



Annual Report and Accounts 2021/22

leonardcheshire.org

Leonard
Cheshire 

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1.

About us

We believe in a fair world in which disabled people have the same equal opportunities and choices as non-disabled people. We fight for disabled people's rights, working with our partners to deliver support and life-changing programmes

▼ Respite resident Aubrey in his room with deputy manager Lucy



Welcome from the Chair

Wrestling with challenges



**David Grayson CBE
(Chair)**

Chair of Trustees

A handwritten signature in blue ink, reading 'D Grayson'.

Like many other organisations, Leonard Cheshire has been wrestling with some significant financial challenges. Dealing with these has dominated activity at an Executive and Board level. Difficult decisions have had to be taken. Significant progress has already been made to get the charity onto a sustainable foundation but there is more to do.

I believe stakeholders: employees, ex-employees, residents, other service users, partners, funders, regulators and friends of Leonard Cheshire deserve an explanation for what has happened.

Recent years have been hard. There have been the unprecedented challenges of Covid-19 on frontline care delivery, as well as the impact of lost fundraising opportunities over two years. In 2021/22 we started addressing significant and long-term financial problems, that had deepened.

Keeping people safe was the main focus of the Board and Executive throughout, and we had to keep vigilant to the threat posed to the vulnerable people we support, as well as challenges in maintaining staffing levels.

Like the rest of the social care sector, we face the consequences of grossly inadequate long-term funding for adult social

care. Recruitment and retention difficulties in frontline social care, exacerbated by Brexit, mandatory vaccination requirements during 2021/22 and competition from other sectors (such as retail and hospitality) have affected us like other providers.

We have now adopted a tougher approach in securing fee uplifts from commissioners, so we can sustainably invest in the frontline, attracting and retaining the best in social care talent – as part of wide measures to reduce agency use and associated costs.

Leonard Cheshire also, with the best of intentions, invested heavily in future proofing the organisation. They have not produced all the intended deliverables. The charity was also spending beyond its means.

The challenging financial situation we have been addressing, has, and will continue to mean, difficult choices about what we are in a position to deliver in 2022/23, and beyond, as we implement a turnaround plan that is necessary for sustainability and longer-term growth.

We will continue to reshape and stress test our organisation, including governance structures and processes, for the future. We will come through this and build forward better.

I am personally enormously grateful to the work of fellow trustees. I also want to thank my predecessor Sally Davis. Half of the year under review covers the final period of her chairmanship. Sally has been a generous and thoughtful mentor and guide to Leonard Cheshire and worked tirelessly for the charity.

While 2021/22 was difficult, this should not detract from the amazing impact that our services and programmes have had on the lives of disabled people, as this report shows. At the same time, we advocated for disabled people

to be prioritised in recovery plans as the world emerged from the pandemic. We also kept pressing home the case for increased Government investment in social care and employment support.

A heartfelt thank-you to everyone who works for, volunteers with and supports Leonard Cheshire in making this happen. A particular thank-you to Ruth Owen, our CEO who joined us in February 2021 at the height of the pandemic. Ruth is leading the charity with vision, passion and determination, as we navigate the organisation through testing times.

Keeping people safe was the main focus of the Board and Executive throughout

▼ Rael playing with her friend Lydia

315,357

**Number of disabled people directly supported.
(2020/21: 71,866)**





Our Leonard Cheshire care homes are not all conveniently located or suitable for modern care services. Old buildings are expensive to maintain and to heat. Our care operating model needs to be radically improved. We need to be benchmarking ourselves against the very best care providers.

We are doing important work and have ambitious plans to reimagine and modernise the social care we provide, as a values-led care provider, making the best use of our physical estate, and building on assistive and adaptive technologies use where and when we can. In future, I hope Leonard Cheshire homes can become genuine community hubs.

We want to help more disabled people who can and want to work to do so – both directly through our Change 100

summer internship programme for disabled students and through promoting the work of partners like Purple Space and ValuAble500. And we aspire to empower the advocacy of disabled people so that many more of us can live, learn and earn as we want to do.

When I started my own induction to Leonard Cheshire at the end of 2020, I saw a remarkable video made by our founder at the end of his life. It is his message to the future leaders of the charity. It reminds us of the awesome responsibility we have as stewards of his remarkable legacy. I periodically rewatch his message to us: in a sense, his permission to us, to do what we believe is in the best, long-term interests of the people we exist to serve. This must always be our guide.

▲ Catherine with a colleague at work

Message from the CEO

Strengthening the charity



Dr Ruth Owen
CEO

Ruth Owen

Having joined Leonard Cheshire in February 2021, I remain inspired by the organisation and the difference it makes.

For around 75 years, Leonard Cheshire staff and volunteers have been changing the lives of people with disabilities for the better. I am always humbled by the commitment and dedication of everyone connected to the charity, who are so passionate about Leonard Cheshire and what it does. This struck me on day one, and it remains the case today.

Frontline care and support, in residential and supported living services across the UK, remains at the core of what we do. Our relationships with key stakeholders, including local authorities, housing associations, and other organisations who share our values – are central to the success of this delivery.

Like many social care providers, we have faced sector-wide challenges in the recruitment and retention of staff. The pandemic deepened many of these pressures. One area of focus in the coming years will be to make Leonard Cheshire the employer of choice for those considering a career in social care, whether school leavers, graduates or career changers.

In 2021/22, we had to address a serious financial challenge that had built up over many years. Rising costs and reduced fundraised income during two years of pandemic exacerbated the situation. This required immediate action, affecting the whole organisation, as we protected frontline care delivery. It required a hard look at the financial viability of many established programmes and projects.

We are in the process of implementing a turnaround plan to significantly strengthen the charity financially, putting in place the foundations for sustainable growth in the future. Good early progress is being made as we reshape, resize and refocus the organisation. Job losses outside of the frontline care and supported living services were sadly inevitable as we began to reduce our overall costs in line with what we can afford. A voluntary redundancy process began in March 2022 as a first step in this journey.

This charity was founded on one man's vision of greater independence for disabled people. But what independence and choice means has changed over the years. We must recognise this, adapt and modernise what



we deliver. We must make Leonard Cheshire more relevant to today's generation of young disabled people, and those to come, as we start transforming the charity into a movement for change to be reckoned with – while recognising the financial challenges we face in the here and now. I would like to thank staff and trustees for all the work that is going on to turnaround a challenging financial position – setting the organisation up for future success.

Good social care opens up independence and choice for disabled people. I want Leonard Cheshire to be shorthand for best in class cutting edge social care, shaped at every stage by disabled people. There have been huge debates about how social care is funded in the future. Proper funding is vital of course, but we need to change the expectation

of what good looks like in social care. Leonard Cheshire can and will play a central role in defining this, leading by example. I'd like to thank local authorities who fund many of our care packages for their support over the last year.

Many of the challenges disabled people face today are similar to those I faced as a young disabled woman. Things have got better, but despite equality legislation, disabled people still experience exclusion and discrimination in our communities daily. Many struggle to get the right level of support needed to live the lives they want, based on independence, choice and dignity.

I'm determined Leonard Cheshire will become a far bigger ally in fighting for equality, so that we can together consign these things to the past. We've waited too long for change.

▲ Resident Sally with her husband during a visit

2.

Trustees' report: Strategic report

► Scott having a laugh
at Moray Lodge



Leonard Cheshire fights for a society in which everyone can thrive.



The Board of Trustees presents its report and the audited consolidated financial statements for the year ended 31 March 2022 under the Charities Act 2011 and the Companies Act 2006, incorporating the Directors' Report. Pages 8 to 50 incorporate the requirements of the Strategic Report.

The pandemic had a profound impact on social care staff and disabled people receiving our support, as well as their families. It also magnified the long-term challenges across the whole sector, from recruitment to funding. Our frontline staff were there for individuals and families during the darkest of days of the pandemic. 2021/22 may have seemed a less daunting prospect for many, as vaccination rates rose, and lockdown measures eased. But for care staff, and the people they support, Covid-19 still presents severe dangers. The pressures our care staff faced during 2021/22 remained significant, and what they achieved once again was remarkable.

Leonard Cheshire is committed to creating greater choice and independence for disabled people. We are now providing care as part of a new housing scheme in Northampton for adults with brain injuries and mental health needs. Moray Lodge is a new build project on the site of a former care home. This followed the opening of Sunny Bay, a supported living service for people with physical disabilities on the Isle of Wight, in March 2021.

We continue to explore opportunities that give disabled people greater choice in where they live and the type of support available, responding to unmet need.

Technology is a powerful tool for independent living, education and employment. It creates choice and opportunities in disabled people's lives that were previously unimaginable. In 2021/22 we continued to look at how technology could be used more widely across our services and programmes in the future. This will be a key area of focus in our future strategic development. In 2021/22 we delivered digital skills training to 5,398 people with disabilities in the UK, Kenya and Bangladesh.

Many services experienced staffing pressures in 2021/22 as a result of the pandemic. Despite mandatory vaccination, maintaining staffing was a challenge at times in some areas as new infection waves occurred across the UK.

Recruitment also remained a challenge for some services. In early 2022 we began a major recruitment drive in these areas, using government money provided to the sector to attract new talent.



2,266

people are supported
every day through
our care services
(2020/21: 2587)

As of 31 March 2022:

- We support 2,266 people every day through our care services
- We have 69 residential services (care and nursing homes)
- We have 56 supported living services.

We are amongst the highest rated providers of care and supported living services in the UK. Across the UK, 93% of our services are now rated as 'good' or 'outstanding' by regulators.

Creating opportunities with innovative technology

Using the latest assistive technology more widely at our services is an important part of our vision to change the way social care is delivered, and what good looks like.

It can be a game changer in creating more choices for people, boosting independence and confidence so that individuals achieve their personal goals.

Almost everyone who lives at Leonard Cheshire's Hill

House service, in Cheshire, is now involved in our assistive technology project, which is redefining what's possible for people.

People at Hill House are relishing the opportunity to do so many new things themselves as more options become available, using simple, accessible technology solutions. With the right software and tools, a single iPad or device coupled with a voice assistant like Alexa can enable people to do a lot. People can control their lighting, curtains, or music, or make a call in different ways.

Several people have electronic communication aids mounted on to their powerchairs. This is often software on an iPad or tablet. Throughout the pandemic, the use of assistive technology was never more important. People looked to maintain crucial contact with friends and family, as well as learn new skills. Digital inclusion opens up so many opportunities, and if people want to use it, they receive specialist support to make the assistive technology part of their everyday lives.

▲ Mariuz and Emilie, staff member, at Moray Lodge

The Care Quality Commission have advised us that we are amongst the highest rated providers in England.

Virtual tours of sites like museums, as well as trips to cities in the UK and worldwide are available. These are immensely popular, as are virtual visits to Hill House if people can't go in person.

Derek* is one of the residents at Hill House benefiting from the project. He says:

"The assistive technology has changed my way of thinking and the way I feel about technology, and I am now more independent. There are things I could not do before that I can do now via my Alexa, for example, I can turn my lamp on and off, my TV on and off and my fan too."

Kay is the Assistive Technologist at Hill House. She has seen benefits for staff and residents alike:

"Having the assistive technology has eased the pressure on staff and given them time to do their hands on support work with less pressure. That can only be a positive outcome and have huge wellbeing benefits. We have already seen changes in behaviour and less anxiety because of this technology, and residents are becoming more independent too."

Helping Hitesh achieve his goals

Hitesh has grown in confidence, gained greater independence and now hopes to return to work, after getting support from Leonard Cheshire's Road to Me project.

Through the project, funded by Sport England, we support people with recently acquired disabilities whose physical activities have been interrupted. We work closely with them to develop an individual action plan centred around becoming healthier and more active.

Hitesh was referred to Road to Me by his physiotherapist. He lives with his partner and daughter, and has a health condition which causes his muscles to break down, and leads to weakness and fatigue. There is no known cause or cure, but treatments can manage symptoms.

We have 69 residential services (care and nursing homes)



▲ **Callum***, one of the residents at Hill House, using his Gridpad communication device to select things he wants to say

*Names have been changed to protect the identity of our residents

► Hitesh with Linda doing a straight arm pushdown

Having been highly active all his life, and played sports such as football and cricket, Hitesh's diagnosis in 2010 came as a 'complete shock'. He began attending a neurological unit in late 2014 after things got worse and he started to have falls. A fall in 2019 led to Hitesh fracturing his spine, requiring surgery. Another resulted in a fractured ankle, which led to sepsis.

The Road to Me team worked with Hitesh to achieve personal goals. Initially he had trouble with the weights he was using at the accessible gym, but was soon getting stronger, practicing standing, so he would eventually be able to do things like get into the shower.

The team supported Hitesh, who uses a wheelchair, to make things easier at home. They kept in touch after the project to see how he was getting on, and if they could help further.

"I felt as if I was getting institutionalised," recalled Hitesh of his experiences in hospital before the project. After two hospital stays lasting eight months each, and lengthy periods indoors, Hitesh said attending the project definitely boosted his confidence, as well as helping with his overall strength and dexterity.



"Having the interactive aspect with the team, and others that use the gym, me being able to get out of the house, being part of a community – this has been a big deal to me."

"All the staff at the centre have been brilliant," he added. "The centre is a tremendous institution that has facilitated my rehabilitation physically, and socially into the community. It is a wonderful asset with wonderful staff."

We supported 2,521 disabled people to get active through our inclusive cycling, physical activity and dance programmes in the UK.



At least 33 million children with disabilities are out of school worldwide, and the majority of these are girls.

Learn

Creating school places that may otherwise be out of reach for disabled children has been a key part of our contribution towards building a fairer, more inclusive world over the years.

Every child has the right to an education and going to school is truly life-changing for disabled children and their families. With our partners we have worked in some of the most economically deprived parts of the world to support children into school.

Girls with disabilities are particularly vulnerable to missing

out on school places in some low and middle income African countries.

Whether it's addressing misperceptions about disability, inaccessibility in schools or lack of knowledge around inclusive education, Leonard Cheshire made sure that disabled children got the chance they deserved.

We have worked with children, families, teachers and government to deliver change at a local, national and international level.

We supported 5,814 children and young adults with disabilities to get an education in India and across Africa (2020/21: 11,023)

▼ Juliet and her friends, Valarie and Catherine, during their lunch break



Keeping Boke's dreams alive

At the age of 17, Boke was considering dropping out of school forever. Not only did she face barriers and stigma in her community because of her visual impairment, she was also pregnant.

But Leonard Cheshire's Girls' Education Challenge Transition project supported her to go back to school after the birth of her son, so she could keep her dreams alive.

Faced with massive changes in her life, some people in her community had simply shunned her. Others said her family had been cursed for allowing a young girl with a disability to go to school.

"People verbally abused us. Some would even tell me to abort my daughter's pregnancy. I refused"

Boke's mother.

Boke was studying at home because of Covid-19 school closures when she found out she was pregnant.

Our project team had already been supporting Boke. They provided learning materials and reading glasses, and made regular home visits. Now they played a vital role in stopping Boke from leaving education.

The team made it possible for Boke to get counselling and other support throughout her pregnancy and following the birth of her son. They also worked with local government and children's services and challenged the

stigmas and misconceptions in the community around disability, that were so hurtful to Boke and her family. The way Boke was treated by her community began changing for the better.

Soon she was convinced that she had to return to school, having built up the confidence to resume her education. "It was very hard to face my fellow learners," Boke says. "But after getting support, I saw sense in going back to school and not putting my life on hold."

Boke is now back in school and sharing parenting duties with her mother. She's successfully balancing her education with looking after her young son, and has a bright future ahead of her.

And she believes that neither being a child with a disability nor a young mother should prevent anyone from accessing an education: "Girls and boys should both be taken to school," she says. "My fellow girls, I would like to advise you to study and continue with your lives."

2,870

We delivered inclusive education training and other direct influencing activities to 2,870 teachers, government representatives, members of Organisation of Persons with Disabilities (OPDs) and other key players (2020/21: 2,916).

▼ Boke at home with her sisters





Changing attitudes and lives

After getting involved in a Leonard Cheshire project, Francis began taking a bigger role in supporting his daughter Selina, who has epilepsy. And now, he is also a strong advocate for inclusive education in his community.

Francis took part in a male mentor scheme in Siaya, Kenya. Through the scheme, fathers learn how to better respond to their children's needs, with many like Francis going on to become role models for others in their communities.

In his part of the country, it was very unusual for men to get involved in the daily care of their daughters, which is often seen as something only mothers should do. "They even question if it is possible, since men around my area are never close to their children," says Francis.

"Through the training sessions, we were shown that parenting and home responsibilities are not gender-based," recalls Francis.

He helped Seline with home learning when her school was closed. He stayed in regular contact with her teachers to check on her progress. Seline is now back at school and things have really improved, with support from the project. "She has created a lot of friends," Francis says. "The children and teachers are no longer scared of her seizures thanks to training and support. Now Seline is more confident."

A local support group was set up by our team in Kenya, so that parents of children with disabilities could share concerns about home life or school. Francis is now the group's coordinator.

Francis wants to encourage other men to do more to support their children. "After going through numerous trainings I saw the need for me to step in and take care of Seline," says Francis. "I would like to urge fellow men to step up and take charge of their families' responsibilities."

▲ Seline's father, Francis, helps her study

5,293

We trained 5,293 parents and male mentors on inclusive education (2020/21: 3,426).

Being in employment and having a meaningful career is an aspiration of many disabled people. It opens up opportunities, and creates choices and independence.

Work

Sadly, it's not a level playing field for disabled people seeking work, with many workplaces and employment practices not inclusive.

Prejudice and lack of awareness still play a part. Despite legislation aimed at tackling discrimination being in place in some countries, and global commitments to tackle the inequalities individuals face, disabled people all too often struggle to get roles that match their talent.

The pandemic was hard for disabled people, who were disproportionately impacted by job loss and loss of income. Before this, disabled people globally were around twice as likely to be unemployed as those without disabilities. In the UK, the gap in employment levels between disabled and non-disabled people has not significantly improved, with only around half of disabled people in employment compared to around 80% of non-disabled people.

Meanwhile official figures show the disability pay gap is actually wider than it was in 2014.

We lobby governments to change policies and practices that hold people with disabilities back from equality of opportunity in the workplace. At the same time, our training and consultancy team supports progressive businesses to be more inclusive.

Through careers programmes that deliver paid internships, careers advice, skills training and support for new business owners, we work with disabled people to achieve their personal career goals.



56,003

We supported 56,003 people with disabilities to seek employment in the UK, Africa and Asia (2020/21: 22,152).

4,836

We supported 4,836 disabled people to seek employment in the UK (2020/21: 1,591).

A perfect outcome for Sakina

Sakina took part in Leonard Cheshire's Change 100 programme in summer 2021, with an internship at Overbury, an office design and refurbishment company. As Sakina says, "it's been perfect – it's worked out very well" – as she is now a full-time employee at Overbury!

Getting a job has not been the only benefit for Sakina – the programme has really built her confidence in the workplace. She says: "I've gained a lot of confidence. Whether it's engaging with people, but also I started to feel more confident about my disability, dyslexia, because the programme has helped me to realise I can ask for things, and that's ok. Now I know what to ask for, and what I'm entitled to."

Another aspect of the programme that has really benefited Sakina is the mentorship scheme. Through Change 100, interns are allocated a mentor at the company they work in who will guide them throughout their internship. She says: "Having someone at work to tell you that you can just be yourself, that really will boost your confidence and it will make you a better employer for the company."

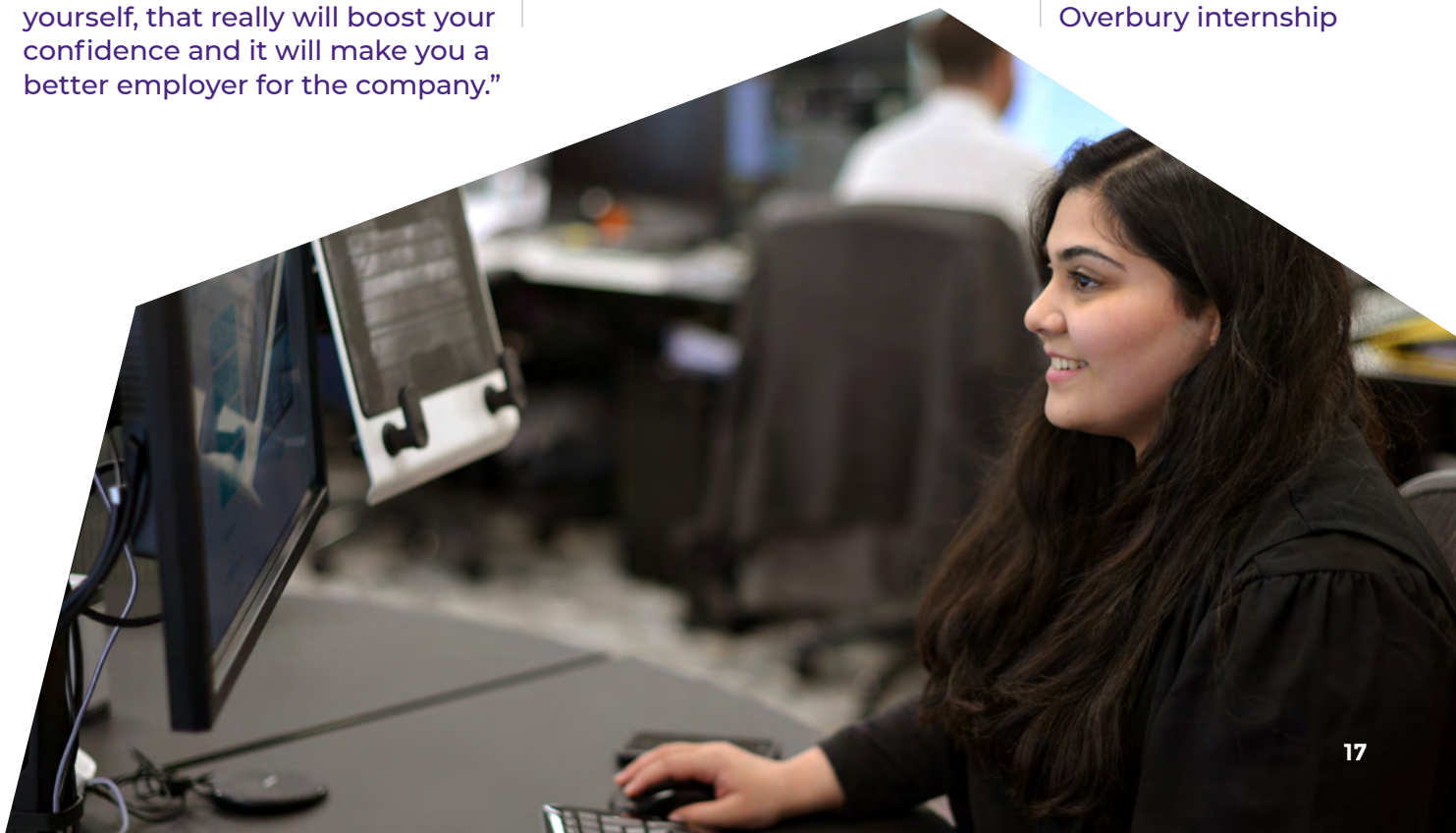
And Overbury also feel they have gained a lot from the experience as an employer. They were motivated to become involved in Change 100 as they wanted to diversify their workforce, broaden their talent pool and challenge the business to progress. Chelsea was Sakina's mentor at Overbury during her internship, and as HR and Early Careers Coordinator was one of the driving forces behind Overbury taking part in the programme. She is keen to recommend Change 100 to other employers:

"Opening your front door to a programme such as this will broaden your business appeal, you'll broaden the candidates available to you, and you'll be bringing skills, culture, thoughts, ideas, energy that you won't get through the normal recruitment process."

141

**We supported
141 young
people to get
paid internships
through our
Change 100
programme
(2020/21: 97).**

▼ Sakina working at her desk during her Overbury internship





Stelios Awards come back stronger than ever

We were proud and excited to be able to relaunch The Stelios Awards for Disabled Entrepreneurs, with applications opening again in February 2022.

Entrepreneurship is a key route to prosperity for many disabled people, particularly given the challenging employment landscape they can encounter.

Jointly run by the Stelios Philanthropic Foundation and Leonard Cheshire since 2007, the Stelios Awards for Disabled Entrepreneurs UK recognise the exceptional achievements of disabled entrepreneurs who have set up their own company and excel in their chosen business field.

The awards were postponed in 2020 and 2021 due to the pandemic. In lieu of the Awards, Sir Stelios Haji-Ioannou made donations of £150,000 and £86,000 for each year respectively to support Leonard Cheshire's

frontline carers during the pandemic.

Previous award winners have included Amar Latif, founder of Traveleyes and broadcaster on BBC and Channel 4.

A supplier of metal polishing products, a Christmas tree grower and the creator of an innovative skill-matching jobs board were among the entrepreneurs who went on to triumph in the 2022 awards. Applications came in from a wide range of sectors including technology, recruitment, sports and rehabilitation, wellbeing, fashion and adaptive clothing.

Joe Waggott, 52, based in Hampshire and originally hailing from Harare, Zimbabwe won the top £30,000 prize. After settling permanently in the UK in December 2005, when political unrest in Zimbabwe left him with just £35 in his pocket, Joe now has a thriving metal polishing supply company. Joe was born with spina bifida, a condition affecting mobility.

▲ Rebecca on site during her internship with Overbury



Rebuilding Karl's confidence

"From an early age I have experienced a number of mental conditions that have affected my day-to-day life severely. I have had spells of not being able to leave my room let alone my house. No one has ever been able to accurately diagnose my condition, but I have been diagnosed with bipolar disorder and different personality disorders.

I had been working for 15 years and sadly that job came to an end in a distressing fashion. I jumped from job to job just to keep my home. Then in January 2019 I was admitted to hospital. I couldn't function, I was totally broken.

While trying to recover I was put in touch with Leonard Cheshire to try and regain employment. Not only did my advisor help me look for work, he helped with everyday parts of my life. He was brilliant. He asked if I was interested in volunteering with Leonard Cheshire to help rebuild my confidence, and I decided to go for it.

I started as a volunteer research analyst working eight hours a week. Slowly I started to increase my hours and the number of projects I was taking on. It was really helping my mental state and building my confidence. At every step I was reassured that if I was having a bad day or week not to worry.

Due to the fantastic support I received I made it a dream to work for Leonard Cheshire. So I was absolutely delighted when I

was offered a ten week paid role with Leonard Cheshire's Change 100 programme. And I was even more over the moon when, towards the end of the placement, I was given the chance to apply for a full-time position with Change 100, and I was successful!

I am really enjoying my role. I have support every step of the way, and the freedom to be creative. My managers and my team have really looked after me and helped me become better in the workplace again. They understand when I have bad days and I am not frightened to tell them.

I now feel more confident to deal with the real world. I am still struggling to get out of my home but I am feeling more and more confident that I will overcome that barrier next. Leonard Cheshire have made me feel more at ease with my disabilities and I am in a much better place for it."

"I am really enjoying my role. I have support every step of the way, and the freedom to be creative."



Fundraising

In the past year, we were moved and inspired by the support we received from people, businesses and grant making bodies across the UK. Here are just a few of our highlights:

As we made our way slowly out of the pandemic, teams of Leonard Cheshire runners once again took to the streets in the Great North Run and London Marathon. After nearly two years of virtual races and events, it was fantastic to be able to cheer on people, in person, going to extraordinary lengths for disabled people. Our London Marathon runners included friends Dhrushil, Matthew, Hussain and Rishabh, who all met at medical school in London. Thanks to their fantastic fundraising efforts they raised more than £11,000 for Leonard Cheshire.

Gifts in Wills, large or small, make up nearly four-fifths of our donations. We know that the cost of getting a Will can be a barrier to some people, so we launched our Free Will Service in 2021. This service means anyone can make or update a Will online over the phone or face-to-face with a solicitor, for free.

£6.2m

In 2021/2022, we received over £6.2m from Leonard Cheshire supporters who remembered us in their Wills.

In 2021/2022, we received over £6.2m from Leonard Cheshire supporters who remembered us in their Wills. Supporters like Mr Alan Laurence Price, who was born in 1927, and was a surveyor by profession. Alan's wife lived with Multiple Sclerosis and received at home support from Leonard Cheshire. The couple thought very highly of Leonard Cheshire as a direct result of their positive experiences with us. Inspired by our work and the support given to his family, Alan chose to volunteer for his local Leonard Cheshire residential service. When Alan died at the age of 93 his generosity towards Leonard Cheshire continued by remembering the charity in his Will.

► Jo running the London Marathon for Leonard Cheshire

**From May 2019 to April 2022
Odgers Berndston staff have
raised over £45,000 for our work.**

In December 2021, we joined in solidarity with disabled people around the world to celebrate the International Day of Persons with Disabilities (IDPD). With the help of our toolkit, many of our corporate partners took the opportunity to learn more about disability and donated to support our life-changing work.

Staff from executive search firm Odgers Berndston joined in with the IDPD celebrations by competing in a fundraising hand-cycle challenge. The company have been long standing partners of Leonard Cheshire, first through our Change 100 programme and then through choosing us for their Charity partnership. From May 2019 to April 2022 their staff have raised over £45,000 for our work.

Thank you to everyone who chose to support Leonard Cheshire in the past year – we are truly grateful for your support.



£11,000

Thanks to the fantastic fundraising efforts of four friends who ran the London Marathon for us, more than £11,000 was raised for Leonard Cheshire.



Our People strategy is built around our purpose of 'finding great people to do great work and keeping them'.

Our People

We employ around 5,000 people alongside our 3,449 registered volunteers. While Covid-19 restrictions have affected our ability to deploy volunteers in our services over the past two years, we now see opportunities to reposition our volunteering offer in a redefined, services-led volunteer strategy. We take great pride in living our values of 'Proud, Positive and Pioneering' every day. We will continue to take this same purpose-driven approach into the coming year.

We were reaccredited through Investors in People in December 2021. Despite the enormous challenges we have faced over the past two years, the increased burden of responsibility across the organisation and the stretch from the Covid-related workload, we are delighted to have been upgraded by Investors in People to silver status. This is a remarkable achievement and a huge mark of recognition for our wonderful managers and committed, passionate people who have continued to deliver in the most challenging of circumstances.

Standing out in a competitive recruitment market

Finding great people to do great work for our charity continues to be critically important. The challenges we face in such a competitive recruitment market have continued during the past year.

We have introduced a number of new recruitment initiatives this year including:

- Launching a national recruitment campaign for service-based staff under the brand of 'Make life happen for a living', with the voice of our services at the heart of our recruitment message
- Recruiting experienced nurses from Zimbabwe
- Working in partnership with the Department of Health and Social Care and Department for Work and Pensions to assess how we could offer employment to Afghan and Ukrainian refugees

We continue to advertise all of our positions on our careers site. Over the coming year we will focus strongly on internal development opportunities for our people.

We employ around 5,000 people alongside our 3,449 registered volunteers.



► Abigail, staff, puts up bunting outside for an event

Championing diversity

We want Leonard Cheshire to be a beacon employer, championing diversity in our workforce. Further employee networks have been launched in the past year in partnership with the Staff Association and are beginning to flourish with Executive Director and CEO sponsorship.

There are self-organised employee networks for:

- Disabled employees
- Women
- Pride
- Cultural Diversity and Inclusion

Increasing the employment and representation of disabled people across our charity is an organisational priority for 2022/23 and future years. This drive will be supported by our policies to give full and fair consideration to applications from disabled people, having regard to their abilities, making appropriate adjustments for our disabled colleagues and supporting their career development as we would for all of our people.

The impact of Covid-19

Throughout the past two years we have faced the extraordinary challenges of the pandemic together. Our whole workforce rose to these challenges under incredibly demanding circumstances. The pandemic affected every aspect of our work – from running our payroll remotely to welcoming our new starters either into virtual teams or into our service teams who were working under incredible pressure. We have focussed our efforts on supporting our wonderful frontline people in a way that has allowed them to focus on providing care and support to our residents and their families. Our people have been truly outstanding and we are incredibly proud of everything they have done.

We want Leonard Cheshire to be a beacon employer, championing diversity in our workforce.



◀ Support worker Rhys operating the HiLo jacuzzi bath at Cossham Gardens

Supporting our people

As the pandemic developed, we continued to identify new ways to support the health and wellbeing of our people and our residents at all times.

We implemented a wide range of initiatives during the pandemic, including reducing the burden on our frontline service managers; flexible working arrangements; redeployment of our people wherever possible to support our frontline services; and regular communication to our people who were absent due to Covid-19.

As we begin to come through the pandemic we will continue to adapt our support, with ongoing access to counselling through our employee assistance programme and person-centred support through our programme 'Here for each other.'

We moved to home-working wherever possible and we continue to engage with our (previously) office-based people to agree future ways of working. We want to understand what has worked well during the pandemic in a virtual world and the areas we need to improve as we move to permanent virtual ways of working for most of our non-services staff.

The voice of our people – learning and looking forward together

As we began to emerge from the pandemic, we opened up a series of conversations with our people to shape our future ways of working. These conversations will be ongoing and will link into the development of our new strategy – we will put the voice of our people at the heart of all we do.

Our Staff Association reaches across Leonard Cheshire and we are committed to building on its strengths, ensuring its future as a two-way voice and forum for our colleagues.



As the pandemic developed, we continued to identify new ways to support the health and wellbeing of our people and our residents at all times.

Financial review

Our scenario planning in the early months of fiscal 2021/22 prepared us for a significant deficit for the year. However, we are very pleased to say that the final result (£5.5m before actuarial gain) is slightly lower than our predicted outcome range of between (£7m) and (£12m), which was due to increased fees agreed with funders. Our social care activities delivered consistent results in the circumstances, but our fundraised and programme related income was severely down on expectations, impacted by the indirect consequences of Covid-19 and International Aid budget cuts.

Charitable activities

Our major sources of income are fees and grants in respect of social care services, alongside grant income to deliver programmes in the UK and globally. Our services and programmes are all delivered with the objective of supporting disabled people to live independent lives, in line with our fundamental purpose. There are great examples throughout this report of how we empower people to live, learn and work as independently and productively as possible.

Social Care financial performance in 2021/22, despite the many obstacles placed in the way by Covid-19, has been very consistent. Income did increase year on year, from £131.3 million in 2020/21 to £133.6 million in 2021/22. This has exceeded our expectations. Occupancy is slightly down year on year; however fee increases being achieved has resulted in a year on year increase in fee income.

Fee discussions are ongoing and annual reviews needs to be done to ensure the charity is obtaining an appropriate fee for the services provided, that appropriately cover the costs of providing those services.

Our International Programmes show an income of £5.1 million compared to £6.0 million in 2020/21, with the reduction in income primarily due to reduced income from the UK Foreign, Commonwealth & Development Office in 2021/22.

Our UK Programmes income reduced from £4.0 million in 2020/21 to £3.3 million in 2021/22, with the reduction of Covid-19 support fund funding. Expenditure on charitable activities increased slightly from £157.7 million in 2020/21 (97.6 per cent of total expenditure) to £159.3 million this year (97.6 per cent of total expenditure). The increase in cost was primarily due to inflation.

Government Support – Covid-19

We received government support of £3.7 million during 2021/22, primarily through the Infection Control Fund, Local Authority support and the Rapid testing support. There has been a significant reduction in funding for the job retention scheme year on year. See note 3C for details.

Donations and legacies

Donations and legacies increased from £6.6 million to £7.6 million this year, primarily due to an increase in legacies, whilst donations have declined. Expenditure on raising funds decreased slightly, from £3.6 million to £3.3 million, while the ratio of our donations and legacies to the cost of generating voluntary funds increased from 1.8:1 to 2.4:1.

Gain on property disposals

There is a net gain on disposal of properties (including Arnold House, White Windows, Edward Road, Friars Close, Parkside, Riverview, Anton House, Barnett Wood Lane and Swansea Cafe) for £4.9m included within the income this year.

Total expenditure

Total expenditure before gains/losses on pensions increased from £161.5 million to £163.3 million this year. Our expenditure on activities that directly relate to delivering social care activities increased from £143.0 million to £148.1 million, which was a result of increased staff costs of £3.1 million. The main reasons for this increase in staff costs were redundancy and settlement costs, pay inflation and pay increases.

At the same time our expenditure on support costs decreased from £20.2 million to £19.1 million.

Net movement in funds

There was an overall net decrease in funds from £97.7 million to £92.2 million. The deficit on our defined benefit pension schemes decreased from £1.9 million to £0.03 million. The charity is experiencing continuing deficits, which are because the cost of service delivery is higher than the fees generated. The focus now is to continue to reduce costs and generate fee uplifts in order to bring the charity back to a position where it generates an operating surplus. Current year and prior year deficits have arisen because historically international charitable activities costs

have been exceeding income, furthermore we have seen an increase in central cost whilst the income and returns from social care has been stagnate. Fee increases from local authorities have in the past not been in line with cost inflation.

Reserves

The total amount of all types of funds held by the Group totals £92.2 million (2020/21 £97.7 million). The total amount of restricted funds is £31.0 million (2020/21 £28.5 million). The total amount of unrestricted funds totals £60.4 million (2020/21 £68.4 million). These unrestricted funds include amounts of £5.1 million (2020/21 £5.3 million) designated for future capital developments which are for the long term use of service users – such capital may be expected to be expended over the next two financial years depending upon the progress of the turnaround plan. This then leaves remaining general unrestricted funds of £51.1 million (2020/21 £59.2 million). These overall reserves are partially represented by net cash and cash equivalent balances of £0.7 million (2020/21 -£0.2 million) but primarily by tangible fixed assets and investments totalling £86.5 million (2020/21 £91.0 million).

We continue to regularly review and monitor our reserves position to ensure that we have adequate funds to support the work of the charity. The monitoring and setting of reserves targets takes into consideration the assets required to provide long-term care and support to disabled people, reasonable working capital, planned development projects and scenario planning

for the potential impact of risk, caused by Covid-19 and other possible sources. In June 2019, the Trustees updated the unrestricted reserves policy to be set in terms of minimum levels of cash and managed investments required to ensure that the Charity can meet its financial commitments as they fall due, and deliver on its strategic objectives, whilst making allowance for risk and the possible financial consequences. The target level for those cash and managed investments available should exceed four months of our annualised, risk-adjusted cashflow, but should not exceed seven months. The risk adjusted cashflow is the net cashflow excluding property sales with an assumed notional 10% reduction in income levels whilst expenditure continues unchanged. Based on the 2023/24 budget, this reserves policy requires us to have levels of cash and managed investments of between £8.9 million and £15.7 million. As at 31 March 2022, we had positive cash balances of £2.0 million, including Service User funds of £1.8 million, and overdraft borrowings of £1.3 million. Through the continued execution of the turnaround plan, it is envisaged that net cash and managed investments will be within the targeted range by the financial year ended 31 March 2026.

Going Concern

Several years of reported deficits has impacted the Charity's financial sustainability and reserves leading to a need for negotiating an extension to their overdraft facility with Barclays Bank. A detailed analysis of the Charity Performance and future

cash forecasts was carried out by the new Chief Financial Officer and Finance Director, approved by the Board of Trustees, in November 2021. It was apparent that an urgent Turnaround plan was required to be implemented to avoid breaching the facility and to address the underlying operating model in order return the charity to a positive monthly cash position to achieve financial sustainability.

A new overdraft facility of £10m (previously a £7.5 million facility) was negotiated with Barclays and agreed from 31st July 2022 until the 31st March 2023. The facility will reduce to £7.5m at 31st March 2023. This £7.5m facility is available until 31st March 2025.

As a condition of the increased facility with Barclays, an independent advisor to the bank, Kroll, were appointed to carry out an assessment of the Charity's financial position by reviewing a 3 year integrated model including Cash Forecast, Profit and Loss and Balance Sheet forecast covering the period April 2022 to March 2025. This encapsulated the assumptions used in the turnaround plan to move the Charity into a positive monthly cash position. A condition from the bank was that on a monthly basis Kroll prepare a performance monitoring report showing actual delivery versus the agreed 3 year integrated model highlighting any

action that may be required.

The Financial Recovery Plan includes key initiatives to enable the Charity to return to a cash positive position. These are:

- Restructuring of central support functions including staff redundancies.
- Reduction of non-staff expenditure across the charity using support from Kroll to achieve this (including significant reduction in monthly agency cost spend).
- The exit from the Charity's International Operations and significant reduction in scale of UK non-care operations, both of which were making operating deficits.
- Negotiations with care funders to maximise inflationary care fee increases as well as increases to fees in relation to additional support needs of people who use our services.
- Efficiency savings and modernisation of the Charities Social Care Operations; and
- A programme of property disposals.

In assessing the appropriateness of applying the going concern basis in preparation of the consolidated and company financial statements the Trustees have considered liquidity and forecast cash flows under a range of potential scenarios, considering reasonable possible outcomes over the period 1st March 2023 to 31st March 2025 from the date of approval of these financial

statements.

Base Case Scenario

The base case scenario flows from the recovery plan. This forms the organisation budget for financial year 2023-24 and a forecast for the year 2024-25. It includes:-

- 5.5%, £7.6m, year on year inflationary increase on care fees in 2023-24 and a further 5.5%, £8.1m, year on year inflationary increase in 2024-25.
- £1.8m increase in Care Fees in 2023-24 and 2024-25 from renegotiation of care packages where the support needs of people who use our services have increased. This represents a 1.3% increase in care income for 2023-24 and a 1.2% increase for 2024-25.
- £1.5m risk contingency for fluctuations in occupancy across our care services in both 2023-24 and 2024-25. Representing a 1.4% decrease in occupancy.
- Increases in staff pay including associated employment costs averaging 6.4%, £5m, across Care staff roles in 2023-24 and 6.4%, £5.4m, in 2024-25. For Management and Support roles an increase of 5% is included in 2023-24, £0.6m, and 5%, £0.6m, in 2024-25.
- Cost of staff redundancy programmes and lower ongoing staff costs that result. 96% of the planned staff reductions will have completed by 31st March 2023.
- Net cost savings from exit from International Operations and UK Non-Care Operations in 2022-23. Including reductions in associated voluntary income

and cost.

- The expected proceeds from the disposal of properties that have not completed at the time of this review, net of associated costs of closure and sale, are excluded from this base scenario.
- Targeted programme of central cost savings over the review period.
- Targeted efficiency and delivery improvements to our Social Care Operations with a specific focus on reducing the usage of Agency Staff.
- Increases in costs for care delivery in 2023-24 of 2%, £0.1m, and 2%, £0.1m, in 2024-25.
- Other operational costs increase by 3%, £0.4m, in 2023-24. 2%, £0.1m, in 2024-25.
- Premises costs including Rent, Rates, and Repairs and Maintenance increasing by 5%, £0.5m, in 2022-23. 5%, £0.5m, in 2023-24.
- The Charity has fixed unit rates on Gas and Electricity Utility supplies expiring in the 3rd Quarter of 2023-24. A £1.3m risk for increased utility costs beyond the fixed term has been included in 2023-24 and £2.6m in 2024-25.
- £4.8m of Capital Expenditure in 2023-24 and £5.5m in 2024-25.

In the base case scenario excluding net cash inflows from property disposals, the Charity continues to operate within the credit facility but maintains headroom on the facility throughout. Headroom on the Credit Facility is forecast to be at its lowest points at July 2024 (£1m headroom) and at October 2024 (£1.2m headroom).

Severe but plausible downside scenario

Given the overall uncertainty of the wider economic outlook, including financial challenges across the Care Sector, as well as changing internal conditions as the charity progresses through the recovery plan, a severe but plausible downside scenario was considered.

Severe but plausible scenario details:

- Year on year fee inflation reduces to 5% in 2023-24, £0.7m reduction on the base scenario, and 5% in 2024-25, £1.7m reduction on the base scenario.
- Fee increases from renegotiation of specific care packages reduces to £1.6m in 2022-23 and 2023-24 from £1.8m in both years in the base scenario, a 11% reduction.
- Payroll costs for Care Delivery Staff increases by 6.8% in 2023-24 and 2024-25 from 6.4% in the base scenario. An increase of £0.4m in 2023-24 and £0.7m in 2024-25.
- Agency Staff costs increase by £1m in 2023-24 from £16.8m in the base scenario, 6%. Then increase by £1m in 2024-25 from £17.3m in the base scenario, 5.7%.
- Other Operating Costs increase by £1.9m from £21.6m in the base scenario, 8.8%, in 2023-24 and by £2.8m from £22.1m in the base scenario, 12.7%, in 2024-25.

In this severe but plausible downside scenario The Charity would exceed its credit facility by £1.75m in October 2023. The

cash position would continue to deteriorate from this point, exceeding the Credit Facility by £4m by 31st March 2024 and £9.5m by March 2025.

The key mitigations the Charity would need to enact to avoid exceeding the credit facility in this severe but plausible downside scenario are:

- generating cash from future property sales;
- and achieving future fee uplifts and cost savings that are outside of the direct control of the charity.

However, these mitigations are not fully in the control of the Trustees and there is therefore uncertainty as to whether they can be achieved.

Risk Mitigation

The Charity has mitigating actions available including robust daily cashflow monitoring and management. The Turnaround Plan continues to be implemented and closely monitored.

Inflationary Fee Uplifts of 5.24% were achieved in 2022-23 and the Charity has developed a new costing model to better justify the increased fees requested from funders. Fee increases for changes in support needs of £2.2m will be delivered in 2022-23 with £1.6m included in the severe but plausible scenario in both 2023-24 and 2024-25. Through the efficiency and operational improvement plan for Social Care Operations, all individuals in our Residential Services will have their needs reviewed and contracts renegotiated.

A dedicated programme team will be in place to deliver the required improvements and modernisation of Social Care Operations.

Staff pay increases proposed for 2023-24 are lower than included in the severe but plausible scenario whilst still complying with living wage regulations and remaining competitive within the sector. The impact of rates of pay on the ability to recruit and retain staff, compared to more expensive alternatives, will be monitored to control overall costs. Agency Staff costs have been closely reviewed and controlled though 2022-23 leading to a monthly decrease in these costs. The detailed review of our Social Care Operations at an individual operating unit level will continue to support control and reductions of these costs.

Targeted cost savings across the Social Care Operations and Support Functions have been included in operational budgets and will be closely monitored. A review of contracts will be undertaken to reduce expenditure.

Capital Expenditure has been closely controlled in 2022-23 at £1.5m. The base case and severe but plausible scenarios include a return to pre-turnaround levels of capital expenditure, £4.8m in 2023-24 and £5.5m in 2024-25. This will continue to be controlled whilst ensuring that regulatory and safety related improvements are made. Improvements that are not urgent or required to maintain regulatory standards could be deferred in order to support the cash position.

A dedicated Property Disposal Team is in place to support the delivery of the Property Disposal

Plan and associated inflow of funds. We have accepted offers totalling £1.8m from the first round of disposals with the sales progressing. £0.55m is expected to be received before the end of March 2023. The remaining £1.2m of sales proceeds are expected to be received by end of May 2023. These cash inflows are excluded from both the base case and the severe but plausible scenario as they are not yet certain. They will provide mitigating, positive cash flows if realised as expected.

Future Property Disposals are planned for 9 properties with estimated proceeds after closure and sale costs of £13.9m forecast to be received by 31st March 2024. The Charity has received offers on properties prior to active marketing indicating sales are likely. We have also received approaches on properties not currently being considered for sale which would be considered if the disposal proceeds fall short of the levels required.

Conclusion

Taking into consideration the financial recovery plan and the associated financial and cashflow forecasts, which has a level of significant doubt, the Trustees consider that it is appropriate for the financial statements to be prepared using a going concern basis, on the basis that there is sufficient liquidity in the base case scenario. This will also enable the Charity to manage operational and financial risks successfully and to allow us to meet our strategic and operational goals over the next 24 months. However, as indicated above there are a number of uncertainties in a severe but plausible downside

scenario that indicates the existence of material uncertainties that may cast significant doubt upon the Charity's ability to continue to operate as a Going Concern. The financial statements do not include the adjustments that would result if the Charity were unable to continue as a going concern.

Balance Sheet

Our main defined benefit pension deficit reduced from £1.9 million to £0.03 million, due to discount rate changes and increases in inflation assumptions. Debtors and creditors primarily stayed consistent with prior year.

Although there is an apparent decrease of £8 million in trade debtors as at 31 March 2022 vs last year, this is predominantly a billing system issue, therefore this £8m has been included in accrued income as at 31 March 2022. We are comfortable with the collectability of all debts that are not provided for.

In July 2022, our bank overdraft was extended to £10 million, this will reduce back to £7.5 million on 1st April 2023.

There was a revaluation of investment properties carried out as at 31 March 2022, which resulted in an unrealised revaluation loss of £660k.

At year end, we provided for £2.9m of redundancy costs for the redundancy process which commenced in March 2022 and continued into the financial year 22/23.

Cash flow

Our net cash flow from operating activities moved from an outflow of £5.1 million to an outflow of £1.1 million this year. We received £6.8 million cash (2020/21: £0.6 million) from the sale of property, plant, and equipment and £0.12 million (2022/21: £0.2 million) cash from investment returns. We invested £4.9 million (2020/21: £5.6 million) of cash in fixed and intangible assets. The Charity has £0.6 million of external debt as at 31 March 2022 (2021: £0.6 million), this primarily relates to a social investment loan, approved by the Welsh Government.

On 31 March 2022 we had positive cash balances of £2.0 million and were using an overdraft facility of £1.3 million (2020/21: credit position £2.5 million). The positive cash is held in retail bank accounts, including £1.8 million (2020/21: £1.6 million) held on behalf of disabled people who use our services. The positive cash is primarily service users cash and as such cannot be used by the charity.

Fundraising practices

Leonard Cheshire raises funds from the public through individual giving. This includes:

Direct marketing both online and offline generating one-off donations; regular gifts in the form of direct debits, and gifts in wills;

Events of various types, including challenge events such as the London Marathon and Great North Run

We also apply to trusts and foundations and other funders, such as lottery and statutory sources, and work with corporate partners to fund specific projects.

In 2021/22 Leonard Cheshire recruited new supporters through online activities, inserts, gifts-in-wills promotions, events, media appeals and payroll activities.

Leonard Cheshire does not exchange or share data with other organisations and have reduced our use of third-party data for direct mail campaigns. We request evidence of consent for third party communication for each source of data and decide to use the data on a case by case basis in line with the law and the Information Commissioner's Office (ICO) recommendations. Where consent is expressed, it is captured compliantly and recorded on the Leonard Cheshire central customer relationship database.

In 2021/22 we received 13 complaints regarding our fundraising activities (2020/21: 10). None required escalation or referral to external organisations, and all were dealt with internally. Leonard Cheshire is a member of and abides by the standards set by the Fundraising Regulator, the Chartered Institute of Fundraising (CioF) and the Direct Marketing Association (DMA). All required schemes and standards were complied with. All supporter data, for both individuals and organisations is secured in line with The UK Data Protection Act 2018 (incorporating the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679)). As the laws about personal data continue to develop, we will update our privacy notice

accordingly. We respect the rights of our supporters and their preferences to be erased, removed or forgotten at any point in time on their journey supporting Leonard Cheshire. We place great care to ensure that all of our fundraising practices are carried out in an ethical manner, compliant with all regulatory requirements. This is to ensure that all people, especially those who might be vulnerable are not at risk of encountering unethical practices in relation to Leonard Cheshire.

We do this by closely monitoring calls to ensure compliance with regulatory standards and to make sure our supporters have a good experience with our fundraisers. All fundraising communications provide supporters information on how they can contact us via our Fundraising team on email or phone; emails also include an option to unsubscribe. Our Fundraising team is trained to help supporters with queries, concerns or to update their communication preferences.

Subsidiaries

The Leonard Cheshire Foundation (Isle of Man) Limited operates our care and support services on the Isle of Man and is a registered Company and charity with the Manx Government. This year, incoming resources were £0.57m (2020/21: £0.67m) and total expenditure was £0.52m (2020/21: £0.64m). This means that the Isle of Man services recorded net incoming resources of £0.05m (2020/21: £0.03m). The Charity has a subsidiary, Leonard Cheshire Services CIC, which began activity in the year 2018/19, holding contracts on behalf of

Leonard Cheshire Disability, and sub-contracting their delivery to the Charity. Its income in 2021/22 was £26.1 million (2020/21: £25.4 million), and total expenditure was £23.9 million (2020/21: £24.0 million). It gift-aided £0.7 million (2020/21: £0.7 million) to the Charity.

The Charity also has a subsidiary, Leonard Cheshire Trading Ltd. It manages the trading activity within the Leonard Cheshire group, such as our shops (now closed), the on-line sale of merchandise and consultancy services to other businesses. Its income in 2021/22 was £0.05m (2020/21: £0.21m), and total expenditure was £0.23m (2020/21: £0.31m). Post Covid-19 a vast number of shops did not reopen, resulting in income levels falling, however associated expenditure was still incurred, so expenditure remains high. These shops are now all closed. Leonard Cheshire International is a subsidiary established in the Republic of Ireland in 2019. During the year a bank account was opened in Dublin, Irish trustees appointed, and a business plan agreed for 2021/22. LCI is seeking out partnerships and opportunities to pursue its charitable purpose domestically and internationally. Leonard Cheshire USA inc. is a subsidiary, registered with the tax authorities as a non-profit corporation in the State of Delaware, USA. During the year a bank account was opened, and Trustees recruited. A 2021/22 Business Plan has been agreed by the Board and funding opportunities developed.

The Charity has the following dormant subsidiary:

- Leonard Cheshire Trading Limited (IOM). Internationally, the Charity also has registered offices in India, Kenya, Zambia and Thailand, and each office is led by regional programme managers. Together, they provide training and technical support to partners and projects in the regions.

Streamlined Energy and Carbon Reporting

Environment Intentions

Leonard Cheshire recognises the global challenges presented by climate change and the responsibility it has to reducing the impact of the charity on the environment. We are therefore committed to reducing our energy and fuel use as well as waste.

We are particularly mindful that people with disabilities are more likely to be affected by global climate change and are more vulnerable to its negative effects.

Leonard Cheshire is committed to be operating as net zero by 2050, through the implementation of our Net Zero Principles within our organisation.

Leonard Cheshire Net Zero Principles Maintaining Our Existing Resources

Reducing heat loss by keeping on top of our maintenance by doing this we ensure that our buildings are wind and watertight and retain any heat which is used.

Buying Renewable Energy

We switch wherever possible to renewable electricity suppliers, although this does not reduce energy use it means that our power is purchased from green energy providers wherever it is possible to do so.

Reduce The Waste We Produce

We use the resources we need to use wisely this means

- We turn off electrical items when we do not need to use them,
- We only use the water we need to use,
- We only purchase items when they are needed,
- We purchase locally produced food when it is possible to do so and only buy what we need.
- We recycle when we are able to do so

Electric Rather Than Gas and Oil

Using oil and gas to heat our premises contributes to the production of greenhouse gasses which harm our environment. We therefore need to decarbonise our heating wherever it is possible to do so by moving to electric heating that comes from 100% renewable sources.

Examples of the options available include the provision of heat pumps, pellet heaters and infra-red panel heaters.

Using petrol or diesel in our vehicles also contributes to the production of greenhouse gases which harm our environment.

We therefore need to decarbonise the vehicles that we use by examining how we travel and use hybrid or electric powered vehicles wherever possible.

To embed this concept, we should work with our vehicle suppliers to ensure that any replacement company vehicles provided are either hybrid or electric powered.

Generate More Energy Ourselves

Where the opportunity arises, by forming partnerships with external partners we will explore how we can generate electricity ourselves at our sites from solar PV panels or via wind turbines and small-scale hydroelectric power.

Offsetting our Carbon

We will look at how we can offset our carbon use, either through

- Considering where we can allow vegetation to grow
- Where we can plant trees within the grounds of our services.

This is a natural way of capturing carbon from the air. We will also examine how we can access carbon offsetting schemes to meet our objective of net zero.

Baseline Emissions Footprint

Baseline emissions are a record of greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions.

Our baseline figures are from the financial year **2019/20** and have been reported consistently on a yearly basis within our annual report.

Leonard Cheshire Carbon Emissions

| | Baseline Year 2019/20 | Reporting Year 2020/21 | Reporting Year 2021/22 |
|------------------------|--------------------------|---------------------------|---------------------------|
| Type of Emissions | tCO2e | tCO2e | tCO2e |
| Scope 1 | 6,165 | 5,792 | 5,206 |
| Scope 2 | 2,361 | 1,909 | 1,966 |
| Scope 3 | 887 | 163 | 288 |
| Total Emissions | 9,413 | 7,863 | 7,460 |

Net Zero Milestones

In order to continue our progress towards Net Zero we will set the following carbon reduction targets as milestones.

2030 – 25% Carbon Reduction

2040 – 75% Carbon Reduction

2050 – 100% Carbon Reduction (Net Zero)

Carbon Reduction Projects

We will implement and embed our Net Zero Principles within our organisation by commencing the following projects and initiatives

1. Implementation of energy saving technology in our services
2. Implementation of energy generating technology in the form of solar panels and wind generation to enable us to generate our own energy in a way that is sustainable.
3. Implementation of environmental awareness training for our staff

4. Implementation of new technology to enable and support remote meetings saving the need to travel.
5. A project to review how we procure the services we need and how we deliver the tasks which we need to undertake to ensure that they are completed in a way which is sustainable and low impact to the environment.

Our Net Zero principles since the baseline reporting period of 2019/20 have delivered an overall carbon reduction in the 2021/22 reporting year of **1,952 tCO2e a 23% reduction**.

This reduction was primarily realised in **Scope 1** emissions which have been impacted by the reduction in service premises as well as environmental initiatives to use less energy through the introduction of more efficient gas boilers where heating systems are replaced, or parts are replaced. In addition, there has been a review of company vehicles which has reduced the number of vehicles which are owned by the company at our services, fleet cars are not being replaced when

the leases expire, and any new vehicles procured are more fuel and energy efficient with Hybrid and Electric powered models being considered to replace existing stock.

There has been a slight increase in the **Scope 2 and 3** emissions when comparing **2021/2022** emissions against **2020/2021** emissions. The reason for this is that the Covid pandemic has also influenced these emissions through the need to power air conditioning to control airflow in services and the slow return to usual business travel following restrictions due to government lockdowns.

The overall trend when **Scope 2 and 3 2021/22** emissions are compared to the **2019/20 baseline** figures is that there is a reduction from **3,248 tCO₂e to 2,255 tCO₂e** a **36% reduction**.

The reduction in **Scope 2** emissions has been achieved through the implementation of environmental initiatives to use less energy by replacing lights with energy efficient lights, improved heating control systems, smart metering and only using energy when we need to do so through timers and motion detection lighting.

The reduction in **Scope 3** emissions has been achieved through the investment in improved IT systems has led to a reduction overall in the use of staff vehicles to attend meetings at services because these can be completed via online meetings using Microsoft Teams or Zoom Software

The Carbon reduction projects which we will embed in our organisation will be in effect at the time of publication of this document, since we are committed to reducing emissions to achieve **Net Zero by 2050**.

Carbon Footprint Reporting

Carbon footprint

(Greenhouse gas emissions)

| | | 2021/22 | 2021/22 | |
|--|----------------------------|------------|--------------------|------------|
| Type of emissions | Activity | kWh | tCO ₂ e | % of total |
| Direct | Services Gas | 21,207,236 | 3,877 | 52.0% |
| (Scope 1) | Services Oil | 2,296,083 | 582 | 7.8% |
| | Services LPG | 2,115,409 | 453 | 6.1% |
| | Company Vehicle | 636,742 | 294 | 3.9% |
| Energy Indirect (Scope 2) | Services Electricity | 9,352,839 | 1,966 | 26.3% |
| Other Indirect (Scope 3) | Personal Vehicle | 507,544 | 226 | 3.03% |
| | Flight | | 0.3 | 0.00% |
| | Train | | 5.9 | 0.08% |
| | Ferry | | 0.3 | 0.00% |
| | Taxi | | 0.2 | 0.00% |
| | Overseas Internal Journeys | | 55.5 | 0.74% |
| Total gross emissions (tCO ₂ e) | | | 7,460 | |
| Total energy consumed (kWh) | | 36,115,853 | | |

Intensity metric

| | |
|--|-------|
| Number of employees (FTE's) | 3,407 |
| Tonnes of CO ₂ e per employee | 2.19 |

Assessment parameters

| | |
|-------------------------------------|---|
| Baseline year | 2019/20 |
| Reporting organisation | Leonard Cheshire Disability |
| LCD Environmental Leads | Karl Monet, Head of Health, Safety and Environment |
| Reporting period covered | 1 April 2021–31 March 2022 |
| Organisational boundaries | All emissions which Leonard Cheshire Disability has operational control |
| Methodology used | UK Government GHG Conversion Factors for Company Reporting |
| External verification 2019 baseline | Supported by Energy Managers Association Lead Assessor |

Principal risks and uncertainties

The Trustees are ultimately responsible for risk management and they are satisfied that appropriate internal control systems and risk management processes are in place.

This year the risk agenda has been dominated by Covid-19. We have worked hard to manage Covid-related risks and make sure our people, including service users and staff, remain safe and well supported.

The Trustees consider that the following framework provides the Charity with adequate measures to reduce the impact of identified risk.

At each meeting, the Board of Trustees reviews the Charity's risk register, serious incidents and health and safety reports. Our response to risks posed by Covid-19 were overseen by lead Trustees, working alongside Executive staff. Trustees received regular updates outside meetings on these activities.

At each meeting, the Audit and Risk Committee also reviews the Charity's risk register plus departmental risk registers on a rotational basis. The Committee also approves the annual risk-based internal audit plan, receives regular internal audit reports and progress updates.

Senior management review key strategic and operational risks on a regular basis. They consider progress on mitigating actions, new and emerging risks and opportunities.

Our most significant risks and mitigating actions are set out in the following table, in no particular order:

| Potential risk: | Action taken to mitigate: |
|---|--|
| Insufficient funding to support UK care services | <ul style="list-style-type: none"> – Five-year strategy with agreed business plan KPIs, e.g. occupancy and absence rates, fee recovery and inflation – Managing staff costs with an enhanced pay framework which pays the living wage across the UK and increases percentage of permanent staff, reducing recruitment and agency costs – Regular evaluation of attraction, recruitment and retention strand of the People Strategy, including Services Employment Framework to continuously optimise retention of staff |
| Non social care income generation – inability to achieve funding required to meet strategic aims | <ul style="list-style-type: none"> – Funding targets spread across Global Influencing, Partnerships and Fundraising teams – Investment in recruitment of donors and proactive management of pipeline, including emergency appeals as appropriate – Exploring alternative methods of funding and review and reduction of operating costs |
| Loss of public trust | <ul style="list-style-type: none"> – All safeguarding and ethical policies updated, and staff trained as appropriate – Safeguarding Team and Panel established to improve case management and organisational learning – Implementation of current fundraising, governance and impact reporting best practice – Proactive management of media, government and civil society relationships |
| Failure to meet safe quality standards | <ul style="list-style-type: none"> – Clinical governance and Quality Assurance Frameworks, including electronic medication system in England and Wales residential services – Rigorous Safeguarding, Serious Incident, health and safety, recruitment and whistle blowing procedures – Serious Incidents Policy and Procedures reviewed and simplified |

| Potential risk: | Action taken to mitigate: |
|--|---|
| Major disruption to some or all of our activities for prolonged period (e.g. the Covid-19 pandemic) | <ul style="list-style-type: none"> – Executive Management ownership and three stage crisis management plans in place (response, transition, and re-set) – Regular evaluation of impact around staffing levels and staff morale and wellbeing – Clinical guidelines in place with clear instructions to staff to ensure customer safety – Financial modelling and stress testing scenarios in place to ensure resilience and sustainability – Board, Finance Committee and Audit and Risk Committee oversight. – Multi-factor authentication for accessing IT systems and VPN to encrypt information |
| Serious breach of information or cyber security | <ul style="list-style-type: none"> – Data protection policies built into terms and conditions for all staff – IT security policies in place – Firewalls, automatically updated anti-virus software and e-mail/internet filtering |
| Failure to uphold the rights of all individual data subjects | <ul style="list-style-type: none"> – Executive Management ownership and support for Information Governance and Security issues – The monitoring and maintenance of the Data Processing Management System and business level ownership for data processing activities – An Information Governance and Security Training programme – NHS IG Toolkit compliance |
| Failure to manage turnaround and change programmes such that cost savings are not realised or adverse outcomes to service delivery are experienced. | <ul style="list-style-type: none"> – Turnaround Plan to deliver savings and funding agreed with Trustees and stakeholders. – Executive level Turnaround Board in place with oversight of the Turnaround plan – Active engagement with banking partners and other external stakeholders with regular updates. – Monthly monitoring of deliverables – Regular reporting to Trustees – Revised Delegation of Authority implemented to enhance control of expenditure – Improved credit control arrangements in place. |

Plans for future periods

Since Leonard Cheshire was founded, the world has changed, but not enough for people with disabilities. To continue to deliver impact for many years to come we are resizing and reshaping for the future.

We believe in a fair and inclusive world, where everyone can live as they choose. Central to our ethos is independence, dignity and respect, with our service to people with disabilities front and centre of everything we do.

In future Leonard Cheshire will primarily be a high-quality care service provider of residential, nursing and supported living services for people with severe physical disabilities (our core competence).

In future our services will be purpose designed, technology enabled, well equipped, staffed appropriately, 'home from home', and situated close to communities, with good transport infrastructure and access to local labour.

Our services will work under a commercial operating model, whereby we are able to provide high standards of care through being paid fair fees based on the changing needs of our residents.

Leonard Cheshire will continue to be a strong advocate for fair cost of care and other policy agendas that support our primary care service area and mission.

We will continue to promote employment of young people with disabilities, through Change 100 and Training & Consultancy and our advocacy.

To build the foundations for the future, over the next three years we are implementing a turnaround plan.

Our other priorities for next year are:

1. Continue to prioritise the safe, effective delivery of care in our UK services

- a. Implement more controls in services around agency spend.
- b. Implement more controls around managing governance for UK services.

2. Three-year turnaround plan initiated in 2022 that returns Leonard Cheshire to cash positive by the end of financial year 2023/24 on a full year basis

- a. Negotiate overdraft facility of £10m until 31st March 2023.
- b. Negotiate fair fee increases with care funders to address inflationary increases and additional support needs of people who use our services.
- c. Restructure central support functions aligned to future strategic focus.
- d. Consolidate programmes portfolio including exiting International Operations and significantly reducing scale of UK non-care operations.

3. Influence change in society for people with disabilities to have greater opportunities of choice for how they live, learn and work

- a. Influence national policies, strategies and standards in social care.
- b. Increase the impact of Change 100 (graduate internship programme) and our training and consultancy support.
- c. Influence the inclusive employment agenda in the context of new approaches from Government.
- d. Lobby and influence to ensure adequate support for disabled people during the cost of living crisis.

Structure, governance and management

Registration

The registered name of the Charity is Leonard Cheshire Disability. The Charity is a charitable company limited by guarantee and was incorporated in England and Wales on 3 August 1955. The registered charity number is 218186 and the registered company number is 552847. The Charity is also present in Scotland and the Scottish registered charity number is SC005117. The address of the registered office is 66 South Lambeth Road, London, SW8 1RL. It is governed by the Memorandum and Articles of Association, which were last amended on 23 October 2014.

Objects and public benefit

The objects of the Charity are to relieve the consequences of physical and/or mental disability by the provision, in the United Kingdom and overseas, of accommodation, services and support for the spiritual, social, physical and mental wellbeing of disabled people, by such means as are charitable, whatever their race, nationality, creed, sex or age.

The Trustees, in exercising their powers and duties, have complied with their duty in section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission. In preparing the report and accounts, the Trustees have complied with the requirements set out in that guidance to report on the significant activities and achievements of the charity in 2021/22. They have reported in a way that both sets out the aims and strategies of the Charity and demonstrates how the aims and activities of the Charity were carried out for the public benefit. Further detail on the public benefit can be found in the section on Objectives and activities. Details of our charitable activities, achievements and

performance are included on pages 8-19.

Governance and operating structure

The Board of Trustees (the 'Board') meets at least four times a year. Each year, we approve the annual budget and review the strategic plan of the Charity. Trustees set the strategic direction for the Charity. During 2021/22, the Board continued to conduct meetings virtually in response to local guidance on the Covid-19 pandemic, with the exception of one hybrid meeting held in September 2021.

During 2021/22 the Board, led by the Governance and Nominations Committee, formally appointed the new Chair of the Board of Trustees, David Grayson CBE, following a period of transition as Chair Designate, and following on from the retirement of the previous Chair, Sally Davis, in October 2021.

The Board of Trustees have delegated authority to the Chief Executive to manage the affairs of the Charity within the Leonard Cheshire strategy, reporting against the agreed objectives. The Chief Executive is supported by an Executive Team, all of whom are officers of the Charity.

Individual Trustees also take reasonable steps to ensure there is regular contact between the Trustees, staff and volunteers who are responsible for the people who use our services at a local level. In addition, we have appointed five board committees: People, Finance, Audit and Risk, Quality and Safeguarding, and Governance and Nominations.

The People Committee was chaired by Stephen Duckworth until December 2022. It is currently chaired by Hilary Sears. This Committee meets at least three times per year.

It is responsible for:

- Monitoring the cultural health of the organisation and employee satisfaction with the aim of being a best-in-class employer of choice
- Maintaining an overview of people-related policies and practices in relation to all staff
- Making recommendations to the Trustee Board on all aspects of the remuneration and terms and conditions of the CEO and Executive team, and
- Ensuring that appropriate levels of executive remuneration and reward is set to support the organisation's strategy.

The People Committee approves the pay review evaluation and pay increases for staff in general, including the Executive Team. This is based on the principles of transparency, equity and fairness.

During 2021/22, the Committee regularly reviewed the ongoing impact of the Covid-19 pandemic on the workforce, including shortfalls in staffing numbers due to self-isolation or sickness. The Committee had oversight of a number of workforce wellness and frontline recruitment initiatives.

In line with good practice, a range of benchmarking assesses the current positioning of our Executive Team's pay in the market to ensure that pay for this group is proportional, justifiable and defensible. The XpertHR Top

Charities survey has been used as our primary source, supplemented by review of the Korn Ferry (formerly Hay Group) Not-for-Profit and Public Sector survey.

The Quality and Safeguarding Committee was chaired by Ranald Mair until September 2022 and is now chaired by Michele Golden. This Committee meets at least three times per year.

It is responsible for:

- Ensuring that the delivery of quality of service, compliance and care to the individual is a key focus of our activity
- Making safety, effectiveness and customer experience central to the development, delivery and measurement of our services, by assessing care quality, customer and staff experience measurement data
- Ensuring that learning and development needs are identified and appropriately met
- Supporting innovation and the development of new care pathways
- Ensuring that performance standards and policy changes relating to quality, healthcare and social outcomes are met, and
- Receiving and considering reports relating to serious incidents in the provision of social care services.

During 2021/22, the Committee has been focused on reviewing the impact of the Covid-19 pandemic on services, including the vaccination programme for staff and service users, and forward planning for the phased restarting of service visitations.

The Finance Committee was chaired by David Pugh until February 2022 and is now chaired by Adam Wiltshire. The Committee supports the Board in fulfilling its global oversight responsibilities in respect of financial performance. It meets at least three times per year.

It is responsible for:

- Recommending to the Board the longer-term business plan, the annual budget and annual business plans, and the quarterly forecasts, including cash flow
- Monitoring the financial performance of the Charity and ensuring that significant issues are being appropriately dealt with by management
- Approving those financial transactions that are not within the delegated authority of the Chief Executive, and where appropriate, to seek endorsement from the Board, where the policies of the Charity stipulate such approval is needed, and
- Recommending financial policies that are reserved to the Board, including the reserves policy.

The Audit and Risk Committee was chaired by Richard Brooman until July 2021 and is now chaired by Philip Cassidy. The Committee meets at least three times per year and is responsible for:

- Ensuring that robust financial reporting, risk management and internal control principles are applied and are adequate, including the role of internal audit
- Reviewing policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements
- Considering the appointment, remuneration, effectiveness and independence of internal and external auditors
- Monitoring the integrity of the required statements to regulators, reviewing significant financial reporting issues and judgements contained therein
- Reviewing the effectiveness of the Charity's internal controls, and
- Reviewing the effectiveness of the Charity's framework for risk management.

Auditors PricewaterhouseCoopers LLP have expressed their willingness to continue to act as auditors.

The Governance and Nominations Committee was chaired by Colin Hunter until October 2022. It is now chaired by Hilary Sears.

The Committee is responsible for identifying, recruiting and proposing new members of the Board and the Chief Executive and for their induction, support and development. In addition, the Committee holds regular reviews of Board skills, the composition of the sub-committees and succession planning.

Advisory Groups

The Customer Council was chaired by Vidar Hjordeng until December 2022. It seeks to ensure that Leonard Cheshire is led by people with disabilities in its decision-making, and the Council compromises beneficiaries from across the Charity including representatives of services, volunteers and international programmes.

Director duties statement

Trustees, as directors of Leonard Cheshire, must act in accordance with a general set of duties, laid down in law and guidance from regulators. Trustees are obliged to report on how they have complied with their duty in regard to matters in section 172 (1) (a)-(f) of the Companies Act 2006 ('the Act').

In summary a director of a charitable company must act in a way he or she considers, in good faith, would be most likely to promote the success of the charity and the achievement of its charitable purposes. In doing this, a director would need to consider, amongst other things:

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

Upon appointment, Leonard Cheshire Trustees receive an induction which includes briefing on their duties. Trustees are directed to more advice, information and guidance via the

online Trustee Handbook, including governance documents and past Board papers, Leonard Cheshire staff and our external advisors. Trustees fulfil their duties through the governance framework explained elsewhere in this report, delegating day to day decision making to employees, led by the Chief Executive and Executive Directors.

Delegation to employees is based not only on financial authority, but also on explicit values and behaviours expected of volunteers, staff and other stakeholders. The Board has established measures and structures in place, for example the actions and processes identified against our principal risks to ensure a robust system of control and assurance processes are in operation.

The Trustee Board sets the strategic direction of Leonard Cheshire and decisions are taken in the context of the current 2017/22 'Supporting Journeys Towards Independence' strategy. This provides for a consistent and coordinated approach to the Trustee Board's decision-making, with Trustees considering the Charity's sustainability and long-term success at all times.

Directors maintain the interests of Leonard Cheshire employees and volunteers through its People Strategy and workforce insight initiatives overseen by the People Committee. Regular surveys are taken to hear and respond to staff views, complemented by a strong working relationship with the Staff Association. The Staff Association Chair attends the People Committee.

The views and ambitions of disabled people are vital to inform Board work and decisions. The Customer Council is an advisory body to the Trustee Board and is chaired by a Trustee with a lived experience of disability.

Our strong business relationships, with suppliers understanding and supporting our vision, have been particularly successful. Examples include receiving pro bono legal support from Linklaters, and the annual Stelios awards, supporting business opportunities for people with a disability.

As an example, the inception and delivery of the financial turnaround plan has been and is being executed whilst balancing the short and long term timescales and the varying needs of our various stakeholders across residents, other service users, customers, employees, suppliers and other partners.

Leonard Cheshire's ambition is to continue extending our positive impact in communities by supporting disabled people to develop and achieve their potential. This report includes stories of how this is being achieved.

As described above in the section "Streamlined Energy and Carbon Reporting", Leonard Cheshire is committed to be operating as net zero by 2050, through the implementation of our Net Zero Principles within our organisation.

Policies form part of the suite of Leonard Cheshire protocols and processes to ensure that the charity is run efficiently and effectively, conforming to high standards in business conduct. Expectations and standards

are spelt out in policies, so governance standards are consistent.

The trustees of Leonard Cheshire are the sole members of the charity, and the charity is not run in the interests of the members but in the objects of the charity.

Appointment and induction of Trustees

All vacancies for Trustees are externally advertised. The Governance and Nominations Committee considers prospective Trustees and makes its recommendation to the Board which votes on all new appointments of Trustees. We place particular emphasis on the representation of disabled people.

New Trustees receive induction material and training, as well as additional training throughout their appointment.

The Trustees review the composition of the Board at regular intervals and decide whether there is a need to change the skill base. Trustees initially serve for a three- year period and then may be re-appointed for a further term of three years. In exceptional circumstances, an additional term of up to three years may be considered.

Emoluments

In 2021/22, Trustees received no emoluments.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision, as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains so. The Charity also purchased and maintained throughout the financial year Trustees', directors' and officers' liability insurance in respect of itself and its directors.

Customer Council

The views and ambitions of disabled people are at the heart of our work. As part of our broader Customer Engagement Framework we formed the Customer Council in 2017/18 to bring these views even more fully to the centre of our decision making. The Customer Council is an advisory group to the Board of Trustees and the Executive team, to ensure our decision making is led by disabled people. It advises on broad strategic considerations of the organisation.

The Council members reflect a diversity of people with different disabilities, from different geographies and with a variety of experience. It includes residents of our social care services as well as those who have participated in our confidence, skills and employment programmes.

They are passionate about giving a voice to those who may struggle to be heard, championing inclusion in society and helping us to grow our reach and impact. The Customer Council was chaired by Vidar Hjordeng MBE in 2021/22, one of our Trustees who has lived experience of disability.

The Trustees' Report, including the Strategic Report, was approved by the Board of Trustees on 28th March 2023.



David Grayson CBE
Chair

3.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Leonard Cheshire Disability for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is

inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charitable Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In the case of each Trustee in office at the date the Trustees' Report is approved:

- So far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

4.

Auditors' report

Independent auditors' report to the members and trustees of Leonard Cheshire Disability

Report on the audit of the financial statements

Opinion

In our opinion, Leonard Cheshire Disability's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of The Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 March 2022; the consolidated statement of financial activities (incorporating the consolidated income and expenditure account), the consolidated cash flow statement for the year then ended;

and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and the parent charitable company's ability to continue as a going concern. In a severe but plausible downside scenario, the group and parent charitable company would exceed available credit facilities during the period of 12 months from the date of approval of these financial statements. In order to avoid this, the group would need to deliver mitigating actions

which may include generating cash from future property sales and achieving future fee income uplifts and cost savings that are outside of the direct control of the charity. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group and parent charitable company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and parent charitable company were unable to continue as a 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.

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

Reporting on other information

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

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

is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Trustees' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 and The Charities Accounts (Scotland) Regulations 2006 (as amended) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

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

free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Based on our understanding of the group and parent charitable company, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of The Charities Accounts (Scotland) Regulations 2006 (as amended). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in key accounting judgements and estimates. Audit procedures performed included:

- enquiry of management and the trustees with regard to actual and potential fraud and non-compliance with laws and regulations;
- reviewing minutes of the Board and Audit and Risk Committee meetings and significant contracts to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with laws and regulations;
- reviewing internal audit reports;
- reviewing correspondence with regulators including the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator;
- understanding and evaluating management's controls in place to prevent and detect irregularities;
- testing of journal entries where we identified particular risk criteria;

- obtaining independent confirmations of cash and investment balances at the year end and testing management's year end bank reconciliations;
- reviewing accounting estimates for bias and evaluating whether circumstances producing any bias, represent a risk of material misstatement due to fraud; and
- assessing financial statement disclosures and testing to supporting documentation for compliance with laws and regulations.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the charitable company's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of The Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Matters on which we are required to report by exception

Under the Companies Act 2006 and The Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



David Wildey

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

31 March 2023

5.

Financial statements

Consolidated Statement of Financial Activities

(Incorporating the Consolidated Income and Expenditure Account)
for the year ended 31 March 2022

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Totals 2022 £'000 | Totals 2021 £'000 *Restated | Notes |
|--|--------------------------------|------------------------------|-----------------------------|----------------------------------|--------------------------------------|-------|
| Income and Endowments from: | | | | | | |
| Donations and legacies | 4,888 | 2,725 | – | 7,613 | 6,620* | 3A |
| Charitable Activities – Social Care | 133,327 | 233 | – | 133,560 | 131,291 | |
| Charitable Activities – International Programmes | 7 | 5,057 | – | 5,064 | 5,995 | 3D |
| Charitable Activities – UK Programmes | 577 | 2,726 | – | 3,303 | 3,984 | 3E |
| Other trading activities | 126 | 9 | – | 135 | 139 | |
| Government support – Covid-19 | 2,197 | 1,550 | – | 3,747 | 4,930 | 3C |
| Investments | 135 | – | – | 135 | 151 | 4 |
| Other including gains/(losses) on disposal of assets | 4,900 | (6) | – | 4,894 | (12) | |
| Total | 146,157 | 12,294 | – | 158,451 | 153,098 | |
| Expenditure on: | | | | | | |
| Raising funds | 3,209 | 82 | – | 3,291 | 3,643 | 5 |
| Charitable Activities – Social Care | 145,520 | 2,562 | – | 148,082 | 143,013 | 5 |
| Charitable Activities – International Programmes | 1,776 | 5,091 | – | 6,867 | 9,683 | 5 |
| Charitable Activities – UK Programmes | 2,311 | 2,065 | – | 4,376 | 5,037 | 5 |
| Campaigning | 674 | – | – | 674 | 159 | 5 |
| Total | 153,490 | 9,800 | – | 163,290 | 161,535 | |
| Net gain/(losses) on investments | (660) | – | – | (660) | 286 | 11 |

| | Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Totals 2022 £'000 | Totals 2021 £'000 *Restated | Notes |
|---|--------------------------------|------------------------------|-----------------------------|----------------------------------|--------------------------------------|-------|
| Net (expenditure)/income | (7,993) | 2,494 | - | (5,499) | (8,151) | |
| Other recognised gains/(losses): | | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | 42 | - | - | 42 | (3,474) | 22 |
| Net movement in funds | (7,951) | 2,494 | - | (5,457) | (11,625) | |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | 68,345 | 28,462 | 857 | 97,664 | 109,289 | |
| Total funds carried forward | 60,394 | 30,956 | 857 | 92,207 | 97,664 | 17 |

All activities relate to continuing operations. The Group has no recognised gains or losses except those included above and, therefore, no separate statement of recognised gains and losses has been prepared.

In order to produce a combined Statement of Financial Activities (SOFA) and an Income and Expenditure Account, the SOFA has been amended to separate other recognised gains/(losses) from the net outgoing resources result.

*Donations & Legacies and Unrestricted Funds figures for 2021 have been amended, see Note 27 for details.

The Notes on pages 72 to 111 form part of these financial statements.

Consolidated Balance Sheet

as at 31 March 2022

Company Number 552847

| | 2022 £'000 | 2021 £'000 *Restated | Notes |
|---|----------------|----------------------------|-------|
| Fixed assets | | | |
| Tangible assets | 81,997 | 84,600 | 9 |
| Intangible assets | 4,871 | 4,675 | 10 |
| Investments | 4,638 | 6,364 | 11 |
| Total fixed assets | 91,506 | 95,639 | |
| Current assets | | | |
| Stock | - | 1,486 | |
| Investments | 15 | 14 | 12 |
| Debtors | 27,277 | 27,670 | 13 |
| Cash at bank and in hand | 1,988 | 2,548 | 14 |
| Total current assets | 29,280 | 31,718 | |
| Liabilities | | | |
| Creditors: Amounts falling due within one year | (20,144) | (21,261) | 15 |
| Net current assets | 9,136 | 10,457 | |
| Total assets less current liabilities | 100,642 | 106,096 | |
| Creditors: Amounts falling due after more than one year | (3,069) | (4,272) | 15 |
| Provisions for liabilities | (5,333) | (2,212) | 16 |
| Net assets excluding defined benefit pension liability | 92,240 | 99,612 | |
| Defined benefit pension scheme liability | (33) | (1,948) | 22 |
| Total net assets | 92,207 | 97,664 | |

| | 2022 £'000 | 2021 £'000 *Restated | Notes |
|---------------------------------|---------------|----------------------------|-----------|
| The Funds of the Charity | | | |
| Endowment funds | 857 | 857 | 17 |
| Restricted income funds | 30,956 | 28,462 | 17 |
| Unrestricted funds | | | 17 |
| Designated | 5,055 | 5,319 | 17 |
| General | 51,082 | 59,188* | 17 |
| Revaluation reserve | 4,290 | 5,786 | 17 |
| Pension reserve | (33) | (1,948) | 17 |
| Total unrestricted funds | 60,394 | 68,345 | 17 |
| Total Charity funds | 92,207 | 97,664 | |

*Prior year figure for General funds amended, see Note 27 for details.

The financial statements were approved by the Trustees on 28 March 2023 and signed on their behalf by:



David Grayson CBE
Chair



Philip Cassidy
Chairman of the Audit and Risk Committee

The Notes on pages 67 to 113 form part of these financial statements.

Company Balance Sheet

as at 31 March 2022

Company Number 552847

| | 2022 £'000 | 2021 £'000 | Notes |
|---|---------------|----------------|-------|
| Fixed Assets | | | |
| Tangible assets | 81,987 | 84,588 | 9 |
| Intangible assets | 4,871 | 4,675 | 10 |
| Investments | 4,638 | 6,364 | 11 |
| Total fixed assets | 91,496 | 95,627 | |
| Current Assets | | | |
| Stock | - | 1,486 | |
| Investments | 15 | 14 | 12 |
| Debtors | 24,788 | 24,890 | 13 |
| Cash at bank and in hand | 1,916 | 2,514 | 14 |
| Total current assets | 26,719 | 28,904 | |
| Liabilities | | | |
| Creditors: Amount falling due within one year | (20,729) | (20,702) | 15 |
| Net current assets | 5,990 | 8,202 | |
| Total assets less current liabilities | 97,486 | 103,829 | |
| Creditors: Amount falling due after more than one year | (3,069) | (4,272) | 15 |
| Provisions for liabilities | (5,333) | (2,207) | 16 |
| Net assets excluding defined benefit pension liability | 89,084 | 97,350 | |
| Defined benefit pension scheme liability | (33) | (1,948) | 22 |
| Total net assets | 89,051 | 95,402 | |

| | 2022 £'000 | 2021 £'000 | Notes |
|---------------------------------|---------------|---------------|-------|
| The Funds of the Charity | | | |
| Endowment funds | 857 | 857 | 17 |
| Restricted income funds | 30,870 | 28,397 | 17 |
| Unrestricted funds | | | |
| Designated | 5,025 | 5,288 | 17 |
| General | 48,042 | 57,022 | 17 |
| Revaluation reserve | 4,290 | 5,786 | 17 |
| Pension reserve | (33) | (1,948) | 17 |
| Total unrestricted funds | 57,324 | 66,148 | |
| Total Charity funds | 89,051 | 95,402 | |

The net deficit for the year of the parent Charity was £7.5 million (2021: net deficit of £12 million).

The financial statements were approved by the Trustees on 28 March 2023 and signed on their behalf by:



David Grayson CBE
Chair



Philip Cassidy
Chairman of the Audit and Risk Committee

The Notes on pages 67 to 113 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2022

| | Reference | 2022 £'000 | 2021 £'000 |
|---|----------------|----------------|----------------|
| Cash flows from operating activities: | | | |
| Net cash used in operating activities | A | (1,079) | (5,059) |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 135 | 151 |
| Proceeds from the sale of property, plant and equipment | | 6,787 | 561 |
| Purchase of property, plant and equipment | | (4,241) | (4,414) |
| Purchase of intangible assets | | (670) | (1,164) |
| Net cash generated from/(used in) investing activities | | 2,011 | (4,866) |
| Change in cash and cash equivalents in the reporting period | | 932 | (9,925) |
| Cash and cash equivalents at the beginning of the reporting period | | (238) | 9,687 |
| Cash and cash equivalents at the end of the reporting year | Note 14 | 694 | (238) |

Consolidated Cash Flow Statement

for the year ended 31 March 2022

| | 2022 £'000 | 2021 £000 *Restated |
|---|----------------|---------------------------|
| A. Reconciliation of net income/(expenditure) to net cash flow from operating activities | | |
| Net expenditure for the reporting period (as per the Statement of Financial Activities) | (5,499) | (8,151)* |
| Adjustments for: | | |
| Amortisation, depreciation and impairment charges | 6,469 | 8,283 |
| Amortisation on programme related investment | 20 | 20 |
| Losses / (Gains) on investments | 660 | (286) |
| Dividends, interest and rents from investment | (135) | (151) |
| (Gains)/Losses on the sale of fixed assets | (4,895) | 12 |
| Difference between pension contributions and current service cost | (1,935) | (1,931) |
| Decrease/(Increase) in stock | 1,486 | (1,486) |
| Decrease/(Increase) in debtors | 393 | (1,400) |
| (Decrease)/Increase in creditors | (765) | (2,361) |
| Increase/(Decrease) in provisions | 3,122 | 1,698 |
| Net cash used in operating activities | (1,079) | (5,059) |

*Net expenditure figure restated, see Note 27 for details.

| | 31 March 2021 | Cashflows | 31 March 2022 |
|--|------------------|------------|------------------|
| Reconciliation of net debt | | | |
| Cash | 2,548 | (560) | 1,988 |
| Bank overdraft | (2,786) | 1,492 | (1,294) |
| Loans falling due in over more than one year | (630) | – | (630) |
| Total | (868) | 932 | 64 |

Notes to the financial statements

For year ending 31 March 2022

1. Accounting policies and basis of preparation of financial statements

General Policies

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) – “Accounting and Reporting by Charities” and with applicable accounting standards in the United Kingdom, comprising Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (“FRS 102”), and with reference to the Companies Act 2006 and the Charities Act 2011. The financial statements have been prepared using the historical cost basis of accounting as modified for the valuation of investments at market value.

The financial statements have been prepared on a going concern basis and the accounting policies below are consistently applied. The trustees are confident that accounting for the charity as a going concern is appropriate with the acknowledgement that material uncertainties exist

The Charity has adapted the Companies Act formats to reflect the Charities SORP and the special nature of the Charity’s activities. No separate statement of financial activities (SOFA) has been presented for the Charity alone, as permitted by Section 408 of the Companies Act 2006 .

The SOFA and balance sheet consolidate the financial statements of the Charity and its wholly owned subsidiary undertakings.

The Charity is a public benefit entity.

The accounts have been prepared to give a ‘true and fair view’ and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following the Charities SORP (FRS 102) 2019.

The Charity has taken advantage of the exemption in FRS 102 from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Group statement of cash flows included in these financial statements includes the cash flows of the Charity.

The consolidated Group disclosures include the results of services in the United Kingdom and worldwide and central administration up to 31 March 2022. In addition, the results of the wholly-owned subsidiaries, The Leonard Cheshire Foundation (Isle of Man) Ltd, Leonard Cheshire Trading Ltd, Leonard Cheshire Services CIC, Leonard Cheshire International and Leonard Cheshire USA have been consolidated in the Group results. The results of the subsidiaries have been consolidated on a line by line basis, and the balances and transactions between Group companies are eliminated on consolidation.

As permitted by section 408 of the Companies Act 2006, the Company has not presented its income and expenditure account.

Income Policies

Donations are credited to income on receipt. Gift aid receivable is included in income when there is a valid declaration from the donor and the donation has been received.

Income for our UK and international programme activity is recognised when we are entitled to recognize it as a result of our performance. Where income is received in advance, it is deferred and included as a liability until conditions of entitlement are met, at which point the income is recognised and the liability released. Where entitlement occurs before income is received, the income is accrued and included in current assets.

Where the charity receives gifts of goods or services in kind, of a measurable value to the charity, the gift is included as both income and expenditure, with both elements recognised in the statement of financial activities when the benefit is received.

Legacy income is recognised from the earliest date of the Charity being notified of an impending distribution following settlement of the estate or the legacy being received, where entitlement is established and it can be measured with reasonable accuracy. Entitlement is assumed six months after grant of probate is received and the executor is satisfied that the property in question will not be required to satisfy claims on the estate. Once entitlement is confirmed, any conditions within the Charity's control have been met and the executors establish there are sufficient assets to settle the legacy then it is deemed the legacy is probable to be received. Where we are informed that an interim payment will be made, we recognise any remaining income that meets the above criteria; if sufficient uncertainty remains over the remaining amount, then only interim payments will be recognised. Reversionary interests involving a life tenant are not recognised.

Income from charitable activities include social care, which consists of residential care, respite, day care and care at home. Income earned is from the supply of services under contractual arrangements and is recognised when the service has been provided.

Income from other trading activities includes income from both trading activities to raise funds for the Charity and income from sale of merchandise. To fall within this category the income must be received in exchange for supplying goods and services in order to raise funds for the Charity. Income is recognised when the Charity has entitlement in accordance with the rules set out in FRS 102, the receipt is probable and the amount measurable.

Investment income consists of dividends, interest received and rents from investment properties; and is shown gross as the amount received in the year before deduction of any associated costs.

Covid-19 income consists of government support for specific Covid-19 related costs, such as the infection control and the job retention scheme. It has been accounted for as government grant income and is recognised when the Charity has entitlement to the funds and any performance conditions attached to the grants have been met.

Expenditure Policies

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay.

The cost of raising funds for voluntary income is the cost of persuading others to make voluntary contributions as well as costs relating to marketing, branding and increasing public awareness of the Charity. The costs of charitable activities include all expenditure directly relating to the objects of the Charity.

Support costs have been allocated to the cost of raising funds and the appropriate charitable activity in accordance with Charities SORP. These costs include both direct costs, which include those elements of staff and other costs that are directly attributable to specific activities, and centrally incurred support costs. The total support costs, which also include an element of staff costs, are apportioned across the specific activities in accordance with the number of full time equivalent employees allocated to each activity during

the financial year. The categorisation and allocation of these support costs is detailed in note 5.

They include the costs of all activities not engaged directly in charitable, fundraising or publicity activities.

Governance costs include trustee expenses, trustee insurance, internal/external audit costs and other professional fees. and have been allocated proportionately across charitable activities.

Any irrecoverable VAT is either charged to the SOFA within the item of expense to which it relates or capitalised as part of the cost of the related asset, as appropriate.

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the term of the lease. Any lease incentives (such as rent free periods) are spread over the life of the lease or the period to the first rent review, whichever falls earlier.

Going Concern

Several years of reported deficits has impacted the Charity's financial sustainability and reserves leading to a need for negotiating an extension to their overdraft facility with Barclays Bank. A detailed analysis of the Charity Performance and future cash forecasts was carried out by the new Chief Financial Officer and Finance Director in November 2021. It was apparent that an urgent Turnaround plan was required to be implemented to avoid breaching the facility and to address the underlying operating model in order return the charity to a positive monthly cash position to achieve financial sustainability.

A new overdraft facility of £10m (previously a £7.5 million facility) was negotiated with Barclays and agreed from 31st July 2022 until the 31st March 2023. The facility will reduce to £7.5m at 31st March 2023. This £7.5m facility is available until 31st March 2025.

As a condition of the increased facility with Barclays, an independent advisor to the bank, Kroll, were appointed to carry out an assessment of the Charity's financial position by reviewing a 3 year integrated model including Cash Forecast, Profit and Loss and Balance Sheet forecast covering the period April 2022 to March 2025. This encapsulated the assumptions used in the turnaround plan to move the Charity into a positive monthly cash position. A condition from the bank was that on a monthly basis Kroll prepare a performance monitoring report showing actual delivery versus the agreed 3 year integrated model highlighting any action that may be required.

The Financial Recovery Plan includes key initiatives to enable the Charity to return to a cash positive position. These are:

- Restructuring of central support functions including staff redundancies;
- Reduction of non-staff expenditure across the charity using support from Kroll to achieve this (including significant reduction in monthly agency cost spend);
- The exit from the Charity's International Operations and significant reduction in scale of UK non-care operations, both of which were making operating deficits;
- Negotiations with care funders to maximise inflationary care fee increases as well as increases to fees in relation to additional support needs of people who use our services;
- Efficiency savings and modernisation of the Charities Social Care Operations; and
- A programme of property disposals

In assessing the appropriateness of applying the going concern basis in preparation of the consolidated and company financial statements the Trustees have considered liquidity and forecast cash flows under a range of potential scenarios, considering reasonable possible outcomes over the period 1st March 2023 to 31st March 2025 from the date of approval of these financial statements.

Base Case Scenario

The base case scenario flows from the recovery plan. This forms the organisation budget for financial year 2023-24 and a forecast for the year 2024-25. It includes:-

- 5.5%, £7.6m, year on year inflationary increase on care fees in 2023-24 and a further 5.5%, £8.1m, year on year inflationary increase in 2024-25.
- £1.8m increase in Care Fees in 2023-24 and 2024-25 from renegotiation of care packages where the support needs of people who use our services have increased. This represents a 1.3% increase in care income for 2023-24 and a 1.2% increase for 2024-25.
- £1.5m risk contingency for fluctuations in occupancy across our care services in both 2023-24 and 2024-25. Representing a 1.4% decrease in occupancy.
- Increases in staff pay including associated employment costs averaging 6.4%, £5m, across Care staff roles in 2023-24 and 6.4%, £5.4m, in 2024-25. For Management and Support roles an increase of 5% is included in 2023-24, £0.6m, and 5%, £0.6m, in 2024-25.
- Cost of staff redundancy programmes and lower ongoing staff costs that result. 96% of the planned staff reductions will have completed by 31st March 2023.
- Net cost savings from exit from International Operations and UK Non-Care Operations in 2022-23. Including reductions in associated voluntary income and cost.
- The expected proceeds from the disposal of properties that have not completed at the time of this review, net of associated costs of closure and sale, are excluded from this base scenario.
- Targeted programme of central cost savings over the review period.
- Targeted efficiency and delivery improvements to our Social Care Operations with a specific focus on reducing the usage of Agency Staff.

- Increases in costs for care delivery in 2023-24 of 2%, £0.1m, and 2%, £0.1m, in 2024-25.
- Other operational costs increase by 3%, £0.4m, in 2023-24. 2%, £0.1m, in 2024-25
- Premises costs including Rent, Rates, and Repairs and Maintenance increasing by 5%, £0.5m, in 2022-23. 5%, £0.5m, in 2023-24.
- The Charity has fixed unit rates on Gas and Electricity Utility supplies expiring in the 3rd Quarter of 2023-24. A £1.3m risk for increased utility costs beyond the fixed term has been included in 2023-24 and £2.6m in 2024-25.
- £4.8m of Capital Expenditure in 2023-24 and £5.5m in 2024-25.

In the base case scenario excluding net cash inflows from property disposals The Charity continues to operate within the credit facility but maintains headroom on the facility throughout. Headroom on the Credit Facility is forecast to be at its lowest points at July 2024 (£0.2m headroom) and at October 2024 (£0.0m headroom).

Severe but plausible downside scenario

Given the overall uncertainty of the wider economic outlook, including financial challenges across the Care Sector, as well as changing internal conditions as the charity progresses through the recovery plan, a severe but plausible downside scenario was considered.

Severe but plausible scenario details:

- Year on year fee inflation reduces to 5% in 2023-24, £0.7m reduction on the base scenario, and 5% in 2024-25, £1.7m reduction on the base scenario.
- Fee increase from renegotiation of specific care packages reduces to £1.6m in 2022-23 and 2023-24 from £1.8m in both years in the base scenario, a 11% reduction.
- Payroll costs for Care Delivery Staff increases by 6.8% in 2023-24 and 2024-25 from 6.4% in the base scenario. An increase of £0.4m in 2023-24 and £0.7m in 2024-25.

- Agency Staff costs increase by £1m in 2023-24 from £16.8m in the base scenario, 6%. Then increase by £1m in 2024-25 from £17.3m in the base scenario, 5.7%.
- Other Operating Costs increase by £1.9m from £21.6m in the base scenario, 8.8%, in 2023-24 and by £2.8m from £22.1m in the base scenario, 12.7%, in 2024-25.

In this severe but plausible downside scenario The Charity would exceed its credit facility by £1.75m in October 2023. The cash position would continue to deteriorate from this point, exceeding the Credit Facility by £4m by 31st March 2024 and £9.5m by March 2025.

The key mitigations the Charity would need to enact to avoid exceeding the credit facility in this severe but plausible downside scenario are:

- Generating cash from future property sales; and
- Achieving future fee income uplifts and cost savings that are outside of the direct control of the charity.

However, these mitigations are not fully in the control of the Trustees and there is therefore uncertainty as to whether they can be achieved.

Risk Mitigation

The Charity has mitigating actions available including robust daily cashflow monitoring and management. The Turnaround Plan continues to be implemented and closely monitored.

Inflationary Fee Uplifts of 5.24% were achieved in 2022-23 and the Charity has developed a new costing model to better justify the increased fees requested from funders. Fee increases for changes in support needs of £2.2m will be delivered in 2022-23 with £1.6m included in the severe but plausible scenario in both 2023-24 and 2024-25. Through the efficiency and operational improvement plan for Social Care Operations, all individuals in our Residential Services will have their needs reviewed and contracts renegotiated.

A dedicated programme team will be in place to deliver the required improvements and modernisation of Social Care Operations.

Staff pay increases approved for 2023-24 are lower than included in the severe but plausible scenario whilst still complying with living wage regulations and remaining competitive within the sector. Agency Staff costs have been closely reviewed and controlled though 2022-23 leading to a monthly decrease in these costs. The detailed review of our Social Care Operations at an individual operating unit level will continue to support control and reductions of these costs.

Targeted cost savings across the Social Care Operations and Support Functions have been included in operational budgets and will be closely monitored. A review of contracts will be undertaken to reduce expenditure.

Capital Expenditure has been closely controlled in 2022-23 at £1.5m. The base case and severe but plausible scenarios include a return to pre-turnaround levels of capital expenditure, £4.8m in 2023-24 and £5.5m in 2024-25. This will continue to be controlled whilst ensuring that regulatory and safety related improvements are made. Improvements that are not urgent or required to maintain regulatory standards could be deferred in order to support the cash position.

A dedicated Property Disposal Team is in place to support the delivery of the Property Disposal Plan and associated inflow of funds. We have accepted offers totalling £1.8m from the first round of disposals with the sales progressing. £0.55m is expected to be received before the end of March 2023. The remaining £1.2m of sales proceeds are expected to be received by end of May 2023. Future Property Disposals are planned for 9 properties with estimated proceeds after closure and sale costs of £13.9m forecast to be received by 31st March 2024. The Charity has received offers on properties prior to active marketing indicating sales are likely. We have also received approaches on properties not currently being considered for sale which would be considered if the disposal proceeds fall short of the levels required.

Conclusion

Taking into consideration the financial recovery plan and the associated financial and cashflow forecasts, which has a level of significant doubt, the Trustees consider that it is appropriate for the financial statements to be prepared using a going concern basis, on the basis that there is sufficient liquidity in the base case scenario. This will also enable the Charity to manage operational and financial risks successfully and to allow us to meet our strategic and operational goals over the next 24 months. However, as indicated above there are a number of uncertainties in a severe but plausible downside scenario that indicates the existence of material uncertainties that may cast significant doubt upon the Charity's ability to continue to operate as a Going Concern. The financial statements do not include the adjustments that would result if the Charity were unable to continue as a going concern.

Pensions

Defined benefit pension scheme costs are treated in accordance with applicable financial reporting standards FRS102. The following elements are charged to the SOFA:

1. The service costs of pension provision relating to the period, together with the cost of any benefits relating to past service;
2. The net return on financing, which is a charge equal to the increase in the present value of the scheme liabilities; and
3. The actuarial gain or loss on scheme assets and liabilities.

If a defined benefit pension scheme is in surplus, the surplus will only be recognised if we have an unconditional right to a refund of that surplus.

Liabilities for the multi-employer plans, are treated as defined contribution schemes because the liabilities cannot be accurately calculated for an individual employer. They are recognised using discounted future

cashflows in respect of funding deficit reduction plans, and are presented within Provisions for Liabilities.

The difference between the market value of assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet, as appropriate.

Defined contribution pension scheme costs represent the contributions payable for the period. This amount is allocated to expenditure headings and funds on the same basis as staff costs, reflecting the activities performed by staff.

Liability Policies

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

The Charity provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. The Charity has recognised specific provisions for:

1. **Dilapidations on leasehold properties** – this relates to the estimated future cost of building work required when vacating leasehold premises;
2. **Proposed redundancy costs** – these costs will be payable where notification of intended redundancy was made before year end;
3. **Annual Leave Provision** – Annual leave provision represents a potential liability due to working time directive case law.

4. **Other provisions** - these represent estimates of future expenditure on a number of matters such as pensions where the outcome is not known with certainty.

The Group is exempt from income and corporation taxes on income and gains to the extent that they are applied for their charitable objects.

Foreign Currency

The Group financial statements are presented in pounds sterling and are rounded to thousands. The Group's functional and presentation currency is the pound sterling.

Transfers of monies between the UK and overseas offices are translated at the spot rate of exchange at the date of the transaction.

Transactions denominated in foreign currencies are translated at rate of exchange at the end of the month in which the transaction occurred.

Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising is charged to the SOFA.

Volunteers

The charity appreciates the hard work and dedication of its volunteers. 3,449 volunteers engaged in a number of activities supporting our social care services, fundraising and campaigning.

The contribution of volunteers is not recognised in the accounts as it is impractical to value given the absence of a reliable measurement basis.

Asset Policies

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less

and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities. Overdraft and cash balances are offset when they are part of the same Composite Accounts arrangement.

Other financial assets, including investments in equities which are not subsidiaries, are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the change in fair value is recognised in profit and loss.

Expenditure on tangible and intangible items of an enduring nature in excess of £1,000 (except for IT equipment where the limit is £400) is capitalised and depreciation or amortisation (as appropriate) is charged at the following annual rates on cost:

1. Freehold land and buildings and improvements to freehold land and buildings at 2 per cent per annum;
2. Leasehold properties and improvements to leasehold properties over the remaining period of the lease;
3. Furniture, fittings, equipment and vehicles at 5-25 per cent per annum; and
4. Intangible assets amortised at 10 per cent per annum to reflect the likely useful life of such assets, our major component being the organisational back office system, MS Dynamics.

Freehold functional and leasehold functional properties are not revalued and are included at their depreciated historic cost. Freehold land is not depreciated except where it is not possible to separate the land from the buildings. Assets under the course of construction are not depreciated until they are brought into use.

If an indication of any impairment to the carrying value of tangible assets existed at the balance sheet date, the asset's recoverable amount is estimated and an impairment loss recognised in the fund to which the asset relates.

Investment properties make up the majority of our investments, and are properties being held for long term investment to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost and subsequently measured at fair value which reflects market conditions at the balance sheet date unless fair value cannot be measured reliably, in which case it is measured at cost less impairment.

Transfers to or from investment property are made only when there is a change in use, evidenced by commencement or end of owner occupation.

Gains or losses arising from changes in the fair values of investment properties are included in the SOFA in the year in which they arise.

Programme related investments are made to provide charitable benefits and are stated at original cost and are amortised over the length of the period of the associated management agreement or the period over which the investment will provide benefit where this is shorter.

Investments are included in the financial statements at closing price on the balance sheet date. Investments in subsidiaries are included at cost. Realised gains or losses arising on the disposal of investments and unrealised gains and losses arising on revaluation are taken to the SOFA and into the fund to which the investments relate.

Where assets have been acquired via the receipt of specific capital in the form of a capital grant agreement, the accounting treatment is to capitalise the asset at its market value and depreciate in accordance with the depreciation policy, along with the capital grant.

Funds Policies

The funds of the Group have been segregated as follows:

1. Restricted funds consisting of grants, donations and legacies received and for which the donor has specified the purposes to which the funds must be applied;
2. Permanent endowment funds consisting of restricted funds with the additional restriction that the donor has specified that only the income generated by the funds may be used for specific or general purposes whilst the capital must be retained;
3. Expendable endowment funds can be used for general purposes;
4. Unrestricted funds that are expendable at the discretion of the Trustees in furtherance of the objectives of the Charity; and
5. Designated funds which have been set aside at the discretion of the Trustees for specific purposes but which otherwise form part of the unrestricted Group designated funds some of which is for future capital developments which are for the long term use of its service users. These funds were received at a service with a preference but no legal restriction as to their use.

The pension reserve reflects the difference between the net assets and liabilities of the pension schemes, measured on an FRS 102 basis.

The Trustees review the Charity's reserves policy annually. It was restated in July 2019 to be based on cash and managed investments balances, and expressed as levels required to cover 4-7 months of risk-adjusted net expenditure. This is recalculated at least annually, and includes requirements for working capital, estimates for potential impacts of risk areas, and a contingency for unforeseen costs. The Charity's reserves policy is discussed in detail in the financial review section page 27.

Other Policies

Funds belonging to people who use our services that are held by us in safe custody on their behalf are separately recorded as both cash and liabilities on the balance sheet.

Critical Accounting Judgements and Estimation Uncertainty

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual costs. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimates

1. Defined benefit pension scheme (note 22). The Charity has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.
2. Investment properties (note 11). The Charity has undertaken several external valuations and some by a qualified RCIS employee, of the investment.
3. Impairment provisions are taken against certain assets where the carrying value is no longer supportable, and prudent estimates may be made as to the appropriate value in order to calculate the required impairment provision.
4. Provisions-debtors. The charity has made provision for potential non recoverability of debtor balances in relation to social care balances. For Local authorities 10% of aged debt over 300 days has been provided for and for private customers 90%.

5. Provisions-redundancy. The charity has made a provision for redundancy and staff termination cost.
6. Provisions-dilapidations. Arising where property leases oblige the charity to cover the cost of restoring properties to their original condition when ending its occupation as those leases terminate.

Management believe that these provisions above (4,5 & 6) are appropriate based on information currently available.

Judgements

These accounts include judgements as noted below.

1. Grant income is recognised in line with relevant performance conditions, and judgement is required in determining whether and to what extent performance conditions have been met.
2. Legacy income is recognised from the earliest date of the Charity being notified of an impending distribution following settlement of the estate or the legacy being received, where entitlement is established and it can be measured with reasonable accuracy. Entitlement is assumed six months after grant of probate is received and the executor is satisfied that the property in question will not be required to satisfy claims on the estate.
3. Defined benefit pension scheme surplus – The net surplus at 31 March 2022 of £4.1m on the defined benefit pension scheme has not been recognised in these financial statements, and therefore capped, as it is not currently possible to demonstrate that this is recoverable by the charity.

2. Comparative information for the consolidated statement of financial activities

(Incorporating the income and expenditure account) for the year ended 31 March 2022.

Income & Endowments from:

| |
|--|
| Donations and legacies |
| Charitable Activities – Social Care |
| Charitable Activities – International Programmes |
| Charitable Activities – UK Programmes |
| Other trading activities |
| Government support – Covid |
| Investments |
| Other including (losses)/gains on disposal of assets |

Total

Expenditure on:

| |
|--|
| Raising funds |
| Charitable Activities – Social Care |
| Charitable Activities – International Programmes |
| Charitable Activities – UK Programmes |
| Campaigning |

Total

| |
|---|
| Net gains/(losses) on investments |
| Net (expenditure)/income |
| Other recognised (losses)/gains: |
| Actuarial (losses)/gains on defined benefit pension schemes |

Net movement in funds

Reconciliation of funds:

Total funds brought forward

Total funds carried forward

*Donations & Legacies and Unrestricted Funds figures for 2021 amended, see Note 27 for details

| Year ended 31 Mar 2022 | | | | Year ended 31 Mar 2021 | | | |
|-----------------------------|---------------------------|--------------------------|-------------------------|--|---------------------------|--------------------------|--------------------------------------|
| Unrestricted Funds £'000 | Restricted Funds £'000 | Endowment Funds £'000 | Totals 2022 £'000 | Unrestricted funds £'000 *Restated | Restricted Funds £'000 | Endowment Funds £'000 | Totals 2021 £'000 *Restated |
| 4,888 | 2,725 | – | 7,613 | 5,210* | 1,410 | – | 6,620* |
| 133,327 | 233 | – | 133,560 | 129,169 | 2,122 | – | 131,291 |
| 7 | 5,057 | – | 5,064 | 116 | 5,879 | – | 5,995 |
| 577 | 2,726 | – | 3,303 | 367 | 3,617 | – | 3,984 |
| 126 | 9 | – | 135 | 109 | 30 | – | 139 |
| 2,197 | 1,550 | – | 3,747 | 1,038 | 3,892 | – | 4,930 |
| 135 | – | – | 135 | 150 | | 1 | 151 |
| 4,900 | (6) | – | 4,894 | (12) | | – | (12) |
| 146,157 | 12,294 | – | 158,451 | 136,147* | 16,950 | 1 | 153,098* |
| 3,209 | 82 | – | 3,291 | 3,635 | 8 | – | 3,643 |
| 145,520 | 2,562 | – | 148,082 | 137,106 | 5,907 | – | 143,013 |
| 1,776 | 5,091 | – | 6,867 | 2,509 | 7,174 | – | 9,683 |
| 2,311 | 2,065 | – | 4,376 | 5,006 | 31 | – | 5,037 |
| 674 | – | – | 674 | 159 | | | 159 |
| 153,490 | 9,800 | – | 163,291 | 148,415 | 13,120 | – | 161,535 |
| (660) | – | – | (660) | 286 | | – | 286 |
| (7,993) | 2,494 | – | (5,499) | (11,982)* | 3,830 | 1 | (8,151)* |
| 42 | – | – | 42 | (3,474) | | – | (3,474) |
| (7,951) | 2,494 | – | (5,457) | (15,456)* | 3,830 | 1 | (11,625)* |
| 68,345 | 28,462 | 857 | 97,664 | 83,801 | 24,632 | 856 | 109,289 |
| 60,394 | 30,956 | 857 | 92,207 | 68,345* | 28,462 | 857 | 97,664* |

3. Income

3A. Donations and legacies

| | Restricted £'000 | Unrestricted £'000 | Total 2022 £'000 | Restricted £'000 | Unrestricted £'000 | Total 2021 £'000 |
|---|---------------------|-----------------------|------------------------|---------------------|-----------------------|------------------------|
| | | | | | *Restated | *Restated |
| Legacies | 2,426 | 3,855 | 6,281 | 724 | 3,162 | 3,886 |
| Donations | 299 | 1,033 | 1,332 | 687 | 2,047* | 2,734* |
| Total (Donations & Legacies) | 2,725 | 4,888 | 7,613 | 1,411 | 5,209* | 6,620* |

Legacies which have been notified but not accrued in line with our legacy policy are £1.0 million (2020 : £1.4 million)

*Prior year figure for Donations has been amended, see Note 27 for details

3B. Detail of Total Donations

| | 2022 Total £'000s | 2021 Total £'000s |
|--------------------------------|-------------------------|-------------------------|
| | | *Restated |
| Individual Giving | 555 | 775 |
| Corporate – Gifts in Kind | 111 | 583 |
| Regional and Local fundraising | 347 | 412 |
| Major Donors | 37 | 309 |
| Trusts and Foundations | 5 | 290 |
| Corporate – Cash | 142 | 158 |
| Other Donations* | 92 | 157 |
| Events | 43 | 50 |
| Total | 1,332 | 2,734 |

*Other donation figure adjusted for prior year, see Note 27 for details

3C. Government support – Covid-19

| | Income received £'000 | |
|-------------------------|--------------------------|--------------|
| Funder type | 2022 | 2021 |
| Job Retention Scheme | 29 | 1,038 |
| Infection Control Fund | 927 | 1,811 |
| Rapid Testing Support | 595 | 301 |
| Local Authority Support | 2,196 | 1,780 |
| Total | 3,747 | 4,930 |

The following projects received support from these organisations:

3D. Charitable activities – International

| Funder type | Funder | Project Name | Project/grant ID | Income received £'000 | |
|------------------------------|--|--|------------------|--------------------------|-------|
| | | | | 2022 | 2021 |
| Governments and Institutions | UK Foreign, Commonwealth and Development Office | Aid Connect - : Innovating Pathways | 300055-107 | 1,135 | 3,025 |
| | UK Foreign, Commonwealth and Development Office | Girls Education Challenge: Expanding Inclusive Education Strategies for Girls with Disabilities in Kenya | 1020513 | 638 | 765 |
| | UK Foreign, Commonwealth and Development Office (Funds received through The Palladium Group) | Skills for Prosperity Programme | 300310 | 1,515 | 619 |
| | UK Foreign, Commonwealth and Governments Development Office (Funds received through Action Aid) | Leave No Girl Behind Education for Life | AAIK/LNG/100523 | 660 | 405 |
| | UK Foreign, Commonwealth and Development Office and Global Affairs Canada (Funds Received through Mott McDonald) | Girls Education South Sudan | PO 8437 | 62 | 230 |
| | UK Foreign, Commonwealth and Development Office | Skills for Job Programme – Apprenticeship Model “Inclusion 100” | 202865 | 55 | 146 |
| | UK Foreign, Commonwealth & Development Office (Funds Received through Enhancing Learning & Research Assistance) | Inclusive Preparedness-Giving Voice Through Pictures and Words | 66294 | 41 | – |
| | European Commission | Fit for the Future | | 3 | – |

The following projects received support from these organisations:

3D. Charitable activities – International

| Funder type | Funder | Project Name | Project/grant ID | Income received £'000 | |
|------------------------------|---|--|---|--------------------------|------|
| | | | | 2022 | 2021 |
| | UK Foreign, Commonwealth and Development Office (Funds Received through UCL and GDIH) | Life Changing Assistive Technology for All | 2015-369-0009 CID-3372445/ A/C-549711 | - | 29 |
| Governments and Institutions | UK Foreign, Commonwealth and Development Office (Funds Received through Sexual Health Marie Stopes International) | Women's Integrated | 94001 | 165 | 57 |
| | UK Foreign, Commonwealth and Development Office (Funds received through SightSavers) | Disability Inclusive Development Programme (DID) Bangladesh | 94001 | 170 | 12 |
| | UK Foreign, Commonwealth & Development Office (Funds received through SightSavers) | Disability Inclusive Development Programme (DID) Kenya | | 75 | - |
| | UK Foreign, Commonwealth & Development Office (Funds Received through University College London) | AT2030 - Life Changing Assistive Technology for All | CID3372445 | 18 | - |
| | UK Foreign, Commonwealth and Development Office (Funds received through SightSavers) | Disability Inclusive Development Programme (DID) Tanzania | 94001 | - | 11 |
| | UK Foreign, Commonwealth & Development Office (Funds received through SightSavers) | Disability Inclusive Development Programme (DID) Tanzania | | 27 | - |
| | United Nations Educational, Scientific & Cultural Organisation | Addressing school violence and bullying against learners with disabilities in the ESA region | 4500436142 | 35 | - |

The following projects received support from these organisations:

3D. Charitable activities – International

| Funder type | Funder | Project Name | Project/grant ID | Income received £'000 | |
|---|--|--|------------------|--------------------------|------|
| | | | | 2022 | 2021 |
| | United Nations Educational, Scientific & Cultural Organisation | Needs Assessment of CSE Professional Development for Teachers of Learners with | 4500446521 | 25 | – |
| | UK Foreign, Commonwealth & Development Office (Funds received through SightSavers) | Disability Inclusive Development Programme (DID) Nepal | | 9 | – |
| | World Bank Inclusive Education Initiative | Report on gender, disability and education | 7202848 | 5 | – |
| | UK Foreign, Commonwealth and Development Office (Funds received through SightSavers) | Disability Inclusive Development Programme (DID) Nepal | 94001 | 18 | 11 |
| Corporates, Individuals, Trusts & Foundations | Comic Relief | Tanzania Inclusive Education | 1952284 | 7 | 183 |
| | Genesis Charitable Trust | Philippines Livelihoods | 363790 | – | 96 |
| | National Lottery Community Fund | Uganda Livelihoods | 10329009 | 102 | 35 |
| | ZVM Rangoonwala Foundation | Establishing a Livelihoods Resource Centre (LRC) in northern Sri Lanka | ZVMRF/LC/20-22 | 39 | 17 |
| | London Stock Exchange Group | Access to Livelihoods - Economic Inclusion for women with disabilities in Jaffna, Northern Province, Sri Lanka | | 50 | – |

The following projects received support from these organisations:

3D. Charitable activities – International

| Funder type | Funder | Project Name | Project/grant ID | Income received £'000 | |
|--|--|--|------------------------------|--------------------------|--------------|
| | | | | 2022 | 2021 |
| | Sir Horace Kadoorie International Foundation | Sustainable Employment and Social Inclusion of Persons with Disabilities in Guangxi and Guizhou Province | | 30 | – |
| | America India Foundation | First Million Initiative | | 23 | – |
| | Accenture Foundation | Learning Exchange Pilot | India: 08015 Kenya: 07097 | 59 | – |
| Other Grants and Contracts | | | | 98 | 354 |
| Charitable Activities International Total | | | | 5,064 | 5,995 |

The following projects received support from these organisations:

3E. Charitable activities – UK Programmes

| Funder type | Funder | Project Name | Project/grant ID | Income received £'000 | |
|------------------------------|---|----------------------------------|------------------|--------------------------|------|
| | | | | 2022 | 2021 |
| Governments and Institutions | National Lottery Community Fund (Wales): People and Places 2 | Can Do Cymru | 20071186 | 168 | 202 |
| | Department of Health & Social Care | Covid Recovery | 2020_089b_YR1 | - | 188 |
| | Sport England Core Market Fund | Road to Me | 2017010094 | - | 165 |
| | Big Lottery Fund (Office for Northern Ireland) | Access for Success Project | 10275313 | 34 | 142 |
| | European Social Fund/Wales Council for Voluntary Action: Active Inclusion | Changing Futures Adult | P3-WWV-25+ R02 | 182 | 118 |
| | Southwark Council | Southwark Advice Plus | | 90 | 90 |
| | Coronavirus Community Support Fund: The National Lottery Community Fund and the UK Government | Virtual Volunteering | 20129272 | - | 81 |
| | National Lottery Community Fund & European Social Fund Building Better Opportunities Grant | Opportunity Suffolk | NEAn/2/2 | 202 | 75 |
| | Wales Council for Voluntary Action | Recovery Fund | VSRF_027188 | - | 62 |
| | Comic Relief | Can Do Southampton | 2785722 | 4 | 40 |
| | West of England Combined Authority & European Social Fund Work Force for the Future | IDEA for SME's | WftF K | 128 | - |
| | Comic Relief | Emergency Support Can Do Virtual | 4908568 | - | 36 |
| | European Social Fund/Wales Council for Voluntary Action: Active Inclusion | Changing Futures Youth | P3-WWV-Y R02 | 73 | 58 |

The following projects received support from these organisations:

3E. Charitable activities – UK Programmes

| Funder type | Funder | Project Name | Project/grant ID | Income received £'000 | |
|------------------------------|--|--|------------------|--------------------------|------|
| | | | | 2022 | 2021 |
| Governments and Institutions | UK Community Renewal Fund | Inclusive Workforce | CRF99021 | 83 | – |
| | Department of Work and Pensions | Kickstart Scheme | KS9B4E56A7 | 17 | – |
| | Third Sector Resilience Fund for Wales Phase 2 Scheme, managed and administered by WCVA on behalf of Welsh Government' | E-Commerce: Social Bean Social Enterprise | TSRFfW_ 027217 | 14 | 56 |
| | National Lottery Community Fund and European Social Fund Building Better Opportunities Grant | Able, Capable, Employed (ACE) North London | LON/1/6 | 118 | 53 |
| | Sport England Potentials Fund | Can Do Sport | 2017006732 | 75 | 47 |
| | Sport England | All Active Together | 2020029655 | 34 | – |
| | Wales Council for Voluntary Action on behalf of Welsh Government: VSRF Small Grant | Volunteering Cymru | VSRF_027188 | 18 | 36 |
| | Building Connections Fund: partnership between UK Government, The National Lottery Community Fund and the Co-op Foundation | Opening Doors Gloucester | 10345732 | – | 44 |
| | The Careers and Enterprise Fund | Change Now - Journey to Work | | 55 | 36 |
| | Flintshire County Council | Partnership Coordinator | RFX | 18 | 46 |
| | National Lottery Community Fund (Wales) | My Voice My Choice | 20155510 | 19 | – |
| | National Lottery Community Fund & European Social Fund Building Better Opportunities Grant | Wise Steps | NE/1/3 | 55 | 35 |

| Funder type | Funder | Project Name | Project/grant ID | Income received £'000 | |
|---|--|---|----------------------------------|--------------------------|-------|
| | | | | 2022 | 2021 |
| | National Lottery Heritage Fund | Digitising the Sound Archive | OH-18-06111 | 8 | 32 |
| | European Commission | Erasmus+ Programme | 2017-2-UK01-KA135- 037116 / | 91 | 47 |
| | National Lottery Community Fund (Scotland): Young Start | Can Do Dumfries | 20123152 | 31 | 24 |
| | National Lottery Community Fund and European Social Fund Building Better Opportunities Grant | Able, Capable, Employed (ACE) South London | LON/1/5 | 39 | 18 |
| | National Lottery Community Fund | Awards for All – Digital Inclusion Scotland | | - | 8 |
| | National Lottery Community Fund | 19: Connecting More People, More Often | 20130899 | - | 10 |
| Corporates, Individuals, Trusts and Foundations | Covid-19 Support Fund: supported by Association of British Insurers | Can Do | | 400 | 1,500 |
| | Act for Change Fund: Paul Hamlyn Foundation, Esmée Fairbairn Foundation with National Lottery Community Fund | Change Makers | 20451/34175.01/ Leonard Cheshire | - | 119 |
| | Scope and the Welsh Government: Sustainable Social Services Sector Grant | Working on Wellbeing | SSSTSG 20-23/26 | - | 90 |
| | Bank Workers Charity | Bank Workers Charity | | 81 | 71 |
| | 3I | Changing Futures London | | 160 | - |
| | John Lewis Partnership Community Investment Fund | Young Entrepreneurial Skills | | 19 | - |
| | City Bridge Trust | Change London | | - | 60 |
| | Hyatt Community Grants Fund | Change 100 & Can Do | | - | 22 |

| Funder type | Funder | Project Name | Project/grant ID | Income received £'000 | |
|--|------------------------|---------------------------------------|------------------|--------------------------|--------------|
| | | | | 2022 | 2021 |
| | Good Things Foundation | Future Digital Inclusion Fund 2020/21 | | 20 | 18 |
| | BBC Children in Need | Strictly Cymru | 2020-2014/WA | - | 10 |
| | The Wolfson Foundation | Go Digital Salford | | - | 5 |
| Other Grants and Contracts | | | | 1,067 | 340 |
| Charitable Activities UK Programmes Total | | | | 3,303 | 3,984 |
| Notes 3D and 3E Totals | | | | 8,367 | 9,979 |

4. Investment income

| | 2022 £'000 | 2021 £'000 |
|---------------------------------|---------------|---------------|
| Bank interest | 3 | 21 |
| Rent from investment properties | 132 | 130 |
| Total | 135 | 151 |

5. Total resources expended

| | Direct staff costs £'000 | Other direct costs £'000 | Allocated support costs £'000 | Total 2022 £'000 | Direct staff costs £'000 | Other direct costs £'000 | Allocated support costs £'000 | Total 2021 £'000 |
|---|-----------------------------------|-----------------------------------|--|---------------------------------|-----------------------------------|-----------------------------------|--|------------------------|
| Fundraising | 2,650 | 389 | 252 | 3,291 | 2,804 | 619 | 220 | 3,643 |
| Total costs of raising funds | 2,650 | 389 | 252 | 3,291 | 2,804 | 619 | 220 | 3,643 |
| Charitable activities | | | | | | | | |
| Social care | 96,282 | 33,725 | 18,076 | 148,083 | 91,426 | 32,487 | 19,100 | 143,013 |
| International services | 2,617 | 4,045 | 205 | 6,867 | 3,496 | 5,950 | 237 | 9,683 |
| Campaigning | 623 | 45 | 6 | 674 | 25 | 122 | 12 | 159 |
| UK Programmes | 3,312 | 525 | 539 | 4,376 | 3,939 | 504 | 594 | 5,037 |
| Total charitable activities | 102,834 | 38,340 | 18,826 | 160,000 | 98,886 | 39,063 | 19,943 | 157,892 |
| Total resources expended | 105,484 | 38,729 | 19,078 | 163,291 | 101,690 | 39,682 | 20,163 | 161,535 |

The above table analyses by expense category the costs related to the fundraising and charitable activities of the Group. These costs include both primary costs, which include those elements of staff and other costs that are directly attributable to specific activities, and centrally incurred support costs. The total support costs, which also include an element of staff costs, are apportioned across the specific activities in accordance with the number of full time equivalent employees allocated to each activity at the end of the financial year. The categorisation and allocation of these support costs is shown in the table below.

| | Management & admin £'000 | Finance, IT and purchasing £'000 | Human resources £'000 | Total 2022 £'000 | Management & admin £'000 | Finance, IT and purchasing £'000 | Human resources £'000 | Total 2021 £'000 |
|---------------------------|--------------------------------|---|-----------------------------|---------------------------------|--------------------------------|---|-----------------------------|---------------------------------|
| Support costs | | | | | | | | |
| Fundraising | 146 | 72 | 34 | 252 | 122 | 65 | 33 | 220 |
| Social care | 10,509 | 5,133 | 2,434 | 18,076 | 10,622 | 5,582 | 2,896 | 19,100 |
| International services | 119 | 58 | 28 | 205 | 132 | 69 | 36 | 237 |
| Campaigning | 3 | 2 | 1 | 6 | 7 | 3 | 2 | 12 |
| UK Programmes | 313 | 153 | 73 | 539 | 330 | 174 | 90 | 594 |
| Total | 11,090 | 5,418 | 2,570 | 19,078 | 11,213 | 5,893 | 3,057 | 20,163 |

6. Governance cost

| | 2022 £'000 | 2021 £'000 |
|---|-----------------------|-----------------------|
| Internal Audit | 180 | 205 |
| External Audit | | |
| Audit services current year | 196 | 204 |
| Amounts payable to auditors in respect of additional costs for the prior year audit | 153 | 90 |
| Non-audit services | 15 | 9 |
| Governance and professional support for Trustees | 2 | 22 |
| Total | 546 | 530 |

The total Trustee expenses incurred by LCD or reimbursed during the year was £2,959 (2021: £2,002) which related to travel and subsistence. The number of Trustees who were reimbursed were 5 (2021: 4).

The audit fees shown above are exclusive of VAT.

7. Group net expenditure

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| This is stated after charging/(crediting): | | |
| Depreciation – tangible fixed assets | 4,881 | 5,804 |
| Amortisation – intangible fixed assets | 537 | 255 |
| Programme related investments amortisation | 20 | 20 |
| Operating lease rentals: | | |
| Property | 1,619 | 1,629 |
| Equipment | 702 | 499 |
| Auditors' remuneration – audit | 420 | 294 |
| Auditors' remuneration – other | 18 | 9 |
| Exchange rate losses | (79) | 80 |
| Gain/(Loss) on disposal of assets | 4,895 | (12) |
| Loss on impairment | 1,051 | 2,224 |

8. Staff costs

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|-----------------------|------------------------|----------------|--------------------------|----------------|
| Wages and salaries | 89,565 | 88,384 | 89,089 | 87,829 |
| Social security costs | 7,053 | 7,044 | 7,019 | 7,001 |
| Other pension costs | 3,996 | 4,235 | 3,983 | 4,217 |
| Other staff benefits | 293 | 403 | 292 | 402 |
| Redundancy costs | 3,990 | 1,652 | 3,990 | 1,617 |
| Total | 104,897 | 101,718 | 104,373 | 101,066 |

The provision for redundancies to be paid at 31 March 2022 (included above) is £2,928,657 (2021: £67,046). Redundancy costs are provided for where staff are identified as “at risk of redundancy” and consultation has commenced prior to the year end date.

Additional Payments

During the year, the Charity made additional payments of £184,896 to 13 members of staff (2021: £226,295 paid to 19 members of staff). This represents payments made to employees where employment ended with the Charity during the year. All payments were made in line with the Charity's policies and standard practice. The payments did not meet the definition of an ex-gratia payment under the Charity Commission published guidance and therefore there was no need to obtain authorisation from the commission prior to making the payments.

The average monthly headcount for the Group was 5,043 staff (2021: 5,281 staff) and the average monthly number of full-time equivalent employees during the year were as follows:

| | Group 2022 Staff FTE | 2021 Staff FTE |
|---|----------------------------|-------------------|
| The monthly average number of FTE employees during the year was: | | |
| Volunteering | 14 | 22 |
| Social care | 3,087 | 3,215 |
| International | 34 | 40 |
| Campaigning | 1 | 2 |
| UK Programmes | 92 | 100 |
| Governance | 1 | 1 |
| Support | 178 | 275 |
| Total | 3,407 | 3,655 |

The average monthly headcount for the company was 5,004 staff (2021: 5,246 staff) and the average monthly number of full-time equivalent employees during the year were as follows:

| | Company 2022 Staff FTE | 2021 Staff FTE |
|---|------------------------------|-------------------|
| The monthly average number of FTE employees during the year was: | | |
| Volunteering | 14 | 22 |
| Social care | 3,073 | 3,200 |
| International | 34 | 40 |
| Campaigning | 1 | 2 |
| UK Programmes | 87 | 96 |
| Governance | 1 | 1 |
| Support | 178 | 275 |
| Total | 3,388 | 3,636 |

Remuneration of higher paid employees

Emoluments of higher paid employees (excluding pension contributions)

| | Group 2022 Staff | 2021 Staff | Company 2022 Staff | 2021 Staff |
|---------------------|------------------------|---------------|--------------------------|---------------|
| £60,001 - £70,000 | 25 | 19 | 25 | 19 |
| £70,001 - £80,000 | 19 | 16 | 19 | 16 |
| £80,001 - £90,000 | 3 | 3 | 3 | 3 |
| £90,001 - £100,000 | - | 3 | - | 3 |
| £100,001 - £110,000 | 1 | 2 | 1 | 2 |
| £110,001 - £120,000 | 1 | 2 | 1 | 2 |
| £120,001 - £130,000 | 1 | 2 | 1 | 2 |
| £130,001 - £140,000 | 2 | 1 | 2 | 1 |
| £140,001 - £150,000 | 1 | - | 1 | - |
| £150,001 - £160,000 | 1 | - | 1 | - |
| £160,001 - £170,000 | - | - | - | - |
| £170,001 - £180,000 | 1 | - | 1 | - |
| £180,001 - £190,000 | 1 | - | 1 | - |
| £250,001 - £260,000 | 1 | | 1 | |
| Total | 57 | 48 | 57 | 48 |

These amounts include compensation payments made to former higher paid employees.

| | 2022 £'000 | 2022 Staff | 2021 £'000 | 2021 Staff |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Defined contribution schemes | 394 | 56 | 415 | 56 |

Trustees

No Trustee, or person related or connected by business to a Trustee, has received any remuneration from the Charity or its subsidiaries during the year ended 31 March 2022 (2021: £nil).

The Charity has purchased insurance to protect it from loss arising from neglect or default of the Trustees and to indemnify the Trustees against the consequences of neglect or default on their part.

Key management personnel

The key management personnel of the Charity consists of the Executive Board, 2022 11 members (2021: 8). The total amount of remuneration and benefits paid to the key management personnel are as follows:

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|----------------------------------|------------------------|---------------|--------------------------|---------------|
| Remuneration and benefits | 1,661 | 1,008 | 1,661 | 1,008 |

9. Tangible fixed assets – Group

| | Freehold land and buildings £'000 | Leasehold properties £'000 | Assets under construction £'000 *Restated | Furniture, fittings equipment and vehicles £'000 *Restated | Total £'000 |
|---|--|----------------------------------|---|--|------------------------|
| Cost | | | | | |
| At 1 April 2021 | 93,279 | 7,778 | 5,396* | 57,052* | 163,505 |
| Additions | 87 | – | 3,444 | 711 | 4,242 |
| Disposals | (2,911) | (2,023) | – | (2,739) | (7,673) |
| Transfers | 1,279 | – | (7,296) | 6,999 | 982 |
| As 31 March 2022 | 91,734 | 5,755 | 1,544 | 62,023 | 161,056 |
| Accumulated depreciation and impairments | | | | | |
| At 1 April 2021 | 34,148 | 6,309 | – | 38,448 | 78,905 |
| Impairments | 1 | 625 | – | 426 | 1,052 |
| Charge for the year | 714 | 73 | – | 4,093 | 4,880 |
| Disposals | (1,635) | (2,023) | – | (2,120) | (5,778) |
| At 31 March 2022 | 33,228 | 4,984 | – | 40,847 | 79,059 |
| Net book value at 31 March 2022 | 58,506 | 771 | 1,544 | 21,176 | 81,997 |
| Net book value at 31 March 2021 | 59,131 | 1,469 | 5,705 | 18,295 | 84,600 |

Stated properties have been pledged against the bank overdraft facility: Heatherley, Effingham Lane, Copthorne, West Sussex. RH10 3HS (£1.8m). Gloucestershire House, Charlton Lane, Leckampton, Gloucestershire. GL53 9HD (£2.4m). 627 St Bridget's Ilex, Cl Rustington, Littlehampton. BN16 2RX (£1.6m). 646 Fryers House Romsey. SO51 5OD (3.2m). The values above are Net Book Values.

After undertaking the impairment review there is one impairment charge against fixed assets for the year to 31 March 2022 of £1.1m (2021 £2.2m). This relates to the carrying value of land, buildings and fixtures and fittings for a property where we are expecting to exit the service offered and do not expect to obtain further value from these assets.

The £982k transfer figures includes a £63k transfer to Intangible Assets Note 10 and £1,045k transfer from Investment Properties (Note 11).

*Prior year closing book cost figures for Assets under Construction and Furniture, Fittings, Equipment & Vehicles (FFEV) have been restated as items totalling £4.1m were found within the closing Assets under Construction category that had come into use in the Prior Year, therefore the opening figure for Assets under construction has been adjusted from £9.5m to £5.4m and the FFEV opening figure has been adjusted from £52.9m to £57.0m.

We also restated the assets under construction cost and accumulated depreciation opening balances by £402k to remove fully depreciated Park House assets that had been impaired but have now been written off permanently.

9. Tangible fixed assets – Company

| | Freehold land and buildings £'000 | Leasehold properties £'000 | Assets under construction £'000 *Restated | Furniture, fittings equipment and vehicles £'000 *Restated | Total £'000 |
|---|--|----------------------------------|---|--|----------------|
| Cost | | | | | |
| At 1 April 2021 | 93,279 | 7,778 | 5,396* | 56,971* | 163,424 |
| Additions | 87 | – | 3,444 | 711 | 4,242 |
| Disposals | (2,911) | (2,023) | – | (2,739) | (7,673) |
| Transfers | 1,279 | – | (7,296) | 6,999 | 982 |
| As 31 March 2022 | 91,734 | 5,755 | 1,544 | 61,942 | 160,975 |
| Accumulated depreciation and impairments | | | | | |
| At 1 April 2021 | 34,143 | 6,308 | – | 38,385 | 78,836 |
| Impairments | 1 | 624 | – | 426 | 1,051 |
| Charge for the year | 714 | 73 | – | 4,092 | 4,879 |
| Disposals | (1,635) | (2,023) | – | (2,120) | (5,778) |
| At 31 March 2022 | 33,223 | 4,982 | – | 40,783 | 78,988 |
| Net book value at 31 March 2022 | 58,511 | 773 | 1,544 | 21,159 | 81,987 |
| Net book value at 31 March 2021 | 59,136 | 1,470 | 5,705 | 18,285 | 84,588 |

*Prior year closing book cost figures for Assets under Construction and Furniture, Fittings, Equipment & Vehicles restated as items totalling £4.1m were found within the closing Assets Under Construction category that had come into use in the Prior Year, therefore the opening figure for Assets under construction has been adjusted from £9.5m to £5.4m and the FFEV opening figure has been adjusted from £52.9m to £57.0m.

We also restated the assets under construction cost and accumulated depreciation opening balances by £402k to remove fully depreciated Park House assets that had been impaired but have now been written off permanently.

10. Intangible assets – Group and Company

| | Intangible assets £'000 | Total £'000 |
|---|-------------------------------|----------------|
| Cost | | |
| At 1 April 2021 | 6,893 | 6,893 |
| Transfer from Tangibles WIP | 63 | 63 |
| Additions | 670 | 670 |
| At 31 March 2022 | 7,626 | 7,626 |
| Accumulated amortisation and impairments | | |
| At 1 April 2021 | 2,218 | 2,218 |
| Charge for the year | 537 | 537 |
| At 31 March 2022 | 2,755 | 2,755 |
| Net book value at 31 March 2022 | 4,871 | 4,871 |
| Net book value at 31 March 2021 | 4,675 | 4,675 |

Intangible assets consist of computer software systems used to run significant business processes.

11. Investments – Group and Company

| | Investment properties £'000 | Programme related investments £'000 | Total £'000 |
|--------------------------|-----------------------------------|--|----------------|
| At 1 April 2021 | 6,316 | 48 | 6,364 |
| Transfer to fixed assets | (1,046) | – | (1,046) |
| Amortised in year | – | (20) | (20) |
| Revaluation | (660) | – | (660) |
| At 31 March 2022 | 4,610 | 28 | 4,638 |

Investment properties are included in the balance sheet at fair value. The properties were valued by independent professionally qualified valuers as at 31 March 2022 and our internal experts where external valuation was not practicable.

The external valuers were Bracketts, Vospers and Graves Jenkins. The valuations are to Fair Market Value, with standard assumptions of existing use, good title, and no planning or contamination issues.

Programme related investments are in the form of loans and have been made to facilitate the establishment of new supported living units. They are amortised over the length of the related management agreement or the period over which the investment will provide benefit where this is shorter.

12. Current Asset Investments – Group and Company

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Opening market value at 1 April 2021 | 14 | 10 |
| Gain/(loss) on revaluation | 1 | 4 |
| Closing market value at 31 March 2022 | 15 | 14 |

The Trustees consider the value of the investments to be supported by their underlying assets.

13. Debtors

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|---|------------------------|---------------|--------------------------|---------------|
| Trade debtors | 11,951 | 19,954 | 8,788 | 14,004 |
| Amounts owed by subsidiary undertakings | – | – | 3,744 | 4,040 |
| Prepayments | 1,207 | 1,539 | 1,207 | 1,528 |
| Accrued income | 14,119 | 6,177 | 11,049 | 5,318 |
| Total | 27,277 | 27,670 | 24,788 | 24,890 |

14. Cash at bank and in hand

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|------------------------------------|------------------------|---------------|--------------------------|---------------|
| Group / company funds | 207 | 918 | 135 | 884 |
| Service users' funds held in trust | 1,781 | 1,630 | 1,781 | 1,630 |
| Total | 1,988 | 2,548 | 1,916 | 2,514 |

Cash and cash equivalents include the following for the purpose of the Cash Flow Statement:

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|------------------------------------|------------------------|---------------|--------------------------|---------------|
| Group funds | 207 | 918 | 135 | 884 |
| Service users' funds held in trust | 1,781 | 1,630 | 1,781 | 1,630 |
| Bank overdraft | (1,294) | (2,786) | (1,294) | (2,957) |
| Total | 694 | (238) | 622 | (443) |

Bank guarantees exist, see Note 23.

15. Creditors

| | Group 2022 £'000 | 2021 £'000 | Company 2022 £'000 | 2021 £'000 |
|--|------------------------|---------------|--------------------------|---------------|
| Amounts falling due within one year | | | | |
| Bank overdraft | 1,294 | 2,786 | 1,294 | 2,957 |
| Trade creditors | 7,689 | 5,428 | 7,670 | 5,912 |
| Amounts owed to subsidiary undertakings | - | - | 1,199 | 1,216 |
| Taxation and social security | 1,570 | 2,425 | 1,167 | 828 |
| Accruals | 4,448 | 5,112 | 4,437 | 5,092 |
| Deferred income | 1,492 | 3,066 | 1,311 | 2,967 |
| Other creditors | 1,800 | - | 1,800 | - |
| Service users' funds | 1,781 | 1,630 | 1,781 | 1,630 |
| Capital grants | 70 | 100 | 70 | 100 |
| Total | 20,144 | 20,547 | 20,729 | 20,702 |
| Amounts falling due after more than one year | | | | |
| Capital grants | 2,439 | 3,642 | 2,439 | 3,642 |
| Loan | 630 | 630 | 630 | 630 |
| Total | 3,069 | 4,272 | 3,069 | 4,272 |

Capital grants received are released to the SOFA over the useful life of the related properties. The portion of the grant that is to be released in the next financial year is £70,000 (2021: £100,000) and is shown within 'Amounts falling due within one year'.

Deferred income represents the payment of fees in advance. During the year the Group received income of £1.5 million which related to future years (2021: £3.1 million). The movement in the year has been taken to income.

Intercompany balances are unsecured and no interest is charged; The total overdraft facility available is £7.5 million, which is secured against the following properties:

Heatherley, Effingham Lane, Copthorne, West Sussex. RH10 3HS (£1.8m)
Gloucestershire House, Charlton Lane, Leckampton, Gloucestershire GL53 9HD (£2.4m) 627 St Bridget's Ilex, Cl Rustington, Littlehampton BN16 2RX (£1.6m) 646 Fryers House Romsey SO51 5OD (3.2m). The values stated above are net book values.

Other creditors is an amount that was received for a grant that may need to be returned to the funder if agreement is not obtained to use it for alternative purposes now that the original grant programme is no longer going ahead.

The majority of the loan relates to a social improvement opportunity in Wales, from the Welsh Government. Leonard Cheshire received £600,000 in the 2018/19 financial year. There is no interest on the loan and it is not secured.

16. Provisions for liabilities and charges

| Group | Dilapidation £'000 | Annual Leave £'000 | Redundancy £'000 | Other £'000 | Pension £'000 | Total £'000 |
|-------------------------|-----------------------|-----------------------|---------------------|----------------|------------------|----------------|
| At 1 April 2021 | 971 | – | 67 | 5 | 1,169 | 2,212 |
| Charged to the SOFA | 480 | 333 | 2,929 | – | – | 3,742 |
| Amount utilised | (209) | – | (67) | 0 | (345) | (621) |
| At 31 March 2022 | 1,242 | 333 | 2,929 | 5 | 824 | 5,333 |

The dilapidation provision represents the potential liability of the Charity for repairs at the end of the leases on occupied buildings; the timings and amounts of the outflows can be uncertain and subject to negotiation.

The provision for redundancy relates to the cost of redundancies demonstrably committed to in 21/22 but where the payments will be made in 22/23. Communication to staff has already taken place, it started in early March 2022.

Other provisions relate to a number of items where the outcome is not known with certainty at the year end.

The pension provision relates to the present value of the future deficit contributions, for our Defined Benefit pension schemes which are multi-employer schemes. See note 22 for further details.

The provision for annual leave represents a potential liability due to working time directive case law, in relation to average pay relating to statutory annual leave. This was not provided for in 20/21.

17. Total funds – Group

| Group – movement in funds | Year ending 31 March 2021 | | | | | Year ending 31 March 2022 | | | | |
|---------------------------------|-----------------------------|---------------------------------|--------------------------------|--|---------------------------------------|--------------------------------|--------------------------------|--|---------------------------|--|
| | Balance | Incoming | Released | Gains, | Balance at | | Released | Gains, | Balance | |
| | at 1 April 2020 £'000 | resources £'000 *Restated | resources expended £'000 | (disposals) and transfers £'000 | 1 April 2021 £'000 *Restated | Incoming resources £'000 | resources expended £'000 | (disposals) and transfers £'000 | 31 March 2022 £'000 | |
| Restricted Funds | | | | | | | | | | |
| Social care | 19,527 | 7,773 | (5,769) | (139) | 21,392 | 4,599 | (2,644) | – | 23,347 | |
| UK programmes | 1,775 | 3,172 | (31) | – | 4,916 | 2,625 | (2,065) | – | 5,476 | |
| International services | 3,330 | 5,998 | (7,174) | – | 2,154 | 5,070 | (5,091) | – | 2,133 | |
| Total | 24,632 | 16,943 | (12,974) | (139) | 28,462 | 12,294 | (9,800) | – | 30,956 | |
| Endowment Funds | | | | | | | | | | |
| Permanent endowments: | | | | | | | | | | |
| Albert Alexander Fund | 11 | – | – | – | 11 | – | – | – | 11 | |
| Kirby Worthington Fund | 110 | 1 | – | – | 111 | – | – | – | 111 | |
| St. Michaels Home | 735 | – | – | – | 735 | – | – | – | 735 | |
| Total | 856 | 1 | – | – | 857 | – | – | – | 857 | |
| Unrestricted income funds | | | | | | | | | | |
| Designated funds | 5,909 | 677 | (514) | (753) | 5,319 | 182 | (529) | 83 | 5,055 | |
| General funds | 71,637 | 135,478* | (153,165) | 5,238 | 59,188* | 145,975 | (153,579) | (502) | 51,082 | |
| Revaluation reserve | 6,658 | – | – | (872) | 5,786 | – | – | (1,496) | 4,290 | |
| Pension reserve | (403) | – | 1,929 | (3,474) | (1,948) | – | – | 1,915 | (33) | |
| Total | 83,801 | 136,155* | (151,750) | 139 | 68,345* | 146,157 | (154,108) | – | 60,394 | |
| Total Funds | 109,289 | 153,099* | (164,724) | – | 97,664* | 158,451 | (163,908) | – | 92,207 | |

All listed endowment funds are permanent endowments with restricted purposes. St Michael's Home is a linked charity of which LCD is the trustee.

Given that the cash position for the Group is a net positive £0.7 million including the use of an overdraft facility and holding service user balances, it is expected that certain property or other assets will be required to meet the future obligations arising from the restricted funds obligations.

*Incoming resources for General funds for prior year restated. See Note 27 for more details

Restricted funds for social care are those which have been donated to the group to be used specifically for the purchase of new tangible assets, improvements to existing assets or support costs for disabled people to be used at specific locations. Other restricted funds have been donated to the Group to support specific projects in the UK and overseas.

Designated funds consist of funds donated to be spent at one of our Social Care services but not restricted to a particular project. These funds were received at a service at a preference but not legal restriction.

17. Total funds – Company

| Company – movement in funds | Year ending 31 March 2021 | | | | Year ending 31 March 2022 | | | | Balance at 31 March 2022 £'000 |
|-----------------------------------|--|--------------------------------|--|--|--|--------------------------------|--|--|--|
| | Balance at 1 April 2020 £'000 | Incoming resources £'000 | Released resources expended £'000 | Gains, (disposals) and transfers £'000 | Balance at 1 April 2021 £'000 | Incoming resources £'000 | Released resources expended £'000 | Gains, (disposals) and transfers £'000 | |
| Restricted Funds | 0 | | | | | | | | |
| Social care | 19,481 | 7,744 | (5,759) | (139) | 21,327 | 4,585 | (2,651) | – | 23,261 |
| UK programmes | 1,775 | 3,172 | (31) | – | 4,916 | 2,625 | (2,065) | – | 5,476 |
| International services | 3,330 | 5,998 | (7,174) | – | 2,154 | 5,070 | (5,091) | – | 2,133 |
| Total | 24,586 | 16,914 | (12,964) | (139) | 28,397 | 12,280 | (9,807) | – | 30,870 |
| Endowment Funds | | | | | | | | | |
| Permanent endowments: | | | | | | | | | |
| Albert Alexander Fund | 11 | – | – | – | 11 | – | – | – | 11 |
| Kirby Worthington Fund | 110 | 1 | – | – | 111 | – | – | – | 111 |
| St. Michaels Home | 735 | – | – | – | 735 | – | – | – | 735 |
| Total | 856 | 1 | – | – | 857 | – | – | – | 857 |
| Unrestricted income funds | | | | | | | | | |
| Designated funds | 5,832 | 629 | (420) | (753) | 5,288 | 178 | (499) | 58 | 5,025 |
| General funds | 69,861 | 134,098 | (152,175) | 5,238 | 57,022 | 144,460 | (152,963) | (477) | 48,042 |
| Revaluation reserve | 6,658 | – | – | (872) | 5,786 | – | – | (1,496) | 4,290 |
| Pension reserve | (403) | – | 1,929 | (3,474) | (1,948) | – | – | 1,915 | (33) |
| Total | 81,948 | 134,727 | (150,666) | 139 | 66,148 | 144,638 | (153,462) | – | 57,324 |
| Total Funds | 107,391 | 151,642 | (163,630) | – | 95,402 | 156,918 | (163,269) | – | 89,051 |

All the listed Endowment funds i.e Albert Alexander Fund, Kirby Worthington Fund and St Michaels Home are permanent endowments with restricted purposes. It is a linked charity of which LCD is a trustee.

Given that the cash position for the Company is a net positive £0.6 million including the use of an overdraft facility and holding service user balances, it is expected that certain property or other assets will be required to meet the future obligations arising from the restricted funds obligations.

18. Analysis of Group net assets between funds

| | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2022 £'000 | Unrestricted funds £'000 <i>*Restated</i> | Restricted funds £'000 | Endowment funds £'000 | Total 2021 £'000 *Restated |
|---|--------------------------------|------------------------------|-----------------------------|---------------------------------|--|------------------------------|-----------------------------|---|
| Fixed assets | 84,342 | 6,428 | 735 | 91,505 | 87,796 | 7,107 | 736 | 95,639 |
| Net current (liabilities)/ assets | (15,514) | 24,528 | 122 | 9,136 | (11,019)* | 21,355 | 121 | 10,457* |
| Long term liabilities | (8,401) | – | – | (8,401) | (6,484) | – | – | (6,484) |
| Pension liability | (33) | – | – | (33) | (1,948) | – | – | (1,948) |
| Total | 60,394 | 30,956 | 857 | 92,207 | 68,345* | 28,462 | 857 | 97,664* |

Analysis of Company net assets between funds

| | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2022 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Endowment funds £'000 | Total 2021 £'000 |
|---|--------------------------------|------------------------------|-----------------------------|---------------------------------|--------------------------------|------------------------------|-----------------------------|---------------------------------|
| Fixed assets | 84,332 | 6,428 | 735 | 91,495 | 87,785 | 7,106 | 736 | 95,627 |
| Net current (liabilities)/ assets | (18,573) | 24,442 | 122 | 5,991 | (13,210) | 21,291 | 121 | 8,202 |
| Long term liabilities | (8,401) | – | – | (8,401) | (6,479) | – | – | (6,479) |
| Pension liability | (33) | – | – | (33) | (1,948) | – | – | (1,948) |
| Total | 57,325 | 30,870 | 857 | 89,052 | 66,148 | 28,397 | 857 | 95,402 |

*Net current liabilities restated from prior year - See Note 27 for details

19. Lease commitments

At 31 March the Group had annual payments under non-cancellable operating leases as follows:

| | | | | 2022 | | | | 2021 |
|----------------------|----------|-------------------|-----|-------|----------|-------------------|-----|-------|
| | | | | £'000 | | | | £'000 |
| | Property | Vehicle Equipment | | Total | Property | Vehicle Equipment | | Total |
| within 1 year | 1,272 | 324 | 191 | 1,787 | 1,386 | 458 | 221 | 2,066 |
| between 2 to 5 years | 1,190 | 513 | 177 | 1,880 | 1,913 | 928 | 327 | 3,169 |
| after 5 years | 682 | – | – | 682 | 837 | – | – | 837 |
| Total | 3,144 | 837 | 368 | 4,349 | 4,136 | 1,386 | 548 | 6,072 |

20. Capital commitments

At 31 March the Group had commitments for capital expenditure that have not been provided for in the financial statements as follows:

| | 2022 £'000 | 2021 £'000 |
|-------------------|---------------|---------------|
| Contracted | – | 336 |

21. Subsidiaries

The Charity beneficially owned the entire share capital of the following subsidiary companies at 31 March 2021 and 31 March 2022.

| Name | Registered | Company No. | Issued capital | Status |
|---|---------------------|--------------------|----------------------|---------|
| Leonard Cheshire Trading Limited | England and Wales | 03244651 | £100 | Trading |
| The Leonard Cheshire Foundation (Isle of Man) Limited | Isle of Man | 074693C IOM No.669 | Limited by guarantee | Trading |
| Leonard Cheshire Trading Limited | Isle of Man | 095071C | £100 | Dormant |
| Leonard Cheshire Services CIC | England and Wales | 11081820 N/A | Limited by Shares £1 | Trading |
| Leonard Cheshire International | Republic of Ireland | 10616088 | Limited by guarantee | Trading |
| Leonard Cheshire USA inc. | Delaware, USA | 7313137 | Limited by guarantee | Trading |

All trading subsidiaries have been consolidated in the Group financial statements. The directors believe that the carrying value of the investments is supported by their underlying net assets.

The carrying values on the company balance sheet for the subsidiaries are: Leonard Cheshire Trading Limited £100; The Leonard Cheshire Foundation (Isle of Man) Limited £100; Leonard Cheshire Services CIC £1 and Leonard Cheshire International £nil.

All subsidiaries registered in England and Wales operate from the following registered office: 66 South Lambeth Road, London SW8 1RL.

The subsidiaries registered in the Isle of Man operate from the following registered office: Unit B Part First Floor, Willow House, Main Road, Onchan, Isle of Man IM3 1AJ.

The Republic of Ireland subsidiary operates from the following registered office: Marine House, Clanwilliam Place, Dublin 2, Dublin.

The USA subsidiary operates from the following registered office: Corporations USA, LLC, 341 Raven Circle, in the City of Wyoming, DE 19934, County of Kent.

2022
£'000

2021
£'000

Leonard Cheshire Trading Limited

The principal activity of Leonard Cheshire Trading is the sale of goods via our shops, and services such as training and consultancy. A summary of its financial statements for the year ended 31 March 2022 and 31 March 2021 is shown below.

Summary of statement of financial activities

| | | |
|--------------------|--------------|-------------|
| Incoming resources | 51 | 208 |
| Resources expended | (225) | (305) |
| Total | (174) | (97) |

Summary of assets and liabilities

| | | |
|--------------|--------------|--------------|
| Assets | 33 | 36 |
| Liabilities | (308) | (374) |
| Total | (275) | (338) |

Leonard Cheshire Foundation (Isle of Man) Limited

The principal activity of The Leonard Cheshire Foundation (Isle of Man) Limited, which is a registered Charity in the Isle of Man, is the provision of residential care for disabled people. A summary of its financial statements for the year ended 31 March 2022 and 31 March 2021 is shown below.

Summary of statement of financial activities

| | | |
|--------------------|-----------|-----------|
| Incoming resources | 566 | 669 |
| Resources expended | (521) | (635) |
| Net income | 45 | 34 |

Summary of assets and liabilities

| | | |
|--------------|--------------|--------------|
| Assets | 1,261 | 1,286 |
| Liabilities | (19) | (59) |
| Total | 1,242 | 1,227 |

Leonard Cheshire Services CIC

The principal activity of Leonard Cheshire Services CIC is the provision of residential care for disabled people. A summary of its financial statements for the year ended 31 March 2022 and 31 March 2021 is shown below.

Summary of statement of financial activities

| | | |
|--------------------|--------------|--------------|
| Incoming resources | 26,053 | 25,365 |
| Resources expended | (23,883) | (23,992) |
| Net income | 2,170 | 1,373 |

Summary of statement of financial activities

| | | |
|--------------|--------------|--------------|
| Assets | 6,176 | 6,930 |
| Liabilities | (4,006) | (5,557) |
| Total | 2,170 | 1,373 |

22. Pension schemes

Defined contribution pension schemes

The Charity operates a number of defined contribution pensions schemes. Members' contributions are between 4% and 5% of pensionable salary and employer contributions are between 4% and 11% of pensionable salary.

From 1 July 2013, the Charity joined the government auto-enrolment scheme. This means that all eligible staff who are not already members of a defined benefit pension scheme or defined contribution schemes are automatically enrolled unless the staff member explicitly chooses to opt-out. Employer contributions for these staff members are 4% of pensionable salary. The total cost of the schemes in 2022 was £4 million (2021 £4.2 million).

Defined benefit pension schemes

The Charity operates a number of defined benefit pension schemes. Following a risk-based assessment the Charity has obtained an FRS 102 actuarial valuation for its material defined benefit pension schemes.

The value of the schemes' defined benefit liabilities have been measured using the projected unit method. The schemes' assets do not include investments issued by the sponsoring employer nor any property occupied by the sponsoring employer. The overall expected rate of return on the net schemes' assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class. The schemes hold quoted securities and these have been valued at bid-price.

Further information on the Charity's defined benefit pension schemes is provided below. The major assumptions used by the actuaries are disclosed in this note.

The Pension Trust Growth Plan

The Charity's largest defined benefit pension scheme is The Pension Trusts Growth Plan (the Plan). The Plan is closed to new entrants. The net pension liability recognised in the balance sheet as at 31 March 2022 is £nil (2021 £1.7million). A surplus cap of £4.1m was applied during the year.

A full actuarial valuation was carried out at 30 September 2018 by a qualified actuary, independent of the scheme's sponsoring employer. This valuation as at 30 September 2018 showed a deficit valuation of £11.3 million with gross assets of £65.8million and gross liabilities of £77.1 million.

The scheme liabilities at 31 March 2022 have been calculated using the preliminary results of the triennial actuarial valuation as at 30 September 2021. The preliminary valuation showed a deficit of £6.0m with gross assets of £81.2m and gross liabilities of £87.2m.

Member contributions are payable in addition as stated in the Schedule of Contributions dated 1 November 2016. The best estimate of employer contributions to be paid to the scheme for the period commencing 1 April 2022 is £1.9million (2021 £1.9million).

Clwyd Pension Fund

The Clwyd Pension Fund (the Fund) relates to a small number of staff who joined the charity's service in Dolywern. The net pension surplus recognised in the balance sheet at 31 March 2022 is £56,000 (2021: £0.1million liability). A full actuarial valuation was carried out at 31 March 2019. The best estimate of employer contributions to be paid for the period commencing 1 April 2022 is £0 (2021: £0).

Isle of Man Pension Fund

The IOM Pension Fund (the Fund) relates to a small number of staff who work in our IOM services. The Fund is closed to new entrants. The net pension liability recognised in the balance sheet at 31 March 2022 is £25,000 (2021: £31,000). A full actuarial valuation was carried out at 31 March 2019. The best estimate of employer contributions to be paid for the period commencing 1 April 2022 is £0 (2021: 0).

Principal actuarial assumptions

The disclosures below state the principal actuarial assumptions used to complete the FRS 102 actuarial valuation for the year ended 31 March 2022 for The Pension Trust Growth Plan, Clwyd Pension Fund and IOM Pension Fund.

| | At 31 March 2022 (per annum) | At 31 March 2021 (per annum) |
|--|---------------------------------|---------------------------------|
| Financial assumptions | | |
| Discount rate | 2.60-2.80% | 1.75-2.4% |
| Rate of increase in salaries | 3.50-4.65% | 3.35-3.95% |
| Rate of increase pensions : | 2.04 - 3.50% | 1.9-2.85% |
| Inflation assumption (RPI) | 3.52-3.53% | 3.3-3.5% |
| Inflation assumption (CPI) | 3.00-3.5% | 2.1-2.9% |
| Demographic assumptions | | |
| Mortality | | |
| Male pensioner at age 65 | 21.2-24.2 | 21.2-22.6 |
| Female pensioner at age 65 | 24.1-26.9 | 23.3-25 |
| Male non-pensioner at age 65 in 20 years | 22.5-23.3 | 22.6-24.2 |
| Female non-pensioner at age 65 in 20 years | 24.9-25.7 | 24.8-27 |
| Balance sheet pension liability summary | | |
| | Value at 31 March 2022 | Value at 31 March 2021 |
| Pensions Trust Growth Plan, Clwyd Pension Fund and IOM | (31) | 1,880 |
| Dyfed | 64 | 68 |
| Total | 33 | 1,948 |

| Fair value of assets | TPT £'000 | Clywd £'000 | IOM £'000 | Value at 31 March 2022 £'000 | Proportion | Value at 31 March 2021 £'000 | Proportion |
|--------------------------|---------------|----------------|--------------|---------------------------------------|------------|---------------------------------------|-------------|
| Equities | 3,587 | 408 | 41 | 4,036 | 5.08% | 5,552 | 7% |
| Bonds | 46,836 | 736 | 28 | 47,600 | 59.91% | 43,462 | 55% |
| Property | 8,756 | 124 | 12 | 8,892 | 11.19% | 6,892 | 8% |
| Cash/liquidity and other | 19,162 | 804 | - | 19,966 | 25.13% | 23,541 | 30% |
| Total | 78,341 | 2,072 | 81 | 80,494 | | 79,447 | 100% |

| Balance sheet impact | | | | Value at 31 March 2022 £'000 | Value at 31 March 2021 £'000 |
|-------------------------------------|----------|-----------|-------------|---------------------------------------|---------------------------------------|
| Present value of funded obligations | (74,193) | (2,016) | (106) | (76,315) | (81,327) |
| Fair value of scheme assets | 78,341 | 2,072 | 81 | 80,494 | 79,447 |
| Effect of asset ceiling | (4,148) | - | - | (4,148) | - |
| Total | - | 56 | (25) | 31 | (1,880) |

| SOFA impact | | | | Year ending 31 March 2022 £'000 | Year ending 31 March 2021 £'000 |
|--|------------|-----------|----------|---|---|
| Current service cost* | - | 28 | - | 28 | 24 |
| Expenses | 141 | 2 | - | 143 | 142 |
| Net interest cost | 16 | 1 | 1 | 18 | 6 |
| Losses on settlements and curtailments | | | | - | 35 |
| Total | 157 | 31 | 1 | 189 | 207 |

*The current service cost includes allowance for the cost of Death In Service benefits and all the expenses of running the scheme (including the PPF levy).

| | Year ending 31 March 2022 £'000 | Year ending 31 March 2021 £'000 |
|---|--|--|
| Analysis of amount recognised in the SOFA as unrealised gains/(losses) | | |
| Net actuarial gains / (losses) recognised in year | 208 | 322 |
| Return on plan assets – gains | 974 | 1,975 |
| Experience gains arising on plan liabilities | 393 | 135 |
| Effect of changes in demographic and financial assumptions – gains / (losses) | 2,615 | (8,278) |
| Effects of changes in the amount of surplus that is not recoverable – loss | (4,148) | 2,372 |
| Total recognised in other comprehensive income – (losses)/gains | 42 | (3,474) |

| | Year ending 31 March 2022 £'000 | Year ending 31 March 2021 £'000 |
|---|--|--|
| Reconciliation of present value of scheme liabilities | | |
| Change in the present value of the defined benefit obligations | | |
| Opening defined benefit obligation | 81,327 | 75,586 |
| Settlement of the South Yorkshire scheme benefit payment | - | (1,335) |
| Introduction of the IOM DB Scheme | - | 106 |
| Service cost | 28 | 24 |
| Interest cost | 1,668 | 1,679 |
| Contributions by employees | 4 | 4 |
| Losses/(gains) due to benefit changes | - | 35 |
| Actuarial losses / (gains) | (3,007) | 8,143 |
| Benefits paid | (3,705) | (2,915) |
| Closing defined benefit obligation | 76,315 | 81,327 |

| | Year ending 31 March 2022 £'000 | Year ending 31 March 2021 £'000 |
|---|--|--|
| Reconciliation of present value of scheme assets and actual return on assets | | |
| Change in the fair value of the scheme assets | | |
| Opening fair value of the scheme assets | 79,447 | 76,396 |
| Interest income | 1,649 | 1,748 |
| Admin expenses | (142) | (142) |
| Actuarial gains | 1,182 | 2,297 |
| Contributions by employer | 2,059 | 2,059 |
| Contributions by employees | 4 | 4 |
| Benefits paid | (3,705) | (2,915) |
| Closing fair value of the scheme assets | 80,494 | 79,447 |
| Actual return on scheme assets | 2,830 | 4,044 |

Other defined benefit pension schemes

The Charity operates several other multi-employer defined benefit schemes as follows:

- The Scottish Voluntary Sector Pension Scheme. The pension deficit on this scheme of £24,000 (2021 £27,000) will be funded by lump sum payments over the recovery period of 6 years as specified in the most recent triennial valuation;
- The TPT GP3 scheme. The pension deficit on this scheme of £787,000 (2021 £1 million) will be funded by lump sum payments over the recovery period of 4 years as specified in the most recent triennial valuation;
- The South Yorkshire Scheme was previously an active scheme (and last year accounted for as a DB Scheme) but the last member left in 19/20 and we have negotiated a lump sum settlement over a two year period. The pension deficit on this scheme is £81,000 (2021 £145,000);
- In addition, the Charity operates a further smaller, multi-employer defined benefit pension schemes, Dyfed. This scheme has a combined pension deficit of £65,000 (2021: £68,000) and the deficit will be funded by annual payments based on the contribution rates and recovery periods of between 12 and 15 years.

23. Contingent assets and liabilities

The Charity has a legal charge on a property that entitles it to 13.9% of the value of the site should it be developed. The property is currently owned by another organisation which uses it to provide care to people with learning difficulties

The Charity is entitled to 20% of the sale proceeds on a house which is currently occupied by a private individual. There are no current plans to dispose of the property.

There are two banking guarantees (totaling £0.33 million) that have been provided by the bank to 2 third parties. The figure is made up of 2 individual guarantees, one for £200,000 and one for £132,200.

24. Company limited by guarantee

The Charity is a company limited by guarantee and, in the event of a winding- up, the members are committed to pay £1 each. All members are Trustees.

25. Related party transactions

The Charity provides a full range of management and other support services to Leonard Cheshire Foundation (Isle of Man) Limited in order to enable the subsidiary to operate and meet its statutory requirements for which it charged an agreed fee of £81,000 (2021: £81,000). All banking transactions are carried out on a group basis using the Charity's banking facilities. The resultant intercompany liability is reflected in creditors as shown in Note 15.

The Charity provides a full range of management and other support services to Leonard Cheshire Services CIC in order to enable the subsidiary to operate and meet its statutory requirements for which it charged an agreed fee of £24 million of invoiced sales (2021: £24.0million). The resultant intercompany liability is reflected in creditors as shown in Note 15.

The Charity received a donation of £145,422 from Motability Operations Group, the company which Ruth Owen is Independent Non-Executive Director of.

The Charity received a contribution of £7,800 for hiring 2 internees under the change 100 programme, from a company called Concentrix of which Phillip Cassidy is Executive vice president.

Aggregate donations from Trustees were as follows; £2,475 (2021: £1,000).

26. Financial instruments

| | Notes | Group 2022 £'000 | Group 2021 £'000 | Company 2022 £'000 | Company 2021 £'000 |
|---|-------|------------------------|------------------------|--------------------------|--------------------------|
| Financial assets at fair value through statement of financial activities | | | | | |
| Investments | 12 | 15 | 14 | 15 | 14 |
| Financial assets that are debt instruments measured at amortised cost | | | | | |
| Amount owed by subsidiary undertakings | 13 | - | - | 3,744 | 4,040 |
| Trade debtors | 13 | 11,951 | 19,954 | 8,788 | 14,004 |
| Accrued income | 13 | 11,874 | 4,907 | 8,804 | 4,048 |
| Accrued legacies | 13 | 2,245 | 1,270 | 2,245 | 1,270 |
| Cash and cash equivalents | 14 | 1,988 | 2,548 | 1,916 | 2,514 |
| Total | | 28,058 | 28,679 | 25,497 | 25,876 |
| Financial liabilities that are debt instruments measured at amortised cost | | | | | |
| Amount owed to subsidiary undertakings | 15 | - | - | 1,199 | 1,216 |
| Trade creditors | 15 | 7,689 | 5,428 | 7,671 | 5,912 |
| Accruals | 15 | 4,458 | 5,112 | 4,437 | 5,093 |
| Service users funds | 15 | 1,781 | 1,630 | 1,781 | 1,630 |
| Overdraft | 15 | 1,294 | 2,786 | 1,294 | 2,957 |
| Loans | 15 | 630 | 630 | 630 | 630 |
| Total | | 15,852 | 15,586 | 17,012 | 17,438 |

27. Restatement due to prior year inter-company issue

In FY21 the Gift Aid payment from CIC to LCD was correctly posted to the balance sheet within the CIC accounts but incorrectly posted to income in group. The error has been corrected by restating each of the affected line items for the prior periods as follows:

Adjusted Consolidated Statement of Financial Activities (extract)

| | Pre-restatement Unrestricted Funds £'000 | Restatement £'000 | Post-restatement Unrestricted Funds £'000 |
|--------------------------------------|--|----------------------|---|
| Income & Endowments from: | | | |
| Donations and legacies | 5,924 | (714) | 5,210 |
| Total | 136,861 | (714) | 136,147 |

Adjusted Consolidated Balance Sheet (extract)

| | Pre-restatement 2021 £'000 | Restatement | Post-restatement 2021 £'000 |
|---------------------------------|----------------------------------|--------------|-----------------------------------|
| Unrestricted funds - General | 59,902 | (714) | 59,188 |
| Total unrestricted funds | 69,059 | (714) | 68,345 |

In the Group Balance sheet, the 2021 figure for General funds has reduced from £59,188k to £59,902k

6.

Charitable trusts, corporate partners and other supporters:

A very big thank you to all those supporters who have made donations to Leonard Cheshire in the last 12 months and to many others not listed, including those who wish to remain anonymous.

Thank you

Corporate Partners

Howdens Joinery Ltd
John Lewis Partner
Community
Investment Fund
JTI UK
Meridian Business
Support
Microsoft Corporation

Odgers Berndtson
3i Group PLC
Pets Corner
Accenture
Arco Limited
Next PLC

Legators

Ms Margaret Allen
Mr Alan Anderson
Mr Neville Ball
Ms Margaret Barnett
Miss Gwynedd Braby
Mrs Vera Bramhall
Mr Richard
Brightman
Mr John Brooks
Mr Clive Browning
Mr Peter Burgess
Mrs Greta Carreras
Miss Betty Clark
Mr John Coysh
Mrs Muriel Crackles
Mr Brian Davies
Mrs Patricia Davies
Miss Sarah Dean
Mrs Hazel Fallon
Mrs Christine
Forsdike
Mr William Freeme
Mrs Kathleen Glover
Ms Eva Goodess
Mr Edward Griffith

Heather Hacker
Mr James Hammer
Mrs Marjorie Harrison
Mr Gordon Harrower
Mr John Hawthorne
Nesbitt
Mrs Shirley Hillman
Mrs Doreen Hogg
Mrs Kathleen Holland
Louise Howson
Mrs Marjorie Hudston
Ms Audrey Hughes
Diana Hughes
Lady Agnes
Humphrey
Mrs Sybil Hunt
Mrs Joy Huter
Miss Ansley Inch
Mr Douglas Jones
Mrs Irene Kay
Mr William Kennedy
Ms Charlotte Laceby
Mr Harry Latham
Mr John Lovett
Ms Ann Lynch

Ms Sheila Macdonald
Mr Alastair
MacLachlan
Mr Geoffrey Markham
Mr Peter Marshall
Mr Robert Mason
Mrs Margaret McColl
Mrs Kathleen Moore
Ms Penelope Noad
Ms Penelope Overend
Esther Padfield
Ms Doris Parker
Sheila Pedley
Miss Janis Perry
Mr Roger Pethybridge
Mrs Phyllis Richards

Miss Joan Sanderson
Mr Richard Shuster
Mr John Shuttleworth
Mr Kenneth Stacey
Pauline Stockton
Bernard Strike
Mr John Todd
Mr James Tomlinson
Miss Margaret Turner
Lady Anne Wake-
Walker
Miss Pauline Watts
Lois Weaver
Ms Kathleen Wood
Janet Wright

Charitable Trusts and other supporters

29th May 1961
Charitable Trust
Act for Change Fund
Awards for All Bank
Workers Charity
Barnwood Trust
Batchworth
Charitable Trust
BBC Children in Need
Broome Family
Charitable Trust
Bryan Guinness
Charitable Trust
Careers and
Enterprise Company
Charities Aid
Foundation
Chapman Charitable
Trust

Cheshire Community
Foundation
City Bridge Trust
Comic Relief
Community
Foundation for Surrey
Community Links
Bromley
Connecting Scotland
Co-Operative
Community Fund
Co-op Local
Community Fund
Copley May
Foundation CRH
Charitable Trust
Cumbria Community
Foundation
Direct Line
Community Fund

D J Coleman
 Charitable Trust
 Department For
 Communities
 Department for
 Health & Social Care
 Donald Forrester
 Trust
 EBM Charitable Trust
 Enkalon Foundation
 Ernest Kleinwort
 Benson Charitable
 Trust
 European
 Commission
 European Social Fund
 Flintshire County
 Council
 Genesis Charitable
 Trust
 Glamorgan Voluntary
 Services
 Gloucestershire
 Community
 Foundation
 Gloucestershire
 County Council
 Good Things
 Foundation
 Groundworks UK
 Guy Charitable
 Foundation
 Gwent Association of
 Voluntary
 Organisations
 Hobson Charity
 Hollywood Trust
 Hull & East Riding
 Charitable Trust

London Community
 Response Fund
 London Philharmonic
 Orchestra
 Medicash Foundation
 Merseyside
 Community
 Foundation
 Motorola Solutions
 Foundation
 National Lottery
 Community Fund
 National Lottery
 Heritage Fund
 NI Housing Executive
 Norwich Freemans
 Charity
 P F Charitable
 Foundation
 Payback Time Trust
 Pennington Bequest
 Postcode Community
 Trust
 Salford County
 Council
 Sandra Charitable
 Trust
 Scope
 Screwfix Foundation
 Sir John Fisher
 Foundation
 Sport England
 St Hilda's Trust
 Stavros Niarchos
 Foundation
 Stelios Philanthropic
 Foundation

The Bill Brown 1989
 Charitable Trust
 The Community
 Foundation
 The Hospital Saturday
 Fund Charitable Trust
 The John Horseman
 Trust
 The Joseph & Annie
 Cattle Trust
 The Mathew Trust
 The Openwork
 Foundation
 The Peter Cundill
 Foundation
 The Sir James Reckitt
 Charity
 The Wimbledon
 Foundation
 Thriving Communities
 Fund
 Tompkins Foundation
 UK Foreign,
 Commonwealth &
 Development Office
 Victoria Homes Trust
 Wales Council for
 Voluntary Action
 Wandsworth Council
 William Brake
 Foundation
 Wolfson Foundation
 ZVM Rangoonwala
 Foundation UK

7.

Who's who

Trustees and Senior Officers in 2021/22

Patron

The Late Queen Elizabeth II

Founder

The Late Group Captain Lord Cheshire, VC, DSO, DFC

Trustees

David Grayson CBE (Chair)

Governance and Nominations Committee (appointed December 2020; appointed Chair October 2021)

Colin Hunter (Vice Chair)

Governance and Nominations Committee, Quality and Safeguarding Committee (retired October 2022)

Adam Wiltshire

Finance Committee, Audit and Risk Committee (appointed March 2021)

Anne Goodman

Finance Committee, Governance and Nominations Committee (appointed March 2021)

David Pugh

Finance Committee (retired September 2022)

Gareth Davies

Finance Committee (retired September 2022)

Hilary Sears

People Committee, Fundraising Advisory Group (appointed September 2018)

Philip Cassidy

Finance Committee, Audit and Risk Committee (appointed September 2019)

Piers White

Finance Committee (retired March 2023)

Ranald Mair

Audit and Risk Committee, Quality and Safeguarding Committee (retired September 2022)

Shani Dhanda

Quality and Safeguarding Committee, Customer Council (retired September 2022)

Stephen Duckworth

People Committee (retired December 2022)

Dr Sylvia Anie

Governance and Nominations Committee, People Committee (retired December 2022)

Vidar Hjordeng

Customer Council, Fundraising Advisory Group (retired December 2022)

Richard Brooman

Governance and Nominations Committee, Audit and Risk Committee, Fundraising Advisory Group (retired July 2021)

Michele Golden

Chair of the Quality and
Safeguarding Committee
(appointed September 2022)

David Porter

Finance/Turnaround Committee
(appointed January 2023)

Sally Davis

Governance and Nominations
Committee, former Chair of the
Board (retired October 2021)

*Senior Officers***Chief Executive**

Ruth Owen

Chief Financial Officer

Andy James (until October 2021)
Nigel Armitt (from November
2021)

**Managing Director, UK
Community Services**

Hugh Fenn (until January 2022)
David Slater (interim) (from
February 2022)

**Managing Director, Global
Influencing and Programmes**

Tiziana Oliva (until December
2021)

**Executive Director, Marketing
and Fundraising**

Leslie Davey (interim) (until July
2021) Marcus Missen (from June
2021)

Executive Director, People

Dale Cox (interim) (from April
2021 until Jun 2022) Jon Forde
(from May 2022)

**Executive Director,
Transformation and Technology**

Jon Petty (until August 2021)
Gavin Bounds (from November
2021 until Jan 2023)

Global ambassadors**The Late Judy Heumann**

Global Ambassador for Advocacy

Amar Latif

Business and Travel

Olivia Breen

Sport

Josh Wintersgill

Young Entrepreneurs and Tech

Jane Asher

Arts

**Lord Puttnam CBE, Hon FRSA,
Hon FRPS**

Education

Mark Lane

Gardening and Wellbeing

Sophie Morgan

Inclusive Education and Women

Sir Stelios Haji-Ioannou

Business

Robin Sheppard

Catering and Hotel Industry

**'Kray-Z Legz', real name Mark
Humphries**

Music

8.

Principal advisors

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants
and Statutory Auditors
1 Embankment Place
London WC2N 6RH

Brown Rudnick

8 Clifford Street
London W1S 2LQF

Farrer & Co

66 Lincoln's Inn Fields
London WC2A 3LH

Bankers

Barclays Bank Plc

1 Churchill Place
London E14 5HP

Linklaters

One Silk Street
London EC2Y 8HQ

Wright Hassall

Olympus Avenue
Royal Leamington Spa
CV34 6BF

Legal

Leonard Cheshire uses a range
of legal advisors including:

Bates Wells

10 Queen Street Place
London EC4R 1BE

Bevan Brittan

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