

**Trustees'
Report and
Accounts**
2018

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Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Outlook Care

Reference and administrative details for the year ended 31 March 2018

Status	The organisation is a Registered Society under the Co-operative and Community Benefit Societies Act 2014, incorporated on 24 January 1990 and recognised as charitable by HM Revenue and Customs.
Registered society number	26988R
Registered office and operational address	Unit 6, Shelduck House Woodbrook Crescent Radford Way Billericay Essex CM12 0EQ
Honorary officers	Steve Marsh MSc, CQSW, CMS, CRCCYP
Chief executive	Piotr Rejek MA, BA (Hons)
Company secretary	Sian Hajba BA (Hons), FCCA
Bankers	National Westminster Bank Ground Floor Thanet Grange Westcliff-on-Sea Essex SS10 0EJ
Solicitors	Aquabridge Ltd 21 Springfield Lyons Approach Springfield Chelmsford Essex CM2 5LB
Auditors	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB

About us

Outlook Care is a not for profit provider of personalised support and care services for people with learning disabilities, mental health support needs, dementia and older people. Our services include supported living, specialist registered care, nursing, respite care, short break services and domiciliary care.

We support people with complex needs and those whose behaviours may challenge, including adults with learning disabilities, people with autism, younger people with learning disabilities in transition from children's to adult services, people with drug and alcohol issues and a range of complex, functional, long term mental health support needs, people with dementia and older people with nursing care needs including end of life care.

Where we work

We are a regional organisation operating in London and the East of England. Areas include North and South Essex (including the Unitary Authority of Southend) and the London Boroughs of Barking and Dagenham, Brent, Greenwich, Lewisham, Havering, Newham, Redbridge, Waltham Forest and Westminster.

Our registered office is in Billericay, Essex. We also have offices in Ilford, Redbridge and Colchester, Essex plus various locations in purpose built properties where people we support live.

Working in partnership with people we support, their families and our commissioners, being person centred and focussing on what is important for every person is our passion. We pride ourselves on our ability to have a positive impact on people's lives. We recruit, train and support our staff to support people to maximise their independence and to have choice and control over their lives.

Our vision

People with individual needs, living the lives they choose.

Our mission

For people with learning disabilities:

By delivering a range of flexible care and support services, we will ensure people with learning disabilities are as independent as possible and connected with their local communities.

For people with mental health support needs:

Through recovery focussed support, we encourage people with mental health needs to take control of their own lives as much as they can.

For older people:

By listening to our older residents and understanding what matters most to them, we will deliver exceptional nursing care and support.

Our values

- Treat people with dignity and respect.
- Give power to people to make choices.
- Support people to be involved in their communities.
- Take responsibility for our actions and act fairly.
- Be honest, open and accountable.
- Value and appreciate people.
- Listen to ensure we deliver agreed plans and outcomes.
- Encourage skill and expertise throughout the organisation.
- Welcome and support innovation and new ideas.
- Promote leadership and learning.

Chair's Statement

Outlook Care has kept pace with the challenges presented in our sector. The delivery of safe, quality, customer-focussed services is our priority. Our high standards are recognised by our regulators. As at 31 March 2018, I am pleased to report:

- 100% 'good' rating across all of our Care Quality Commission regulated services.
- Accreditation with ISO 9001:2015 & ISO 14001:2015.
- Investors in People Standard and Disability Confident accreditation.
- Certificate in Health and Safety (CHAS).

By focussing on quality we have maintained operational momentum to achieve the strategic objectives of our Business Plan; highlights include:

- 100% retention of existing contracts.
- An 'outstanding' rating for 'well led' in our Domiciliary Care CQC inspection that covers our supported living services.
- Transferring in a registered care scheme for six people with learning disabilities and living in the London Borough of Waltham Forest.
- Refurbishing a 10 bed specialist learning disability dementia care service in Brentwood.
- Developing three new additional bed spaces at Foxburrow Grange increasing capacity from 66 to 69 beds.
- Winning the national 3rd Sector Care Awards, 'Compassion in Care' Category.
- Great British Care Award finalists: Innovations in Care Category and Care Home Manager.
- Maintained staff retention levels above sector industry benchmark levels.
- Completing a Quality of Staff, Recruitment and Retention Project with positive results.

We have also safely delivered efficiency savings to commissioning authorities to the value of 2% of total income. We have achieved this added value by making central management changes that deliver better services for less cost.

The Board of Outlook Care have been active in making necessary changes to the way they work through the completion of a governance review and recruiting new Board members. I thank previous Board members noted in this report for their hard work and dedication, supporting our efforts. Earlier this financial year, the Board made the difficult decision to cease admissions at Foxburrow Grange. This decision was made in partnership with our commissioner and regulator. I am delighted to report that the turnaround of the issues that drove this decision, were complete within six months, validated by Essex County Council and the Care Quality Commission, through a 'Good' CQC rating and Quality report from the Council. A further tough decision was made by the Board to close Maplestead Road, a six bed registered care home for people with mental health support needs. The home had a high level of voids and did not meet the needs of the Borough. I am pleased to report that all three customers continue to be supported by Outlook Care in other local services we manage.

Pressure on income and expenditure in the sector remains a concern. Large organisations are reporting financial concerns and issues linked to living wage legislation, recruitment costs and shorter term commissioning at lower rates combine to create a challenging economic climate. Uncertainty surrounding Brexit and the unknown impact on the workforce in our sector continues. We will channel our energies into delivering safe, quality, cost effective, preventative services in peoples' homes, their community and in purpose built specialist properties. We will invest in our workforce and work in close partnership with people we support, their families and commissioners and continue to thrive in such a challenging economic environment.

The Board of Outlook Care will maintain a watching brief on all risks presented to us, ensuring we continue to perform from a position of strength in the best interests of our beneficiaries. I am

confident that the Board is addressing the risks presented to Outlook Care, developing and reviewing robust, effective plans to mitigate each risk.

I would like to thank the people we support, their families and our commissioners, who inspire us daily, by sharing their experiences about what is most important to them. Our talented, dedicated staff and Board continue to move Outlook Care forward in difficult times by actively listening to all stakeholders. They are all responsible for our achievements and I would like to thank them personally for the incredible job they do.

Steve Marsh Chair of Board

Report of the Trustees

Outlook Care is a charitable organisation, formed for the benefit of the community and this underpins all that we do. The following extract from our rules sets out the objects of our organisation:

A.2

The Association is formed for the benefit of the community. Its' objects shall be to carry on for the benefit of the community:

A.2.1

The business of providing relief for persons in need by reasons of their age, ill health, disability, financial hardship or other disadvantage (the beneficiaries) by the provision of care and support, whether

residential or otherwise and such other support for the beneficiaries and their family and dependants as would be charitable under the laws of England and Wales in all cases for the benefit of the public.

A.2.2

Any other charitable object that can be carried out by a Registered Society under the Co-operative and Community Benefit Societies Act 2014.

Strategic objectives

- Maintain our long-term financial viability and maximise use of all of our resources.
- In partnership with customers, develop and deliver quality person centred services that give positive outcomes.
- Recruit, develop, manage and retain a flexible, motivated, competent and diverse workforce.
- Care for the environment and meet all appropriate legislation and regulation to develop a greener working community.

In order to accomplish these objectives, we set ourselves challenging targets, which are reviewed regularly by the Board to ensure that we remain on course and have the sufficient resources available to support our plans.

Who we support and our staff

As at 31 March 2018 we delivered an average of 19,003 hours of support per week and supported 542 people broken down as follows:

- 57.2% learning disabilities (310 people)
- 30.1% mental health (163 people)
- 12.7% older people (69 people)

We employ 513 staff on permanent contracts, 42% of whom come from black or minority ethnic (BME) backgrounds. We have registered through Outlook Care Bank (OCB) 220 workers on casual contracts.

Operational performance 2017-18

Last year we said we would...

Achieve occupancy levels at Foxburrow Grange that deliver a contribution as per the budget.

Maintain a low level of voids in accommodation based services.

Deliver quality services, maintaining full compliance with all regulators such as CQC and quality accreditations including ISO, IIP and CHAS.

Increase services purchased through personal budgets.

Continue to develop new services, bidding for tenders where they meet our criteria and working with selected partner organisations to develop new initiatives.

Achieve our recruitment targets ensuring we have the right people, with the right skills and attitude to deliver personalised services retaining our skilled, motivated and well-trained workforce.

Increase our pool of Outlook Care Bank workers reducing costs and controlling quality with a specific aim of reducing agency usage costs.

Agree objectives for a next Business Plan 2018-21, focussed on person centred service delivery at all times.

Achieve objectives set in our Business Plan 2015-18, working in a person centred, outcome focussed manner at all times.

Embed our approach to delivering customer satisfaction at all levels of the organisation at the highest level, every time.

And this is what we did...

We have partially achieved bed occupancy targets set.

We have achieved 90% success in achieving our void targets.

We have achieved 100% 'good' rating across all of our Care Quality Commission regulated services and maintained all of our quality accreditations including ISO 9001:2008, ISO 14001:2004, the Investors in People Award and Certificate in Health and Safety (CHAS).

We have increased income from services purchased privately or through personal budgets by 3%.

We have developed new business which represents 20% of our turnover.

We have achieved a staff turnover rate of 26.8% which is below the sector average (distorted by high turnover in one service). Permanent staff employed has remained steady and at 513 people (from 520 at the same point last year).

We have reduced agency spend by 27% in 12 months.

The Board hosted a strategy day and made critical decisions to inform the Business Plan to 2021.

All objectives set have been achieved, reviewed or partially met. The Business Plan is on target.

Customer services training has been delivered to all staff and an organisation wide customer satisfaction campaign ongoing.

What people said about us....

Our Customers and circles of Support Survey 2017/18 said:

Question	Response 2017/18	Response 2016/17	+/-
<i>I feel safe in my home</i>	100%	93%	+7%
<i>Staff are kind and caring</i>	98%	94%	+4%
<i>If I was unhappy about something I'd get help to make things better</i>	100%	89%	+11%
<i>My home meets all my needs? i.e. I can access everything I need and have no trouble moving freely about my home</i>	96%	97%	-1%
<i>I am happy with my review</i>	98%	n/a	n/a
<i>The staff who support me have the right skills to do a good job</i>	96%	n/a	n/a

Investors in People Staff Survey published 20 December 2017 as follows:

- 90% of people we employ agree that we are living the organisation's values and behaviours
- 79% of people we employ agree we lead and inspire people
- 84% of people we employ agree that we create sustainable success
- 79% of people we employ agree that we deliver continuous improvement
- 90% of people we employ agree that we manage performance
- 82% of people we employ agree that we empower and involve people

Care Quality Commission, Domiciliary Care Inspection 11-13 July 2017, covering 150 learning disability supported living services

'There was a focus on continuous improvement and developing best practice to promote the wellbeing and safety of people in the service. There were robust and wide ranging systems in place to check the quality of the service and information from these checks was used to improve the service. The registered manager had helped build strong, value based foundations which had the potential to develop an outstanding service.'

'There was a focus on people being central to decisions around safeguarding. People were supported to take risks and increase their independence in a safe way. The provider had a robust recruitment process to protect people from the risk of avoidable harm. Staff deployment ensured people were supported by staff who knew them. There were sufficient numbers of skilled staff to support people in a flexible manner. Staff supported people to take their prescribed medicines safely. There were measures in place to support people who wanted to take medicines independently.'

Third Sector Care Awards, 6 December 2017

'X's passion for enabling people with learning disabilities and complex needs to get the best out of life is very personal, the panel were touched by her inspirational story and she demonstrated a compassionate but measured understanding of her services and its users. She is a fantastic advocate and goes above and beyond her role to secure the very best for the people she cares for. The judges commend X for celebrating each step of her journey and for always striving to make the overall service, for everyone, the best it can be.'

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Investors in People Assessment published 20 December 2017

'Outlook Care have held IIP since 2000... they go from strength to strength; year on year they have enjoyed consistent growth in reputation, quality and in financial performance.'

'I have been assessing this organisation since 2000, and seen them grow and thrive in an increasingly competitive market. They remain fully committed to their vision, values and mission statements for learning disabilities, mental health and older people service statements. These include leadership, learning, developing skills and expertise, value and appreciate people, being honest, open and accountable, support innovation, listening organisation.'

Certificate Health and Safety, April 2018

'Congratulations on achieving CHAS Accreditation.'

'Outlook Care is accredited within the Contractors Health and Safety Assessment Scheme (CHAS) having demonstrated compliance with and sound management of current health and safety legislation.'

ISO 9001 & 14004 Audit, 26 & 27 February 2018

'Very, very good process map been designed and implemented. Shows the new inputs and outputs for the company.'

'Management reviews and internal audits are very in-depth. Context of organisation, leadership, risk approach all been taken very seriously and very good implemented system controls in place.'

'Client has a very good management system in place and has satisfied the requirements to progress to OA1.'

'After this enjoyable audit and seeing that Outlook Care do have the very best intentions... they can be recommended for certification.'

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

We also did.....

1. Received external recognition for the work that we do through the following:
 - Won the national 3rd Sector Care Awards, 'Compassion in Care' Category
 - Regional finalists for Great British Care Awards in: Innovations in Care Category and Care Home Manager.
2. Appointed five new Board members including Chair of Audit and Risk Committee, Chair of Safeguarding Committee and Treasurer.
3. Completed a top level Governance review implementing an action plan including a full revision of performance indicators reviewed by Board.
4. Retained 100% of existing contracts
5. Achieved an 'outstanding' rating for 'well led' in our Domiciliary Care CQC inspection that covers our supported living services.
6. Transferred in a residential care scheme for six people with learning disabilities and living in the London Borough of Waltham Forest.
7. Refurbished an 10 bed specialist learning disability dementia care service in Brentwood.
8. Developed three new additional bed spaces at Foxburrow Grange which will increase capacity from 66 to 69 beds.
9. Reviewed all operational costs ensuring 89% of our costs are engaged in the delivery of care and support services.
10. Implemented Quality of Staff, Recruitment and Retention Project reducing secondary agency cost by 27%.
11. Implemented Customer Satisfaction Project raising awareness of customer service behaviours across the organisation.
12. Committed to becoming a Disability Confident Employer.
13. Continued to involve people we support in everything we do through employing people we support as our Experts by Experience. In 2017:
 - 3 people we support co-delivered our Values and Mental Capacity Act training for our staff.
 - 6 people we support audited our services in with Regional Managers.

The impact of this involvement is that:

- Paid and voluntary employment for people we support has helped develop skills to open new employment opportunities.
 - Experts recognise areas of improvement from the perspective of a user themselves. Examples of recommendations and changes taken place because of their insight include; teaching people we support different ways of speaking up about abuse, monitoring staff start and finish times, environmental changes and encouraging independence skills.
 - Staff who attend values training with a person we support as co trainer learn the organisations Vision, Values and standards. Newly inducted staff to Outlook care have described the session as a powerful and meaningful introduction to our values.
14. Revised our Clinical Governance structure and the key performance Indicators reported to our Board and operational management team.
 15. Completed our Safeguarding Action Plan including:
 - Two policy reviews capturing Care Act terminology, additional categories of abuse and further clarification of roles and responsibilities within the organisation.
 - Improved reporting and reviewing systems to ensure safeguarding data can be easily analysed by Board members and managers.
 - Introduction of a new safeguarding/serious incident report to ensure safeguarding concerns are signed off by managers and appropriate actions have been taken, including lessons learnt.
 - Introduction of a new process of root cause analysis to ensure learning and prevention is fundamental to reduce further safeguards.
 - Implementation of 'Safeguarding Apps' on all staff phones and mobile devices to aid decision making.
 - Review of threshold for Board member's notifications ensuring 'real time' management occurs.
 - Revised Admission Policy implemented.

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Next year we will.....

1. Achieve occupancy levels at Foxburrow Grange that deliver a contribution as per the budget.
2. Maintain a low level of voids in accommodation based services.
3. Deliver quality services, maintaining full compliance with all regulators such as CQC and quality accreditations including ISO, IIP and CHAS.
4. Increase services purchased through personal budgets.
5. Continue to develop new services, bidding for tenders where they meet our criteria and working with selected partner organisations to develop new initiatives.
6. Achieve our recruitment targets ensuring we have the right people, with the right skills and attitude to deliver personalised services retaining our skilled, motivated and well-trained workforce.
7. Review our pool of Outlook Care Bank workers ensuring efficient deployment, reducing costs and controlling quality with a specific aim of reducing agency usage costs.
8. Implement the Business Plan 2018-21, focussed on person centred service delivery at all times, including a Learning Disability Growth Strategy.
9. Embed our approach to delivering customer satisfaction at all levels of the organisation at the highest level, every time.
10. Have in place actions to meet the requirement of the General Data Protection Regulation (GDPR).
11. Continue to recruit, retain and support Apprentices in relevant services.
12. Review our Values with people we support, their families and our staff, launching a revised Involvement Strategy 2018-20.
13. Develop further our Safeguarding Action Plan in areas such as:
 - Leadership, culture and values.
 - Continuous review of the root cause analysis of safeguarding.
 - Development of staff skills and confidence in making safeguarding personal for customers.
 - A prevention process that considers what could go wrong rather than what has gone wrong.
 - Consider the CQC key lines of enquiry to help us continuously test 'people we support know how to keep themselves safe'.
 - Develop staff knowledge and skills in new areas of risk including radicalisations and modern slavery.
 - Further develop staff skills in understanding indicators of abuse, including Safeguarding and Mental Capacity training, coaching and support.
14. Deliver efficiency savings, deliver better services for less cost, continuing to deliver a sustainable business model for the future.

Governance and Structure

Governance

Outlook Care is a Community Benefit Society and recognised as charitable by HM Revenue & Customs. We are registered under the Co-operative and Community Benefit Societies Act 2014 (Registration Number 26988R) and regulated by the Financial Conduct Authority (FCA). We are governed by Rules that were last revised in January 2014. A copy is available on request from the Company Secretary.

We have one subsidiary company, Outlook Venture Limited. This company is no longer trading and we have applied to HMRC to obtain formal notification that it is a dormant company. The company has been deregistered for VAT and Corporation tax purposes.

The Board

Outlook Care is governed by Directors who constitute a Board of Management (referred to in this report as the Trustees) who comprise of elected members recruited from a wide range of professional backgrounds.

The Directors of the Company are also Trustees under the Rules of the organisation and are known as members of the Board of Management.

All Trustees of the Board are members of the organisation and subscribe to one share. Shareholding membership is limited to the voting Board Trustees.

Trustees are elected and serve for a term of six years, although this can be extended by up to a maximum of four further years by mutual agreement.

92.4% of Board members attended all Board meetings in the past 12 months.

Outlook Care operates an open recruitment policy

and uses a range of mechanisms to recruit new members. This can include external and internet based advertising and, where specific skills are required, direct approaches.

We recognise the responsibilities placed by law on a Trustee and a thorough induction programme is in place for all new Trustees; including meetings with key staff and visits to our services to meet staff and customers. Trustees attend regular briefing sessions, external training and seminars, receive weekly updates on activities within our sector and, have access to relevant trade publications.

Outlook Care has a Shared Document Area (SDA), which is internet based and contains all our policies, procedures and other relevant information. Board agendas and reports are stored in the SDA to reduce paperwork and ensure information is easily accessible.

The Chair appraises Trustees on an annual basis, with the Chair appraised by a minimum of two Trustees of the Board selected by members.

Trustees

Steve Marsh MSc, CQSW, CMS, CRCCYP - Chair

Diane Roberts Msc - Chair of Safeguarding Committee & Chair of Audit and Risk

Renaud Huck MA - Treasurer

Kim Foo RGN, PGDM - Vice Chair

Asma Khalid MSc, MRCOG

Malcolm Philp MSc MCSP

Mick Morgan CQSW, DMS

Stefan Beavis MBA

Adam Fox

Piotr Rejek MA, BA (Hons)

Lindsay Whitehouse BA (Hons) - Chair of Audit and Risk (to 30 June 2017)

Jerry Gibson MA (to 30 November 2017)

Sheila Davis MA - Chair of Safeguarding Committee & Interim Chair of Audit and Risk (to 30 March 2018).

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Trustee remuneration

Trustees of Outlook Care receive remuneration, which is linked to an Agreement for Services, which all Trustees sign. This Agreement sets out the obligations of Trustees and incorporates their Code of Conduct.

The overall cost to the organisation is considered when setting the levels of Board remuneration. The amounts paid to individual Trustees reflect both the number of Trustees and their specific roles on the Board. Total remuneration is also proportionate to the turnover of the organisation. The Remuneration Policy is reviewed annually and there has been no change in the level of remuneration for the past eight years. The current levels per annum are as follows:

Chair	£4,060
Vice Chair/Treasurer	£3,045
Chair of Audit & Risk	£3,045
Member	£2,030

Trustee responsibilities

The Trustees, in their capacity as Directors, are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Co-operative and Community Benefit Societies Act 2014.

The Charity constitutes a public benefit entity as defined by FRS 102.

The Directors, after a comprehensive review of the financial risks facing Outlook Care, consider that there are no material uncertainties about the organisation's ability to continue as a going concern.

In preparing these financial statements, the Board:

- Select suitable accounting policies and then apply them consistently.
- Make reasonable and prudent judgements and estimates.
- State whether applicable UK Accounting Standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed in the financial statements.
- Prepare the financial statements under the going concern basis unless it is not appropriate to presume that the organisation will continue in operation.

Trustees are also responsible for:

- Keeping proper accounting records such as are necessary to give a true and fair view of the organisation's state of affairs.
- Safeguarding the assets of the organisation and therefore taking reasonable steps for the prevention and detection of fraud and other irregularities.
- Maintaining a satisfactory system of control over transactions.

Public benefit

The Trustees confirm that they have voluntarily referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the organisation's Vision, Mission and Values, as well as when setting strategic objectives and planning for future activities and when overseeing the delivery of current activities.

Organisational structure and decision-making

The Board has legal responsibility for the effective use of resources in meeting the organisation's objects and for providing effective leadership and direction. They meet bi-monthly and undertake regular training geared to strategic topics as well as holding annual strategic planning meetings.

Committees

The Board delegates authority to the Audit and Risk Committee, Safeguarding Committee and Remuneration Committee in accordance with specific terms of reference approved by the Board and reviewed annually with our Governance Policy.

Management

The Executive Management Team (EMT) have responsibility for the day-to-day management of Outlook Care and for the implementation of policy. Members of EMT are:

- **Piotr Rejek, MA, BA (Hons)** - Chief Executive
- **Anne Cooper, RNLD, PgDMS** - Director of Operations
- **Sian Hajba, BA (Hons), FCCA** - Director of Finance and Company Secretary
- **Robert Smith, MCIPD** - Director of Human Resources (to 31 March 2018 following resignation)

Employees

Our actual staffing whole time equivalent at 31 March 2018 was 449.29 consisting of 513 full and part time staff in post. An additional 220 people are registered with Outlook Care Bank (OCB), our internal staff bank. OCB filled 83.5% of vacant shifts during the year (an improvement of 7.5% from the previous year). We continue to focus on increasing and retaining our permanent staff and pool of OCB to ensure quality and control cost.

We commenced our Apprentice programme in April 2017 and have successfully recruited two Apprentice Health Care Assistants at Foxburrow Grange.

Customer involvement

Our strategy, approved by our Board, focuses on four key areas related to:

- 1 Communication with people we support; enhancing choice and control.
- 2 Enabling people we support to design and shape services we deliver.
- 3 Celebrating the capacities, abilities and gifts of people we support, connecting people with their communities and peers.
- 4 Further developing an organisation wide culture of daily involvement of people we support in everything we do.

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Volunteers

We continue to encourage volunteering as a way of reaching out to local communities. Our services continue to benefit from the input of dedicated volunteers/external agency support to carry out a wide range of complementary support both directly and indirectly with customers, particularly at Foxburrow Grange.

Volunteers have added social value to customers measured in terms of the increased opportunities available to them. We estimate that the financial value achieved by volunteers is in the region of £14,995 for the year.

Fundraising

We have promoted local fundraising and raised a total of £11,116 across all of our services. Our fundraising activities comply with the Charities Act 2016 fundraising rules and regulations

Financial review

Outlook Care produced an operating surplus of £68,265 on a total income and endowments of £16,561,317 in the financial year. This represents a reduction in income and endowments of 7% in the year. Costs incurred total £16,573,294, which comprise £14,705,773 incurred in direct costs of service delivery and support costs of £1,861,451.

Our nursing home, Foxburrow Grange, recently celebrated its fifth anniversary and is achieving its occupancy targets with an upturn in income generated as occupancy increases. Foxburrow Grange represents our sole source of turnover in the Older Peoples market and represents 23% of our overall turnover.

In the current financial year, there has been no trading activity in Outlook Venture. We have made an application to HMRC to confirm the dormant

status of the company. We have not prepared consolidated accounts this year given the dormant status of Outlook Venture.

There have been a number of changes to our service provision that include:

- Kemsing Road; a Block Respite contract for people with learning disabilities to the value of £329,500 was negotiated with Royal Borough of Greenwich. Negotiations are ongoing to develop a 4 Bed Supported Living service.
- Larkshall Road; we transferred in management of this 6 bed Learning Disability registered care home with a contract value of £400,000.
- Closure of Maplestead Road; a 6 bed Mental Health registered care home.

Where our money comes from

The majority of our funding continues to come from Local Authorities and health funded contracts. Growth in our private funded market continues as an increasing number of private payers are attracted to Foxburrow Grange.

Outlook Care continues to operate across the Learning Disability, Mental Health and Older Peoples market segments with income generated from our Learning Disability services making up 58% of turnover. Mental health service income has increased again this year and is 19% of total income.

The majority of our income continues to be from Learning Disability services but this continues to fall as a percentage of overall income resulting in a better balance for the organisation within the health and social care market.

We continue to provide services at 10 specialist residential care homes. Changes to services this year have been noted above.

How we spent our money

Total expenditure has decreased by 4% in 2018 with a higher decrease in income. The additional expenditure is attributable to a number of factors including the second year impact of the introduction of the living wage and the associated increase in the Sleep in cost. The annual staff costs of £13,795,894 are now 83% of total expenditure compared to 72% last year.

The nursing home is part funded through a loan from NatWest and the interest paid during the year amounted to £115,318 and is included under other support costs. The depreciation charge for all of the properties is also shown under this heading and is £292,927 for the year. Although the cost of secondary agency remains a cost pressure the measures introduced to monitor and control spend has enabled us to achieve savings across the organisation of 27% compared to last year.

Pensions

Outlook Care is actively managing the cost and risk associated with Final Salary Pension schemes. In 2013, the final salary Social Housing Pension Scheme (SHPS) was closed leaving the NHS pension scheme and the London Borough of Waltham Forest scheme in use for existing members only at the end of March 2014. Membership of the NHS scheme has reduced further during the year from 13 employees to 11, through retirement and change of employment.

Outlook Care has a contingent liability of £16,627,460 for the closed SHPS final salary scheme based on the September 2016 position. The results of the triennial valuation based on the September 2017 position have yet to be received. Further information regarding this scheme is included in note 17 of the accounts. Pension liabilities are disclosed in accordance with the reporting requirements of SORP FRS 102. Repayment of this debt will be triggered should Outlook Care withdraw from the SHPS pension scheme. The Pensions Regulator has confirmed that provided Outlook Care continue to provide membership of the SHPS defined contribution scheme to its staff no trigger event will occur.

Significant deficit payments are also being made to SHPS and are included in our support costs. The SHPS defined contribution scheme is open and offered to new employees for the first month of employment. The contingent liability for the SHPS Growth Plan has increased by £20,158 (10%) to £185,040 in the year. Deficit payments are also being made for this scheme and the Board monitors the risk associated with this scheme.

Outlook Care is compliant with auto-enrolment legislation and employees have been enrolled into the NEST scheme since February 2013. The opt out rate remains low and membership has increased during the year from 368 employees to 373 at 31st March 2018.

Fixed assets

The level of fixed assets additions has increased this year by £248,066 in the accounts. The nursing home build has been partly funded through a loan from NatWest and during the year the loan decreased to £2,455,845 from £2,561,608 as loan repayments have continued.

Investment policy and returns

Although we have seen growth in income generated from private payers, Outlook Care is funded primarily from income received from Local Authorities and the NHS, which is intended to match the cost of providing the services that the organisation has been contracted to provide. There is therefore no expectation to have any significant surplus funds for long-term investment. The Trustees, do however, recognise that from time to time the organisation will have surplus funds for short-term investment. The Investment Policy requires that funds be invested to maximise returns subject to limitations on risk and accessibility with a preference for investment in ethical organisations when investing funds directly. Investment in property is limited to properties that will be used by people to whom we provide a service. Capital

preservation is the key concern and the Investment Policy requires very low risk investments with organisations that have high credit ratings. Because of this Policy, Outlook Care has not incurred any capital losses; however, investment returns are very low. This year the level of short-term deposits has reduced by £871,507. Investment income has reduced substantially for the year and was £419 compared to £4,902 in 2016/17.

Subsidiary company

Outlook Venture Ltd is the wholly owned subsidiary of Outlook Care that was established to develop our new nursing home in Colchester, Essex. The company has ceased trading and an application has been made to HMRC to declare the company dormant. The company has also been deregistered for the purposes of VAT.

Risk and internal controls

The Board of Trustees and the Executive Management Team monitor opportunities for growth. Opportunities are realised through organic extension or transformation of existing contracts, winning tenders or development of privately purchased services. Partnerships with other providers are also reviewed on a regular basis. Risks related to growth are managed through internal controls such as tender matrices and/or Board approved Business Cases.

Trustees review the organisation's Risk Map quarterly. The primary areas of risk include:

- Failure to safeguard people with complex needs from harm.
- The continuation and/or extension of the efficiency agenda and cuts to public spending by Local Authority and Clinical Commissioning Group commissioners.
- Increasing competition in the market place to recruit the right calibre of staff.
- Increased regulation and increasing customer

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For year ended 31 March 2018

expectation.

- Ability to comply with loan covenants.
- Pensions.
- Yet unknown changes/interpretations in legislation that reduce expenditure and increases risk to providers of services, including Brexit, Living Wage legislation and sleep in payments.

A Business Plan is in place. From this, we update our action plans for business development and workforce planning.

The budget is set annually by the Board and monitored through monthly management accounts. We also operate a 12-month rolling forecast that is reviewed quarterly by the Board.

Key Performance Indicators (KPIs) for key financial and non-financial activities are used to monitor our quality and financial performance. We have three levels of indicators for Board, Audit and Risk Committee and Executive Management Team.

The Quarterly Management Review (QMR) monitors operational performance and the Audit and Risk Committee monitor quality auditing across the organisation and the outcome actions. This includes the monitoring of quality, clinical, workforce and financial indicators.

Our Continuous Improvement Programme meets the requirements of ISO 9001:2008, which we have held since 1995.

The Chair of the Audit and Risk Committee and the Chair for our Safeguarding Committee, receive all safeguarding issues, reported immediately in writing to them and actions reviewed bi-monthly. Both Committees review cases, assess organisational learning and identify any potential trends.

The Trustees are satisfied that the organisation's internal systems and controls are in place and sufficient to manage key risks and oversee performance.

Risk management

The Organisational Risk Policy is reviewed annually by the Trustees in order to identify key risk and ensure that we have the necessary actions in place to mitigate risk. The organisational Risk Map captures all risk and identifies them as being High, Medium or Low. The Trustees, on a quarterly basis monitor all risks.

Control actions identified are monitored by the Executive Management Team to ensure that we are meeting our targets and feedback on performance is provided to the Board.

Reserves

Outlook Care is not dependant on any form of fundraising and all of the services we provide are specifically linked to income sources. If the contract for the provision of a service ceases then the direct expenditure for that service will also cease. This means that the organisation does not require significant reserves in order to continue service provision. It is however important to hold reserves for the following reasons:

- To manage the cost of central services, if a significant reduction in turnover is experienced, while restructure takes place.
- To provide working capital for the organisation.
- To provide funding for capital expenditure in Income generating services.
- To meet unexpected costs that may be an unforeseen or unfunded consequence of TUPE transfers.

The Trustees have therefore approved a Reserves

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Policy that requires a working capital reserve equivalent to six months' budgeted central management expenditure for the year ahead. This reserve is currently £1,085,516 and fulfils the requirements of six months of central management spend.

Unrestricted funds

General reserves

The general reserves are not restricted or designated for use and the Reserves Policy requires a general reserve of at least 10% of the total reserves. At the end of the year, the general reserve was £455,604 and complies with the policy.

Designated reserves

Designated reserves are unrestricted funds that have been allocated for a particular purpose by the Trustees. That purpose is either a requirement of the Reserves Policy or a specific project approved by the Trustees and funded from reserves.

Designated funds include:

- The Working capital reserve.
- The Fixed Asset reserve is equivalent to the value of the organisation's fixed assets in recognition of the fact that they are income-generating assets and are not readily convertible to cash. This reserve is currently £2,998,970 and covers the net book value of all assets less loan funding excluding the nursing home, which is only partially covered. The Trustees recognise that this reserve needs to be increased by £4,060,168 when funds become available.

Restricted funds

These funds are tied to a particular activity and are generally small sums of money that have been donated for a specific purpose.

The total value of Restricted Funds at the end of the year was £17,314.

Independent Auditor's Report to the Members of Outlook Care

Opinion

We have audited the financial statements of Outlook Care (the 'society') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Society Act 2014.

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

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 Society 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 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 audit opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society'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 Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Communities Benefit Society Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Society's members, as a body, in accordance with the provisions of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's

members as a body, for our audit work, for this report, or for the opinions we have formed.

For and on behalf of

Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Financials

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Statement of Financial Activities (incorporating an income and expenditure account)

	Note	Restricted £	Unrestricted £	2018 Total £	Restated 2017 Total £
Income and Endowments from					
– Donations and legacies		11,116	14,995	26,111	23,609
– Income and Investments		-	419	419	4,902
Income from Charitable Activities					
– Learning Disabilities Housing & Care Services	2	-	9,587,888	9,587,888	9,759,471
– Mental Health Housing & Care Services	3	-	3,099,918	3,099,918	3,016,378
– Older People's Housing & Care Services	4	-	3,812,364	3,812,364	4,968,761
Other income					
– Profit/(Loss) on sale of Fixed Assets		-	23,724	23,724	-
– Sundry income		-	10,893	10,893	19,287
Total Income and Endowments		11,116	16,550,201	16,561,317	17,792,408
Expenditure on					
Charitable Activities					
– Learning Disabilities Housing & Care Services		3,900	9,443,340	9,447,240	9,590,659
– Mental Health Housing & Care Services		1,317	2,732,532	2,733,849	2,677,748
– Older People's Housing & Care Services		853	4,391,352	4,392,205	5,064,683
Total Expenditure	5	6,070	16,567,224	16,573,294	17,333,090
Finance charge on pension scheme		-	(1,000)	(1,000)	(124,000)
Net gains/(losses) on derivative financial instruments		-	81,242	81,242	(285)
Net Income/(Expenditure)	6	5,046	63,219	68,265	335,033
Transfer between funds		744	(744)	-	-
Net income/(expenditure) before other recognised gains/(losses)		5,790	62,475	68,265	335,033
Actuarial Gains/(losses) on Defined Benefit Pension Schemes		-	-	-	(19,266)
Net movement in funds		5,790	62,475	68,265	315,767
Reconciliation of funds					
Funds at the start of the year		11,524	2,300,625	2,312,149	1,996,382
Funds at the end of the year		17,314	2,363,100	2,380,414	2,312,149

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 14 to the financial statements.

Statement of Financial Position

	Note	£	2018 Total £	2017 Total £
Fixed assets				
Tangible fixed assets	9	7,059,138		7,103,999
Investment in subsidiary	19	1		1
			7,059,139	7,104,000
Current assets				
Debtors	10	1,031,548		1,113,269
Short Term Deposits		1,056,790		1,928,297
Cash at bank and in hand		548		673
		2,088,886		3,042,239
Liabilities				
Creditors: amounts due within 1 year	11	1,840,476		(2,453,238)
			248,410	589,001
Net current assets				
			7,307,549	7,693,001
Total assets less current liabilities				
Creditors: amounts falling due after more than 1 year	12		(2,750,135)	(2,860,844)
Net assets excluding pension liability				
			4,557,413	4,832,157
Defined Benefit Scheme Liability				
	17		(2,177,000)	(2,520,000)
Net assets including pension liability				
			2,380,414	2,312,157
Funds				
Share capital	15		10	8
Restricted funds	14		17,314	11,524
Unrestricted funds	14			
Designated funds		4,084,486		4,338,726
General funds		455,604		481,899
			4,540,089	4,820,625
Unrestricted income funds excluding pensions liability				
			4,540,089	4,820,625
Pension Liability Reserve	14		(2,177,000)	(2,520,000)
Total charity funds				
			2,380,414	2,312,157

Approved and authorised for issue by the Board of Management on 9 August 2018 and signed on its behalf by:

Steve Marsh
Chair

Piotr Rejek
Chief Executive

Sian Hajba
Company Secretary

Statement of Cashflows

	Note	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Net Cash provided by (used in) operating activities	Table A		(359,499)		656,962
Cash flows from investing activities					
Interest from investments		419		4,902	
Proceeds from the sale of property		-			
Purchase of plant and equipment		(248,066)		(57,554)	
Net Cash provided by (used in) investing activities			(247,647)		(52,652)
Cash flows from financing activities					
Performance Bond					
Loan finance repayment		(110,709)		(101,650)	
Pension deficit payments		(342,453)		(576,266)	
Net Cash (used in) investing activities			(453,162)		(677,916))
Change in cash and cash equivalents in the reporting period			(1,060,308)		(73,606)
Cash and cash equivalents at the beginning of the reporting period			1,705,414		1,779,020
Cash and cash equivalents at the end of the reporting period	Table B		645,106		1,705,414

Table A: Reconciliation of net income/(expenditure) to net cash flow from operating activities

Net Income/(Expenditure for the reporting period (as per the statement of financial activities)			68,265	335,033
Adjustments for:				
Interest received			(419)	(4,920)
Net (profit) on disposal of fixed assets			(23,724)	-
Depreciation of tangible fixed assets			292,927	272,256
Gain on Swap			(81,242)	-
Pension Charge			(1,000)	-
Decrease/(increase) in debtors			81,369	(137,441)
(Decrease)/increase in creditors excluding loans			(695,674)	192,016
Net cash provided by (used in) operating activities			(359,499)	656,962

Table B: Analysis of cash and cash equivalents

Notice deposits (less than 3 months)		1,056,790	1,928,297
Cash in hand		548	673
Bank overdraft		(412,232)	(223,556)
		645,106	1,705,414

Notes to the Financial Statements

1. Accounting policies

a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to the accounts, in accordance with Accounting and Reporting by Charities: Statement of recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Co-operative Community Benefit Societies Act 2014.

Outlook Venture, the wholly owned subsidiary of Outlook Care has ceased to trade. Approval has been received from the Mutuals Society that there is no requirement to prepare consolidated accounts.

The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in £ which is the functional currency of the charity and to the nearest pound.

The financial statements have been prepared on a going concern basis as the level of reserves and the degree of volatility in income and expenditure are deemed sufficient to enable the society to continue for the foreseeable future. There are no material uncertainties. Trustees have determined this based on their experience of the care sector, a review of the business plans, forecasts and cash flow statements and the nature of the contracts that they have in place. They do recognise that estimates and assumptions used in the preparation of these financial statements in assessing the impact of the future pension deficits, but are assured that the crystallisation of these is not immediate.

The principal accounting policies adopted,

judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

- b) Donations and Legacies income received by way of subscriptions, including donated time and gifts is included in full in the statement of financial activities when receivable.
- c) Grant income is recognised in full in the Statement of Financial Activities in the year in which it is receivable.
Contract income is recognised as earned.
- d) Expenditure on charitable activities are recognised in the period in which they are incurred and include attributable VAT which cannot be recovered.

Expenditure is allocated to the particular activity where the cost relates directly to that activity. Depreciation and finance charges are incurred centrally and recharged to activities through an internal rent charge. The internal rent is excluded in the annual accounts. The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function is charged to the schemes in full. Budgets are set allocating costs relating to the HR training and quality directorate apportioned on the basis of staff time attributable to each activity. The costs for the Regional Managers and Specialist Managers are apportioned based on the number of hours delivered for each activity. The remaining costs are apportioned according to the relative scale of the activities. Actual costs are allocated using the ratio of allocation in the budget.

- e) Governance costs include the management of the organisation's assets, organisational management and compliance with constitutional and statutory requirements. Actual governance costs are allocated using the ratio of allocation in the budget.
- f) Depreciation is charged on a straight line basis at rates calculated to write down the cost of each asset other than freehold land to its estimated residual value over its expected useful life. The

Notes to the Financial Statements (cont'd)

useful lives are as follows:

Freehold buildings	50 years
Furniture & fittings	5 years
Motor vehicles	5 years
Office equipment	3 years
IT equipment	5 years

Items of equipment are capitalised where the purchase price exceeds £2,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

g) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

h) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition on opening of the deposit or similar account.

i) Creditors and provisions

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

j) Derivative financial instruments

Derivative financial instruments are recognised as fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative. Basic financial instruments are initially recognised at transaction value and subsequently measured.

k) Restricted funds are used in accordance with the requirements or purposes stipulated by the donors. Expenditure which meets these criteria is identified and allocated to the fund.

l) Unrestricted funds are donations or earned income free from restrictive conditions, available to use in the furtherance of the organisation's objectives.

m) Designated funds are amounts from unrestricted funds reserved by the Board of Management for specific future investment and spending.

n) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

o) The organisation makes contributions to three pension schemes. The Social Housing Pension Scheme (SHPS) is a defined benefit scheme and the National Health Service Pension Scheme is an unfunded defined benefit scheme. Following the requirements to auto enrol staff into a pension scheme NEST was identified as the vehicle to fulfil this requirement. Further details of these schemes are provided in note 17.

p) Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Critical accounting estimates and assumptions: The society makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The present value of the Social Housing Pension Scheme (SHPS) defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions.

The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions,

Notes to the Financial Statements (cont'd)

which are disclosed in note 17, will impact on the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 30 September 2016 has been used by the actuary in valuing the pension liability at 31 March 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying value of the pension liability.

Notes to the Financial Statements

2. Learning Disabilities Housing & Care Services

	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Care contracts	-	6,096,725	6,096,725	7,381,360
Residents' charges	-	2,142,609	2,142,609	1,222,255
Individual Care and Support	-	1,222,637	1,222,637	1,133,078
Other income	-	125,917	125,917	22,778
	-	9,587,888	9,587,888	9,759,471

3. Mental Health Housing & Care Services

	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Care contracts	-	1,454,767	1,454,767	2,022,768
Residents' charges	-	1,457,868	1,457,868	884,797
Individual Care and Support	-	163,965	163,965	99,631
Other income	-	23,318	23,318	9,182
	-	3,099,918	3,099,918	3,016,378

4. Older People's Housing & Care Services

	Restricted £	Unrestricted £	2018 Total £	2017 Total £
Care contracts	-	-	-	130,859
Residents' charges	-	3,411,139	3,411,139	3,959,940
Individual care and support	-	383,874	383,874	870,742
Other income	-	17,351	17,351	7,220
	-	3,812,364	3,812,364	4,968,761

Notes to the Financial Statements

5. Charitable Expenditure

	Learning disabilities housing & care services £	Mental health housing & care services £	Older people's housing & care services £	2018 Total £	2017 Total £
Total Direct Costs	8,247,255	2,328,624	4,129,894	14,705,773	14,056,531
Support Costs:					
Staff costs	787,060	265,784	172,047	1,224,891	2,292,234
Property costs	56,427	19,055	12,335	87,817	137,720
Professional & legal fees	12,511	4,225	2,735	19,471	42,353
Other costs	304,376	102,785	66,535	473,696	750,408
Governance costs	35,711	12,059	7,806	55,576	53,844
	9,443,340	2,732,532	4,391,352	16,567,224	17,333,090
Governance Costs:					
Employee Costs	20,566	6,945	4,496	32,007	26,694
Board Salaries	11,449	3,866	2,503	17,818	22,123
Board Expenses	3,387	1,144	740	5,271	4,329
Meetings	308	104	68	480	460
Company Meetings	-	-	-	-	237
	35,710	12,059	7,807	55,576	53,843

Notes to the Financial Statements

6. Net income for the year

This is stated after charging/(crediting):

	2018 £	2017 £
Depreciation	292,927	272,256
(Profit)/Loss on sale of fixed assets	-	-
Board of Management's remuneration, including pension contributions	24,723	28,622
Board of Management's reimbursed expenses	5,271	4,329
Auditors' remuneration:		
• Audit (excluding VAT)	12,050	15,360
• Other services (excluding VAT)	-	-
Operating lease rentals:		
• Property	314,152	305,588
• Other	12,512	13,627

The Chief Executive receives remuneration for carrying out the duties of Chief Executive. A percentage of the salary has been allocated to Board management remuneration and included above, with the remainder included in support costs directly attributable to Charitable Expenditure. Following a review, the decision was made that Board members receive remuneration for their services. Reimbursed expenses represent costs incurred in relation to attendance at Board and committee meetings and all reasonable expenses. At year end there were 10 Trustees on the Board.

Notes to the Financial Statements

7. Staff costs and numbers

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	12,665,624	11,382,400
Social security costs	886,388	849,856
Pension contributions	243,882	203,840
	13,795,894	12,436,096

	2018	2017
Number of employees receiving £110,001 - £120,000	1	
Number of employees receiving £100,001 - £110,000	-	-
Number of employees receiving £90,001 - £100,000	2	1
Number of employees receiving £80,001 - £90,000	1	2
Number of employees receiving £70,001 - £80,001	-	1

Employer's pension contributions for key personnel amounted to £12,392 (2017 - £9,722). Key management personnel comprise the Trustees and the Executive Management Team. During the year total employee benefits were paid to key management personnel totalling £514,392 (2017 - £350,724).

Redundancy and settlement payments of £68,201 (2017 - £28,474) were made during the year.

The average monthly number of employees (full-time equivalent) based on an assessment of payrolls during the year was as follows:

	2018 No.	2017 No.
Housing & Care Services - Learning Disabilities	296	283
Housing & Care Services - Mental Health	70	62
Housing & Care Services - Older People	121	128
Support	36	34
Governance	1	1
	524	508

In addition to the staff numbers quoted above, 220 workers are employed through the Outlook Care internal Bank (OCB).

Notes to the Financial Statements

8. Taxation

Outlook Care is a registered society under the Co-operative and Community Benefit Societies Act 2014 and is therefore potentially exempt from taxation on its income and gains as Outlook Care falls within the definition of a charity as defined in Part 1, Schedule 6 of the Finance Act 2010. No tax charge has arisen during the year.

9. Tangible Fixed Assets

	Freehold Land & Buildings £	Motor Vehicles £	Furniture & Equipment £	Office Equipment £	IT Equipment £	Totals £
Cost						
At the start of the year	8,113,869	26,255	567,403	26,641	194,780	8,928,948
Additions in year	75,947	-	45,629	-	126,490	248,066
Disposals in year	-	-	-	-	-	-
Revaluations in the year	-	-	-	-	-	-
At the end of the year	8,189,816	26,255	613,032	26,641	321,270	9,177,014
Depreciation						
At the start of the year	1,220,116	26,255	424,821	26,641	127,116	1,824,949
Charge for the year	131,272	-	108,313	-	53,342	292,927
Disposals in year	-	-	-	-	-	-
At the end of the year	1,351,388	26,255	533,134	26,641	180,458	2,117,876
Net book value						
At the end of the year	6,838,428	-	79,898	-	140,812	7,059,138
At the start of the year	6,893,753	-	142,582	-	67,664	7,103,999

Notes to the Financial Statements

10. Debtors

	2018 £	2017 £
Income (and grants) receivable	630,920	639,322
Other debtors	27,600	19,127
Intercompany debtor	4,560	9,360
Prepayments and accrued income	368,468	445,460
	1,031,548	1,113,269

11. Creditors: amounts due within 1 year

	2018 £	2017 £
Trade creditors	298,919	222,653
Other taxation & social security	214,228	210,171
Intercompany debtor	-	-
Bank loan & overdraft	412,232	329,320
Other creditors	162,391	339,221
Accruals and deferred income	752,705	1,351,873
	1,840,475	2,453,238

Deferred income breakdown	At the start of the year £	Income deferred £	Income released £	At the end of the year £
NHS Newham Pension Supplement	25,548	-	-	25,548
NHS Chelmsford Pension Supplement	21,617	-	(21,617)	-
Prepaid Income	116,497	-	(17,026)	99,471
Lease rent free period	-	2,833	-	2,833
Prepaid rent	4,224	-	(2,494)	1,730
Water charges	-	922	-	922
	167,886	3,755	(41,137)	130,504

Deferred income represents income received in advance and will be released over the course of the period to which it relates to, in line with Accounting Standards.

12. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loan	2,345,136	2,455,844
Waltham Forest - Summit Road funding	405,000	405,000
	2,750,136	2,860,844

Notes to the Financial Statements

13. Financial Instruments

Financial instruments measured at amortised cost comprise the bank loan financing provided by National Westminster Bank Plc to Outlook Care.

	2018 £	2017 £
Loan payable - amounts falling due:		
Within one year	110,709	105,764
Within two to five years	496,787	474,584
After five years	1,848,349	1,981,260
	2,455,845	2,561,608

The loan financing is in the form of a secured loan with a variable interest rate. The market risk facing the Trust is that interest rates are subject to fluctuation. To mitigate the risk of increases in interest rates an interest rate SWAP was arranged.

The loan is secured by a charge on the properties owned by Outlook Care. Due to the reduced occupancy levels at Foxburrow Grange during the period, one of the loan covenants was breached. We are pleased to report that Natwest waived their right to call for repayment on this occasion due to the significant turnaround in the financial performance of the home.

A LIBOR stepdown SWAP for the value of £2.4 million was put in place on 5th September 2012 at a rate of 2.23%. The start date was 1st March 2013 with a maturity date of 3rd March 2025. The value of the SWAP reduces to £1.5 million on 1st March 2018 with a further reduction to £1.0 million on 1st March 2023. The SWAP is measured as fair value through the statement of financial activities and was a financial liability as at 31st March 2017 with a value of £87,077 (2017 financial liability with a value of £168,319).

Analysis of net assets between funds

	Share Capital £	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	7,059,138	-	7,059,138
Net current assets	10	17,314	(224,517)	455,604	248,411
Creditors: amounts falling due after more than one year	-	-	(2,750,136)	-	(2,750,136)
Defined Benefits Scheme Liability	-	-	(2,177,000)	-	(2,177,000)
Net assets at the end of the year	10	17,314	1,907,485	455,604	2,380,413

Analysis of net assets between funds - 2017 (comparative)

	Share Capital £	Restricted funds £	Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	-	7,104,000	-	7,104,000
Net current assets	8	11,524	95,570	481,899	589,001
Creditors: amounts falling due after more than one year	-	-	(2,860,844)	-	(2,860,844)
Defined Benefits Scheme Liability	-	-	(2,520,000)	-	(2,520,000)
Net assets at the end of the year	8	11,524	1,818,726	481,899	2,312,157

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Notes to the Financial Statements

14. Movements in funds

	At the start of the year £	Income resources £	Outgoing resources £	Gains/ (Losses) £	Transfers £	At the end of the year £
Restricted funds						
Festival in the Park	95	-	-	-	-	95
Hawthorn Activities/Transport	730	-	-	-	(561)	169
Neave Carers Forum	49	105	-	-	-	154
Foxburrow residents activities	1,637	6,798	(4,924)	-	777	4,288
Virtual Ward Fund	1,000	-	-	-	-	1,000
Foxburrow: Pampered Chef Donation	138	-	-	-	(138)	-
Summit Road sensory garden	209	-	-	-	-	209
Summit Road - Waitrose Donation	280	-	-	-	-	280
League of Friends - Hawthorn	302	-	-	-	(102)	200
JustGiving	637	-	-	-	-	637
Mornington Legacy	352	-	-	-	-	352
Beaulay Way Fund	4	-	-	-	-	4
Resident Activities	326	-	-	-	-	326
Longbridge Legacy	12	-	-	-	-	12
Central Services Fundraising	16	-	(136)	-	522	402
Neave Spring Fair	75	-	(45)	-	46	76
Swan Housing Donation	400	-	(400)	-	-	-
Kemsing Garden Project	325	-	-	-	-	325
Christchurch Garden Project	7	-	-	-	-	7
Autumn Cottage	670	-	-	-	200	870
Foxburrow RAF Fund Donation	200	-	(200)	-	-	-
Foxburrow R Howard Donation Fund	500	-	(50)	-	-	450
Autumn Cottage Garden Donation	3,000	-	-	-	-	300
Bromhall Road Sensory Room	560	3,913	(315)	-	-	4,158
Waterside Donation	-	300	-	-	-	300
Total restricted funds	11,524	11,116	(6,070)	-	744	17,314
Unrestricted funds:						
<i>Designated funds:</i>						
Working Capital	1,146,710	-	-	-	(61,194)	1,085,516
Fixed Asset Reserve	3,192,016	-	(292,927)	-	99,881	2,998,970
<i>Total designated funds</i>	4,338,726	-	(292,927)	-	38,687	4,084,486
General funds	481,899	16,550,201	(16,273,297)	81,242	(384,441)	455,604
Share capital	8	-	-	-	2	10
Pension scheme liability	(2,520,000)	-	-	(1,000)	344,000	(2,177,000)
Total unrestricted funds	2,300,633	16,550,201	(16,566,224)	80,242	(1,752)	2,363,100
Total funds	2,312,157	16,561,317	(16,572,294)	80,242	1,008	2,380,414

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Notes to the Financial Statements

14. Movements in funds (continued)

Movements in funds 2017 (comparative)

	At the start of the year £	Income resources £	Outgoing resources £	Gains/ (Losses) £	Transfers £	At the end of the year £
Restricted funds						
Festival in the Park	95	-	-	-	-	95
Bluebell Activities/Transport	906	22	(227)	-	(701)	-
Bluebell Patio	29	-	-	-	(29)	-
Hawthorn Activities/Transport	153	22	(227)	-	782	730
Neave Carers Forum	258	-	(209)	-	-	49
Foxburrow residents activities	580	5,438	(4,381)	-	-	1,637
Virtual Ward Fund	1,000	-	-	-	-	1,000
Foxburrow Veterans of War	-	-	(259)	-	259-	0
Foxburrow: Pampered Chef Donation	138	-	-	-	-	138
Summit Road sensory garden	209	-	-	-	-	209
Summit Road - Waitrose Donation	280	-	-	-	-	280
League of Friends - Bluebell	101	-	-	-	(101)	-
League of Friends - Hawthorn	201	-	-	-	101	302
JustGiving	637	-	-	-	-	637
Mornington Legacy	352	-	-	-	-	352
Beaulay Way Fund	4	-	-	-	-	4
Resident Activities	326	-	-	-	-	326
Longbridge Legacy	12	-	-	-	-	12
Central Services Fundraising	-	16	(93)	-	93	16
Neave Spring Fair	77	325	(327)	-	-	75
Swan Housing Donation	-	400	-	-	-	400
Kemsing Garden Project	325	-	-	-	-	325
Christchurch Garden Project	(309)	-	-	-	316	7
Autumn Cottage	670	-	-	-	-	670
Foxburrow Grange Casino Night	-	885	(492)	-	(393)	0
Foxburrow RA Fund Marfleet Donation	-	200	-	-	-	200
Foxburrow R Howard Donation Fund	-	500	-	-	-	500
Autumn Cottage Garden Donation	-	3,000	-	-	-	3,000
Bromhall Road Sensory Room	-	560	-	-	-	560
Total restricted funds	6,044	11,368	(6,215)	-	327	11,524

Unrestricted funds:

Designated funds:

London Borough of Havering Bonds

	100,000	-	(100,000)	-	-	-
Working Capital	1,067,114	-	-	-	79,596	1,146,710
Fixed Asset Reserve	3,229,721	-	(272,286)	-	234,5551	3,192,016
Total designated funds	4,396,835	-	(372,256)	-	314,147	4,338,726

General funds	320,503	17,781,040	(17,305,170)	-	(314,474)	481,899
Subsidiary company reserves	(3,090)	-	-	-	-	(3,090)
Pension scheme liability	(2,727,000)	-	207,000	-	-	(2,520,000)

Total unrestricted funds	1,987,248	17,781,040	(17,470,426)	-	(327)	2,297,535
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Total funds	1,993,292	17,792,408	(17,476,641)	-	0	2,309,059
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Notes to the Financial Statements

14. Movements in funds (continued)

Transfers between funds have been made in order to meet the policy requirements in respect of the three key funds – Working Capital, Fixed Asset and General.

Purposes of restricted funds

Festival in the Park

Funds were provided for Outlook Care's involvement in this care initiative in Waltham Forest.

Hawthorn Activities & Transport

Funding has been received to assist with the cost of providing transport at Hawthorn bungalow. Further funds have been raised through fundraising activities.

Service/Neave User Forum

These funds were raised by members of the service user forum to enable our service users to undertake activities of their choice and to promote independence.

Foxburrow residents activities

Funds for the benefit of the residents are raised through a number of fundraising activities at Foxburrow Grange including family fun days.

Virtual Ward Fund

This fund relates to a successful grant bid administered by the C CVS (Colchester Community Voluntary Services) on behalf of the NHS. The purpose of which is to provide an assisted bathing service at Foxburrow Grange.

Foxburrow: Pampered Chef donation

This fund relates to a donation from an event organised by PC in February 2015. The donation may be used for the benefit of the residents of Foxburrow Grange.

Summit Road Sensory Garden

Lottery funding was awarded to fund work to establish a sensory garden at Summit Road for the enjoyment of the residents.

Summit Road Waitrose Donation

This donation was received for the benefit of the residents of Summit Road and will be used to fund further work to the garden.

League of Friends - Hawthorn Bungalow

Funding has been received from the League of Friends to assist with the cost of providing resident activities at Hawthorn bungalow. Further funds have been raised through fundraising activities.

JustGiving

A JustGiving account was opened to collect funds raised by the sister of one of our customers living in our Supported Living service in Waltham Forest.

Mornington Legacy

A legacy of £3,000 was left to Outlook Care by a relative of a resident. The funds are to be used for the benefit of the residents of Mornington Road.

Beaulay Way Fund

A donation of £6,000 was made during 2004/05 for the benefit of Beaulay Way residents.

Notes to the Financial Statements

14. Movements in funds (continued)

Resident Activities

Donations have been received in previous years from a number of sources. These funds will be used for the benefit of our service users.

Longbridge Legacy

A legacy was left to Outlook Care by a relative of a resident. The funds are to be used for holidays and outings for the residents of 148 Longbridge Road.

Central Services Fundraising

Collections are arranged yearly at Central Services to go towards nominated charities selected by the staff.

Neave Spring Fair

Staff and residents at 76 Neave Crescent arranged the fair to raise funds for resident activities.

Swan Housing Donation

Funding of £400 was received from Swan Housing Association for the residents of 76 Neave Crescent.

Kemsing Road Garden Project

This fund was set up to refurbish and make a sensory garden for the use of the residents of Kemsing Road.

Christchurch Garden Project

The fund was set up to purchase garden furniture for the use of the residents.

Autumn Cottage

This fund was set up for the benefit of the residents at Autumn Cottage.

Foxburrow RA Fund Marfleet

Funds of £200 was left for the benefit of Foxburrow residents by J Marfleet who sadly passed way during the year. £100 of this donation was paid to the Alzheimer's Society.

Foxburrow R Howard Donation Fund

Funds of £500 was left for the benefit of Foxburrow residents by R Howard who sadly passed away during the year.

Autumn Cottage Garden

Legacy of £3,000 was left to Outlook Care by L Young, a former resident who had sadly passed away. The funds are to go towards the refurbishment costs of the garden at Autumn Cottage.

Bromhall Road Sensory Room

This donation was received for the benefit of the residents of Bromhall Road to go towards the costs of the sensory room.

Waterside

Donation of £300 received from builders working on site behind the scheme to treat the residents.

Notes to the Financial Statements

14. Movements in funds (continued)

Purposes of designated funds

Working Capital

This designated fund ensures that the organisation has sufficient working capital to operate on a day to day basis. The fund has been decreased to comply with the Reserves Policy which requires a fund of six month's budgeted central management expenditure.

Fixed Asset Reserve

This fund recognises the element of net assets that are represented by fixed assets in Outlook Care. The value of the fund is net of the charge for the acquisition of Summit Road and the NatWest loan that funded the construction of Foxburrow Grange. The fund has been further reduced by a transfer to general funds to meet the requirements of the Reserves Policy that the general reserves are at least 10% of total reserves.

15. Share Capital

	2018	2017
	£	£
At 1 April	8	8
Issued in year	2	-
Cancelled in year	-	-
At 31 March 2018	10	8

16. Operating Lease Commitments

The organisation had commitments at the year end under operating leases as follows:

	2018		2017	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	314,152	12,512	308,177	13,304
In the second to fifth year inclusive	181,538	-	282,249	4,370
Over five years	-	-	-	-
	495,690	12,512	590,426	17,674

Notes to the Financial Statements

17. Pension Funds

Social Housing Pension Scheme

Outlook Care participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

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

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

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 there are three benefit structures available, namely:

- 3.1 Final salary with a 1/60th accrual rate.
- 3.2 Final salary with a 1/70th accrual rate.
- 3.3 Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two benefit structures have been available, namely:

- 3.4 Final salary with a 1/80th accrual rate.
- 3.5 Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

A Career average revalued earnings (CARE) structure with a 1/120th accrual rate was made available from 1 April 2013. This structure is contracted-in to the State Second Pension scheme. An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can operate one open defined benefit structure plus CARE 1/120th, plus the defined contribution benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Trustee commissions an actuarial valuation of the scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

Outlook Care Group currently operates defined contribution benefit for active members.

Notes to the Financial Statements

17. Pension funds (cont'd)

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Outlook Care paid contributions of £121,812 (2017 - £116,026). Employer contributions were paid at the rate of 3.0% and member contributions varied between 2.0% and 20% depending on the scheme. As at the balance sheet date there were 192 active members of the Scheme employed by Outlook Care. The annual pensionable payroll in respect of these members was £3,809,678. Outlook Care was no longer able to offer membership of the Final Salary (FS) scheme to its employees from 1st April 2013. Staff were offered membership of the Defined Contribution (DC) scheme as an alternative.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. The actuarial valuation was certified on the 30 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers to the scheme as follows:

Deficit Contributions

Tier 1: From 1 April 2016 to 30 September 2020	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2: From 1 April 2016 to 30 September 2023	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3: From 1 April 2016 to 30 September 2026	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4: From 1 April 2016 to 30 September 2026	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on the 17 December 2012 and showed assets of £2,062m, £3,097m and a deficit of £1,035m. To eliminate this shortfall, payments consisted of the Tier 1, 2 and 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to this deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Notes to the Financial Statements

Present Value of Provision

	2018 £000s	2017 £000s	2016 £000s
Present value of provision	2,177	2,520	2,727

Present Deficit Liability

	2018 £	2017 £	2018 £	2017 £
Provision brought forward at 1 April	2,250,000	2,727,000	2,520,000	2,727,000
Unwinding of discount factor (Interest expense)	31,000	53,000	31,000	53,000
Deficit Contributions paid	(344,000)	(331,000)	(344,000)	(331,000)
Remeasurements in changes to assumptions	(30,000)	(71,000)	30,000	(71,000)
Remeasurements - amendments to contribution	-	-	-	-
Provision carried forward at 31 March	2,177,000	2,520,000	2,177,000	2,520,000

Rate of Discount

	2018 per annum	2017 per annum	2016 per annum
Rate of discount	1.72%	1.33%	2.06%

Notes to the Financial Statements

17. Pension funds (cont'd)

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of up to 2.5% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme in to SHPS. New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service run contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute to the deficit until two valuations have been completed after their date of joining. New employers joining the scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pension Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example, the Regulator could require that the trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan).

As a result of the pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the scheme or the scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amount of the debt can therefore be volatile over time.

Notes to the Financial Statements

17. Pension funds (cont'd)

NHS Pension Scheme

The NHS Pension scheme is an unfunded scheme under which contributions for employees and employers are paid to the Exchequer which in turn meets the cost of paying benefits as and when they fall due.

The next actuarial valuation is expected to be carried out as at 31 March 2016 (last published valuation was as at 31 March 2012 and was published in June 2014).

This will set the employers contributions rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap.

Scheme contribution rates and bandings have been set for the period 1 April 2015 to 31 March 2019 which apply for members in both the 1995 and 2008 Sections and will not change until the next scheme valuation expected to be carried out as at 31 March 2016

Scheme contribution rates and bandings have been set for the period 1 April 2015 to 31 March 2019 which apply for members in both the 1995 and 2008 Sections and will not change until the next scheme valuation expected to be carried out as at 31 March 2016.

The employer contribution rate payable is 14.3% and this was increased to 14.38% from the 1 April 2017 to include 0.08% scheme administration levy to cover scheme administration costs

Liabilities of the scheme at 31st March 2016 was valued at £382billion. This is mainly due to actuarial gain of £28.4billion of which £16.9billion relate to changes in the assumption of short term pay restraint.

As the NHS scheme is an unfunded scheme, these liabilities are underwritten by the Exchequer.

During the accounting period Outlook Care made contributions of £30,252 (2017 - £42,389) to the National Health Service scheme. Employer contributions were paid at the rate of 14.38% during the accounting period. Member contributions are 5.6% or 7.1% or 9.3% according to their earnings in relation to the scheme rates and bandings.

Auto-enrolment and NEST

In order to comply with auto-enrolment legislation, on 1st February 2014 Outlook Care opened an occupational pension scheme to eligible employees and workers. Outlook Care selected NEST for the pension scheme provider. During the accounting period Outlook Care made contributions of £38,360 to NEST (2016: £37,842).

Notes to the Financial Statements

18. Contingent and other Liabilities

Social Housing Pension Scheme

Outlook Care has been notified by the Pensions Trust of the estimated employer debt should it withdraw from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2016 (for further information see note 17). As of this date the estimated employer debt for Outlook Care was £16,627,460 (2016 £13,252,458). The triennial scheme valuation as at 30 September 2017 remains ongoing and we have yet to receive a further update regarding the debt on withdrawal. As at 31 March 2018 £185,040 (2017 £205,198) would also be due under the SHPS growth plan. Outlook Care ceased to participate in the Final Salary Schemes from 1st April 2013 following the advice received from the Pensions Trust and continues to offer the Defined Contribution Scheme to employees. The Pensions Trust maintains that this does not trigger a cessation event provided Outlook Care remains in the Defined Contribution schemes.

Sleep ins in the social care sector

Outlook Care continues to keep a watching brief on this issue. In light of the Department of Health seeking to clarify the rules for sleep in shifts, Outlook Care has a potential liability for arrears to pay. Due to the historic nature of this matter it is not currently possible to reliably estimate this potential liability. At the date of the signing of these accounts the position remains unchanged.

19. Subsidiary Undertakings

Outlook Care has one subsidiary company - Outlook Venture Ltd. The company is registered in England and Wales and its registration number is 06982267. The main activity of Outlook Venture is the construction of the nursing home on behalf of Outlook Care. The construction of Foxburrow Grange was completed in May 2013 and the property transferred to Outlook Care in the previous financial year. The company has now ceased to trade and an application has been made to HMRC to confirm its dormant status.

As at 31st March 2018, Outlook Venture had current assets of £nil (2016: £6,271) and current liabilities of £4,560 (2017: £9,360) resulting in net current liabilities of £3,089 (2017: net current liabilities £3,089).

Income in the year totalled £nil (2017: £4,616) and administrative expenditure of £31 (2016: £4,616) resulting in a deficit of £31 for the period.

19. Related Parties

During the year there were related party transactions with Outlook Venture, a fully owned and dormant subsidiary of Outlook Care as follows: Net bank transfer of £4,880.

Outlook Care Trustees' Report and Accounts

For year ended 31 March 2018

Prior Year Statement of Financial Activities

For the Year Ended 31 March 2017

		Restricted	Unrestricted	2017	2016
	Note	£	£	Total	Total
				£	£
Income and Endowments from					
- Donations and legacies		11,368	12,241	23,609	21,629
- Income from Investments		-	4,902	4,902	7,519
Income from Charitable Activities					
- Learning Disabilities Housing & Care Services	2	-	9,759,471	9,759,471	9,896,953
- Mental Health Housing & Care Services	3	-	3,016,378	3,016,378	2,770,516
- Older People's Housing & Care Services	4	-	4,968,762	4,968,761	4,669,665
Other income					
- Profit / (loss) on sale of Fixed Assets		-	-	-	294,842
- Sundry income		-	19,287	19,287	5,612
Total Income and Endowments		11,368	17,781,041	17,792,407	7,666,736
Expenditure on					
Charitable Activities					
- Learning Disabilities Housing & Care Services		536	9,590,123	9,590,659	8,867,757
- Mental Health Housing & Care Services		93	2,677,655	2,677,748	2,978,726
- Older People's Housing & Care Services		5,586	5,059,097	5,064,683	5,270,811
Total Expenditure	5	6,215	17,326,875	17,333,090	7,117,294
Net gains/(losses) on derivative financial instruments			(285)	(285)	(24,973)
Finance charge on pension scheme			(124,000)	(124,000)	(24,000)
Net Income / (Expenditure)	6	5,153	329,881	335,032	500,469
Transfer between funds		327	(327)	-	-
Net Income / (Expenditure) for the year before gains and losses					
Actuarial Gains / (Losses) on Defined Benefit Pension Schemes		-	(19,266)	(19,266)	(776,000)
Net movement in funds		5,480	310,287	315,767	(275,531)
Reconciliation of funds					
Funds at the start of the year		6,044	1,990,338	1,996,382	2,271,912
Funds at the end of the year		11,524	2,300,625	2,312,149	1,996,381

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