund relates to the net value the Trust holds in fixed assets including associated liabilities such as secured loans and Housing Grants less any properties funded through restricted funding streams.

Income into the fund relates to amortisation of social housing grants. Expenditure relates to the annual depreciation charge made against unrestricted fixed assets. Transfers into the fixed asset fund related to capital investments made in fixed assets, payments made to reduce associated liabilities and other fixed asset movements.

The Papworth Trust

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The Pension liability fund relates to the remaining liability produced from the full actuarial assessment, less the value of the creditor for pension liability shown on the balance sheet.

Restricted Funds

The capital fund relates to assets purchased using restricted funding and includes cash raised as part of capital appeals. Depreciation is expensed against those grants as they are utilised.

Other Housing Funds represent restricted funds for various Housing Projects. These funds relate to previous local authority funding agreements for specific housing programmes.

The First Steps Project is being run throughout our three key regions and aims to utilise community fundraising to provide an employment advisor in all three counties. To date funds have been raised for this project in Suffolk and Cambridgeshire.

The Covid recovery appeal relates to funding received specifically to support our services due to disruption from the pandemic. These funds have supported additional staffing to reach those customers isolating in their own homes as well as provide essential equipment to customers and our staff, including tablet computers for a number of our service users.

The garden studios fund represents funding received in support of our objective to develop garden studios at three of our centres to support customer-based activities.

Other funds represent all other restricted funds for non-housing related projects, including the Trust's Day Centres.

The Papworth Trust
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25 Reserves continued

Analysis of Net Assets between Funds

£'000s	General Reserves	Designated Reserves	Restricted Reserves	Endowment fund	Total Reserves
Fixed Assets	9,358	38,041	2,070	424	49,893
Current Assets	4,152	-	282	-	4,434
Liabilities due within 1 year	(2,271)	(1,152)	-	-	(3,423)
Liabilities due after one year	(1,272)	(21,227)	-	-	(22,499)
Pension Liabilities	(2,662)	-	-	-	(2,662)
Other liabilities	(201)	-	-	-	(201)
Total	7,104	15,662	2,352	424	25,542

26 Related parties

During the year the Trust purchased services in the normal course of business from The Varrier-Jones Foundation, a charity whose objectives are to support the work of The Papworth Trust.

In the year ended 31 March 2023 services were purchased totalling £17,952 (2022: £17,199), these services were for the lease of two premises owned by the Varrier-Jones Foundation. The Trust made sales to The Varrier-Jones Foundation of £52,835 (2022: £52,633) for the provision of business support functions for the Foundation.

At 31 March 2023 the amount due from The Varrier-Jones Foundation was £nil (2022: £146,250). The amount due to The Varrier-Jones Foundation was £nil (2022: £nil)

The Varrier-Jones Foundation provides funding to the Trust. During the year, donations of £1,300,000 were awarded (2022: £1,755,000).

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

27 Value for Money Metrics

27.1 Reinvestment

	2023	2022
	£'000s	£'000s
Reinvestment in housing stock is as follows:		
Capital works to existing properties	1,646	999
Total reinvestment	<u>1,646</u>	<u>999</u>
Historical cost of Housing Properties	<u>60,046</u>	<u>58,238</u>
Percentage of reinvestment	<u>2.7%</u>	<u>1.7%</u>

27.2 New Supply delivered

	2023	2022
New supply delivered is as follows:		
New supported living units	10	-
Total new units	<u>10</u>	<u>-</u>
Total Units owned	<u>669</u>	<u>659</u>
Percentage of new supply	<u>1.5%</u>	<u>0.0%</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

27 Value for Money Metrics continued

27.3 Gearing

	2023	2022
	£'000s	£'000s
Gearing is made up as follows:		
Loans due in less than one year	1,028	978
Loans due in more than one year	12,546	11,605
Cash held	(3,253)	(2,425)
Net debt held	<u>10,321</u>	<u>10,158</u>
Historical cost of Housing Properties	<u>60,046</u>	<u>58,238</u>
Gearing	<u>17.2%</u>	<u>17.4%</u>

27.4 Interest cover

	2023	2022
	£'000s	£'000s
EBITDA MRI is made up as follows:		
Operating Surplus for Social Housing Activities	468	395
Add back depreciation for Housing Units	1,230	1,187
Less Amortisation of government grants	(368)	(370)
	<u>1,330</u>	<u>1,212</u>
Interest payable	<u>486</u>	<u>377</u>
EBITDA MRI	<u>274%</u>	<u>322%</u>

The Papworth Trust
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27 Value for Money Metrics continued

27.5 Social Housing costs per unit

	2023	2022
	£'000s	£'000s
Per unit housing costs is made up as follows:		
Management costs	790	931
Maintenance costs	788	725
Service charge costs	1,476	1,315
Depreciation	1,230	1,187
	4,284	4,158
 Total number of units	 669	 663
 Total cost per unit	 6.4	 6.3

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

27 Value for Money Metrics continued

27.6 Operating margin

	2023	2022
	£'000s	£'000s
Operating margin is made up as follows		
Operating surplus from general needs	216	209
Operating surplus from supporting living	252	186
Total Operating Surplus	<u>468</u>	<u>395</u>
Revenue from general needs	927	922
Revenue from supported living	3,825	3,630
Total revenue	<u>4,752</u>	<u>4,552</u>
Operating margin from general needs	23.3%	32.7%
Operating margin from supported living	6.6%	5.1%
Total operating margin	<u>9.8%</u>	<u>8.7%</u>

Exceptional items, including impairment charges are excluded from the above operating margin ratios.

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

27 Value for Money Metrics continued

27.8 Return on Capital Employed (ROCE)

	2023	2022
	£'000s	£'000s
ROCE is made up as follows		
Operating Surplus for Social Housing Activities	468	395
Adjusted operating surplus	<u>468</u>	<u>395</u>
Net book value of housing properties	37,429	37,814
Current assets	4,434	3,938
Current liabilities	(3,422)	(3,654)
Total assets less current liabilities	<u>38,441</u>	<u>38,098</u>
ROCE	<u>1.2%</u>	<u>1.0%</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2023

Honorary personnel, Trustees and senior managers

PATRON

Her Royal Highness the Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A Bridgewater	Mr A Dasgupta MBE	Sir Hugh Duberly CBE LL
Lady S Marshall	Mrs J P B G Pearson	Mrs M E Thomas CBE DL
Mrs J Womack	Mr G R W Wright DL	Mr R Hammond

CHAIR OF TRUSTEES

Brian Stewart OBE

VICE-CHAIR OF TRUSTEES

Patrick Hughes – retired 27 July 2022
Vanessa Stanislas

HON. TREASURER

Mike Anderson

OTHER TRUSTEES

David Atkinson – resigned 21 March 2023
Grazina Berry – appointed 26 October 2022
Mick Burgess – appointed 26 October 2022, resigned 7 June 2023
Jane Carmichael
Amy Carter - appointed 26 October 2022
Andy Hirst – retired 23 January 2023
Elizabeth Jessop – resigned 20 December 2022
Penny Metcalf – appointed 26 April 2023
Christina Olubukola Orekogbe – resigned 27 April 2022
Rick Rogers – Appointed 27 April 2022, resigned 8 February 2023
Dominic Tait – appointed 26 April 2023
Andrew Williams

EXECUTIVE TEAM

Sarah Miller	Chief Executive Officer
Mark Blake	Director of Finance and IT
Helena Harris	Director of Operations and Development
Sarah Harvey	Director of People and Culture

The Papworth Trust is a company limited by members' guarantee of £1.00 each.
The Trustees are the members of The Papworth Trust.

The register of members is maintained at the registered office.

The Papworth Trust

Report and Accounts for the year ended 31 March 2023

Principal Advisers and general Trust information

COMPANY SECRETARY

Mr M Blake

REGISTERED OFFICE

1 Saxongate
Bradbury Place
Huntingdon
PE29 3RR
Telephone: (01480) 357200
www.papworthtrust.org.uk
info@papworthtrust.org.uk

INVESTMENT MANAGERS

Sarasin & Partners
Juxon House
100 St Pauls Churchyard
London
EC4M 8BU

BANKERS

Barclays Bank plc
Level 12
1 Churchill Place
Canary Wharf
London
E14 5HP

Lloyds Bank PLC
10 Gresham Street
London
EC2V 7AE

PENSION MANAGERS/PROVIDERS

The Defined Benefit Scheme

The Pensions Trust
Verity House
6 Canal Wharf
Leeds
LS11 5BQ

AUDITORS

RSM UK Audit LLP
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB

SOLICITORS

Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 0DP

National Westminster Bank Plc
Lending Operations
250 Bishopsgate
London
EC2M 4AA

Triodos Bank UK
Deanery Road
Bristol
BS1 5AS

Pensions Adviser

Foster Denovo Employee Benefits
Ruxley House
2 Hamm Moor Lane
Addlestone
Surrey
KT15 2SA

The Papworth Trust

Report and Accounts for the year ended 31 March 2023

A thank you to our Notable Partners and Donors

The Varrier-Jones Foundation

Deloitte LLP

PCS Legal

The committee and members of Purple Horizons

Christopher & Elspeth Thomas Charitable Trust

SEN Legal

Mr Abhay Samel

Co-op

One Broker

Mrs Louise Anderson

John Grose Group

Glazing Vision

Together Fund administered by Disability Rights UK

David Solomons Charitable Trust

Warwick and Dominey Fund administered by Cambridgeshire Community Foundation

The Simon Gibson Charitable Trust

South Cambridgeshire District Council

The National Lottery Heritage Fund

John Lewis Foundation

Ganzoni Charitable Trust

Sir John Eastwood Foundation

Dudley and Geoffrey Cox Charitable Trust

Cambridge City Council

Appreciation for Legacies received

Miss Lucy Rochford

Mr John Knight

Mrs Constance Schofield

THE PAPWORTH TRUST

England & Wales - Charity number 211234

Accounts

The Papworth Trust
Report and Accounts
31 March 2022

The Papworth Trust
Report and Accounts for the year ended 31 March 2022

OUR VISION, MISSION AND VALUES

Our vision

- a world where disabled people are seen for who they are

Our mission

- is for disabled people to have equality, choice and independence

Our values

Our core value is that we put our customers at the heart of everything we do

We support our customers to:

- Be in control
- Have a choice
- Be happy
- Have a voice and be heard
- Have opportunities
- Have a home they want and the community services they need

We work with our customers by:

- Being fair
- Working together
- Being honest
- Being responsible for what we do
- Showing respect



The Papworth Trust
Report and Accounts for the year ended 31 March 2022

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**Registration
Number**

TRUST STATUS:

A registered charity	211234
A company limited by guarantee	148906
A private registered provider	LH1648

CHAIR'S REVIEW

I am pleased to present the latest accounts for the Trust, which display continued good performance in the year, against a background of challenging economic circumstances and ongoing disruption due to Covid-19. Our quality of service delivery has remained high, and we articulate our achievements against our plan in the report below. These achievements demonstrate the difference we make to the people we work with, and reflect the passion and desire of all of our staff to really focus on achieving positive outcomes for our customers.

We have seen growth in revenue of 10% in the year, primarily as a result of some expansion of our Care provision and greater activity across our Work programmes, with levels of activity elsewhere being maintained. Costs have largely risen to match this expansion and, with the increased costs of housing maintenance, has pushed our operating surplus down a little. However, we are pleased to be able to increase our reach, and therefore impact, and will continue to strive to support as many people as possible, recognising that there is still significant unmet need for disabled people in our unequal society.

The pandemic has continued to affect our work, with lockdowns and local Covid-19 outbreaks disrupting service delivery in a number of areas. We have continued to engage with our customers throughout, maintained service delivery as far as possible and are now starting to see some stability, and greater scope to plan for the future, as restrictions have eased. We have reviewed our strategy during this period, and have revised our business plan, centring on four strategic objectives, as described below in our plans for future periods, allowing us to build on our strong foundations whilst seeking growth opportunities where appropriate.

The external landscape is likely to remain difficult for some time. Local Authority funding, which is a key income stream for us, has never been more constrained, and increasing inflationary pressures in all areas will challenge the Trust. We, like much of the economy, have on-going recruitment and retention issues, as well as material and contractor availability challenges for buildings maintenance, and we have sought to be as pro-active as possible to ensure we can secure the resources required for continued delivery.

I would like to thank all the staff and volunteers of the Trust for their efforts over the past year. Their commitment and dedication to our customers continues to inspire. I would also like to record the Trust's continuing appreciation for the substantial annual donation received from the Varrier-Jones Foundation.

Finally, I would like to thank our Trustees, and all of our supporters, who make a significant contribution to the work of the Trust, with particular thanks to Deloitte LLP. Without this continuing support, we couldn't do all that we do.

Brian Stewart OBE – Chair of Trustees

TRUSTEES' REPORT

The Trustees present the Trustees' Report and audited Financial Statements for the year ended 31 March 2022.

Achievements and performance

We are pleased to report, that we have been able to sustain our service delivery and continue to positively support our customers, despite the challenges from previous years continuing into this one. We send our thanks to all our staff and volunteers without whom this would not have been possible, whilst retaining customer and outcome focus.

We have maintained our attention on elements that we believe have the greatest impact on the lives of disabled people, concentrating on our four key service delivery areas, which are:

- **Housing** – we are a registered provider of social housing, with nearly 75% of this being supported housing, ensuring disabled people have suitable homes
- **Work** – we deliver a number of programmes to support people to develop skills and gain access to employment opportunities
- **Care** – we provide care to individuals who generally have complex needs so that they can live independently within their own homes
- **Opportunities without Limits (OWL)** – provides a range of day services and opportunities for disabled people

We currently provide 663 homes of which 490 offer supported living, have supported 2,093 individuals moving towards and into work, delivered 248,768 hours of care in total for our 38 supported living customers and supported 250 people with learning disabilities in 5 Opportunities without Limits centres. In 2021-22 Papworth Trust had turnover of £14.8m (2020-21: £13.4m) and employed 249 staff (2020-21: 232)

In 2020 the Board of Trustees established seven key strategic priorities as part of our three-year Business Plan, structured in order to 'DELIVER' our strategy. We are pleased to report the following progress in 2021-22 that has been made against each of these.

Deliver Sustainable Growth with Purpose

- Funding has been secured to set up our First Steps To Success work programme in Essex as well continuing to support our Suffolk and Cambridge services.
- We successfully moved our Sawston Opportunities Without Limits service to its new home in Abington which will provide the ability to increase the number of customers we can support.

Efficiently and Effectively provide great services

- We have reviewed and refined our recruitment process for Care to improve recruitment success rate and sustainability. We have also reviewed and increased the hourly pay being offered to help attract and retain care recruitment as well as ensuring we can offer an attractive package given the changes to the national living wage.
- For our Care service in Treeways we have revised our customer strategy and successfully obtained additional funding from commissioners.
- We have successfully improved performance in our Work and Health Programme, receiving higher than expected high rate outcomes, since returning to a payment by results model.
- We have implemented a Customer Relationship Management system for income generation to help drive increased funding.

Lead Meaningful Engagement, Striving for Co-Production

- We have designed and implemented a tenant scrutiny panel and recruiting to a tenant experience panel has started. This will help improve engagement with our tenants and improve our services based on tenant involvement and feedback.
- We have developed and implemented customer forums in our work services to offer opportunities for customers to engage with us.
- We have implemented OWL customer and Care forums in Basildon and Ipswich to continually learn and improve our service offer.

Influence disability policy, rights and opportunities

- We have achieved level 3 Leader Status, Disability Confident reaccreditation in the year. This will allow us to raise the profile of Disability Confident and engage with local employers to ensure that they recruit more disabled people.

Value our heritage whilst developing our culture

- We have completed stage one of our ethics strategy with definitions and purposes being agreed and an action plan has been developed. An ethics group is being established to review the action plan quarterly as well as propose new activities.

Engage with others to learn and innovate

- A working group has been established and first place measures have been agreed with regards to the development of our impact measurement framework.
- Our Hybrid working policy has been developed using the lessons learned from working through the pandemic.

Retain and develop a high quality workforce

- We have successfully recruited a Learning and Development manager to appraise the delivery of learning and development across the Trust.
- A draft format of our volunteering strategy has been developed with resources in 2022-23 being secured for a Volunteer Co-ordinator to deliver the strategy.

Impact of Covid-19 Pandemic

Now some two years on from the initial impact of the Covid-19 pandemic, we, like many organisations, are still experiencing effects, which have been varied across the business. We have been able to ensure continuity of delivery of services, adapting to ensure that customers can continue to be supported in a safe way, and that our operations run efficiently and effectively. We have used the lessons learned, as well as the impetus already in train from our move to a more agile way of working in a number of our functions, to develop new ways of working that seek to maintain customers at the heart of everything that we do. Individually for our service streams the impact has been as follows:

Housing

For our housing portfolio the focus throughout the pandemic has been to continue to deliver our planned housing improvements and to support any tenants who have been negatively impacted. Due to supply chain challenges, and also recognising the need to support shielding customers, our planned investment programme over the past two years has been challenged with some planned works being delayed. To address this, we have re-worked our programme to ensure that the most critical elements get priority attention. We have sought to engage closely with tenants throughout, and to respect their

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individual wishes around access to their properties. We are committing through our budgets and forward plans to ensure all work that has been delayed is completed as soon as possible. We continue to build on our tenant engagement activities, and are increasing our resource in this area. We are seeking to establish longer-term contracts with key suppliers in order to improve the resilience of our supply chain.

Work

It was recognised that, during the periods particularly affected by Covid-19 restrictions, securing employment opportunities for our customers, often those most removed from the job market, was particularly challenging. It proved difficult at times to deliver the outcomes anticipated by our programmes. This was a national picture that was recognised by key funders, such as the Department for Work and Pensions, and funding mechanisms were put in place to ensure services were sustained. All existing programmes have continued, with delivery being a blend of virtual and face-to-face interaction. Performance across these programmes has been strong since the turn of the year in 2022, giving us confidence in continuing to achieve targets and assurance that our operating model remains effective.

Care

Our Care staff have continued to deliver quality support to our customers throughout the pandemic, and it is a credit to the teams that this delivery has been maintained, and that we have even seen some growth in customers. We have adapted service offerings where necessary to ensure customers remained protected, though disruption to staffing availability due to the need for staff to self-isolate or shield, has meant that demands on support workers has never been greater. We greatly appreciate the commitment and dedication of our staff in ensuring support to our customers was maintained. We continue to deliver high quality, customer-focussed care across our services, though challenges remain in this significantly under-funded provision and sector as a whole.

OWL

Our OWL services were most impacted by Covid-19, with the challenges of lockdowns, social distancing and some customers having to shield or self-isolate, leading to significant disruption to operations in our centres. Our response to these challenges was to move to a remote digital delivery model with home visits for those that needed it. This combined with the support of our commissioners via secured funding and agreements to revised forms of delivery, has meant that, in spite of this, we have been able to continue to provide services to most of our

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customers in some form or another, and are now able to recommence our centre-based offerings. The recovery path for this has been quicker in some services than others, but customers welcome the social interaction and we are seeing customers returning. We have maintained a level of mixed-mode operations, and have been grateful for the support of a number of partners who have donated equipment to allow customers to be able to access our remote services, keeping these customers engaged and connected, helping them to develop their skills and confidence.

Ways of Working

We adapted our working methodologies very quickly at the outset to enable remote working for staff, and have embraced technology to help us support staff to maintain delivery. We are using the lessons learned from this more flexible mode of working into our future workplace and workspace planning, as we consider the requirements going forward. We are conscious of the needs to also adapt governance and controls to our revised ways of working, and have developed our policies and processes accordingly.

We have focussed strongly on staff wellbeing, recognising that all our staff are facing different challenges, and we continue to work on our plans for the future to seek to build a more effective and supportive organisation for both customers and staff.

Reserves Policy

The Trust seeks to retain adequate reserves within the operation to ensure our financial resilience and sustainability, taking into account the obligations that we have, the future plans that we have made and the risks to delivery that we have identified in our risk register. The reserves policy sets out the target general reserves level and identifies measures to be taken to bring these reserves back within the target range, if required. It also sets out any designated reserves held and the purpose for holding these. The reserve balances are reviewed annually, informed by the business plan and an assessment of risks facing the business.

The management of funds to ensure sufficient liquidity and protection of funds to meet our obligations, both those recognised on the balance sheet and elements provided for under our reserves policy, is a separate consideration dealt with under our investment and treasury management processes.

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Restricted Reserves

The Trust from time to time receives grants or donations that might be specifically designated by the donor for a particular purpose, either in response to an appeal that we have made, or more generally by the donor's relationship with the Trust. The value of restricted reserves held as at the balance sheet date was £2.6m.

Where the Trust chooses to accept such grants or donations, it will do so on the full understanding of the terms and conditions that pertain to the grant or donation, and will put steps in place to ensure that these donations are only expended as prescribed in the terms, and that any further obligations placed upon the Trust by the acceptance of such grants or donations are adhered to. Such grants and donations are separately tracked and monitored and do not form part of the general reserves at the disposal of the Trust.

Designated Reserves

The Trustees also use their powers to designate certain reserves for specific purposes, if required, to ensure that known future commitments can be met, or to recognise that certain assets cannot be freely deployed to meet particular objectives of the Trust without significant disruption to the Trust's business.

To this end the Trustees have resolved to exclude from general reserves the value of fixed assets held, net of the long-term liabilities held against these. These assets do not represent 'free' reserves as they are required to be maintained in order that we can continue to deliver the services to our customers to deliver our aims, therefore the Trustees have designated an amount of reserves that reflect this carrying value on the Balance Sheet. The Trustees have also elected to include in designated funds the pension liability payments still required under the deficit repayment plan produced from the most recent full actuarial assessment, less the amount already provided for this liability on the balance sheet, following the pension trustees' current assessments. The value of designated reserves held as at the balance sheet date was £17.3m.

Endowment Funds

The Trust holds a small number of funds, described as endowment funds, established over time to support particular groups of beneficiaries. We seek to utilise these funds to support these beneficiaries to the extent that we are able, in line with our general objects. The value of the endowment funds held as at the balance sheet date was £428k.

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General Reserves

General reserves represent the free reserves that the Trustees have at their disposal to effectively meet the objectives of the Trust. These reserves are held to seek to ensure the financial resilience and sustainability of the Trust, helping to manage risk and volatility and insulating the organisation against the impact of future financial shocks.

The Trust has sought to evaluate the material risks and uncertainties facing the business, and the kind of financial provision that may need to be reserved to manage these risks, should they occur. We have considered activity as identified in our three-year business plan to represent an appropriate time horizon for the assessment of the level of reserves required.

It is also recognised that there is a level of general volatility in operations, and any plans to materially change provision, to exit any activity, or to manage the transition of programmes to differing funding mechanisms, inevitably takes time and involves cost, so it is prudent for the Trust to preserve funds for such eventualities also.

The Trustees have evaluated the principal financial risks facing the charity and have summarised these in the tables below;

General Reserves assessment

Category	Description of Risk	Estimated Financial Exposure
1. Potential Future Obligations	Social Housing Pension Liability. There is a potential £233m claim against TPT, the fund managers for SHPS, relating to the application of inflation rates to benefits historically. This is not reflected in the TPT valuation, however it would be prudent to reserve for our share of risk to our own funds.	£700k
	Capital Investments – own funds required to be reserved to complete projects	None at present – funding plans in place to meet requirements. This could change once we have an assessment of requirements to

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Category	Description of Risk	Estimated Financial Exposure
		meet net zero compliance
2. Operational challenges	Care service delivery. Challenging operating model, risk to achieving financial improvement plan and sustainable operating model	£75k to £150k
	Stress-testing and sensitivity of budget projections	£250k to £350k
	Reduction in voluntary funding. Reserve needed to manage any transition to reduced funding environment	£300k
	Inflation levels significantly exceed those budgeted, adversely impacting the cost base of the organisation	£100k to £200k
3. Transitional arrangements	Funds required to manage transitions between contracts	none anticipated at present
4. Funding planned service shortfalls	Identification of reserves to fund future shortfalls	none required that are not already included in the budget
5. Asset valuation risk	Impairment risk of fixed assets. Realisable value may be less than in-use value for specialist assets	£550k
	Repayment of social housing grants, should these not be recycled effectively	£400k
	Downgrade in valuation of Investment portfolio	£1m to £2m

From this assessment the Trustees have concluded that they need to hold general reserves for operating activities in the target range of £3.4m to £4.7m, with consideration also made for further increases in the SHPS liability at the next full actuarial revaluation, in the range of £0.75m to £1.5m, on previous experiences, giving a total target range of £4.15m to £6.2m. Current general reserves stand at £6.4m, as at 31st March 2022, and therefore these reserves are slightly in excess of our current target range. The level of general reserves is monitored carefully to assess whether any excess is permanent or temporary in nature, and programme delivery will be structured accordingly.

Investment Policy

The Trust seeks to produce the best risk-adjusted financial returns from its financial investments. The investment objective is to maintain the real value of the assets over the long term, whilst also producing an income stream that can support the regular operations of the Trust. Investments are managed with full discretion by the Trust's investment advisers in accordance with the Statement of Investment Policy agreed with the Board. This is monitored and managed by the Joint Investment Committee, made up jointly of trustees of the Papworth Trust and the Varrier-Jones Foundation. The Trustees of the Trust set the objectives, restrictions, investment mandate and any exclusions and, via the Joint Investment Committee, monitors the performance of the investment advisers through formal review meetings. Part of this strategy seeks to diversify adequately to minimise concentration risk and to hedge currencies appropriately.

Investment scope

Subject to the Environmental, Social and Governance (ESG) limitations that are set, the Trust delegates authority to the appointed fund managers to invest its funds appropriately to meet the targeted financial return and liquidity requirements agreed from time to time.

Attitude to Risk

The Trust seeks primarily to ensure that the real value of its investment funds is at least maintained, to support its reserves policy, whilst also providing a valuable unrestricted income stream to support operations. A key risk to the long-term sustainability of these funds is inflation, and the assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that the financial investments will be concentrated in real assets and that the capital value will fluctuate. The Trustees are able to tolerate short-term volatility of the capital value of the Trust's financial investment portfolio, as long as the Trust is able to preserve the underlying value in the long term. The investment portfolio is positioned to act as a fall-back source of liquidity in the unlikely event that the Trust experiences a period of operational cashflow stress.

Structure, governance and management

As a Charity, The Papworth Trust is governed by its Trustees, who are also the members of the Trust. Trustees can serve up to three terms of office of up to three years each; the arrangements for the election or appointment of Trustees are detailed in the Articles of Association.

The Trustees, who are also the Directors of the company under company law, meet quarterly to review the management of the organisation. Day-to-day management is delegated to the Chief Executive and Executive Team. Trustees also meet managers in Committees to oversee the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees. Minutes of all Committee meetings are subsequently circulated to the full Board.

The induction process for Trustees is structured to ensure they receive a comprehensive introduction to their role and to the organisation. It consists of visiting our services and meeting our customers and staff, understanding the functions of the Trust through 1:1 meetings with senior managers and reading core relevant information, guidance and legislation. Certain site visits and induction meetings have necessarily been virtual meetings due to Covid restrictions over recent times, but we are pleased that we are now able to offer the opportunity to see our services first hand in order to fully appreciate the impact that we can achieve.

Trustees also undertake mandatory training, whilst also having the opportunity to participate in a range of good practice training relating to governance, Charity Commission requirements and operational delivery. Trustees are also supported by access to a dedicated section of our intranet site and by the use of board management software, keeping them updated on matters arising within the charity, as well as within the sector and our operating landscape more widely.

All Trustees, including the Chair, undertake an annual appraisal review, incorporating feedback from primary points of contact, in order to monitor Board effectiveness.

Trustees do not receive a salary, but may claim expenses for actual costs incurred in attending meetings or otherwise fulfilling their duties. The extent of reimbursement of expenses is dealt with under note 7 below.

Conflicts of Interest

A register of Trustee and Executive Team interests is maintained, in order to be able to assess and manage any potential conflicts, and the Conflicts of Interest

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policy and process has also been revised in the current year in order to ensure alignment with current best practice.

Trustees and Executive Team members are asked to maintain the information held, and formally confirm on an annual basis the contents of the Register of Interests and also continued eligibility to serve as a Trustee of The Papworth Trust, with reference to disclosures required under company law and charity law, as well as best practice.

Trustees and Executive Team members are also asked to disclose any potential conflicts of interest at the start of any Board or Committee meeting, or prior to the involvement in any project, where a conflict might exist. Any such conflict so identified is then managed in accordance with the policy.

Trustees' Liabilities

The Trust indemnifies the Trustees of the Trust against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year.

Committees

Committees take a more detailed interest in specific areas of the Trust's activities and monitor performance against key performance indicators. The terms of reference of individual committees, and of the Board, are reviewed annually to ensure continued effectiveness and compliance with good governance practice, with a Board effectiveness review undertaken every 3 years. The committee structure now in operation, with key responsibilities identified, is as follows:

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is responsible for reviewing the financial performance of the Trust and reporting this to the Board, as well as overseeing the organisation's Risk Management Framework. The Committee monitors in-year financial performance and reviews the Trust's annual accounts, recommending them to the Board for approval. The Committee receives audit reports from internal and external auditors and reviews the Trust's framework for financial controls, including consideration of the annual statement of internal controls and its compliance with current guidance. The Committee holds responsibility for the oversight of treasury management, the financial appraisal of new projects and prevention and detection of fraud.

The Committee also takes primary responsibility for ensuring that the Trust has effective risk management mechanisms in place, and periodically considers the

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Trust's risk register, ensuring that mitigations are effective and that any residual risk is aligned with the Trust's tolerance and appetite for risk.

Governance and Compliance Committee

The Governance and Compliance Committee oversees all matters of performance, quality and compliance of the Trust's operations, and ensures the effective ongoing governance of The Papworth Trust.

The key responsibilities of this Committee are to review performance in line with service standards and statutory, regulatory and contractual compliance, to ensure effective oversight of safeguarding and health and safety is maintained and also to ensure that we have an appropriate policy framework to govern the work of the Trust.

Strategy and Change Committee

The Strategy and Change Committee is responsible for discussing and reviewing strategy and recommending changes for the continuous improvement of services offered by the Trust. Significant changes to markets, services, re-alignment of strategy or significant new ventures and major projects are all considered by this Committee. This Committee also reviews fundraising strategy and the scope and scale of our influencing activities, as part of the consideration of our wider strategic positioning.

Remuneration Committee

The Committee has delegated authority from the Board to approve the overall annual pay award and general reward policy for staff and to determine the remuneration of the Chief Executive and Executive Team. It also has oversight of salaries of any other staff in receipt of salaries over the Statement of Recommended Practice (the SORP) reporting threshold (currently £60,000 pa).

Joint Investment Committee

The Joint Investment Committee oversees the management of financial market investments to assist in meeting the current and future financial needs of the Papworth Trust and the Varrier-Jones Foundation. It considers investment mandates, policies and objectives, and meets with the investment managers on a regular basis to review performance against benchmarks, and to consider the wider economic outlook.

Equality, Diversity and Inclusion

In line with our mission, we want disabled people to have their own home and live independent lives. Papworth Trust also strives to be an open and inclusive organisation, which serves all our communities and service users. We are

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committed to equality of opportunity for everyone who uses or provides our services.

We seek to make sure that no one will be treated less favourably because of their gender, sexual orientation, marital status, responsibilities for dependants, race, colour, nationality, ethnic origin, religious or political beliefs, age, class, disability or unrelated criminal convictions.

We expect all individuals and organisations that are involved in our activities to respect our equality and diversity policy.

Health and Safety

The Board recognises its responsibilities on all matters relating to health, safety and security, for both staff and customers. We maintain scrutiny through best practice groups, as well as formal reporting mechanisms to management and to the Board of any health and safety issues or concerns. We will continue the monitoring of safeguarding via the Governance and Compliance Committee, and utilise the Safeguarding Best Practice Group to capture learning and feedback from our own experience, and the experience of others, to improve process and practice.

Disabled Employees

We have a Diversity and Equality policy regarding the employment of staff, including disabled employees, and consider all applications for employment from disabled people.

Currently 16.9% of Papworth Trust's employees have a declared disability, with additional staff having long term medical conditions which they do not consider to be disabilities.

This year we were re accredited for another 3 years as a Disability Confident Leader. We continue to champion good practice under this scheme and actively encourage all organisations within our supply chain and wider networks to employ, support and promote disabled people. We also actively support other organisations to join the Disability Confident scheme.

Employee Involvement

We continue to develop our staff and volunteer voice to enable them to contribute to the development and delivery of our services, reward packages and policies. We will be embedding this through our Employee & Wellbeing Forum, Ethics Groups, Colleague Experience Groups and will focus on developing even more effective communication/feedback mechanisms.

We also continue to build on the success of our existing communication mechanisms, retaining those channels already in place, such as the weekly

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briefing from the Chief Executive Officer (CEO) and our newsletters and publications. We are further strengthening both our communication channels and our employee voice, through the setting up of Task Groups for our Strategic Priorities.

Gender Pay Gap

Several changes affected our Gender Pay Gap in April 2021. We pay a sleep-in top up for our Care staff. As sleep ins have been classed as non-working time, we have included payments for these shifts in the calculations but not the hours completed. This reflects a change in our reporting methods from October 2020 and results in an increase in pay for our lower paid staff. We introduced company sick pay for our Care teams in January 2021.

We have had a greater proportion of female staff contributing to our salary sacrifice pensions. As the calculations must be made on gross pay after pension deductions for salary sacrifice this has increased the gender pay gap, particularly in the lower quartile. The Trust is showing a positive Median pay gap of 5.0% (2020 – Negative 3.2%) and a Mean pay gap of 6.0% (2020 – 0.5%).

Customer Involvement

It is very important to us that our customers are involved and influence how we develop, design and run services. The Trust has local customer groups covering our centres and services that inform us of key points of issue or concern. We are signed up with the National Housing Federation and adopted the Together with Tenants plan, aimed at making clear commitments for Housing Associations to be accountable and responsive to their tenants. Enhancing engagement is one of the key strands of our current Business Plan, and we are actively developing a comprehensive engagement strategy to improve the communications and feedback across the Trust. This has been supported by the recruitment of an Engagement Officer in our Housing team in the year.

Fundraising

The Trust is registered with the Fundraising Regulator and adheres to the guidelines of the Fundraising Code of Practice. Processes are in place to ensure that donations are utilised for the purposes for which they were given and towards the charitable objectives of the Trust. For donors and potential donors who have opted in to receiving contact by the Trust, personal details are kept in accordance with General Data Protection Regulations (GDPR).

Two small volunteer fundraising groups act on behalf of the Trust; their activity is monitored by a steering group, which includes Papworth Trust staff, and there are transparent processes in place to ensure that all donations are received by the

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Trust, that information relating to the Trust is accurate and that donors are not misled. In the 2021/22 financial year the Trust did not receive any complaints relating to fundraising practice.

Value for money (VfM) - Housing

Papworth Trust's mission is to support disabled people to have equality, choice and independence. As a Registered Provider of social housing we provide safe, accessible and affordable homes for our customers and we have a portfolio of supported housing located across the East of England, in addition to our base of general needs properties located in Cambridgeshire. Papworth Trust continues to focus on delivering a quality service to our customers in the most efficient and effective way, working to improve levels of satisfaction whilst generating surpluses to assist in both the funding of additional services to our customers and provide improvements to our existing housing stock.

In presenting the value for money metrics for our housing portfolio for 2021-22, following the recommended reporting from the Regulator of Social Housing, we have elected to use benchmark comparisons with a national small provider benchmarking group, comprising over 140 smaller social housing providers, the Small Provider Benchmarking Metric (SPBM). It should be noted, however, that whilst it is possible to find comparative organisations in terms of stock count, it is more challenging to benchmark against organisations with similar operational models, i.e. smaller providers with high levels of supported housing spread over a wide geographical area, alongside general needs housing. Therefore, within the SPBM we separate out the specialist providers who offer similar services to help us to understand respective performance more clearly.

Achievements in 2021-22

- **Investment in Customer Engagement**

We recognise the importance of active involvement of our customers in our services, and this past year we launched our customer engagement strategy for tenants. With our new staff position focused on improving engagement with our tenants, we have reviewed our Tenant Scrutiny Panel and provided additional training to them to ensure that they have the skills they require to scrutinise whether the Trust is delivering on Value for Money.

- **Hybrid working**

We have made significant investment in our IT infrastructure to improve how the service uses technology to improve quality and increase efficiency. We have purchased improved IT equipment to enable our housing staff to work from any location, promoting home working and greater work in the community to reduce unnecessary commuting and provide a more visible service. We have continued our roll out of paperless housing systems and provided staff with tablet devices to enable improved service delivery.

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- **Investment in our homes**

We have continued our long-term commitment to improve the standard of our homes in line with our 30-year plan. Against a challenging external environment in the sector, we have completed £999k worth of capital works.

- **Asset management review**

We have completed Phase 1 of our strategic asset management project to develop our property strategy. This has involved comprehensively grading all of our existing homes on key areas of performance and value for money.

Phase 2 of the project will be undertaken in 2022/23

- **Kesgrave acquisition**

We have acquired a new home for one customer in Suffolk as part of our continued partnership working Suffolk County Council to deliver housing solutions to customers with complex care requirements. Initially a short-term arrangement to provide temporary accommodation to a customer whose principal home is undergoing adaptations.

Value for Money Metrics (Note 28)	2021/22	2020/21	SPBM median
Reinvestment	1.7%	1.6%	2.4%
New supply delivered	0.0%	0.2%	0.0%
Gearing	17.4%	19.8%	15.7%
Interest cover	322%	307%	255%
Social Housing cost per unit	£6,271	£6,013	£4,533
Operating margin (social housing)	8.7%	12.6%	17.8%
Return on capital employed	1.0%	1.5%	2.4%

Reinvestment

Our level of reinvestment has increased by 0.1% from 2020-21 to 2021-22, although expenditure was down on planned levels due to the level of disruption created by the pandemic and latent impact across the sector in terms of procurement. We continue to invest significantly in component replacements in

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order to improve the overall quality of our stock and plan to increase this investment further in 2022-23.

Alongside conventional component replacements, we are trialling the use of sustainable heating sources in a small number of homes. This trial will be used to inform future decisions as we seek to demonstrate value for money for stakeholders in achieving carbon net-zero by 2050.

New Supply Delivered

Our forward plan contains an intention to bring a further twelve units into use, using existing sites. All of these developments have progressed in the year, but more slowly than planned due to the pandemic.

Gearing

Gearing has decreased by 2.4% as a consequence of a concerted strategy to reduce overall debt levels across the organisation. We expect this process to continue over future periods as we gradually reduce our overall net debt levels.

Interest Cover

Our interest burden in the year has decreased as a result of lower total interest levels supported by historically lower base rates, being offset by decreased operational performance compared to prior years.

Headline Social Housing Cost per Unit – analysed by type

	2021/22	2020/21	SPBM
Supported housing	£7,031	£6,860	£8,696
General needs housing	£4,119	£3,618	£3,978
All housing	£6,271	£6,013	£4,533

Our overall social housing cost per unit has increased marginally from 2020-21 reflective of our ongoing investment in our homes coupled with price increases for materials and labour. This remains higher than the sector median, recognising that three quarters of our stock is supported housing attracting additional cost in terms of both intensive management and maintenance.

We have identified that higher costs of maintenance and replacement of specialist adaptations and equipment, alongside increased service charge costs, both act to increase our unit cost per property. In recognising and acknowledging our higher unit cost, we are also firmly committed to enhancing

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the value to our customers of living in a home suitably adapted to meet their needs with quality services to maximise their independence.

Due to the varied profile of our homes, it is appropriate to separate our general needs and supported housing to enable better benchmarking against similar providers for each housing type. When additional comparison is applied the general needs cost per unit is operating at a median level.

In the past 12 months, the supported housing cost per unit has increased toward the sector average, but still remains lower. This is not unexpected due to the different types of supported housing in our portfolio, from homes with minimal support and few adaptations which tend to be lower cost, through to higher-cost specialised supported housing. We recognise that significant variation can exist between supported housing costs due to differences in customer group, level of adaptation and service level, and remain committed to providing suitable homes to disabled people.

Operating Margin

Overall operating margin has reduced in the year. Overall revenue has remained stable, but increased maintenance costs have led to a reduction in surplus.

As with the social housing cost per unit metric, it is useful to split out the operating margin of our supported and general needs housing to understand the respective operating efficiency and business health.

The additional costs associated with providing and delivering supported housing alongside greater proportions of income via service charges (at cost only) reduce the overall margin of supported housing. Provision of supported housing remains a key strategic area for the Trust.

	2021/22	2020/21	SPBM
Supported housing	5.1%	7.9%	8.2%
General needs housing	22.7%	31.4%	18.1%
All housing	8.7%	12.6%	17.8%

Return on Capital Employed (ROCE)

The return on capital employed has reduced in 2021-22, with operating margins falling against the previous year, and with a relatively unchanged underlying asset valuation.

Value for Money 2022/23

- **Value for Money Strategy**

In ending what has been a challenging year, we have the opportunity to review how we use our resources to achieve value for money. We are planning to refresh our overall strategy in 2022-23, and develop it in line with our wider strategy and the external environment in which we operate.

- **Housing Development**

We are bringing twelve supported living units into active use, subject to obtaining the necessary consents. This is principally through the development of an existing site which is no longer fit for purpose and will be redeveloped from a shared living arrangement to a number of self-contained units. As part of our commitment to ensure our new homes are sustainable we are considering how we can ensure these meet net zero targets whilst achieving long term value for money.

- **Customer Focus**

Through our developed approach to customer focus we will work with our customers using our formal and informal engagement methods to identify where investments can meet need and make the biggest impact.

We will use our impact assessment framework alongside our customer feedback and self-assessment to determine the impact we have on customers and other stakeholders to ensure we are meeting economy and effectiveness.

- **Sustainability**

Phase 2 of our strategic asset management project will be completed in 2022/23. This involves appraising underperforming homes using a new Strategic Asset Performance Appraisal (ASAP) tool and is critical to our sustainability strategic objective. It considers the economy, efficiency and effectiveness of the individual homes within our portfolio to ensure they can deliver demonstrable value for money.

We recognise the importance of achieving net zero and our strategic assessment project includes consideration of viability to reach this.

- **Grow our impact**

We are developing a new housing development strategy. As part of this we are reviewing how we appraise both potential new opportunities and existing homes to ensure that future decisions consider value for money. We will use our ASAP model for new homes to ensure a consistent approach.

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- **External Influence**

Our historic connection to Papworth Everard village is important to us and we want to enhance our relationship with our customers based there and the wider community. As part of our impact assessment we will consider how we can demonstrate this objective has achieved value for money.

Going Concern

The Board has assessed The Papworth Trust's current financial position and resources, future obligations and risks, together with a review of the Trust's forward business plan, to consider the future financial viability of the Trust.

We have issued a new Business Plan which considers the likely impact of future cost pressures due to the pandemic and Brexit. We have also completed risks and sensitivity testing around key areas of uncertainty, and of major cash flows, within this plan and note that the Trust has sufficient reserves and working capital to support the Business Plan. The Trust also continues to have the support of the Varrier-Jones Foundation, who have confirmed their commitment to support the Trust over the next financial year.

The Board therefore considers that it has a reasonable expectation that adequate resources exist for the Trust to continue to be operational for the foreseeable future and therefore that the adoption of the going concern principle is reasonable and appropriate in producing these financial statements.

Auditors

A resolution proposing the re-appointment of RSM UK Audit LLP as auditors will be proposed at the Trustee meeting in October.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The report of the Board of Trustees was approved by the Board, and signed on its behalf on 27 July 2022 by:



Brian Stewart OBE - Chair of Trustees

STRATEGIC REPORT

Objectives and public benefit

What we do

We offer essential support and care to disabled people. Our Mission is to help disabled people achieve equality, choice and independence. We support a wide range of disabled people, including those with physical disabilities, learning disabilities, mental ill health and sensory impairments.

We support people to live their lives to the full, and be seen for who they are.

Objects

The object of the Trust is to provide relief to disabled people, including the provision of social housing, in such ways that are for the benefit of the public and charitable according to English Law.

This Object is delivered via a three-year Business Plan and annual Budgets and Departmental Plans. We carry out service reviews on a monthly basis to compare the outcomes and achievements of our work to our stated aims and objectives. The reviews look at the successes and challenges of each key activity and the benefits they have brought to those individuals and groups of people, considering any risks that emerge and any resourcing that may be required. The reviews also help to ensure that our activities remain focused on our strategic objectives.

Public Benefit

The Trustees confirm that they have regard to the Charity Commission's general guidance on public benefit whenever we review our Mission, aims and objectives and also when planning future activities, or evaluating existing ones.

We provide a benefit to the public by actively seeking to support disabled people to live their lives to the full, providing housing, employment support, care and day services as appropriate to meet the needs of our customers. We actively seek to embed our services in the wider community, recognising the benefits of an inclusive society, where everyone is seen for who they are.

We operate across the East of England and use our resources, as outlined above, to provide essential services and support, engaging with customers, commissioners and other key stakeholders to constantly evolve our offering to maximise the impact that we can achieve with the resources available.

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Financial Review

Full details of our financial performance for the year ended 31 March 2022 are shown in the Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement and Notes to the Accounts.

Turnover and operating surplus for 2021-22, with prior year comparisons, are shown in the table below:

	2022 £'000s	2021 £'000s
Turnover	14,771	13,383
Operating costs	(13,049)	(11,320)
Operating surplus	<u>1,722</u>	<u>2,063</u>
 (Loss) / Profit on sale of fixed assets	 (133)	 1
Exceptional income	-	67
Interest payable	(483)	(491)
Investment gains	320	1,826
Surplus for the year	<u><u>1,426</u></u>	<u><u>3,466</u></u>

Headline income has increased by 10%, which is principally attributable to income from Care and Work activities, Care has increased by 28% in the year, representing £879k additional income, with Work increasing by 43%, representing £605K in additional income. Fundraising has seen a decline in income from last year by 39% (£162K) as we received 2 large legacy donations in 2020/21. Other income has remained largely consistent across other service streams. Total operational costs have increased over the same period primarily attributable to Care and Work activities, Care operating costs have increased by 31% (£1,026K) and Work 34% (£491K). Care cost increases are a result of staffing issues seen nationally in the care sector, increasing rates and increasing the usage of agency staff; Work is due to our Work and Health Programme activity increasing.

Income

- Turnover from social housing lettings has remained static at £4.6m from 2020/21. If we exclude the small surplus made on the disposal of a housing unit in 2020/21 turnover has increased by 2% from £4.5m to £4.6m.
- Care activities saw income increase by 28%. The key drivers are the introduction of a new customer in Lowestoft, an additional temporary 2% rate

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increase from Suffolk County Council as Covid support payments, as well as backdated rate uplifts for NHS customers. We also received £50k from Suffolk County Council in the form of Workforce Recruitment and Retention fund payments, to support the care sector.

- OWL income increased by 4%, funding guarantees were in place for all sites up to December 2021, supporting the maintenance of services, and customers have been returning as Covid restrictions are reduced.
- Work services saw increased turnover of 43%. The Work and Health Programme's cost recovery model was extended to 31 December 2021 which meant we received 105% of costs as income. The Work and Health Programme has since reverted to a performance related turnover basis, and the Trust has been performing strongly, achieving better higher rate outcomes than expected, resulting in above budget income for the last quarter.

Expenditure

- Expenditure in Care increased by 31% due to increased staff and agency costs, specifically in our Lowestoft and Ipswich operations. The Care industry has experienced national difficulties around attracting and retaining care workers, and we have experienced this impact. In January the Trust increased hourly rates for care workers, ahead of anticipated changes in the National Living Wage, to seek to improve the recruitment and retention of support workers.
- Housing expenditure has increased by 4% as a result of considerable price increases for materials and labour, being partially offset by elements of work that could not be completed due to materials and labour shortages. We continue to work with our tenants and our suppliers to complete any outstanding work as soon as practicable for all parties, recognising the disruption to maintenance schedules created by the Covid-19 pandemic and exacerbated by supply issues, post Brexit.
- Work services expenditure increased by 34% compared to last year. The Work and Health Programme cost recovery model of 105% was extended to December 2021, with the JETS programme operating similarly. We have invested in capacity in order to meet targets, which has produced strong results.
- Our support functions expenditure has stayed in line with that incurred in the prior year.
- Expenditure in OWL Services are also broadly in line with that incurred in the previous year.

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Balance Sheet

- The cash position has improved by £230k, with total cash held of £2.4m at the balance sheet date. This is reflective of positive operational performance, but also reflects a number of elements of our capital expenditure programme that were planned for, but not completed in the year, due to material and labour shortages.
- The improved cash position has ensured that the Trust is reporting an improved current asset position at the balance sheet date. It is recognised that the Trust has significant loan redemptions to make in future years and have secured facilities in order to manage the anticipated future requirements.
- The Trust actively monitors and manages cash utilisation, and has prepared a long-term forecast which has been tested under stress scenarios to ensure adequate future liquidity. The Trust was ahead of its target for liquid funds at the balance sheet date.
- The current year financial statements highlight a significant improvement in the level of deficit for the SHPS pension scheme. The fair value of plan assets has seen significant gains which, together with increased discount rates, have led to a drop in our obligation. The Trust also made deficit repair contributions of £500K, and has a schedule of deficit repayment obligations running until March 2028, based upon the outcome of the last triennial valuation, which was as at 30 September 2020.

Treasury Management

The Trust's historic housing development has been financed through a combination of Social Housing Grant, long term loan facilities and surpluses generated through normal activities and through fundraising.

Treasury Management is managed by the Finance Team and overseen by the Finance, Audit and Risk Committee. It is reviewed on a regular basis, setting treasury policy in line with expected future requirements, and reviewing longer term projections to ensure adequate financing is in place to meet future liabilities. Regular stress testing is performed to ensure that the Trust has sufficient mitigations in place in the event of multiple events occurring that places stress on working capital. Working capital requirements are held as cash, with surplus funds being invested through the Trust's investment managers. Potential drawdowns

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from investments are considered as part of the Trust's financing plan to support working capital as required.

The Trust have secured a new lending facility of £3m which it is anticipated will be drawn in the coming financial year.

Loan Covenants

There are several loan covenants in place on the Trust's long-term loans, the key measures being asset cover and interest cover. Breach of covenants could result in loans becoming immediately repayable. Loan covenant tests are monitored monthly and were comfortably met for the year ended 31 March 2022.

Plans for future periods

The Trust's 2022-25 Business plan has set the following strategic principles to allow us to deliver good quality homes, jobs and services that enable our customers to achieve their aspirations:

- Customer focus
- Sustainability
- Grow our impact
- External Influence

In order to achieve our strategy we have set the following key objectives over the period:

Customer focus

We will:

- Respond to the needs of our customers, providing support to achieve their aspirations
- Learn from our customers through engaging and co-producing our services and our offer
- Measure and monitor the impact our services have on the lives of our customers to learn and improve
- Co-design service standards and assess our performance against them.

Actions:

- Implement our experts by experience programme, where customers audit services delivery, and the outcomes drive positive improvements
- Implement our self-assessment programme to drive service improvements
- Roll out customer charter, establishing ways to monitor organisation service standards better
- Understand the positive difference we are making through our newly-created impact assessment framework

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- Work alongside customers to design projects they want/need and secure funding to deliver these.

Sustainability

We will:

- Invest in our people processes and technology to provide a progressive and inclusive work environment
- Use asset management and net zero strategies to drive sustainability, whilst optimising our assets in accordance with our long-term financing plan
- Build on our strategic relationship with Varrier-Jones Foundation and broaden our approach to unrestricted funding
- Develop our management information strategy to support effective decision making and performance monitoring

Actions:

- Invest in our employee reward package; supporting agile and flexible working and providing opportunities for individual development to meet our future skills needs.
- Complete an asset management review of our property portfolio to ensure it is fit for purpose for the longer term. We will produce asset management and property development strategies that will consider operating costs, net zero targets, viability, and sustainability
- Seeking to be more strategic in our outlook, assessing and reporting on the impact that is achieved by effective use of resources.
- Working with each department to develop a continuous improvement programme which reviews systems, processes, resources, and policies.

Grow our impact

We will:

- Develop and invest in our approach to innovation
- Enhance our relationship management and strategic partnerships to maximise opportunities for disabled people
- Develop and integrate Information, Advice and Guidance, Transition and Befriending into existing core service delivery
- Implement our volunteer strategy to enhance the value of our services

Actions:

- Work with our colleagues and customers to action their concepts into pilot designs, with supporting business cases using our innovation fund.
- Better understand the external relationships held across the Trust and how to build on these for the benefit of disabled people.

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- Work with our services and partner organisations to support customers with Information, Advice, and Guidance. Where appropriate, securing funding for services to deliver this.
- Work with schools and local authorities to promote our offering to young disabled people.
- Undertake market research to identify befriending service opportunities.
- Launch and embed our volunteer strategy.

External influence

We Will:

- Positively influence communities and national policy to meet the needs of disabled people
- Use our Disability Confident leadership status and expertise to maximise opportunities for disabled people
- Engage with Papworth Everard tenants and the wider community to enhance our relationships and our role in the village

Actions:

- Campaign to raise the funding and profile of social care.
- Progress towards having net zero properties in new construction.
- Raise the profile of Disability Confident and engage with local employers to ensure that they recruit more disabled people.
- Engage with the residents and stakeholders of Papworth Everard to enhance our role in the village.

Our strategic objectives outlined above articulate the focus of activity throughout the business plan period. These are supported by further, complementary elements of work that are critical to our future success. These are:

- **Digital Strategy** – To enhance our digital investment and develop our digital culture.
- **Customer engagement** – Ensure our customer voice helps us to shape our organisation.
- **Financing plan** – To support operations to deliver their needs and to ensure financial sustainability of the Trust.
- **Ethics** – Aiming to drive ethical behaviour across the Trust in all our work.
- **Culture** – To steer the Trust towards our desired working culture.
- **Value for money** – To use the optimal combination of cost and quality, whilst ensuring sustainability and maximising our impact.

- **People/equality, diversity and inclusion** – Driving a healthy, progressive work environment.
- **Health and safety** – To improve and enhance the physical safety and safety culture of our organisation.
- **Asset management** – To understand and make best use of our property portfolio.
- **Safeguarding** – Prevent harm and reduce the risk of abuse or neglect.
- **Net Zero/carbon neutral** – To understand our organisation's carbon footprint and develop our approach towards a sustainable future.
- **Business continuity** – To identify critical activities and establish priorities during a period of disruption.

Principal risks and uncertainties

Management of risk is an integral part of our planning and project management processes. The Papworth Trust has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the budget process, which reviews risks and controls in existing processes, and business reviews to track both systemic and emerging risks, this generates a comprehensive review of risks facing the Trust. The Risk Policy and Risk Management Framework were both reviewed by Committees and the Board in the year, revised as necessary, and approved.

We maintain a risk register in which risks are documented and evaluated, so that major risks can be identified and the effectiveness of controls which mitigate these risks can be assessed. The system of internal control is designed to manage key risks and to provide reasonable assurance about the reliability of financial and operational information and the safeguarding of the Trust's assets and reputation. The Trustees have reviewed the internal controls in operation during the period, and are satisfied that there are no issues leading to any material uncertainty regarding these financial statements.

The Finance, Audit and Risk Committee and the Trustee Board monitor and review our principal risks and the processes for managing them, together with the arrangements for internal and external audits and preparation of financial statements. The Governance and Compliance Committee has oversight on regulatory compliance and quality standards for our service delivery, and monitors risks against these.

The critical risks and uncertainties have been identified as:

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Key risk	Responses to the risk
Government austerity measures and public sector finances Government austerity measures and local authority spending reviews have a greater impact on the financial sustainability of services than anticipated in the Business Plan	• Active tracking and monitoring of national policy and local markets • Close engagement and partnering with commissioners of services • Careful scenario and sensitivity planning to take pre-emptive action • Effective renegotiation of contracts
Staff recruitment challenges Inability to recruit and retain staff with the appropriate skill-set at rates that are affordable for the Trust to continue to deliver its services, against a background of cost of living increases. Loss of key member of staff	• Improved reward packages for staff • Greater focus on well-being and staff support • Development pathways opened up for staff with potential to grow with the organisation • Succession plans and business continuity plans to be established to mitigate any single key person / function dependency
Cost base increases unable to be supported The rate of cost increases due to national living wage, other employment related costs and general inflation for supplies of materials and services, becomes unsustainable for the Trust where we are not able to pass these cost increases on	• 'Open book' negotiations with commissioners • Service efficiencies, including technology deployment, used to maximise resource utilisation • Recruitment and retention of staff prioritised to minimise attrition • Forward contracting as much as possible to fix pricing
Ability to effectively structure the long-term financing plan Ability to generate sufficient cash flows to meet capital and re-financing obligations will be more challenging with reduction in volumes, and challenges in generating anticipated value from asset sales. This may be increasingly challenged with the requirements for 'net zero', particularly for our housing stock	• Deliver appropriate strategic asset disposals to support the plan, being open to a wide range of options • Increased visibility of long-term capital maintenance funding required following completion of stock condition surveys for our housing and commercial buildings gives clear funding requirement • Secure and draw new lending facility • Complete scenario analysis and secure contingency financing arrangements

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Key risk	Responses to the risk
Breach of regulations The Trust works with vulnerable people in a number of highly regulated environments. A breach of regulations could lead to significant reputational damage. Though the likelihood is low, the impact could be very high	• Deployed a risk-based Quality Assurance Framework, with focus on highly regulated areas such as Care prioritised • The strengthening of a self-assessment model to create greater local accountability, as well as independent scrutiny • Effective reporting, safeguarding and whistle-blowing policies and procedures in place, as part of a structured policy register, with scheduled review points
Health and Safety or safeguarding concern for our customers In delivering services for adults with a wide variety of support needs, including some with complex requirements, there is a risk of a failure to properly safeguard a customer, due to lack of skills, resources or process, leading to potential harm to the customer, regulatory breach and adverse financial and reputational impacts	• Strong induction processes in all of our services • Clear audit process, with escalation reporting, for each service • Clear support plans in place for each customer in a properly risk-assessed environment • Discipline established through working groups, with clear logs of incidents and escalation / reporting mechanisms in place
Defined Benefit pension liability increases significantly Actuarial assumptions made, and asset valuation volatility, gives rise to considerable uncertainty of future valuations and deficit contributions	• Active use of accounting tool to track liability • Provision of reserves to seek to mitigate impact of any changes in valuation experienced • Completion of cash flow stress-testing analysis and liquidity contingency planning
Value of investment portfolio significantly decreases Listed investment volatility, particularly in response to world economic events and global issues, such as the Covid-19 pandemic and the Ukraine conflict, may have an adverse impact on the general reserves held by the Trust	• Funds placed in a suitably diversified portfolio, managed by qualified investment managers • Scrutiny by the Investment Committee, including active consideration of the mandate for geographic base, sterling weighting, investment type and Environmental, Social and Governance considerations

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Key risk	Responses to the risk
Significant reduction in voluntary income Inability of VJF to meet our donation expectations due to VJF's own financial challenges or to other factors	• Regular review of reserves and cash flow scenarios undertaken to stress-test • Seek to secure a longer-term agreement on the level of recurrent financing in order to provide stability, adjusting commitments accordingly • Seek to build alternative sources of unrestricted funding to maintain flexibility • Exploit new ways of working to explore cost savings that could be achieved through rationalisation of premises

The Trustees have closely considered the on-going impact that Brexit may have on the organisation and its customers, now that the UK has left the EU. We believe that there is a potential risk to ourselves and our customers if considerations are not made for disabled people as policy and legislation evolves. This will be closely monitored and challenges made where necessary through the appropriate disability network channels.

The Strategic Report was approved by the Board and signed on its behalf on 27 July 2022 by:



Brian Stewart OBE
Chair of Trustees

Statement of the Board of Trustees' responsibilities in respect of the Board of Trustees' Annual Report and the financial statements

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PAPWORTH TRUST

Opinion

We have audited the financial statements of The Papworth Trust (the 'company') for the year ended 31 March 2022 which comprise the Statement of comprehensive income and statement of changes in reserves, the Balance sheet, the Cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of the company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for

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a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the Strategic Report.

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

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

Responsibilities of the Board

As explained more fully in the Trustees' Responsibilities Statement set out on pages 36 the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements,

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and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the company operates in and how the company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inquiring of management whether the company is in compliance with these laws and regulations and inspecting any correspondence with external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspecting any correspondence with licensing or regulatory authorities.

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The audit engagement team identified the risk of management override of controls and the completeness of revenue streams as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and any transactions entered into outside the normal course of business and performing tests of detail on revenue recognised in the year and subsequent to the year end.

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

Use of our report

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

RSK UK Audit LLP

Laragh Jeanroy (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Blenheim House

Newmarket Road

Bury St Edmunds

Suffolk

IP33 3SB

09/08/22

The Papworth Trust
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Statement of Comprehensive Income

	Note	2022 £'000s	2021 £'000s
Turnover	3	14,771	13,383
Operating costs	3	(13,049)	(11,320)
Operating surplus		1,722	2,063
(Loss)/ profit on disposal of tangible fixed assets	8	(133)	1
Exceptional income	9	-	67
Interest payable and similar charges	10	(483)	(491)
Gains/ (losses) on investments		320	1,826
Surplus for the year		1,426	3,466
Movement in defined benefit pension scheme	23	2,124	(3,170)
Total Comprehensive income		3,550	296

The accounts relate to continuing operations. The notes on pages 43 to 82 form part of these financial statements.

Statement of Changes in Reserves

	2022 £'000s	2021 £'000s
Balance at 1 April	23,132	22,836
Surplus for the year	1,426	3,466
Decrease/ (increase) in Defined Benefit Pension liability	2,124	(3,170)
Balance at 31 March	26,682	23,132

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Balance Sheet	Notes	2022 £'000s	2021 £'000s
Fixed Assets			
Housing Properties	11	37,814	38,068
Other Fixed Assets	12	2,833	3,263
Investments	13	9,932	9,605
Endowment Fund Assets	14	428	417
Total fixed assets		<u>51,007</u>	<u>51,353</u>
Current Assets			
Assets held for disposal	15	137	137
Debtors - amounts falling due within one year	16	1,375	1,183
Cash and cash equivalents		2,425	2,195
		<u>3,937</u>	<u>3,515</u>
Creditors:			
Amounts falling due within one year	17	<u>(3,654)</u>	<u>(3,254)</u>
Net current assets/ (liabilities)		<u>283</u>	<u>261</u>
Total assets less current liabilities		<u>51,290</u>	<u>51,614</u>
Creditors:			
Amounts falling due after more than one year	18-19	(21,924)	(23,304)
Provisions for liabilities and charges			
Pension liabilities	23	(2,463)	(4,972)
Other Provisions	22	(221)	(206)
Net assets		<u>26,682</u>	<u>23,132</u>
Reserves			
Restricted Reserves		2,525	2,553
Endowment Funds Reserves		428	417
Unrestricted Reserves:			
Designated Reserves		17,283	14,426
General Reserves		<u>6,446</u>	<u>5,736</u>
Total Unrestricted reserves		<u>23,729</u>	<u>20,162</u>
Total Reserves	26	<u>26,682</u>	<u>23,132</u>

These Financial Statements were approved by the Board, and signed on the Board's behalf on 27 July 2022 by:



B Stewart
Trustee



D Atkinson
Trustee

The notes on pages 43 to 82 form part of these financial statements.

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Cash Flow Statement

	2022 £'000s	2021 £'000s
Cash flows from operating activities		
Operating surplus	1,722	2,063
<i>Adjustment for:</i>		
Remeasurement of pensions liability	(106)	30
Exceptional income	-	67
Cash surplus from sale of social housing	-	147
Receipt of social housing grant	-	-
Depreciation	1,452	1,452
Impairment charge	-	-
Amortisation of grants	(370)	(370)
(Increase)/ decrease in trade and other debtors	(193)	(205)
Increase/ (decrease) in trade and other creditors	350	249
Pensions deficit payments made	(512)	(594)
Net cash inflow	<u>2,343</u>	<u>2,839</u>
Interest paid	<u>(377)</u>	<u>(443)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	298	1
Acquisition of tangible fixed assets	(1,065)	(969)
Net cash inflow/ (outflow) from investing activities	<u>(767)</u>	<u>(968)</u>
Cash flows from financing activities		
Repayment of borrowing	(969)	(898)
Net cash outflow from financing activities	<u>(969)</u>	<u>(898)</u>
Net Increase)/ (decrease) in cash	230	530
Cash and cash equivalents at 1 April	2,195	1,665
Cash and cash equivalents at 31 March	<u>2,425</u>	<u>2,195</u>

The notes on pages 43 to 82 form part of these financial statements.

Notes to the financial statements

1. Legal Status

The Trust is a registered charity and an incorporated Company limited by guarantee. The Trust is also registered with the Regulator of Social Housing. The principal objective of the Trust is to provide essential care and support to disabled people, which it does through providing essential services including social housing. The Trusts' Registered office is at 1 Saxongate, Bradbury Place, Huntingdon, PE29 3RR.

2. Accounting Policies

These financial statements are prepared in accordance with the Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102").

The financial statements are also prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

2.1 Basis of accounting

The financial statements are prepared on the historical cost basis except for the revaluation of investments to fair market value.

2.2 Going concern

The Board has assessed the Trust's financial performance and resources having regard to the 2022-23 budget and three-year business plan. As a consequence, the Board believes that the Trust is well positioned to manage business risks and expects to have adequate resources to operate for the foreseeable future. The Board therefore continues to adopt the going concern basis in the preparation of these financial statements.

2.3 Turnover

Turnover represents the income derived from the provision of the Trust's activities, comprising the sale of goods and services, property rental income net of voids, amortisation of Social Housing Grant, revenue grants, charitable gifts and dividend Income received.

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Rental income is recognised from the point when it becomes due. Income for service delivery is recognised when services have been delivered. Income from grants are recognised when the conditions of the grant have been met. Income from investments is recognised when received.

2.4 Expenses

Cost of sales

Cost of sales represents the direct costs and overheads involved in providing social housing and other charitable activities.

Operating costs

Operating costs represent the support and premises costs that enable the Trust to provide social housing and other charitable activities.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Statement of Comprehensive Income account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred in the period to which they relate.

Interest payable

Interest payable and similar charges are charged to the Statement of Comprehensive Income account when incurred.

2.5 Tangible fixed assets – housing properties

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated differently to buildings.

2.6 Depreciation – housing properties

Depreciation is charged to the Statement of Comprehensive Income account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. No depreciation is charged on housing properties or components under construction. The estimated useful lives are as follows:

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Structure	50-80 years
Roof	50 years
Electrical installation	40 years
Windows and doors	30 years
Heating (excluding boilers), plumbing and ventilation	30 years
Bathrooms	20 years
Boilers	15 years
Kitchens	15 years
Flooring	10 years

Depreciation methods, rates and residual values are reviewed if there is an indication of a significant change in the expectation of typical useful lives of asset groups.

2.7 Non-component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream of the life of a property, is capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs and maintenance to housing properties is charged to the income and expenditure account in the period incurred.

2.8 Other fixed assets

Other tangible fixed assets include those with an individual value at cost in excess of £1,000.

Depreciation is charged to the Statement of Comprehensive Income account on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings (non-housing)	50 years
Leasehold improvements	over the life of the lease
Motor vehicles	4-6 years
Plant, machinery and fixtures	3-15 years
Office equipment	5-10 years

2.9 Properties held for sale and work in progress

Assets under construction are held at cost within the relevant category of fixed assets and are not depreciated until the asset is in use.

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Properties held for sale are recognised at the lower of depreciated cost and net realisable value. They are classified as current assets when the Trust deems disposal probable within the next twelve months. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

2.10 Basic financial instruments

Trade and other debtors, including tenant arrears; trade and other creditors

These are recognised initially at transaction value less attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.11 Impairment

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, the impairment is calculated as the difference between its' carrying amount and the best estimate of the amount that the Trust would receive for the asset if it were to

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be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the Statement of Comprehensive Income.

2.12 Social Housing Grant

Social Housing Grant ("SHG") is initially recognised at fair value as a long-term liability, specifically as deferred grant income and released through the income and expenditure as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG are transferred to either the recycled capital grant fund or the disposal proceeds fund until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

2.13 Investment assets

Investments are carried at mid-market value as at the balance sheet date. Movements in asset valuations are recorded in the statement of comprehensive income.

2.14 Retirement benefits

The Company participated in one defined benefit pension scheme, the Social Housing Pension Scheme (SHPS), although the Company closed the scheme to further accrual in 2019. SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. Associated assets and liabilities are allocated to each employer for accounting purposes. The net defined benefit liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020.

Gains/Losses

Gains or losses recognised in the Statement of Comprehensive Income account are as follows:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.

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- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income are as follows

- Any actuarial gains and losses,
- The difference between the interest income on the plan assets and the actual return on the plan assets.

2.15 Termination benefits

Termination benefits are recognised as an expense when the Trust is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Trust has made an offer of voluntary redundancy, it is likely that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.16 Provisions

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

2.17 Service charges

Service charge income and costs are recognised on an accrual basis. The Trust applies service charges where applicable to schemes, ordinarily on a fixed basis, in consultation with residents. The budgets are set annually, informed by past costs and future planned activity. Any balances remaining are held as creditors or debtors in the statement of financial position until such time as all costs are recognised. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents. Until these costs are incurred, this liability is held in the statement of financial position within creditors.

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2.18 VAT

The Company is partially exempt for Value Added Tax (VAT). The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs.

2.19 Taxation

As a registered charity, the Trust is exempt from UK corporation tax to the extent that incomes or other gains are applied exclusively for charitable purposes. Corporation tax on any income or gains that do not meet the criteria for exemption would be included on the income and expenditure report.

2.20 Reserves

Restricted reserves

Restricted reserves represent unspent funds received for specific purposes from external funders. Restricted funds are only expendable in relation to the purposes for which they were received.

Endowment funds

Endowment funds are held where the funds are part of either an expendable or permanent endowment fund. Endowment funds are only expendable in relation to the purposes for which they were received.

Designated reserves

Designated reserves are reserves that have been identified for specific purposes by the Trustees.

General reserves

General reserves are held at a level appropriate for working capital and contingency, and are reviewed annually by the Board.

2.21 Accounting estimates and judgements

In producing these financial statements, the Trust has made estimates and judgements that it feels give a true and fair view. Accounting policies and judgements are assessed against current accounting standards, industry practice and market conditions, and reviewed annually for appropriateness.

Impairment

Housing stocks are assessed for impairment when an indicator of impairment is noted. Carrying values are considered to ensure that they are not greater than net present value, calculated using a discounted cash flow basis for housing

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stock that is in use. Where housing properties are not in use the net realisable value is calculated with reference to the potential sales value of the property.

Bad Debt

Provisions are made for bad debts when there is deemed to be significant risk to recovery. For tenant arrears, bad debt provision is made in all instances for former tenants unless a clear recovery plan is in place. For existing tenants, consideration for provision will be made based on the ageing profile of the debt.

For other debtors, provision will be considered for transactions that are over three months overdue, with consideration being made for each debt based on the customer profile and the type of debt.

Defined benefit pension

Accounting estimates are made for the defined benefit pension scheme SHPS. Critical estimates are made by Management, following advice from the Trust's pension's advisors.

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3 Social Housing

	2022	2022	2022	2021
	General	Supported	Total	Total
	Needs	Housing		
	£'000s	£'000s	£'000s	£'000s
Rent receivable (net of service charges)	922	2,633	3,555	3,516
Profit on disposal social housing assets	-	-	-	77
Service charges	-	998	998	964
Net rents receivable	<u>922</u>	<u>3,631</u>	<u>4,553</u>	<u>4,557</u>
Other income	-	-	-	-
Total income from lettings	<u>922</u>	<u>3,631</u>	<u>4,553</u>	<u>4,557</u>
Expenditure on letting activities				
Management	(257)	(674)	(931)	(962)
Services	(1)	(270)	(271)	(272)
Routine maintenance	(235)	(1,389)	(1,624)	(1,458)
Planned maintenance	(32)	(92)	(124)	(42)
Bad debts	(1)	(3)	(4)	(11)
Depreciation of housing properties	(183)	(1,005)	(1,188)	(1,222)
Impairment charges	-	-	-	-
Depreciation of other housing assets	(4)	(12)	(16)	(14)
Total expenditure on lettings	<u>(713)</u>	<u>(3,445)</u>	<u>(4,158)</u>	<u>(3,981)</u>
Operating surplus on lettings	<u>209</u>	<u>186</u>	<u>395</u>	<u>576</u>
Void Losses (included within the above)	(12)	(87)	(99)	(55)

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3 Social housing and other activities continued

	Turnover	Cost of sales / delivery	2022 Operating Costs	Operating Surplus
	£'000s	£'000s	£'000s	£'000s
Social housing lettings				
General needs	922	(441)	(272)	209
Supported housing	3,631	(2,673)	(772)	186
	<u>4,553</u>	<u>(3,114)</u>	<u>(1,044)</u>	<u>395</u>
Other social housing activities				
Other housing activities	23	(108)	-	(85)
Amortised grant Income	370	-	-	370
	<u>393</u>	<u>(108)</u>	<u>-</u>	<u>285</u>
Non-social housing activities				
Work services	2,026	(1,954)	-	72
Care services	4,039	(4,371)	-	(332)
Opportunities Without Limits	1,337	(1,393)	-	(56)
Policy & Communications	-	-	(99)	(99)
Business Development	-	-	(127)	(127)
Varrier-Jones Foundation donation	1,755	-	-	1,755
Fundraising	251	(213)	-	38
Enabling Services (Management, Finance, IT, HR and Facilities)	175	-	(552)	(377)
Investment income	242	(44)	-	198
Re-measurement of defined benefit pension liability	-	-	(30)	(30)
	<u>9,825</u>	<u>(7,975)</u>	<u>(807)</u>	<u>1,042</u>
Total social housing and non-housing activity surplus	<u>14,771</u>	<u>(11,197)</u>	<u>(1,852)</u>	<u>1,722</u>
Gain/ (loss) on disposal of assets				(133)
Exceptional income				-
Interest payable				(483)
Gain on investments				320
Surplus for year				<u>1,426</u>

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3 Social housing and other activities *continued*

	Turnover £'000s	Cost of sales / delivery £'000s	2021 Operating Costs £'000s	Operating Surplus £'000s
Social housing lettings				
General needs	913	(424)	(202)	287
Supported housing	3,644	(2,783)	(572)	289
	<u>4,557</u>	<u>(3,207)</u>	<u>(774)</u>	<u>576</u>
Other social housing activities				
Other housing income	23	(105)	-	(82)
Amortised grant Income	370	-	-	370
	<u>393</u>	<u>(105)</u>	<u>-</u>	<u>288</u>
Non-social housing activities				
Work services	1,421	(1,463)	-	(42)
Care services	3,160	(3,345)	-	(185)
Opportunities Without Limits	1,286	(1,392)	-	(106)
Policy & Communications	-	-	(104)	(104)
Business Development	-	-	(189)	(189)
Fundraising	413	(53)	-	360
Varrier-Jones Foundation donation	1,720	-	-	1,720
Enabling Services (Management, Finance, IT, HR and Facilities)	149	-	(618)	(469)
Investment income	284	(40)	-	244
Re-measurement of defined benefit pension liability	-	-	(30)	(30)
	<u>8,433</u>	<u>(6,293)</u>	<u>(941)</u>	<u>1,199</u>
Total social housing and non-housing activity surplus/(deficit)	<u>13,383</u>	<u>(9,605)</u>	<u>(1,715)</u>	<u>2,063</u>
Gain on disposal of assets				1
Exceptional income				67
Interest payable				(491)
Gain on investments				1,826
Surplus for year				<u>3,466</u>

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4 Housing Stock

	General Needs Housing (units)	Supported Housing (units)	2022 Total (units)	2021 (units)
Number of units	173	490	663	663
Owned and managed	173	486	659	659
Managed on behalf of others	-	4	4	4
	173	490	663	663

5 Expenses and auditor's remuneration

	2022 £'000s	2021 £'000s
Included in the Statement of Comprehensive Income account are the following:		
Depreciation on housing properties	1,187	1,153
Loss on replacement of component assets	66	56
Impairment of housing properties	-	-
Depreciation on other fixed assets	264	299
Profit on sale of other fixed assets	67	1
Costs of operating leases	93	86
 Auditor's remuneration:		
Audit of these financial statements	28	26
	<u>28</u>	<u>26</u>

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6 Staff and employee costs

	2022	2021
	£'000s	£'000s
Staff costs		
Wages and salaries	6,618	5,871
Social security costs	578	487
Pension costs	209	202
	<u>7,405</u>	<u>6,560</u>

	2022 Number	2021 Number
The average number of persons employed by the Trust (including directors) during the year was as follows:		
Average headcount	249	232
Average full-time equivalent employees	<u>220</u>	<u>204</u>

At 31 March 2022 outstanding pensions contributions were £1,000 (2021: £31,000).

Salary banding for all employees earning over £60,000 (including salaries, performance related pay and benefits in kind but excluding pension contributions paid by the employer and any termination costs paid).

	2022	2021
Bands		
£60,000- £70,000	2	1
£70,001-£80,000	1	-
£80,001-£90,000	1	1
£90,001- £100,000	1	1
£100,001-£110,000	-	-
£110,001- £120,000	1	1

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7 Board members and Executive Directors

The Directors are defined as the Trustee members of the Board, the Chief Executive and the Executive Team. Trustee roles are unremunerated.

	2022 £'000s	2021 £'000s
Aggregate emoluments paid to Directors	425	301
Pension	43	30
	<u>468</u>	<u>331</u>
 Total emoluments paid to the highest paid Director	 <u>112</u>	 <u>112</u>
 Total number of paid Directors	 4	 4
Number of Directors in the defined benefit pension scheme	<u>-</u>	<u>-</u>

The 2022 costs reflect the full year costs of the Director of People Services, who was appointed to the Trust in February 2021, therefore minimal costs for this post were reflected in the year 2020/21.

In addition to the above the highest paid director received pension contributions of £11,000 (2021: 11,000).

During the year no consideration was paid to Trustees for performing their roles (2021: Nil). In the year out of pocket expenses of totalling £769 (2021: £Nil) were paid to members of the Board.

8 Profit on disposal of tangible fixed assets

	2022 £'000s	2021 £'000s
Proceeds from sale of assets	98	1
Cost of disposals	(231)	-
	<u>(133)</u>	<u>1</u>

During the year the Trust sold premises in Lowestoft, resulting in a book loss of £68,116, and other losses reflect the write down of component assets that were not fully depreciated at the time of replacement.

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9 Exceptional income

	2022 £'000s	2021 £'000s
Coronavirus Job retention scheme	-	67
	<u>-</u>	<u>67</u>

Exceptional income received in 2021 relates to claims made in relation to staff placed on Furlough, who could not reasonably perform their duties during the Covid 19 pandemic.

10 Interest payable and similar charges

	2022 £'000s	2021 £'000s
Interest payable on financial liabilities	377	443
Interest payable on the unwinding of the net pension deficit liability	106	48
	<u>483</u>	<u>491</u>

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11 Housing properties	General Needs	Supporting living	Capital work in progress	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
Balance at 1 April 2021	7,027	50,307	35	57,369
Acquisitions	372	416	211	999
Allocation of work in progress	25	10	(35)	-
Disposals	(58)	(72)	-	(130)
Balance at 31 March 2022	<u>7,366</u>	<u>50,661</u>	<u>211</u>	<u>58,238</u>
Depreciation				
Balance at 1 April 2021	3,151	16,150	-	19,301
Depreciation charge for year	183	1,004	-	1,187
Disposals	(15)	(49)	-	(64)
Balance at 31 March 2022	<u>3,319</u>	<u>17,105</u>	<u>-</u>	<u>20,424</u>
Net book value				
At 31 March 2022	<u>4,047</u>	<u>33,556</u>	<u>211</u>	<u>37,814</u>
At 31 March 2021	<u>3,876</u>	<u>34,157</u>	<u>35</u>	<u>38,068</u>

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12 Other fixed assets

	Land & Buildings £'000s	Motor Vehicles £'000s	IT Assets £'000s	Other Fixed Assets £'000s	Total £'000s
Cost					
Balance at 1 April 2021	5,763	267	322	286	6,638
Acquisitions	45	20	1	-	66
Disposals	(311)	-	(5)	(20)	(336)
Balance at 31 March 2022	<u>5,497</u>	<u>287</u>	<u>318</u>	<u>266</u>	<u>6,368</u>
Depreciation					
Balance at 1 April 2021	2,700	166	263	246	3,375
Depreciation charge for year	193	34	28	10	265
Disposals	(84)	-	(1)	(20)	(105)
Balance at 31 March 2022	<u>2,809</u>	<u>200</u>	<u>290</u>	<u>236</u>	<u>3,535</u>
Net book value					
At 31 March 2022	<u>2,688</u>	<u>87</u>	<u>28</u>	<u>30</u>	<u>2,833</u>
At 31 March 2021	<u>3,063</u>	<u>101</u>	<u>59</u>	<u>40</u>	<u>3,263</u>

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13 Investments

Market Value

	2022 £'000s	2021 £'000s
At 1 April	9,605	7,753
Additions	3,019	3,097
Disposals	(3,273)	(2,679)
Realised gains	749	256
Unrealised (losses)/ gains	(428)	1,552
Unrealised & other movements	260	(374)
Market Value at 31 March	<u>9,932</u>	<u>9,605</u>

Historical cost of assets

	2022 £'000s	2021 £'000s
Historical cost of assets	8,698	8,024
Unrealised gains	1,234	1,581
Market Value at 31 March	<u>9,932</u>	<u>9,605</u>

Held as follows:

	2022 £'000s	2021 £'000s
Cash & cash equivalents	327	56
Fixed Income	1,045	1,234
UK Equities	2,120	2,041
Global Equities	4,866	5,256
Alternative Investments	1,574	1,018
Market Value at 31 March	<u>9,932</u>	<u>9,605</u>

14 Endowment Fund Assets

	2022 £'000s	2021 £'000s
Cash	159	159
Investments	112	101
Property	157	157
	<u>428</u>	<u>417</u>

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15 Properties Held for Disposal

	2022 £'000s	2021 £'000s
Commercial property	137	137
	<u>137</u>	<u>137</u>

At the Balance Sheet date the Trust held no housing properties for sale (2021: nil). One of the Trust's commercial premises is being actively marketed for sale in Ipswich, following its closure as an operational facility in 2019. There are also a number of surplus assets, with little or no carrying value, within the village of Papworth Everard for which disposal is being sought.

16 Debtors

	2022 £'000s	2021 £'000s
Trade debtors	559	314
Prepayments and accrued income	724	627
Tenant arrears	61	87
Other debtors	31	155
	<u>1,375</u>	<u>1,183</u>

Tenant Arrears:

	2022 £'000	2021 £'000
Current tenant arrears	61	87
- less provision for bad and doubtful debts	-	-
Former tenant arrears	50	63
- less provision for bad and doubtful debts	(50)	(63)
	<u>61</u>	<u>87</u>

Former tenant arrears relate to individuals who no longer occupy premises owned by the Trust.

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17 Creditors: amounts falling due within one year

	2022 £'000s	2021 £'000s
Loans (note 19)	978	938
Trade creditors	397	216
Other taxation and social security	190	191
Other creditors	841	415
Rents received in advance	157	209
Accruals and deferred income	971	883
Recycled capital grants fund	120	402
	<u>3,654</u>	<u>3,254</u>

18 Creditors: amounts falling due after more than one year

	2022 £'000s	2021 £'000s
Loans (note 20)	11,604	12,614
Deferred grant income	10,320	10,690
	<u>21,924</u>	<u>23,304</u>

Deferred grant income

	2022 £'000s	2021 £'000s
Recycled capital grants fund	120	402
Social Housing Grants	10,293	10,655
Other grants	27	35
	<u>10,440</u>	<u>11,092</u>
Amounts falling due within one year	120	402
Amounts falling due after more than one year	<u>10,320</u>	<u>10,690</u>
	<u>10,440</u>	<u>11,092</u>

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19 Social Housing Grants

Housing Grants due after one year

	2022 £'000s	2021 £'000s
Cost		
Cost at 1 April	19,434	19,434
Additions/ disposals in year	-	-
Cost at 31 March	<u>19,434</u>	<u>19,434</u>
Amortisation		
Amortisation at 1 April	8,744	8,374
Amortisation income in year	370	370
Amortisation at 31 March	<u>9,114</u>	<u>8,744</u>
Deferred Grant income	<u>10,320</u>	<u>10,690</u>

Recycled Capital Grant Fund

	2022 £'000s	2021 £'000s
At 1 April	402	402
Utilised in the year	-	-
Disposed of in year	(283)	-
Interest Credited to the fund	1	-
At 31 March	<u>120</u>	<u>402</u>
Due within one year	120	402
Due after more than one year	<u>-</u>	<u>-</u>
	<u>120</u>	<u>402</u>

Of the above balance £120,000 (2021: £402,000) relates to grants that were recycled over three years previously from the date of these financial statements; there are plans to recycle these grants in the 2022/23 financial year on new developments.

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20 Loans and borrowings

All loans and borrowings are measured at amortised cost.

Secured bank loans are secured by way of a first fixed charge over specified housing properties and include an asset cover test based on the ratio of the value of properties secured to the carrying value of the loan. Secured bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the Statement of Comprehensive Income and the Balance Sheet of the financial statements.

	2022 £'000s	2021 £'000s
Secured bank loans		
Due within one year	978	938
Due between one and two years	1,029	990
Due between two and five years	3,353	3,244
Due in greater than five years	7,223	8,380
	12,583	13,552

Outstanding Loans by Lender

	2022 £'000s	2021 £'000s
Orchard Brook	447	464
Lloyds	2,762	2,871
National Westminster Bank Plc	5,124	5,663
Barclays	4,250	4,554
	12,583	13,552

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20 Loans and borrowings continued

A loan from Orchard Brook Limited of £447,000 is repayable by 2034 at a fixed rate of interest of 11.47% secured by specific charges on various Papworth Trust housing properties and repayable in bi-annual instalments.

Interest rate	End of fixed rate period	£'000s
Fixed 11.47%	December 2034	447

A loan from Lloyds Bank plc of £2.76 million is secured by way of fixed charges over certain properties owned by Papworth Trust. Outstanding balances are as follows:

Interest rate	End of fixed rate period	£'000s
Fixed 3.91%	December 2039	1,914
Fixed 2.68%	December 2039	848

The National Westminster Bank Plc loan is part of an original £10 million facility secured by way of fixed charges on certain properties owned by Papworth Trust. Total outstanding loans of £5.1m are held as of 31 March 2022 and details are as follows:

Interest rate	End of fixed rate period	£'000s
Fixed 7.09%	September 2024	315
Fixed 6.97%	November 2024	124
Fixed 4.57%	July 2026	400
Fixed 4.74%	February 2027	1,000
Fixed 3.61%	March 2027	900
Variable 0.69%		2,385

The Barclays Bank plc loan is part of a £5 million facility and is secured by way of fixed charges over certain properties owned by Papworth Trust. Capital redemptions of £250,000 are due annually in July for a period of twenty years beginning July 2019. Details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 3.43%	July 2038	1,700
Variable 0.25%		2,550

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21 Analysis of Net Debt

	2022 £'000s	2021 £'000s
Net debt at 1 April	11,357	12,785
Cash flows in period	(230)	(530)
Repayment of borrowing	(969)	(898)
Balance at 31 March	<u>10,158</u>	<u>11,357</u>
Net debt made up as follows:		
Loans due in less than one year	978	938
Loans due in more than one year	11,605	12,614
Cash held	(2,425)	(2,195)
Net debt held	<u>10,158</u>	<u>11,357</u>

22 Other Provisions

	2022 £'000s	2021 £'000s
Balance at 1 April	206	167
Provisions made during the year	69	39
Provisions used during the year	(54)	-
Balance at 31 March	<u>221</u>	<u>206</u>

Provisions held relate to expected future dilapidations works required on two leasehold properties upon termination of the lease. One of these leases expired in March 2020 and is currently rolling whilst a strategic review is undertaken as to the future use of these premises by the Trust. The other lease is due for expiry in 2023.

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23 Defined Pension Benefit Liability

The company participates in the SHPS scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	31 March 2022 £'000s	31 March 2021 £'000s
Fair value of plan assets	20,042	18,226
Present value of defined benefit obligation	(22,505)	(23,198)
Defined benefit (liability) to be recognised	<u>(2,463)</u>	<u>(4,972)</u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	31 March 2022 £'000s	31 March 2021 £'000s
Defined benefit obligation at 1 April	23,198	18,371
Current service cost	-	-
Expenses	22	25
Interest expense	509	427
Member contributions	-	-
Actuarial losses / (gains) due to scheme experience	1,258	(131)
Actuarial (gains) / losses due to changes in demographic assumptions	(353)	84
Actuarial (gains) / losses due to changes in financial assumptions	(1,788)	4,797
Benefits and expenses paid	<u>(341)</u>	<u>(375)</u>
Defined benefit obligation at 31 March	22,505	23,198

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23 Defined Pension Benefit Liability continued

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	31 March 2022 £'000s	31 March 2021 £'000s
Fair value of plan assets at 1 April	18,226	16,048
Interest income	403	379
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,241	1,580
Contributions by employer	513	594
Contributions by plan participants	-	-
Benefits paid and expenses	(341)	(375)
Fair value of plan assets at 31 March	<u>20,042</u>	<u>18,226</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £1,644,000 (2021: £1,959,000).

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	31 March 2022 £'000s	31 March 2021 £'000s
Expenses	22	25
Net interest expense	106	48
Defined benefit costs to be recognised	<u>128</u>	<u>73</u>

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23 Defined Pension Benefit Liability continued

Defined Benefit Costs Recognised in the Statement of Changes in Reserves

	31 March 2022 £'000s	31 March 2021 £'000s
Experience on plan assets (excluding amounts included in net interest cost)	1,241	1,580
Experience gains and losses arising on the plan liabilities	(1,258)	131
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	353	(84)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	1,788	(4,797)
	2,124	(3,170)

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23 Defined Pension Benefit Liability continued

Plan Assets

	31 March 2022 £'000s	31 March 2021 £'000s
Global equity	3,846	2,905
Absolute return	804	1,006
Distressed opportunities	717	526
Credit relative value	666	573
Alternative risk premia	661	686
Fund of hedge funds	-	2
Emerging markets debt	583	736
Risk sharing	660	663
Insurance- linked securities	467	438
Property	541	379
Infrastructure	1,428	1,215
Private debt	514	435
Opportunistic Illiquid Credit	673	463
High Yield	173	546
Opportunistic Credit	71	500
Cash	68	-
Corporate Bond Fund	1,337	1,077
Liquid credit	-	218
Long lease property	516	357
Secured income	747	758
Liability driven investment	5,592	4,632
Currency Hedging	(78)	-
Current assets	56	111
	20,042	18,226

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23 Defined Pension Benefit Liability continued

Key Assumptions

	31 March 2022	31 March 2021
	% per annum	% per annum
Discount rate	2.79	2.2
Inflation (RPI)	3.51	3.25
Inflation (CPI)	3.16	2.87
Salary Growth	4.16	2.87
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March based on life expectancy at 65 years are as follows:

	31 March 2022	31 March 2021
	Life expectancy (years)	Life expectancy (years)
Male retiring in 2020	21.1	21.6
Female retiring in 2020	23.7	23.5
Male retiring in 2042	22.4	22.9
Female retiring in 2042	25.2	25.1

24 Operating Leases

	2022 £'000s	2021 £'000s
Future minimum lease payments due are as follows:		
Less than one year	69	82
Between one and five years	51	88
	120	170

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25 Contingent Liabilities

The Trust receives grants and loans from Homes England and other bodies. Under the terms of these grants/ loans, amounts may be repayable if the properties are disposed of or cease to be used for the purpose specified. The Trust therefore has a contingent liability for amounts in relation to grants which have been recognised in the Statement of Comprehensive Income through amortisation, plus any calculation of interest accrued on these amounts, which could become repayable if the property is disposed of or its use changes. Details of these grants are included within note 19 of these financial statements.

Housing grants may be recycled in which case the obligation is transferred to the recycled capital grant fund and held on the balance sheet as a current liability.

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26 Reserves

Movement in funds

£'000s	At 31 March 2021	Income	Expenditure	Investment	Other	At 31 March 2022
<u>General Reserves:</u>	5,736	14,544	(11,685)	321	(2,470)	6,446
<u>Designated funds:</u>						
Fixed asset Fund	14,426	-	(1,593)	-	2,429	15,262
Pension Liabilities	-	-	-	-	2,021	2,021
<u>Restricted Funds:</u>						
Capital fund	2,331	15	(161)	-	-	2,185
Other Housing funds	32	-	-	-	-	32
First Steps to success	75	54	(38)	-	-	91
Covid recovery funds	4	27	(14)	-	-	17
Garden Studios	46	11	-	-	-	57
Wellbeing	-	45	-	-	-	45
Other funds	65	75	(42)	-	-	98
Endowment Funds	417	-	-	-	11	428
	23,132	14,771	(13,533)	321	1,991	26,682

Designated Funds:

The fixed asset fund relates to the net value the Trust holds in fixed assets including associated liabilities such as secured loans and Housing Grants less any properties funded through restricted funding streams.

Income into the fund relates to amortisation of social housing grants. Expenditure relates to the annual depreciation charge made against unrestricted fixed assets. Transfers into the fixed asset fund related to capital investments made in fixed assets, payments made to reduce associated liabilities and other fixed asset movements.

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The Pension liability fund relates to the remaining liability produced from the full actuarial assessment, less the value of the creditor for pension liability shown on the balance sheet.

Restricted Funds

The capital fund relates to assets purchased using restricted funding and includes cash raised as part of capital appeals. Depreciation is expensed against those grants as they are utilised.

Other Housing Funds represent restricted funds for various Housing Projects. These funds relate to previous local authority funding agreements for specific housing programmes.

The First Steps Project is being run throughout our three key regions and aims to utilise community fundraising to provide an employment advisor in all three counties. To date funds have been raised for this project in Suffolk and Cambridgeshire.

The Covid recovery appeal relates to funding received specifically to support our services due to disruption from the pandemic. These funds have supported additional staffing to reach those customers isolating in their own homes as well as provide essential equipment to customers and our staff, including tablet computers for a number of our service users.

The garden studios fund represents funding received in support of our objective to develop garden studios at three of our centres to support customer-based activities.

Other funds represent all other restricted funds for non-housing related projects, including the Trust's Day Centres.

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26 Reserves continued

Analysis of Net Assets between Funds

£'000s	General Reserves	Designated Reserves	Restricted Reserves	Endowment fund	Total Reserves
Fixed Assets	9,931	38,462	2,186	428	51,007
Current Assets	3,598	-	339	-	3,937
Liabilities due within 1 year	(2,291)	(1,363)	-	-	(3,654)
Liabilities due after one year	(2,108)	(19,816)	-	-	(21,924)
Pension Liabilities	(2,463)	-	-	-	(2,463)
Other liabilities	(221)	-	-	-	(221)
Total	6,446	17,283	2,525	428	26,682

27 Related parties

During the year the Trust purchased services in the normal course of business from The Varrier-Jones Foundation, a charity whose objectives are to support the work of The Papworth Trust.

In the year ended 31 March 2022 services were purchased totalling £17,199 (2021: £23,624), these services were for the lease of two premises owned by the Varrier-Jones Foundation. The Trust made sales to The Varrier-Jones Foundation of £52,633 (2021: £51,600) for the provision of business support functions for the Foundation.

At 31 March 2022 the amount due from The Varrier-Jones Foundation was £146,250 (2021: £nil). The amount due to The Varrier-Jones Foundation was £nil (2021: £4,363)

The Varrier-Jones Foundation provides funding to the Trust. During the year, donations of £1,755,000 were awarded (2021: £1,720,000).

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28 Value for Money Metrics

28.1 Reinvestment

	2022	2021
	£'000s	£'000s
Reinvestment in housing stock is as follows		
Acquisition & development of housing properties	-	-
Capital works to existing properties	999	910
Total reinvestment	<u>999</u>	<u>910</u>
Historical cost of Housing Properties	<u>58,238</u>	<u>57,369</u>
Percentage of reinvestment	<u>1.7%</u>	<u>1.6%</u>

28.2 New Supply delivered

	2022	2021
New supply delivered is as follows:		
New general needs units	-	-
New supported living units	-	1
Total new units	<u>-</u>	<u>1</u>
Total Units owned	<u>659</u>	<u>659</u>
Percentage of new supply	<u>0.0%</u>	<u>0.2%</u>

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28 Value for Money Metrics continued

28.3 Gearing

	2022	2021
	£'000s	£'000s
Gearing is made up as follows:		
Loans due in less than one year	978	938
Loans due in more than one year	11,605	12,614
Cash held	(2,425)	(2,195)
Net debt held	<u>10,158</u>	<u>11,357</u>
Historical cost of Housing Properties	<u>58,238</u>	<u>57,369</u>
Gearing	<u>17.4%</u>	<u>19.8%</u>

28.4 Interest cover

	2022	2021
	£'000s	£'000s
EBITDA MRI is made up as follows:		
Operating Surplus for Social Housing Activities	395	576
Add back depreciation for Housing Units	1,187	1,153
Less Amortisation of government grants	(370)	(370)
	<u>1,212</u>	<u>1,359</u>
Interest payable	<u>377</u>	<u>443</u>
EBITDA MRI	<u>322%</u>	<u>307%</u>

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28 Value for Money Metrics continued

28.5 Social Housing costs per unit

	2022	2021
	£'000s	£'000s
Per unit housing costs is made up as follows:		
Management costs	931	950
Maintenance costs	725	787
Service charge costs	1,315	1,022
Depreciation	1,187	1,222
	4,158	3,981
 Total number of units	 663	 663
 Total cost per unit	 6.3	 6.0

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28 Value for Money Metrics continued

28.6 Operating margin

	2022	2021
	£'000s	£'000s
Operating margin is made up as follows		
Operating surplus from general needs	209	287
Operating surplus from supporting living	186	289
Total Operating Surplus	<u>395</u>	<u>576</u>
Revenue from general needs	922	913
Revenue from supported living	3,630	3,644
Total revenue	<u>4,552</u>	<u>4,557</u>
Operating margin from general needs	22.7%	31.4%
Operating margin from supported living	5.1%	7.9%
Total operating margin	<u>8.7%</u>	<u>12.6%</u>

Exceptional items, including impairment charges are excluded from the above operating margin ratios.

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28 Value for Money Metrics continued

28.8 Return on Capital Employed (ROCE)

	2022	2021
	£'000s	£'000s
ROCE is made up as follows		
Operating Surplus for Social Housing Activities	395	576
Loss on disposal of fixed assets	-	-
Adjusted operating surplus	<u>395</u>	<u>576</u>
Net book value of housing properties	37,814	38,068
Current assets	3,938	3,516
Current liabilities	(3,654)	(3,254)
Total assets less current liabilities	<u>38,098</u>	<u>38,330</u>
ROCE	<u>1.0%</u>	<u>1.5%</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2022

Honorary personnel, Trustees and senior managers

PATRON

Her Royal Highness the Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A Bridgewater
Lady S Marshall
Mrs J Womack

Mr A Dasgupta MBE
Mrs J P B G Pearson
Mr G R W Wright DL

Sir Hugh Duberly CBE LL
Mrs M E Thomas CBE DL
Mr R Hammond

CHAIR OF TRUSTEES

Brian Stewart OBE

VICE-CHAIR OF TRUSTEES

Patrick Hughes

HON. TREASURER

Mike Anderson

OTHER TRUSTEES

David Atkinson

Jane Carmichael

Wes Cuell - retired 22 July 2021

Isabel Noronha-DiVanna – resigned 31 March 2022

Andy Hirst

Elizabeth Jessop

Christina Olubukola Orekogbe – appointed 22 July 2021, resigned 27 April 2022

Vanessa Stanislas

Andrew Williams

Rick Rogers – appointed 22 April 2022

EXECUTIVE TEAM

Sarah Miller

Chief Executive Officer

Mark Blake

Director of Finance and IT

Helena Harris

Director of Operations and Development

Sarah Harvey

Director of People and Culture

The Papworth Trust is a company limited by members' guarantee of £1.00 each.
The Trustees are the members of The Papworth Trust.

The register of members is maintained at the registered office.

The Papworth Trust
Report and Accounts for the year ended 31 March 2022

Principal Advisers and general Trust information

COMPANY SECRETARY

Mr M Blake

REGISTERED OFFICE

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Lloyds Bank PLC
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PENSION MANAGERS/PROVIDERS

The Defined Benefit Scheme

The Pensions Trust
Verity House
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The Papworth Trust

Report and Accounts for the year ended 31 March 2022

A thank you to our Notable Partners and Donors

Varrier-Jones Foundation

Deloitte LLP

John Lewis Foundation

Anglian Water Positive Difference Fund

Cambridgeshire Community Foundation

Suffolk Community Foundation

Maypole House Charitable Fund

Diana Tinson Fund

Essex Community Foundation

Ganzoni Charitable Trust

Douglas Compton James Charitable Trust in the name of St Crispin Lodge

Garfield Weston Foundation

St John Eastwood Foundation

The Marshalls Community First Fund

The Dudley and Geoffrey Cox Charitable Trust

The Grey Court Trust

National Lottery Funding

Cambridge City Council

Ipswich Community Cash Grant

Arts Council England

Cambridgeshire County Council – DWP Work and Health Programme and
Physical Activity Intervention

Appreciation for Legacies received

Gregor Stephen Ross

THE PAPWORTH TRUST

England & Wales - Charity number 211234

Accounts

The Papworth Trust
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OUR VISION, MISSION AND VALUES

Our vision

- a world where disabled people are seen for who they are

Our mission

- is for disabled people to have equality, choice and independence

Our values

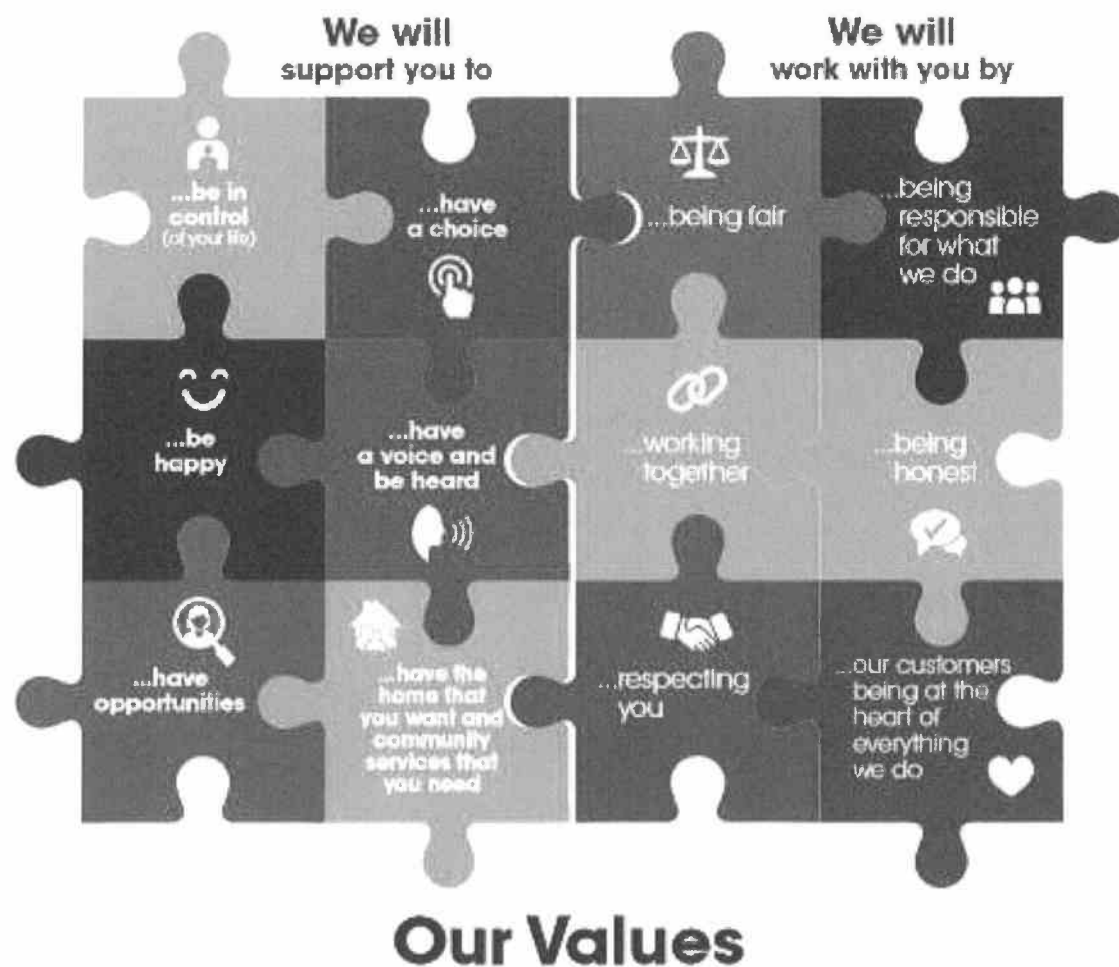
Our core value is that we put our customers at the heart of everything we do

We support our customers to:

- Be in control
- Have a choice
- Be happy
- Have a voice and be heard
- Have opportunities
- Have a home they want and the community services they need

We work with our customers by:

- Being fair
- Working together
- Being honest
- Being responsible for what we do
- Showing respect



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**Registration
Number**

TRUST STATUS:

A registered charity	211234
A company limited by guarantee	148906
A private registered provider	LH1648

CHAIR'S REVIEW

I am pleased to present the latest accounts for the Trust, which display a strong financial performance for the year whilst we continue to deliver high quality services to our customers across our key operating areas of Housing, Work, Care and Day Services ("Opportunities Without Limits"). The achievements outlined within this report demonstrate the difference we make to the people we work with, and reflect the passion and desire of all of our staff to really focus on achieving positive outcomes for our beneficiaries.

The year has been one of significant challenges for the Trust, continuing to provide essential services during the year against a background of a global pandemic, involving multiple national lockdowns. I am pleased to note that due to the extraordinary commitment of our staff, and the support of our funders, we have been able to maintain services across all of our delivery streams, maintaining vital support to disabled people during these challenging times. The organisation has adapted quickly, embracing new ways of working and new ways of supporting our customers.

These accounts present strong financial results in spite of the national challenges faced, which is reflective of the stable foundations we have built as an organisation over recent years, but is also indicative of the importance of the services we provide. Our services were all classified as 'essential services' throughout periods of lockdown which has meant that core funding was maintained, and we were able to adapt our provision to continue to deliver benefit to our customers.

We will use the lessons learned from the pandemic to influence our service delivery and the way that we work, developing our wider use of technology and remote working whilst continuing to put our customers at the heart of everything we do. These initiatives have also been supported by funding and in-kind contributions from our corporate partners, particularly from the Deloitte office in Cambridge, which we greatly appreciate.

I would like to thank all the staff and volunteers of the Trust for their efforts over the past year, and in particular in dealing with the impact of the pandemic, and being flexible and versatile in ensuring delivery has been maintained. Their commitment and dedication to our customers during this difficult period has been truly inspiring. I would also like to record the Trust's continuing appreciation for the substantial annual donation received from the Varrier-Jones Foundation.

Finally, I would like to thank our Trustees, and all of our supporters, who have continued to make a significant contribution to the work of the Trust, and without whose support we couldn't do all that we do.

Brian Stewart OBE – Chair of Trustees

TRUSTEES' REPORT

The Trustees present the Trustees' Report and audited Financial Statements for the year ended 31 March 2021.

Achievements and performance

We are pleased to report that, in these continuing challenging times, we have been able to substantially maintain our service delivery and have continued to enable really positive outcomes for our beneficiaries to be achieved. We have secured growth in key areas, and adjusted our delivery methods and mechanisms in others, in order to continue to support our customers. We are rightly proud of the work that all of our staff and volunteers have delivered, ensuring that we remain customer and outcome-focussed to deliver the best that we can for our beneficiaries.

We have maintained our focus on elements that we believe have the greatest impact on the lives of disabled people, concentrating on our four key service delivery streams, all of which we have continued to deliver during this period. These are:

- **Housing** – we are a registered provider of social housing, with nearly 75% of this being supported housing, ensuring disabled people have suitable homes
- **Work** – we deliver a number of programmes to support people to develop skills and gain access to employment opportunities
- **Care** – we provide care to individuals who generally have complex needs and require support to be able to meet these needs
- **Opportunities without Limits (OWL)** – provides a range of day services designed to enable disabled people to acquire independent living skills

We currently support approximately 3,000 people across our geographical focus of the East of England, through these areas of activity. In 2020-21, Papworth Trust had a turnover of £13.5m (2019-20: £12.6m) and employed 232 staff (2019-20: 219).

In 2020 the Board of Trustees established seven key strategic priorities as part of our three-year Business Plan, structured in order to 'DELIVER' our strategy. We are pleased to report the following progress that has been made against each of these:

Deliver Sustainable Growth with Purpose

- We successfully secured net growth of 1,000 hours per week across our Care services, growing income by over 20%
- We have secured our position on the Job Entry Targeted Support programmes (JETS) across Cambridgeshire, and will support over 2,000 people to re-enter the employment market, a programme directly linked to the impact that the Covid 19 pandemic has had on employment opportunities
- We have secured £282k in fundraised income which has continued to support our First Steps to Success programme, as well as the development of our OWL services

Efficiently and Effectively provide great services

- We adapted our approach to be able to work fully and effectively whilst being remote from the office, with very little disruption or downtime during the pandemic, and established our ways of working for the future
- We adapted our delivery model for OWL by equipping customers and staff with suitable devices and developing safe online content to keep customers engaged
- We implemented a new HR information system to better support people management and reporting
- We have worked with external experts to help establish self-assessment audit processes to improve the quality management of the services we provide

Lead Meaningful Engagement, Striving for Co-Production

- Created a new tenant engagement position and consulted with tenants on new engagement initiatives
- Created a definition of 'meaningful engagement' to ensure we are able to empower our customers to have a voice and say in the services we offer
- Developed a model in Opportunities without Limits for people with lived experience to empower them, with our support, to gather the experiences and views of other people using our services

Influence disability policy, rights and opportunities

- We have implemented our communications strategy, ensuring that all communications are contributing towards our organisation's mission, vision and values. Following the initial crisis that the lockdown in March 2020 brought, we swiftly developed regular and consistent updates so that everyone could be kept abreast of developments whilst connecting with the Trust as a wider organisation

- Utilised new communications tools -WhatsApp, Instagram, LinkedIn and a dedicated staff Facebook group to widen our reach

Value our heritage whilst developing our culture

- Developed our 'Values in Practice' staff awards, to recognise work that staff are doing to help deliver our mission
- Created a more interactive corporate induction programme which welcomes new staff and informs them about the organisation from the moment they receive their job offer
- Established an Ethics working group to feed into the Trust's future planning on matters concerning the environment and our corporate social responsibility

Engage with others to learn and innovate

- Rolled out new software including Microsoft Teams and Zoom, that reduces isolation amongst our customers and enables them to access support from home
- Supported tenants with IT training to upskill them digitally
- Appointed a Communications Officer and Digital Communications Officer, strengthening our team to ensure greater consistency and reach to our messaging

Retain and develop a high quality workforce

- Launched a new recruitment portal which is part of the new HR Information System to improve our recruitment processes
- Developed dedicated recruitment resources which have enabled us to move candidates into roles more quickly and prepare for planned growth
- Welcomed 5 new Trustees, bringing with them skills to meet gaps identified and supporting succession planning
- Created a staff wellbeing working group and increased our wider focus on staff well being

Impact of Covid-19 Pandemic

The impact of the Covid-19 pandemic has been, and continues to be, significant for the Trust, affecting all areas of our business. We are pleased to report, however, that during a period of significant national uncertainty, we have been able to respond quickly and effectively through reorienting our services and support functions to ensure continuity of delivery. For some of our services this has meant, in part, reverting to a virtual delivery model, and for others it has meant putting into place new procedures and safety measures to ensure customers can

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be supported in a safe way. As the pandemic has progressed we have moved towards our recovery, focussing on lessons learned and taking the best from our revised ways of working whilst looking to the future where our staff and customers can be together in a face-to-face way. Individually for our service streams the impact has been as follows:

Housing

For our housing portfolio the focus throughout the pandemic has been to continue to deliver our planned housing improvements and to support our tenants who have been impacted. Due to supply chain challenges, and also recognising the need to support shielding customers, our planned investment programme has been impacted, with some planned works unable to take place. We have sought to engage closely with tenants throughout, and to respect their individual wishes around access to their properties, and are committing through our budgets and forward plans to ensure all work that has been delayed is completed as soon as possible. We have invested in tenant engagement during the year to better communicate with, and support, our tenants during this time, and are committed to maintaining this moving forward as a key priority.

Work

The pandemic has increased the profile and the demand for employment based support, with increased unemployment and an employment market changing at a pace not previously seen. Across our employment services we have seen a response from funders that has recognised the challenges faced, which has supported us to continue to work with customers during this time. All existing programmes have continued, largely through a virtual delivery model, and we have been commissioned as a contractor on the JETS programme, the government's initial programme to respond to rising unemployment, which has further grown the services we provide.

Care

Our Care staff have continued to deliver quality support to our customers throughout the pandemic, and it is a credit to the teams that this delivery has been continuous, and that we have also been able to take on new Care customers during this period. This has involved unpredicted challenges including securing appropriate PPE, ensuring new and appropriate infection control processes were implemented and adhered to, such as staff bubbles for customers, and managing Covid infections and periods of isolation across the staff team during the year. In spite of all these challenges we have been able to deliver high quality, customer-focussed care across our services.

OWL

Our OWL services have been the most impacted over the last year with the challenges of social distancing, combined with a number of customers having to self-isolate, resulting in significant disruption to operations in our centres. Our response to these challenges, combined with the support of our commissioners via secured funding and agreements to revised forms of delivery, has meant that, in spite of this, we have been able to continue to provide services to most of our customers in some form or another. We have sought to continue with a customer centric approach, involving a variety of modes of support, including utilising Zoom, one-to-one door step delivery to customers and, where possible, allowing small numbers of customers to attend our centres. We have also been delighted to work with our customers to be able to access our remote services through procuring equipment, such as tablet computers, and coaching customers in the use of this technology to provide support, both in terms of socialisation for customers but also in the development of skills using new technologies.

Ways of Working

Like many organisations, we have required all staff that are able to, to work from home throughout this period. We have invested in our technology and developed our staff capabilities to enable them to do this, and remain committed to taking the lessons learned from this more flexible mode of working into our future workplace and workspace planning. All internal meetings have been conducted via virtual platforms throughout this period.

We have focussed strongly on staff wellbeing, recognising that all our staff are facing different challenges, and we continue to work on our plans for the future to seek to build a more effective and supportive organisation for both customers and staff.

Reserves Policy

The Trust seeks to retain adequate reserves within the operation to ensure our financial resilience and sustainability, taking into account the obligations that we have, the future plans that we have made and the risks to delivery that we have identified in our risk register. The reserves policy sets out the target general reserves level and identifies measures to be taken to bring these reserves back within the target range, if required. It also sets out any designated reserves held and the purpose for holding these. The reserve balances are reviewed annually, informed by the business plan and an assessment of risks facing the business.

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The management of funds to ensure sufficient liquidity and protection of funds to meet our obligations, both those recognised on the balance sheet and elements provided for under our reserves policy, is a separate consideration dealt with under our investment and treasury management processes.

Restricted Reserves

The Trust from time to time receives grants or donations that might be specifically designated by the donor for a particular purpose, either in response to an appeal that we have made, or more generally by the donor's relationship with the Trust. The value of restricted reserves held as at the balance sheet date was £2.6m.

Where the Trust chooses to accept such grants or donations, it will do so on the full understanding of the terms and conditions that pertain to the grant or donation, and will put steps in place to ensure that these donations are only expended as prescribed in the terms, and that any further obligations placed upon the Trust by the acceptance of such grants or donations are adhered to. Such grants and donations are separately tracked and monitored and do not form part of the general reserves at the disposal of the Trust.

Designated Reserves

The Trustees also use their powers to designate certain reserves for specific purposes, if required, to ensure that known future commitments can be met, or to recognise that certain assets cannot be freely deployed to meet particular objectives of the Trust without significant disruption to the Trust's business.

To this end the Trustees have resolved to exclude from general reserves the value of fixed assets held, net of the long-term liabilities held against these. These assets do not represent 'free' reserves as they are required to be maintained in order that we can continue to deliver the services to our customers to deliver our aims, therefore the Trustees have designated an amount of reserves that reflect this carrying value on the Balance Sheet. The value of designated reserves held as at the balance sheet date was £14.4m.

Endowment Funds

The Trust holds a small number of funds, described as endowment funds, established over time to support particular groups of beneficiaries. We seek to utilise these funds to support these beneficiaries to the extent that we are able, in line with our general objects. The value of the endowment funds held as at the balance sheet date was £417k.

General Reserves

General reserves represent the free reserves that the Trustees have at their disposal to effectively meet the objectives of the Trust. These reserves are held to seek to ensure the financial resilience and sustainability of the Trust, helping to manage risk and volatility and insulating the organisation against the impact of future financial shocks.

The Trust has sought to evaluate the material risks and uncertainties facing the business, and the kind of financial provision that may need to be reserved to manage these risks, should they occur. We have considered activity as identified in our three-year business plan to represent an appropriate time horizon for the assessment of the level of reserves required.

It is also recognised that there is a level of general volatility in operations, and any plans to materially change provision, to exit any activity, or to manage the transition of programmes to differing funding mechanisms, inevitably takes time and involves cost, so it is prudent for the Trust to preserve funds for such eventualities also.

The Trustees have evaluated the principal financial risks facing the charity and have summarised these in the tables below;

General Reserves assessment

Category	Description of Risk	Estimated Financial Exposure
1. Potential Future Obligations	Social Housing Pension Liability. Historically there has been significant volatility and a minimum cash liability has been identified. There is also the likelihood of future actuarial assumption changes	£0.75m to £1.5m
	Capital Investments – own funds required to be reserved to complete projects	None at present – funding plans in place to meet requirements
2. Operational challenges	Care service delivery. Challenging operating model, risk to achieving financial improvement plan	£150k
	Stress-testing and sensitivity of budget projections	£250k to £600k

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Category	Description of Risk	Estimated Financial Exposure
	Reduction in voluntary funding. Reserve needed to manage any transition to reduced funding environment	£450k to £650k
3. Transitional arrangements	Funds required to manage transitions between contracts - none anticipated at present	
4. Funding planned service shortfalls	Identification of reserves to fund future shortfalls – none required that are not already included in the budget	
5. Asset valuation risk	Impairment risk of fixed assets. Realisable value may be less than in-use value for specialist assets	£550k
	Repayment of social housing grants, should these not be recycled effectively	£400k
	Downgrade in valuation of Investment portfolio	£1m to £2m

From this assessment the Trustees have concluded that they need to hold general reserves for operating activities in the target range of £2.8m to £4.35m, with consideration also made for further increases in the SHPS liability in the range of £0.75m to £1.5m, giving a total target range of £3.55m to £5.85m. Current general reserves stand at £5.7m, as at 31st March 2021, and therefore these reserves are in line with our overall reserves policy and are deemed broadly sufficient to support the future operational plans of the Trust.

Investment Policy

The Trust seeks to produce the best risk-adjusted financial returns from its financial investments. The investment objective is to maintain the real value of the assets over the long term, whilst also producing an income stream that can support the regular operations of the Trust. Investments are managed with full discretion by the Trust's investment advisers in accordance with the Statement of Investment Policy agreed with the Board. This is monitored and managed by the Joint Investment Committee, made up jointly of trustees of the Papworth Trust and the Varier-Jones Foundation. The Trustees of the Trust set the objectives, restrictions, investment mandate and any exclusions and, via the Joint Investment Committee, monitors the performance of the investment advisers through formal

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review meetings. Part of this strategy seeks to diversify adequately to minimise concentration risk and to hedge currencies appropriately.

Investment scope

Subject to the Environmental, Social and Governance (ESG) limitations that are set, the Trust delegates authority to the appointed fund managers to invest its funds appropriately to meet the targeted financial return and liquidity requirements agreed from time to time.

Attitude to Risk

The Trust seeks primarily to ensure that the real value of its investment funds is at least maintained, to support its reserves policy, whilst also providing a valuable unrestricted income stream to support operations. A key risk to the long-term sustainability of these funds is inflation, and the assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that the financial investments will be concentrated in real assets and that the capital value will fluctuate. The Trustees are able to tolerate short-term volatility of the capital value of the Trust's financial investment portfolio, as long as the Trust is able to preserve the underlying value in the long term. The investment portfolio is positioned to act as a fall back source of liquidity in the unlikely event that the Trust experiences a period of operational cashflow stress.

Structure, governance and management

As a Charity, The Papworth Trust is governed by its Trustees, who are also the members of the Trust. Trustees can serve up to three terms of office of up to three years each; the arrangements for the election or appointment of Trustees are detailed in the Articles of Association.

The Trustees, who are also the Directors of the company under company law, meet quarterly to review the management of the organisation. Day-to-day management is delegated to the Chief Executive and Executive Team. Trustees also meet managers in Committees to oversee the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees. Minutes of all Committee meetings are subsequently circulated to the full Board.

The induction process for Trustees is structured to ensure they receive a comprehensive introduction to their role and to the organisation. It consists of visiting our services and meeting our customers and staff, understanding the functions of the Trust through 1:1 meetings with senior managers and reading core relevant information, guidance and legislation. Certain site visits and induction meetings have necessarily been virtual meetings due to Covid restrictions over the last twelve months.

Trustees also undertake mandatory training, whilst also having the opportunity to participate in a range of good practice training relating to governance, Charity Commission requirements and operational delivery. Trustees are also supported by access to a dedicated section of our intranet site and by the use of board management software, keeping them updated on matters arising within the charity, as well as within the sector and our operating landscape more widely.

All Trustees, including the Chair, undertake an annual appraisal review, incorporating feedback from primary points of contact, in order to monitor Board effectiveness. These were conducted remotely in 2021 due to on-going Covid-19 impacts.

Trustees do not receive a salary, but may claim expenses for actual costs incurred in attending meetings.

Trustees and Executive Team members are asked to complete an annual Disclosure Statement to notify the Papworth Trust of any involvement in any other organisations, and these returns have been completed for activity occurring during the financial year.

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Trustees' Liabilities

The Trust indemnifies the Trustees of the Trust against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year.

Committees

Committees take a more detailed interest in specific areas of the Trust's activities and monitor performance against key performance indicators. The committee structure now in operation, with key responsibilities identified, is as follows:

Finance and Audit Committee

The Finance and Audit Committee is responsible for reviewing the financial performance of the Trust and reporting this to the Board, as well as overseeing the control of risk. The Committee reviews the Trust's annual accounts and recommends them to the Board for approval, receiving audit reports and reviewing the Trust's annual statement of internal controls and its compliance with current guidance. The Committee holds responsibility for the oversight of treasury management, the financial appraisal of new projects and prevention and detection of fraud.

Governance and Compliance Committee

The Governance and Compliance Committee oversees all matters of performance, quality and compliance of the Trust's operations, and ensures the effective ongoing governance of Papworth Trust.

The key responsibilities of this Committee are to review performance in line with service standards and statutory, regulatory and contractual compliance, to ensure effective oversight of safeguarding and health and safety is maintained and also to ensure that we have an appropriate policy framework to govern the work of the Trust.

Strategy and Change Committee

The Strategy and Change Committee is responsible for discussing and reviewing strategy and recommending changes for the continuous improvement of services offered by the Trust. Significant changes to markets, services, re-alignment of strategy or significant new ventures and major projects are all considered by this Committee. This Committee also reviews fundraising strategy and the scope and scale of our influencing activities, as part of the consideration of our wider strategic positioning.

Remuneration Committee

The Committee has delegated authority from the Board to approve the overall annual pay award and general reward policy for staff and to determine the remuneration of the Chief Executive and Executive Team. It also has oversight of salaries of any other staff in receipt of salaries over the Statement of Recommended Practice (the SORP) reporting threshold (currently £60,000 pa).

Joint Investment Committee

The Joint Investment Committee oversees the management of financial market investments to assist in meeting the current and future financial needs of the Papworth Trust and the Varrier-Jones Foundation. It considers investment mandates, policies and objectives, and meets with the investment managers on a regular basis to review performance against benchmarks, and to consider the wider economic outlook.

Equality, Diversity and Inclusion

In line with our mission, we want to give disabled people the opportunity to have their own home and live independent lives. Papworth Trust also strives to be an open and inclusive organisation, which serves all our communities and service users. We are committed to equality of opportunity for everyone who uses or provides our services.

We seek to make sure that no one will be treated less favourably because of their gender, sexual orientation, marital status, responsibilities for dependants, race, colour, nationality, ethnic origin, religious or political beliefs, age, class, disability or unrelated criminal convictions.

We expect all individuals and organisations that are involved in our activities to respect our equality and diversity policy.

Health and Safety

The Board recognises its responsibilities on all matters relating to health, safety and security, for both staff and customers. We maintain scrutiny through best practice groups, as well as formal reporting mechanisms to management and to the Board of any health and safety issues or concerns. We will continue the monitoring of safeguarding via the Governance and Compliance Committee, and utilise the Safeguarding Best Practice Group to capture learning and feedback from our own experience, and the experience of others, to improve process and practice.

Disabled Employees

We have a Diversity and Equality policy regarding the employment of staff, including disabled employees, and give full consideration to applications for employment from disabled people.

The Papworth Trust

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Currently 23% of Papworth Trust's employees have a declared disability.

As a Trust we are very pleased to be accredited as a Disability Confident Leader, which will encourage us to continue to champion good practice and actively encourage all organisations within our supply chain and wider networks to employ, support and promote disabled people.

Employee Involvement

We are committed to providing our employees with information about our activities, consulting with them on major changes and developing an open culture in the organisation. Regular meetings are held between managers and staff teams to allow a free flow of information, including a weekly briefing from the Chief Executive Officer (CEO) to the organisation on strategy and organisational developments.

We have introduced welcome meetings with the CEO for all new staff joining the Trust, and we are looking forward to being able to re-engage with staff more directly in the Autumn, when hopefully restrictions on indoor gatherings etc. will have been lifted.

We have an active Employee Forum group who are consulted on proposed changes and are regularly asked for their views, supporting the development of the voice of colleagues and of an open culture in the organisation.

Gender Pay Gap

Although the Trust is not obliged to report on its Gender Pay Gap, due to the number of employees in the organisation on the snapshot date having fallen to less than 250 in recent years, we have continued to voluntarily report this data, and have normally included a summary of this in our annual report.

Due to the impact of COVID-19, the Equality and Human Rights Commission have announced that enforcement of gender pay gap reporting for the 20/21 reporting year (which uses a snapshot date of 5 April 2020) will not begin until 5 October 2021. Work on analysing the data to this extended deadline continues, and will be published in due course.

Customer Involvement

It is very important to us that our customers are involved and influence how we develop, design and run services. The Trust has local customer groups covering our centres and services that inform us of key points of issue or concern. We are signed up with the National Housing Federation as an early adopter of the Together with Tenants plan, aimed at making clear commitments for Housing Associations to be accountable and responsive to their tenants. Enhancing engagement is one of the key strands of our current Business Plan, and we are

actively developing a comprehensive engagement strategy to improve the communications and feedback across the Trust. This has been supported by the recruitment of an Engagement Officer in our Housing team in the year.

Fundraising

The Trust is registered with the Fundraising Regulator and adheres to the guidelines of the Fundraising Code of Practice. Processes are in place to ensure that donations are utilised for the purposes for which they were given and towards the charitable objectives of the Trust. For donors and potential donors who have opted in to receiving contact by the Trust, personal details are kept in accordance with General Data Protection Regulations (GDPR).

Two small volunteer fundraising groups act on behalf of the Trust; their activity is monitored by a steering group, which includes Papworth Trust staff, and there are transparent processes in place to ensure that all donations are received by the Trust, that information relating to the Trust is accurate and that donors are not misled. In the 2020/21 financial year the Trust did not receive any complaints relating to fundraising practice.

Value for money (VfM) - Housing

Papworth Trust's mission is to support disabled people to have equality, choice and independence. As a Registered Provider of social housing we provide safe, accessible and affordable homes for our customers and we have a portfolio of supported housing located across the East of England, in addition to our base of general needs properties located in Cambridgeshire. Papworth Trust continues to focus on delivering a quality service to our customers in the most efficient and effective way, working to improve levels of satisfaction whilst generating surpluses to assist in both the funding of additional services to our customers and provide improvements to our existing housing stock.

In presenting the value for money metrics for our housing portfolio for 2020-21, following the recommended reporting from the Regulator of Social Housing, we have elected to use benchmark comparisons with a national small provider benchmarking group, comprising over 140 social housing providers, all with less than 1,000 units, the Small Provider Benchmarking Metric (SPBM). It should be noted, however, that whilst it is possible to find comparative organisations in terms of stock count, it is more challenging to benchmark against organisations with similar operational models, i.e. smaller providers with high levels of supported housing spread over a wide geographical area, alongside general needs housing. Therefore comparisons with specialist providers are also presented as separate indicators to help us to understand respective performance more clearly.

Achievements in 2020-21

- **Investment in Customer Engagement**

We recognise the importance of active involvement of our customers in our services, this past year we have reviewed our Customer Engagement Strategy, consulted with our tenants and are committed to increasing investment in this area. This includes a launch of new tenant engagement initiatives in 2021-22, including an improved tenant scrutiny panel that will review how the Trust ensures the housing service delivers value for money. We have successfully recruited a Tenant Engagement Officer in a new role designed to support this work and better facilitate open communication channels between ourselves and our tenants.

- **Implementation of remote working for our staff**

We have made significant investment in our IT infrastructure to improve how the service uses technology to improve quality and increase efficiency. We have purchased improved IT equipment to enable our housing staff to work from any location, promoting home working and greater work in the

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community to reduce unnecessary commuting. We have launched a new mobile working solution to our existing housing IT system that aims to drastically reduce paper usage and improve quality. This is done through modernising business processes and utilising mobile devices; enabling more intelligent communication and full audit trails of interactions with our customers.

- **Investment in our homes**

In challenging circumstances we have continued to invest significantly in our existing stock. This investment is less than our plan, due to the impact of the pandemic, but we have still managed to complete 97 boiler upgrades, 67 units receiving replacements of windows and doors, 26 new kitchens and 5 bathrooms within our capital programme, making significant improvements for our tenants.

- **Asset management review**

We have procured an external independent review of the sustainability of our wider housing portfolio with a view to developing our strategic approach to asset management. This comprehensive review has commenced and the initial phase has focused on the current and projected performance of our portfolio, stakeholder perceptions of our homes and long term investment requirements to indicate the sustainability of our housing schemes in providing value for money and return of investment. We will be continuing this work in 2021-22.

- **Sale of a unit at Priory Close**

We were able to complete the sale of one of our properties in the year, to a customer from whom we had previously purchased the property under a mortgage rescue scheme to prevent homelessness. This brought to a close a successful project that generated a surplus on disposal and supported a customer into sustainable home ownership in a property suitably adapted for their long term needs.

Value for Money Metrics	2020/21	2019/20	SPBM median
Reinvestment	1.6%	1.1%	2.1%
New supply delivered	0.2%	0.5%	0.0%
Gearing	19.8%	22.6%	10.8%
Interest cover	373%	271%	310%

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Social Housing cost per unit	£6,013	£5,700	£4,372
Operating margin (social housing)	12.6%	13.1%	15.9%
Return on capital employed	1.5%	1.4%	2.5%

Reinvestment

Our level of reinvestment has increased by 0.5% from 2019-20 to 2020-21, although expenditure was down on planned levels due to the level of disruption created by the pandemic. We continue to invest significantly in component replacements in order to improve the overall quality of our stock and plan to increase this investment further in 2021-22.

Alongside conventional component replacements, we are trialling the use of sustainable heating sources in a small number of homes. This trial will be used to inform future decisions as we seek to demonstrate value for money for stakeholders in achieving carbon net-zero by 2050.

New Supply Delivered

As part of our established approach to repurpose under-utilised spaces in existing sites to create sustainable new homes we have delivered one new unit this year. Working with existing stakeholders at a supported living scheme, we were able to change how care and support is delivered to enable a new customer to move into a room previously used by a care provider. Their care and support needs are now being met and the overall cost to the existing residents has been reduced.

Our forward plan contains an intention to bring a further twelve units into use, using existing sites. All of these developments have progressed in the year, but more slowly than planned due to the pandemic.

Gearing

Gearing has decreased by 2.8% as a consequence of a concerted strategy to reduce overall debt levels across the organisation, we expect this process to continue over future periods as we gradually reduce our overall net debt levels.

Interest Cover

Our interest burden in the year has continued to decrease as a result of strong operational performance and lower total interest levels supported by historically lower base rates. Our average cost of capital has continued to reduce and is now just under 3%.

Headline Social Housing Cost per Unit – analysed by type

	2020/21	2019/20	SPBM
Supported housing	£6,860	£6,435	£11,925
General needs housing	£3,618	£3,613	£3,878
All housing	£6,013	£5,700	£4,372

Our overall social housing cost per unit has increased marginally from 2019-20 reflective of our ongoing investment in our stock and in our tenants. This remains higher than the sector average, recognising that three quarters of our stock is supported housing and many of these units are specifically adapted for disabled people.

We have identified that higher costs of maintenance and replacement of specialist adaptations and equipment, alongside increased service charge costs, both act to increase our unit cost per property. In recognising and acknowledging our higher unit cost, we are also firmly committed to enhancing the value to our customers of living in a home suitably adapted to meet their needs with quality services to maximise their independence.

It is useful to split out our general needs and supported housing to enable better benchmarking against similar providers for each housing type. This indicates our general needs cost per unit is operating at a median level. Whilst our supported housing is significantly less than the median, this is expected due to the different types of supported housing in our portfolio, from homes with minimal support and few adaptations which tend to be lower cost, through to higher-cost specialised supported housing. External research identifies that significant variation can exist between supported housing costs due to differences in client group, level of adaptation and service level.

Operating Margin

Overall operating margin is slightly reduced in the year. Overall surpluses have remained stable, but additional surpluses made due to higher revenues have been reinvested in our overall services, including our maintenance programme, but also through making investments in new IT infrastructure and tenant engagement.

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As with the social housing cost per unit metric, it is useful to split out the operating margin of our supported and general needs housing to understand the respective operating efficiency and business health.

The additional costs associated with providing and delivering supported housing alongside greater proportions of income via service charges (at cost only) reduce the overall margin of this tenure.

	2020/21	2019/20	SPBM
Supported housing	7.9%	8.9%	9.3%
General needs housing	31.4%	29.6%	16.6%
All housing	12.6%	13.1%	15.9%

Return on Capital Employed (ROCE)

The return on capital employed has remained stable in 2020-21, with operating margins being consistent against the previous year, and with a relatively unchanged underlying asset valuation.

Plans for the Future

- **Value for Money Strategy**

In bringing to a close what has been a challenging year, we have the opportunity to review how we use our resources to achieve value for money. We are planning to refresh our overall strategy in 2021-22, and will be considering the future ways in which our staff will work, how we interact with our customers and how we meet the challenges of net zero. We will be reviewing our Value for Money Strategy and measurements to assess our impact alongside this.

- **Housing Development**

We plan to bring approximately twelve new units into use as supported living units, subject to obtaining the necessary consents. This is principally through the development of an existing site which is no longer fit for purpose and will be redeveloped from a shared living arrangement to a number of self-contained units. As part of our commitment to ensure our new homes are sustainable we are considering how we can ensure these meet net zero targets whilst achieving long term value for money.

- **Further Customer Engagement**

We will be continuing our commitment to invest significant resources in meaningful engagement of our customers.

As part of our improved tenant scrutiny panel, we are working with members to develop an appraisal process to ensure they have the knowledge, skills and support to provide adequate scrutiny in relation to value for money.

- **Continue asset management review**

We will be completing the initial phase of our independent strategic review into the performance of our existing assets. The next phase will be to use the outcomes from this review to develop and pilot an options appraisal tool for potentially unsustainable assets.

Going Concern

The Board has assessed The Papworth Trust's current financial position and resources, future obligations and risks, together with a review of the Trust's forward business plan, to consider the future financial viability of the Trust. The Board and Management Team have also reviewed the expected financial impact of the ongoing pandemic and believe that the Trust is well positioned to maintain service delivery within its anticipated resource envelope, and to mitigate much of the adverse financial impact, and therefore to continue to operate for the foreseeable future.

We have issued a new Business Plan which considers the likely impact of future social restrictions and cost pressures due to the pandemic. We have also completed risks and sensitivity testing around key areas of uncertainty, and of major cash flows, within this plan and note that the Trust has sufficient reserves and working capital to support the Business Plan. The Trust also continues to have the support of the Varrier-Jones Foundation, who have confirmed their commitment to support the Trust over the next financial year.

The Board therefore considers that it has a reasonable expectation that adequate resources exist for the Trust to continue to be operational for the foreseeable future and therefore that the adoption of the going concern principle is reasonable and appropriate in producing these financial statements.

Auditors

A resolution proposing the re-appointment of RSM UK Audit LLP as auditors will be proposed at the Trustee meeting in October.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The report of the Board of Trustees was approved by the Board, and signed on its behalf on 22 July 2021 by:



Brian Stewart OBE
Chair of Trustees

STRATEGIC REPORT

Objectives and public benefit

What we do

We offer essential support and care to disabled people. Our Mission is to help disabled people achieve equality, choice and independence. We support a wide range of disabled people including those with including physical disabilities, learning disabilities, mental ill health and sensory impairments.

We support people to live their lives to the full, and be seen for who they are.

Objects

The object of the Trust is to provide relief to disabled people, including the provision of social housing, in such ways that are for the benefit of the public and charitable according to English Law.

This Object is delivered via a three-year Business Plan and annual Departmental Plans, and we carry out service reviews on a monthly basis, to compare the outcomes and achievements of our work to our stated aims and objectives. The reviews look at the successes and challenges of each key activity and the benefits they have brought to those individuals and groups of people. The reviews also help to ensure that our activities remain focused on our strategic objectives.

Public Benefit

The Trustees confirm that they have regard to the Charity Commission's general guidance on public benefit whenever we review our Mission, aims and objectives and also when planning future activities, or evaluating existing ones.

We provide a benefit to the public by actively seeking to support disabled people to live their lives to the full, providing housing, employment support, care and day services as appropriate to meet the needs of our customers. We actively seek to embed our services in the wider community, recognising the benefits of an inclusive society, where everyone is seen for who they are.

We operate across the East of England and use our resources, as outlined above, to provide essential services and support, engaging with customers, commissioners and other key stakeholders to constantly evolve our offering to maximise the impact that we can achieve with the resources available.

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Financial Review

Full details of our financial performance for the year ended 31 March 2021 are shown in the Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement and Notes to the Accounts.

Turnover and operating surplus for 2020-21, with prior year comparisons, are shown in the table below:

	2021 £000's	2020 £000's
Turnover	13,383	12,647
Operating costs	(11,320)	(11,368)
Operating surplus	<u>2,063</u>	<u>1,279</u>
Profit/ (Loss) on sale of fixed assets	1	884
Exceptional income	67	263
Interest payable	(491)	(613)
Investment gains/ (losses)	<u>1,826</u>	<u>(358)</u>
Surplus for the year	<u><u>3,466</u></u>	<u><u>1,455</u></u>

Headline income has increased by 6%, which is principally attributable to income from Care activities, which has increased by 21% in the year, representing £549k additional income. We have also benefitted from two legacies in the year which has significantly boosted our overall fundraising levels. Other income has remained largely consistent across other service streams. Total operational costs have reduced marginally over the same period as efficiencies and cost control mechanisms have been put in place during the pandemic, as well as some planned activity not being undertaken in the period, which has offset the additional costs of supporting the Care growth.

Income

- Turnover from social housing lettings increased by 3.9% to £4.6m, representing a small inflationary increase in rentals following the end of mandatory rent reductions in April 2020 together with a small surplus made on the disposal of one of our housing units.
- Care activities saw income increase by 21%. A key driver of this was an increase in our overall care delivery of over 1,000 hours per week. In addition to this, above inflation increases were received from commissioners as well as

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approximately £100k of additional funding in response to the Covid-19 pandemic.

- OWL income reduced by 7%, driven by changing service provision due to the pandemic which resulted in some customers not being able to continue to receive service provision in part or in full.
- The Trust benefitted from two legacies in the year totalling £175k of income, significantly increasing overall fundraising income against that budgeted.

Expenditure

- Expenditure in Care increased by 17% due to the overall growth of the service. In addition costs were significantly higher due to the impact of the pandemic, and costs for sickness, agency use and personal protective equipment provision were all higher than planned in the year.
- The above costs for Care were offset by the release of a previously identified provision in respect of back pay for sleep in shifts. The sector has received much needed clarity on this matter and no back pay will now be required to be paid.
- Housing expenditure has remained consistent with the prior year, although this is in part driven by elements of work that could not be completed due to the pandemic. We continue to work with our tenants and our suppliers to complete this work as soon as practicable for all parties.
- Following a period of restructuring our support functions and the premises they work from, significant savings were made in these functions in comparison to previous years, noting a total reduction in expenditure of £253k. The most significant element of this is cost no longer being incurred for our former head office, which was sold in 2020, and therefore these financial statements are the first full year without the costs of these premises.
- Expenditure in both our OWL and Employment Services are lower in the year, which is driven largely through one-off savings incurred as a result of the pandemic, where items such as premises costs have not been incurred as planned.

Balance Sheet

- The cash position has improved by £530k, with total cash held of £2.2m at the balance sheet date. This is reflective of positive operational performance, but also reflects a number of elements of our capital expenditure programme that were planned for, but not completed in the year due to Covid restrictions.

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- The improved cash position has ensured that the Trust is reporting an improved current asset position at the balance sheet date. It is recognised that the Trust has significant loan redemptions to make in future years and is actively seeking to refinance elements of existing debt.
- The Trust actively monitors and manages cash utilisation, and has prepared a long-term forecast which has been tested under stress scenarios to ensure adequate future liquidity. The Trust was ahead of its target for liquid funds at the balance sheet date.
- The current year financial statements highlight a significant deterioration in the level of deficit for the SHPS pension scheme. The funding position has changed significantly, driven by significant changes in inflation projections, which have increased following the pandemic, and increases the future value of payments to pensioners. These accounts are prepared as we await the results of the latest triennial valuation for the SHPS pension and our future plans anticipate deficit redemptions increasing as a result of this.

Treasury Management

The Trust's historic housing development has been financed through a combination of Social Housing Grant, long term loan facilities and surpluses generated through normal activities and through fundraising.

Treasury Management is managed by the Finance Team and overseen by the Finance and Audit Committee. It is reviewed on a regular basis, setting treasury policy in line with expected future requirements, and reviewing longer term projections to ensure adequate financing is in place to meet future liabilities. Regular stress testing is performed to ensure that the Trust has sufficient mitigations in place in the event of multiple events occurring that places stress on working capital. Working capital requirements are held as cash, with surplus funds being invested through the Trust's investment managers. Potential drawdowns from investments are considered as part of the Trust's financing plan to support working capital as required.

The Trust has agreed Heads of terms for a new lending facility of £3m which it is anticipated will be drawn in part later this year.

Loan Covenants

There are several loan covenants in place on the Trust's long-term loans, the key measures being asset cover and interest cover. Breach of covenants could result in loans becoming immediately repayable. Loan covenant tests are monitored monthly and were comfortably met for the year ended 31 March 2021.

Plans for future periods

The Trust is focussing efforts on continuing to deliver high quality services to our customers, providing quality, choice and independence for disabled people. In our Business Plan for the period 2020 - 2023 the Trust set the following strategic principles, which remain applicable for the forthcoming year:

- **Deliver Sustainable Growth with Purpose**
- **Efficiently and Effectively provide great services**
- **Lead Meaningful Engagement, Striving for Co-Production**
- **Influence disability policy, rights and opportunities**
- **Value our heritage whilst developing our culture**
- **Engage with others to learn and innovate**
- **Retain and develop a high quality workforce**

In order to achieve our 'deliver' strategy we have set the following key objectives over the period:

Deliver Sustainable Growth with Purpose

- Develop new supporting housing units in South Cambridgeshire at identified sites in Bassingbourne and Papworth Everard
- Continue to grow our care services in Suffolk through acquiring new complex care support customers
- Secure continuation funding for First Steps to Success until 2023 and beyond in Suffolk and Cambridgeshire

Efficiently and Effectively provide great services

- Continue progress towards the Target Operating Model in the Care service; more effectively utilising management capacity and introducing technology to improve information management and management processes
- Continue to improve our digital functionality, enhancing the service to customers and our internal processes through implementing three new IT systems; Care Management, HR/Payroll and Fundraising/Business Development systems
- Develop a Governance and Compliance framework, which includes quality assurance, auditing, a self-assessment model for key service areas, health and safety and safeguarding
- Continue to evolve organisational KPIs, remedying any gaps and explore possible Business Information (BI) solutions that will allow real-time interrogation

Lead Meaningful Engagement, Striving for Co-Production

- Implement and embed our experts by lived experience programme
- Develop our tenant engagement strategy
- Work with our housing Scrutiny Panel to develop a customer satisfaction framework and implement customer engagement initiatives across our Work, Care and Opportunities without Limits services
- Develop a co-production approach building on the cultures and practices developed with Together with Tenants last year, which will ensure the customer voice is heard and influencing all levels of the organisation

Influence disability policy, rights and opportunities

- Map and assess the impact of our 'seat at the table' within relevant local, regional and national networks including regional NHF and Local provider Forums to ensure customers voices are heard
- Influence our corporate partners and local employers to become disability confident
- Introduce and roll out key documents to support our staff and volunteers to have confidence in their communications including, but not exclusive to, a Papworth Trust style guide, disability etiquette guide and a key messages grid
- Continue to develop and implement stakeholder engagement tools to share knowledge, reach a wider audience and influence policy areas including inequalities and future funding

Value our heritage whilst developing our culture

- Promote our history to influence our community including further development of our website to provide detail of our current service offer and how we have built on our learning from the past 100 years to make us as strong as we are today
- Investigate sustainable housing and maintenance solutions to inform our property development with a particular focus on ensuring that whatever we do meets the needs of disabled people
- Build upon the good work of our newly formed working group to develop and implement an Ethics strategy which will include a corporate social responsibility strategy encompassing all areas of the charity

Engage with others to learn and innovate

- Build on our learning from innovations driven by the pandemic to inform our future strategy

- Undertake a project with Deloitte that will seek to improve our use of Housing Data
- Work with Deloitte to develop an impact monitoring tool to better understand the impact that we have; using this data to make sure that we maximise our impact for customers, as well as informing decision making, investment decisions and how we engage with funders
- Develop and launch our digital strategy, understanding how we can take our digital support for customers further

Retain and develop a high quality workforce

- Undertake a Learning Options Appraisal, identifying the resources required to deliver the Trust's immediate and medium to long term learning requirements This will also incorporate an inclusive talent development programme and the development of a mentoring and coaching programme to support a robust succession plan and increased retention of key colleagues
- Embed a new Performance Management Framework, that enables us to reward strong performance and tackle under-performance
- Deliver and embed a Volunteering Strategy
- Retain our Disability Confident Leader status
- Achieve at least 'Silver' Standard in our Investors in People (IIP) assessment

Principal risks and uncertainties

Management of risk is an integral part of our planning and project management processes. The Papworth Trust has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the budget process, which reviews risks and controls in existing processes, and business reviews to track both systemic and emerging risks, this generates a comprehensive review of risks facing the Trust. We maintain a risk register in which risks are documented and evaluated, so that major risks can be identified and the effectiveness of controls which mitigate these risks can be assessed. The system of internal control is designed to manage key risks and to provide reasonable assurance about the reliability of financial and operational information and the safeguarding of the Trust's assets and reputation. The Trustees have reviewed the internal controls in operation during the period, and are satisfied that there are no issues leading to any material uncertainty regarding these financial statements.

The Finance and Audit Committee and Trustees monitor and review our principal risks and the processes for managing them, together with the arrangements for

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internal and external audits and preparation of financial statements. The Governance and Compliance Committee has oversight on regulatory compliance and quality standards for our service delivery, and monitors risks against these.

The critical risks and uncertainties have been identified as:

Key risk	Responses to the risk
Government austerity measures and public sector finances Government austerity measures and local authority spending reviews have a greater impact on the financial sustainability of some services than planned	• Active tracking and monitoring of national policy and local markets • Close engagement and partnering with commissioners of services • Careful scenario and sensitivity planning • Effective renegotiation of contracts
Cost base increases unable to be supported The rate of cost increases due to national living wage and other employment related costs becomes unsustainable for the Trust	• 'Open book' negotiations with commissioners • Service efficiencies, including technology deployment, used to maximise resource utilisation • Recruitment and retention of staff prioritised to minimise attrition
Impact of Covid-19 pandemic The long-term impact of the covid-19 pandemic, in particular in relation to the way we are able to deliver our services, could have an impact on the financial sustainability of our operations	• Actively engage with commissioning bodies to ensure alignment of service provision, with funding to support • Develop our community-based service delivery model within OWL (Day Services) • Continue to strengthen our remote working and technology supported ways of working across the Trust
Ability to effectively structure the long-term financing plan Ability to generate sufficient cash flows to meet capital and re-financing obligations will be more challenging with reduction in volumes, and in generating value from asset sales	• Deliver appropriate strategic asset disposals to support the plan • Increased visibility of long-term capital maintenance funding required following completion of stock condition surveys for our housing and commercial buildings • Secure and draw new lending facility • Complete scenario analysis and secure contingency financing arrangements

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Key risk	Responses to the risk
Breach of regulations The Trust works with vulnerable people in a number of highly regulated environments. A breach of regulations could lead to significant reputational damage. Though the likelihood is low, the impact could be very high	• Deployed a risk-based Quality Assurance Framework, with focus on highly regulated areas such as Care prioritised • The strengthening of a self-assessment model to create greater local accountability, as well as independent scrutiny • Effective reporting, safeguarding and whistle-blowing policies and procedures in place, as part of a structured policy register, with scheduled review points
Future service provision not adapted sufficiently In a changing funding and commissioning landscape, operating models need to adapt so that service delivery remains effective for the price and service design that commissioners will support	• Close monitoring and active dialogue with commissioners • Testing of future models of service delivery to meet changing customer needs, within the anticipated funding framework • Increase agility of provision by pursuing our Digital Roadmap and developing a more effective asset strategy, together with recruitment of suitably skilled staff to diversify our offering
Defined Benefit pension liability increases significantly Actuarial assumptions made, and asset valuation volatility, gives rise to considerable uncertainty of future valuations and deficit contributions	• Active use of accounting tool to track liability • Provision of reserves to seek to mitigate impact of any changes in valuation experienced • Completion of cash flow stress-testing analysis and liquidity contingency planning
Value of investment portfolio significantly decreases Listed investment volatility, particularly in response to world economic events and global issues, such as the Covid-19 pandemic, may have an adverse impact on the general reserves held by the Trust	• Funds placed in a suitably diversified portfolio, managed by qualified investment managers • Scrutiny by the Investment Committee, including active consideration of the mandate for geographic base, sterling weighting, investment type and Environmental, Social and Governance considerations

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Key risk	Responses to the risk
Varrier-Jones Foundation donation not maintained. Loss of rental income for the Varrier-Jones Foundation (VJF), following the move of Papworth Hospital and attrition following Covid-19, coupled with an adverse impact on VJF's investment returns, reduces annual income expected and therefore funds available for distribution	• Regular review of reserves and cash flow scenario analyses and mitigating actions • Seek to secure a longer-term agreement on the level of recurrent financing in order to provide stability, adjusting commitments accordingly • Seek to build alternative sources of unrestricted funding to maintain flexibility • Exploit new ways of working to explore cost savings that could be achieved through rationalisation of premises

The Trustees have closely considered the on-going impact that Brexit may have on the organisation and its customers, now that the UK has left the EU. We believe that there is a potential risk to ourselves and our customers if considerations are not made for disabled people as policy and legislation evolves. This will be closely monitored and challenges made where necessary through the appropriate disability network channels.

The Strategic Report was approved by the Board and signed on its behalf on 22 July 2021 by:



Brian Stewart OBE
Chair of Trustees

Statement of the Board of Trustees' responsibilities in respect of the Board of Trustees' Annual Report and the financial statements

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PAPWORTH TRUST

Opinion

We have audited the financial statements of The Papworth Trust (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income and statement of changes in reserves, the balance sheet, the cashflow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Trustees' Annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Annual report.

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

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

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 31 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines 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 Board is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in

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accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inquiring of management whether the company is in compliance with these law and regulations.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and the Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

Use of our report

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

RSM UK Audit LLP

Laragh Jeanroy (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Blenheim House

Newmarket Road

Bury St Edmunds

Suffolk

IP33 3SB

~~29 July 2021~~

8 September 2021

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Report and Accounts for the year ended 31 March 2021

Statement of Comprehensive Income

	Note	2021 £000's	2020 £000's
Turnover	3	13,383	12,647
Operating costs	3	(11,320)	(11,368)
Operating surplus		2,063	1,279
Profit on disposal of tangible fixed assets	8	1	884
Exceptional income	9	67	263
Interest payable and similar charges	10	(491)	(613)
Gains/ (losses) on investments		1,826	(358)
Surplus for the year		3,466	1,455
Movement in defined benefit pension scheme	23	(3,170)	2,797
Total Comprehensive income		296	4,252

The accounts relate to continuing operations. The notes on pages 42 to 78 form part of these financial statements.

Statement of Changes in Reserves

	2021 £000's	2020 £000's
Balance at 1 April	22,836	18,584
Surplus for the year	3,466	1,455
(Increase)/ decrease in Defined Benefit Pension liability	(3,170)	2,797
Balance at 31 March	23,132	22,836

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Balance Sheet	Notes	2021 £000's	2020 £000's
Fixed Assets			
Housing Properties	11	38,068	38,367
Other Fixed Assets	12	3,263	3,503
Investments	13	9,605	7,753
Endowment Fund Assets	14	417	399
Total fixed assets		<u>51,353</u>	<u>50,022</u>
Current Assets			
Assets held for disposal	15	137	277
Debtors - amounts falling due within one year	16	1,183	978
Cash and cash equivalents		2,195	1,665
		<u>3,515</u>	<u>2,920</u>
Creditors:			
Amounts falling due within one year	17	<u>(3,254)</u>	<u>(2,974)</u>
Net current assets/ (liabilities)		<u>261</u>	<u>(54)</u>
Total assets less current liabilities		<u>51,614</u>	<u>49,968</u>
Creditors:			
Amounts falling due after more than one year	18-19	(23,304)	(24,642)
Provisions for liabilities and charges			
Pension liabilities	23	(4,972)	(2,323)
Other Provisions	22	(206)	(167)
Net assets		<u>23,132</u>	<u>22,836</u>
Reserves			
Restricted Reserves		2,553	2,681
Endowment Funds Reserves		417	399
Unrestricted Reserves:			
Designated Reserves		14,426	13,531
General Reserves		<u>5,736</u>	<u>6,225</u>
Total Unrestricted reserves		<u>20,162</u>	<u>19,756</u>
Total Reserves	26	<u>23,132</u>	<u>22,836</u>

These Financial Statements were approved by the Board, and signed on the Board's behalf on 22 July 2021 by:



B Stewart
Trustee



M Anderson
Trustee

The notes on pages 42 to 78 form part of these financial statements.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Cash Flow Statement

	2021 £000's	2020 £000's
Cash flows from operating activities		
Operating surplus	2,063	1,279
Adjustment for:		
Remeasurement of pensions liability	30	45
Exceptional income	67	263
Cash surplus from sale of social housing	147	-
Receipt of social housing grant	-	15
Depreciation	1,452	1,458
Impairment charge	-	110
Amortisation of grants	(370)	(377)
(Increase)/ decrease in trade and other debtors	(205)	124
Increase/ (decrease) in trade and other creditors	249	(510)
Pensions deficit payments made	(594)	(566)
Net cash inflow	<u>2,839</u>	<u>1,841</u>
Interest paid	<u>(443)</u>	<u>(490)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	1	1,451
Acquisition of tangible fixed assets	(969)	(1,253)
Net cash inflow/ (outflow) from investing activities	<u>(968)</u>	<u>198</u>
Cash flows from financing activities		
Settlement of DWP loan	-	(507)
Repayment of borrowing	(898)	(856)
Net cash outflow from financing activities	<u>(898)</u>	<u>(1,363)</u>
Net Increase)/ (decrease) in cash	530	186
Cash and cash equivalents at 1 April	1,665	1,479
Cash and cash equivalents at 31 March	<u>2,195</u>	<u>1,665</u>

The notes on pages 42 to 78 form part of these financial statements.

Notes to the financial statements

1. Legal Status

The Trust is a registered charity and an incorporated Company limited by guarantee. The Trust is also registered with the Regulator of Social Housing. The principal objective of the Trust is to provide essential care and support to disabled people, which it does through providing essential services including social housing. The Trusts' Registered office is at 1 Saxongate, Bradbury Place, Huntingdon, PE29 3RR.

2. Accounting Policies

These financial statements are prepared in accordance with the Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102").

The financial statements are also prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

2.1 Basis of accounting

The financial statements are prepared on the historical cost basis except for the revaluation of investments to fair market value.

2.2 Going concern

The Board has assessed the Trust's financial performance and resources having regard to the 2021-22 budget and three year business plan. In addition, the Board has assessed the continued expected impact of the Covid-19 pandemic. As a consequence, the Board believes that the Trust is well positioned to manage business risks and expects to have adequate resources to operate for the foreseeable future. The Board therefore continues to adopt the going concern basis in the preparation of these financial statements.

2.3 Turnover

Turnover represents the income derived from the provision of the Trust's activities, comprising the sale of goods and services, property rental income net of voids, amortisation of Social Housing Grant, revenue grants, charitable gifts and dividend Income received.

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Rental income is recognised from the point when it becomes due. Income for service delivery is recognised when services have been delivered. Income from grants are recognised when the conditions of the grant have been met. Income from investments is recognised when received.

2.4 Expenses

Cost of sales

Cost of sales represents the direct costs and overheads involved in providing social housing and other charitable activities.

Operating costs

Operating costs represent the support and premises costs that enable the Trust to provide social housing and other charitable activities.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Interest payable

Interest payable and similar charges are charged to the profit and loss account when incurred.

2.5 Tangible fixed assets – housing properties

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated differently to buildings.

2.6 Depreciation – housing properties

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. No depreciation is charged on housing properties or components under construction. The estimated useful lives are as follows:

Structure	50-80 years
Roof	50 years

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Electrical installation	40 years
Windows and doors	30 years
Heating (excluding boilers), plumbing and ventilation	30 years
Bathrooms	20 years
Boilers	15 years
Kitchens	15 years
Flooring	10 years

Depreciation methods, rates and residual values are reviewed if there is an indication of a significant change in the expectation of typical useful lives of asset groups.

2.7 Non-component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream of the life of a property, is capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs and maintenance to housing properties is charged to the income and expenditure account in the period incurred.

2.8 Other fixed assets

Other tangible fixed assets include those with an individual value at cost in excess of £1,000.

Depreciation is charged to the profit and loss account on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings (non-housing)	50 years
Leasehold improvements	over the life of the lease
Motor vehicles	4-6 years
Plant, machinery and fixtures	3-15 years
Office equipment	5-10 years

2.9 Properties held for sale and work in progress

Assets under construction are held at cost within the relevant category of fixed assets and are not depreciated until the asset is in use.

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Properties held for sale are recognised at the lower of depreciated cost and net realisable value. They are classified as current assets when the Trust deems disposal probable within the next twelve months. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

2.10 Basic financial instruments

Trade and other debtors, including tenant arrears; trade and other creditors

These are recognised initially at transaction value less attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.11 Impairment

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, the impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Trust would receive for the asset if it were to

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be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss statement.

2.12 Social Housing Grant

Social Housing Grant ("SHG") is initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the income and expenditure as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG are transferred to either the recycled capital grant fund or the disposal proceeds fund until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

2.13 Investment assets

Investments are carried at mid-market value as at the balance sheet date. Movements in asset valuations are recorded in the statement of comprehensive income.

2.14 Retirement benefits

The Company participated in one defined benefit pension scheme, the Social Housing Pension Scheme (SHPS), although the Company closed the scheme to further accrual in the previous year. SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. Associated assets and liabilities are allocated to each employer for accounting purposes. The net defined benefit liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. A new valuation was due to be completed with an effective date of 30 September 2020, with the results unpublished at the point of signing these financial statements.

Gains/Losses

Gains or losses recognised in the profit and loss account are as follows:

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- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income are as follows

- Any actuarial gains and losses,
- The difference between the interest income on the plan assets and the actual return on the plan assets.

2.15 Termination benefits

Termination benefits are recognised as an expense when the Trust is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Trust has made an offer of voluntary redundancy, it is likely that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.16 Provisions

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

2.17 Service charges

Service charge income and costs are recognised on an accrual basis. The Trust applies service charges where applicable to schemes, ordinarily on a fixed basis, in consultation with residents. The budgets are set annually, informed by past costs and future planned activity. Any balances remaining are held as creditors or debtors in the statement of financial position until such time as all costs are recognised. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents. Until these costs are incurred, this liability is held in the statement of financial position within creditors.

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2.18 VAT

The Company is partially exempt for Value Added Tax (VAT). The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs.

2.19 Taxation

As a registered charity, the Trust is exempt from UK corporation tax to the extent that incomes or other gains are applied exclusively for charitable purposes. Corporation tax on any income or gains that do not meet the criteria for exemption would be included on the income and expenditure report.

2.20 Reserves

Restricted reserves

Restricted reserves represent unspent funds received for specific purposes from external funders. Restricted funds are only expendable in relation to the purposes for which they were received.

Endowment funds

Endowment funds are held where funds held are part of either an expendable or permanent endowment fund. Endowment funds are only expendable in relation to the purposes for which they were received

Designated reserves

Designated reserves are reserves that have been identified for specific purposes by the Board.

General reserves

General reserves are held at a level appropriate for working capital and contingency, and are reviewed annually by the Board.

2.21 Accounting estimates and judgements

In producing these financial statements, the Trust has made estimates and judgements that it feels give a true and fair view. Accounting policies and judgements are assessed against current accounting standards, industry practice and market conditions, and reviewed annually for appropriateness.

Impairment

Housing stocks are assessed for impairment when an indicator of impairment is noted. Carrying values are considered to ensure that they are not greater than net present value, calculated using a discounted cash flow basis for housing

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stock that is in use. Where housing properties are not in use the net realisable value is calculated with reference to the potential sales value of the property.

Bad Debt

Provisions are made for bad debts when there is deemed to be significant risk to recovery. For tenant arrears, bad debt provision is made in all instances for former tenants unless a clear recovery plan is in place. For existing tenants, consideration for provision will be made based on the ageing profile of the debt.

For other debtors, provision will be considered for transactions that are over three months overdue, with consideration being made for each debt based on the customer profile and the type of debt.

Defined benefit pension

Accounting estimates are made for the defined benefit pension scheme SHPS. Critical estimates are made by Management, following advice from the Trust's pension's advisors.

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3 Social Housing

	2021	2021	2021	2020
	General	Supported	Total	Total
	Needs	Housing		
	£000's	£000's	£000's	£000's
Rent receivable (net of service charges)	913	2,603	3,516	3,441
Profit on disposal social housing assets	-	77	77	-
Service charges	-	964	964	946
Net rents receivable	913	3,644	4,557	4,387
Other income	-	-	-	2
Total income from lettings	913	3,644	4,557	4,389
Expenditure on letting activities				
Management	(255)	(707)	(962)	(950)
Services	(2)	(270)	(272)	(314)
Routine maintenance	(187)	(1,271)	(1,458)	(1,253)
Planned maintenance	(11)	(31)	(42)	(98)
Bad debts	(2)	(9)	(11)	(47)
Depreciation of housing properties	(165)	(1,057)	(1,222)	(1,130)
Impairment charges	-	-	-	(110)
Depreciation of other housing assets	(4)	(10)	(14)	(21)
Total expenditure on lettings	(626)	(3,355)	(3,981)	(3,890)
Operating surplus on lettings	287	289	576	466
Void Losses (included within the above)	(2)	(53)	(55)	(54)

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3 Social housing and other activities continued

	Turnover	Cost of sales / delivery	2021 Operating Costs	Operating Surplus
	£000's	£000's	£000's	£000's
Social housing lettings				
General needs	913	(424)	(202)	287
Supported housing	3,644	(2,783)	(572)	289
	<u>4,557</u>	<u>(3,207)</u>	<u>(774)</u>	<u>576</u>
Other social housing activities				
Other housing activities	23	(105)	-	(82)
Amortised grant Income	370	-	-	370
	<u>393</u>	<u>(105)</u>	<u>-</u>	<u>288</u>
Non-social housing activities				
Work services	1,421	(1,463)	-	(42)
Care services	3,160	(3,345)	-	(185)
Opportunities Without Limits	1,286	(1,392)	-	(106)
Policy & Communications	-	-	(104)	(104)
Business Development	-	-	(189)	(189)
Varrier-Jones Foundation donation	1,720	-	-	1,720
Fundraising	413	(53)	-	360
Enabling Services (Management, Finance, IT, HR and Facilities)	149	-	(618)	(469)
Investment income	284	(40)	-	244
Re-measurement of defined benefit pension liability	-	-	(30)	(30)
	<u>8,433</u>	<u>(6,293)</u>	<u>(941)</u>	<u>1,199</u>
Total social housing and non-housing activity surplus	<u>13,383</u>	<u>(9,605)</u>	<u>(1,715)</u>	<u>2,063</u>
Gain on disposal of assets				1
Exceptional income				67
Interest payable				(491)
Gain on investments				1,826
Surplus for year				<u>3,466</u>

The Papworth Trust

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3 Social housing and other activities *continued*

	Turnover £000's	Cost of sales / delivery £000's	2020 Operating Costs £000's	Operating Surplus £000's
Social housing lettings				
General needs	895	(434)	(196)	265
Supported housing	3,492	(2,746)	(545)	201
	<u>4,387</u>	<u>(3,180)</u>	<u>(741)</u>	<u>466</u>
Other social housing activities				
Other housing income	78	(147)	-	(69)
Amortised grant Income	377	-	-	377
	<u>455</u>	<u>(147)</u>	<u>-</u>	<u>308</u>
Non-social housing activities				
Work services	1,487	(1,585)	-	(98)
Care services	2,621	(2,871)	-	(250)
Opportunities Without Limits	1,411	(1,532)	-	(121)
Policy & Communications	-	-	(85)	(85)
Business Development	-	-	(212)	(212)
Fundraising	174	(50)	-	124
Varrier-Jones Foundation donation	1,685	-	-	1,685
Enabling Services (Management, Finance, IT, HR and Facilities)	163	-	(871)	(708)
Investment income	264	(49)	-	215
Re-measurement of defined benefit pension liability	-	-	(45)	(45)
	<u>7,805</u>	<u>(6,087)</u>	<u>(1,213)</u>	<u>505</u>
Total social housing and non-housing activity surplus/(deficit)	<u>12,647</u>	<u>(9,414)</u>	<u>(1,954)</u>	<u>1,279</u>
Gain on disposal of assets				884
Exceptional income				263
Interest payable				(613)
Loss on investments				(358)
Surplus for year				<u>1,455</u>

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4 Housing Stock

	General Needs Housing (units)	Supported Housing (units)	2021 Total (units)	2020 (units)
Number of units	173	490	663	663
Owned and managed	173	486	659	659
Managed on behalf of others	-	4	4	4
	173	490	663	663

5 Expenses and auditor's remuneration

	2021 £000's	2020 £000's
Included in the profit and loss account are the following:		
Depreciation on housing properties	1,153	1,130
Loss on replacement of component assets	56	-
Impairment of housing properties	-	110
Depreciation on other fixed assets	299	328
Profit on sale of other fixed assets	1	884
Costs of operating leases	86	88
Auditor's remuneration:		
Audit of these financial statements	26	24
	26	24

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6 Staff and employee costs

	2021	2020
	£000's	£000's
Staff costs		
Wages and salaries	5,871	5,141
Social security costs	487	410
Pension costs	202	235
	<u>6,560</u>	<u>5,786</u>

	2021 Number	2020 Number
The average number of persons employed by the Trust (including directors) during the year was as follows:		
Average headcount	232	219
Average full-time equivalent employees	<u>204</u>	<u>187</u>

At 31 March 2021 outstanding pensions contributions were £31,000 (2020: £78,000).

Salary banding for all employees earning over £60,000 (including salaries, performance related pay and benefits in kind but excluding pension contributions paid by the employer and any termination costs paid).

	2021	2020
Bands		
£60,000- £70,000	1	-
£70,001-£80,000	-	-
£80,001-£90,000	1	1
£90,001- £100,000	1	1
£100,001-£110,000	-	-
£110,001- £120,000	1	1

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7 Board members and Executive Directors

The Directors are defined as the Trustee members of the Board, the Chief Executive and the Executive Team. Trustee roles are unremunerated.

	2021 £000's	2020 £000's
Aggregate emoluments paid to Directors	301	291
Pension	30	31
	<u>331</u>	<u>322</u>
 Total emoluments paid to the highest paid Director	 <u>112</u>	 <u>112</u>
 Total number of paid Directors	 4	 3
Number of Directors in the defined benefit pension scheme	<u>-</u>	<u>-</u>

In February 2021 the Trust recruited a new Director of Human Resources to supplement its existing Executive team. Two months costs for this new post are included within the above. No members of the Executive team received a pay rise in 2020-21.

In addition to the above the highest paid director received pension contributions of £11,000 (2020: 11,000).

During the year no consideration was paid to Trustees for performing their roles (2020: Nil). In the year out of pocket expenses of totalling £Nil (2020: £2,989) were paid to members of the Board.

8 Profit on disposal of tangible fixed assets

	2021 £000's	2020 £000's
Proceeds from sale of assets	1	1,451
Cost of disposals	-	(567)
	<u>1</u>	<u>884</u>

The prior year includes the sale of the Trust's former Head Office in Papworth Everard, the sale of which was completed in March 2020.

In addition to the above one social housing unit was sold in the year for net proceeds of £210,000 generated a profit on disposal of £70,000. This surplus is displayed elsewhere in these financial statements.

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9 Exceptional income

	2021 £000's	2020 £000's
Coronavirus Job retention scheme	67	-
Sale of hospital pre-emption rights	-	263
	<u>67</u>	<u>263</u>

Exceptional income received in 2021 relates to claims made in relation to staff placed on Furlough, who could not reasonably perform their duties during the Covid 19 pandemic.

In 2020 exceptional income was received in the prior year in exchange for the Trust releasing certain pre-emption rights over property in the village of Papworth Everard occupied by Papworth Hospital.

10 Interest payable and similar charges

	2021 £000's	2020 £000's
Interest payable on financial liabilities	443	490
Interest payable on the unwinding of the net pension deficit liability	48	123
	<u>491</u>	<u>613</u>

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11 Housing properties	General Needs	Supporting living	Capital work in progress	Total
	£000's	£000's	£000's	£000's
Cost				
Balance at 1 April 2020	6,610	49,914	108	56,632
Acquisitions	452	423	35	910
Allocation of work in progress	54	54	(108)	-
Disposals	(89)	(84)	-	(173)
Balance at 31 March 2021	<u>7,027</u>	<u>50,307</u>	<u>35</u>	<u>57,369</u>
Depreciation				
Balance at 1 April 2020	3,005	15,260	-	18,265
Depreciation charge for year	198	955	-	1,153
Disposals	(52)	(65)	-	(117)
Balance at 31 March 2021	<u>3,151</u>	<u>16,150</u>	<u>-</u>	<u>19,301</u>
Net book value				
At 31 March 2021	<u>3,876</u>	<u>34,157</u>	<u>35</u>	<u>38,068</u>
At 31 March 2020	<u>3,605</u>	<u>34,654</u>	<u>108</u>	<u>38,367</u>

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12 Other fixed assets	Land & Buildings £000's	Motor Vehicles £000's	IT Assets £000's	Other Fixed Assets £000's	Total £000's
Cost					
Balance at 1 April 2020	5,735	271	302	286	6,594
Acquisitions	28	11	20	-	59
Disposals	-	(15)	-	-	(15)
Balance at 31 March 2021	<u>5,763</u>	<u>267</u>	<u>322</u>	<u>286</u>	<u>6,638</u>
Depreciation					
Balance at 1 April 2020	2,501	151	208	231	4,637
Depreciation charge for year	199	30	55	15	299
Disposals	-	(15)	-	-	(15)
Balance at 31 March 2021	<u>2,700</u>	<u>166</u>	<u>263</u>	<u>246</u>	<u>3,375</u>
Net book value					
At 31 March 2021	<u>3,063</u>	<u>101</u>	<u>59</u>	<u>40</u>	<u>3,263</u>
At 31 March 2020	<u>3,234</u>	<u>120</u>	<u>94</u>	<u>55</u>	<u>3,503</u>

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13 Investments

Market Value

	2021 £000's	2020 £000's
At 1 April	7,753	8,111
Additions	3,097	2,036
Disposals	(2,679)	(2,003)
Realised gains	256	113
Unrealised & other movements	1,178	(504)
Market Value at 31 March	<u>9,605</u>	<u>7,753</u>

Historical cost of assets

	2021 £000's	2020 £000's
Historical cost of assets	8,024	7,596
Unrealised gains	1,581	157
Market Value at 31 March	<u>9,605</u>	<u>7,753</u>

Held as follows:

	2021 £000's	2020 £000's
Cash & cash equivalents	56	234
Fixed Income	1,234	1,183
UK Equities	2,041	1,377
Global Equities	5,256	3,793
Alternative Investments	1,018	1,166
Market Value at 31 March	<u>9,605</u>	<u>7,753</u>

14 Endowment Fund Assets

	2021 £000's	2020 £000's
Cash	159	156
Investments	101	83
Property	157	160
	<u>417</u>	<u>399</u>

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15 Properties Held for Disposal

	2021 £000's	2020 £000's
Housing property	-	140
Commercial property	137	137
	<u>137</u>	<u>277</u>

At the Balance Sheet date the Trust held no housing properties for sale (2020: One). One of the Trust's commercial premises is being actively marketed for sale in Ipswich, following its closure as an operational facility in 2019. There are also a number of surplus assets, with little or no carrying value, within the village of Papworth Everard for which disposal is being sought.

16 Debtors

	2021 £000's	2020 £000's
Trade debtors	314	467
Prepayments and accrued income	627	321
Tenant arrears	87	108
Other debtors	155	82
	<u>1,183</u>	<u>978</u>

Tenant Arrears:

	2021 £'000	2020 £'000
Current tenant arrears	87	106
- less provision for bad and doubtful debts	-	-
Former tenant arrears	63	87
- less provision for bad and doubtful debts	(63)	(85)
	<u>87</u>	<u>108</u>

Former tenant arrears relate to individuals who no longer occupy premises owned by the Trust.

The Papworth Trust
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17 Creditors: amounts falling due within one year

	2021 £000's	2020 £000's
Loans (note 20)	938	898
Trade creditors	216	271
Other taxation and social security	191	125
Other creditors	415	316
Rents received in advance	209	200
Accruals and deferred income	883	762
Recycled capital grants fund	402	402
	<u>3,254</u>	<u>2,974</u>

18 Creditors: amounts falling due after more than one year

	2021 £000's	2020 £000's
Loans (note 19)	12,614	13,552
Deferred grant income	10,690	11,090
	<u>23,304</u>	<u>24,642</u>

Deferred grant income

	2021 £000's	2020 £000's
Recycled capital grants fund	402	402
Social Housing Grants	10,655	11,025
Other grants	35	35
Other	-	30
	<u>11,092</u>	<u>11,492</u>
Amounts falling due within one year	402	432
Amounts falling due after more than one year	<u>10,690</u>	<u>11,060</u>
	<u>11,092</u>	<u>11,492</u>

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19 Social Housing Grants

Housing Grants due after one year

	2021 £000's	2020 £000's
Cost		
Cost at 1 April	19,434	19,419
Additions/ disposals in year	-	15
Cost at 31 March	19,434	19,434
Amortisation		
Amortisation at 1 April	8,374	8,003
Amortisation income in year	370	371
Amortisation at 31 March	8,744	8,374
Deferred Grant income	10,690	11,060

Recycled Capital Grant Fund

	2021 £000's	2020 £000's
At 1 April	402	401
Utilised in the year	-	-
Interest Credited to the fund	-	1
At 31 March	402	402
Due within one year	402	402
Due after more than one year	-	-
	402	402

Of the above balance £402,000 (2020: £402,000) relates to grants that were recycled over three years previously from the date of these financial statements.

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20 Loans and borrowings

All loans and borrowings are measured at amortised cost.

Secured bank loans are secured by way of a first fixed charge over specified housing properties and include an asset cover test based on the ratio of the value of properties secured to the carrying value of the loan. Secured bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the profit and loss and balance sheet of the financial statements.

	2021 £000's	2020 £000's
Secured bank loans		
Due within one year	938	898
Due between one and two years	990	948
Due between two and five years	3,244	3,102
Due in greater than five years	8,380	9,502
	13,552	14,450

Outstanding Loans by Lender

	2021 £000's	2020 £000's
Orchard Brook	464	480
Lloyds	2,871	2,980
Royal Bank of Scotland	5,663	6,178
Barclays	4,554	4,812
	13,552	14,450

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20 Loans and borrowings continued

A loan from Orchard Brook Limited of £464,000 is repayable by 2034 at a fixed rate of interest of 11.47% secured by specific charges on various Papworth Trust housing properties and repayable in bi-annual instalments.

A loan from Lloyds Bank plc of £2.87 million is secured by way of fixed charges over certain properties owned by Papworth Trust. Outstanding balances are as follows:

Interest rate	End of fixed rate period	£000's
Fixed 3.91%	December 2039	1,987
Fixed 2.68%	December 2039	884

The Royal Bank of Scotland plc loan is part of an original £10 million facility secured by way of fixed charges on certain properties owned by Papworth Trust. Total outstanding loans of £5.7m are held as of 31 March 2021 and details are as follows:

Interest rate	End of fixed rate period	£000's
Fixed 5.66%	September 2021	465
Fixed 7.09%	September 2024	428
Fixed 6.97%	November 2024	160
Fixed 4.57%	July 2026	400
Fixed 4.74%	February 2027	1,000
Fixed 3.61%	March 2027	900
Variable 0.53%		2,310

The Barclays Bank plc loan is part of a £5 million facility and is secured by way of fixed charges over certain properties owned by Papworth Trust. Capital redemptions of £250,000 are due annually in July for a period of twenty years beginning July 2019. Details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 3.43%	July 2038	1,800
Variable 0.29%		2,000
Variable 0.28%		700

In addition to the above a commercial mortgage of £54,000 (2020: £62,000) is held over one of the Trusts' commercial buildings in Lowestoft which is repaid in monthly instalments and will be fully redeemed by October 2026.

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21 Analysis of Net Debt

	2021 £000's	2020 £000's
Net debt at 1 April	12,785	13,827
Cash flows in period	(530)	1,898
Repayment of borrowing	(898)	(856)
Balance at 31 March	<u>11,357</u>	<u>12,785</u>
Net debt made up as follows:		
Loans due in less than one year	938	898
Loans due in more than one year	12,614	13,552
Cash held	(2,195)	(1,665)
Net debt held	<u>11,357</u>	<u>12,785</u>

22 Other Provisions

	2021 £000's	2020 £000's
Balance at 1 April	167	143
Provisions made during the year	39	57
Provisions used during the year	-	(33)
Balance at 31 March	<u>206</u>	<u>167</u>

Provisions held relate to expected future dilapidations works required on two leasehold properties upon termination of the lease. One of these leases expired in March 2020 and is currently rolling whilst a strategic review is under taken as to the future use of these premises by the Trust. The other lease is due for expiry in 2023.

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23 Employee Benefits

The company participates in the SHPS scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	31 March 2021 £000's	31 March 2020 £000's
Fair value of plan assets	18,226	16,048
Present value of defined benefit obligation	(23,198)	(18,371)
Defined benefit (liability) to be recognised	<u>(4,972)</u>	<u>(2,323)</u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	31 March 2021 £000's	31 March 2020 £000's
Defined benefit obligation at 1 April	18,371	20,899
Current service cost	-	45
Expenses	25	23
Interest expense	427	487
Member contributions	-	14
Actuarial losses / (gains) due to scheme experience	(131)	81
Actuarial losses / (gains) due to changes in demographic assumptions	84	(183)
Actuarial (gains) / losses due to changes in financial assumptions	4,797	(2,646)
Benefits and expenses paid	<u>(375)</u>	<u>(349)</u>
Defined benefit obligation at 31 March	<u>23,198</u>	<u>18,371</u>

The Papworth Trust
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23 Employee Benefits continued

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	31 March 2021 £000's	31 March 2020 £000's
Fair value of plan assets at 1 April	16,048	15,404
Interest income	379	364
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,580	49
Contributions by employer	594	566
Contributions by plan participants	-	14
Benefits paid and expenses	(375)	(349)
Fair value of plan assets at 31 March	<u>18,226</u>	<u>16,048</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,959,000 (2020: £413,000).

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	31 March 2021 £000's	31 March 2020 £000's
Current service cost	-	45
Expenses	25	23
Net interest expense	48	123
Defined benefit costs to be recognised	<u>73</u>	<u>191</u>

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23 Employee Benefits continued

Defined Benefit Costs Recognised in the Statement of Changes in Reserves

	31 March 2021 £000's	31 March 2020 £000's
Experience on plan assets (excluding amounts included in net interest cost)	1,580	49
Experience gains and losses arising on the plan liabilities	131	(81)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(84)	183
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	(4,797)	2,646
	(3,170)	2,797

Plan Assets

	31 March 2021 £000's	31 March 2020 £000's
Global equity	2,905	2,347
Absolute return	1,006	837
Distressed opportunities	526	309
Credit relative value	573	440
Alternative risk premia	686	1,122
Fund of hedge funds	2	9
Emerging markets debt	736	486
Risk sharing	663	542
Insurance- linked securities	438	493
Property	379	354
Infrastructure	1,215	1,194
Private debt	435	323
Opportunistic Illiquid Credit	463	388
High Yield	546	-
Opportunistic Credit	500	-
Corporate Bond Fund	1,077	915
Liquid credit	218	7
Long lease property	357	278
Secured income	758	609
Liability driven investment	4,632	5,326
Current assets	111	69
	18,226	16,048

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23 Employee Benefits continued

Key Assumptions

	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	2.2	2.35
Inflation (RPI)	3.25	2.56
Inflation (CPI)	2.87	1.56
Salary Growth	2.87	2.0
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March based on life expectancy at 65 years are as follows:

	31 March 2021 Life expectancy (years)	31 March 2020 Life expectancy (years)
Male retiring in 2020	21.6	21.5
Female retiring in 2020	23.5	23.3
Male retiring in 2040	22.9	22.9
Female retiring in 2040	25.1	24.5

24 Operating Leases

	2021 £000's	2020 £000's
Future minimum lease payments due are as follows:		
Less than one year	82	56
Between one and five years	88	64
	170	120

25 Contingent Liabilities

The Trust receives grants and loans from Homes England and other bodies. Under the terms of these grants/ loans amounts may be repayable if the properties are disposed of or cease to be used for the purpose specified. The Trust therefore has a contingent liability for amounts in relation to grants which have been recognised in the profit and loss through amortisation, plus any calculation of interest accrued on these amounts, which could become repayable if the property is disposed of or its use changes. Details of these grants are included within note 18 of these financial statements.

Housing grants may be recycled in which case the obligation is transferred to the recycled capital grant fund and held on the balance sheet as a current liability.

The Papworth Trust
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26 Reserves

Movement in funds

	At 31 March 2020	Income	Expenditure	Investment	Other	At 31 March 2021
<u>General</u>	6,225	12,562	(9,473)	1,808	(5,386)	5,736
<u>Reserves:</u>						
<u>Designated</u>						
<u>funds:</u>						
Fixed asset Fund	13,531	-	(1,349)	-	2,244	14,426
<u>Restricted</u>						
<u>Funds:</u>						
Capital fund	2,492	5	(166)	-	-	2,331
Building Better Opportunities	-	732	(732)	-	-	-
Leicester ageing together	28	-	-	-	(28)	-
Other Housing funds	32	-	-	-	-	32
First Steps to success	57	37	(19)	-	-	75
Covid recovery funds	-	57	(53)	-	-	4
Garden Studios	-	46	-	-	-	46
Other funds	72	8	(15)	-	-	65
Endowment Funds	399	3	(3)	18	-	417
	22,836	13,450	(11,810)	1,826	(3,170)	23,132

Designated Funds:

The fixed asset fund relates to the net value the Trust holds in fixed assets including associated liabilities such as secured loans and Housing Grants less any properties funded through restricted funding streams.

Income into the fund relates to amortisation of social housing grants. Expenditure relates to the annual depreciation charge made against unrestricted fixed assets. Transfers into the fixed asset fund related to capital investments made in fixed assets, payments made to reduce associated liabilities and other fixed asset movements.

26 Reserves continued

Restricted Funds

The capital fund relates to assets purchased using restricted funding and includes cash raised as part of capital appeals. Depreciation is expensed against those grants as they are utilised.

The Building Better Opportunities Fund relates to income received from the Big Lottery Fund and the European Social Fund to tackle poverty and social inclusion through improving access to work for disabled people. Funds received in advance for this project are deferred until they are utilised.

The Leicester Ageing Together fund relates to a project funded by the Big Lottery Fund to provide access to Warm Homes for people in Leicestershire who suffer from fuel poverty. This fund was closed in the year following advice from the funder that the programme and its reporting was fully completed.

Other Housing Funds represent restricted funds for various Housing Projects. These funds relate to previous local authority funding agreements for specific housing programmes.

The First Steps Project is being run throughout our three key regions and aims to utilise community fundraising to provide an employment advisor in all three counties. To date funds have been raised for this project in Suffolk and Cambridgeshire.

The Covid recovery appeal relates to funding received specifically to support our services due to disruption from the pandemic. These funds have supported additional staffing to reach those customers isolating in their own homes as well as provide essential equipment to customers and our staff, including tablet computers for a number of our service users.

The garden studios fund represents funding received in support of our objective to develop garden studios at three of our centres to support customer-based activities.

Other funds represent all other restricted funds for non-housing related projects, including the Trust's Day Centres.

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26 Reserves continued

Analysis of Net Assets between Funds

	General Reserves	Designated Reserves	Restricted Reserves	Endowment fund	Total Reserves
Fixed Assets	9,605	39,068	2,263	417	51,353
Current Assets	3,225	-	290	-	3,515
Liabilities due within 1 year	(1,916)	(1,338)	-	-	(3,254)
Liabilities due after one year	(4,972)	(23,304)	-	-	(28,276)
Provisions for liabilities	(206)	-	-	-	(206)
Total	5,736	14,426	2,553	417	23,132

27 Related parties

During the year the Trust purchased services in the normal course of business from The Varrier-Jones Foundation, a charity whose objectives are to support the work of The Papworth Trust.

In the year ended 31 March 2021 services were purchased totalling £23,624 (2020: £5,870), these services were for the lease of two premises owned by the Varrier-Jones Foundation. The Trust made sales to The Varrier-Jones Foundation of £51,600 (2020: £51,600) for the provision of business support functions for the Foundation.

At 31 March 2021 the amount due from The Varrier-Jones Foundation was £nil (2020: £9,600). The amount due to The Varrier-Jones Foundation was £4,363 (2020: £2,700)

The Varrier-Jones Foundation provides funding to the Trust. During the year, donations of £1,720,000 were received (2020: £1,685,000).

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28 Value for Money Metrics

28.1 Reinvestment

	2021	2020
	£000's	£000's
Reinvestment in housing stock is as follows		
Acquisition & development of housing properties	-	19
Capital works to existing properties	910	631
Total reinvestment	910	650
Historical cost of Housing Properties	57,369	56,632
Percentage of reinvestment	1.6%	1.1%

28.2 New Supply delivered

	2021	2020
New supply delivered is as follows:		
New general needs units	-	-
New supported living units	1	4
Total new units	1	4
Total Units owned	659	659
Percentage of new supply	0.2%	0.5%

The Papworth Trust
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28 Value for Money Metrics continued

28.3 Gearing

	2021	2020
	£000's	£000's
Gearing is made up as follows:		
Loans due in less than one year	938	898
Loans due in more than one year	12,614	13,552
Cash held	(2,195)	(1,665)
Net debt held	<u>11,357</u>	<u>12,785</u>
Historical cost of Housing Properties	<u>57,369</u>	<u>56,632</u>
Gearing	<u>19.8%</u>	<u>22.6%</u>

28.4 Interest cover

	2021	2020
	£000's	£000's
EBITDA MRI is made up as follows:		
Operating Surplus for Social Housing Activities	576	576
Add back depreciation for Housing Units	1,153	1,130
Less Amortisation of government grants	(370)	(377)
	<u>1,359</u>	<u>1,329</u>
Interest payable	<u>443</u>	<u>490</u>
EBITDA MRI	<u>307%</u>	<u>271%</u>

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28 Value for Money Metrics continued

28.5 Social Housing costs per unit

	2021	2020
	£000's	£000's
Per unit housing costs is made up as follows:		
Management costs	950	972
Maintenance costs	787	714
Service charge costs	1,022	963
Depreciation	1,222	1,130
	3,981	3,779
 Total number of units	 662	 663
 Total cost per unit	 6.0	 5.7

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28 Value for Money Metrics continued

28.6 Operating margin

	2021	2020
	£000's	£000's
Operating margin is made up as follows		
Operating surplus from general needs	287	265
Operating surplus from supporting living	289	311
Total Operating Surplus	<u>576</u>	<u>576</u>
Revenue from general needs	913	895
Revenue from supported living	3,644	3,492
Total revenue	<u>4,557</u>	<u>4,387</u>
Operating margin from general needs	31.4%	29.6%
Operating margin from supported living	7.9%	8.9%
Total operating margin	<u>12.6%</u>	<u>13.1%</u>

Exceptional items, including impairment charges are excluded from the above operating margin ratios.

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28 Value for Money Metrics continued

28.8 Return on Capital Employed (ROCE)

	2021	2020
	£000's	£000's
ROCE is made up as follows		
Operating Surplus for Social Housing Activities	576	576
Loss on disposal of fixed assets	-	(15)
Adjusted operating surplus	<u>576</u>	<u>561</u>
Net book value of housing properties	38,068	38,477
Current assets	3,516	2,941
Current liabilities	(3,254)	(2,576)
Total assets less current liabilities	<u>38,330</u>	<u>38,842</u>
ROCE	<u>1.5%</u>	<u>1.4%</u>

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Honorary personnel, Trustees and senior managers

PATRON

Her Royal Highness the Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A Bridgewater
Lady S Marshall
Mrs J Womack

Mr A Dasgupta MBE
Mrs J P B G Pearson
Mr G R W Wright DL

Sir Hugh Duberly CBE LL
Mrs M E Thomas CBE DL
Mr R Hammond

CHAIR OF TRUSTEES

Brian Stewart OBE

VICE-CHAIR OF TRUSTEES

Patrick Hughes
Debbie Sorkin – Retired May 2020

HON. TREASURER

Mike Anderson – Appointed May 2020
Richard Norton – Retired May 2020

OTHER TRUSTEES

Peter Agar – Retired May 2020
David Atkinson
Jane Carmichael - Appointed May 2020
Wes Cuell
Isabel Noronha-DiVanna – Appointed May 2020
Andy Hirst
Elizabeth Jessop – Appointed May 2020
Vanessa Stanislas
Andrew Williams - Appointed May 2020

EXECUTIVE TEAM

Sarah Miller	Chief Executive Officer
Mark Blake	Director of Finance and IT
Helena Harris	Director of Operations and Development
Sarah Harvey	Director of Human Resources

The Papworth Trust is a company limited by members' guarantee of £1.00 each.
The Trustees are the members of The Papworth Trust.

The register of members is maintained at the registered office.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Principal Advisers and general Trust information

COMPANY SECRETARY

Mr M Blake

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Lloyds Bank PLC
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