

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021**

MILESTONES TRUST

Unit 10, Eclipse Office Park, High Street, Staple Hill, Bristol BS16 5EL

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Company number 02011021 Charity number 294377

www.milestonestrust.org.uk

MILESTONES TRUST

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

CONTENTS

Page

1	Legal and Administrative Information
2-16	Trustees' Annual Report (incorporating Strategic Report)
17-19	Independent Auditor's Report
20	Statement of Financial Activities
21	Statement of Financial Position
22	Statement of Cash Flows
23-39	Notes to the Financial Statements

MILESTONES TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Registered office and principal address:

Unit 10, Eclipse Office Park
High Street, Staple Hill
Bristol BS16 5EL

Trustees and directors:

D Nordberg (Chair)
R H Nash
P M Collins
J H Self
S Cummings (appointed 14 September 2020)
S J Jones (appointed 16 November 2020)
N L McKen (appointed 14 December 2020)
T S Jenkinson (appointed 29 March 2021)

D D Wilson
J E Buswell
K Pattison

K Heath (resigned 30 October 2020)
M A Shovelton (retired 31 December 2020)
V Fuller (resigned 26 March 2021)
K D Guy (retired 30 June 2021)

Secretary:

H A Pearce

Key Management Personnel:

H Crowhurst
J Hoskinson OBE
H A Pearce
J Parry
G Meehan
N Mandleker

Chief Executive (appointed 1 April 2020)
Chief Executive (retired 30 June 2020)
Director of Finance
Director of Operations
Director of Human Resources
Director of Business Development
(resigned 30 April 2021)

Auditor:

Mazars LLP
90 Victoria Street
Bristol BS1 6DP

Solicitors:

Royds Withy King
5-6 Northumberland Buildings
Queens Square
Bath BA1 2JE

Lyons Davidson
43 Queens Square
Bristol BS1 4QP

Bankers:

National Westminster Bank
Floor 2, Trinity Quay 2
Avon Street
Bristol BS2 0PT

Investment advisors:

Barclays Wealth Management
1 Churchill Place
Canary Wharf
London E14 5HP

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

Reference and administrative details

This Annual Report forms the Trustees' report for the purposes of Section 162 of the Charities Act 2011 and the Directors' report for the purposes of Chapter 5 of Part 15 of the Companies Act 2006. It also includes the Strategic Report required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The financial statements have been prepared in accordance with the Charity's governing document, the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Trust is a company limited by guarantee (number 02011021) and registered charity (number 294377). The details of Trustees, senior staff and professional advisors engaged by the Trust are set out on page 1.

Structure, Governance and Management

Like every organisation in the sector and every sector in the economy, Milestones Trust has seen its structure, governance and management tested through the Covid-19 crisis. We have undergone significant changes, including the appointment of a new CEO just as the crisis began, and made a constant stream of adjustments as the crisis progressed. The board itself has seen a big shift in its composition, with four retirements and three new appointments during the year under review, and another retirement and appointment since the new financial year began. We have been very fortunate to have found trustees with a wide range of knowledge and experience, in the sector and from outside it. This section of the report outlines the formal, structural elements of governance and then focuses on how the Trust has adapted to the challenges that Covid has forced on us.

Milestones Trust is governed by the terms of its Principal Trust Deed and its Articles of Association. The Trust was incorporated on 16 April 1986. The Articles were revised and updated on 9th July 2018.

As set out in the Articles of Association, the Board of Trustees (who are directors for the purpose of company law) consist of no less than five members and no more than fifteen. All Trustees are appointed by resolution.

The term of office for a Trustee shall be three years, at the end of which they shall retire. A Trustee shall be eligible for reappointment by the Trustees for up-to a further two terms, each of three years. No Trustee shall service for more than 9 consecutive years, unless the Trustees consider it would be in the best interest of the Trust for a particular Trustee to continue to serve beyond that point and that Trustee is reappointed in accordance with the Articles.

Following the changes in its composition, the Board now numbers 11. The Articles of Association recommend a maximum tenure of Trustees as nine years, we note that one of our Trustees is beyond that limit. We explain the decision to retain them in the following way.

During the year under review the Trust dealt with the volatility presented by the Covid-19 pandemic and as such felt the need to preserve knowledge and experience at Board level to support the executive management team, particularly as we saw high planned turnover in trustees. Our longstanding Trustee continues to contribute valuable knowledge and historical perspective to aid the strategic decision making of the Trust and the implementation of those decisions.

The Trust has been successful in actively recruiting new trustees with diverse professional skills and social backgrounds who share the current Board's commitment to the objectives of the Trust, and this recruitment continues.

Trustees are sought in a variety of ways to ensure that collectively they have the range of skills and experience required to govern a health and social care charity with a turnover in the region of £30 million. This means Trustees come from all walks of life, some with experience of health and social care, and some with experience of business or law or property management. Regular skills audits are conducted to guide the recruitment of new Trustees. In recent years the Trust has specifically used recruitment agencies specialising in business/executive

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

recruitment in order to augment the skills and experience of the trustees, as well as advertising locally and nationally.

All Trustees undertake an induction, including an awareness of their governance responsibilities. Trustees are also offered the opportunity to attend other relevant training courses. For several years, trustees have met at least six times a year as a Board, as well as participating on three committees: Care & People, Business Development, and Finance & Resources, which have met at least quarterly, reporting to the Board. The primary roles of these committees are scrutiny and development of the future direction of the Trust, and their work and advice inform Board decisions. We are currently reviewing our Board and committee arrangements, the central aim of which is to link more closely trustees' consideration of business development and operations, as well as to replace ad hoc groups concerning remuneration and nominations with an established committee that will also review overarching policies on risk and service quality.

The day-to-day running of the Trust is delegated to the Chief Executive, who exercises executive responsibility within a scheme of delegation to the Executive Management Team (EMT). The EMT is held accountable for the successful implementation of business plans, maintenance of standards, and financial management of the Trust. Hilary Crowhurst joined the Trust as CEO on 1st April 2020, bringing with her many years' experience in the sector at Director Level. The Trust has been fortunate to be able to draw on her experience, and that of her EMT colleagues, to meet the on-going challenges of operating in the social care sector during the Covid-19 pandemic.

The Trust plays an active role in the local health and social care communities of Bristol, South Gloucestershire and North Somerset. The Trust's staff and people we support are encouraged to participate in opportunities to comment on and shape service developments. The Trust is a member of The Care Forum, an umbrella body enabling voluntary organisations, and through them local communities, to participate fully and equally in the planning and improvement of services. Trust staff serve on a range of groups, from local authority providers' forums to specific service improvement groups.

Our membership of VODG (Voluntary Organisation for Disability Groups) and Care & Support West, a regional organisation of service providers, assist the Trust to lobby on national and local policy issues which affect it strategically and operationally. Both organisations have provided excellent support to providers during the pandemic.

The Trust's key partnerships are with the local authorities and the Clinical Commissioning Groups (CCGs) of Bristol, North Somerset and South Gloucestershire (BNSSG) and Bath & North East Somerset, Gloucestershire and Wiltshire. These authorities commission a significant proportion of the Trust's services. The close partnership working we have enjoyed with these commissioners has been more important than ever during the pandemic, and these key relationships are closer as a result.

Objectives and Activities

The Trust's objective, set out in the articles of association, is 'to promote and protect the health and wellbeing of people with autism, cognitive impairment, dementia or other mental or related health needs by providing nursing, social care, accommodation, education, training and support'.

Strategic Plan 2018 -21

The Trust continued to work with the Strategic Plan 'Towards A Future Together' which was approved by the Board in February 2018, and which reviewed its vision, mission statement and values as well as the Trust's overall priorities. Work had begun in 2020 on developing an updated strategic plan and while this work continued in 2021 the clear focus for Milestones Trust, and indeed most of the social care sector, for the year is on the dual challenges of recovering from the Covid-19 pandemic and on improving our underlying financial performance.

Alongside this focus on Covid recovery, the following core elements of the Trust's strategy remain unchanged:

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

Vision & Mission Statement

Milestones Trust's vision is that people have opportunities to live happy and fulfilled lives.

The mission statement is: 'to achieve our vision by promoting health, wellbeing, independence and engagement for people living with learning disabilities, mental health needs and dementia'.

Values

We start with the person. You can't build a support service around a label. But you can build a support service with a person if you understand their particular care needs, wants, and ambitions. And while that's our starting point, everyone changes. So, we're never comfortable and never complacent. Instead, we adapt how we do things to reflect the person's changing circumstances and desires as they go through life.

We bring people close. What we do is impossible without building good relationships between people and their families, carers, teams, and important others. That takes time and patience, but it also takes understanding and respect – the building blocks of trust. Understanding leads to trust, which leads to the right support to bring about positive change. Change that can make a person's life easier, better, simpler, more comfortable, more enjoyable or more independent.

We take our creativity to work with us. Given what we do, limited resources have always been a challenge. But creativity hasn't. It's amazing how even a little lateral thinking and ingenuity can dramatically improve the lives of those we work with. Put another way, the more creative we are, the richer and more meaningful life becomes – for all of us. So we encourage everyone to think outside the box, whatever their role, whatever the issue.

We are courageous in our approach. Where others see obstacles, we see opportunities. For us there is no blueprint, no magic formula, no one-size-fits-all. Just a willingness to embrace the challenge head-on, try new things, and work for change. It's not about ripping up the rule book. It's rewriting it to make our services fit the person. That means drawing on our expertise, courage, and resolve to encourage and support anyone who requires our specialist help.

Priority Pillars

The 'Towards A Future Together' strategy grouped the Trust's operational objectives into four priority pillars:

- **Getting it right – starting with the person** - We will continue to put our service users first.
- **Quality in what we do** - We will be recognised for the high quality of our services.
- **Focussing on the people who work for us** - We will continue to develop and value our staff.
- **Fit for the Future** - We will ensure that our services are flexible and adaptable to changing needs.

In normal times progress against the strategic objectives is reported to the Board regularly, and some are monitored against a set of Key Performance Indicators, which are reviewed by the Board of Trustees quarterly. The 2020-21 year was far from normal and leading the Trust through the Covid-19 pandemic became the overarching organisational priority.

Flexibility is key in the current social care climate and the Trust's strategy is kept under constant review, particularly via away days where issues are explored in more detail and changes to the objectives may be made. In 2020-21 away days with the Board were held remotely via zoom, and also in person when restrictions allowed. This was incredibly helpful as the Trust continued to debate the social care landscape, Covid recovery, financial performance and growth.

Strategic Intent

- **Work in partnership with the people we support** to develop our services and our external voice.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

- **Focus on excellent person-centred support**, enabling people with learning disabilities/ enduring mental health conditions to live as active members of their local communities (we will always strive to provide the least restrictive option)
- **Be financially sustainable**. Achieve a position where we can use surplus reserves to support our strategy through targeted investment.
- **Be an organisation that people want to work for** – we will have embedded a culture of ownership, responsibility and accountability across every level of the organisation.
- **Harness the power of digital working** to deliver efficiency & more enjoyable ways of working.
- **Develop a strong and consistent brand** - developing thought leadership in the work we do

Currently the core of Milestones Trust activity is the provision of nursing and residential care in 34 homes serving approximately 300 people. The homes range from small domestic properties accommodating 4 or 5 people, to a large dementia care home registered for 45 people. Of these 34 homes, the Trust owns 28 homes and the remainder are leased from housing associations or local councils. In the past decade the Trust has widened the range of services it offers in response to the changing needs and choices of its beneficiaries.

In addition, the Trust operates numerous Supported Living services, which provide support to people with a learning disability or who have mental health needs. We offer support with accommodation and provide care packages to people in their own homes. Around half of the supported living accommodation is owned by the Trust, the remainder is leased from housing associations or local councils. There is a strong demand for this type of support, and promoting independence has always been one of the Trust's aims. For the service users who are able to gain increased rights (and responsibilities) by becoming tenants, the move to greater independence is always seen as a positive step. Around 200 people are supported to live the life they choose.

The Trust also supports circa 50 people to access day opportunities in our Stepping Forward services which operate from two bases, one in Bristol and one in South Gloucestershire. Although numbers fluctuate, approximately a further 90 people access our respite services. The total number of people supported by the Trust therefore totals 640.

The clear direction of travel identified for the Trust in the Towards A Future Together strategy is to reduce residential provision, where the building is CQC registered, and increase supported living, where it is the personal care for individuals that is CQC registered. To achieve this, we will be de-registering residential services wherever possible. This shift responds to the aspirations of the people we support and meets commissioner preferences. It was communicated throughout the Trust, and beyond under the banner of 'One Trust One vision' and feedback was universally positive, recognising the obvious benefits for the people we support. Despite Covid, some positive steps have been made on this journey in 2020-21 with several services ready to de-register during this year.

To support the change process that de-registration requires, in late 2019 the Trust embarked on a significant project examining our existing culture and defining the changes needed to support our future direction. It is widely recognised that to continue to achieve high quality progressive service delivery everyone involved in the Trust must play their part. The culture project is referred to again later in this report, and while active work on this had to necessarily be halted during the pandemic, it was also heartening to see an abundance of resilience and innovation displayed by our workforce as they continued to provide high quality, person centred support in difficult circumstances. Attributes that are cornerstones of our culture project and that we will build on further.

Our overall strategic direction will always also focus on growth, so that we are able to support more people who need our services.

Milestones Trust takes pride in its provision of high-quality staff training. While training had to be delivered very differently during Covid, with a necessary focus on mandatory training, much of which was delivered by e-

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

learning, the Trust remains committed to supporting staff to meet the requirements of their role, or progress their future career aspirations.

To support our staff with the change process required by 'One Trust One Vision', we developed a comprehensive competency framework, reflecting our values and the specific technical requirements of our roles. The Framework is underpinned by an extensive training programme that will ensure we select and manage our staff in line with clear expectations. We also revisited our person-centred approaches training to ensure it remains relevant and contemporary. The pandemic has meant changes in our workforce as well as changes to our operational culture. As we emerge from the pandemic, the expectations on our teams will again change and we will revisit and reinvigorate these two important areas of training.

We are also making sure as we move through 2021 that we adapt how we deliver training in the Trust so that we retain the benefits of what went really well with e-learning, and will be offering a hybrid programme of on line and face to face training in the future.

Public Benefit

We have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

The principal means by which the Trust provides opportunities for those who cannot afford the fees for our services is through the provision of support to people funded/part funded by local or health authorities.

We also further the mission and aims of the Trust through the provision of services over and above those funded by public contracts through donations from grant making Trusts and Foundations, corporate partners and grants awarded by local and national government departments. In normal times we organise community events that promote the inclusion of beneficiaries with their fellow citizens and encourage neighbours/neighbourhoods to attend 'fun' events that help break down prejudices/barriers to social inclusion. In previous years our arts activities, under 'Expressions', provided people we support with opportunities to explore their creativity and provide opportunities for the general public to appreciate the abilities of all those who use our services. This important activity, and the community outreach it affords, will resume with vigour as soon as the pandemic permits. Our 'Warmley Wheelers' initiative offers accessible bikes so people with varying abilities are able to enjoy cycling, and wherever possible within the changing guidelines for safe working, this service continued to operate in 2020-21. Music sessions under the banner of 'Community Express' encourage participation, and sponsorship, from the wider community. Whilst some of these activities had to be paused because of Covid-19, the pandemic has provided opportunities to find creative ways of continuing, for instance, the musicians involved in Community Express have supported us in moving the project online.

We work with other organisations to participate in local and national networks to promote/highlight the needs of our beneficiaries and, where possible, support beneficiaries to advocate/participate themselves.

In 2020-21 we have to recognise that perhaps our biggest contribution to public benefit was keeping the vulnerable people we support safe.

STRATEGIC REPORT

Achievements and Performance

The Trust publishes an Annual Review (available on our website (www.milestonetrust.org.uk) that illustrates the achievements of the people we support and staff and demonstrates how the Trust "lives" its values.

The Health and Social Care environment has always been a demanding one in which to operate, and for 2020-21 this was made considerably more challenging by the Covid-19 pandemic. In the earlier part of the financial year we unfortunately saw some deaths in our services of people we support from Covid, though thankfully –

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

through the admirable work of our staff – our numbers were lower than much of the sector experienced. Significant barriers to filling empty beds in our services that the pandemic created meant that our financial losses due to lower occupancy were high, and such vacancies continue to be higher than normal. We are finding creative ways to do all we can to speed up the referral to placement process.

The pandemic also changed the job market across the country, and while we were able to benefit initially through improved recruitment, we have more recently seen high numbers leaving as many of those new to the sector return to their pre-pandemic careers. Hence, recruitment and retention in the Trust remains our top priority. Covid-related regulation forced us to employ individuals for only one service, an important burden on efficiency, Compulsory vaccinations for staff, imposed during the new financial year, present another serious challenge to staffing, which we are working hard to overcome.

That said, and despite Covid, the year under review has seen some very encouraging highlights, many of which hold the promise of even better outcomes in the future:

- We rose to the challenges of the pandemic, adapting how we were able to deliver care to ensure safety above all else, but also still maintaining a good quality of life for the people we support. In common with other social care providers, responding to Covid-19 forced many changes in the way we work. Communication with our teams, although virtual became more important and a number of new structures helped enable this to happen more effectively than in the past. A Covid-19 briefing was sent to every staff member (twice daily during the first wave, reducing to daily and now weekly) ensuring all were aware of the changing guidance as well as signposting additional resources and sources of support. A “Keeping in Touch” meeting has been held weekly over zoom since May 2020, bringing together managers from across all parts of the Trust. A successful feature has been breakout rooms of four or five randomly assigned managers to discuss and feedback on relevant topics. This has fostered relationships across disparate parts of the Trust and enabled new support networks to develop. Many processes which had previously taken place in-person were curtailed, and new ways to achieve the same objectives developed. Remote audits, assisted by mobile phone video technology, initially concentrated on Infection Control but were expanded as the pandemic went on to cover other areas. Cross-organisational working groups were set up to manage different elements of pandemic response from a variety of perspectives. Friends and family contact was improved through the use of Zoom, with greater participation enabled as distance and timing became less of an issue for some. As with many organisations, home-working became and continues to be the norm for office-based staff and training has moved, where possible, online. Initially experienced as challenges, both of these changes have in fact presented opportunities for more flexible and effective working.
- Some workstreams had to be paused due to the pandemic. Our Culture Project was one such, the planned launch being an early victim of the changes caused by Covid-19. Action plans which were developed are being reviewed, not least because the pandemic itself has meant the culture has changed, and will be relaunched in 2021/22 informed by the learning from the how the organisation dealt with the pandemic, which included improved communication as well as resilience and creativity. Its relaunch will seek to capitalise on the adoption of electronic communication and video conferencing.
- We opened a new specialist service in Downend which develops the skills of people with on-going mental health conditions to manage a tenancy independently, whilst also managing their mental health. The service has been popular with commissioners and people we support.
- We successfully tendered to support Bath and North East Somerset’s ambitious project to reshape their mental health provision by commencing development of a Whole System for specialist mental health care & support. Their long-term aim is to take a Whole System approach to the delivery of specialist care and support for adults aged 18-64 with mental ill health and who have eligible social care needs. This includes specialist independence at home care and support, supported living and residential care for people with complex mental ill health. This is a two-phase project: Phase 1a- means we can continue

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

to spot contract with Banes and we commit to involvement in system design; Phase 1b – means we contribute to system design with these intended outputs. We were successful in our tender for Phase 1a.

- Dementia services (Humphry Repton House) – we have reviewed and modernised every aspect of this service in an extensive fundamental re-design, partly in response to the pandemic as the client group has proven exceptionally at risk to the pandemic. The 45-bed service now operates as 36 beds over three wings, with one wing available for isolation of residents in line with Covid admission and outbreak guidance. The management, staffing and culture of the service continues to, change in line with the vision for the service, which is: *To support people with advanced dementia and complex needs to live well by providing compassionate, person-centred care and promote a sense of well-being; and to provide a caring home where staff have the skills to help people to maintain personhood in a way that is tailored around individual need, activity and stimulation, and promotes joy each day.* All of the improvements have had the full support of our commissioners, as well as families, and the model will enable us to operate high quality, modern dementia care in a financially sustainable way.
- Involvement: The Board and Senior Team have spent a significant amount of time this year considering how better to involve the people we support. The pandemic has helped bring this into focus as an area in which we need to further develop, as communication with this group became increasingly attenuated. Like meetings everywhere, our user's forum, Voices4Choice, quickly moved online after the first lockdown. Despite concerns about access to technology to do this, these meetings were relatively well-attended, and two members of the Board were able to join meetings on an equal basis. Hearing feedback from these Board representatives has helped keep the rest of the Board connected to the people we are here to support. In addition, the Board invited a number of people to present their life stories at the start of meetings. These were presented via Zoom, which made the process easier and less intimidating than it might have been if held face to face. During the pandemic, we recruited a new Inclusion and Involvement Lead. This post, a successor position to the previous Service User Involvement Co-ordinator was informed by the debates and discussions held at board and in subcommittee meetings and has a focus on embedding rather than "doing" involvement. We appointed to this position in June 2021.
- Maintaining quality during the pandemic has been a key focus. A risk assessment to establish the risk of closed cultures was circulated and completed by service and Area managers, identifying specific risks and steps to mitigate against such a culture developing. Supervisions and team meetings continued, using video-conferencing technology to replace face to face meetings. The audit team developed Covid-secure audits and rearranged the audit schedule to incorporate six monthly Infection Prevention and Control (IPC) audits. Most services received a score of >90% in the audits. To encourage staff to come forwards with any concerns, the Whistleblowing Policy was reviewed and reissued early in the pandemic. In addition, CQC began their Emergency Support Framework calls in 2020, and all services received very positive feedback. In addition, a number of our services were selected as part of the national sample of IPC reviews conducted by CQC. These were announced onsite visits resulting in a summary report published on CQC's website, but not a change in rating for the service. The report findings were entirely positive, highlighting numerous areas of good practice and concluding that the services met all the criteria relating to infection prevention and control. This is very good outcome and is consistent with our audit findings.
- Data Protection and Information Governance. We successfully completed the Data Security Protection Toolkit (DSPT) in September 2020 and also June 2021, achieving 'Standards Met' for both submissions. We have also established an Information Governance Group, building cross departmental working and ensuring appropriate oversight of data protection issues and a clear line to the Executive

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

and the Trustees. We increased resources in this area, with a full time Information Governance Manager (who is also the DPO) now in place leading on work across the Trust which includes reviewing and updating policies, raising awareness and training managers and staff, with the aim of embedding the importance of data security and data sharing into everyday practice. As part of our Technology Review we are also working towards achieving Cyber Essentials Plus, and we have also recently established the important role of Caldicott Guardian within the Trust.

- Volunteering has always been important at the Trust, and in this pandemic year more than ever they proved invaluable, carrying out practical tasks such as food shopping while also contributing to the mental wellbeing of the people we support and our staff.
- We continued to implement and roll out our new HRIS (Human Resources Information System), named TrustNet. Following the success of payroll and HR modules, and the self-service functions for electronic payslips, we followed up with recruitment and on-boarding, learning and development, and also work force management (rostering).
- We have continued to work well with unions, as they support staff with individual matters and wider consultations. The introduction of the Job Retention Scheme (furlough) was a considerable area of joint work with Unison (our Recognised Trade Union, given the significant restrictions placed on our use of the Scheme (because we receive public funds, and the very unique situations that some of our employees had to contend with).
- Recruitment into social care has been challenging for some years, and the advent of the pandemic added new challenges, which have been met through moves to virtual interviewing and 'tours' of our services. We were able to introduce these new approaches without compromising on the involvement of the people we support in the recruitment process. The way that social care roles are perceived within society during the pandemic has not assisted with recruitment, and together with the impact of Brexit has added new challenges, in what was already a difficult market.
- Fundraising was negatively impacted by Covid-19, and this affected the year's results. Many trusts and foundations concentrated their efforts on providing emergency support to small and medium charities who were vulnerable to closure whilst dealing with a massive upsurge in demand. Fundraising with corporates ceased with staff working from home or on furlough. Despite this, the Trust rallied and fundraising through grants from trusts and foundations, crowdfunding campaigns and other donations pulled in £50,000 for the year. This went on things like personal assistive technology for people in supported living, paying for musicians to run virtual Music Train live music sessions, running Warmley Wheelers cycling scheme and producing online Artflix tutorials for our Expressions Arts participants. We also gained various smaller grants for garden renovations across our services – as private outdoor spaces have proved critical to our mental and physical health in lockdown.
- We successfully negotiated new sustainable fee levels with our commissioners in some of our services. The most notable of which was a specialist LD complex needs service for younger adults in Yate, where some of the long-standing placement fees had become out of kilter with the true costs of operating the service.

Financial Review

The majority of the Trust's income consists of contract income from Local Authorities and local health commissioners. The amounts shown under 'donations and legacies' this year are much higher than usual, representing the specific government grant income passed through to us as a provider by our commissioners to help with the exceptional cost pressures of Covid-19 pandemic. The amounts shown as restricted funds were for

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

specific uses relating to primarily to infection control and rapid testing.

2020/21 was an incredibly challenging year operationally, as this trustees' report has shown. The people we support had their liberty severely curtailed as lock-down necessitated many changes in how we operated our services, and our staff had to work very differently in difficult conditions. Almost perversely a by-product of the hugely different environment faced by the sector was that the overall financial performance of the Trust improved. It is a shame that there was such a significant human cost to this outcome. Although recruitment improved during parts of the year, often directly as a result of the impact of Covid on other sectors, staff retention remained an issue as tough working conditions and stress and anxiety in care settings impacted on our work force. Agency use was still high, Covid sickness and furlough as well as single service co-horting had a huge impact, but as the people we support were largely unable to leave their services our general requirement for staffing, and hence agency, was overall less than previous years. These factors, together with some successful, and very necessary fee re-negotiations on some of our services, were the primary reasons behind the operational surplus generated for the year of £1,092,644. After gains on the investment assets of £254,035, the statement of financial activities shows a surplus of £1,346,679 (2020 deficit £836,154). The Statement of Cash Flows on page 21 reflects the performance for the year.

The Trust continues to take action to address the disappointing operating performance of previous years (see Plan for the Future section) and has been able to set a modest operational surplus budget for 2021/22. This represents an improved position and reflects the increase in fee levels in some of our services, the reconfiguration of some services and also the closure of some services no longer fit for purpose. The Trust's action plan to return to profitability continues to focus on fee levels, modern, fit for purpose services, staff recruitment and retention, as well as ensuring cost effective structures for support and delivery of services across the Trust. All of this is being balanced with the overarching need for organisational recovery from the Covid pandemic.

Despite the challenging financial year and the austerity of the commissioning environment, demand for Trust services and the underlying Trust balance sheet remain sound. At 31 March 2021 Net Current Assets stood at £5.8m (2020: £4.4m), and Net Total Assets were £21.6m (2020: £20.3m). The Trust is also clear of debt with no outstanding loans or mortgages.

The importance of taking action to ensure that the Trust can return to achieving surpluses in normal operating conditions in the near future remains foremost in our efforts. The importance of maintaining reserves and safeguarding the Trust's financial position is vital to the wellbeing of all the people we support now, and hope to support in the future, as well as to our staff.

The fundraising costs of £29,616 (see Note 9) relate primarily to the internal Trust costs attributed to supporting this function. During 2020/21 donations of £2,214,823 were received, of which £1,580,108 were restricted, having been donated for specific purposes (see Note 3).

Reserves policy

The reserves policy will always seek to reflect the reality of the operating environment of the social care sector, as well as challenges or ambitions of the Trust. It will reflect the annual plan and strategy, as well as the organisational, strategic and major risks register.

The Finance & Resources Committee (FRC) annually reviews both the policy, to assess its relevance and effectiveness, and various elements of the organisation's risk profile to ensure that reserves targets are appropriate to the current circumstances. Any changes are recommended to the Trustees.

After the most recent review the FRC concluded that a risk-based reserves policy was still the most appropriate (as opposed to an actuarial/returns based policy) for the Trust, especially while managing through the uncertainties of the Covid-19 pandemic. The policy is based on a specific, tailored, risk-based approach which assesses what level of free reserves the Trust thinks is appropriate, and why.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

In devising a tailored risk-based reserves policy, we have identified the elements of risk that we wish to provide for and have established an appropriate value range for each. The risk elements identified are:

- Working Capital.
- Organisational Change Management Support Fund.
- Investment/Innovation Fund.
- Property Investment.
- Risk. This is in 3 strands:
 - Emergency cover to provide for one or more catastrophic events (the Covid-19 pandemic could be seen as a catastrophic event).
 - Traditional provision for the risks identified throughout the organisation, linked to and assessed against the strategic risk register.
 - Financial performance, acknowledging the risks of managing against budget in a volatile market

In consideration of the above risk elements, the Trustees determined an appropriate reserves target lay in the range of £6.5m to £12.25m (unchanged from the previous year). The target range was achieved with reserves of £7.11 million at 31 March 2021. Reserves were bolstered by the sale of a property that was no longer fit for purpose, and are here defined as those Unrestricted Income Funds not invested in land and buildings and other tangible fixed assets (i.e. 'free' reserves). In view of the current sector trading conditions the policy also defines a minimum (or critical) reserves level of £3.5m, and the reserves held well exceeded this critical-reserves level.

Investment Policy and Investment Portfolio Performance

The Trust holds an investment in the Barclays Managed Charities Fund. On a day-to-day basis the fund is managed by professional fund managers who have an investment objective to maintain a balance between capital appreciation and income, subject to a medium degree of risk.

The Trust's investment portfolio, unsurprisingly, saw a decrease in value during the early part of 2020 as a direct result of market uncertainty caused by Covid-19, however, markets subsequently recovered. As at 31 March 2021 the total value of the portfolio stood at £1,419,806 (note 15) compared to £1,165,771 as at 31 March 2020. The value of interest received on these investments during the year amounted to £37,581 (note 4), representing 2.6% of the year-end valuation, comparing favourably to bank interest rates. The Trusts policy is to obtain a return on these investments that exceeds the return that would have been achieved from normal cash investments, while maintaining and growing (over the longer term) their value.

Fundraising Policy

In its income generation activities Milestones Trust follows the requirements of charity legislation, money laundering and anti-corruption legislation and the standards promoted by the Fundraising Regulator and the Institute of Fundraising.

Milestones Trust therefore accepts financial support on the following conditions:

- The support can contribute to the furtherance of their charitable aims and objectives.
- The Trustees are satisfied accepting such support will not cause adverse publicity which affects our standing in the community in which we operate, our ability to raise funds from other established supporters or which will be detrimental to our professional reputation as a service provider.
- The Trust will not endorse or approve the services of any company, in particular those associated with its work (undertakers, solicitors etc.) whether in return for financial or other support or not.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

- The Trust will not sell any of its databases for any reason.

Risk Management

The major risks, to which the charity is exposed, as identified by Trustees, have been reviewed and systems have been established to mitigate those risks. These risks and systems are reviewed regularly by Trustees. Some risks can be mitigated by insurance and the observance of policies and procedures, whilst others require the establishment of a level of reserves.

Covid-19 Pandemic

The Covid-19 pandemic, with successive lockdowns, naturally presented new challenges. Our priorities were to keep the people we support and our staff teams safe and well, to ensure that we were following all government guidelines and that the organisation remained financially sustainable.

Several focused working groups were established, closely monitoring and recording daily progress of the Pandemic and our responses to the challenges it created. We also put together a specific Covid-19 risk register, identifying new risks and mitigating actions which the EMT updated regularly and shared with Trustees. One of the biggest challenges was rapid changes to government advice which meant that clear communication and recording was essential to ensure that all staff were fully informed throughout the Pandemic. We rapidly developed successful digital solutions to enable effective communications across the Trust.

We initially faced additional costs due to the need for agency staff to cover for staff sickness and the unplanned for cost of PPE while also facing reduced income due to the increasing voids. We continue to face the income losses from void beds which are much slower to fill due to visiting restrictions, and higher bank and agency now due to single service staff cohorting which severely curtails our ability to effectively use our Bank team across services. The government funding distributed to us by our commissioners, more recently focused specifically on infection control and rapid testing, has been very helpful and has helped us achieve financial stability for this year.

Despite the challenges a number of positives arose from the Pandemic, these include our ability to adapt to rapid change when critical, the creation of innovative digital solutions to service delivery and also to communications across the Trust, as well as collaboration with our commissioner colleagues.

General risk

The Trust has continued to review and respond to developing risks, and the experience of compiling and updating the Covid-19 risk register allowed us to review again how we recognised, recorded and mitigated against risk across the Trust. Insurances (including Business Continuity cover) are maintained and reviewed annually to ensure they meet the needs of the business. Business continuity planning is maintained at a Trust-wide and service/home level.

The principal risks facing the Trust continue to relate to the consequences of the financial constraints upon the public sector funding of health and social care, which have increased in the wake of the Covid-19 pandemic. This affects our ability to pay competitive rates of pay for staff who are required to be skilled and committed, and who have numerous other options within the job market. The issue of recruitment and retention has particularly impacted upon nurses, where there is a national shortage. While we are working hard to overcome those issues, the Trust continues to require high levels of agency staff, particularly nurses.

The Trust continued to develop strategic actions plans for recruitment, retention and reduced reliance on agency and these have been flexed to adapt to the changes in the job market created by Covid-19. Despite initial improvement in recruitment when many employment sectors had to 'close' in 2020 retaining these staff when job opportunities opened up again in 2021 was difficult. Focusing on attracting good candidates; recruiting consistently, inducting and nurturing new starters and retaining our experienced staff remains key to reducing reliance on agency workers. Where we need to use agency, we have a lead agency provider agreement and also

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

a short list of secondary preferred-agency providers.

Maintaining quality is a critical factor for all providers in the sector. Milestones Trust operates a Quality Assurance system which is underpinned by CQC's key standards. The results of CQC inspections are reported to the Board of Trustees at each meeting, and action plans are put in place to address any issues identified.

Whilst overshadowed by Covid-19, Brexit remains a pertinent issue for the Trust, and we have pro-actively supported our employees from the EU to apply for settled status, if they have wished to do so,

Going concern

The trustees will ensure appropriate resources are available such as may be required, to enable day to day working capital requirements to be met for a period of at least 12 months from the date of approval of these financial statements.

The care sector has been significantly impacted by the Covid-19 pandemic, and while government financial support alleviated some of the immediate additional costs, the repercussions have been, and will continue to be, significant for some time to come.

The Trust has taken action to mitigate the financial impact of the pandemic and services have compiled financial improvement plans with clear measurable actions to ensure future sustained viability. These financial plans together with monthly reporting & forecasting, tight budget control and careful cash management during the crisis, has resulted in the trustees' conclusion that the long-term impact on the Trust should be minimal. Therefore, the trustees anticipate that Milestones will continue to operate within its current financial projections and be able to tolerate a reasonable level of unforeseen circumstance for a period of at least 12 months from the date of these financial statements.

Plans for the future: Our current strategy

Delivering responsive, reliable, high quality person-centred services lies at the heart of our organisational strategy, 'Towards a Future Together', and in 2021 we will continue to work to achieve our objectives, focusing on modernising and rebalancing our service provision through the deregistration of generic residential services, promoting and marketing our specialist residential services, and implementing our nursing strategy.

While for 2021 the focus across the Trust is financial sustainability, we have also begun the work to develop our future strategy for 2022 onwards. As we enter a post Covid-19 world we will take the opportunity to learn from and build on some of the positives that have come about during the Pandemic such as our ability to react rapidly to changing circumstances while keeping the people we support at the centre of everything we do, developing positive links within local communities and building on our use of technology where it has improved people's lives.

There will also be the need to work with people we support and other key stakeholders to develop new and creative models of service delivery that continues to provide quality outcomes.

Finances have been scarce for many years within Social Care. Absent a change in government policy towards social care, and with inflationary pressures building in the economy generally it seems likely that they will become yet more difficult. Despite the funding challenges, we are aware that the need for our services has grown over the past years – there are still too many people with learning disabilities or mental health conditions who die early, lack employment, face loneliness or who are living in hospital settings because there are not sufficient services to meet their needs.

Underpinning our strategy development are three central commitments;

- Continue to deliver continuous improvement in the services we provide, always focusing on quality and person-centred outcomes for the people we support

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

- Finding creative and innovative ways to ensure that we do this while also maintaining financial sustainability
- Extending our services to enable more people to benefit.

Some of the key areas for the coming year include:

The clear direction of travel identified for the Trust in the Towards a Future Together strategy, to reduce residential provision and increase supported living provision via the de-registering of our services wherever possible, will continue under the banner of One Trust One Vision.

We will also build on our positive learning from the Covid-19 pandemic, focusing on the positive innovations adopted by our staff, to ensure we capture the good practice and new ways of working and build them into how our service provision is designed and delivered.

- The programme of modernising service delivery will gather pace, with more responsive services being delivered in a variety of ways. In response to changing patterns of need and the shortage of nurses nationally (as well as the changing expectations and aspirations of nurses in the wider workforce) we have developed, proposed and begun to implement significant changes. In particular, the role of nursing as a specialist function has been better recognised, with the creation of Nursing Practitioners who will provide expertise and support across one or more services. Recognising the previously limited pathways for career progression for support staff, we have begun to utilise the trainee Nursing Associate programme, with one cohort already being trained and another about to start.
- Alongside initiatives to modernise our service provision the financial viability of services is being addressed. The service financial improvement plans that have been developed and are being closely monitored to ensure real change happens to enable the Trust to operate in a long-term sustainable way.
- The programme of deregistration, although disrupted by the pandemic, will continue as we offer Supported Living services to people with more complex needs. This will continue to be the default service model, but it will sit alongside a suite of specialist services.
- The Culture Workstream will be rolled out in a post-Covid form, capitalising on the adoption of electronic communication and video-conferencing which have become the new norm. The aims of the Culture Workstream are currently being reviewed in light of the impact of the pandemic.
- We will continue to build on our previous successes in involving the people we support in all aspects of how the Trust operates by ensuring they: remain actively engaged in delivering a wide range of training, have more opportunities to engage with the Board of Trustees (and vice versa); increase involvement in recruitment and begin to have their voices heard within our staff appraisals. Aspirations for the year include the recruitment of people we support into paid positions within the organization, and the development of employment coaching to sit alongside the existing day-opportunities programme. As mentioned previously in this report, the new Inclusion and Involvement Lead has a focus on embedding rather than “doing” involvement across the Trust.
- Continue to develop and implement the strategic plan to reduce agency usage and improve staff recruitment and retention.
- Incorporate the Retention Strategy, into Local and Divisional Action Plans.
- Candidate attraction - as we emerge from the pandemic we aim to introduce a sustainable career path, to support both those who have limited experience of accessing the labour market to engage in working in social care and also those wishing to pursue successful career prospects within Social Care.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

- Further review of our procurement function across the Trust will continue, with new projects identified to improve processes and quality and reduce costs. A particular area to explore will be around the Principal Procurement Provider route (e.g. Amazon Business) to consolidate current buying routes and increase financial benefits to the Trust. During Q4 of 2021/22 we will re-tender our key Estates & Facilities contracts, looking to maintain value for money but with a focus on quality and meeting the changing needs of the Trust and people we support.

Notable actions for the coming year are these:

- Fully implement phase 2 of TrustNet, focusing on workforce management and rostering functionality, to build in efficiencies, and provide agility to support growth.
- Druetts Close, a shared service for four young adults with learning disabilities experiencing independent living for the first time, will open in October 2021. The aspiration is to involve the people we will support in all decisions regarding the running of the service, and give them opportunities to experience the risks, responsibilities, and joy of becoming an adult, whilst ensuring that it remains a safe space in which to learn.
- Addison Apartments, an innovative supported living scheme in Sea Mills for five young people with physical impairments and additional learning difficulties will open in November 2021. Tenants will be supported to access their local communities and to achieve their individual potential through supported living.
- Develop commercially viable and person-centred service models in consultation with the commissioners on key areas of our specialism i.e. mental health and learning disabilities and roll these out in areas outside the current geographical area served by the Trust (Bristol, North Somerset and South Gloucestershire.).
- Continue to build on our learning on deployment of technology in social care that was escalated by the pandemic. We will continue to work in partnership with Bristol City Council and the University of Bristol on a project that seeks to understand the impact that a smart speaker like Alexa can have on the people we support. We will also carry on with another partnership project focusing on robotics in social care. Our virtual tours of our services have helped us find ways for the people we support and their families to engage with our services at the referral stage when physical visits have not been possible, and we will be developing these and other virtual tools throughout the year.
- Re-design Trust properties so they are fit for the future and develop partnership arrangements with housing associations and private landlords to source new properties where the Trust could provide care and support.
- Continue to develop our Information Technology (IT) Strategy to support the strategic direction of the Trust, focusing on agile and integrated systems that also support compliance with data protection legislation and good practice such as data mapping and record keeping. To support mobile working we will further develop our Bring Your Own device policy, and we will develop other areas of growing interest including AI and the use of care apps to improve efficiencies in support delivery and reporting.
- Continue to look for new developments in all our disciplines.

The Trust is committing itself to expand its capacity in areas identified as important by the people we support, their families, commissioners and other partners. Like other charities, we work across boundaries, in our case health, social care and housing. We are close to the user and have a passion for good quality services.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

Employment policies

Milestones Trust promotes equal opportunities and celebrates diversity within all areas of its work, and it works in partnership with SARI which provides the organization with expert support and advice. The Trust has policies in place to ensure that employees are consulted and provided with appropriate information in order that they are fully involved in the organization's performance and are aware of its future direction. Area Managers hold monthly Service Managers' meetings (including virtual meetings since lockdown). Appropriate external and internal training is provided when implementing policies. Weekly Briefs are sent from the Executive Management Team to all employees, so that everyone has the information they need, and we also produce a quarterly magazine, 'One Trust', for all our staff and the people we support.

The Trust operates an open culture and the Chief Executive and (pandemic permitting) the EMT regularly visit homes and services and encourage staff to open channels of communication. The Trust has a recognition agreement with Unison and consultation takes regarding matters relating to pay and conditions of employment.

The Trust's pay strategy is set by the Board, including the remuneration of the CEO and the approach to pay awards is considered as part of budget setting, taking into account regional, and sector benchmarking and financial parameters.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Milestones Trust for the purposes of Company Law) are responsible for preparing the Strategic Report, Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Principles).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing those financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charitable parent company will continue in business.

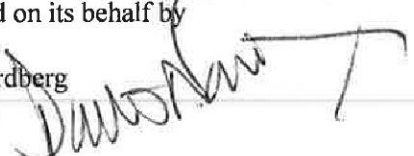
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' Report (incorporating the Strategic Report) was approved by the Board on 15 November 2021 and signed on its behalf by

D Nordberg
Chair



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILESTONES TRUST

Opinion

We have audited the financial statements of Milestones Trust for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILESTONES TRUST

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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. Based on our understanding of the charity and its industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILESTONES TRUST

those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the trustees' and 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 posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

Signed:



Jonathan Marchant (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street, Bristol, BS1 6DP

Date: 6/12/21

MILESTONES TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
INCOME FROM							
Donations and legacies	3	634,715	1,580,108	2,214,823	69,685	67,621	137,306
Other trading activities		20,656	-	20,656	-	-	-
Income from investments	4	43,609	-	43,609	58,927	-	58,927
Incoming resources from charitable activities	5	27,599,322	-	27,599,322	29,449,837	-	29,449,837
Surplus on disposal of fixed assets		362,789	-	362,789	5,900	-	5,900
TOTAL INCOMING RESOURCES		28,661,091	1,580,108	30,241,199	29,584,349	67,621	29,651,970
EXPENDITURE ON							
Raising funds	9	29,616	-	29,616	28,843	-	28,843
Charitable activities	6	29,118,939	-	29,118,939	30,271,885	-	30,271,885
TOTAL RESOURCES EXPENDED		29,148,555	-	29,148,555	30,300,728	-	30,300,728
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS/(LOSSES) AND TRANSFERS		(487,464)	1,580,108	1,092,644	(716,379)	67,621	(648,758)
Net gains/(losses) on investment assets	15	254,035	-	254,035	(187,396)	-	(187,396)
NET INCOME/(EXPENDITURE)		(233,429)	1,580,108	1,346,679	(903,775)	67,621	(836,154)
Gross transfers between funds		1,628,876	(1,628,876)	-	173,574	(173,574)	-
NET MOVEMENT IN FUNDS		1,395,447	(48,768)	1,346,679	(730,201)	(105,953)	(836,154)
Total funds brought forward		18,103,725	2,158,038	20,261,763	18,833,926	2,263,991	21,097,917
Total funds carried forward		19,499,172	2,109,270	21,608,442	18,103,725	2,158,038	20,261,763

*All activities relate to continuing operations.
The notes on pages 23 to 39 form part of these financial statements.*

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	Unrestricted Income Fund 2021 £	Restricted Funds 2021 £	Total 2021 £	Unrestricted Income Fund 2020 £	Restricted Funds 2020 £	Restated Total 2020 £
FIXED ASSETS							
Tangible assets	13	12,130,607	2,044,392	14,174,999	12,533,087	2,094,600	14,627,687
Intangible assets	14	280,720	-	280,720	143,451	-	143,451
Investments	15	1,419,806	-	1,419,806	1,165,771	-	1,165,771
Total fixed assets		<u>13,831,133</u>	<u>2,044,392</u>	<u>15,875,525</u>	<u>13,842,309</u>	<u>2,094,600</u>	<u>15,936,909</u>
CURRENT ASSETS							
Debtors	16	1,772,433	-	1,772,433	1,786,783	-	1,786,783
Cash at bank and in hand		5,887,207	64,878	5,952,085	4,723,339	63,438	4,786,777
Total current assets		<u>7,659,640</u>	<u>64,878</u>	<u>7,724,518</u>	<u>6,510,122</u>	<u>63,438</u>	<u>6,573,560</u>
CREDITORS: Amounts falling due within one year	17	(1,908,655)	-	(1,908,655)	(2,143,228)	-	(2,143,228)
Net current assets		<u>5,750,985</u>	<u>64,878</u>	<u>5,815,863</u>	<u>4,366,894</u>	<u>63,438</u>	<u>4,430,332</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,582,118</u>	<u>2,109,270</u>	<u>21,691,388</u>	<u>18,209,203</u>	<u>2,158,038</u>	<u>20,367,241</u>
CREDITORS: Amounts falling due in over one year	18	(19,958)	-	(19,958)	(30,845)	-	(30,845)
PROVISIONS for liabilities and charges	20	(62,988)	-	(62,988)	(74,633)	-	(74,633)
NET ASSETS		<u>19,499,172</u>	<u>2,109,270</u>	<u>21,608,442</u>	<u>18,103,725</u>	<u>2,158,038</u>	<u>20,261,763</u>
FUNDS OF THE CHARITY							
Funds invested in fixed assets		12,380,482	-	12,380,482	12,634,807	-	12,634,807
Investment revaluation reserve		5,651	-	5,651	-	-	-
Funds available for use		<u>7,113,039</u>	<u>-</u>	<u>7,113,039</u>	<u>5,468,918</u>	<u>-</u>	<u>5,468,918</u>
Unrestricted income funds	23	19,499,172	-	19,499,172	18,103,725	-	18,103,725
Restricted funds	24	-	2,109,270	2,109,270	-	2,158,038	2,158,038
TOTAL CHARITY FUNDS		<u>19,499,172</u>	<u>2,109,270</u>	<u>21,608,442</u>	<u>18,103,725</u>	<u>2,158,038</u>	<u>20,261,763</u>

Approved by the Board on 15 November 2021 and signed on its behalf by

D Nordberg
Chair

The notes on pages 23 to 39 form part of these financial statements.

MILESTONES TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Net incoming resources	1,346,679	(836,154)
Adjustments for:		
Depreciation and amortisation	490,180	442,799
(Surplus)/loss on sale of property, plant and equipment	(362,789)	(5,900)
Investments (gains)/losses	(254,035)	187,396
Investment income	(43,609)	(58,927)
Interest expense	1,676	1,146
Trade and other receivables	14,350	164,166
Trade and other payables	(254,997)	(272,358)
	<u>937,455</u>	<u>(377,832)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(137,872)	(720,633)
Purchase of intangibles	(175,854)	(145,847)
Proceeds on disposal of property, plant and equipment	510,532	5,900
Interest received	43,609	58,927
	<u>240,415</u>	<u>(801,653)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,676)	(1,146)
Finance lease repayments made	(10,886)	(10,886)
	<u>(12,562)</u>	<u>(12,032)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,165,308	(1,191,517)
Cash and cash equivalents at the beginning of the year	4,786,777	5,978,294
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>5,952,085</u></u>	<u><u>4,786,777</u></u>

The notes on pages 23 to 39 form part of these financial statements.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

COMPANY INFORMATION

The company is a private company, limited by guarantee and is incorporated in England & Wales. Its registered office address is Unit 10, Eclipse Office Park, High Street, Staple Hill, Bristol BS16 5EL. Milestones Trust meets the definition of a public benefit entity under FRS102.

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS 102”), and with the Companies Act 2006. They follow the recommendations in the Charities Statement of Recommended Practice (FRS 102). The Trustees have, in accordance with s.396 of the Companies Act 2006, departed from the standard format of the income and expenditure account in order to give a true and fair view and comply with the Statement of Recommended Practice.

The financial statements have been prepared on the historical cost basis except as specified in the accounting policies below. The financial statements are presented in Sterling (£) and are rounded to the nearest £.

Going concern

After reviewing the forecasts and projections, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. The impact of Covid-19 has been taken into account and while the outcome of the pandemic remains uncertain the Trust has robustly managed the challenges presented so far, both operationally and financially, and has confidence in its ability to continue to do so. The Trust therefore continues to adopt the going concern basis in preparing its financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Costs of a capital nature are capitalised when they relate to new purchases of significant value. Direct replacements of assets such as white goods are treated as revenue expenditure.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight line method at the following rates:

Freehold properties (excluding land)	2%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

Impairment reviews are conducted where there is some indication that impairment has occurred. Impairment losses are recognised to the extent that the carrying amount of an asset is considered to exceed its recoverable amount.

Due to the difficulty in identifying the large number of individual items of furniture, fittings and equipment, items of this nature are treated as disposed of in the financial statements once fully depreciated.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated so as to allocate the cost of intangibles less their estimated residual values over their estimated useful lives, using the straight line method at the following rates:

Software development costs	20%
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Investments

Listed investments are valued at fair value, being their mid-market value at the balance sheet date.

Investments in subsidiary undertakings are valued at cost in the company's own balance sheet, and removed from the financial statements on consolidation.

Debtors and creditors

Debtors and short term creditors are measured at the transaction price.

Cash balances and financial instruments

Cash balances and basic financial instruments are initially accounted for at their transaction price except for financing transactions, including bank loans, which are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the term of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the accounting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the statement of financial activities in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Restricted funds

These are earmarked by the donor or grantor, or the terms of an appeal, for specific purposes within the overall aims of the charity. The donation or grant and income deriving therefrom must be used in accordance with the specific purposes. Restricted funds may be of a capital or a revenue nature. In the latter case the restriction is discharged once the donation or grant is expended as required.

Income

Income from donations and legacies includes grant income, and is recognised on a receivable basis in the appropriate fund.

Incoming resources from charitable activities are recognised on a receivable basis, and consist principally of charges for the provision of residential and nursing care and related services. Incoming resources are allocated to charitable activities on the basis of actual amounts received. Contract income received in advance of the period to which it relates is deferred.

Historically, capital grants were received in the form of land and buildings to be used for the provision of accommodation for residents with learning disabilities or mental health needs. These properties cannot be sold without repayment of the related capital value. These grants are therefore accounted for as Restricted Capital Funds. The relevant assets are depreciated in accordance with the depreciation policy and the value of the Restricted Capital Fund is reduced accordingly.

Expenditure

All resources expended are included in the Statement of Financial Activities during the period in which they are incurred, on an accruals basis and inclusive of any VAT which cannot be recovered since the Trust is not registered for VAT.

Support costs and governance costs are allocated to charitable activities with the exception of a small proportion of support costs that have been allocated to costs of generating voluntary income, together with specific costs incurred.

Pension costs

Contributions payable to defined contribution pension schemes are charged to the income and expenditure account in the period to which they relate.

Contributions payable to the National Health Service pension scheme are charged to the income and expenditure account in the period that they arise. The scheme is a multi-employer scheme in which it is not possible for the Trust to identify its share of the underlying assets and liabilities, and the Trust is therefore exempted from some of the disclosure requirements of FRS 102.

Charitable commitments

Charitable commitments relate to the provision of continuing care for existing service users. All future charitable commitments will be met from future funding, via contract income from Social Services and Health Service commissioners, and residents' contributions. Future expenditure in respect of charitable commitments is therefore not recognised in the financial statements.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Termination benefits

Liabilities for termination benefits are recognised when the Trust is committed to terminating an employee's employment before normal retirement date. The liability is calculated as the best estimate of the cost at the reporting date.

Loan arrangement fees

Material loan arrangement fees are deducted from the amount of principal advanced in order to calculate the effective interest rate on the loan, and then treated as a component of the finance charge and amortised over the period of the loan.

3. INCOME FROM DONATIONS AND LEGACIES

	2021 £	2020 £
Restricted donations		
Restricted Covid related grants	901,963	-
Coronavirus Job Retention Scheme	571,219	-
Donations from Quartet	43,911	9,544
Health Education England grant	29,639	-
Skills for Care grant	8,580	4,350
Other restricted grants and donations	24,796	53,727
	<u>1,580,108</u>	<u>67,621</u>
Unrestricted donations		
Unrestricted Covid related grants	600,086	-
Other unrestricted grants and donations	34,629	69,685
	<u>2,214,823</u>	<u>137,306</u>

All restricted donations have been received for a specific purpose, of which £64,878 had not been spent at 31 March 2021. This amount is therefore carried forward as part of restricted funds (note 24). All other donations and grants were spent during the year and the restrictions have therefore been discharged. Equivalent transfers have therefore been made to the unrestricted income fund.

4. INCOME FROM INVESTMENTS

	2021 £	2020 £
Interest receivable	6,028	12,962
Income from stock exchange investments	37,581	45,965
	<u>43,609</u>	<u>58,927</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2021 £	2020 £
Health authority grant	618,945	789,712
Contract income	25,474,793	26,767,495
Service user contributions	1,437,742	1,744,659
PCT funding re increased pension contributions (note 27)	53,869	69,383
Other operational income	13,973	78,588
	<u>27,599,322</u>	<u>29,449,837</u>

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	2021 £	2020 £
Staff costs		
Employee costs	18,669,555	18,345,859
Agency staff costs	2,960,528	4,213,648
	<u>21,630,083</u>	<u>22,559,507</u>
Non-Pay costs		
Food and household	638,724	658,099
Residents amenities	162,240	260,399
Travel costs	173,659	267,572
Telephone	111,303	90,585
Stationery and office expenses	83,213	97,052
Hygiene and medical	421,369	304,498
Bad debts	(19,425)	(22,491)
	<u>1,571,083</u>	<u>1,655,714</u>
Property costs		
Utilities	486,160	518,580
Registration fees	48,124	56,451
Loan interest	1,676	1,146
Rent	364,309	367,699
Fixtures, repairs and maintenance	1,349,506	1,441,905
Property management charges	42,817	42,515
Depreciation	372,275	367,557
Council tax	90,412	84,463
	<u>2,755,279</u>	<u>2,880,316</u>
Support costs reallocated (note 7)	3,129,769	3,141,930
Governance costs reallocated (note 8)	32,725	34,418
TOTAL EXPENDITURE	<u>29,118,939</u>	<u>30,271,885</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

7. SUPPORT COSTS

	2021 £	2020 £
Head office property costs	153,782	188,186
Head office staff costs	1,784,964	1,721,312
Head office agency costs	4,350	32,998
Staff training and development	85,512	176,573
Staff recruitment	47,320	111,120
Staff and payroll support costs	349,175	191,601
Information technology	217,707	163,141
Insurance	133,914	125,345
Office consumables	91,946	110,896
Legal and professional fees	67,402	93,473
Bank charges	12,246	12,247
Marketing	61,761	91,115
Head office depreciation	83,631	46,338
Other head office expenses	51,786	93,374
	<u>3,145,496</u>	<u>3,157,719</u>
Less 0.5% recharge to expenditure on raising funds (note 9)	(15,727)	(15,789)
	<u><u>3,129,769</u></u>	<u><u>3,141,930</u></u>

8. GOVERNANCE COSTS

	2021 £	2020 £
Reimbursement of Trustees' expenses	118	2,419
Trustees' meeting, training and recruitment costs	-	2,192
External auditors' fees	21,420	20,568
Recharge 5% salary costs for Chief Executive and Director of Finance	11,187	9,239
	<u>32,725</u>	<u>34,418</u>

No remuneration has been paid to any trustee or any person connected with a trustee.

Expenses were paid to one (2020 four) trustee in respect of mileage and other expenses incurred.

Trustee indemnity insurance is in place, but the individual premium cost cannot be separated out from other combined policy premiums.

9. EXPENDITURE ON RAISING FUNDS

	2021 £	2020 £
Fundraising staff costs	13,889	13,054
Recharge 0.5% of support costs (note 7)	15,727	15,789
	<u>29,616</u>	<u>28,843</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10. STAFF COSTS

	2021 £	2020 £
Wages and salaries	18,734,763	18,242,269
Social security costs	1,348,752	1,315,590
Other pension costs	425,386	454,623
	<u>20,508,901</u>	<u>20,012,482</u>
Apprenticeship levy	76,862	76,981
	<u>20,585,763</u>	<u>20,089,463</u>
Remuneration costs of key management personnel	430,648	390,521
Redundancy and termination payments	248,575	93,840
	<u>679,223</u>	<u>484,361</u>

Key management personnel are considered to consist of the Chief Executive, Director of Finance, Director of Operations, Director of Human Resources and the Director of Business Development.

Agency staff are engaged when necessary to cover staff shortages or absences. Agency expenditure during the year ended 31 March 2021 amounted to £2,964,877 (2019 £4,246,646).

11. EMPLOYEES

The average number of employees during the year was as follows:

	Average number		Whole time equivalents	
	2021	2020	2021	2021
Management and administration	67	60	59	52
Care staff	999	1,034	795	801
	<u>1,066</u>	<u>1,094</u>	<u>854</u>	<u>853</u>

Employees whose emoluments fell within the following ranges were as follows:

	2021	2020
£60,000 to £70,000	2	3
£70,000 to £80,000	1	0
£80,000 to £90,000	0	1
£90,000 to £100,000	1	0

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. NET INCOME FOR THE YEAR

	2021	2020
This is stated after crediting:	£	£
Profit on disposal of tangible fixed assets	362,789	5,900
and after charging:		
Operating leases - property rental	412,608	422,417
- motor vehicles	39,945	44,909
Auditor's remuneration – audit fees	18,200	17,850

13. TANGIBLE FIXED ASSETS

	Freehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
COST				
At 1 April 2020	21,112,497	357,995	344,952	21,815,444
Additions	118,946	-	17,000	135,946
Disposals	(220,228)	(18,720)	-	(238,948)
At 31 March 2021	21,011,215	339,275	361,952	21,712,442
DEPRECIATION				
At 1 April 2020	6,649,549	217,099	321,109	7,187,757
Charge for the year	376,061	45,605	19,225	440,891
Disposals	(72,485)	(18,720)	-	(91,205)
At 31 March 2021	6,953,125	243,984	340,334	7,537,443
NET BOOK VALUE				
At 31 March 2020	£ 14,462,948	£ 140,896	£ 23,843	£ 14,627,687
At 31 March 2021	£ 14,058,090	£ 95,291	£ 21,618	£ 14,174,999

The net book value of freehold properties includes £2,205,237 (2020 £2,235,237) in respect of non-depreciable land.

The net book value of fixtures and equipment includes £30,832 (2020 £41,719) in respect of assets held under finance leases.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

14. INTANGIBLE FIXED ASSETS

	Software costs £
COST	
At 1 April 2020	337,797
Additions	186,557
Disposals	(24,000)
At 31 March 2021	<u>500,355</u>
DEPRECIATION	
At 1 April 2020	194,346
Charge for the year	49,289
Disposals	(24,000)
At 31 March 2021	<u>219,635</u>
NET BOOK VALUE	
At 31 March 2020	<u>143,451</u>
At 31 March 2021	<u>280,720</u>

Additions to intangible fixed assets include £102,233 in respect of capitalised salary costs.

15. INVESTMENTS

	2021 £	2020 £
Listed Investments		
Valuation at 1 April 2020	1,165,771	1,353,167
Realised (losses)/profits on disposal	(8,165)	144
Unrealised profits/(losses) on revaluation	262,200	(187,540)
Valuation at 31 March 2021	<u>1,419,806</u>	<u>1,165,771</u>

Listed investments represent amounts invested in the Barclays Managed Charities Fund. This is managed by Barclays' Fund Managers. The investment is held to provide an investment return to the charity.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16. DEBTORS

	2021 £	2020 £
Operational debtors	1,466,892	1,492,638
Other debtors	62,085	19,639
Prepayments and accrued income	243,456	274,506
	<u>1,772,433</u>	<u>1,786,783</u>

17. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Finance lease creditor	10,886	10,886
Trade creditors	870,843	832,352
Tax and social security	84,469	306,855
Other creditors	140,479	146,041
Accruals and deferred income	801,978	847,094
	<u>1,908,655</u>	<u>2,143,228</u>

18. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Finance lease creditor	<u>19,958</u>	<u>30,845</u>

19. MATURITY OF LONG TERM CREDITORS

Finance leases

	2021 £	2020 £
Amounts falling due:		
Within one year (note 17)	10,886	10,886
Within 1 to 2 years	19,958	10,886
Within 2 to 5 years	-	19,959
	<u>30,844</u>	<u>41,731</u>
Less: amounts falling due within one year (note 17)	<u>(10,886)</u>	<u>(10,886)</u>
	<u>19,958</u>	<u>30,845</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension deficit £
At 1 April 2020	74,633
Paid during the year	(15,475)
Re-measurement of provision	2,154
Unwinding of discount factor	1,676
At 31 March 2021	<u><u>74,633</u></u>

The pension deficit provision relates to the obligation to pay additional contributions to the Trustees of the TPT Retirement Solutions Growth Plan pension scheme in order to fund the deficit in value of that scheme (note 27). The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using a discount rate of 0.66% (2.53% at 31 March 2020). The unwinding of the discount rate is recognised as a finance cost.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Revaluation reserve	Unrestricted funds invested in fixed assets	Balance of unrestricted funds	Restricted capital fund	Restricted income fund	Total funds
	£	£	£	£	£	£
FIXED ASSETS						
Tangible assets	-	12,099,762	30,845	2,044,392	-	14,174,999
Intangible assets	-	280,720	-	-	-	280,720
Investments	5,651	-	1,414,155	-	-	1,419,806
Total fixed assets	5,651	12,380,482	1,445,000	2,044,392	-	15,875,525
CURRENT ASSETS						
Debtors	-	-	1,772,433	-	-	1,772,433
Cash at bank and in hand	-	-	5,887,207	-	64,878	5,952,085
Total current assets	-	-	7,659,640	-	64,878	7,724,518
CREDITORS: Amounts falling due within one year						
Net current assets	-	-	(1,908,655)	-	-	(1,908,655)
TOTAL ASSETS LESS CURRENT LIABILITIES						
CREDITORS: Amounts falling due in over one year	-	-	(19,958)	-	-	(19,958)
PROVISIONS for liabilities and charges	-	-	(62,988)	-	-	(62,988)
NET ASSETS AT 31 MARCH 2021	5,651	12,380,482	7,195,985	2,044,392	64,878	21,691,388
	-	-	(19,958)	-	-	(19,958)
	-	-	(62,988)	-	-	(62,988)
	5,651	12,380,482	7,113,039	2,044,392	64,878	21,608,442

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22. MOVEMENT OF FUNDS

	Revaluation reserve	Unrestricted funds invested in fixed assets	Balance of unrestricted funds	Restricted capital fund	Restricted income fund	Total funds
	£	£	£	£	£	£
AT 1 APRIL 2020	-	12,634,807	5,468,918	2,094,600	63,438	20,261,763
Surplus for the year ended 31 March 2021	5,651	(254,325)	15,245	-	1,580,108	1,346,679
Transfers between funds	-	-	1,628,876	(50,208)	(1,578,668)	-
AT 31 MARCH 2021	5,651	12,380,482	7,113,039	2,044,392	64,878	21,608,442

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

23. UNRESTRICTED INCOME FUNDS

The unrestricted income funds consist of:

Funds invested in tangible and intangible fixed assets – being the value of tangible and intangible fixed assets (notes 13 and 15) less the value of loans secured thereon (note 20), less restricted funds invested in fixed assets (note 24).

Investment revaluation reserve – being cumulative unrealised gains less unrealised losses arising on the investment portfolio (note 15).

Funds available for use – being the balance of unrestricted funds.

24. RESTRICTED FUNDS

Restricted funds represent capital or income donations or grants received by the Trust for specific purposes. In the case of restricted income donations or grants the restriction is discharged once the donations or grants are expended as required.

Restricted capital fund

It was a condition of capital grants received in the past that properties purchased continue to be used for specified charitable purposes and the grants are secured by legal charges in favour of the Secretary of State for Health. If the properties cease to be used for these purposes or are sold without authorised reinvestment, then the market value of the property is repayable to the Health Authority. The restriction in respect of these grants was therefore not discharged when the properties were purchased. These grants continue to be reflected in the balance on restricted funds, but are stated net of amounts released annually to the unrestricted income fund to offset related depreciation charges.

Since there is no intention, in the foreseeable future, to cease to use the properties for the specified charitable purposes, nor to sell them without reinvestment, it is considered that no provision should be made for grants potentially repayable to the Secretary of State for Health.

Restricted income fund

During the year ended 31 March 2021, there were restricted income donations and grants amounting to £1,580,108 (2020 £67,621). This includes £901,963 in respect of government funded Covid related grants to fund additional infection control measures, the introduction of regular lateral flow testing for visitors and employees and improvements in workforce capacity. See note 3 for further details of donations and grants received. The restrictions have been discharged in respect of restricted donations and grants amounting to £1,578,668, including some donations and grants received in prior years, and an equivalent transfer has therefore been made to the unrestricted income fund.

25. CAPITAL COMMITMENTS

	2021 £	2020 £
At 31 March 2021 there were the following contracted for capital commitments	-	91,000

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

26. OPERATING LEASE COMMITMENTS

At 31 March 2021 there were the following total commitments under non-cancellable operating leases:

	Land and Buildings 2021 £	Motor Vehicles 2021 £	Land and Buildings 2020 £	Motor Vehicles 2020 £
Expiring within one year	311,095	4,977	336,358	17,609
Expiring in two to five years	11,450	-	33,125	1,368
Expiring in more than five years	-	-	-	-
	<u>322,545</u>	<u>4,977</u>	<u>369,483</u>	<u>18,977</u>

27. PENSION COSTS

The Trust participates in one defined contribution scheme and one defined benefit schemes. The assets of both pension schemes are held separately from those of the Trust in independently administered funds.

TPT Retirement Solutions – The Growth Plan Series 4

Contributions payable by the Trust to this defined contribution scheme, in respect of 957 employees (2020 911), amounted to £323,241 (2020 £319,125). Contributions totalling £73,435 (2020 £66,189) were payable to this fund at 31 March 2021 and are included in creditors (note 17).

NHS Pension Scheme

Some employees of the Trust are eligible for membership of the NHS Pension Scheme. This is a multi-employer defined benefits scheme for the National Health Service and other approved organisations.

Contributions payable by the Trust to the NHS Pension Fund during the year, in respect of 38 employees (2020 49), amounted to £102,145 (2020 £135,034). Employers' and employees' contributions totalling £nil (2020 £14,221) were payable to this fund at the balance sheet date and are included within other creditors (note 17).

Due to the nature of the scheme, the Trust is unable to identify its share of the underlying assets and liabilities and, in accordance with FRS 102, the Trust is therefore exempted from providing details of these. The cost of pensions are met by a level percentage contribution called the Normal Contribution rate, calculated by the Government Actuary on the basis of quinquennial valuations using the prospective benefits valuation method.

The most recent valuation, published in February 2019, was for the four years from 2012 to 2016. This is a public document available from HM Stationery Office and for a more complete understanding it should be reviewed in its entirety.

The most recent actuarial valuation showed that the value placed on notional investments at 31 March 2016 amounted to £278.1 billion and that the present value of benefits accrued to members amounted to £297.5 billion, net of the present value of future contributions by current members. There was therefore a deficiency at 31 March 2016 amounting to £19.4 billion.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Most existing NHS pension scheme members were transferred to a new scheme (“the 2015 scheme”) on 2015. The previous actuarial valuation was required to take account of the impact of the introduction of this scheme. It concluded that the employer contribution rate for the period from 1 April 2015 to 31 March 2020 should be increased to 14.3% of pensionable pay.

The latest actuarial valuation concluded that the employer contribution rate should be increased to 20.6% of pensionable pay for the period from 1 April 2020 to 31 March 2023 to meet the cost of scheme benefits. The

Department of Health and Social Care (DHSC) confirmed this increase, but the Government has committed to providing additional funding to meet this additional cost to employers. It has subsequently been confirmed that for 2021/22 the amount to be collected from employers will continue at 14.3% (plus 0.08% administration charge) and that central payments will be made by NHS England and by DHSC to cover the remaining cost.

Commitments have also been given that the additional funding will recur annually until March 2023.

TPT Retirement Solutions – The Growth Plan Series 3

Prior to 1 October 2012 employees were eligible for participation in Series 3 of The Pensions Trust’s Growth Plan (the Plan). On 1 October 2013 the Plan was closed, and all employees within the Plan were transferred to Series 4, a defined contribution scheme (see above). Although the Plan is now closed, details are included here as the Trust has a number of actual and potential future liabilities relating to it.

The Plan is a multi-employer pension plan that provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Trust to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme and therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation of the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9 million, liabilities of £926.4 million and a deficit of £131.5 million. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

*Deficit contributions from 1 April 2019 to 31 January 2025
£11,243,000 per annum, payable monthly and increasing by 3% each year on 1 April*

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

The scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4 million, liabilities of £969.9 million and a deficit of £176.5 million. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions from 1 April 2016 to 30 September 2025

£12,945,440 per annum, payable monthly and increasing by 3% each year on 1 April

Deficit contributions from 1 April 2016 to 30 September 2028

£54,560 per annum, payable monthly and increasing by 3% each year on 1 April

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. The Trust recognises a liability for this obligation, being the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The net present value of the Trust's provision is £62,988 (2020 £74,633). See note 21 for details of the calculation of this provision.

28. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year or the prior year.

29. LIMITED LIABILITY STATUS

The Trust is a company limited by guarantee with no share capital.

