

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022**

MILESTONES TRUST

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

Telephone: (0117) 970 9300 Fax: (0117) 970 9301

Company number 02011021 Charity number 294377

www.milestonetrust.org.uk

MILESTONES TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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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)
D D Wilson
J E Buswell
K Pattison
S J Jones
D P Sarpong (appointed 13 December 2021)
K D Guy (retired 30 June 2021)
R H Nash (retired 13 December 2021)
J H Self (resigned 27 June 2022)

P M Collins
T S Jenkinson
S Cummings
N L McKen

Secretary:

H A Pearce

Key Management Personnel:

H Crowhurst
H A Pearce
J Parry
G Meehan
M Beavis

Chief Executive
Director of Finance
Director of Operations
Director of Human Resources
Director of Estates, Facilities and IT

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 2022

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 in 2020/21 and during the post pandemic recovery in 2021/22. We have seen trustees depart as their terms of office ended. New trustees have joined, and continue to join, bringing new perspectives and backgrounds. We have been very fortunate in recent years 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 how the Trust adapted to the challenges that Covid presented.

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 serve 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. The Board currently numbers 10.

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 recruitment in order to augment the skills and experience of the Trustees, as well as advertising locally and nationally. The Trust also aims to have a diverse membership with Trustees being representative of the communities in which we support people, wherever possible.

All Trustees undertake an induction, including an awareness of their governance responsibilities. Trustees are also offered the opportunity to attend other relevant training courses. The Trustees meet at least four times a year as a Board, as well as participating on committees. Following a review of Board and committee arrangements the committees are now: Support & Development, Finance & Resources, (both of which meet at least quarterly) and a new committee, Governance & Risk, which will meet at least twice a year. All committees report 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.

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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 (Exec). The Exec is held accountable for the successful implementation of business plans, maintenance of standards, and financial management of the Trust. Their collective experience has proved invaluable in meeting the on-going challenges of operating in the social care sector during, and after, the Covid-19 pandemic.

The Trust plays an active role in the local health and social care communities, where it operates, principally in Bristol, South Gloucestershire and North Somerset. Trust staff and the people we support are encouraged to participate in opportunities to comment on and shape service developments. 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 and beyond.

The Trust's key partnerships are with the local authorities and the new healthcare partnership organisations Integrated Care System Boards (ICBs), which now incorporate the previous work of clinical commissioning groups. The two ICBs we work with are those of Bristol, North Somerset and South Gloucestershire (BNSSG) and of Bath & North East Somerset, Swindon and Wiltshire (BSW). 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'.

Vision & Mission Statement

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

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

The Trust's core values can be found on the Trust's website (www.milestonetrust.org.uk).

Strategic Plan

During 2021 and early 2022 the Trust further developed its Strategic Plan, and this was approved by the Board in March 2022.

Strategic Focus for 2022/23

The three key areas for focus in 2022/23 are:

- Financial recovery
- Maintaining quality
- Achieving growth

With a particular focus on overcoming the post pandemic challenges of staff recruitment and retention in an economic recession.

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Milestones Trust supports people with learning disabilities and enduring mental health needs and currently the core activity is the provision of nursing and residential care in 32 homes serving 234 people. The homes range from small domestic properties accommodating 4 or 5 people, to some larger specialist nursing homes registered for 14 or 15 people. Of these 32 homes, the Trust owns 26; 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 and in particular has concentrated on a range of Supported Living services and services to help transition people from residential care to supported living and as much independence as possible. The Trust operates more than 30 Supported Living services, which also provide support to people with a learning disability or who have mental health needs. We offer support with accommodation (22 services) and provide care packages to people in their own homes (over 10 services). Of the supported living accommodation, 13 properties are owned by the Trust, the remainder are leased from housing associations or local councils. Promoting independence has always been one of the Trust's aims and enabling people to gain increased rights (and responsibilities) by becoming tenants is an important positive step on this journey. Around 200 people are supported to live the life they choose through these services.

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 is circa 575.

The Trust continues to reduce residential provision, in which the building and service is registered with the Care Quality Commission, and increase supported living, where personal care for individuals is CQC-registered. The pandemic unfortunately slowed this process up, but our major priority remains to de-register residential services wherever possible.

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. The pandemic necessarily halted the natural progression of this work but it was 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.

As we continue to recover from the pandemic and face the challenges of economic recession, the expectations on our teams will change and we will revisit and reinvigorate our staff training programme and develop a learning and development strategy. In particular our person-centred approaches training is being redesigned as we welcome a return to some face to face training in this important area.

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. 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.

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Our arts activities, under 'Expressions', provide people we support with opportunities to explore their creativity and opportunities for the general public to appreciate the abilities of all those who use our services. Our 'Warmley Wheelers' initiative offers accessible bikes so people with varying abilities are able to enjoy cycling. We also support music sessions under the banner of 'Music Train' which encourage participation, and sponsorship, from the wider community. Whilst some of these activities had to be delivered differently in the height of the pandemic we found creative ways of widening participation. For instance, the musicians involved in Music Train have provided many activities 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 2021-22, another significant contribution to public benefit was simply 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 our staff. It illustrates how the Trust "lives" its values.

The Health and Social Care environment has always been a demanding one, and for 2021-22 this was made considerably more challenging by the continued impact of the Covid-19 pandemic. In the earlier part of the financial year the barriers to filling empty beds in our services that the pandemic created meant that our financial losses were high. Though thankfully referral and placement processes have now started to return our occupancy to a more normal position.

The pandemic also changed the job market across the country permanently. The furlough scheme initially brought new workers to the sector, but this changed as lockdown ended and in 2021-22 we have had sector specific, and more general recruitment challenges as follows:

- Covid-related regulation forced us to employ individuals for only one service, a considerable burden on efficiency, which relaxed only towards the end of the financial year.
- Compulsory vaccinations for staff in registered care homes, imposed during late 2021, meant we lost 20 staff, who felt unable to comply with this requirement. Despite the government later removing this stipulation, few of these workers have returned to the sector.
- Many workers re-evaluated their working lives as a result of the pandemic, and withdrew from the labour market, creating very low unemployment. Resulting in several different employment sectors targeting the same, now smaller, market for staff.
- Restrictions on people coming to the UK for work (post-Brexit) has reduced the number of active job seekers in the market.
- While the pandemic 'ended' for the country it did not end for the care sector, where support workers still wear face masks and carry out stringent measures to limit the spread of infection. Regular spikes in infection rates across the country following events such as the jubilee, impact our services, creating further financial pressures covering staff absences.
- Moreover, and importantly for the Trust, the pandemic has exacerbated the national shortage of nurses.

All of this created significant staff resource pressures; recruitment and retention became even more difficult. Shifts having to be filled by agency became even more expensive as agencies also struggled to recruit sufficient workers. This resulted in significant overspends on staffing costs.

Another major impact of the pandemic for the Trust was the financial performance of our 45-bed specialist dementia service, Humphry Repton House. In 2020-21 we began the process of redesigning this service and

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reducing capacity temporarily to 36 beds. While good progress was made on the service redesign and modernisation, referrals were poor and numbers reduced as our commissioners placed into more generic dementia services. This was a direct result of the pandemic with those more generic care homes for older people having higher than normal vacancies and adapting their offer to include the more complex market.

The service at HRH also suffered from the staffing issues described above, and the investment required in the building to complete the service modernisation could no longer be justified. The trustees therefore made the very sad decision in January 2022 to close the service, and this was achieved in June 2022. All the residents moved onto new placements, some within Milestones, and we retained many of the staff to work in our other services. The building has been sold (subject to planning permission) for redevelopment to housing, and the contract exchanged in August. Sale proceeds will enable the Trust to invest in the future in services/buildings which have a better strategic fit.

Despite all of those challenges, the year under review has seen some very encouraging achievements, many of which will put the Trust in a better position for the rest of 2022/23 and beyond:

- We opened a new supported living service for 4 young adults with learning disabilities experiencing independent living for the first time, in a refurbished property called Druetts Close. The service model involves the people we support in all decisions regarding the running of the service. It gives 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. The property benefited from a full refurbishment throughout, creating a modern yet homely environment and the existing garage was turned into a self-contained flat that provides an independent living-space. Wifi was installed to ensure connectivity throughout the home, allowing the people we support to connect their own devices to high speed internet.
- We successfully tendered to support Bath & North East Somerset's ambitious project to reshape their mental health provision by commencing development of a Whole System for specialist mental health care and 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 to spot contract with Bath & North East Somerset 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.
- Maintaining quality during the pandemic has been a key focus. We have received five in-person inspections. Three services maintained their "Good" ratings, and although one service went from "Good" to "Requires Improvement", another went back to "Good". The Trust is very proud that at the point of signing this report 100% of our 32 registered settings are rated as Good or Outstanding. Our internal audit process has continued throughout the pandemic, and we have restructured the Quality team to better give focussed support to services.
- Data Protection and Information Governance. We again successfully completed the Data Security Protection Toolkit (DSPT) in June 2022, achieving 'Standards Met' but also meeting the requirements on many non-mandatory sections too. The DSPT is quite heavily IT focused, and so we have also been using the Information Commissioners Office (ICO) Accountability Framework tracker to assess how we meet the ICO's expectations and also to help us develop action plans for continuous improvement. The cross departmental Information Governance Group, continued to meet regularly ensuring appropriate oversight of data protection issues and a clear line to the Executive and the Trustees. Several sub groups were formed to progress particular workstreams such as policy review and communications, which are helping to embed data protection knowledge and awareness in our workforce, and a survey that was conducted to measure this gave us reassurance that the majority of staff feel confident to take the appropriate action on data security and data sharing protection issues.

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- In the summer of 2021 the Trust started to welcome back volunteers who had been volunteering before the pandemic. Recruitment of new volunteers resumed in October 2021 and we also welcomed team volunteering over the summer of 2021 for outdoors projects. Therefore, 2021/22 saw a shift back towards face to face volunteering, although slowly and cautiously, with risk management processes in place. The positive impact on the people we support and our staff was profound. Staff said 'the volunteer we have at the home has brought happiness and joy to the home', and volunteers said the best thing about volunteering for the Trust was 'meeting people and doing things that add value and interest to their lives' and 'seeing a welcoming smile; hearing "come again"'. The estimated value of corporate and individual volunteering is over £50,000 for 2021/22.
- We continued to implement and roll out our new HRIS (Human Resources Information System). Following successful implementation of payroll and HR modules and the self-service functions for electronic payslips in 2020, further functionality was added over the year; in addition to other HR modules (recruitment, on-boarding, learning and development), our e-rostering system was also rolled out across the organisation. In addition to integrating data with payroll e-rostering provides reliable and robust management information, enabling more responsive and effective decision making.
- Fundraising continued to be negatively impacted by Covid-19, and this, alongside the loss of the Trust's Fundraising Co-ordinator in January, 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, fundraising through grants from trusts and foundations, crowdfunding campaigns and other donations, including a virtual cycle challenge, achieved over £30,000 for the year. This went predominantly on running (and improving) Warmley Wheelers cycling scheme and our Expressions Arts participants and Exhibition. We were also successful with a major donation of £250,000 to help us renovate and re-purpose a large 15 bedroom empty property, Graeme Close, into an 8-person supported living transition service for adults with learning disabilities and complex needs (see plans for the future).
- Addison Apartments, an innovative supported living scheme in Sea Mills for five young people with physical impairments and additional learning difficulties opened in July 2022. Tenants will be supported to access their local communities and to achieve their individual potential through supported living.
- In order to understand the current IT landscape across the Trust, our current infrastructure and areas for improvement, our IT team conducted a Technology review which then led to the creation of an IT strategy and a roadmap that set out key initiatives over a three-year timeframe. In order to test our thinking, and provide confidence in the roadmap, a number of 'proof of concept' projects were undertaken as set out below;
 - End-user computing proof of concept - to showcase new ways of working
 - Services network modernisation proof of concept - to deliver Wifi and Internet access across all corners of the Service/Home (incorporating a Wifi/Internet installation at Druetts Close)
 - Introduced a new IT service management system making it easy to contact IT Support and be kept up to date on the progress of IT requests or case
 - Implemented a mechanism to securely bulk upload and store third party vaccination evidence
 - Enhanced the process for on-call emergency out of hours
- To increase our Cyber Security, an external vulnerability test on the Trust Office and services where Milestones provide internet access was undertaken and successfully completed. Although, the results were positive we have sought to build improvements into the key initiatives planned over the next few years and a plan was put in place to carry out this test annually to ensure our internet facing systems (i.e. remote access and email) remain secure.

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The need to work more efficiently has never been so important, and in line with the priorities outlined above we have worked to reshape our operational management structure. This has meant removing two layers of management, and the old structure of 2 Divisional Directors and 6.8 full time equivalent Area Managers has been replaced by 4 Senior Operational Managers (3 in LD and 1 in MH), each of whom manage an average of 7 direct reports. Each Senior Operational Manager takes responsibility for around £7m of business. The focus of these roles is to ensure that we deliver on our key priorities: financial turnaround, maintaining (or improving) quality, and growth. To support the cultural change this structure has required, we have also restructured the Quality team, introducing a Compliance Lead and merging some posts.

The international shortage of nurses has continued to put pressure on our nursing services, and we have continued to work to introduce a method of providing targeted nursing support. In consultation with the CCG commissioners then in post, this has seen the provision of shared nursing support not only in our mental health services but also across two LD services and our respite provision. We have continued to embrace the introduction of the Nursing associate qualification, and as our first two trainees near registration, they have been joined by a second cohort and recruitment is underway for a third.

In February we were joined by a new Head of Communication and Marketing – a post that had remained vacant during the pandemic. Priorities for this role include revamping recruitment marketing through promotion of the organisation's brand, and particularly more extensive use of social media. Plans were also developed to increase stakeholder interaction (which could not be achieved through the period of restrictions associated with the pandemic), through re-establishing and developing links with education providers, job centres and employment projects. By the end of the financial year a campaign was planned, and materials developed for its launch.

The strategic objectives determine other priorities for the role; including employee engagement and brand promotion to support organisational growth.

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 was again much higher than usual, representing in large part 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 specific uses relating primarily to infection control and rapid testing.

2021/22 was a challenging year, both operationally and financially, as this trustees' report shows. The second year of the pandemic had a profound impact on society as a whole with many people rethinking how they wanted to engage with work leading to a general reduction in those actively looking for work as well as potential and existing, employees seeking maximum flexibility. This created a more difficult environment for recruitment and staff retention, particularly in social care where 24/7 shift working is required. When added with single service staff cohorting and compulsory covid vaccinations, our reliance on agency staff increased, with significant additional costs. The social care staffing crisis therefore had the biggest impact on our financial performance and was the primary reason behind the operational deficit generated for the year of (£487,244). After gains on the investment assets of £72,166, the statement of financial activities shows a deficit of (£415,128) (2021 surplus £1,346,679). The Statement of Cash Flows on page 21 reflects the performance for the year.

The Trust continues to take actions to address the disappointing financial performance of recent years (see Plan for the Future section) and has been able to set a modest operational surplus budget for 2022/23, though this goal is being challenged by the worsening rate of inflation and the continued uncertainties of national and world events. To focus on the Strategic Priorities for 2022/23 of financial recovery, maintaining quality and growth the operational management structure of the Trust has been reviewed (see Achievements and Performance section) so that the new Senior Operational Managers (SOM's) can work more closely with their Service Managers to bring about the changes needed. These include service redesigns and modernisations to ensure our services are fit for purpose and our voids are filled quickly, the development of new services, and a focus at a local level on

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the effective deployment of staff resources, improved staff recruitment/retention and reduced agency reliance. All of this is being balanced with the continued impact of operating in an environment where we continue to live with covid and its repercussions, and the knowledge that the previously received government specific covid related grant income for the sector has ceased.

Despite the challenging financial year, demand for Trust services and the underlying Trust balance sheet remain sound. At 31 March 2022 Net Current Assets stood at £5.2m (2021: £5.8m), and Net Total Assets were £21.2m (2021: £21.6m). The Trust is also clear of debt with no outstanding loans or mortgages.

The importance of acting swiftly 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.

Fundraising costs of £29,230 (see Note 9) relate primarily to the internal Trust costs attributed to supporting this function. During 2021/22 grants and donations of £1,197,312 were received, of which £909,052 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 given financial performance, the social care recruitment crisis and the economic recession. 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.

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

- Working Capital.
- Organisational Change Management Support Fund.
- Investment/Innovation Fund.
- Property Investment.
- Operating 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).
 - A provision for the various risks identified throughout the organisation which could impact on the delivery of the strategy (monitored via a risk register)
 - Financial performance, acknowledging the risks of managing against budget in a volatile market

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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 £6.76 million at 31 March 2022. Reserves 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.

The Trust will be investing in its IT strategy 2022/23 – 2024/25 and trustees have agreed to commit from reserves (investment/innovation fund) the funds necessary to achieve this (see Plans for the Future section). The Trust is also utilising its reserves (organisational change) to achieve the closure of Humphry Repton House.

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 has an agreed Investment Policy in place, and in line with that policy invested a further £500,000 into the Charity Fund in November 2021. The Trust's investment portfolio, unsurprisingly, saw some volatility during the early months of 2022 as a direct result of market uncertainty caused by inflation and the Russian invasion of Ukraine. Despite this, as at 31 March 2022 the total value of the portfolio stood at £1,991,923 (note 15) compared to £1,419,806 as at 31 March 2021. The value of income received on these investments during the year amounted to £39,883 (note 4), representing 2% 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.
- 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.

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Covid-19 Pandemic

The Covid-19 pandemic, with successive lockdowns, naturally presented new challenges which were most evident in 2020/21. The Trust put together a specific Covid-19 risk register, identifying new risks and mitigating actions which the Exec updated regularly and shared with Trustees. This pandemic risk register has now been combined with the Trust's main organisational risk register.

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 how we recognised, recorded and mitigated against risk across the Trust. This is continually under review and an externally facilitated session with Trustees has also been held to look again at the process of risk management in 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, and the social care staffing crisis, both of 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. 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 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.

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 operational reorganisation discussed above has given better focus on financial turnaround, and services have compiled financial improvement plans with clear measurable actions to ensure future sustained viability. These financial plans together with monthly reporting and forecasting, tight budget control and careful cash management during the crisis, have led to the Trustees' conclusion that the long-term impact on the Trust should be modest. 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.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Plans for the future: Our current strategy

Delivering responsive, reliable, high-quality, person-centred services has always been at the heart of our organisational strategy, and this continues. For 2022/23 the areas of focus are financial recovery, maintaining quality and achieving growth and these fit with our central strategic commitments as follows:

- Continue to deliver continuous improvement in the services we provide, always focusing on quality and person-centred outcomes for the people we support (maintaining quality)
- Find creative and innovative ways to ensure that we do this while also maintaining financial sustainability (financial recovery)
- Extend our services to enable more people to benefit (achieving growth)

We will need to work with people we support and other key stakeholders to develop new and creative models of service delivery that continue to provide quality outcomes.

Funding has been scarce for many years within Social Care, but despite these 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.

Some of the key activities for the coming year include:

- A structured focus on implementing and monitoring a number of cross organisational Key Performance Indicator's (KPI's) that have been identified as essential in order for us to achieve the 3 key areas outlined above. All Directorates have prioritised departmental objectives focusing on the essential key areas of work required for us to achieve our aims (these KPIs have also been cross referenced with the workstreams identified within the risk register). All the KPIs have detailed plans in place which are monitored both at local level as well as regularly by the Executive team and the Board.
- Alongside initiatives to modernise our service provision the financial viability of services is being addressed. The Operations restructure created 4 Senior Management roles with a focus on both quality and financial performance. Our recently introduced electronic rostering system now provides detailed data which will enable managers to deploy staff efficiently and effectively. The service financial improvement plans continue to be 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.
- We will address our reliance on agency workers through analysing demand data available through our workforce management (e-rostering system) and considering whether there are more cost-effective options for managing supply.
- We have an intensive focus on recruitment – monitored through the KPIs. Our Recruitment and Marketing departments are working closely on developing and piloting initiatives, helping to address some of the sector wide challenges.

Further notable actions for the coming year are these:

- Business development strategy – We have appointed a Director of Business Development who is focusing on two key areas this year: a) The development of a number of projects to deliver further supported living accommodation that have been planned for some time but had been delayed due to the restrictions during the pandemic, and b) Working closely with our local and neighbouring I.As and the new Integrated Care Partnerships, ensuring that Milestones has a robust and flexible place within the

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

- care provision market, building on our skills and expertise, and creating a pipeline of growth for the next 4 years.
- Increased system integration – developing a management information ‘rich picture’ to support agile decision making, to build in efficiencies, and support growth.
- Commission condition surveys of all our properties in order to understand the investment requirements in short, medium and longer term. This will enable better and more informed decision making on where and when we should invest reserves into our estates, and those properties we should plan to dispose of. We are undertaking the first phase of a ‘First Impressions’ programme, investing in the external areas of properties and what greets you upon arrival. The success indicated by the feedback received following this investment will inform future years and phases. For prospective capital projects, we are engaging professional services earlier on in the design and feasibility stages to consider options, make best decisions from an affordability perspective and consider latest thinking around accommodation for Care settings. Develop partnership arrangements with housing associations and private landlords to source new properties where the Trust could provide support.
- 45 Mayfield Park North has been vacated and is under consideration for re-development. Current considerations focus on developing a supported living service for people with learning disabilities, similar to the Druetts Close re-development, with a refurbishment throughout, changing the existing ‘double-garage’ into a self-contained flat and altering the basement flat so it can be accessed externally; thus, providing a degree of independent living. We expect the business case to be developed through Q2 2022.
- We are committed to continuing to support families in the Bristol and South Glos areas through the provision of respite services for adults with a learning disability. Grouping these services together with our day opportunities services (Stepping Forwards North and South) offers a synergy with staffing and support that we plan to capitalise on and in partnership with our Commissioners hope to see a greater emphasis on outcome based and ‘non-building’ based services in the coming year.
- Our supported living services were not affected by the operational services changes introduced in 2019, and work we had planned to begin in 2020 was disrupted by the pandemic. Under the new Senior Operational structure, the work in reviewing and rationalising the management of these services is now underway in earnest. One likely outcome will be managers working under a revised job description, with greater clarity regarding accountability and priorities.
- Implementation of 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. IT investment has been approved by the Board this year, which commences in Q1 2022. This provides a 2- to 3-year investment programme that focuses on the following:
 - Trust Office Network; the installation of new IT infrastructure that provides a stable, fast and reliable internet and Wifi connectivity – improving the user experience for all staff who work at or visit Trust Office.
 - Server Migration; the relocation of our current servers from Trust Office to an off-site, purpose built facility that specialises in hosting server systems for clients. This will ensure 24/7 availability, reduce likelihood of outages which supports our business continuity and increases the security of our servers and systems.
 - Service Network Modernisation; commencing the 2 year roll-out to our services/Homes of new fast internet services that will greatly improve connectivity and user experience. This will build on the knowledge gained through the Druetts Close installation last year. Our homes will have an internet experience that they can have confidence in, exploit to its fullest potential.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

- End User Computing; develop a laptop only build based on the latest version of Microsoft Windows and fully integrate it with Microsoft 365. This approach will provide a fully managed, maintained, encrypted user centric device including leading anti-virus and software update software. Access to Milestones secure servers will be through an SSL VPN which provides full encryption when connected over the internet.
 - Personal documents will be stored locally and replicated to Microsoft 365. This functionality enables people to work online or offline as documents are synchronised automatically to the Microsoft 365 cloud when you next connect to the Internet.
-
- The Information Governance Annual Report is currently being drafted and contains a more detailed account of activities over the last 12 months together with a draft workplan for the coming year. We'll be continuing to embed the role of Caldicott Guardian and data privacy by design and default, e.g., through privacy assessments, data sharing agreements, process reviews, and involvement of people we support. Alongside that, we'll be considering the government's strategies for data use (and digitisation of data) in health and social care, and what we need to do as a charity to meet those targets and keep ourselves competitive.
 - Continue to look for new developments in all our disciplines. The introduction of Integrated Care Partnerships has opened up new commissioning pathways. One example is our work in shaping and supporting an Alliance framework for mental health services in the Bath & North East Somerset area. This entails close partnership working with other providers, currently Bath MIND and Arch Care in delivering a shared pathway for clients funded by B&NES, including the introduction of a "trusted assessor" role.

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.

Employment policies

Milestones Trust promotes equal opportunities and celebrates diversity within all areas of its work, and it works in partnership with SARI, a specialist charity, which provides the organisation 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 organisation's performance and are aware of its future direction. Regular Service Managers meetings are held in which significant new (or revised) policies are launched. Appropriate external and internal training is provided when implementing policies and is ongoing to ensure that new managers have the appropriate knowledge and skills to manage in accordance with the Trust's culture. A Trust-wide virtual manager meeting is held fortnightly; initially this was part of our response to the Pandemic, but it has been recognised as a useful means for information exchange and has become part of the communication strategy. 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 the Exec team regularly visit homes and services and encourage staff to open channels of communication. The Trust has a recognition agreement with Unison and consultation takes place 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.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Streamlined energy and carbon reporting (SECR)

The table below represents the Trusts energy consumption and emissions for the year ended 31 March 2022. This is the Trusts first time SECR disclosure.

Energy consumption used to calculate emissions	kWh
Natural gas	4,407,098
Electricity	1,417,310
Vehicles	308,254
Total energy consumption (kWh)	6,132,662
Scope 1 emissions in metric tonnes CO ₂ e	tCO ₂ e
Natural gas	810.33
Vehicles	71.92
Scope 2 emissions in metric tonnes CO ₂ e	
Electricity	330.43
Total gross emissions in metric tonnes CO ₂ e	1,212.69
Intensity ratio tCO ₂ e per average FTE employee	1.59

We have used the key performance indicator of energy consumption per average FTE as the Trust's key activities are driven by the level of support required for individuals with learning disabilities and mental health needs, which directly drives the number of employees and the consumption of energy by those employees.

SECR methodology statement

Emissions have been grouped according to the GHG Protocol Corporate standard.

We have used the following data sources for the report:

- Natural gas & electricity - energy supplier billing data
- Vehicle fuel - litres purchased (fuel cards) using average prices & mileage reimbursed to employees using average consumption rates and average prices

CO₂ emissions have been calculated from The Carbon Trust conversion factors (based on BEIS published data 2020).

Energy efficient action taken in the reporting period

- Externally commissioned Carbon Footprint Report for the Trust to enable a carbon reduction plan to be produced
- Replacement of light fittings and bulbs with LED alternatives
- Improved staff engagement regarding energy consumption, including staff surveys to collate information for incorporation into the calculation of Carbon Footprint of the Trust.

MILESTONES TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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 26 September 2022 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 2022 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 2022 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, revenue (which we pinpointed to the cut-off assertion) and 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: 26/9/22

MILESTONES TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2022

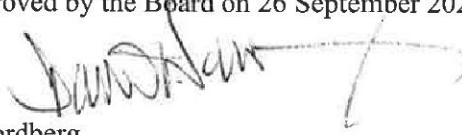
	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
INCOME FROM							
Donations and legacies	3	38,512	1,158,800	1,197,312	634,715	1,580,108	2,214,823
Other trading activities		24,959	-	24,959	20,656	-	20,656
Income from investments	4	43,165	-	43,165	43,609	-	43,609
Incoming resources from charitable activities	5	28,954,691	-	28,954,691	27,599,322	-	27,599,322
Surplus on disposal of fixed assets		77,132	-	77,132	362,789	-	362,789
TOTAL INCOMING RESOURCES		29,138,459	1,158,800	30,297,259	28,661,091	1,580,108	30,241,199
EXPENDITURE ON							
Raising funds	9	29,230	-	29,230	29,616	-	29,616
Charitable activities	6	30,755,273	-	30,755,273	29,118,939	-	29,118,939
TOTAL RESOURCES EXPENDED		30,784,503	-	30,784,503	29,148,555	-	29,148,555
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS/(LOSSES) AND TRANSFERS		(1,646,044)	1,158,800	(487,244)	(487,464)	1,580,108	1,092,644
Net gains/(losses) on investment assets	15	72,116	-	72,116	254,035	-	254,035
NET INCOME/(EXPENDITURE)		(1,573,928)	1,158,800	(415,128)	(233,429)	1,580,108	1,346,679
Gross transfers between funds		797,944	(797,944)	-	1,628,876	1,628,876	-
NET MOVEMENT IN FUNDS		(775,984)	360,856	(415,128)	1,395,447	(48,768)	1,346,679
Total funds brought forward		19,499,172	2,109,270	21,608,442	18,103,725	2,158,038	20,261,763
Total funds carried forward		18,723,188	2,470,126	21,193,314	19,499,172	2,109,270	21,608,442

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 2022

	Notes	Unrestricted Income Fund 2022 £	Restricted Funds 2022 £	Total 2022 £	Unrestricted Income Fund 2021 £	Restricted Funds 2021 £	Total 2021 £
FIXED ASSETS							
Tangible assets	13	11,584,835	2,160,823	13,745,658	12,133,607	2,044,392	14,174,999
Intangible assets	14	306,949	-	306,949	280,720	-	280,720
Investments	15	1,991,923	-	1,991,923	1,419,806	-	1,419,806
Total fixed assets		<u>13,883,707</u>	<u>2,160,823</u>	<u>16,044,530</u>	<u>13,831,133</u>	<u>2,044,392</u>	<u>15,875,525</u>
CURRENT ASSETS							
Debtors	16	1,862,165	-	1,862,165	1,772,433	-	1,772,433
Cash at bank and in hand		5,451,438	309,303	5,760,741	5,887,207	64,878	5,952,085
Total current assets		<u>7,313,603</u>	<u>309,303</u>	<u>7,622,906</u>	<u>7,659,640</u>	<u>64,878</u>	<u>7,724,518</u>
CREDITORS: Amounts falling due within one year	17	(2,448,729)	-	(2,448,729)	(1,908,655)	-	(1,908,655)
Net current assets		<u>4,864,874</u>	<u>309,303</u>	<u>5,174,777</u>	<u>5,570,985</u>	<u>64,878</u>	<u>5,815,863</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,748,581</u>	<u>2,470,126</u>	<u>21,218,707</u>	<u>19,582,118</u>	<u>2,109,270</u>	<u>21,691,388</u>
CREDITORS: Amounts falling due in over one year	18	(9,072)	-	(9,072)	(19,958)	-	(19,958)
PROVISIONS for liabilities and charges	20	(16,321)	-	(16,321)	(62,988)	-	(62,988)
NET ASSETS		<u>18,723,188</u>	<u>2,470,126</u>	<u>21,193,314</u>	<u>19,499,172</u>	<u>2,109,270</u>	<u>21,608,442</u>
FUNDS OF THE CHARITY							
Funds invested in fixed assets		11,871,826	-	11,871,826	12,380,482	-	12,380,482
Investment revaluation reserve		83,459	-	83,459	5,651	-	5,651
Funds available for use		6,767,903	-	6,767,903	7,113,039	-	7,113,039
Unrestricted income funds	23	<u>18,723,188</u>	<u>-</u>	<u>18,723,188</u>	<u>19,499,172</u>	<u>-</u>	<u>19,499,172</u>
Restricted funds	24	<u>-</u>	<u>2,470,126</u>	<u>2,470,126</u>	<u>-</u>	<u>2,109,270</u>	<u>2,109,270</u>
TOTAL CHARITY FUNDS		<u>18,723,188</u>	<u>2,470,126</u>	<u>21,193,314</u>	<u>19,499,172</u>	<u>2,109,270</u>	<u>21,608,442</u>

Approved by the Board on 26 September 2022 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 2022

	2022	2021
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Net incoming resources	(415,128)	1,346,679
Adjustments for:		
Depreciation and amortisation	523,129	490,180
(Surplus)/loss on sale of property, plant and equipment	(77,132)	(362,789)
Investments (gains)/losses	(72,116)	(254,035)
Investment income	(43,165)	(43,609)
Interest expense	363	1,676
Trade and other receivables	(89,732)	14,350
Trade and other payables	504,111	(254,997)
	<u>330,330</u>	<u>937,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(155,454)	(137,872)
Purchase of intangibles	(126,591)	(175,854)
Proceeds on disposal of property, plant and equipment	228,455	510,532
Additions to investment funds	(500,000)	-
Interest received	43,165	43,609
	<u>(510,425)</u>	<u>240,415</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(363)	(1,676)
Finance lease repayments made	(10,886)	(10,886)
	<u>(11,249)</u>	<u>(12,562)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(191,344)	1,165,308
Cash and cash equivalents at the beginning of the year	5,952,085	4,786,777
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>5,760,741</u>	<u>5,952,085</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 2022

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 2022

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 2022

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 2022

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.

3. INCOME FROM DONATIONS AND LEGACIES

	2022 £	2021 £
Restricted capital grant	249,747	-
Restricted income donations		
Restricted Covid related grants	806,667	901,963
Coronavirus Job Retention Scheme	4,671	571,219
Donations from Quartet	21,627	43,911
Health Education England grant	38,550	29,639
Other restricted grants and donations	37,537	33,376
	909,052	1,580,108
Unrestricted donations		
Unrestricted Covid related grants	-	600,086
Other unrestricted grants and donations	38,513	34,629
	38,513	634,715
	1,197,312	2,214,823

All restricted donations have been received for a specific purpose. The £249,747 restricted capital grant and £59,556 of the other restricted grants had not been spent at 31 March 2022. These amounts are 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

	2022 £	2021 £
Interest receivable	3,282	6,028
Income from stock exchange investments	39,883	37,581
	43,165	43,609

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2022 £	2021 £
Health authority grant	462,618	618,945
Contract income	27,122,813	25,474,793
Service user contributions	1,302,032	1,437,742
PCT funding re increased pension contributions (note 27)	49,037	53,869
Other operational income	18,191	13,973
	<u>28,954,691</u>	<u>27,599,322</u>

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	2022 £	2021 £
Staff costs		
Employee costs	17,314,749	18,669,555
Agency staff costs	5,438,170	2,960,528
	<u>22,752,919</u>	<u>21,630,083</u>
Non-Pay costs		
Food and household	569,241	638,724
Residents' amenities	141,886	162,240
Travel costs	226,509	173,659
Telephone	99,575	111,303
Stationery and office expenses	68,990	83,213
Hygiene and medical	294,749	421,369
Bad debts	(2,049)	(19,425)
	<u>1,398,901</u>	<u>1,571,083</u>
Property costs		
Utilities	482,090	486,160
Registration fees	45,345	48,124
Loan interest	363	1,676
Rent	367,337	364,309
Fixtures, repairs and maintenance	1,627,942	1,349,506
Property management charges	42,000	42,817
Depreciation	363,963	372,275
Council tax	88,315	90,412
	<u>3,017,355</u>	<u>2,755,279</u>
Support costs reallocated (note 7)	3,550,541	3,129,769
Governance costs reallocated (note 8)	35,557	32,725
TOTAL EXPENDITURE	<u>30,755,273</u>	<u>29,118,939</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. SUPPORT COSTS

	2022 £	2021 £
Head office property costs	214,431	153,782
Head office staff costs	1,978,482	1,784,964
Head office agency costs	14,126	4,350
Staff training and development	119,662	85,512
Staff recruitment	126,970	47,320
Staff and payroll support costs	318,655	349,175
Information technology	283,619	217,707
Insurance	147,969	133,914
Office consumables	85,763	91,946
Legal and professional fees	50,806	67,402
Bank charges	12,250	12,246
Marketing	51,156	61,761
Head office depreciation	124,000	83,631
Other head office expenses	40,494	51,786
	<u>3,568,383</u>	<u>3,145,496</u>
Less 0.5% recharge to expenditure on raising funds (note 9)	(17,842)	(15,727)
	<u><u>3,550,541</u></u>	<u><u>3,129,769</u></u>

8. GOVERNANCE COSTS

	2022 £	2021 £
Reimbursement of Trustees' expenses	905	118
Trustees' meeting, training and recruitment costs	2,957	-
External auditors' fees	21,840	21,420
Recharge 5% salary costs for Chief Executive and Director of Finance	9,855	11,187
	<u>35,557</u>	<u>32,725</u>

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

Expenses were paid to three (2021 one) trustees 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

	2022 £	2021 £
Fundraising staff costs	11,388	13,889
Recharge 0.5% of support costs (note 7)	17,842	15,727
	<u>29,230</u>	<u>29,616</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. STAFF COSTS

	2022 £	2021 £
Wages and salaries	17,661,286	18,734,763
Social security costs	1,227,712	1,348,752
Other pension costs	414,487	425,386
	<u>19,303,485</u>	<u>20,508,901</u>
Apprenticeship levy	83,555	76,862
	<u>19,387,040</u>	<u>20,585,763</u>
Remuneration costs of key management personnel	399,876	430,648
Redundancy and termination payments	108,125	248,575
	<u>508,001</u>	<u>679,223</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 Estates, Facilities and Information Technology.

Agency staff are engaged when necessary to cover staff shortages or absences. Agency expenditure during the year ended 31 March 2022 amounted to £5,452,296 (2021 £2,964,877).

11. EMPLOYEES

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

	Average number		Whole time equivalents	
	2022	2021	2022	2021
Management and administration	59	67	59	59
Care staff	901	999	706	795
	<u>960</u>	<u>1,066</u>	<u>765</u>	<u>854</u>

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

	2022	2021
£60,000 to £70,000	2	2
£70,000 to £80,000	1	1
£80,000 to £90,000	0	0
£90,000 to £100,000	1	1

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12. NET INCOME FOR THE YEAR

	2022	2021
This is stated after crediting:	£	£
Profit on disposal of tangible fixed assets	77,132	362,789
and after charging:		
Operating leases - property rental	427,224	412,608
- motor vehicles	40,755	39,945
Auditor's remuneration – audit fees	18,200	18,200

13. TANGIBLE FIXED ASSETS

	Freehold properties £	Fixtures & equipment £	Motor vehicles £	Total £
COST				
At 1 April 2021	21,011,215	339,275	361,952	21,712,442
Additions	150,994	4,459	0	155,453
Disposals	(219,779)	-	(4,399)	(224,178)
At 31 March 2022	20,942,430	343,734	357,553	21,643,717
DEPRECIATION				
At 1 April 2021	6,953,125	243,984	340,334	7,537,443
Charge for the year	375,556	46,497	11,418	433,471
Disposals	(68,456)	-	(4,399)	(72,855)
At 31 March 2022	7,260,225	290,481	347,353	7,898,059
NET BOOK VALUE				
At 31 March 2021	14,058,090	95,291	21,618	14,174,999
At 31 March 2022	13,682,205	53,253	10,200	13,745,658

The net book value of freehold properties includes £2,165,237 (2021 £2,205,237) in respect of non-depreciable land.

The net book value of fixtures and equipment includes £19,946 (2021 £30,832) in respect of assets held under finance leases.

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

14. INTANGIBLE FIXED ASSETS

	Software costs £
COST	
At 1 April 2021	500,355
Additions	115,887
Disposals	(167,950)
At 31 March 2022	<u>448,292</u>
DEPRECIATION	
At 1 April 2021	219,635
Charge for the year	89,658
Disposals	(167,950)
At 31 March 2022	<u>141,343</u>
NET BOOK VALUE	
At 31 March 2021	<u>280,720</u>
At 31 March 2022	<u>306,949</u>

Additions to intangible fixed assets include £72,686 (2021 £102,233) in respect of capitalised salary costs.

15. INVESTMENTS

	2022 £	2021 £
Listed Investments		
Valuation at 1 April 2021	1,419,806	1,165,771
Additions to investment funds	500,000	-
Realised (losses)/profits on disposal	(5,690)	(8,165)
Unrealised profits/(losses) on revaluation	77,807	262,200
Valuation at 31 March 2022	<u>1,991,923</u>	<u>1,419,806</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 2022

16. DEBTORS

	2022 £	2021 £
Operational debtors	1,595,000	1,466,892
Other debtors	3,247	62,085
Prepayments and accrued income	263,918	243,456
	<u>1,862,165</u>	<u>1,772,433</u>

17. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Finance lease creditor	10,886	10,886
Trade creditors	1,122,069	870,843
Tax and social security	260,803	84,469
Other creditors	158,563	140,479
Accruals and deferred income	896,408	801,978
	<u>2,448,729</u>	<u>1,908,655</u>

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

	2022 £	2021 £
Finance lease creditor	<u>9,072</u>	<u>19,958</u>

19. MATURITY OF LONG TERM CREDITORS

Finance leases

	2022 £	2021 £
Amounts falling due:		
Within one year (note 17)	10,886	10,886
Within 1 to 2 years	9,072	19,958
	<u>19,958</u>	<u>30,844</u>
Less: amounts falling due within one year (note 17)	<u>(10,886)</u>	<u>(10,886)</u>
	<u>9,072</u>	<u>19,958</u>

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension deficit £
At 1 April 2021	62,988
Paid during the year	(15,940)
Re-measurement of provision	(31,090)
Unwinding of discount factor	363
At 31 March 2022	<u>16,321</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 2.35% (0.66% at 31 March 2021). 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 2022

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	-	11,564,877	19,958	2,160,823	-	13,745,658
Intangible assets	-	306,949	-	-	-	306,949
Investments	83,459	-	1,908,464	-	-	1,991,923
Total fixed assets	83,459	11,871,826	1,928,422	2,160,823	-	16,044,530
CURRENT ASSETS						
Debtors	-	-	1,862,165	-	-	1,862,165
Cash at bank and in hand	-	-	5,451,438	249,747	59,556	5,760,741
Total current assets	-	-	7,313,603	249,747	59,556	7,622,906
CREDITORS: Amounts falling due within one year	-	-	(2,448,729)	-	-	(2,448,729)
Net current assets	-	-	4,864,874	249,747	59,556	5,174,177
TOTAL ASSETS LESS CURRENT LIABILITIES	83,459	11,871,826	6,793,296	2,410,570	59,556	21,218,707
CREDITORS: Amounts falling due in over one year	-	-	(9,072)	-	-	(9,072)
PROVISIONS for liabilities and charges	-	-	(16,321)	-	-	(16,321)
NET ASSETS AT 31 MARCH 2022	83,459	11,871,826	6,767,903	2,410,570	59,556	21,193,314

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2021						
Surplus for the year ended 31 March 2022	5,651	12,380,482	7,113,039	2,044,392	64,878	21,608,442
Transfers between funds	77,808	(256,479)	(1,395,257)	249,747	909,053	(415,128)
	-	(252,177)	1,050,121	116,431	(914,375)	-
AT 31 MARCH 2022	83,459	11,871,826	6,767,903	2,410,570	59,556	21,193,314

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 14) less the value of loans secured thereon (note 19), 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 grants received were secured by legal charges in favour of the Secretary of State for Health (SSoH). If the properties cease to be used for these purposes or are sold without authorised reinvestment, then a proportion equivalent to the level of the legal charge (49.8% to 100%) of the market value of the property is repayable to the SSoH. 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. There were ten such properties at 31 March 2022.

During the year one property became vacant and no further charitable purpose could be identified. The property was therefore sold, and the appropriate percentage of the sales proceeds repaid to the SSoH. An appropriate transfer has been made from the restricted capital fund to unrestricted funds. The Trust has also carried out an exercise to ensure that the capital fund correctly records the appropriate proportion of properties charged in this way, resulting in an adjusting transfer from unrestricted funds invested in fixed assets to the restricted capital fund. The net amount of the transfers from unrestricted funds to the restricted capital fund was £116,431.

Restricted income fund

During the year ended 31 March 2022, there were restricted income donations and grants amounting to £909,053 (2021 £1,580,108). This includes £806,667 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 £914,375, 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

There were no capital commitments at 31 March 2022 (2021 nil).

MILESTONES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

26. OPERATING LEASE COMMITMENTS

At 31 March 2022 there were the following total commitments under non-cancellable operating leases:

	Land and Buildings 2022 £	Motor Vehicles 2022 £	Land and Buildings 2021 £	Motor Vehicles 2021 £
Expiring within one year	312,545	-	311,095	4,977
Expiring in two to five years	22,325	-	11,450	-
Expiring in more than five years	-	-	-	-
	<u>334,870</u>	<u>-</u>	<u>322,545</u>	<u>4,977</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 919 employees (2021 957), amounted to £320,089 (2021 £323,241). Contributions totalling £71,133 (2021 £73,435) were payable to this fund at 31 March 2022 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 29 employees (2021 38), amounted to £94,528 (2021 £102,145). Employers' and employees' contributions totalling £11,130 (2021 £nil) 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 2022

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 638 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 2020. This valuation showed assets of £800.3 million, liabilities of £831.9 million and a deficit of £31.6 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 2022 to 31 January 2025
£3,312,000 per annum, payable monthly*

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 2022

Note that the scheme's previous valuation was carried out with an effective date of 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 asked the participating employers to pay additional contributions to the scheme as follows:

*Deficit contributions from 1 April 2019 to 30 September 2025
£11,243,000 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 £16,321 (2021 £62,988). 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.

