

COMMUNITY INTEGRATED CARE

(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2018

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Community Integrated Care – Year ended 31st March 2018

2017/2018 REPORT AND FINANCIAL STATEMENTS

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Community Integrated Care

Objectives and activities

Community Integrated Care ("the Charity") is a charitable company limited by guarantee and a registered charity with both the Charity Commission for England & Wales and the Scottish Charity Regulator, OSCR. The core purpose of the Charity is to help those in need because of age, ill-health or disability and to provide care and support services to vulnerable adults through the promotion and delivery of independent living along with residential and nursing care provision across the United Kingdom. The Charity aims to deliver outstanding care and support within the community, to people with learning difficulties, mental health concerns, autism, age related needs and dementia. It seeks to empower people with support needs to live the lives they want to lead.

The Charity was founded in 1988 with a vision that having a disability should not mean exclusion from opportunity, dignity and equality and as it celebrates its 30th anniversary, this same passion and commitment remains at its very core, with a mission to change lives by delivering world class support to people with care needs, and by being a leading employer of exceptional people.

The Charity's ethos underpins everything it does: we are proud of our people, we care with passion, and we believe in the potential of every person we support and every colleague we employ. Chosen by our people, our new vision statement is simply "Your Life, Your Choice". We believe this impactful statement sets out what it is we want Community Integrated Care to achieve – a society in which the people we support are in control of their own lives.

The Charity's ambitious and uncompromising attitude is reflected in its five key values, which it always endeavours to uphold. These are as follows:

- **INCLUDE** the people we support, our staff, our partners and the communities we work in.
- **DELIVER** the best possible outcomes for the people we support and the partners we work with.
- **ASPIRE** to be the best at what we do.
- **RESPECT** individual choice and promote inclusion, rights and independence.
- **ENABLE** individuals to meet their needs and fulfil their aspirations.

In conjunction with these values and as part of its new strategic plan, the organisation has adopted an ambitious communication strategy to encourage staff to be brave in achieving the Charity's aims and objectives under the motto of "We Dare" to:

- Challenge the expectations and perceptions of the social care sector by delivering world-class support and ambitious models of care;
- Enrich the lives of the people we support, their loved ones and the communities we work in;
- Ensure that our colleagues, customers and communities receive the best support from our central Support Services;
- Champion the amazing people who work in the care sector, to enable them to make the most of their talents;
- Speak up for those whose voices aren't always heard and challenge discrimination;
- Be brave and imaginative in finding new ways to make the world a better place; and
- Bring our goals to life by investing our resources in our colleagues, customers and communities.

Despite on-going financial challenges and budget pressures faced by the social care sector, 2017/18 has seen a year of positive change and progress for the Charity. After a period of consolidation and a “back to basics” campaign, the organisation now has a sustainable base both in terms of quality of delivery and financial performance. Following the appointment of a new Chief Executive Officer in September 2017, Trustees have been working with the Executive Team in developing a new and bold 5 year strategy, building on the strong foundations of the Charity and an underlying ambition to raise the profile and recognition of not only Community Integrated Care but the wider sector, as well as promoting the amazing work of our front line colleagues whose care and dedication allow the people we support to live the lives they want to lead.

The core activities of the Charity remain the provision of support to vulnerable adults in residential and supported living environments. As at 31 March 2018, there were 2,929 individuals supported, which included 1,977 (67%) adults with learning disability, autism and other complex needs, with a further 952 elderly nursing and residential beds across 22 care homes in England and Scotland. The Charity has not previously pursued voluntary income and donations, but following a merger with Age Exchange on 26 July 2018 it will be more actively engaged in fundraising and volunteering programmes going forward.

In the year to 31 March 2018, total income from charitable activities increased from £115m to £120m, which predominantly relates to recovery of statutory increases in payroll costs. Whilst the performance of Older Peoples Services (England) remained disappointing, other regional operations delivered performance improvement plans during the year resulting in a £2.3m improvement in annual net expenditure, with an overall trading result of break-even and total unrestricted funds of £38.5m as at 31 March 2018 (2017: £38.8).

With 5,497 employees, the Charity recognises the amazing work and dedication of its front-line colleagues, within the restricted budget envelope of local authority expenditure. It is committed to ensuring that it does everything it can to support its employees and to applying wider political pressure to recognise them and the other 1.6 million unsung heroes of the social care sector. Whilst the recent Court of Appeal decision on sleep-ins has removed the potential for retrospective liabilities, the Charity remains committed to paying its employees fairly and ensuring that services are funded properly, so they can continue to function at the highest level possible in order to deliver the care that the people supported depend on and deserve.

Regional levels of activity for 2017/18 are summarised below:

Region	Income from Charitable Activities £m	No. of people we support	No. of Services	Number of Employees	Full Time Equivalent
South	7	120	34	260	189
Central	18	447	63	829	607
North West	26	759	137	1154	880
North East & Cumbria	17	319	70	762	606
Scotland	26	588	77	1178	800
Older People Services England	25	695	16	1125	811
Support Services				189	172
Total	119	2,929	399	5,497	4,066

In the year to 31 March 2018, the number of services delivered increased to 399 (2017: 389), but the number of people supported by the Charity had reduced to 2,929 (2017: 3,116), further to the decision to exit the domiciliary home visits market.

The success of the Charity and the dedication of its employees in improving the lives of the people supported continues to be recognised in awards and nominations for our leading and innovative approach in the care sector. This year has seen further awards both at corporate and individual level, full details of which can be found on the Charity's website (<http://www.c-i-c.co.uk>) and in the latest Annual Review <http://www.c-i-c.co.uk/our-publications>

Strategic Report

2017/18 Achievements and Performance

The adult social care sector continues to face a period of on-going challenge and uncertainty in terms of funding and related budgetary pressures and whilst maintaining financial and regulatory performance, this year has been a transitional period for Community Integrated Care. The previous 5 year strategic plan has now been closed-out and a new strategy has been put in place, aligned with wider Government plans to integrate the Adult Health and Social Care sector.

The Board was pleased to announce the appointment of Mark Adams as the new Chief Executive Officer in September 2017 and working in conjunction with the Executive Team was pleased to approve a new and ambitious 5 year plan in March 2018.

Notwithstanding exciting plans for the future, during the year the Charity has managed a period of consolidation and a "back to basics" campaign, focussing on measuring and improving several key performance indicators and progressing and aligning a simple plan on a page, in readiness for developing the new strategic plan, and now has some strong building blocks in place to take the organisation forward.

Strategic Goals	Key objectives	Key measures and targets	Progress
Quality We expect to be rated as good or better by our regulators.	We want to deliver outstanding care to the people we support to enable them to live the lives they want to lead.	Operational and Quality teams are working together to achieve 100% compliance with the Care Quality Commission (CQC) and Care Inspectorate. Each person we support has a person-centred care plan that is regularly updated and reviewed. Policies & procedures are up to date and embedded to deliver zero incidents resulting in serious harm.	82% of registered services were rated as "Good" or better as at 31 March 2018. In addition to a new audit and inspection regime, we introduced a new service status dashboard giving greater management information to monitor the performance of individual services.

Strategic Goals	Key objectives	Key measures and targets	Progress
Workforce We expect to retain at least 80% of our workforce.	We must get to know the personalities, needs and goals of the people we support. Having a consistent and well trained workforce helps to achieve this.	Less than 3% of agency staff are used in our services. Our workforce is 95% compliant with mandatory training. Supervisions are completed 4 times per annum. 100% of managers are registered with the CQC/Care Inspectorate.	Staff retention has increased to 76% as at March 2018 but recruitment, retention and agency remains a significant challenge and cost in some parts of the organisation. During the year we have been embedding "Gamechangers", our new staff forum, which resulted in a £1m investment in our front-line colleagues. We have also introduced new electronic recruitment system, training dashboard and e-learning, providing better and timelier management information. As at 31 March 2018, 88% of services had an approved registered manager.
Annual Surplus We expect to make sustainable surplus to reinvest in our charitable purpose.	Making a surplus generates cash to support more people, develop new and innovative services and to develop our employees and the places where we work.	We resolve all of our services that are in annual deficit and not adequately resourced or funded. Our services deliver an operating margin in excess of 13%. Our business overheads are reducing and not more than 10%.	Performance Improvement Plans improved in-year trading by £2.3m. The Charity continues to enhance its commercial awareness and has terminated a number of services in structural deficit. Our new time and attendance system, Maxtime, is now fully operational and the introduction of financial dashboards is expected to add significant value going forward.
Growth We expect to increase the number of people we support each year.	Our charitable purpose is to make best use of our resources and expertise by supporting as many people as possible within our local communities	We maximise bed occupancy to at least 98%. We are selective in tenders and achieve a success rate of over 50%. Over 90% of people we support are "Happy" or "Very Happy" with the support they receive from us.	During the year, we have focussed on retaining contracts such that growth has been static. Having consolidated quality and financial performance, plans are in place to grow the business development function, with a view to achieving new growth targets.

Strategic Goals	Key objectives	Key measures and targets	Progress
Culture We expect our staff to be fully engaged.	By working as one team with a can-do attitude we will find solutions to the shared goal of delivering the very best lives for the people we support	Over 90% of Commissioners recognise our work as good. Through regular communication and service visits we will provide our staff with safe and enjoyable working conditions, resulting in a reduction in absence and an improvement in our staff engagement measure.	We have undertaken further surveys during the year and continue with several key initiatives to promote employee engagement. A communication programme has been put in place, including regular and interactive manager roadshows.

Key Strategic Objectives – 2018-2023

For many organisations, it makes sense to visualise a strategy using a traditional pyramid style as it creates a natural hierarchy and illustrates a feeling of structure, with one layer built on a foundation of another. At Community Integrated Care, we use an inverted pyramid to include all the key factors of our strategy, but we put our staff and the people we support at the top, being the lifeblood of the organisation.

After a period of research and consultation with colleagues, in March 2018 the Board of Trustees approved a new 5 year strategy, putting colleagues, customers and communities at the heart of all we do. Our ambition is to deliver year on year growth to £200m by 2023 and to make a net surplus of £10m (5%), to be reinvested in the people we support, their communities and our front-line colleagues.

Whilst we eagerly await the Government's Green Paper on Social Care, now anticipated in the latter half of 2018, notwithstanding any proposals or recommendations from this review, we know that from now until 2023:

- Demand for social care relating to the vulnerable and elderly will continue to increase.
- Increasing complexity of need and increasing levels of care in the home is expected.
- On-going funding issues and statutory increases in payroll are scheduled through the period.
- Strong employment markets with on-going recruitment and retention issues are anticipated.
- Funding pressure and sleep-in pressures are expected to result in consolidation of the third sector.
- Commissioner budgets demand solutions for new and efficient models of care.
- Continual improvement required against CQC/CI expectation.
- Recurring budget and regulatory challenges are expected across local authorities and the sector.
- Transformation and efficiencies of front-line care required utilising new technology.

In signing-off the new Strategic Plan the Board approved a £3.8m investment of reserves into 6 new strategic projects covering:

- **Digital transformation** for Care Planning is regarded as key to providing consistent, efficient and new models of service delivery.
- A focussed **Business Development** function to ensure retention of key contracts, growth with new Commissioners and new Extra Care and Acquired Brain Injury services, improving overhead efficiency and a higher blended margin.
- An efficient **Learning & Development** function that provides compliant, consistent and effective workforce delivery.

- A **Culture Project** that supports a fully engaged and appropriately rewarded workforce, improved retention levels and recognition as an employer of choice through a mutually agreed Employer Value Proposition.
- We maximise our **Charitable status** and are recognised as a provider of choice delivering community and wider social impact value and we enhance our service provision through fundraising and volunteering.
- Effective Performance Management and Delivery through an **EFQM** system providing control, consistency and visibility of quality performance and regulatory compliance.

We will know we've been successful if we achieve:

- **£200m** turnover
- **£10m** surplus
- **£10,000** people supported
- Top quartile provider for quality scores
- Top 3 employer of choice
- Thought Leader
- **5%** of income from charitable donations

Financial review

The financial results for the year are set out on pages 24 - 41.

The Group, comprising of Community integrated Care and one active subsidiary undertaking, Person Centred Housing Limited, recorded an improved result for the year with a total net expenditure of £4k, which is a significant improvement on 2017 when the Group recorded total net expenditure of £2.3m. Whilst the Older People Services (England) division has had another challenging year, with a net deficit of £2.1m (2017: £1.7m), the improved position in other areas has arisen from an increased commercial focus, general increases in operational efficiency and significant reduction in the number of loss making services, including termination of service provision where local authority rates were deemed to be unsustainable.

The Charity continues to receive the majority of its funding from public sector bodies with only 11% of private paying residents mostly derived from our older people residential homes. With local authority rates being significantly below the market rate for private pay beds, our Older People Services in England has previously relied heavily on high levels of occupancy, as opposed to cross-subsidy from private pay beds, but after some disappointing CQC inspections care home occupancy levels in England remained low during the year (83% as at 31 March 2018), resulting in a divisional deficit of £2.1m (2017: £1.7m). High staff turnover and a challenging market for nurses has also resulted in significant levels of agency spend, but with the introduction of Advanced Carer roles, an increased commercial focus and an improving position on quality and occupancy, we remain confident that performance in this division will see an improvement in 2018/19.

Notwithstanding the disappointing and static performance in the Older Peoples Services division, the remainder of the organisation continues to deliver good quality and financial results, resulting in a much improved result overall. The other 6 regions, which consist of supported living services across the United Kingdom and 6 older people care homes in Scotland, have had another good result for the year, chiefly as a result of recovering statutory increases in payroll costs.

Sleep-in care is where a person requires a support presence overnight but where the carer can be asleep, and there is an on-going legal case about whether this time counts as working time and whether it needs to be paid at the minimum wage. Over recent years the Charity has sought to mitigate any potential liability for sleep-ins by increasing night time payments. Guidance in 2017 from HMRC confirmed this time should be considered for national minimum wage purposes and the Charity joined a new HMRC Social Care Compliance Scheme (SCCS) to establish any retrospective liability. However, after a recent Court of Appeal hearing found that this time should not be considered as working time, the Charity is not considered to have any retrospective liability albeit this may be subject to a further appeal to the Supreme Court.

At the present time, the Charity does not generally receive income from fundraising activities but it ensures that expenditure from its principal funding source, namely public sector bodies, supports the Charity's key objectives by closely monitoring achievements against its key performance indicators (KPIs). These include financial measures such as operating surplus percentage, staff costs as a percentage of income, number of services in operating deficit, agency staff cost as a percentage of staff cost and total overhead as a percentage of income.

One of the KPIs and key to our charitable purpose is the number of people we support and related income. After a year of consolidation and change, growth in numbers has not been an objective in 2017/18 but with the right building blocks now in place it will become a key objective for 2018/19. As a result, there has been a net increase of £4.2m (4.2%) in total revenues of the group to £118.9m (2017: £114.7m) predominantly arising from recovery of statutory increases in payroll costs. Consequently, total expenditure has increased by 2.1% to £119.7m (2017: £117.2m).

The Charity continues to invest in its people, systems and processes and our support costs increased to £14.9m for the year (2017: £14.3m). This equates to 12.5% of the Group's incoming resources (2017: 12.5%) and although this is above our target of 10%, it includes investment to support future growth of the Charity and in ensuring regulatory compliance.

Reserve policy - after a break-even trading position and reduction in defined benefit pension liabilities, Group reserves as at 31 March 2018 have increased by £0.8m to £46.3m (2017: £45.4m). The balance sheet remains strong with unrestricted reserves of £38.5m (2017: £37.2m) and the Group's restricted reserves total £7.8m (2017: £8.3m), represented by a mixture of freehold and leasehold land and buildings donated to the Charity by several local authorities and public bodies. Disposal of these buildings is subject to the approval of the donating authority.

The Group's reserves policy is to maintain unrestricted reserves at a level which as a minimum covers three months' operational expenditure. As at 31 March 2018, unrestricted reserves stand at £38.5m and three months' operational expenditure equates to £29.9m, therefore the required level of reserve is well exceeded. The Board of Trustees reviews the policy and level of reserves on a regular basis and considers that the current policy and excess remains prudent and appropriate in consideration of the future recoverability of statutory increases in national minimum wage and pension costs against the associated funding pressures faced by local authorities.

The Charity has no significant concerns regarding its ability to operate in future periods and the Board of Trustees continues to ensure it has ready access to liquid reserve by keeping cash balances, liquidity and the reserve policy under regular review.

Going Concern - accounting standards require the Board of Trustees to consider the appropriateness of the going concern basis when preparing financial statements. With positive net cash balances throughout 2018, a £1m overdraft facility and property assets available for converting to cash or acting as security for additional loans, the Charity has adequate resources to continue in operational existence for the foreseeable future and has sufficient cash balances to repay all loans as they fall due and to manage bank covenants accordingly.

Investment Policy - the Charity has the power to make investments which the Board of Trustees deem to be appropriate in meeting charitable objectives. The Finance and Investment Committee ensures that appropriate procedures and safeguards are in place to ensure that the Charity's resources are managed appropriately, are in accordance with its charitable purpose and that the return from assets and capital employed meets the expectations and approval of the Board of Trustees.

The Charity does not hold any financial investments but places surplus cash in interest bearing accounts.

Cash flow – following an improved trading position, there was a net cash inflow for the Group of £0.8m (2017: net cash outflow of £3.3m). Net cash inflows from operating activities improved to £4.8m (2017: £0.3m) but after similar levels of net investment in property and fixed assets at £2.6m (2017: £2.3m) and financing outflows of £1.4m (2017: £1.4m) cash balances increased to £9.1m at March 2018 (2017: £8.3m).

Long term borrowing - secured loans relating to prior year financing of new care homes have reduced to £8.0m (2017: £8.4m). Having failed banking covenants at March 2017, all loans were reclassified as repayable on demand but with the on-going support of the RBS and with covenants met since September 2017, terms have now been achieved enabling loans to be reclassified as long-term debt based upon original repayment dates.

Pension liabilities - the Charity is obliged under FRS102 to provide for its share of any reported pension deficit at the balance sheet date from those benefit schemes of which it is a member. With the Local Government Pension Scheme for Dumfries and Galloways in deficit, the Charity's share of the pension liability was £0.5m as

at 31 March 2018, which had reduced by £0.9m from £1.4m at 31 March 2017. The Local Government Pension Schemes for Teesside and Greater Manchester reported combined net pension assets of £1.7m as at 31 March 2018 (2017: £1.5m). Since the Charity is unable to recover any surplus through either reduced contributions in the future or through funds from the scheme, this has not been recognised in the statement of financial activities (SOFA) for the year. The in-year actuarial gain from the three schemes of £1.1m and the £0.2m movement in the derecognised asset of the relevant schemes, are shown net through other gains and losses on the face of the SOFA.

Subsidiary undertakings - the Charity has one active subsidiary undertaking, namely Person Centered Housing (PCH). PCH is a company limited by guarantee with Community Integrated Care being the sole member. PCH provides supported accommodation for vulnerable adults and made a small surplus in the year before interest and tax.

On 24 July 2018, Community Integrated Care merged with Age Exchange, who had an annual income of £0.8m and net assets of £1.2m as at 31 March 2018.

Related parties and interests - details of related party transactions and interests in other group companies are set out in Note 11 on page 35.

Funds held as custodian trustee - the Charity is the custodian trustee of residents' personal monies totalling £6.2m as at 31 March 2018 (2017: £6.2m). These funds are excluded from the financial statements.

Trustee indemnity insurance - the Board of Trustees have the benefit of Trustee Indemnity insurance cover of £10.0m which is authorised in the Articles of Association. Such insurance was in force during the year ended 31 March 2018 and remains in force in relation to certain losses and liabilities, which the Trustees may incur to third parties in the course of acting as Trustee (director) of the Charity or of any subsidiary undertaking. The premium (including Insurance Premium Tax and Fidelity insurance cover was £10,725 (2017: £10,275).

Principal risks faced by the Charity and how they might affect future prospects.

The Board of Trustees ("the Board") acknowledges its responsibility in relation to the risks associated with the Charity and its subsidiary undertakings. The Charity continually monitors and reviews its risks at both strategic and operational level and maintains a corporate risk register which along with the associated risk appetite is reviewed on monthly basis by the Executive Team and by the Board of Trustees and its sub-committees on a quarterly basis.

The Audit & Risk Committee reviews the corporate risk register and internal audit report to satisfy itself that the control risk framework is both operational and effective, ensuring that all risks are identified and that appropriate action is being taken. The highest ranking strategic risks, derived from the Charity's Risk Register are set out below:

Strategic Risk	Risk Description	Mitigations
Quality	<p>People living in our services do not receive good care and support and/or are not empowered to live the lives they want to lead. If this is not addressed in a timely, systematic way then the Charity will face greater risks of poor regulatory results and negative exposure resulting in financial and reputational damage.</p>	<p>The central Quality team continues to develop its assurance framework with support of the Quality and Standards Committee including independent audit, development of compliance dashboards and the reporting of services of concern for additional oversight and monitoring of actions by the Executive Team.</p> <p>Operational teams conduct monthly assurance cycle visits and report performance and progress against key performance indicators at monthly Regional Review meetings.</p>
Workforce	<p>Staff will not be able to deliver high quality care and support due to inadequate levels of training.</p> <p>Recruitment and retention processes are not suitable to fill vacancies with the right people, at the right time and cost, leading to gaps in management structures, leadership and the need to appoint agency staff.</p>	<p>A training dashboard is available to all managers and reported at monthly Regional Review meetings, identifying regulatory compliance by service and individual.</p> <p>Responsibility for training and induction has recently been brought in-house under a central Learning & Development team who have introduced e-learning and are introducing new LMS systems with the support of the Workforce Committee.</p> <p>Recruitment specialists are appointed to own the whole process from recruitment to induction.</p>
Finance	<p>Failure to recover statutory increases in payroll costs during a funding crisis in social care leads to services becoming unsustainable resulting in trading deficits.</p>	<p>Commissioner relationships are managed to ensure rates reflect the increasing costs of the National Living Wage, Foundation Living Wage, Apprentice Levy and pension liabilities.</p> <p>The Charity has performance improvement plans for all services in deficit and will seek to terminate unsustainable service provision.</p> <p>Budgets are reviewed in detail by the Finance & Investment Committee which are then monitored through monthly finance reports.</p>
Finance	<p>There is a lack of available funding to ensure the business can deliver its strategic objectives.</p>	<p>The Board of Trustees review strategic plans against financial performance, cash balances and reserves of the business on a quarterly basis together with a clearly defined set of Key Performance Indicators and update strategic objectives annually.</p>

Public Benefit

The Board has given due consideration to the Charity Commission's published guidance on the operation of the public benefit requirement by looking at the Charity's activities undertaken during the year. Community Integrated Care must demonstrate continually that the services provided have an identifiable benefit, are directly related to the aims of the Charity, and that benefit is to the public or a section of the public. The Board of Trustees is satisfied that the Charity meets the tests with regard to public benefit. Community Integrated Care provides tangible benefit to a large section of the public by providing care services for vulnerable adults, adults with learning difficulties, mental health concerns, autism or physical disabilities. It also provides care for the elderly in care homes, offering care for those with nursing, dementia and end of life palliative care requirements.

Community Integrated Care is a not for profit organisation which encompasses services from Northern Scotland to the South Coast of England. The Charity works with the most vulnerable and challenging adults in society and does not restrict members of the public from being able to benefit by virtue of the ability to pay or where a person lives. One of the foundation aims of the Charity is to promote inclusion for the individuals supported in the communities in which they live. This can be challenging due to the barriers relating to social exclusion such as stigma, access or discrimination. The Charity helps to bridge this gap by building relationships in the community, by having a "*can do*" approach to integration. Community Integrated Care provides benefits to the people we support in community activities including employment opportunities and education. It also offer opportunities to other members of the public through volunteering, community events and sharing the use of some of our facilities.

Community Integrated Care supports the establishment of social inclusion groups to empower the individual, which can be clearly identified through the care we provide and the partnerships we develop. All of our services are publically funded by Local Authorities, Health Authorities or Clinical Commissioning Groups, although we do care for a small number of self-funded members of the public. Our aim is to provide highest quality of care for anyone in need regardless of the service user's situation. Care service contracts with public sector bodies must demonstrate value for money whilst also maintaining high standards of care.

Our recognisable benefit is to those individuals who, for whatever reason, are unable to live independently and require support to ensure that they have fulfilled lives and the people we support are encouraged to try new things and to be independent. Community Integrated Care continues to innovate and meet new challenges for the services it provides by, for example, introducing innovative models for dementia (Eachstep™) and autism, the introduction of assistive technology and support and provision of research to help individuals lead independent lives.

The Charity encourages the employment of those who live with a disability within the organisation and has established forums for the people we care for to hold regular meetings and participate in peer review of the services we deliver. Such peer review reports form the basis of a powerful method of quality of care provided and assist in the development of innovative approaches to how future care and support could be delivered. As user involvement is now at the heart of health and social care policy, across Community Integrated Care the 'citizen's voice' is at the heart of everything we do. Ideas continue to develop which reflect this theme, based on the principles of personalisation, co-production and empowerment and Community Integrated Care will continue to harness the voice of the people who choose to be supported by us to inform every element of the Charity's practice.

The Charity's latest Annual Review illustrates the depth and breadth of the people we care for and give support to, thereby delivering both the Charity's aims and objectives and public benefit test. The latest Annual Review can be found at: <http://www.c-i-c.co.uk/our-publications>.

Structure, Governance and Management

Board of Trustees ("the Board")

For the purposes of the Companies Act 2006 the Trustees are also the Directors of the Charity.

The Board consists of up to 15 Trustees, including the Chair and a Senior Independent Trustee, and has the diversity, expertise and experience to satisfy its legal obligations, safeguard the assets of the Charity, provide leadership and strategic direction whilst complementing and supporting the Executive Team who manage the Charity on a day to day basis. A Trustee skills matrix is maintained by the Company Secretary and development opportunities are reviewed on a regular basis to ensure the Board continues to meet the changing needs and demands of the Charity.

Trustees are appointed by external advertisement and serve a three year term before facing retirement or re-election up to a maximum of 9 years in office. New Trustees receive a programme of induction which includes service visits and access to an electronic reading room with an overview of the Charity and key documents concerning its constitution, governance arrangements and the roles and responsibilities of Trustees. The Trustees are not remunerated but do receive reasonable out of pocket expenses for attending Board meetings in accordance with the Trustee expenses policy.

The Board meets at least four times a year to monitor performance against strategy, utilising a fully comprehensive suite of documents through which the Charity meets its obligations to the Charities Commission and OSCR, satisfies the requirements of the Charities Act and company law, and delivers its underlying objectives and responsibilities stated within its Memorandum and Articles of Association.

Whilst the Board retains individual and collective responsibility for ensuring compliance and Board effectiveness, it delegates elements of risk management and gains additional assurance and recommendations through a scheme of delegation and the use of sub-committees, all of which have written terms of reference which are reviewed and approved by the Board on a regular basis.

Sub-Committees

The Board of Trustees operates a number of sub-committees to support the work of the Board and deliver the organisation's strategic priorities through more detailed understanding and assurance on specific areas of delegated risk and compliance. The following committees have been operational in the period. Sub-committees meet quarterly and an outline of the terms of reference for each is noted below:

- Audit & Risk Committee
- Quality and Standards Committee
- Finance and Investment Committee
- Remuneration and Nominations Committee
- Workforce and Organisational Development Committee
- Scottish Committee

The Audit & Risk Committee reviews the effectiveness of the risk management framework and internal audit function to ensure that the Charity meets its obligations with regard to corporate compliance and relevant financial reporting standards. A core part of the remit is to appoint external auditors and to receive their annual report to gain assurance on the integrity of financial statements based upon a robust system of internal control.

The Quality and Standards Committee acts as an oversight committee in connection with the regulatory compliance and delivery of care and support services and takes assurance that the Charity is well led, with effective systems and processes in place in order to comply with health and social care legislation and best practice. The Committee reviews key performance indicators, receives operational reports and monitors the complaints process and feedback from people supported, their families and staff to ensure that individuals lead rewarding lives and achieve the best possible outcomes.

The Finance and Investment Committee provides guidance and support at all stages of the business planning cycle, from formulating the strategic financial plan through to finalising the annual budget and business plan. The Committee reviews performance against plans and forecasts for the year, including an oversight of all significant projects involving both investment and divestment of resources and capital, seeking Board approval as necessary. In conjunction with the above, the Committee monitors the level of reserves and liquidity against policy and reports its findings and recommendations to the Board accordingly.

The Remuneration and Nominations Committee is primarily responsible for ensuring good practices are in place in relation to all relevant legislative and regulatory requirements of the Board by establishing, amending and monitoring the corporate governance processes and practices of the organisation. The Committee has responsibility for the appointment, evaluation of performance and development of the Board, Trustees and the Executive Team and has delegated authority to determine the remuneration of the Chief Executive and the Executive Team and the approval and monitoring of systems for appraising the Executive Team.

The Workforce and Organisational Development Committee scrutinises organisational development and workforce strategies and recommending approval to the Board. It is responsible for taking assurance that core human resource policies are regularly reviewed and are compliant with appropriate legislation/regulatory requirements including the CQC's Well Led Framework, the Care Inspectorate's National Care Standards and the Scottish Social Services Council Fit to Practice Framework. Workforce strategies include those for reward, pay and recognition and the Committee takes assurance that arrangements are in place to manage the workforce against agreed KPIs and that there is appropriate training, engagement and feedback from staff.

The Scottish Committee reviews delivery of the agreed strategy and improvement plans for Scotland against key internal milestones. The Committee considers plans and progress with organisational development in Scotland and oversees initiatives that are in place to develop relations, the corporate profile and partnership workings in Scotland.

Advisory Groups

The Board has the power to establish ad-hoc working groups and advisory Boards as and when required, utilising both internal and external professionals as necessary.

A Governance Review was commissioned in 2015 and changes to governance structures and practice were implemented as a result. Its goals were to reaffirm that the governance arrangements were fit for purpose against the changing social care and charity landscape and that they remained consistent with the Charity's aims and objectives. As a result of this work, the Board has considered and implemented a number of actions to enhance governance and improve the overall effectiveness of the Board. These included:

- Revision of the Charity's constitution to ensure it remained current and relevant;
- Refreshed and revised the role and responsibilities of the Board, Trustees, its Committees and its Officers along with documents to support the roles and duties of the Board;
- Developing processes and controls in the recruitment, induction, development and appraisal of the Board both collectively and as individuals; and
- Consideration of Board accountability and how feedback and reporting to stakeholders could be improved.

Executive Management Structure

The Chief Executive Officer is authorised to manage the Charity on a day to day basis under a written scheme of delegation from the Board which is reviewed annually. The Chief Executive Officer has an Executive Team which is responsible for the delivery of the Strategic Plan and it meets on a monthly basis formally and on a weekly basis informally, in order to review the key performance indicators for the organisation and to keep abreast of developments in the organisation generally. The recently created Senior Leadership Team brings together the next 20 most senior managers from Operations and Support Services to further develop ownership and delivery of the Strategic Plan.

The Charity is structured into different operating regions on a sector and geographical basis which are led by Regional Directors, who are also considered as key personnel.

Employees

The Charity workforce has reduced during the year with 5,497 employees, of which 1,178 are based in Scotland.

The Charity has implemented a national employee forum, "Gamechangers", to cover employees at all levels of the organisation and is a forum for sharing information and consultation. It is an opportunity for employees to discuss their views on company policies and practice and to provide feedback and influence the senior management team on issues relevant to them. A recent investment into our front-line colleagues of £1million was largely a result of issues tabled at Regional and National Gamechanger meetings, demonstrating that this vehicle is effective and working well for both colleagues and the organisation.

As part of our drive to improve our employee benefits, we have recently changed our Employee Assistance provider with staff who are specialists in fields such as well-being, family matters, relationship issues, debt management, consumer rights, bereavement, stress, and much more. In addition, another recent initiative developed and supported through the Gamechanger forum is our new Wellbeing Fund, which has been established to provide support to colleagues facing financial hardship or difficulty. When people fall upon hard times, we want to be able to do more to support people with a helping hand when it is needed most.

All individuals working within Community Integrated Care are encouraged to raise concerns without fear of reprisals, even if they turn out to be mistaken. Everyone should be aware of the importance of preventing and eliminating wrongdoing at work and all employees have a duty to support and maintain standards of care. Our Whistleblowing Policy, "Speak Out" is an important means for employees to raise any concerns regarding inappropriate behaviour, unlawful conduct, poor practice or behaviour and all reported incidents are reviewed by Trustees through the quarterly Audit & Risk Committee and an annual report to the Board of Trustees.

The Charity recognises its obligations in terms of the Modern Slavery Act and the required annual statement can be found on our website.

The Charity is a company limited by guarantee, is not allowed to distribute dividends to shareholders and does not operate any bonus schemes for employees.

The Charity seeks to promote greater employment opportunities for people with disabilities. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work for those employees who have become disabled, to promote their career development.

The Charity's Scottish Service Delivery

Community Integrated Care has operated care services in Scotland since 1996 and is separately registered with the Office of the Scottish Charity Regulator (OSCR). The Charity operates in 10 local authorities in Scotland and with income of £26.0m for the year-ended March 2018 (2017: £23.0m) represents a significant part of the Charity's overall strategy. Its head office is in Glasgow and there are sub-offices across the country from Wick in the North to the Scottish Borders in the South.

In recognition of its strategic importance, the Charity has a sub-committee of the Board which is solely dedicated to Scotland. The Committee provides assurance on the performance and developments in Scotland and continues to oversee strategy and delivery against the Scottish legislative and regulatory frameworks and the identification of future opportunities for future development and growth.

The Charity has worked with Commissioners and Regulators to de-register services wherever possible into an independent living model where personalisation is the cornerstone and the empowerment of the person we support. In 2017/18 the total income from charitable activities in Scotland was £26.0m (2017: £23.0m) and the total resources expended in connection with the Charity's Scottish operations was £24.6m (2017: £22.5m).

With 1,178 staff, and 77 services including 6 senior care homes across Dumfries and Galloway, the Charity provides learning disability services from Wick in the North to the Scottish Borders in the South. The Charity's Scottish operation continues to grow and open new services, supporting over 588 people with care needs and remains a target area for growth.

The Charity's income from charitable activities in Scotland is derived from public sector commissioners and we continue to apply the Foundation Living wage in line with the wider sector in Scotland. The risks set out in the Charity's Strategic Risk Register apply equally to the Charity's Scottish operation whilst recognising the different regulatory and statutory framework.

Administrative and Legal Information

Life President:

Dr David Robertson

Board of Trustees and Directors:

Dame Joan Stringer	(Chair of Trustees)
David Arden	- resigned 13 December 2017
Fiona Armstrong	- appointed 14 June 2017
Maria Da Cunha	
Teresa Fenech	- appointed 5 October 2017
Peter Hay	
Simon Learoyd	- appointed 1 January 2018
Nigel Lemmon	- appointed 8 September 2017
Brian Logan	- appointed 5 October 2017
Stuart Lorimer	
Caroline McHugh	- resigned 10 October 2017
David McIntosh	
Peter Pritchard	- resigned 13 June 2018
Philip Smyth	(Senior Independent Trustee)
Paul Stanion	- retired 13 December 2017
Heather Tierney-Moore	

Company Secretary:

Andrew Sleigh (resigned 3 July 2017)

David Hedley (appointed 3 July 2017)

Chief Executive Officer:

Phil Pegler (interim to 1 September 2017)

Mark Adams (appointed 4 September 2017)

Charity and Company Registrations:

England and Wales: 519996

Scotland: SC039671

Company Registration Number: 2225727

Registered Office Address:

Community Integrated Care
2 Old Market Court
Miners Way
Widnes
Cheshire
WA8 7SP

Principal Bankers:

Lloyds Bank Plc
53 King Street
Manchester
M2 4LQ

Auditors:

BDO LLP
3 Hardman Street
Spinningfields
Manchester M3 3AT

Solicitors:

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Statement of Trustee Responsibilities

The Trustees (who are also directors of Community Integrated Care for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Charity and of the incoming resources and application of resources, including the income and expenditure account, of the group over that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments 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;
- Give due consideration to Charity Commission published Guidance and The Office of the Scottish Charity Regulator on the operation of the Public Benefit requirement; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement as to disclosure of information to auditors

In so far as the Trustees are aware at the time of approving the Trustees' Annual Report:

- there is no relevant information, being information needed by the auditor in connection with preparing the report, of which the Group's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the Group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint BDO LLP as Auditors to the Charity will be proposed at the 26 September 2018 Trustee Board Meeting.

On behalf of the Board of Trustees

Dame Joan Stringer

Chair of Trustees



Dated: 26th September 2018

External Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF COMMUNITY INTEGRATED CARE

Opinion

We have audited the financial statements of Community Integrated Care ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the consolidated and parent charitable company's statement of financial activities, the consolidated and parent charitable company's balance sheet, the consolidated cash flow statement 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 Financial Reporting Standard 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 Group's Charitable Company's affairs as at 31 March 2018 and of its incoming resources and application of resources 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation S6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

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 Group and the Parent Charitable Company in accordance with the ethical requirements 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 related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Strategic Report, Structure Governance and Management, Trustees Responsibilities and Scottish Service Delivery. The Trustees are responsible for the other information.

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.

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, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified 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, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 at the Financial Reporting Council's ("FRC's") website at:

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

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees 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 Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Hamid Ghafoor (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom

Date: **8/10/2018.**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Community Integrated Care

Consolidated Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the year ended 31 March 2018

		Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	TOTAL 2018 £'000	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	TOTAL 2017 £'000
	Note						
Income							
Donations		-	-	-	-	-	-
Income from charitable activities	2	118,916	-	118,916	114,700	-	114,700
Other income	3	745	-	745	209	-	209
Total Income		119,661	-	119,661	114,909	-	114,909
Expenditure							
Charitable activities	4	119,665	-	119,665	117,242	-	117,242
Total expenditure		119,665	-	119,665	117,242	-	117,242
Net Income / (expenditure)		(4)	-	(4)	(2,333)	-	(2,333)
Transfer between funds		515	(515)	-	413	(413)	-
Other recognised gains / (losses)							
Actuarial gains/ (losses) on defined benefit pension scheme	19c	864	-	864	(319)	-	(319)
Net movement in funds		1,375	(515)	860	(2,239)	(413)	(2,652)
Reconciliation of funds:							
Total fund balances at 1 April		37,167	8,282	45,449	39,406	8,695	48,101
Total fund balances at 31 March		38,542	7,767	46,309	37,167	8,282	45,449

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

Community Integrated Care

Statement of Financial Activities

(Incorporating an Income and Expenditure Account)

for the year ended 31 March 2018

		Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	TOTAL 2018 £'000	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	TOTAL 2017 £'000
	Note						
Income							
Donations		-	-	-	-	-	-
Income from charitable activities	2	118,891	-	118,891	114,675	-	114,675
Other income	3	755	-	755	216	-	216
Total income		119,646	-	119,646	114,891	-	114,891
Expenditure							
Charitable activities	4	119,647	-	119,647	117,236	-	117,236
Total expenditure		119,647	-	119,647	117,236	-	117,236
Net income / (expenditure)		(1)	-	(1)	(2,345)	-	(2,345)
Transfer between funds		515	(515)	-	413	(413)	-
Other recognised gains / (losses)							
Actuarial gains/ (losses) on defined benefit pension scheme	19c	864	-	864	(319)	-	(319)
Net movement in funds		1,378	(515)	863	(2,251)	(413)	(2,664)
Reconciliation of funds:							
Total fund balances at 1 April		37,387	8,282	45,669	39,638	8,695	48,333
Total fund balances at 31 March		38,765	7,767	46,532	37,387	8,282	45,669

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

Community Integrated Care

Statement of Financial Position (Consolidated and Charity)

Company No. 2225727

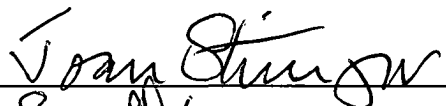
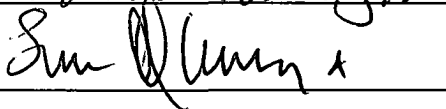
as at 31 March 2018

		Group		Charity	
	Note	2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9	48,379	49,294	48,102	49,008
Intangible assets	10	67	227	67	227
		48,446	49,521	48,169	49,235
Current assets					
Debtors recoverable within one year	12	12,086	11,694	12,086	11,690
Cash at bank and in hand		9,134	8,293	9,130	8,289
		21,220	19,987	21,216	19,979
Debtors recoverable after one year	12	-	-	319	319
Creditors:					
Amounts falling due within one year	13	15,195	22,514	15,190	22,509
Net current assets		6,025	(2,527)	6,345	(2,211)
Total assets less current liabilities		54,471	46,994	54,514	47,024
Creditors:					
Amounts falling due after more than one year	14	7,653	191	7,472	-
		7,653	191	7,472	-
Net assets excluding pension liability		46,819	46,803	47,042	47,024
Defined benefit pension scheme liability	19d	510	1,354	510	1,354
Net assets		46,309	45,449	46,532	45,669
Reserves					
Unrestricted funds	16	38,542	37,167	38,765	37,387
Restricted funds	16	7,767	8,282	7,767	8,282
Total funds		46,309	45,449	46,532	45,669

The financial statements were approved and authorised for issue by the board of Trustees on 26th September 2018 and signed on their behalf by:

Dame J. Stringer (Chair)

S. Learoyd (Chair of Audit Committee)

Community Integrated Care

Consolidated Statement of Cash Flows

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Operating activities:		
Net income/ (expenditure) before other recognised gains & losses	(4)	(2,333)
Depreciation	2,860	2,762
Amortisation	160	160
Loan interest paid	894	919
Bank interest received	(20)	(34)
Defined benefit pension scheme staff cost charges	219	169
Defined benefit pension scheme interest	(3)	3
Payment to defined benefit pension scheme	(196)	(193)
 Decrease / (increase) in debtors	 (391)	 (1,381)
 Increase in creditors	 618	 473
Decrease in provisions for liabilities	(10)	-
Profit on sale of tangible fixed assets	(709)	(252)
Net cash inflow from operating activities	3,418	293
Investing activities:		
Payments to acquire tangible fixed assets	(3,712)	(3,622)
Receipts from sales of tangible fixed assets	2,475	1,331
Bank interest received	20	34
Net cash inflow/ (outflow) from investing activities	(1,217)	(2,257)
Financing activities:		
Loan received	-	-
Repayment of borrowing	(466)	(446)
Loan interest paid	(894)	(919)
Net cash inflow/ (outflow) from financing activities	(1,360)	(1,365)
 Cash inflow / (outflow) in year	 841	 (3,329)
Cash / cash equivalents at the beginning of the reporting period	8,293	11,622
Cash / cash equivalents at the end of the reporting period	9,134	8,293

Community Integrated Care
Notes to the financial statements
for the year ended 31 March 2018

1. Accounting policies

Community Integrated Care is a charitable company incorporated in England and Wales under the Companies Act. The Charity is a Public Benefit Entity. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report.

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

(a) Basis of preparation

The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in January 2015 under the historical cost convention.

The Charity has availed itself of Paragraph 4 (1) of Schedule 1 of Statutory Instrument 2008 No. 410 and adapted the Companies Act formats to reflect the special nature of the Charity's activities.

The accounts are prepared on a going concern basis. The trustees have reviewed the forecasts for the next 5 years and consider that the group is a going concern.

(b) Preparation of accounts on a going concern basis

After making enquiries and having reviewed the Charity's forecasts and projections to March 2019, taking into account reasonable possible changes in trading performance, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustees have adopted the going concern basis of accounting in preparation of the financial statements.

(c) Group consolidated financial statements

The Group financial statements consolidate the funds of the Charity and its subsidiary company. The subsidiary company consolidated within the Group financial statements is Person Centred Housing Limited, and its results and net assets have been included on a line by line basis as the Charity controls the subsidiary. No subsidiaries have been acquired or disposed of in the year, or the preceding year. In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

* No cash flow statement has been presented for the parent company.

(d) Company status

The Charity is a company limited by guarantee and has no share capital. The Trustees are elected from the members of the company. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £5 per member of the Charity.

(e) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees, in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds are transferred from general unrestricted funds for specific purposes, based on available cost information. These amounts are monitored annually.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors, or which have been raised by the Charity for particular purposes. This fundraising has created the expectation that resources generated would be used for specific purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(f) Incoming Resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income, when the amount can be quantified with reasonable accuracy and when the amount is likely to be received. For legacies, entitlement is the earlier of the Charity being notified of an impending distribution or the legacy being received.

Grants are received from bodies within Local Government and the National Health Service and are specific to the charitable activities.

All grants, donations, rental income and contractual payments are included on a receivable basis. Income received for expenditure in future accounting periods is deferred.

Other Grants are recognised as and when conditions for their release are fulfilled.

Community Integrated Care

Notes to the financial statements for the year ended 31 March 2018

(g) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on the same basis as expenditure incurred directly in undertaking an activity. Overheads are apportioned to each operational scheme in accordance with the terms of the contract.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity, and are allocated to each category based upon the relevant proportion of turnover.

Governance costs are those incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements.

A liability is recognised when the Charity is legally committed at the balance sheet date as a result of a past event.

(h) Intangible assets

Goodwill arising on an acquisition of a business is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the SOFA over the Trustees' estimate of its useful economic life which will not be more than 5 years.

(i) Tangible fixed assets and depreciation

Capitalisation:

Tangible fixed assets costing more than £1,000 are capitalised and included at cost along with any incidental expenses of acquisition.

Valuation:

Tangible fixed assets are measured at historical cost.

Depreciation:

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value on a straight line basis over their expected useful economic lives, as follows:

Freehold buildings- 50 years

Leasehold land and buildings- over the lease term

Fixtures and fittings- 5 years or 10 years

Motor vehicles- 4 years

Computer equipment- 3-10 years

Assets under construction are not depreciated until completion of the build.

Impairments are separately identified and charged to the funds of the Charity when the carrying amount is greater than the recoverable amount.

(j) Donated assets

Assets donated to the group are recognised at their fair value at the date they are gifted. Where assets are donated from another charitable entity, the fair value of any donated assets and liabilities is recognised within Voluntary income within the SOFA.

(k) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

(l) Leased assets - Lessor

Where assets are leased to a third party and give rights approximating to ownership (finance leases), the assets are treated as if they had been sold outright. All other leases are treated as operating leases. The annual rentals are credited to the SOFA on a straight line basis over the term of the lease, with the leased asset accounted for in accordance with the policy for tangible fixed assets.

(m) Pension contributions

The Company's participating employees are either members of the Group's defined contribution scheme or members of one of the defined benefit schemes.

For defined benefit schemes the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs, to the extent that they have not previously been recognised, are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount within finance costs which are included in resources expended. Actuarial gains and losses are recognised immediately in the 'Other recognised gains and losses'.

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Notes to the financial statements
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(n) Pension contributions (continued)

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. Pension scheme assets are included in the balance sheet, but surpluses in any scheme (i.e. the amount by which assets exceed liabilities) are only included to the extent that the surplus may be recovered by reduced further contributions or to the extent that the Trustees have agreed a refund from the scheme at the balance sheet date. Pension scheme liabilities are recognised to the extent that the Group has a legal or constructive obligation to settle the liability.

For defined contribution schemes the amount charged to the Consolidated Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The Charity contributes to two group personal pension plans operated by Aviva and The People's Pension. The relevant plan is open to all employees over the age of 18. Due to a change in law, from May 2013 the Charity launched the government led auto-enrolment programme resulting in all eligible employees being automatically enrolled in the relevant pension scheme. The assets of the schemes are held separately from those of the Charity. The annual contribution payments are charged to the SOFA.

(o) Accounting for investments

Investments in subsidiaries are stated at cost.

(p) Judgements in applying accounting policies and key sources of estimation of uncertainty

In preparing these financial statements the directors have made judgements where appropriate. The judgement subject to the greatest uncertainty is the provision for bad debt. It is assumed that 1.8% of trade debtors will not be realised due to the size and the age of individual debt.

Other key sources of estimation uncertainty include: the actuarial assumptions in respect of defined benefit pension schemes - The application of actuarial assumptions relating to defined benefit pension schemes is incorporated in the financial statements in accordance with FRS 102. In applying FRS 102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates.

Classification of leases - whether leases entered into as lessee, is operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Depreciation of tangible fixed assets and impairment - Tangible fixed assets are depreciated over their useful lives taking into account residual lives, where appropriate. The actual lives of the assets and residual lives are assessed annually and may vary depending upon a number of factors. In assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. In considering whether indications of impairment exist, factors taken into consideration include the economic viability and expected future performance of the asset.

(q) Financial Instruments

Financial instruments of the Group are measured at amortised cost. Financial assets comprise cash, trade debtors and other debtors. Financial liabilities comprise bank loans, trade creditors, other creditors and accruals. Financial assets and financial liabilities are recognised when Community Integrated Care becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Community Integrated Care only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions are recognised where Community Integrated Care has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Community Integrated Care

Notes to the financial statements for the year ended 31 March 2018

2 Analysis of income from charitable activities

	GROUP		CHARITY	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Central	17,888	17,008	17,888	17,008
North West	25,784	25,107	25,784	25,107
North East	17,384	16,867	17,359	16,842
Scotland	25,979	23,000	25,979	23,000
South	7,164	7,637	7,164	7,637
Older Peoples Services England	24,717	25,080	24,717	25,080
	<u>118,916</u>	<u>114,700</u>	<u>118,891</u>	<u>114,675</u>

3 Other income

	GROUP		CHARITY	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Management Fee	-	-	10	7
Sundry	17	101	17	101
Net gain on disposal of fixed assets	708	74	708	74
Bank interest	20	34	20	34
	<u>745</u>	<u>209</u>	<u>755</u>	<u>216</u>

4 Analysis of expenditure

	GROUP			2018 Total £'000	2017 Total £'000
	Operational staff costs £'000	Direct costs £'000	Support costs £'000		
Costs of charitable activities					
Central	14,507	579	2,484	17,570	16,631
North West	21,209	1,758	3,054	26,021	24,048
North East	11,225	1,554	2,225	15,004	16,811
Scotland	18,613	2,625	3,376	24,614	22,509
South	5,708	796	970	7,474	8,070
Older Peoples Services England	19,797	6,370	2,813	28,980	29,172
	<u>91,060</u>	<u>13,683</u>	<u>14,922</u>	<u>119,665</u>	<u>117,242</u>

	CHARITY			2018 Total £'000	2017 Total £'000
	Operational staff costs £'000	Direct costs £'000	Support costs £'000		
Costs of charitable activities					
Central	14,507	579	2,484	17,570	16,631
North West	21,209	1,758	3,054	26,021	24,048
North East	11,225	1,537	2,225	14,987	16,805
Scotland	18,613	2,625	3,376	24,614	22,509
South	5,708	796	970	7,474	8,070
Older Peoples Services England	19,797	6,370	2,813	28,980	29,172
	<u>91,060</u>	<u>13,666</u>	<u>14,922</u>	<u>119,647</u>	<u>117,236</u>

Community Integrated Care

Notes to the financial statements

for the year ended 31 March 2018

5 Analysis of support costs

The charity allocates its support costs as shown in the table below. Regional Office costs are allocated to the relevant region. Support Service costs are apportioned between the regions based on the percentage of income per region.

	GROUP						
	Total 2017 £'000	Total 2018 £'000	Finance & Legal £'000	Human Resources & Training £'000	Information Technology £'000	Facilities Management £'000	Administration £'000
Central	2,025	2,484	318	557	295	112	1,202
North West	2,911	3,054	459	803	426	161	1,206
North East	2,256	2,225	299	540	287	108	991
Scotland	2,992	3,376	462	809	429	162	1,514
South	992	970	128	223	118	45	456
Older Peoples Services England	3,082	2,813	440	769	408	154	1,041
	<u>14,258</u>	<u>14,922</u>	<u>2,106</u>	<u>3,701</u>	<u>1,963</u>	<u>741</u>	<u>6,410</u>

	CHARITY						
	Total 2017 £'000	Total 2018 £'000	Finance & Legal £'000	Human Resources & Training £'000	Information Technology £'000	Facilities Management £'000	Administration £'000
Central	2,025	2,484	318	557	295	112	1,202
North West	2,911	3,054	459	803	426	161	1,206
North East	2,263	2,225	299	540	287	108	991
Scotland	2,992	3,376	462	809	429	162	1,514
South	992	970	128	223	118	45	456
Older Peoples Services England	3,082	2,813	440	769	408	154	1,041
	<u>14,265</u>	<u>14,922</u>	<u>2,106</u>	<u>3,701</u>	<u>1,963</u>	<u>741</u>	<u>6,410</u>

Analysis of governance costs

Audit and accountancy fees
Legal costs

GROUP		CHARITY	
2018 £'000	2017 £'000	2018 £'000	2017 £'000
42	49	41	49
70	68	70	68
<u>112</u>	<u>117</u>	<u>111</u>	<u>117</u>

Audit and non audit services

Statutory audit of parent and consolidated accounts
Tax Services

2018 £'000	2017 £'000
38	45
4	4
<u>42</u>	<u>49</u>

6 Other costs and income

Operating lease rentals
Depreciation
Loan interest
Defined benefit pension - expected return on assets less interest on obligation
Rent received

plant & machinery
land & buildings
owned assets
leased assets- land & buildings

GROUP		CHARITY	
2018 £'000	2017 £'000	2018 £'000	2017 £'000
216	172	216	172
844	1,036	844	1,036
2,541	2,444	2,534	2,436
319	318	319	318
894	919	894	919
(3)	3	(3)	3
(250)	(231)	(250)	(231)

The loan interest includes an annual payment made for two donated Salford services which totals £462k.

Community Integrated Care

Notes to the financial statements

for the year ended 31 March 2018

7 Staff costs

	GROUP		CHARITY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Wages and salaries	86,642	83,034	86,642	83,034
Social security costs	6,631	5,838	6,631	5,838
Other pension costs - contributions to defined contribution schemes	1,142	1,102	1,142	1,102
- defined benefit pension scheme charges	219	169	219	169
	<u>94,634</u>	<u>90,143</u>	<u>94,634</u>	<u>90,143</u>

The figures shown above represent all staff costs for the Group and Company including operational staff costs, as shown in Note 4, together with costs relating to staff who work in support services and regional offices, which are incorporated within the support cost figures in note 5.

Redundancy costs incurred by CIC amounting to £86,849 (2017: £334,649) are included in the above figures.

Employee benefits incurred by CIC, comprising company cars and health insurance, amounting to £69,625 (2017: £83,047) are included in the above figures.

Agency costs incurred by CIC amounting to £5,367,689 (2017: £6,188,890) are not included in the analysis above. These costs are incurred to provide cover for staff on annual leave or additional hours required on contracts.

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	GROUP		CHARITY	
	2018	2017	2018	2017
	number	number	number	number
£60,001 - £70,000	7	5	7	5
£70,001 - £80,000	2	1	2	1
£80,001 - £90,000	2	2	2	2
£90,001 - £100,000	3	1	3	1
£100,001 - £110,000	-	1	-	1
£110,001 - £120,000	1	1	1	1
£130,001 - £140,000	-	-	-	-
£140,001 - £150,000	-	1	-	1
£150,001 - £160,000	-	-	-	-
£160,000 - £170,000	-	-	-	-
£170,000 - £180,000	1	-	1	-
	<u>16</u>	<u>12</u>	<u>16</u>	<u>12</u>

All employees earning more than £60,000 contributed to a personal pension scheme. The Charity contributed £60,768 (2017: £79,858) on their behalf.

Total earnings of key management personnel in the year amounted to £1,363,171 (2017: £1,033,981).

No directors are part of the defined benefit pension scheme.

The Trustees did not receive any remuneration from the charity. Trustees are reimbursed for expenditure incurred in attending Trustee meetings or visiting the Group's homes and facilities in their roles as Trustees. These costs related to 8 Trustees and amounted to £8,410 in the year (2017: £14,173).

The number of full and part-time employees, calculated on a monthly average basis, was:

	GROUP		CHARITY	
	2018	2017	2018	2017
	number	number	number	number
Operational staff	5,104	5,252	5,104	5,252
Administration and support	393	358	393	358
	<u>5,497</u>	<u>5,610</u>	<u>5,497</u>	<u>5,610</u>

8 Indemnity insurance

The Charity purchases Directors and Officers Liability insurance. The cost of the premium in the year was £10,920 (2017: £10,725).

Community Integrated Care

Notes to the financial statements

for the year ended 31 March 2018

9 Tangible fixed assets	Freehold land & buildings £'000	Leasehold land & buildings £'000	Fixtures & fittings £'000	Motor vehicles £'000	Computers £'000	Assets under construction £'000	TOTAL £'000
GROUP							
Cost							
At 1 April 2017	48,794	8,370	8,361	3,654	1,687	222	71,088
Additions	-	-	1,225	1,773	419	295	3,712
Disposals	(820)	-	(54)	(1,746)	-	-	(2,620)
Transfer	-	-	-	-	-	-	-
At 31 March 2018	47,974	8,370	9,532	3,681	2,106	517	72,180
Depreciation							
At 1 April 2017	12,025	3,000	4,433	1,483	852	-	21,793
Provided during the year	889	319	906	465	281	-	2,860
Disposals	(317)	-	(29)	(507)	-	-	(853)
At 31 March 2018	12,597	3,319	5,310	1,441	1,133	-	23,801
Net Book Value							
At 31 March 2018	35,377	5,051	4,222	2,241	973	517	48,379
At 31 March 2017	36,769	5,370	3,929	2,171	835	222	49,295
CHARITY							
Cost							
At 1 April 2017	48,399	6,917	8,357	3,655	1,683	222	69,233
Additions	-	-	1,225	1,773	419	295	3,712
Disposals	(820)	-	(54)	(1,746)	-	-	(2,620)
Transfer	-	-	-	-	-	-	-
At 31 March 2018	47,579	6,917	9,528	3,682	2,102	517	70,325
Depreciation							
At 1 April 2017	11,918	1,547	4,429	1,483	848	-	20,225
Provided during the year	881	319	906	465	281	-	2,852
Disposals	(317)	-	(29)	(507)	-	-	(853)
At 31 March 2018	12,482	1,866	5,306	1,441	1,129	-	22,224
Net Book Value							
At 31 March 2018	35,097	5,051	4,222	2,242	973	517	48,102
At 31 March 2017	36,481	5,370	3,928	2,172	835	222	49,008

Included in freehold land and buildings for the Group are 30 buildings which were donated by local authorities. They have a net book value (including subsequent expenditure) of £6,605K. Disposal of these buildings is subject to the approval of the donating authority. Included in leasehold land and buildings for the Group are two properties funded by Salford LA with a net book value of £3,724K that are held on leaseholds of 23 years. Disposal of these buildings is subject to the approval of the donating authority. Assets under construction comprise of costs incurred relating to upgrades relating to IT systems (£333k) and property (£184k). These assets will be fully constructed in 2018-19 at which point depreciation will commence. Motor vehicles include 221 vehicles with a net book value of £2,242K which are leased to people we support.

Community Integrated Care

Notes to the financial statements

for the year ended 31 March 2018

9 Tangible fixed assets (continued)

Included in freehold land and buildings is land at a cost of £3,045K that is not depreciated.

Certain assets are owned by the Group and leased on an operating lease to Reside Housing Association Limited, with the following values:

	2018	2017
	£'000	£'000
Cost	2,940	2,940
Accumulated depreciation	(632)	(574)
	<u>2,308</u>	<u>2,366</u>

	2018	2017
	£'000	£'000
10 Goodwill		
Cost B/f	800	800
Additions in year	-	-
Amortisation B/f	(573)	(413)
Amortisation in year	<u>(160)</u>	<u>(160)</u>
	<u>67</u>	<u>227</u>

Goodwill represents an amount paid on the acquisition of two services in 2014 from Seashell Trust and is being amortised over five years.

11 Related Parties

Subsidiary	Control %	Company number	Country of incorporation
Person Centred Housing Limited	100	4578121	England & Wales
Inspirit Care Ltd	100	4180614	England & Wales

Person Centred Housing Limited ("PCH") is a company limited by guarantee. The Charity has the right to appoint and remove members.

Community Integrated Care rent a property from Person Centred Housing at a normal commercial value. Related party transactions include rent payments to PCH totalling £25k in 2018 (£20k in 2017) and a management charge from PCH of £10k (£7k in 2017). Person Centred Housing has an intercompany creditor of £303k

Inspirit Care is dormant and ceased to trade from the start of the 2014/15 Financial Year. As such it is exempt from preparing financial statements by virtue of S394 of Companies Act 2006

Other than with Person Centred Housing Limited there have been no related party transactions in the year.

Community Integrated Care

Notes to the financial statements

for the year ended 31 March 2018

12 Debtors

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts due within one year				
Trade debtors	8,281	7,882	8,281	7,878
Other debtors	362	327	362	327
Prepayments & accrued income	3,443	3,485	3,443	3,485
	<u>12,086</u>	<u>11,694</u>	<u>12,086</u>	<u>11,690</u>
Amounts due after more than one year				
Amounts due from subsidiary undertakings	-	-	319	319
Total	<u>12,086</u>	<u>11,694</u>	<u>12,405</u>	<u>12,010</u>

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
13 Creditors: amounts falling due within one year				
Trade creditors	700	1,264	700	1,264
Other taxes and social security	1,321	1,252	1,318	1,248
Other creditors	2,294	1,086	2,294	1,086
Bank loans due within one year	490	8,428	490	8,428
Accruals	10,390	10,484	10,389	10,483
	<u>15,195</u>	<u>22,514</u>	<u>15,190</u>	<u>22,509</u>

Included within accruals is an amount for deferred income. Deferred income comprises income received in advance of the delivery of the service as contracted.

	Group	Charity
	£'000	£'000
The movement in the period is as follows		
Opening deferred income	1,041	1,041
Amounts charged for the year	788	788
Amounts released in the year	(1,041)	(1,041)
Closing deferred income	<u>788</u>	<u>788</u>

The Charity is the Custodian Trustee of residents' personal monies totalling £6.2M at 31st March 2018 (2017: £6.2M). These personal monies are held by banks other than the Charity's principal banker, and the funds are excluded from the financial statements.

At 31 March 2017 (Prior Year), the charity breached its RBS loan covenants. This loan was reclassified into creditor: under one year. A waiver for this breach was received post year end.

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
14 Creditors: amounts falling due in more than one year				
Bank loans	7,472	-	7,472	-
Deferred Capital Grants	181	191	-	-
	<u>7,653</u>	<u>191</u>	<u>7,472</u>	<u>-</u>
Repayments fall due as follows:				
In the second to fifth year inclusive	2,248	-	2,248	-
After 5 years	5,224	-	5,224	-
	<u>7,472</u>	<u>-</u>	<u>7,472</u>	<u>-</u>
Bank loans due within one year (above)	490	8,428	490	8,428
Total loans and overdrafts	<u>7,962</u>	<u>8,428</u>	<u>7,962</u>	<u>8,428</u>

The group hold three loans with the Royal Bank of Scotland plc. The first is a 15 year loan which was taken out in 2012 and carries a fixed rate of interest of 5.79%. The second is a 20 year loan which was taken out in 2014 and carries a fixed rate of interest of 5.14%. The third is a 20 year loan which was taken out in the year and carries a fixed rate of interest of 4.36%. All three loans are secured against 5 properties owned by the Group valued in February 2013 at £11.1M.

Community Integrated Care

Notes to the financial statements

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15 Other financial commitments

At 31 March 2018 the group had commitments under non-cancellable operating leases as follows:

	GROUP Equipment		CHARITY Equipment	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Expiry date:				
Within one year	152	172	152	172
Between two and five years	-	-	-	-
	<u>152</u>	<u>172</u>	<u>152</u>	<u>172</u>

The total future minimum lease commitment at 31 March 2017 is £152k.

At 31 March 2018 the amounts payable to the group under non-cancellable operating leases as follows:

	GROUP Equipment		CHARITY Equipment	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Expiry date:				
Within one year	(250)	(231)	(250)	(231)
Between two and five years	(250)	(250)	(250)	(231)
	<u>(500)</u>	<u>(481)</u>	<u>(500)</u>	<u>(462)</u>

The total future minimum lease commitment at 31 March 2018 is £500k.

16 Statement of funds

GROUP	1 April 2016 £'000	Restatement £'000	Profit for the year		Other comprehensive income		31 March 2017 £'000	Profit for the year		Other comprehensive income		31 March 2018 £'000
			Income £'000	Expenditure £'000	Transfers £'000	DB Pension adj £'000		Income £'000	Expenditure £'000	Transfers £'000	DB Pension adj £'000	
Unrestricted funds	39,406	-	114,909	(117,242)	413	(319)	37,167	119,661	(119,665)	515	864	38,542
Restricted funds												
Capital grants	8,695	-	-	-	(413)	-	8,282	-	-	(515)	-	7,767
Total restricted funds	8,695	-	-	-	(413)	-	8,282	-	-	(515)	-	7,767
Total funds	48,101	-	114,909	(117,242)	-	(319)	45,449	119,661	(119,665)	-	864	46,309

The capital grants fund comprises two elements. Firstly, £4,370K relating to the market value of the buildings donated to the Charity by Local Authorities at the date of their transfer. The fund is written off over the estimated useful life of the buildings which is 50 years.

Secondly, £3,911K relating to the Salford Homes fund represents monies provided to build the Salford homes, which is being written off over the useful economic life of the properties which is 23 years.

The transfers made between Restricted Funds and Unrestricted Funds represent the depreciation on the Group's fixed assets, to the extent that the assets were acquired using capital grants, which are part of Restricted Funds. Depreciation is initially calculated as part of the Group depreciation, and is then transferred to Restricted Funds.

Community Integrated Care

Notes to the financial statements

for the year ended 31 March 2018

16 Statement of funds (continued)

	1 April 2016 £'000	Profit for the year		Other comprehensive income		31 March 2017 £'000	Profit for the year		Other comprehensive income		31 March 2018 £'000
		Income £'000	Expenditure £'000	Transfers £'000	DB Pension adj £'000		Income £'000	Expenditure £'000	Transfers £'000	DB Pension adj £'000	
CHARITY											
Unrestricted funds	39,638	114,891	(117,236)	413	(319)	37,387	119,646	(119,647)	515	864	38,765
Restricted funds											
Capital grants	8,695	-	-	(413)	-	8,282	-	-	(515)	-	7,767
Total restricted funds	8,695	-	-	(413)	-	8,282	-	-	(515)	-	7,767
Total funds	48,333	114,891	(117,236)	-	(319)	45,669	119,646	(119,647)	-	864	46,532

17 Analysis of group net assets between funds

	31 March 2018 GROUP			31 March 2017 GROUP		
	Unrestricted funds £'000	Restricted funds £'000	Total £'000	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2018 are represented by						
Tangible fixed assets	40,680	7,767	48,446	41,239	8,282	49,521
Current assets	21,220	-	21,220	19,987	-	19,987
Current liabilities	(15,195)	-	(15,195)	(22,514)	-	(22,514)
Long-term liabilities	(7,653)	-	(7,653)	(191)	-	(191)
Pension provision	(510)	-	(510)	(1,354)	-	(1,354)
	<u>38,542</u>	<u>7,767</u>	<u>46,309</u>	<u>37,167</u>	<u>8,282</u>	<u>45,449</u>

	31 March 2018 CHARITY			31 March 2017 CHARITY		
	Unrestricted funds £'000	Restricted funds £'000	Total £'000	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2018 are represented by						
Tangible fixed assets	40,403	7,767	48,170	40,953	8,282	49,235
Current assets	21,535	-	21,535	20,299	-	20,299
Current liabilities	(15,190)	-	(15,190)	(22,509)	-	(22,509)
Long-term liabilities	(7,472)	-	(7,472)	-	-	-
Pension provision	(510)	-	(510)	(1,354)	-	(1,354)
	<u>38,765</u>	<u>7,767</u>	<u>46,532</u>	<u>37,387</u>	<u>8,282</u>	<u>45,669</u>

18 Pension scheme obligations- Defined contribution schemes

The group operates two defined contribution occupational pension schemes for employees. The support services and management staff pension fund is held with Aviva (3% standard employer contributions). The operational staff pension fund is held with The People's Pension (1% employer contributions). All assets of the schemes are held in independent funds with the aforementioned pension providers.

Pension costs charged in the SOFA represent the contributions payable by the charity in the year.

	2018 £'000	2017 £'000
Contributions paid	<u>1,142</u>	<u>1,102</u>

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Notes to the financial statements for the year ended 31 March 2018

19 Pension scheme obligations- Defined benefit schemes

The defined benefit schemes to which the Group is a contributor, comprise final salary schemes of the Local Government Pension Schemes ("LGPS") for Dumfries & Galloway, Teesside and Greater Manchester. The LGPS are funded schemes, with the assets held in separate trustee administered funds. The pension cost is assessed every three years in accordance with advice from independent qualified actuaries, using the projected unit method. The latest actuarial valuations of the schemes were as at 31st March 2014 and these were updated as at 31st March 2016. The following figures include relevant information provided by the Local Authorities who are the administering authorities for the funds.

The Group is also a contributor to the National Health pension scheme and the current contribution rate is 14.4%. The NHS scheme is a multi employer defined benefit scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the Group. The scheme is therefore accounted for as a defined contribution scheme, and the contributions made by the Group are included under this heading above.

19a Assumptions

	D&G		Teesside		Greater Manchester	
	2018 %pa	2017 %pa	2018 %pa	2017 %pa	2018 %pa	2017 %pa
Salary increase rate	3.2	4.4	3.1	3.2	3.2	3.5
Pension increase rate	2.4	2.4	2.1	2.4	2.4	2.2
Discount rate	2.6	2.5	2.6	2.6	2.7	3.5

Mortality assumptions

	D&G		Teesside		Greater Manchester	
	Male	Female	Male	Female	Male	Female
Average number of years lived after 65:						
Current pensioners	21.8	24.3	22.9	25.0	21.5	24.1
Future pensioners	23.0	26.2	25.1	27.3	23.7	26.2

Life expectancy is based on actuarial tables PFA92 and PMA92.

19b Amounts included in the Group Statement of Financial Activities

	D&G		Teesside		Greater Manchester		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Current service cost	(53)	(42)	(14)	(11)	(152)	(111)	(219)	(164)
Past service cost (including curtailments)	-	-	-	-	-	(5)	-	(5)
Net interest income on plan assets	217	249	165	190	226	252	608	691
Net interest cost on defined benefit obligation	(251)	(284)	(154)	(187)	(200)	(223)	(605)	(694)
	(87)	(77)	(3)	(8)	(126)	(87)	(216)	(172)

19c Amounts included in other recognised gains and losses (Group).

	D&G		Teesside		Greater Manchester		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Return on assets exc. amounts included in net interest	(87)	1,348	73	1,121	42	1,450	28	3,919
Remeasurements:								
Changes in demographic assumptions	159	-	-	-	-	(10)	159	(10)
Changes in financial assumptions	180	(1,681)	(50)	(735)	146	(1,404)	276	(3,820)
Other experience	612	-	-	-	-	236	612	236
Surplus restrictions in year	-	-	(23)	(386)	(188)	(258)	(211)	(644)
	864	(333)	-	-	-	14	864	(319)

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19d Pension scheme assets and liabilities

	D&G		Teesside		Greater Manchester		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Fair value of scheme assets	8,677	8,813	6,745	6,696	9,093	8,859	24,515	24,368
Present value of scheme liabilities	(9,187)	(10,167)	(6,265)	(6,245)	(7,871)	(7,772)	(23,323)	(24,184)
Net Assets/(Liabilities)	(510)	(1,354)	480	451	1,222	1,087	1,192	184
Surplus Restriction	-	-	(480)	(451)	(1,222)	(1,087)	(1,702)	(1,538)
Net Assets/(Liabilities) included in Group balance sheet	(510)	(1,354)	-	-	-	-	(510)	(1,354)

Pension schemes with net surpluses are not recognised within these accounts because recovery of these assets from the schemes is not certain. The surpluses are removed from the accounts in the lines annotated as 'Surplus restriction'.

19e Fair value of scheme assets - movements in year

	D&G		Teesside		Greater Manchester		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Opening fair value of plan assets	8,813	7,432	6,696	5,767	8,859	7,213	24,368	21,163
Net interest income on plan assets	217	249	165	190	226	252	608	662
Plan participant's contributions	7	7	2	2	22	23	31	33
Employer contributions	114	112	9	8	73	73	196	201
Return on assets exc. amounts included in net interest	(87)	1,348	73	1,121	42	1,450	28	(888)
Benefits paid to members	(340)	(335)	(200)	(392)	(129)	(152)	(669)	(759)
Closing fair value of plan assets	8,724	8,813	6,745	6,696	9,093	8,859	24,562	20,412
Opening fair value of plan assets	8,813	7,432	6,696	5,767	8,859	7,213	24,368	21,163
Opening surplus restrictions	-	-	(451)	(65)	(1,087)	(829)	(1,538)	(415)
Opening fair value of plan assets (net of restrictions)	8,813	7,432	6,245	5,702	7,772	6,384	22,830	20,748
Closing fair value of plan assets	8,724	8,813	6,745	6,696	9,093	8,859	24,562	20,412
Closing surplus restrictions	-	-	(480)	(451)	(1,222)	(1,087)	(1,702)	(894)
Closing fair value of plan assets (net of restrictions)	8,724	8,813	6,265	6,245	7,871	7,772	22,860	19,518

19f Analysis of fair value of scheme assets

	D&G		Teesside		Greater Manchester		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Equities	6,543	6,698	5,389	5,357	6,001	6,644	17,933	15,586
Gilt and bonds	1,309	1,322	-	268	1,455	1,417	2,763	2,588
Property	872	793	492	462	637	443	2,002	1,655
Cash	-	-	749	750	1,000	354	1,749	583
	8,724	8,813	6,630	6,837	9,093	8,859	24,447	20,412

19g Defined benefit obligation - movements in year

	D&G		Teesside		Greater Manchester		Total	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Opening value of liabilities	(10,167)	(8,488)	(6,245)	(5,702)	(7,772)	(6,384)	(24,184)	(20,574)
Current service cost	(53)	(42)	(14)	(11)	(152)	(111)	(219)	(164)
Past service cost (including curtailments)	-	-	-	-	-	(5,000,000)	-	(5)
Net interest cost on defined benefit obligation	(251)	(284)	(154)	(187)	(200)	(223)	(605)	(694)
Plan participant's contributions	(7)	(7)	(2)	(2)	(22)	(23)	(31)	(32)
Remeasurements:								
Changes in demographic assumptions	159	-	-	-	-	(10)	159	(10)
Changes in financial assumptions	180	(1,681)	(50)	(735)	146	(1,404)	276	(3,820)
Other experience	612	-	-	-	-	236	612	236
Benefits paid to members	340	335	200	392	129	152	669	879
Closing value of liabilities	(9,187)	(10,167)	(6,265)	(6,245)	(7,871)	(7,772)	(23,323)	(24,184)

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for the year ended 31 March 2018

19h History of experience gains and losses

	D & G		Teesside		Greater Manchester	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Asset experience gains / (losses)	(87)	1,348	73	1,121	42	1,450
Value of assets	8,724	8,813	6,745	6,696	9,093	8,859
Percentage of assets	(1.0%)	15.3%	1.1%	16.7%	0.5%	16.4%
Liability experience gains / (losses)	180	(1,681)	(50)	(735)	146	(1,178)
Present value of liabilities	9,187	10,167	6,265	6,245	7,871	7,772
Percentage of present value of liabilities	2.0%	(16.5%)	(0.8%)	(11.8%)	1.9%	(15.2%)
Actuarial gains/(losses) before surplus restrictions	93	(333)	23	386	188	272
Present value of liabilities	9,187	10,167	6,265	6,245	7,871	7,772
Percentage of the present value of liabilities	1.0%	(3.3%)	0.4%	6.2%	2.4%	3.5%

20 Financial Instruments

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
FINANCIAL ASSETS				
Cash	9,134	8,293	9,130	8,289
Trade debtors	8,281	7,882	8,281	7,878
Other debtors	362	327	362	327
Prepayments & accrued income	3,443	3,485	3,443	3,485
	<u>21,220</u>	<u>19,987</u>	<u>21,216</u>	<u>19,979</u>
FINANCIAL LIABILITIES				
Trade creditors	700	1,264	700	1,264
Other taxes and social security	1,321	1,252	1,318	1,248
Other creditors	2,294	1,086	2,294	1,086
Bank Loans	490	8,428	490	8,428
Accruals	10,390	10,484	10,389	10,483
Total	<u>15,195</u>	<u>22,514</u>	<u>15,191</u>	<u>22,509</u>