



Richmond Fellowship is part of Recovery Focus, an expert group of charities inspiring recovery together.

CONTENTS

	Page
RF Group Board Members and Advisers	1
Introduction from the Chair and Group Chief Executive	2-3
Report of the Group Board	4-15
Statement of responsibilities of the Group Board	16
Statement of the Group Board on Value for Money	17-19
Statement of the Group Board on internal controls assurance and internal financial controls	20-21
Independent Auditor's Report	22-24
Statements of Comprehensive Income	25
Statements of Financial Position	26
Statements of changes in Equity	27
Consolidated Cash Flow Statement	28
Notes to the Accounts	29-53

RF GROUP BOARD MEMBERS AND ADVISERS

BOARD MEMBERS

Helen Edwards	Chair
David Brindle	Vice Chair
Geoffrey Bland	
Stephanie de la Haye	<i>(resigned 31 May 2018)</i>
Albert Fletcher	
Anne Tansi Harper	
Michael Holland	<i>(resigned 30 November 2018)</i>
Peter Molyneux	
Rachel Perkins	<i>(appointed 1 September 2018)</i>
Alan Powell	
Jonathan Royle	<i>(appointed 1 September 2018)</i>

Executive Directors

Derek Caren	-	Group Chief Executive
Tim Anderson	-	Group Director of People and Organisation Development <i>(appointed 1 October 2018)</i>
Tracey Bell	-	Group Director of Performance, Quality and Innovation
Raj Lakhani	-	Group Director of Finance and Deputy Chief Executive
Mary Wishart	-	Group Director of Business Development <i>(maternity leave of absence from 28 February 2019)</i>

SOLICITORS

Bates, Wells and Braithwaite LLP
10 Queen Street Place
London
EC4R 1BE

BANKERS

Lloyds Bank Plc
4th Floor
25 Gresham Street
London EC2V 7HN

INDEPENDENT AUDITOR

Nexia Smith and Williamson
Statutory Auditors
Chartered Accountants
25 Moorgate
London EC2R 6AY

REGISTERED OFFICE

80 Holloway Road
London N7 8JG

COMPANY REGISTRATION

662712

CHARITY NUMBER

200453

REGISTERED PROVIDER OF SOCIAL HOUSING

H2025

WEBSITES

www.recoveryfocus.org.uk
www.richmondfellowship.org.uk

Introduction from the Chair and Group Chief Executive

Welcome to the Board Report and Accounts for the year ended 31 March 2019.

The past year has been a successful one where we have continued to provide high quality, co-produced services while looking for opportunities to grow our size and influence. Meeting the priorities set out in our current Group Strategy continues to guide and shape our work.

Putting the people we support at the heart of everything we do

Last year we revised our governance structures to ensure that the people we support and work with have a direct channel of communication with our Group Board. Our Working Together Committee comprises people we support from across our services, joined by two non-executive board members and three senior executives. The Committee reviews the data we collect and metrics we use, to ensure that we use the best possible information to make decisions and create effective services and more customised recovery journeys. In 2019/20 this Committee will lead on a total refresh for our Group Working Together Strategy. We are also proud that people we support are now part of the panel for all new senior appointments.

We are particularly excited to be rolling out access to the Richmond Fellowship's client management system to the people we support. This will allow direct access to their own records, to update contact details and flag changes, including recovery progress milestones – and take further ownership of their recovery journey.

In March 2019 our ENRICH awards recognised the work that goes in to those recovery journeys – celebrating excellence among local teams and achievements of people we support. The winner of the Chief Executive's outstanding contribution award was Ayesha Amin, a Recovery Worker in one of our residential services who helped a resident to safety after an accidental fire.

As a Group, we again held our twice-yearly Working Together Forum, this year in Manchester and London, to bring together people from our services across the country to share their experiences and shape the Group's future direction. Our partner Aquarius co-produced their own conference, designed by and for people using Aquarius' services.

Investing in our people

This year's staff survey had a high response rate – with over 65% of staff across the Group participating. We saw improvements in key areas.

We put into action a new management development framework to grow the leadership potential of our staff, and support effective leadership behaviours. We invested in technology that makes us more effective and we also launched a new Workplace Wellbeing Charter to enable our teams to better balance the pressures of their roles and support them to do so.

We have relaunched our Group staff induction programme which now provides a comprehensive introduction to being part of the Recovery Focus Group.

Finally, having made significant changes to our reward and remuneration packages in 2017/18, we began to consult on a refocused operational management structure for Richmond Fellowship. We want the charity to be an operationally led organisation, driven by what we learn from the work we deliver and the people we support. This new structure is intended to help us in that aim and we will be rolling it out during 2019/20.

Broadening the range of support we offer

This year we have sought to build on our most successful services and models. In Epsom our Old Moat Garden Centre is a social enterprise that gives people living with mental ill health the confidence and skills to get back into work and employment. This year we completed a number of upgrades to the site and shop, and saw our turnover increase by nearly £300,000. Aquarius also continues to strongly pursue its non-contracted income initiatives including social enterprise, workplace support and additional work to tackle gambling addiction.

We continue to work with NHS Trust partners delivering our pioneering Mental Health Decision Units in Lancashire, relieving A&E pressures and delivering emergency interventions in a more appropriate setting. We also have our 11 residential crisis facilities, to support people in their communities as an alternative to a significant hospital stay.

We are proud that our Wiltshire Individual Placement and Support service, delivering support for people to sustain their current employment or return to work, has been recognised at a national level and named as one of only 19 "exemplar" services of its kind (for more information, see <http://wiltshiresparks.co.uk/>).



In November 2018 we made the Big White Wall, an online mental health support service, available to everyone using or delivering our services.

Growing our size

We were delighted to welcome the charity Domestic Violence Intervention Project (DVIP) to our Group in July 2018 – the sixth organisation to join us across the past eight years. DVIP is London-based and actively campaigns to end violence against women and girls and provides vital services to hold perpetrators to account and end their abusive behaviour and to support survivors and their families. DVIP became a division of Richmond Fellowship, alongside My Time. DVIP brought their skill and expertise at providing domestic violence services at a time when the My Time division has also significantly expanded its domestic violence service provision for the West Midlands Police and Crime Commissioner.



We had another very successful year retaining re-tendered services across the Group's existing portfolio, maintaining stability for the people we support and our staff. We also won a further eight new contracts, allowing us to introduce our recovery focussed, person centred pathways to a broad range of new clients.

We further invested in our RF Connect (client and asset management system) and our new Workday (HR, finance, recruitment and payroll) suite of systems to deliver improved support to frontline teams and clients. We believe the efficiencies they will generate will put us in a great position to welcome more partners to the Group and will pave the way to even more integrated Group working.

Growing our influence

In January 2019 we presented at the Health Service Journal's Transforming Mental Health Summit, with HACT, the Housing Associations' Charitable Trust. We were also a finalist in the Health Service Journal 2019 Awards in the 'Best Not-for-Profit working in partnership with the NHS' category, jointly nominated for our services with Lancashire Care NHS Foundation Trust, one of our key NHS partners.



We continue to build on our evidence base to support and influence our care and support pathways for the areas we work in and we plan to invest further in insight and evaluation during 2019/20. Demonstrating the diversity of our service offer, we relaunched our Group website this year to give a much clearer picture of the scope of our offer and to bring to life our commitment to working together with the people we support. We also launched a new film "What Does Recovery Mean to You?" featuring staff, volunteers and people we support, and continued to grow our social media presence.

Looking ahead

We have recruited two impressive new non-executive Group Board members in Rachel Perkins and Jon Royle who are already adding significant value to our work. Tim Anderson is now an executive Group Board member, having been appointed Group Director of People and Organisation Development. During the past year we said goodbye to two Group Board members, Stephanie de la Haye and Dr Michael Holland, who both made a significant contribution to the work of the Board. We owe them a sincere debt of gratitude and wish them both well for the future.

As we move into the final year of our current Group strategy, the Group Board has already met to start to define what our future might look like. Our mission, values and priorities will continue to inform our work and underpin new initiatives as we move ahead.

Delivering on our priorities will support the long-term sustainability of our business, but we are very conscious of the challenges facing the wider health and social care sector. We will ensure existing and new services alike embrace the latest evidence in terms of best practice and innovation while at all times remaining safe, fit for purpose and delivered to the highest quality standard.



Our success continues to be built on working with the people we support to enable staff and volunteers throughout the Group to deliver on the expectations of all our stakeholders, believing that with co-production our services will be the best they can possibly be.

A handwritten signature in black ink that reads 'Helen Edwards'.

Helen Edwards
Chair

1 August 2019

A handwritten signature in black ink that reads 'Derek Caren'.

Derek Caren
Group Chief Executive

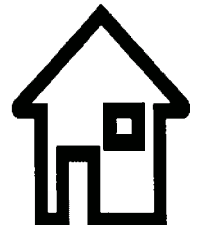
REPORT OF THE GROUP BOARD

WHERE WE OPERATE

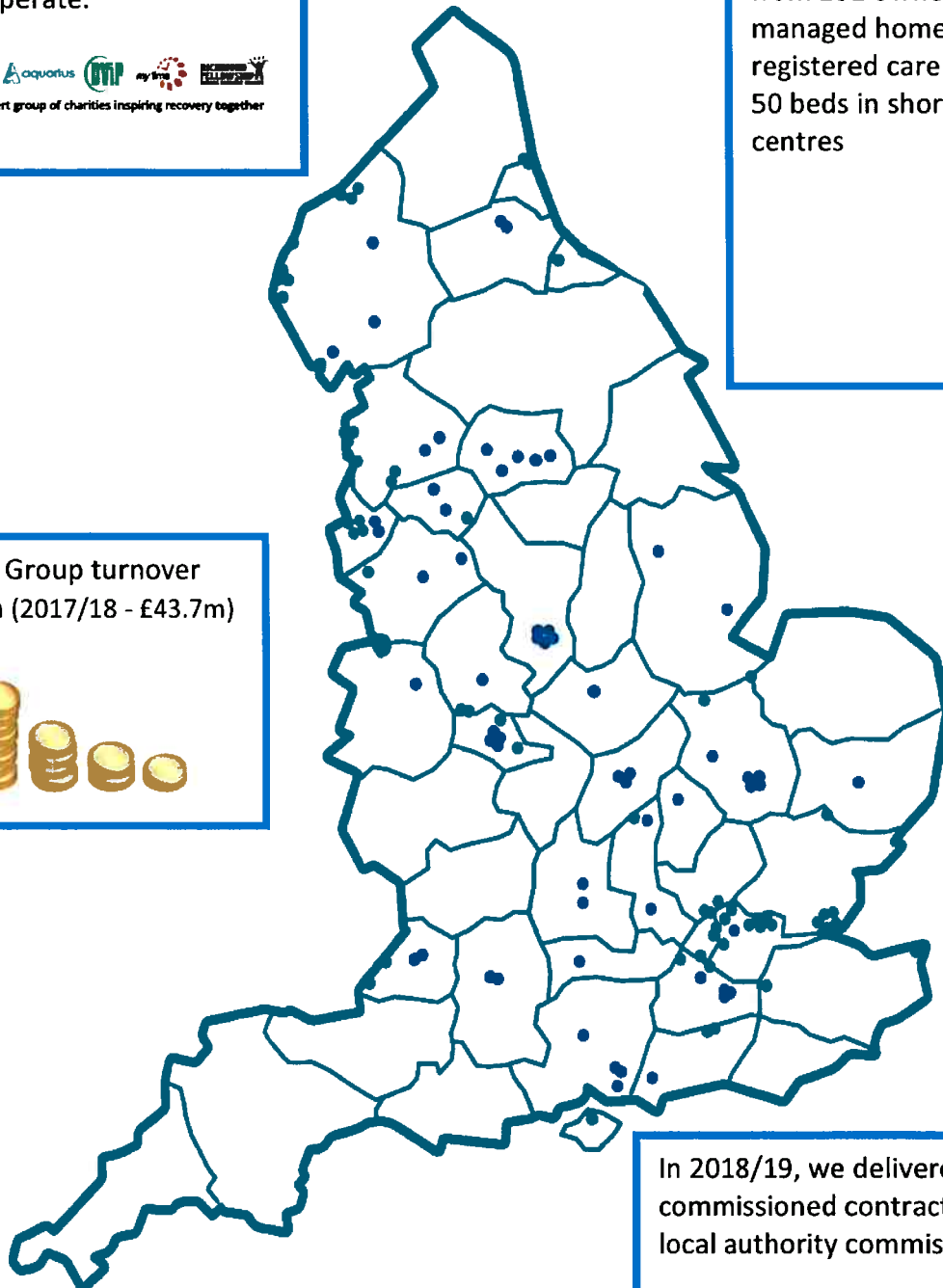
Across England we helped 20,074 clients in 2018/19. The map shows more clearly the areas in which we operate.



We provide residential services from 281 owned properties, 467 managed homes, 136 beds in registered care homes and over 50 beds in short-term crisis centres



In 2018/19, Group turnover was £46.6m (2017/18 - £43.7m)



In 2018/19, we delivered 204 separately commissioned contracts for 142 NHS and local authority commissioners



STRATEGIC REPORT

The Group Board presents its annual report (incorporating the strategic report) and accounts for the year ended 31 March 2019. This report is prepared in compliance with the Charities Act 2011 and the Companies Act 2006.

Our Group currently comprises Richmond Fellowship (RF) and Aquarius Action Projects (Aquarius) (together, "Recovery Focus"). RF and Aquarius are both registered charities and RF is also a registered provider of social housing. RF owns approximately 40% of the homes used for residential services with the remainder managed by RF but owned by other registered providers.

STRATEGY AND BUSINESS MODEL

Here at Recovery Focus we believe that with the right support, recovery (however an individual chooses to define it) is achievable for everyone. We work with people as equal partners to help them realise their ambitions.

We are about to enter into the final year of our current Group Strategy and will be working hard over the coming months to develop our new strategic priorities, though our vision and values are likely to remain the same. We will be drawing on financial reserves to pursue these priorities to equip us for the future in the challenging marketplace within which we operate.

Our five strategic priorities remain as last year, being:

- Do more to put people we support at the heart of everything we do
- Invest in our people
- Broaden the range of support we offer
- Grow our influence
- Grow our size

In parallel, we continue to pursue five key cross-cutting investment themes to enable the Group to achieve those goals: Working Together, Digital, Research, Environmental Sustainability and – new for 2018/19 – Quality First.

OUR ACTIVITIES AND SERVICES

The principal activity of the Group is the provision of individually tailored support across our range of services from community based crisis care to support for family and carers.

Our services cover varying levels of need across the following areas:

- Crisis care – supporting those in crisis as an alternative to police custody or admission to acute hospital services
- Residential recovery – around the clock support, often as a step down from hospital
- Supported living – supporting the development of independent living skills, providing this in accommodation we provide or in people's own homes
- Treatment and preventative services and carer support – for adults and young people challenged by addiction or substance use, to support recovery of the individuals concerned and their kin, families and support/social networks
- Community-based services and peer support networks – tackling social isolation, accessing social networks, promoting personal confidence and resilience and engaging in everyday mainstream activities. Peer supporters are now an integral part of supporting self-belief, achieving personal goals and helping people using our services to advocate for themselves
- Employment support – helping people stay in or return to paid employment, voluntary work or training and supporting employers to improve workplace well-being
- Domestic violence interventions - to provide essential services to hold perpetrators to account and end their abusive behaviour and support survivors to create greater space for action and safety for them and their families
- Social enterprise – supporting people using our services to secure employment experience through a number of separate initiatives across the country



The Group continues to develop its capacity and expertise to improve quality standards and the volume and range of available support going forward and thereby increase the number of beneficiaries. To this end we are rolling out a new Quality First initiative to improve consistency and compliance across each of our service models and ensuring that we maximise learning within the Group to raise the bar to the highest quality already being delivered. We also enhanced our ability to provide people using our services (and our workforce) with 24/7 back up support by engaging in a partnership with Big White Wall.

We also want our services to be easy to access and for it to be easy for users to give feedback on their experience within a service. The needs and aspirations of all people using our services are put at the heart of their personal recovery plan. This was

further augmented in 2018/19 with the launch of a new web interactive feature allowing progress to be recorded on a rolling basis and for anyone using our services to be able to access their own record. The Quality First initiative will pay close attention to achieving greater consistency in clients being fully engaged in their recovery plan updates.

REVIEW OF THE YEAR AND KEY PERFORMANCE INDICATORS

During the year we had great success in retaining existing business and winning new business, though this has occurred within a very challenging environment for our key commissioners. In addition, we have expanded our domestic violence service provision by bringing into Richmond Fellowship (RF) the operations of the Domestic Violence Intervention Project (DVIP).

In 2018/19, 20,074 clients used Recovery Focus services, each with a personalised care plan. 92% of clients made planned exits from our services in the past year having been empowered in their recovery to the point where they felt able to move on. The breakdown by service class is as follows:

Care homes	130
Supported housing	1,233
Employment related	3,753
Floating/community	3,999
Crisis	1,196
Domestic violence	1,713
Drug/alcohol	8,050
	<u>20,074</u>

Overall satisfaction score

90.3%

(2017/18: 90.7%)

97.1%

of people feel RF has improved their quality of life

(2017/18: 97.7%)
(2016/17: 96.5%)

93.3%

feel supported to meet the goals in their personal support plan

(2017/18: 93.1%)
(2016/17: 91.4%)

93.2%

of people feel safe and secure in RF services

(2017/18: 94.9%)
(2016/17: 93.9%)

Our care pathways use internal client and staff input and experience alongside evidence published by peers to build the most effective model possible. As we believe that every needless loss of life is a tragedy for everyone involved, we continued our focus on suicide prevention in 2018/19. In 2018/19 we did a full refresh of our adult and young people's safeguarding and have nominated safeguarding leads across the Group. Both Richmond Fellowship and Aquarius Board Members regularly review the organisation's (and their own) safeguarding obligations and how well positioned the Group is to meet these challenges. The RF Group Board undertook a concentrated training programme in this area during the year.

83.5%

of people feel encouraged to consider how to look after their physical health

(2017/18: 82.5%)

High levels of satisfaction with staff

96.1% *feel staff treat all people with dignity and respect*

95.5% *feel their keyworker listens to views about support and takes them on board*

We have further evolved the provision of our newer service models in the year expanding our delivery of crisis care, younger people's, domestic violence related, peer led and social enterprise services. During the year we had a significant number of our existing services re-commissioned, though often at lower volumes/contract rates. Of 9 re-tendered services, we retained 7 and additionally won a further 8 new contracts. Since retendering brings uncertainty, retained business is a great boost for the clients and the workforce alike as services continue on an uninterrupted basis.

We believe we are delivering great quality at a fair price for commissioners and that our care models are attractive and innovative. However, in some circumstances there are challenges in taking over services successfully won from other providers (consuming significant resource to achieve turnaround) where our care pathways or culture differ significantly from the previous provider.

In 2018/19 (for the first time) we conducted our Annual Client Satisfaction Survey across the whole group rather than each separate Group partner conducting individual surveys. In addition, there were a range of means for people to provide feedback on services so the survey can be considered in the wider context of feedback through comments, complaints and suggestions. This feedback is reviewed against all of the other opportunities in place for people to engage in meaningful ways with influencing the services such as TRIPs (Team Recovery Improvement Plans) a tool for services, developed in association

with Dr Rachel Perkins, to promote and maximise co-production in services and taking full account of those with lived experience, in service design.

Quality Self Assessments

In assessing our own success in making recovery a reality we monitor a variety of indicators to target the delivery of improvements year on year. Whilst our indicators indicate a healthy baseline, we have ambitions to raise these further and our Quality First initiative aims to ensure that we consistently put people we support at the heart of everything we do and strive to meet their aspirations and expectations.



Following on directly from our 2018 Client Survey feedback we have analysed the findings in significant detail. Our Working Together Committee, jointly comprising non-executive directors, Group Leadership Team (GLT) members and people who we support (and reporting directly to the Group Board), have set the following specific areas as a priority for improvement:

1. Use the skills, knowledge and experience of those we support to better contribute to the service;
2. Ensure clients are clear on how to make a complaint;
3. Ensure our premises are in a good state of repair and are well maintained.

These indicators are currently between 70-80% which is a decent baseline, but in the case of priority 1, we have set ourselves the challenge of more significant year on year improvements than have been the case more recently. For priorities 2 and 3 we are looking to address some slight year on year reductions in satisfaction through focussing how we enable people using our services to receive a service better in line with their expectation.

We also monitor closely a range of indicators amongst which include:

Activity indicators	2019	2018	2017
Number of CQC registered services not meeting all core standards	3	1	1
Service utilisation compared to contract	89%	88%	89%
Referral to treatment time of >3 weeks for treatment services	8.1%	3.5%	2.5%
Satisfaction indicators			
Clients agreeing that they were fully involved in influencing their recovery plan	93%	92%	89%
% of clients with positive or stabilised scores in their recovery journey outcomes	94%	93%	98%
% of client exits planned	92%	86%	84%
% of clients satisfied with the quality of their service	90%	91%	89%
% of external stakeholders satisfied with the quality of the service provided	100%	83%	79%
% of residential clients satisfied with the quality of their accommodation	86%	92%	87%

In terms of client satisfaction, our achievement of 90.3% compares well against peers.

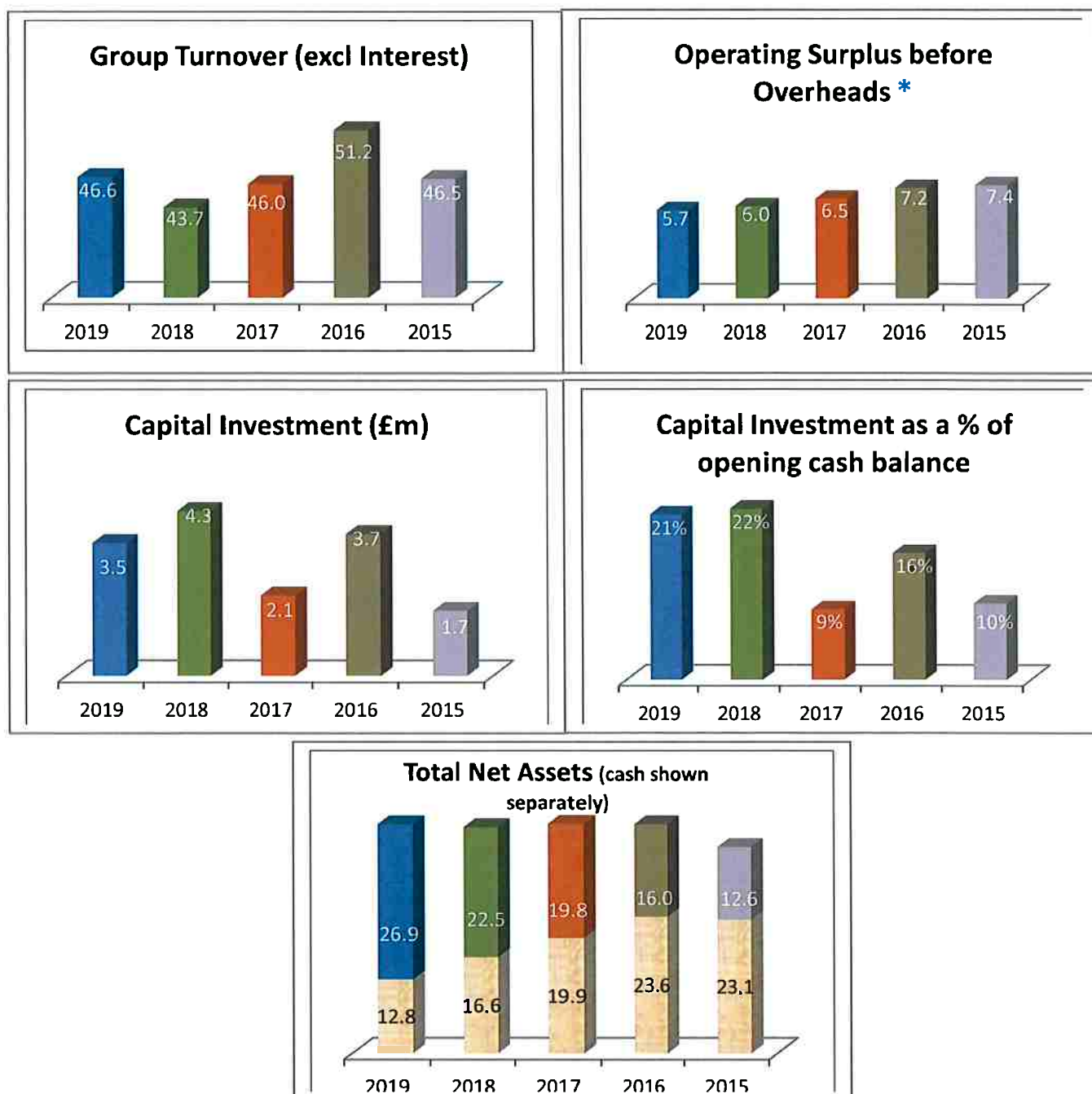
For the financial year ended 31 March 2019, the group achieved turnover of £46.6m up from £43.7m in 2018, the reduction arising from renegotiated contracts being almost universally priced lower offset by new income streams achieved. The Group's net assets now stand at £39.7m compared to £39.1m in 2018.

The Group remains ungeared but is looking into a number of different financing options potentially available to us in the future to ensure that we can continue to invest. However we recognise that at this point we would need to introduce a new regime for monitoring and managing funding risks.

To deliver our priorities, Recovery Focus has followed a programme of acquiring new properties, divesting properties no longer fit for purpose, recommissioning existing services from improved premises and funding refurbishments of existing premises. This initiative will allow the Group to more securely face the future. In 2018/19 we acquired a 12 home block in Carlisle purchased from a fellow Registered Provider. We additionally divested 4 properties which were surplus to requirement. We continue to drive forward our value for money agenda to use our resources more effectively. In addition we are also very closely looking at strategic decommissioning. This may arise from the less than optimal use of owned premises (which we will then look to divest) or the withdrawal from a contract where, due to commissioner pressures, the funding offered for the service model desired, staffing levels proposed or location required, is no longer adequate for us to be able to guarantee delivery of a quality service.

Clearly our margins are under pressure, in common with many of our peer providers. Nonetheless, we have been able to continue to make substantial investments in our infrastructure (property and otherwise) to yield better quality services but also generate more scope for increased efficiencies across the group which we can re-invest into frontline services.

To put all of the above into context, our financial results as delivered over the past five years are graphically summarised here:



* This represents turnover less operating expenditure (excluding significant non-recurrent items (see note 7) and overheads arising from support functions and headquarters costs).

FINANCIAL REVIEW

For the financial year ended 31 March 2019, the Group achieved turnover of £46.6m up 6.7% from £43.7m in 2018, with the Company achieving £41.5m, up 8.4% from £38.3m in the prior year. The growth was underpinned by the addition of new contracts (e.g. Derby Mental Health Services and larger employment services contracts in Hammersmith and Fulham and Surrey), as well the expansion of our offering to commissioners and people using our services. That expansion includes the integration of the Domestic Violence Intervention Project services, representing c£1m of the increased turnover.

At the same time, investment in our operations has led to a number of non-capital one-off items, (outlined in Note 7) which totalled £849k, the largest of which is the expenditure to support the deployment of Workday (£553k), followed by redundancy

costs of £235k incurred as part of the operational management restructure. Finally, a further £61k is as a result of the absorption of the net liabilities of absorption of Domestic Violence Intervention Project services.

The Group's performance was strengthened however by the sale of properties that contributed a surplus of £1.9m (or £2m at Company level). There is further detail on these items in Note 13.

Despite these disposals, we saw a net increase in fixed assets due to the completion of Holder House (the re-provision of the Abingdon service). Debtors have also increased materially from £5.3m to £9.5m partly due to the transition to Workday resulting in a delay in issuing some invoices as we approached the end of the year. Whilst in combination, this has impacted our cash flow compared to prior years, we are starting to turn this position around in 2019/20 as the year progresses and the use of the Workday system stabilises.

PRINCIPAL RISKS AND UNCERTAINTIES

The general economic and social environment continues to present the Group with its biggest challenges and risks.

Commissioners continue to pursue more for less. We have a long-standing agenda to improve both efficiency and effectiveness in the provision of our services but much of this benefit recently gets passed through to commissioners as the markets we operate in remain fiercely competitive. The squeeze on margins is also coupled with a tendency to commission ever larger "bundles" which are more complex to mobilise and deliver and sometimes require clinical partners. Such contracts have varying degrees of success as the statutory sector can sometimes struggle with the culture shift required for partnership delivery. We now have a track record of partnering successes allowing us to better ensure that delivery partnerships begin on the right footing and avoid turnaround issues which are resource intensive.

Managing client risk and health and safety related issues remains a key risk management focus for the Group. We have brought on board additional expertise within our governance structure to support both senior management and non-executives to give strong support, advice and be a critical friend. We have also had a programme of training relating to safeguarding, health and safety and information governance to take over-sight and ownership to "the next level".

The work of the Health and Safety Group encompasses the pro-active management of all aspects of health and safety risk and compliance. The Group, which includes an external expert adviser, meets at least 4 times a year. This group is chaired by the Group Chief Executive and reports to both the Quality and Performance Committee of the Group Board and to the Aquarius Board. Alerted by the tragedy at Grenfell Tower in West London the Group has driven a refresh programme for our Fire Risk Assessments (in parallel with the same exercise being driven by the Care Quality Commission in their programmed inspections of our Care Home premises). This programme will run into 2019/20 and is an important focus of the Health and Safety Group. We have also considered the areas of concern flagged in Dame Judith Hackett's "Building a Safer Future" report in the context of our own Group and will be building safeguards to ensure that principal areas of weakness do not impact the safety and security of our residents.

We have also revisited our specification in commissioning new premises to ensure that fire safety has an absolute priority in planning and that we are open with our residents in the assessments we undertake and their significant findings. The Group does not however, own nor occupy any tall buildings.

We have in place a single system for accident and incident reporting to give a clear line of sight across all events that are logged. This is part of the client management system, RF Connect, which all of the Group use for incident recording. The number of incidents recorded during the year increased year on year though we have widely promoted the need to record and flag events and so this partially accounts for the upturn. Escalated level 2 and level 3 (the highest alert) reports totalled 63.9 per 1,000 users of our services in 2018/19 (60.9, in 2017/18) and we will closely monitor this going forward.

We log both informal and formal complaints and feedback to ensure that organisational learning is maximised and what might appear to be unconnected events can be triangulated to ensure the learning is comprehensive. Nine policies covering health and safety issues were due to expire during the year and these have all been successfully refreshed, reviewed and approved by the Health and Safety Group and reported to the Quality and Performance Committee. More regular peer and formal service reviews are now taking place. Our internal review team includes at least one user of our services giving the review team more insight on detailed aspects of the assessment (and provides a voice for someone with lived experience to input their views on the strengths and weaknesses of the service). In all, this gives a broader picture of the service being delivered and ensures that client risk is being closely managed (including clients' own funds, medication and well-being). We use our Internal Audit contractor to assist in this process and going forward we plan to restructure how that external resource is used to make it more closely focussed on the riskier services, where the service model is complex or has more recently been challenging to deliver.

Like many of our peers in the sector, our principal people resource risk is high levels of staff turnover. We continue to struggle to contain this risk despite 9 specific initiatives during the year, to change how we recruit, nurture, induct and develop our teams. Aquarius has been less significantly affected than RF but during 2018/19 this issue has become more acute for Aquarius and the Aquarius Board now closely oversees progress and in 2019/20 will look at further initiatives that could be

introduced in their local markets, to improve this worrying position. Central services' teams are also suffering high levels of voluntary turnover. The Group Board has received two update reports during the year but this issue dominates the agenda at each meeting of the Group Board's People Committee due to it being amongst the highest risk concerns for the organisation. Three issues are particularly exercising:

1. the number of leavers during the first 12 months of their employment;
2. the difficulty in recruiting to vacant positions; and
3. the impact on morale (and the workload) of staff remaining in the team.

Understandably this also has an adverse impact on overheads. As part of our mitigation plans, we also worked with our Investors in People assessors when they were involved in our re-accreditation, to avail ourselves of an external viewpoint. In 2018/19 we were re-accredited by Investors in People (silver award) and Investors in Diversity. In addition with the expansion of our domestic violence services we sought and achieved the RESPECT accreditation. Each of these accreditations is a key source of assurance around the approach taken and controls in place within the Group.

RF operational management restructure - in looking for a longer term solution we have made a significant change to the operational management structures in RF to address how we can best manage:

- inconsistencies in levels of responsibility across the organisation;
- bringing management spans closer to peer benchmarks;
- inconsistencies in practice triggered by differing structures in different areas which impede communication;
- clearer definitions of competencies at each level to give front-line staff stronger and more consistent support

This new structure passed through a significant process of consultation which addressed many concerns. It will be implemented over summer 2019.

Brexit, at the time of writing, continues to be surrounded by uncertainty and may well further impact our ability to recruit though significantly less than 10% of our current workforce is made up of EU nationals, and so we are optimistic that any impact will be containable. Of course, in the event of a No Deal Brexit, more impact may be unavoidable and we are making fall back plans so we are well prepared if this came to pass. In particular we will be seeking to ensure continuity of service for those we support and have considered each aspect of the guidance from the Chief Executive of the Regulator of Social Housing as part of our risk assessment process. Our biggest risks as identified to date would be our (albeit limited) exposure to the risk of availability of labour and the availability of component parts of engineered products essential to deliver our maintenance and quality homes standards.

The Group Board and each of its committees have given serious consideration to the major risks facing the Group across the year and looking forward. The management and mitigation of risk permeates throughout our governance structures and encourages healthy challenge. The Group Board, its committees and the Aquarius Board require themselves to be completely satisfied that systems or procedures are established in order to manage the risks identified (and those increasingly presenting themselves) and that supporting action plans are robust. Further detail is given in the statement of the Group Board on internal controls assurance and internal financial controls.

LOOKING AHEAD

A summary of our current Group Strategy and key priorities is included at the beginning of this report. We are currently entering our final year of this strategy and the Group Board and key management met in March 2019 to undertake a detailed review ahead of creating a new strategy to take us through to 2023/24. Our revised strategy is not likely to result in a wholesale re-definition of our values or goals but will simply seek to re-assess our current priorities and be ambitious in our aspirations to make more impact on the lives of those we support whilst putting the Group in a strong position to face the future whatever it holds.

We know that the prospect of significant commissioner investment in the services that we provide as a Group is very unlikely. However to secure safety and quality improvements in the services we offer we will continue our strategy to selectively invest in our business where most impact is to be gained. We will also invest to achieve further efficiency in our delivery creating sustainable services for the longer-term that are effective and meet the needs of our clients whilst guaranteeing our future.

In the past 5 years we have invested £13.4m in property and technology assets and we have a pipeline aspiration for a further £5m of investment in the upcoming two years.



DIRECTORS REPORT

FINANCIAL RISK MANAGEMENT

The Group seeks to minimise its exposure to risks where possible. A potentially significant risk that the Group faces is credit risk from its bank balances; it also faces market risk from its listed investments and liquidity risk from its trade debtors. Much of the trade debt (by value) is due from the Government in one form or another. Whilst this is more difficult to collect than has been the case previously and time taken to collect all forms of debt has lengthened (and is of concern to the Board committee with oversight of this area), credit risk is not considered to be significant.

The Group's liquidity position remains good but we continue to improve returns on our balances whilst we review suitable investment options to more effectively use our cash resources to further our objects. The Group has cash reserves broadly equivalent to 154 days (2017/18, 205 days) of payroll and under the existing Group Investment Policy we aim for a mix of 75% liquid assets (including short term deposit) and 25% in listed investments. Currently we have 73% in liquid assets. The investments are split between Schroders' charity multi-asset fund and CCLA-COIF ethical fund (relatively low risk funds), both portfolios engaging only with opportunities which can demonstrate high ethical standards. The higher average returns on listed investments partially mitigate against upward movements in inflation.

The Group remains free of loan financing and as such, covenants, gearing and securitisation are not currently issues for the Group. If the Group were to expand significantly this position might need to change but we would have time to prepare for such an event and in undertaking longer-term planning exercises we review options around how we might most efficiently leverage our existing assets.

Debt remains complex to manage and increasingly a number of organisations are managing their cash by deferring payments due in March to April. Our debt levels have significantly increased but 77% of the aged debt relates to just 7 key funders. Over £0.7million of this old debt was settled shortly after 31 March 2019 and without this, the aged debt would have increased only marginally year on year, though any increase is a concern. Nonetheless old debt continues to require close scrutiny and dedicated resource, though this is a concern we share with many of our peers.

The continued investment programmes are gradually reducing our cash reserves though changes in our property portfolio are resulting in sales proceeds funding part of this work. Given the depressed rates of return for cash balances, the returns achievable under this strategy are a far more beneficial use of reserves.

POST BALANCE SHEET EVENTS

Robert Templeton, our new Richmond Fellowship Director of Operations joined on 8 July 2019. Robert heads the newly re-structured operations team for Richmond Fellowship (which now includes Property Services) and attends the Group Board but is not an Executive Board Director.

OUR PEOPLE

In 2018/19 we were successfully re-accredited to both Investors in People (Silver Award) and Investors in Diversity. We have drawn up a comprehensive action plan arising from both inspections that is reviewed by the group board, management and staff representative bodies alike.

A cost of living pay award and a continued commitment to a minimum 3.5% employer pension contribution (which increased in line with auto-enrolment requirements on 1 April 2019) were agreed for 2018/19 and a similar commitment will be made for 2019/20. We made further strong progress on our drive to create a better working environment by upgrading our workplace well-being programme; clearer frameworks and expectation for our local and higher grade leaders; a wider programme of apprenticeships across the Group and expanding our use of peer-to-peer support from staff working with people with lived experience and other volunteers across many of our services.

Richmond Fellowship has a valued, long-standing trade union recognition agreement with UNITE and has a formally constituted Joint Negotiation Committee (JNC) for matters relating to pay. The Aquarius Board recently agreed to undertake discussions locally around a future formal union recognition agreement.

Increasing the involvement of people with lived experience (often former users of our services) has transformed our ability to personalise our services and support our current clients through their own recovery journey. Commissioners have been very supportive of the initiative where these have been developed but we want to work with more commissioners going forward to deliver more services (and across more service models) with this pivotal approach to our service offer.

We recognise that in comparison to some peers some of our indicators show that we have more progress to make despite the whole sector facing similar challenges. We will continue to learn from others and work through issues in detail with our workforce via participation structures such as the Staff Council (and other more specific consultations) to ensure that their input is fed into decisions that affect their interests and we get feedback on on-going issues.

During the year we paid particular attention to the following indicators:

Activity indicators	2019	2018	2017
% of days lost arising from sickness	5.2%	5.2%	5.5%
% of voluntary turnover in the past 12 months	27%	28%	24%
% of workforce from BAME backgrounds compared to client %	-1.0%	+4.2%	+0.4%
% of workforce completing mandatory training during probation	97%	98%	95%
Satisfaction indicators (using bi-annual responses – for 2016/7 this was RF only)		2018/9	2016/7
% of workforce who would recommend RF as a good place to work		66%	59%
% of workforce who believe their service delivers a high quality service to those they support		86%	88%
% of workforce who consider they are well informed about the organisation		69%	64%

DIVERSITY and SOCIAL RESPONSIBILITY

Steered by the voice of the users of our services and as a charitable business, we prioritise our role in addressing diversity and being socially responsible. One of our core values is a commitment to social inclusion which we can't achieve unless we embrace, reflect and celebrate the diversity of the communities we serve.



Our commitment to equality, diversity and inclusion is a golden thread that runs through our organisation culture as well as our policy and process documentation. We updated our Group Equalities and Diversity Policy during 2018/19. Our workforce is a very strong reflection of the diversity of the people we support and we monitor this closely and we are proud to be an inclusive employer and are part of the Mindful Employer Scheme (relating to promoting mental wellbeing at work). We also re-issued our statement on anti-slavery and human trafficking measures, again adopting this as a Group policy to ensure we have taken every possible measure to comply with new laws and guidelines.

We analyse diversity trends, track all protected characteristics, culminating in an in-depth annual report to the Group Board. This intelligence helps guide us and informs priority actions. The Board's People Committee takes an on-going interest in overseeing equality of access to services, development opportunities and in ensuring that the workforce is a good reflection of the diversity profile of those in receipt of our services. As well as our continued accreditation as an Investor in Diversity (we have recently been through an early re-accreditation) we were re-accredited with Investors in People Silver Award.

As a socially responsible organisation we are inclusive (we are a Mindful Employer, recruiting individuals with lived experience of the conditions we work with) both as a service provider and employer. As we expand our peer-to-peer support services and continue to make good progress with our Group volunteering strategy, we continually re-assess our policies to ensure we give fair consideration to applications made to work for us from people with disabilities giving fair regard to their ability and experience. We are also building up our training programmes to ensure that each member of our workforce is supported to succeed. Special considerations are made for employees who become disabled whilst employed by any Group company.

We also aim to contribute to the communities where our services are located, thereby supporting the integration of those using our services into these communities. This is a particular feature of our social enterprises and our well-being services which we continued to invest in during 2018/19.

Being socially responsible is "our business". As a learning organisation we actively engage with experts and peers to pursue research and innovation opportunities to make continual improvements to our service offering and to develop new services to reach out and more actively reflect local need. We have expanded our work around domestic violence as we continue to believe that this is a key area where services locally available were not fully meeting demand. Support services for individuals affected by domestic violence continue to receive a high profile in the media, but there is only limited support from commissioners for expanding the significant work that these services can do. It is for this reason we were very pleased to be involved with the new work being led by the West Midland Police and Crime Commissioner.

ENVIRONMENT

As an organisation we are committed to improving our environmental awareness and reducing our environmental impact. This is also a strong message we receive from the people who use our services and our workforce, that they are keen to support our efforts to contain and manage our environmental footprint.

Aquarius first gained its ISO 14001 (Environmental Management Standard) status in 2012 and continues to re-accredit.

Richmond Fellowship Head Office received ISO 14001 accreditation for its headquarters building more recently and was re-accredited in 2018/19. There is now an active local programme whereby suggestions are used to make inroads into our footprint through targeted short-term initiatives.

In 2018/19 the suggestions we have pursued were:

1. turning off unused PC screens and reduce printers by 50% and printing by 20%
2. increase the proportion of recycling of waste and reducing hazardous products used
3. actively switching off lights not required and fitting LED lights and motion detectors
4. no plastic cups purchased
5. across the board reductions in electricity, gas and water usage

Preparations are under way to routinely monitor energy and water consumption to be in a position to set ourselves environmental impact reduction targets in these areas too. We also seek to procure sustainably across our supply chain and as part of each procurement exercise we do an environmental impact as a core part of our evaluation when letting contracts. We recognise there remains much progress to be made in this area but we have a continuous improvement agenda to help us to achieve a better environmental footprint for our business going forward.

FUNDRAISING

As in previous years, as a Group we have decided at this point not to engage in unsolicited direct fundraising – either to specific supporters or the general public. Occasionally, of their own volition, individuals who have been affected by services provided by the Group engage in a sponsored activity and donate their proceeds to a member of the Group. When approached in advance, the Group supports such gestures by providing branded materials to support the event.

The Group does not participate in any voluntary regulation schemes for fundraising, does not use commercial participators or professional fundraisers, has no specific fundraising policies, received no complaints regarding fundraising in the year and did not actively monitor individuals who independently raised funds for the Group.

STRUCTURE and GOVERNANCE

The legal structure of the Group is outlined earlier in this document. Richmond Fellowship's objects as they appear in the Articles are:

to provide a home and community life for the Fellowship's Beneficiaries;
to provide care, assistance and treatment to the Fellowship's Beneficiaries;
to advance the education of the public in all aspects of the treatment and care of the Fellowship's Beneficiaries; and
to advance other exclusively charitable purposes.

"The Fellowship's Beneficiaries" mean any person who
has mental or physical health problems;
has a learning disability;
has problems with alcohol or substance abuse.

The Group Board is a unitary board comprising up to 5 executive directors and up to 10 non-executives. For any vote, the number of non-executives present must exceed executives. The current and 31 March 2019 composition of the Group Board is laid out at the beginning of this document. New Group Board directors are recruited in accordance with very specific provisions in Richmond Fellowship's Articles and are taken through a tailored induction on joining. All Board members are provided with appropriate training as needed.

Group standing orders and a schedule of delegations are in place to underpin the Articles and the intra-group Procedure Agreements in place. A number of key policies and strategies have been updated during the year and these include: risk management, procurement, reserves investment and information governance (to cover GDPR) – all key policy areas defining how we apply our values to deliver a safe and sustainably viable business over the longer-term.

Separate Codes of Conduct for all staff, Directors and Members and Group Leadership Team members are in place and will be refreshed in 2019. Other new Group policies rolled out in 2018/19 include: equality, diversity and inclusion, information governance, risk management, anti-slavery and human trafficking, business continuity and separate safeguarding of vulnerable adults and children policies.. All of these Group policies apply across the Group. To work around specific circumstances, Richmond Fellowship and Aquarius remain able to adopt their own tailored procedures for delivering a Group policy.

REGULATION AND COMPLIANCE

The Group complies with the requirements of the Regulator of Social Housing, the Charity Commission, Charities Acts and Companies Acts, seeking consent, filing returns and publishing accounts as required. Compliance updates go to each meeting of the Audit and Assurance committee of the board.

Many of our care services are registered with and subject to inspection by the Care Quality Commission.

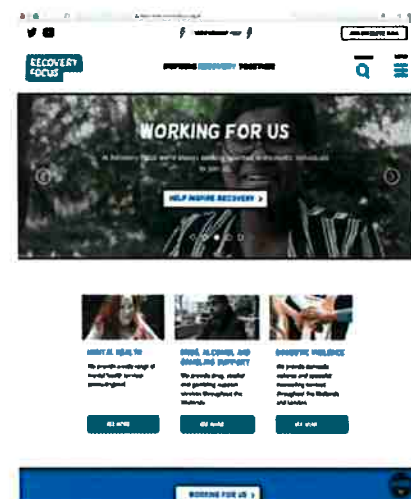
Statement on Public Benefit

The purpose of the Group is laid out in the charitable objects above. Prospective users of services across the Group are usually referred to the provider organisation by a psychiatrist, general practitioner or other health care professional. Day care and other non-residential services are provided free of charge at the point of delivery. Rent and any other charges for housing, residential care and nursing homes are usually covered by a range of housing and other benefits. The Group Board has given due regard to the Charity Commission's guidance on providing public benefit in its decision-making and considers that all Group activities provide public benefit.

Statement of Accountability

The Group Board accepts the obligation to account for its actions in an open manner to people who use our services across the whole Group to other stakeholders, to its regulators and commissioners and to the wider public. The Group Board also accepts the obligation to ensure that Group companies deliver the standards of probity required by law, by its regulators and appropriate to its position in the community. The Group seeks to achieve a high level of corporate social responsibility subject to its overriding duty to fulfil its charitable objects and to use its charitable resources for that purpose.

In addition to putting people who use our services at the centre of everything we do, the Group Board remains committed to our new Recovery Focus identity, bringing like minded expert partners together. This includes the build of a new and evolving website to develop our social media presence, an annual review for commissioners and other stakeholders, an annual report to our tenants and a strategy to develop a higher profile within the sector.



Statement of compliance with the RSH's governance and viability standard and the NHF Code of Governance

The Group Board re-considered the governance and viability standards of the Regulator of Social Housing (RSH) as part of the work of the Audit and Assurance Committee in July 2019, reviewing our progress and activities during 2018/19. The viability standard additionally requires adherence to the value for money standard (last re-issued in April 2018). The committee discussed the standard at length to be assured of being able to demonstrate the Group's compliance.

The other 5 key regulatory standards are monitored on an on-going basis.

The regulator's Governance and Financial Viability Standard effective at 31 March 2019 requires compliance with an "appropriate code of governance, giving reasons for the choice and explaining areas of non-compliance". RF has chosen the National Housing Federation (NHF) Code of Governance, which in turn requires compliance with the NHF Code of Excellence in Conduct. The Audit and Assurance Committee, acting for the Group Board re-considered the Code as part of the work of the Audit and Assurance Committee in July 2019 (which also considered the required RSH standards) and has subsequently approved the following statement of compliance:

"Richmond Fellowship is a member of the National Housing Federation (NHF) and endorses the NHF Code. The Code is an integral part of RF's agreement for services with its non-executive directors. RF is compliant with (or taking steps to achieve compliance) all requirements of the Code that are relevant to it as a small, specialist registered provider of social housing and registered charity. The RF group has rigorous governance arrangements which are audited regularly by our engaged firm of internal auditors and meets the reporting requirements of the Regulator of Social Housing and the Charity Commission."

The specific area of non-compliance with the NHF Code is explained as follows:

<u>Requirement</u>	<u>Reason for non-compliance</u>
(B4) Boards should have at least five members and no more than twelve, including any co-optees and any executive board members.	To meet the demands of our changing group, the Group Board comprised 14 members in total (with the Articles allowing 15) as at 31 March 2019: this includes 5 executive directors as RF has a unitary board.

Three new board appointments were made in 2018/19 which helped to refresh perspective and contributed new expertise to the board's decision making and strategies. We are currently in the process of seeking to appoint a further non-executive board member with significant clinical and practitioner experience and we remain of the belief that having a unitary (and therefore larger) board, currently serves our Group well.

If at any point we reach a position where our Group is likely to significantly expand, we will take a root and branch approach to assessing how the governance of the group might ultimately be separated, in a defined and well-planned way, from the governance of the provider partners.

As part of its annual appraisal process, the Board has concluded that the business case for payment of non-executive Group board members, approved by the Housing Corporation in 2008, remains valid as to both the benefit to RF of such payments and their current level, which has not increased since its introduction.

All board members receive one to one reviews of their contributions to and the effective overall working of the board.

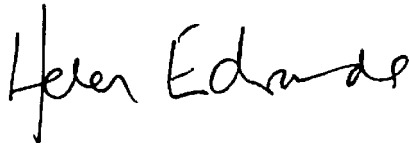
The Remuneration Committee reviewed the levels of pay being made to non-executives during the year and recommended to the Group Board that remuneration remain unchanged.

We have also significantly strengthened our board committees during 2018/19 through the use of co-optee expert advisors who have been put on all board committees except for the Remuneration Committee. Of particular note are our two new independent advisors to the Audit and Assurance Committee who are regularly supporting and challenging our work in this critical area. They both bring new perspectives and insight to the important work of this Committee. This has significantly increased the level of direct expertise that each committee has available at each of its meetings.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Group Board confirms that, in fulfilling their duties as directors, they have taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditor is made aware of that information and, so far as the directors are aware, there is no relevant audit information which has not been brought to the attention of the auditor.

Approved by the Board and signed on its behalf by

A handwritten signature in black ink that reads "Helen Edwards". The signature is written in a cursive, flowing style.

H Edwards, Chair of the Board
1 August 2019

STATEMENT OF THE RESPONSIBILITIES OF THE GROUP BOARD IN RESPECT OF THE ACCOUNTS

The Group Board directors are responsible for preparing the report of the Group Board, incorporating the strategic report and the accounts in accordance with applicable law, regulations and associated guidance and good practice.

Company and housing law requires the Group Board to prepare consolidated accounts for each financial year in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland". Under company and housing law, the Group Board members must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the surplus or deficit of the Group for that period.

In preparing these accounts, the Group Board directors are required to:

- i Select suitable accounting policies and then apply them consistently
- ii Make judgements and estimates that are reasonable and prudent
- iii State whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements
- iv Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Board directors are also responsible for keeping adequate accounting records that are sufficient to show and explain all transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and have due regard to Charity Commission guidance. They are also responsible for safeguarding the assets of the Group and by taking reasonable steps for the prevention and detection of fraud and other irregularities.

Further information around the values and the work of our Group are available at: www.recoveryfocus.org.uk.

STATEMENT OF THE GROUP BOARD ON VALUE FOR MONEY

To comply with the Regulator of Social Housing's latest code of practice on value for money, as a registered provider we are required to publish our performance against a given set of key indicators which is shown below:

	<u>Richmond Fellowship (Company) – 2018/19</u> metrics	<u>Richmond Fellowship (Company) – 2017/18</u> metrics	<u>Global Accounts average (2017/18)</u> metrics
1 Reinvestment %	4.6%	7.3%	5.8%
2 New supply delivered %	-20.7%	-0.4%	1.5%
3 Gearing %	0%	0%	50%
4 EBITDA MRI Interest Cover %	n/a	n/a	158%
5 Headline social housing cost per unit	£6,942	£5,670	£3,798
6 Operating Margin %			
A) Social Housing Letting	9.3%	28.6%	29%
B) Overall	-3.5%	-0.5%	21%
7 Return on capital employed %	1.4%	-0.6%	2.4%

Richmond Fellowship is the registered provider of social housing within the Group, but with a fewer than 1,000 owned homes is classed as a "small provider". Richmond Fellowship provides homes with additional support, exclusively housing vulnerable adults on assured shorthold tenancies or licences. Many of the above metrics are designed to enable comparisons between large social housing providers with significant loan book commitments and a high level of general needs social rented homes. As such the Richmond Fellowship results will not always closely align with registered provider averages.

The reason for the worsening of indicator 5 mainly relates to non-recurrent expenditure in our care homes during 2018/19 which are disproportionately more expensive to run on a per unit basis even compared to housing with support. However, a number of measures are in place to extract additional value for money to directly improve indicators 5 and 6 in future years. Our 5 priority initiatives are set out in the next section of this report.

Richmond Fellowship's performance against its own expectations in the above areas was broadly in line with expectation with a 5% reinvestment target and a return on capital employed minimum of 1%. We fell short against our target aspirations for operating margin at 15% and 0% respectively for indicator 6. At this point we have no plans to enter into loan funding arrangements and therefore our gearing result is in line with expectation.

In terms of delivery to the users of our services, we aim for a baseline satisfaction score of over 90% and improving. Whilst we achieved our baseline we did not improve on last year which is disappointing. In particular we aim for over 95% levels of satisfaction by people we support with the staff providing the service. Richmond Fellowship scored 96% satisfaction in relation to being treated with respect and 95.5% in respect of keyworkers including clients in designing their own support and having their views heard.

The Group Board has reviewed the results and is satisfied that Richmond Fellowship is in compliance with the revised Code issued by the Regulator of Social Housing and that the Group as whole is delivering year on year improvements in the value for money it offers to its beneficiaries.



Value for money through delivery

Throughout the Group a number of processes are co-ordinated to deliver value for money. These include:

- Governance – strong governance and over-sight allows for wider lessons to be shared quickly in order to deliver quality services at a reasonable price, in line with regulatory expectation.
- Co-production – by co-producing services with those we support and our workforce, we are able to capitalise on their ideas and innovations for business improvement through prudent re-shaping of delivery or financial investment.

- Re-shaping our operational management structures for the future, removing a tier of management to devolve more decision-making and budgetary responsibility and making spans of management more efficient.
- Peer performance tracking – internally and externally where similar models exist, it is possible to deliver benefits for people using our services and increased efficiencies using simple comparison data.
- Business planning – tight budgeting/forecasting seeks to sensitively “raise the bar” on quality, performance and efficiency – this also stimulates our frontline staff teams to be more resourceful to get the best return possible.
- Business development partnerships – working closely with commissioners, we constantly evaluate our inputs and outcomes in terms of value for money. The sternest test of this is when re-tendering takes place. In 2018/19 we were very successful at retaining our existing business at value for money rates.
- New and evolving service models / care pathways – where internal learning or external evidence arises, we aim to make our services more effective and increase the impact of our services and the delivery of both is frequently possible. This is vital on pilot services to ensure when mainstreaming a new model it delivers good value for money.
- Reviewing our cost base – again through peer comparisons we continually review our cost base to ensure to maximise funding available for the delivery of front-line services. Sometimes this requires non-recurrent outlay of capital funding to deliver longer-term savings and where this is the case, we assess each business case to ensure we can deliver the savings with as little risk premium as possible. We would also look to divest uneconomic services or assets to improve our overall margins. We also continually market test our procured services to benefit from competition in the market where possible.

To address our ambition to raise our performance against regulatory indicators 5 and 6 above, our internal priority indicators for the year to improve value for money, were as follows:

1. Retaining business (£1.6m, 73%, by value, of existing business, against a target of 80%) and winning new business (£1.9m, against a target of £1.5m) to spread overheads efficiently
2. We delivered the re-structure of the operations management of the business to devolve more decisions locally, removing a line of management from the structure and broadening management spans from 1:5 to 1:7. This has taken longer to deliver than originally expected but leaves us in a much stronger position going forward.
3. We worked hard to reduce sickness/absence levels to below 5% and increase ‘first time fill’ for our vacancies to above 70% by being clear about the roles on offer, recruiting smarter through new channels and ensuring a good fit is clear before offers are made. Progress here has also been slower than hoped for but the trajectory on both indicators at the end of the year is good.
4. We will re-structure our systems support infrastructure and the ability of staff to access systems remotely, yielding savings in both staff time and a drop in software licencing costs. Again this took longer than anticipated but the early results are very promising and savings should be deliverable quickly in 2019/20.
5. We will reduce debt to reduce staff time tied up in chasing debt and ensuring that work requested is delivered well, invoiced promptly and settled in line with expectation. This proved to be extremely challenging, in particular due to the significant systems migration project. The new system is expected to make the delivery of a vast reduction in debt levels and this will again be a value for money priority for the organisation in 2019/20.

Return on assets and investments and use of reserves

We are working continuously to further ‘sweat’ our assets, notably our properties. This includes further reviewing the future of any of our properties that are no longer fit-for-purpose, re- and co-locating some operational and back office teams and significantly upgrading infrastructure that will allow staff to better deliver for the needs of those using our services. This now includes hand held technology for frontline staff with access to all of our core systems, plus a back office suite of systems that is current, fit for purpose and capable of continuous improvement.

Our investment resources are allocated according to current corporate priorities, risks, most urgent need and best return. Users of our services are our main focus in evaluating our investment pipeline and these are some of the initiatives we have funded in 2018/19 (mapped against corporate priorities):

Putting the people we support at the heart of everything we do

- investing to make our national Working Together Strategy more consistent and effective to increase impact;
- empower those using our services to own their recovery journey and tackle their personal challenges to reach their goals; and
- use our National Forum meetings to share experiences and move towards area based forums in future to locally connect individuals accessing and delivering different services.



Investing in our people

- invest in technology to empower our workforce and those we support and improve our back office efficiency;
- improve our website, staff intranet site and all internal people focused systems;
- further expand apprenticeships, peers and volunteers involved in our service delivery; and
- overhaul induction and expand our learning and development offer.

Broadening the range of support we offer

- investing in new models to deliver new crisis decision making units (to fast track emergencies presenting at hospitals, into a suitable setting) to develop recovery options with the person in crisis;
- investing in our domestic violence perpetrator programmes and health and well-being services; and
- expanding our successful social enterprise model engaging people we support to better equip them for the future.

Growing our influence

- increasing our evidence base and sharing and working alongside peers to ensure that as a sector we are able to support more people through recovery;
- Use our peer programmes more extensively to deliver across different care pathways;
- Use our connections made through the HSJ Conference to share our innovations and expertise;
- Participate more prominently in National and World Mental Health initiatives.

Growing our size

- Bringing DVIP into RF spreading overhead and building our domestic violence expertise and profile;
- Continue to use retendering opportunities to improve the infrastructure used in delivery; and
- Work to generate new sources of funding to support our beneficiaries and key strategic aims, including grants for fixed pieces of work, targeted social enterprise and service provision for the corporate rather than just the statutory sector.

Our physical asset base across the Group remains fully unsecured at present and we continue to be able to internally fund investment programmes from existing cash reserves. Holding significant cash balances offers a poor yield so selected investments in our infrastructure give us a potential long-term yield that will ensure our business remains sustainable in the longer term. For each investment, we assess against our strategic aims but we also assess cost/benefit and where the advantages to those we support are clear, we invest to improve. We also ensure we dispose of properties that do not fit with our current and likely needs and recycle the funds or lease to a third party if this option meets our strategic aims.

We also have a robust strategy for improving our social and environmental responsibilities involving investment, partly devised by those we support across the Group who wish to see us as a responsible provider.

In 2018/19 we sold 3 properties surplus to requirements and re-provided a significant service (from an unsuitable building which was expensive to upkeep). This re-provision was possible through a very generous gift from the Holder family who were long associated with 2Care (a former RF subsidiary) and its services. RF also purchased a 12 home property in Carlisle from Two Castles Housing Association where RF has delivered housing management and support for many years.

Procurement

As a Group we are able to procure goods and services on a large scale to maximise economies of scale. In 2017/18 we re-tendered a number of contracts which kicked in during 2018/19 including:

- ❖ printing and reprographics – (saving £250k p.a.); and
- ❖ mobile technology – giving new capability for remote access to core systems, additional security for lone workers and equipment tracking to trace and/or immobilise mobile devices remotely; and
- ❖ a new ticketing system – to structure and track central service teams who provide vital support services to frontline delivery staff – this is being initially piloted with our new in house IT support team established in the year.

The first phase of our ambitious Workday Project to overhaul many back office services and automate paper flows (improving controls assurance and the ability to source information 'real-time') went live in January 2019, involving a huge data migration exercise. Processes are being updated and phase 2 measures are now being planned and there is significant scope for efficiency in the longer-term. Also in 2018/19 we re-shaped our systems support contracts bringing key aspects of the contract back in-house based at our Huddersfield Office. We undertook a significant programme of soft market testing for IT hardware sourcing and bulk utilities purchasing with a view to significant contract re-lets in these areas in early 2019/20.

STATEMENT OF THE GROUP BOARD ON INTERNAL CONTROLS ASSURANCE AND INTERNAL FINANCIAL CONTROLS

The Group Board is responsible for controls assurance across the whole Group and reviewing their effectiveness. The directors recognise that such systems can provide only reasonable, not absolute, assurance against material misstatement or loss.

We have invested to improve both assurance and the evidence trail for all of our system based transactions with a new integrated system for Finance (including rent accounting), Payroll, People and Pensions Services. It was implemented in January 2019. We have significant expectations of the new system in terms of control, efficiency and security.

Directors exercise considerable care and attention to monitor the on-going evaluation and management of risk and policies are in place to this effect which were refreshed during the year, informed by Group-wide organisation learning.

Board Members and Meetings

The Group Board met formally 7 times during the year 2018/19 and attendance at these meetings was 89% (2017/18 – 90%). In addition two strategic away days and a Board development day were held and were well attended. All directors participated in a 1-to-1 review of both Board and their own performance in addition to key development needs. As part of this review a significant update of the skills matrix used to assess strength of governance and future Board needs, took place.

A full list of Board Members is listed on page 1. Remuneration made to Board Members in 2018/19 was as follows:

G Bland	£6,000
D Brindle	£8,000
H Edwards	£12,500
A Fletcher	£5,000
T Harper	£6,000
S de la Haye	£1,000
M Holland	£3,333
P Molyneux	£5,000
R Perkins	£2,917
A Powell	£6,000
J Royle	£2,917

The Board annually reviews the business case for payment of non-executive Group board members (approved by the Housing Corporation in 2008) and believe that strong benefits remain. The core level of remuneration has not increased since its introduction and though responsibility allowances were adjusted in the year, these were cost neutral.

Matters reserved for the Group Board

The Group Board has delegated only limited powers to its six committees: Audit and Assurance, Business and Finance, People, Quality and Performance, Working Together and Remuneration Committees. It reserves certain responsibilities and decisions for itself, specifically:

- Management structure, organisation and essential governance
- Objects, values and corporate strategy
- Annual budget setting
- Key additional controls as specified in the newly updated standing orders and scheme of delegations

Terms of reference for each Board committee are reviewed annually and signed off by the Group Board itself. Each committee (except for Remuneration) has appointed one or more independent members to lend the benefit of their experience. Each independent member contributes significantly to the assurance framework, being experts in their field.

Identification and evaluation of risks and control objectives

The Group Board directors, working with the Group Leadership Team (currently comprising Group directors, RF business Managing Directors and the Chief Executive of Aquarius) and the directors of the Aquarius Board have separately and collectively given substantial consideration to the major risks to which the Group is exposed.

As part of this shared responsibility, all parent and subsidiary directors and the GLT jointly satisfy themselves that systems or procedures are in place in order to manage these risks.

The GLT work closely with the Senior Leadership Team (SLT) comprised mainly of staff directly reporting to GLT members. Their principle remit is to focus on turning strategy into operational practice and reviewing quality, risk and delivery in relation to corporate priorities and measuring the associated impacts and outcomes.

Information, monitoring and corrective action

Performance indicators are in place to provide information allowing management to monitor the key business delivery and financial activities, risks, statutory responsibilities, progress towards financial objectives and to identify matters which require intervention. In 2019/20 we will be rolling out an Impact and Evaluation Project to overhaul these indicators and make much better use of our data resources that now exist in our two key systems, RF Connect (client and asset management) and Workday (finance, rent accounting, HR, payroll and recruitment systems). In parallel with this we have a programme of refresh for key policies and processes to re-focus policies on our legal and regulatory obligations and make flowchart processes to improve the consistency of data capture, recording and management.

The Group and Aquarius Boards receive regular exception reports for scrutiny. They also monitor progress towards strategic milestones in all key priority areas, and assess action plans to both complete the delivery of these milestones and mitigate the risks that arise along the way. This work is supplemented by the work of appointed Internal Auditors and in 2019/20 a new Internal Audit programme will be completely linked into the Group Risk Register to increase the assurances available to board directors but also to make the risk register itself more dynamic and real-time.

The Audit and Assurance Committee acts to review the annual accounts – both the consolidated accounts and the company accounts for each partner. As part of this process, the Committee receives regular update reports on internal control matters from the internal and external auditors and agrees annual programmes of work across the Group by both internal and external audit teams based on risk evaluation of the annual plans.

Ownership for delivering the priorities and managing the associated risks rests with the GLT, but each Group Board committee has a portfolio of risks that it leads scrutiny on with non-executives introducing additional ideas and rigorously working through the challenges for the organisation.

The Group puts all individuals in any form of direct contact with people we support through the disclosure and barring service (DBS) records. This includes volunteers, peer support workers and students and others associated with our services who are generally only in contact with users of services, in a controlled and supervised environment. DBS reports received have highly controlled access arrangements and are securely destroyed. Nonetheless, where issues are flagged, a detailed risk assessment takes place and high level authority is required to proceed (or not).

In support of all of the controls mechanisms in place, the provision of effective training and publicity is essential in ensuring that processes work in practice and are applied consistently. Significant areas for pro-active refresher training and learning during 2018/19 were safeguarding, health and safety at work and information governance in preparation for and to bed in after the introduction of the provisions of GDPR.

There were no serious incidents reported to either the Regulator of Social Housing or the Charity Commission in 2018/19, though one incident involving a residential client will be reported retrospectively. A number of important but minor (in impact) issues were reported to the Information Commissioner's Office (ICO) and at the end of the year we appointed a new independent Data Protection Officer (DPO) who interfaces between the Group and the ICO.

We have a number of external accreditations across the Group as a good cross-check on the effectiveness of our processes and controls. During 2018/19 accreditations (and re-accreditations) were achieved for Investors in People (Silver), Investors in Diversity and ISO 14001 (for RF's Headquarters operations and for Aquarius).

However, a vital supplement to this feedback is our client and staff feedback, challenges from both RF and Aquarius Staff Council, the RF Joint Negotiating Committee (JNC) and through matters raised under the Group's Feedback and Whistleblowing Policies. Alongside all of these opportunities for assurance we additionally undertake our annual survey of those using our services and our staff satisfaction surveys (bi-annually, but 2018 was part of the biannual cycle and the results from this survey are highlighted earlier in the report). The results generate a formal action plan which is reported to and approved by the relevant Board. To supplement this information, non-executive board members made a total of 48 service visits during the year to see services first hand and speak with people using our services and staff.

The Group Board has reviewed the controls and assurances in place across the Group and is satisfied that the Group is both compliant with legal and regulatory requirements and improving. This includes the areas of work that are the responsibility of the Aquarius Board to deliver.



INDEPENDENT AUDITOR'S REPORT TO THE BOARD AND MEMBERS OF RICHMOND FELLOWSHIP

Opinion

We have audited the financial statements of Richmond Fellowship (the 'parent charitable company') and its subsidiaries (the 'Group') for the year ended 31 March 2019 which comprise the Group and Company Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2019 and of the Group's and parent charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 for the Group and the Company and the Charities Act 2011 (for the Group); and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Board members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's 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 Report and Accounts, other than the financial statements and our auditor's report thereon. The Board members 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.



INDEPENDENT AUDITOR'S REPORT TO THE BOARD AND MEMBERS OF RICHMOND FELLOWSHIP (continued)

Opinion 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 Report of the Group Board on pages 4 to 15, which includes the Strategic Report and the Directors' 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 included within the Report of the Group Board 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Group Board.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- adequate and sufficient 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 board members' 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 Statement of responsibilities of the Group Board set out on page 16, the Board members (who are also directors of the parent 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 Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and 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 the Companies Act 2006 and under section 151 of the Charities Act 2011, and report in accordance with those 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



INDEPENDENT AUDITOR'S REPORT TO THE BOARD AND MEMBERS OF RICHMOND FELLOWSHIP (continued)

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the parent charitable company's Trustees as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the parent charitable company's members and Board members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company, the parent charitable company's members as a body, and the parent charitable company's Board members as a body for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Jacqueline Oakes
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

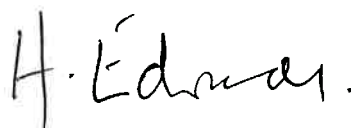
27 September 2019

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2019

	Notes	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Turnover					
Turnover from the provision of goods & services	4	46,647	41,542	43,733	38,333
Recurring		(47,398)	(42,108)	(44,425)	(38,773)
Non-recurring	7	(849)	(849)	-	-
Operating expenditure	4	(48,247)	(42,957)	(44,425)	(38,773)
Other operating income / (costs)					
Surplus / (deficit) on disposals of fixed assets	13	1,929	2,032	60	60
Operating surplus / (deficit)	4	329	617	(632)	(380)
Movement in the fair value of investments		86	86	(55)	(55)
Interest receivable & finance income	11	198	187	251	244
Interest & financing costs	12	(2)	(2)	(1)	(1)
Surplus/(deficit) for the financial year	13	611	888	(437)	(192)
OTHER COMPREHENSIVE INCOME					
Re-measurement of pension scheme asset	10	21	21	(128)	(128)
Total comprehensive income for the year		632	909	(565)	(320)

The Income and Expenditure Account was approved and authorised for issue by the Group Board on 1 August 2019.

Helen Edwards
Director



Geoff Bland
Director




STATEMENT OF FINANCIAL POSITION as at 31 March 2019 **COMPANY NUMBER 662712**

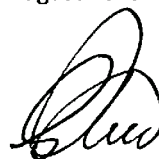
	Note	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Fixed Assets					
Property, plant & equipment					
- Housing & other properties used for social provision	14	24,854	23,093	24,208	22,381
- Other property, plant and equipment	15	5,338	4,401	4,605	3,881
Intangible assets	16	-	-	-	-
Post employment benefits	10	752	752	743	743
		<u>30,944</u>	<u>28,246</u>	<u>29,556</u>	<u>27,005</u>
Current assets					
Stock	17	103	94	81	75
Debtors due within one Year	18	9,487	8,753	5,310	5,067
Investments	19	5,981	5,981	9,623	7,373
Cash at bank and in hand		6,792	4,147	6,947	5,556
		<u>22,363</u>	<u>18,975</u>	<u>21,961</u>	<u>18,071</u>
Creditors: amounts falling due within one year	20	(4,704)	(4,447)	(3,391)	(3,056)
Net current assets		<u>17,659</u>	<u>14,528</u>	<u>18,570</u>	<u>15,015</u>
Total assets less current liabilities		<u>48,603</u>	<u>42,774</u>	<u>48,126</u>	<u>42,020</u>
Creditors: amounts falling due over one year	21	(8,865)	(8,857)	(9,020)	(9,012)
Total assets less liabilities		<u>39,738</u>	<u>33,917</u>	<u>39,106</u>	<u>33,008</u>
Funds					
Restricted funds	25	7,758	3,837	7,781	3,694
Unrestricted funds					
- Unrestricted general funds		30,495	28,778	28,881	27,052
- Designated funds	26	292	107	1,346	1,162
- Revaluation reserve		441	443	355	357
- Pension reserve		752	752	743	743
		<u>39,738</u>	<u>33,917</u>	<u>39,106</u>	<u>33,008</u>

The accounts were approved and authorised for issue by the Group Board on 1 August 2019.

Helen Edwards
Director



Geoff Bland
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2019

	Restricted Funds £000	Unrestricted			Pension Reserve £000	Total £000
		General Funds £000	Designated Funds £000	Revaluation Reserve £000		
Balance at 1 April 2017	8,184	28,561	1,641	410	875	39,671
Deficit for the year	-	(437)	-	-	-	(437)
Other comprehensive income	-	-	-	-	(128)	(128)
Total comprehensive income	-	(437)	-	-	(128)	(565)
Transfers (note 24)	(403)	757	(295)	(55)	(4)	-
Balance at 31 March 2018	7,781	28,881	1,346	355	743	39,106
Surplus for the year	-	611	-	-	-	611
Other comprehensive income	-	-	-	-	21	21
Total comprehensive income	-	611	-	-	21	632
Transfers (note 24)	(23)	1,003	(1,054)	86	(12)	-
Balance at 31 March 2019	7,758	30,495	292	441	752	39,738

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2019

	Restricted Funds £000	Unrestricted			Pension Reserve £000	Total £000
		General Funds £000	Designated Funds £000	Revaluation Reserve £000		
Balance at 1 April 2017	3,858	26,726	1,457	412	875	33,328
Deficit for the year	-	(192)	-	-	-	(192)
Other comprehensive income	-	-	-	-	(128)	(128)
Total comprehensive income	-	(192)	-	-	(128)	(320)
Transfers (note 24)	(164)	518	(295)	(55)	(4)	-
Balance at 31 March 2018	3,694	27,052	1,162	357	743	33,008
Surplus for the year	-	888	-	-	-	888
Other comprehensive income	-	-	-	-	21	21
Total comprehensive income	-	888	-	-	21	909
Transfers (note 24)	143	838	(1,055)	86	(12)	-
Balance at 31 March 2019	3,837	28,778	107	443	752	33,917

CONSOLIDATED CASH FLOW STATEMENT for the Year Ended 31 March 2019

	Note	2019 £000	2018 £000
Net cash used in operating activities	34	(1,979)	265
Cashflow from investing activities			
Acquisition & development of properties used for service provision		(1,632)	(3,446)
Sale of housing properties		1,164	545
Purchase of other property, plant & equipment		(1,838)	(841)
Sale of other property plant & equipment		226	-
Investment income received		16	88
Interest received		163	139
Net cash used in investing activities		(1,901)	(3,515)
Cashflow from financing activities			
Interest paid		(2)	(1)
Net cash used in financing activities		(2)	(1)
Net decrease in cash and cash equivalents		(3,882)	(3,251)
Cash & cash equivalents at the beginning of the year		13,198	16,449
Cash & cash equivalents at the end of the year		9,316	13,198
Cash & cash equivalents at the end of the year comprise:			
Cash at bank & in hand		6,792	6,947
Short term bank deposits	19	2,524	6,251
		9,316	13,198

NOTES TO THE ACCOUNTS for the year ended 31 March 2019

1. Status

Richmond Fellowship ("the company") is a private company limited by guarantee (number 662712) and is incorporated in England; the registered office address is 80 Holloway Road, London, N7 8JG. The company is a registered charity (number 200453) and is also registered as a private provider of social housing with the Regulator of Social Housing (number H2025).

In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member. The number of members as at 31 March 2019 was 20 (2018 – 20).

Details of the principal activities of the Group are given in the accompanying narrative reporting.

2. Accounting policies

Basis of preparation

The financial statements are prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), the Statement of Recommended Practice for social housing providers published in September 2014 and The Accounting Direction for private registered providers of social housing 2015. The financial statements are also prepared in accordance with the Companies Act 2006 and the Housing and Regeneration Act 2008. The consolidated financial statements are additionally prepared in accordance with the Charities Act 2011. The December 2017 amendments to FRS 102 have been used in preparing these financial statements.

The company is a public benefit entity and the Group is a public benefit group, as defined by FRS 102.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Group's accounting policies.

Going concern

The financial statements have been prepared on the going concern basis as, after making enquiries, the Board has reasonable assurance that the Group and company have adequate resources to continue in operational existence for the foreseeable future.

Disclosure exemptions for qualifying entities under FRS 102

The company is a qualifying entity as defined by FRS 102 and, as such, has taken advantage of the exemption from presenting a statement of company cash flows on the grounds that the relevant information is included within the consolidated information presented within these financial statements.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In the case of subsidiaries which are charitable companies limited by guarantee, that control exists by virtue of the company being the sole member of each of the subsidiaries thereby being able to appoint the trustees of those entities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to that subsidiary's financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any entities which either become, or cease being, subsidiary undertakings during the year are included up to, or from, the dates of change of control, respectively.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition method, as applied to public benefit groups, is used to account for a combination with a new charitable subsidiary.

The acquisition method requires that the new subsidiary's assets and liabilities be initially recognised at their fair value. Where the nature of the combination is in substance a gift, the fair value of the gifted assets and liabilities is recognised as a gain or loss in the statement of comprehensive income in the year of the transaction, with all costs directly relating to the combination being expensed. For combinations which are in the nature of acquisitions, the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of net assets and liabilities acquired is recognised as goodwill.

On transition to FRS 102 the Group and Company took the exemption available to not restate acquisitions affected before transition date of 1 April 2014.

Managed properties

Income and expenditure relating to housing properties managed by the Group are recognised in the statement of comprehensive income where the Group is exposed to a significant proportion of the risks and rewards associated with the properties.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents rental income receivable; fees from local authorities and other funders for the provision of services; grant income from the Government and other bodies, income from fundraising activities and amounts receivable for goods sold. All such amounts are stated excluding VAT where this has been applied.

Income is recognised as follows:

- Rental Income – on a time apportioned basis
- Service Income – as the services are provided
- Donations – when the Group has entitlement, the donation can be measured reliably and receipt is probable
- Revenue (performance) grants – in the same period as the expenditure to which they relate
- Government capital grants - recognised using the accruals model and initially deferred and then credited to revenue on a straight line basis over the expected life of the asset which they have funded
- Other capital grants – recognised using the performance model, with recognition being when the Group has entitlement, the grant can be measured reliably and receipt is probable

Donated assets and services which would otherwise have been purchased are included at the estimated expenditure which has been avoided as a result of the gift. Other donated assets and services are recognised at the fair value of the asset or service received.

Donations received for funding capital assets are recognised as revenue in the statement of comprehensive income when the recognition criteria above are met. If the related properties are disposed of, or cease to be used for the approved purpose, the donations may become repayable in which case the liability is recognised when the related asset is disposed of or when it ceases to be used for the approved purpose.

Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The Group operates a defined contribution plan, whereby the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in the period to which they relate. Amounts not paid are shown in accruals in the statement of financial position.

The assets of the plan are held separately from the Group in independently administered funds.

State plan

The Group is an admitted body to the NHS Pension Scheme, a multi-employer defined benefit pension scheme. The Group has no on-going liability to this scheme other than to pay contributions as they fall due and this plan is accounted for as a defined contribution plan.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The asset recognised in the statement of financial position in respect of the defined benefit plan is the lower of the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the reporting date and the net present value of the estimated future Group contributions to the scheme.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future

payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in operating expenditure in the statement of comprehensive income as employee costs comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the statement of comprehensive income as 'Finance expense'.

Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to operating expenses in the statement of comprehensive income on a straight line basis over the life of the lease.

Incentives received to enter into an operating lease are credited to operating expenses, to reduce the lease expense, on a straight-line basis over the period of the lease.

Value Added Tax

The Group is registered for VAT and the balances shown in these accounts exclude VAT where applicable. Irrecoverable input VAT is expensed as incurred and is analysed in line with the underlying expense to which it relates.

Taxation

All entities within the Group are registered charities and are able to obtain relief from corporation tax, provided that they operate within certain charitable exemptions, including applying all income to charitable purposes. Since these conditions have been fulfilled, these entities do not recognise provisions for taxation.

Provision is made for direct and deferred tax in respect of non-charitable subsidiaries; currently, the activities of non-charitable subsidiaries are immaterial to the Group.

Housing and other properties used for social purposes

Housing and other properties used for social purposes are properties which are held to provide residential accommodation, nursing homes or day care centres.

These properties are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of the properties is the purchase price together with those costs that are directly attributable to acquisition and construction up to the date of completion.

Properties in the course of construction are not depreciated.

Depreciation is charged on major components so as to write down the cost of the components to their estimated residual value on a straight line basis over their estimated useful lives as follows:

Freehold Land	indefinite	Structure	100 years
Pitched Roof	60 years	Flat Roof	20 years
Windows	40 years	Boilers	15 years
Bathrooms	20 years	Kitchens	15 years
Wiring	30 years	Fire Systems	10 years

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefits is capitalised and the carrying amount of any replaced component or part component is derecognised. Any other expenditure incurred in respect of repairs is charged to operating expenses in the statement of comprehensive income.

Other tangible fixed assets

Other fixed assets are stated at cost less depreciation. Depreciation is charged on a straight line basis over the expected economic lives of the assets at the following annual rates:

Office premises	1%
Motor vehicles	25%
Plant & machinery	25%
Furniture	25%
Computer infrastructure, IT & other office equipment	33.3%

Intangible fixed assets

Intangible assets solely arise on entity combinations and comprise goodwill arising on acquisitions of incoming subsidiaries. The goodwill was fully impaired in prior periods.

Inventories

Inventories are stated at cost less provision for impairment losses.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indicator that the asset (or asset's cash generating unit) may be impaired. If there is such an indicator the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

Assets not used for social purposes

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the operating expenses, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Assets used for social purposes, including housing and other properties

For the purposes of impairment assessments, housing and other properties used for social purposes are assessed on a property by property basis.

At each statement of financial position date, the properties are assessed to determine if there are indicators that the property may be impaired in value; if there are such indicators of impairment, then a comparison of the property's carrying value to its recoverable amount is undertaken. Any excess is over the recoverable amount is recognised as an impairment loss and charged as operating expenses in the statement of comprehensive income; the carrying value is reduced appropriately.

The recoverable amount of a property is the higher of its fair value less costs to sell and its value in use. Value in use for properties which are able to be used in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

When an impairment loss is subsequently reversed, the carrying amount of the property is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in operating expenses in the statement of comprehensive income.

Current asset investments

Investments are stated at fair value and any changes in the fair value are recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits and other highly liquid investments which have a maturity of three months or less.

In certain cases the Group and its employees assist individuals to manage their money in their bank accounts. These bank accounts do not relate to the Group and are therefore not dealt with in these financial statements.

Government grants (social housing grants)

Government grants are recognised when there is reasonable assurance that the Group will receive the grant and be able to comply with the terms of the grant. Grants are classified as either relating to assets or as relating to revenue.

Grants relating to assets are accounted for using the accrual model and are recognised as revenue in the statement of comprehensive income over the period of the estimated life of the relevant asset to which it relates as follows:

- Grants relating to whole properties – over the useful life of the structure
- Grants relating to components – over the useful life of the relevant components

Grants relating to assets are derecognised when the asset to which they relate is derecognised.

Grants which relate to revenue are accounted for using the performance model and are recognised in the statement of comprehensive income as the associated costs to which the grant relates are recognised.

Any grants which are received but are not recognised are disclosed as liabilities.

Grant relating to a property which is sold is derecognised and disclosed as a liability where repayment or recycling is required.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Trade and other debtors and creditors, including rent arrears and rent paid in advance, are classified as basic financial instruments and measured at initial recognition at transaction price. Such debtors and creditors are subsequently measured at amortised cost using the effective interest rate method, save that amounts expected to be settled within 12 months are not discounted. An impairment provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents and longer term bank deposits are classified as basic financial instruments and are initially recognised at their transaction price and subsequently at fair value.

Interest bearing bank and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the counter-party, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Financial assets are derecognised when either the contractual rights to the cash flows from the asset are settled or expire, or when substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities are derecognised when the liability is extinguished, that is when contractual obligation is discharged, cancelled or expires.

3. Key sources of estimation uncertainty and judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period.

(a) Critical judgements

In preparing the financial statements, the following judgements which have, or could have, a material impact on the financial statements were made:

Identification of housing property components

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Housing property impairments

Value in use is based on either future cash flows or, for assets held for their service potential, depreciated replacement cost. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that

judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Value in use for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. The Group has no history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market.

Properties let to other service providers

Properties let to other service providers are classed as property, plant and equipment rather than as investment properties, as the properties are retained primarily to ensure the continued provision of services to beneficiaries, rather than for capital gain or income generation.

Cap on net pension scheme asset

The net defined pension scheme asset is recognised only to the extent of the net present value of the estimated future Group contributions to the scheme, as it is deemed to be unlikely that the scheme trustees would make refunds to the Group.

(b) Key accounting estimates and assumptions

Estimation of revenue

Income from the provision of services is recognised as the services are provided. In most cases, the services are provided in accordance with the funding agreement, but in a minority of cases, the funder may contend that the services haven't been fully provided and retrospectively demand that a proportion of the invoiced income be refunded. Estimates are therefore necessary as to the extent to which invoiced income may be repayable.

Defined benefit pension scheme

The cost of defined benefit pension scheme benefits and the present value of the obligation are estimated based on a number of assumptions which reflect past experience and future expectations. Key estimates include life expectancy, salary increases, the discount rate on corporate bonds and, for the current service cost, the expected return on scheme assets.

Useful lives

Depreciation of assets is calculated based on the cost and the estimated useful lives of the assets. The expected useful lives for housing property components is estimated based on the expected replacement frequency used for asset management purposes.

Impairments of housing and other properties held social purposes

The cost of purchasing an equivalent property on the open market is estimated based on the sales prices for similar properties in or near the same location.

The rebuilding cost of structures and components is based on the current build costs obtained from market data (being primarily construction indices) applied to the relevant building size and type.

Rent arrears and other debtors

Provision is made for rent arrears where there is objective evidence concerning recoverability. This is an estimate based on past experience, the current level and age profile of the arrears / debtors, and the specific circumstances relating to a particular rent arrear or debt.

Carrying values

The carrying amount of the assets and liabilities affected by the above estimates are set out in the following notes.

4. Particulars of turnover, operating expenditure and operating surplus / (deficit)

Group	2019			2018		
	Turnover	Operating expenditure	Operating Surplus (Deficit)	Turnover	Operating expenditure	Operating Surplus (Deficit)
	£000	£000	£000	£000	£000	£000
Social Housing Activities						
Social Housing Lettings (<i>note 5</i>)	26,261	26,001	260	24,801	24,326	475
Other Social Housing Activities						
Charges for support services	1,032	1,321	(289)	1,744	1,793	(49)
	27,293	27,322	(29)	26,545	26,119	426
Activities other than social housing activities						
Registered nursing home lettings	1,314	1,698	(384)	1,414	1,650	(236)
Community based services	6,251	6,552	(301)	4,798	5,460	(662)
Employment services	4,326	4,141	185	3,874	4,079	(205)
Drug & alcohol services	4,717	4,945	(228)	4,472	4,904	(432)
Family & counselling services	1,650	1,774	(124)	1,407	1,254	153
Housing management	801	746	55	1,103	817	286
Other	295	220	75	120	142	(22)
Non-recurring items	-	849	(849)	-	-	-
	19,354	20,925	(1,571)	17,188	18,306	(1,118)
TOTAL	46,647	48,247	(1,600)	43,733	44,425	(692)
Surplus / (deficit) on disposals of fixed assets			1,929			60
Operating surplus/(deficit)			329			(632)

4. Particulars of turnover, operating expenditure and operating surplus / (deficit) (continued)

Company	2019			2018		
	Turnover	Operating expenditure	Operating Surplus (Deficit)	Turnover	Operating expenditure	Operating Surplus (Deficit)
	£000	£000	£000	£000	£000	£000
Social Housing Activities						
Social Housing Lettings (<i>note 5</i>)	26,261	26,001	260	24,801	24,326	475
Other Social Housing Activities						
Charges for support services	1,032	1,321	(289)	1,744	1,793	(49)
	27,293	27,322	(29)	26,545	26,119	426
Non Social Housing Activities						
Registered nursing home lettings	1,314	1,698	(384)	1,414	1,650	(236)
Community based services	6,251	6,552	(301)	4,798	5,460	(662)
Employment services	4,326	4,141	185	3,874	4,079	(205)
Family & counselling services	1,285	1,376	(91)	506	555	(49)
Housing management	921	749	172	1,103	817	286
Other	152	270	(118)	93	93	-
Non-recurring items	-	849	(849)	-	-	-
	14,249	15,635	(1,386)	11,788	12,654	(866)
TOTAL	41,542	42,957	(1,415)	38,333	38,773	(440)
Surplus/(deficit) on disposals of fixed assets			2,032			60
Operate surplus/(deficit)			617			(380)

5. Particulars of income and expenditure from social housing lettings

GROUP	2019			2018		
	Supported	Residential	Total	Supported	Residential	Total
	Housing	Care Homes		Housing	Care Homes	
£000	£000	£000	£000	£000	£000	
Rent Receivable Net of Service Charges	3,495	1	3,496	3,493	(34)	3,459
Service Charge Income	3,254	13	3,267	2,969	-	2,969
Net Rental Income	6,749	14	6,763	6,462	(34)	6,428
Government grants taken to income						
Social housing grants	166	47	213	68	9	77
Other grants	13,134	6,145	19,279	12,012	6,283	18,295
Non-Government grants	5	1	6	1	-	1
Turnover From Social Housing Lettings	20,054	6,207	26,261	18,543	6,258	24,801
Operating expenditure						
Housing management	540	-	540	871	-	871
Site Services (service charge cost)	1,810	465	2,275	1,062	485	1,547
Care & Support	14,448	5,416	19,864	13,354	5,447	18,801
Routine Maintenance	373	46	419	312	93	405
Planned Maintenance	32	1	33	121	7	128
Major Repairs Expenditure	71	15	86	51	19	70
Bad Debts	112	37	149	57	5	62
Property Lease Charges	2,120	47	2,167	1,950	240	2,190
Depreciation of Housing Properties and associated fixtures, fittings and equipment	310	158	468	188	64	252
Operating expenditure on social housing lettings	19,816	6,185	26,001	17,966	6,360	24,326
Surplus / (deficit) on social housing lettings (as per note 4)	238	22	260	577	(102)	475
Void losses (deducted from rent above)	811		811	681		681
Void losses (as % of rent)	12.0%			10.5%		

5. Particulars of income and expenditure from social housing lettings (continued)

COMPANY	2019			2018		
	Supported	Residential	Total	Supported	Residential	Total
	Housing	Care Homes		Housing	Care Homes	
£000	£000	£000	£000	£000	£000	
Rent Receivable Net of Service Charges	3,495	1	3,496	3,493	(34)	3,459
Service Charge Income	3,254	13	3,267	2,969	-	2,969
Net Rental Income	6,749	14	6,763	6,462	(34)	6,428
Government grants taken to income						
Social housing grants	166	47	213	68	9	77
Other grants	13,134	6,145	19,279	12,012	6,283	18,295
Non-Government grants	5	1	6	1	-	1
Turnover From Social Housing Lettings	20,054	6,207	26,261	18,543	6,258	24,801
Operating expenditure						
Housing management	540	-	540	871	-	871
Site Services (service charge cost)	1,810	465	2,275	1,062	485	1,547
Care & Support	14,448	5,416	19,864	13,354	5,447	18,801
Routine Maintenance	373	46	419	312	93	405
Planned Maintenance	32	1	33	121	7	128
Major Repairs Expenditure	71	15	86	51	19	70
Bad Debts	112	37	149	57	5	62
Property Lease Charges	2,120	47	2,167	1,950	240	2,190
Depreciation of Housing Properties and associated fixtures, fittings and equipment	310	158	468	188	64	252
Operating expenditure on social housing lettings	19,816	6,185	26,001	17,966	6,360	24,326
Surplus / (deficit) on social housing lettings (as per note 4)	238	22	260	577	(102)	475
Void losses (deducted from rent above)	811		811	681		681
Void losses (as % of rent)	12.0%			10.5%		

6. Leases

The Group lets certain of their housing properties to social housing tenants and to other social landlords.

Social housing tenancies

The social housing tenancy agreements are governed by housing law and rents levels are governed by the Government through powers derived from the Housing and Regeneration Act 2008. Housing law sets out various safeguards for tenants, the effect of which is to make gaining possession of the properties in the event of a default by tenant an onerous process requiring Court action by the Group. In addition, where a tenant is in default through the failure to pay rent due, the Court, rather than terminating the tenancy, will usually order that the tenant clears the arrears over a number of years by making small weekly payments.

The tenants have no statutory rights or rights under the tenancy agreements to purchase the properties.

Properties let to other social housing landlords

RF has a number of properties which are let under non-cancellable operating leases to other social landlords for the provision of social housing. RF will receive the following future rents from such properties:

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Rents due within one year	146	146	190	190
Rents due between one and five years	20	20	280	280
Rents due after five years	-	-	-	-
Total	166	166	470	470

7. Non recurring items

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Implementation of the new IT systems	553	553	-	-
Redundancy costs for organisational restructuring	235	235	-	-
Net DVIP liabilities acquired	61	61	-	-
Total	849	849	-	-

The Implementation of the new IT systems item represents the non-capitalisable cost of delivering Workday across the Group. The £235k reflecting the organisational restructuring is lower than the full redundancy costs of £365k in Note 9, as the latter includes other redundancy costs that are deemed non-recurring and are part of our normal operating activities. In the year the activities, assets and liabilities of Domestic Violence Intervention Project, a registered charity, were transferred to the Group and Company. The net liabilities taken on were £61k, comprising debtors of £57k, other assets of £5k cash of £0.2k and liabilities of £123k. There were no fair value adjustments.

8. Key management emoluments

The emoluments of the directors / key management were as follows:

The emoluments of the directors / key management were as follows:	2019		2018	
	Group	Company	Group	Company
	£000	£000	£000	£000
Emoluments (including pension contributions and benefits in kind)				
Executive staff	524	449	473	399
Non-executive directors	59	59	60	60
	583	508	533	459
Employers national insurance	63	54	55	47
	646	562	588	506
Emoluments (excluding pension contribution, including benefits in kind) paid to the highest paid Director	122	122	120	120
Pension contributions for the highest paid director	8	8	8	8

The Group Chief Executive is an ordinary member of the Group's defined contribution pension scheme. No special terms apply.

	2019		2018	
	Group	Company	Group	Company
	£000	£000	£000	£000
Directors' emoluments, as defined by the Companies Act 2006	486	486	420	420
Pension contributions	22	22	23	23
	508	508	443	443

Four (2018 – six) were members of the defined contribution pension scheme.

9. Employee information

Average number of employees employed during the year:

Actual	2019		2018	
	Group	Company	Group	Company
	No.	No.	No.	No.
Office Staff	122	114	118	106
Service Staff	1,115	963	1,082	926
	1,237	1,077	1,200	1,032
Full time equivalents	2019		2018	
	Group	Company	Group	Company
	No.	No.	No.	No.
Office Staff	116	109	112	102
Service Staff	973	836	938	799
	1,089	945	1,050	901

The full time equivalent number of staff has been derived by reference to estimated hours worked.

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Wages & Salaries	27,322	23,870	25,798	22,082
Redundancy costs	365	365	186	128
Social Security costs	2,235	1,947	1,828	1,518
Other Pension costs	947	770	971	791
	30,869	26,952	28,783	24,519

For 2018/19, the £365k redundancy costs (£186k, 2017/18) cover payments for 31 leavers in the year, plus a provision of £235k for a further 17 that will be leaving in the early part of 2019/20. Wages & salaries include £27k for payment in lieu of notice (£8k, 2017/18) for a further 3 employees and £10k (£12k, 2017/18) of ex-gratia payments to 3 employees (2, 2017/18) arising from re-provision and re-structure of services. Such payments are made on an exceptional basis only and were approved by the Group Leadership Team.

The full time equivalent number of staff receiving remuneration (including pension scheme contributions) in the following bands is as follows:

	2019 Group No.	2019 Company No.	2018 Group No.	2018 Company No.
Staff Remuneration Bandings				
£130,001 to £140,000	1	1	1	1
£120,001 to £130,000	-	-	-	-
£100,001 to £110,000	1	1	1	1
£90,001 to £100,000	-	-	-	-
£80,001 to £90,000	1	1		
£70,001 to £80,000	2	1	3	2
£60,001 to £70,000	5	5	4	4
	10	9	9	8

Pension costs are analysed as follows:

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Defined contribution schemes, including contributions to state schemes accounted for as defined contribution pension schemes	859	682	881	701
Defined benefit schemes – current service costs	88	88	90	90
	947	770	971	791

10. Post-employment benefits

NHS Pension Scheme

The Group is an admitted body to the NHS Pension Scheme. The Group's contribution in 2019 was £58k (2018: £44k) and the total number of employees participating in the scheme at the end of the year was 13 (2018: 16). The Group has no on-going employer's liability in respect of this scheme other than to fulfil annual contribution obligations for members whilst they are employed by the Group. This scheme is accounted for as a defined contribution scheme as the scheme actuary is unable to provide any details of the notional assets and liabilities attributable to the Group. More details regarding the scheme are available from the NHS Pensions website.

2Care Pension & Life Assurance Scheme

RF operates a defined benefit scheme, the 2Care Pension & Life Assurance Scheme. The assets of the fund are held in a separate trustee administered fund. Contributions to the scheme are assessed with the advice of a qualified actuary on the basis of valuations using the projected unit method. Future employer contributions to the scheme have been agreed

as being 26.95% (2018 – 26.95%) of pensionable salaries plus life assurance costs. Future employee contributions have been agreed as 8.45% (2018 – 8.45%) of pensionable salaries. The fund is now closed to new entrants and as a closed scheme it is likely that the future contribution rates will increase.

A comprehensive actuarial valuation of the fund was carried out at 31 March 2016 by an independent actuary and updated at 31 March 2019 by a qualified actuary. Adjustments to the valuation at that date have been made based on the following assumptions:

	2019	2018
	% per annum	% per annum
Inflation	3.20	3.10
Salary increases	3.20	3.10
Rate of discount	2.40	2.60
Pension in payment increases - pre 97 accrual	3.20	3.10
Pension in payment increases - post 97 accrual	3.20	3.10
Revaluation rate for deferred pensioners - RPI	3.20	3.10
Revaluation rate for deferred pensioners - CPI	2.20	2.10
Expected return on assets	2.40	2.60
Mortality assumptions:	Years	Years
Longevity at age 65 for current pensioners		
Men	22.4	22.3
Women	24.5	24.4
Longevity at age 65 for future pensioners		
Men	24.2	24.1
Women	26.4	26.3

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
	£000	£000	£000
At April 2018	8,320	(6,936)	1,384
Benefits paid	(51)	51	-
Employer contributions	57	-	57
Employees Contributions	18	(18)	-
Current service cost	-	(88)	(88)
Interest income / (expense)	-	(181)	(181)
Actuarial losses:			-
Return on plan assets excluding interest income	217	-	217
Actuarial gains & (losses)	445	(566)	(121)
At 31 March 2019	9,006	(7,738)	1,268
Unrecognised surplus			(516)
Net assets at 31 March 2019			752

The unrecognised surplus as at 31 March 2018 was £641k.

Amounts recognised in income and expenditure are as follows:

	2019	2018
	£000	£000
Current service costs	88	90
Financial income	(19)	(24)
	<u>69</u>	<u>66</u>

Amounts recognised in other comprehensive income are as follows:

	2019	2018
	£000	£000
Return on plan assets excluding interest	445	54
Experience gains and losses arising on plan liabilities	(13)	55
Effects of changes in assumptions affecting plan liabilities	(553)	174
Effects of changes in the amounts of the surplus that is not recoverable	142	(411)
	<u>21</u>	<u>(128)</u>

Plan assets are invested as follows:

	2019	2018
	£000	£000
Equities	1,982	1,983
Bonds	-	-
Diversified Growth Funds	4,643	4,594
Liability Driven Investment	2,353	1,717
Cash	28	26
	<u>9,006</u>	<u>8,320</u>

Mortality assumptions:

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)	
	2019	2018
Male retiring in 2019	22.4	22.3
Female retiring in 2019	24.5	24.4
Male retiring in 2039	24.2	24.1
Female retiring in 2039	26.4	26.3

11. Interest receivable and financial income

	2019	2019	2018	2018
	Group	Company	Group	Company
	£000	£000	£000	£000
Interest Receivable on deposits	163	145	139	132
Listed investment income	16	23	88	88
Net return on post employment benefits	19	19	24	24
Total Receivable	<u>198</u>	<u>187</u>	<u>251</u>	<u>244</u>

12. Interest and financing costs

	2019	2019	2018	2018
	Group	Company	Group	Company
	£000	£000	£000	£000
Recycled capital grant fund interest	2	2	1	1

13. Surplus / (deficit) for the year

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Depreciation & Impairment of tangible owned fixed assets	1,223	1,191	1,064	1,038
Auditor's Remuneration: (Excluding VAT)				
Audit of Group Annual Accounts	74	74	56	56
Audit of Group Subsidiary Accounts	9	-	10	-
Audit - Other Services				
Operating Leases				
Receivables from non-cancellable operating leases	146	146	190	190
Payments under non-cancellable operating leases	647	632	653	638
Rents payable under property licenses	2,004	2,004	2,222	2,114
Surplus / (deficit) on disposal of fixed assets				
Net proceeds from the sale of fixed assets	2,802	2,802	587	587
Less: net book value of assets sold	(518)	(415)	(73)	(73)
Less: capital grant recycled	(355)	(355)	(454)	(454)
	1,929	2,032	60	60

14. Housing and other properties used for social purposes

	Social Housing Properties	Nursing Homes	Day / Garden Centres	Total
	£000	£000	£000	£000
GROUP				
Cost:				
At 1 April 2018	25,310	1,158	1,510	27,978
Additions in year	1,632	-	-	1,632
Disposals during the year	(885)	-	-	(885)
At 31 March 2019	26,057	1,158	1,510	28,725
Depreciation:				
At 1 April 2018	3,580	190	-	3,770
Charge for the year	315	13	15	343
Eliminated on disposals	(242)	-	-	(242)
At 31 March 2019	3,653	203	15	3,871
Net Book Value				
At 31 March 2019	22,404	955	1,495	24,854
At 31 March 2018	21,730	968	1,510	24,208
COMPANY				
	£000	£000	£000	£000
Cost:				
At 1 April 2018	23,089	1,158	1,510	25,757
Additions in year	1,632	-	-	1,632
Disposals during the year	(819)	-	-	(819)
At 31 March 2019	23,902	1,158	1,510	26,570
Depreciation:				
At 1 April 2018	3,186	190	-	3,376
Charge for the year	315	13	15	343
Eliminated on disposals	(242)	-	-	(242)
At 31 March 2019	3,259	203	15	3,477
Net Book Value				
At 31 March 2019	20,643	955	1,495	23,093
At 31 March 2018	19,903	968	1,510	22,381
Housing and other properties used for social purposes at cost comprise:				
	2019	2019	2018	2018
	Group	Company	Group	Company
Net book value	£000	£000	£000	£000
Freehold	23,976	22,215	23,177	21,372
Long Leasehold	878	878	1,031	909
	24,854	23,093	24,208	22,381

15. Other tangible fixed assets

	Freehold Office Premises £000	Leasehold Office Premises £000	Motor Vehicles £000	Fixtures, Fittings & Equipment £000	2018 Total £000
GROUP					
Cost					
At 1 April 2018	3,347	983	62	6,265	10,657
Additions in year	-	-	-	1,839	1,839
Disposals during the year	(538)	-	-	(117)	(655)
At 31 March 2019	2,809	983	62	7,987	11,841
Depreciation					
At 1 April 2018	759	343	54	4,896	6,052
Charge for the Year	22	8	3	847	880
Eliminated on Disposals	(332)	-	-	(97)	(429)
At 31 March 2019	449	351	57	5,646	6,503
Net Book Value					
At 31 March 2019	2,360	632	5	2,341	5,338
At 31 March 2018	2,588	640	8	1,369	4,605
COMPANY					
Cost:					
At 1 April 2018	2,404	483	14	5,172	8,073
Additions in year	-	-	-	1,557	1,557
Disposals during the year	(185)	-	-	(117)	(302)
At 31 March 2019	2,219	483	14	6,612	9,328
Depreciation:					
At 1 April 2018	330	36	6	3,820	4,192
Charge for the year	21	5	3	819	848
Eliminated on disposals	(16)	-	-	(97)	(113)
At 31 March 2019	335	41	9	4,542	4,927
Net Book Value					
At 31 March 2019	1,884	442	5	2,070	4,401
At 31 March 2018	2,074	447	8	1,352	3,881

16. Intangible fixed assets

Group	Goodwill £000	Total £000
Cost:		
At 1 April 2018 and 31 March 2019	<u>526</u>	<u>526</u>
Amortisation and impairment:		
At 1 April 2018 and 31 March 2019	<u>526</u>	<u>526</u>
Net Book Value:		
At 31 March 2019 and 31 March 2018	<u>-</u>	<u>-</u>

17. Inventories

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Consumables	<u>103</u>	<u>94</u>	<u>81</u>	<u>75</u>

18. Trade and other receivables

	2019 Group	2019 Company	2018 Group	2018 Company
Trade Debtors	7,276	6,654	4,164	3,916
Less: Provision for Bad Debts	(536)	(536)	(393)	(393)
	<u>6,740</u>	<u>6,118</u>	<u>3,771</u>	<u>3,523</u>
Prepayments & Accrued Income	1,297	1,172	1,473	1,409
Amounts due from subsidiary undertaking	-	11	-	76
Other Debtors	1,450	1,452	66	59
	<u>9,487</u>	<u>8,753</u>	<u>5,310</u>	<u>5,067</u>

19. Current asset investments

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Short term bank deposits	2,524	2,524	6,251	4,001
Investments listed on recognised stock exchange	3,457	3,457	3,372	3,372
At 31 March 2019	<u>5,981</u>	<u>5,981</u>	<u>9,623</u>	<u>7,373</u>

At the statement of financial position date the average maturity of the deposits was 3 months (2018: 4 months). The average interest rate was 0.8% (2018: 0.7%).

Investments listed on a recognised stock exchange comprise Schroders' Charity Multi-asset fund and CCLA-COIF Charities Ethical Investment Fund (Income).

20. Creditors: Amounts falling due within one year

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Trade Creditors	1,591	1,552	916	847
Other Creditors	250	241	310	291
Accruals & Deferred Income	2,289	2,152	1,440	1,292
PAYE, Taxes & Social Security Costs	427	355	605	506
Social Housing Grants	102	102	102	102
Other Government Grants	18	18	18	18
Recycled Capital Grants Fund (Note 22)	27	27	-	-
	4,704	4,447	3,391	3,056

21. Creditors: Amounts falling due after more than one year

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Recycled Capital Grants Fund (Note 22)	813	813	482	482
Social Housing Grants	7,137	7,137	7,502	7,502
Other Government Grants	915	907	1,036	1,028
	8,865	8,857	9,020	9,012

22. Recycled capital grant fund – Group and company

	2019 RSH £000	2018 RSH £000	2019 GLA £000	2018 GLA £000	2019 Total £000	2018 Total £000
Balance at 1 April 2018	455	-	27	27	482	27
Recycled on property disposal	11	454	344	-	355	454
Repayments	-	-	-	-	-	-
Interest	3	1	-	-	3	1
Balance at 31 March 2019	469	455	371	27	840	482
Amounts repayable within one year	-	-	27	-	27	-
Amounts due over 1 year	469	455	344	27	813	482
Total	469	455	371	27	840	482

During 2018/19, the Group sold two properties in Hillingdon (Uxbridge), and one in Croydon (Trelawn), both boroughs of London as well as a residential property in York and a workshop and separate retail shop premises in Carlisle. The residual brought forward balance relates to the sale of a residential property in Bournemouth during February 2018 (£455k) and £27k relating to a property sold in 2016; the GLA may now require this latter amount to be repaid.

23. Government grants

The government grants received to enable the Group to acquire properties for social purposes. Should the properties to which the grants relate cease to be used for social purposes the grants may be repayable in full.

The total grants received by the Group in respect of owned property is as follows:

	2019	2019	2018	2018
	Group	Company	Group	Company
	£000	£000	£000	£000
Grants credited to Income & Expenditure	2,900	2,900	2,970	2,970
Deferred grants (Notes 20 & 21) – Social Housing Grants	7,239	7,239	7,604	7,604
Deferred grants (Notes 20 & 21) – Other Government Grants	933	924	1,054	1,046
Total	11,072	11,063	11,628	11,620

The 2018 statement has been revised to correct a prior error.

24. Transfers between reserves

	2019	2019	2018	2018
	Group	Company	Group	Company
	£000	£000	£000	£000
Movement in restricted funds				
Net (income) / expenditure of restricted funds for the year	(23)	143	(403)	(164)
Movement in designated funds				
Transfer to maintenance fund	48	47	1	1
Transfer to / (from) development fund	(1,102)	(1,102)	422	422
(Release) / designation of Gwendoline Holder bequest	-	-	(671)	(671)
(Release) / designation of Richard Holder bequest	-	-	(47)	(47)
	(1,054)	(1,055)	(295)	(295)
Movement in revaluation reserve				
Net revaluation (loss) / gain	86	86	(55)	(55)
Movement in pension scheme reserve				
Net movement in recognised pension scheme asset	(12)	(12)	(4)	(4)
Total transfer to / from general fund	(1,003)	(838)	(757)	(518)

The Holder bequests were released in 2018 as these funds are to be used for the re-provision of the Knowl service which will be known as Holder House. This new fully refurbished premises received transferring clients in April 2019 and that fund has now been fully utilised.

25. Restricted reserves

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Mental illness services to be provided in Cumbria (formerly held by Croftlands Trust)	2,263	2,263	2,532	2,532
Alcohol, drugs and gambling Services				
- Held by Aquarius Action Projects	3,921	-	4,087	-
- Other (formerly held by CAN)	758	758	758	758
Sundry	16	16	16	16
BIG Lottery	29	29	29	29
Employment services	574	574	166	166
IOW Association for Mental Health	193	193	193	193
Other small items	4	4	-	-
	7,758	3,837	7,781	3,694

The reserves formerly held by Croftlands Trust and CAN, and the reserves of Aquarius are restricted as charitable objects of those charities were / are narrower than the objects of the parent company. In addition, 2Care had restricted reserves of £16,000 as at the date of the reconstruction (shown as sundry reserves in the table above)

Other restricted funds relate to:

1. Employment service contracts where RF, under the terms of the contract, has an obligation to recycle surpluses to another service within the same local authority area.
2. On 30 September 2015, the trustees of the Isle of Wight Association for Mental Health (company 7739722; charity 1145283) entered into a Deed of Gift for its entire assets, to RF. The Association had had a close association with My Time CIC, at that time a majority controlled subsidiary of RF, in its work on the Isle of Wight. The gift is specifically to benefit people on the Isle of Wight who use mental health services and will contribute towards the further development of services locally. The value of the gift was £193,456.12. Having no remaining resources, RF took on responsibility with the Trustees of the Association, for the voluntary application to strike-off. The Association was dissolved on 15 March 2016. However during April 2019 we were informed that we had been unsuccessful in retaining our commissioned services on the Isle of Wight. The Board will therefore review during the coming year as to whether or not we will be in a position to fulfil the Deed of Gift and if not, whether or not a suitable charity might be able to fulfil the agreed conditions on our behalf.

26. Designated reserves

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Maintenance	292	107	244	60
Development	-	-	1,102	1,102
	292	107	1,346	1,162

The funds have been designated for the following purposes:

The maintenance reserve will be utilised to meet the Group's / Company's 5 year rolling expenditure plan on major repairs and renewals to its properties held for social purposes. The level of the reserve is set annually and represents those funds required to support the budgeted expenditure required in the first year of the 5 year rolling plan.

The designated development reserve represents funds set aside for new investment initiatives in services. These have now been fully utilised and all further such requests will be funded by the General Unrestricted fund.

27. Other reserves

The general unrestricted fund represents the accumulated surpluses generated by the Group / company since inception, to the extent that they are not represented by other reserves.

The revaluation reserve represents unrealised gains arising on revaluations of investments.

The pension reserve represents the recognised surplus on the assets of the Group's defined benefit pension scheme.

28. Capital commitments

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Authorised by the board and contracted for	-	-	-	-
Authorised by the board and not contracted for	700	700	2,787	2,787

The expenditure is anticipated to be funded from existing cash resources.

29. Other commitments

The Group holds housing accommodation, office premises and equipment on non-cancellable operating leases. The Group is expected to make the following future minimum lease payments under non-cancellation operating leases:

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Within one year	488	474	893	833
Two to five years	733	719	670	645
More than five years	497	497	505	504
	1,718	1,690	2,068	1,982

In addition to the above commitments, the group also occupies various properties under license. Although the licenses can be cancelled with minimal notice by either party, it is expected that the majority of licenses will continue. The expected payments under such licenses for both the group and the company is estimated as being £2.2 million (2018 - £2.0 million).

30. Accommodation in management

The number of the different types of accommodation managed by the Group at the end of the year was as follows:

	2019		2018	
	Owned No.	Managed No.	Owned No.	Managed No.
Social Housing				
Supported Housing	281	467	284	533
Residential Care Homes	83	36	98	36
Total Social Housing	364	503	382	569
Non Social Housing				
Nursing Homes	17	-	17	-
Total Units in Management	381	503	399	569

The prior year data has been re-stated to correct a prior-year error.

31. Financial instruments

As at the year end, the Group's financial instruments were as follows:

	2019	2019	2018	2018
	Group	Company	Group	Company
	£000	£000	£000	£000
Financial assets held at fair value	3,458	3,458	9,623	7,373
Financial assets held at amortised cost	8,858	7,995	4,687	4,558
Financial liabilities measured at amortised cost	(4,781)	(4,429)	(3,142)	(2,912)

Included in profit and loss are the following amounts relating to these assets:

	2019	2019	2018	2018
	Group	Company	Group	Company
	£000	£000	£000	£000
Interest income on financial assets held at amortised cost	95	77	130	123
Interest expense on financial liabilities held at cost	2	2	1	1
Income from assets held at fair value through profit and loss	87	87	88	88
Change in value of assets held at fair value through profit and loss	107	107	(55)	(55)

32. Subsidiary undertaking

Richmond Fellowship has one subsidiary undertaking, Aquarius Action Projects ("Aquarius"), which is a registered charity (number 1014305) and a registered company (number 02427100) having its registered office at 236 Bristol Road, Birmingham, B5 7SL. Aquarius works with individuals, families, carers and professionals around issues of alcohol misuse, drug misuse, gambling and other behavioural problems

33. Related party transactions

During the year the following transactions took place between Richmond Fellowship and its subsidiary companies:

Overhead recharges from the charity to:	2019	2018
	£000	£000
To : Aquarius Action Projects	296	108
From Aquarius Action Projects	(129)	
Total	167	108

All transactions are charged at cost. Such costs are either direct or are apportioned based on estimated staff time. The total overheads subject to apportionment were £6,471k (2018: £5,556k).

34. Reconciliation of (deficit)/surplus for the year to net cash used in operating activities

	2019	2018
	£000	£000
Surplus/(Deficit)for the year	611	(437)
Movement on fair value of investments	(86)	55
(Surplus) on disposal of fixed assets	(1,929)	(60)
Net Interest (received) / payable	(196)	(250)
Operating (deficit)	(1,600)	(692)
Depreciation & impairment charges	1,223	1,064
Pension net service cost	12	28
(Increase) in debtors	(2,785)	(131)
Increase in creditors	1,193	10
(Increase) in stocks	(22)	(14)
Net cash inflow / (outflow) from operating activities	(1,979)	265