

The Papworth Trust
Report and Accounts
31 March 2021

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

OUR VISION, MISSION AND VALUES

Our vision

- a world where disabled people are seen for who they are

Our mission

- is for disabled people to have equality, choice and independence

Our values

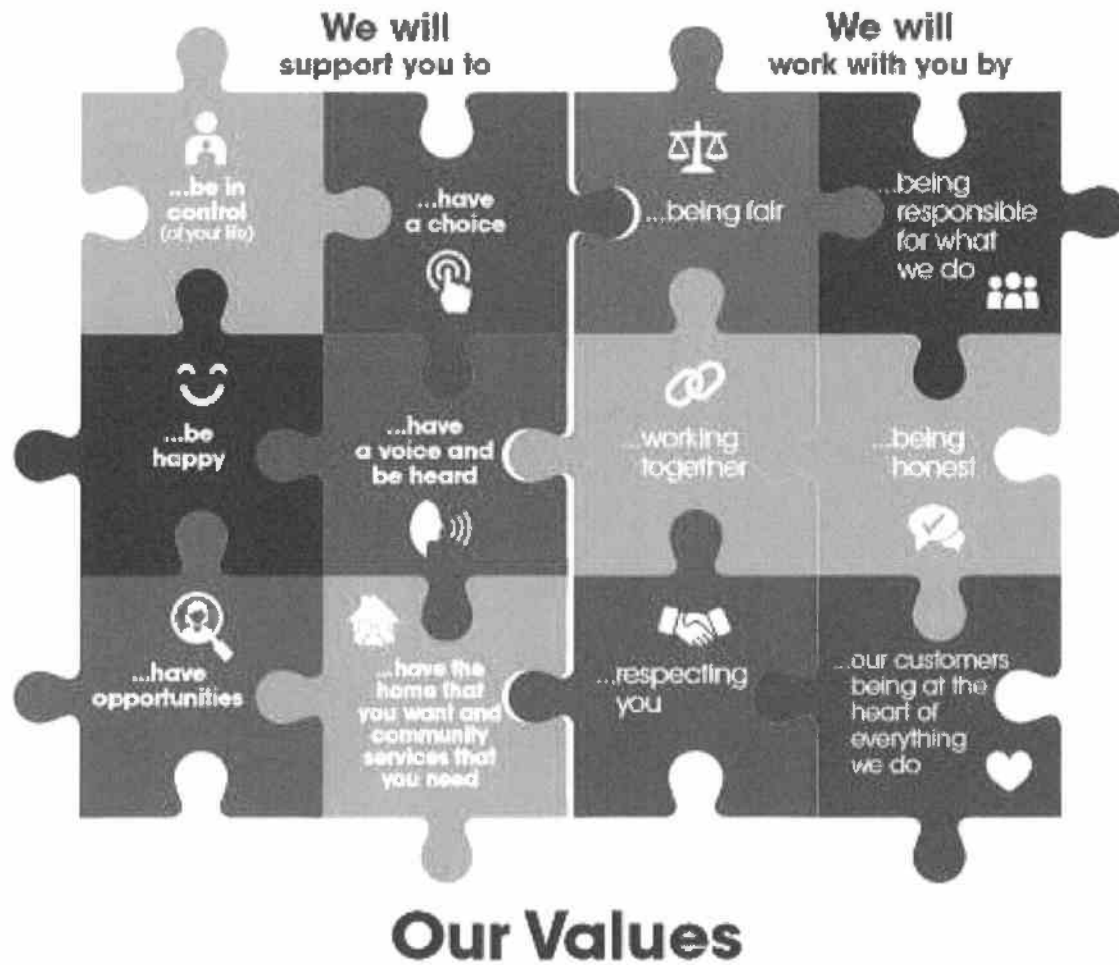
Our core value is that we put our customers at the heart of everything we do

We support our customers to:

- Be in control
- Have a choice
- Be happy
- Have a voice and be heard
- Have opportunities
- Have a home they want and the community services they need

We work with our customers by:

- Being fair
- Working together
- Being honest
- Being responsible for what we do
- Showing respect



The Papworth Trust
Report and Accounts for the year ended 31 March 2021

CONTENTS	PAGE
Chair's review	1
Trustees' report	2 – 22
Strategic report	23 – 32
Statement of Trustees' responsibilities	33
Independent Auditor's Report	34– 38
Statement of comprehensive income and changes in reserves	39
Balance sheet	40
Cash flow statement	41
Notes to the accounts	42 – 78
Honorary personnel, Trustees and senior managers	79
Principal advisers and Papworth Trust information	80

**Registration
Number**

TRUST STATUS:

A registered charity	211234
A company limited by guarantee	148906
A private registered provider	LH1648

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

CHAIR'S REVIEW

I am pleased to present the latest accounts for the Trust, which display a strong financial performance for the year whilst we continue to deliver high quality services to our customers across our key operating areas of Housing, Work, Care and Day Services ("Opportunities Without Limits"). The achievements outlined within this report demonstrate the difference we make to the people we work with, and reflect the passion and desire of all of our staff to really focus on achieving positive outcomes for our beneficiaries.

The year has been one of significant challenges for the Trust, continuing to provide essential services during the year against a background of a global pandemic, involving multiple national lockdowns. I am pleased to note that due to the extraordinary commitment of our staff, and the support of our funders, we have been able to maintain services across all of our delivery streams, maintaining vital support to disabled people during these challenging times. The organisation has adapted quickly, embracing new ways of working and new ways of supporting our customers.

These accounts present strong financial results in spite of the national challenges faced, which is reflective of the stable foundations we have built as an organisation over recent years, but is also indicative of the importance of the services we provide. Our services were all classified as 'essential services' throughout periods of lockdown which has meant that core funding was maintained, and we were able to adapt our provision to continue to deliver benefit to our customers.

We will use the lessons learned from the pandemic to influence our service delivery and the way that we work, developing our wider use of technology and remote working whilst continuing to put our customers at the heart of everything we do. These initiatives have also been supported by funding and in-kind contributions from our corporate partners, particularly from the Deloitte office in Cambridge, which we greatly appreciate.

I would like to thank all the staff and volunteers of the Trust for their efforts over the past year, and in particular in dealing with the impact of the pandemic, and being flexible and versatile in ensuring delivery has been maintained. Their commitment and dedication to our customers during this difficult period has been truly inspiring. I would also like to record the Trust's continuing appreciation for the substantial annual donation received from the Varrier-Jones Foundation.

Finally, I would like to thank our Trustees, and all of our supporters, who have continued to make a significant contribution to the work of the Trust, and without whose support we couldn't do all that we do.

Brian Stewart OBE – Chair of Trustees

TRUSTEES' REPORT

The Trustees present the Trustees' Report and audited Financial Statements for the year ended 31 March 2021.

Achievements and performance

We are pleased to report that, in these continuing challenging times, we have been able to substantially maintain our service delivery and have continued to enable really positive outcomes for our beneficiaries to be achieved. We have secured growth in key areas, and adjusted our delivery methods and mechanisms in others, in order to continue to support our customers. We are rightly proud of the work that all of our staff and volunteers have delivered, ensuring that we remain customer and outcome-focussed to deliver the best that we can for our beneficiaries.

We have maintained our focus on elements that we believe have the greatest impact on the lives of disabled people, concentrating on our four key service delivery streams, all of which we have continued to deliver during this period. These are:

- **Housing** – we are a registered provider of social housing, with nearly 75% of this being supported housing, ensuring disabled people have suitable homes
- **Work** – we deliver a number of programmes to support people to develop skills and gain access to employment opportunities
- **Care** – we provide care to individuals who generally have complex needs and require support to be able to meet these needs
- **Opportunities without Limits (OWL)** – provides a range of day services designed to enable disabled people to acquire independent living skills

We currently support approximately 3,000 people across our geographical focus of the East of England, through these areas of activity. In 2020-21, Papworth Trust had a turnover of £13.5m (2019-20: £12.6m) and employed 232 staff (2019-20: 219).

In 2020 the Board of Trustees established seven key strategic priorities as part of our three-year Business Plan, structured in order to 'DELIVER' our strategy. We are pleased to report the following progress that has been made against each of these:

Deliver Sustainable Growth with Purpose

- We successfully secured net growth of 1,000 hours per week across our Care services, growing income by over 20%
- We have secured our position on the Job Entry Targeted Support programmes (JETS) across Cambridgeshire, and will support over 2,000 people to re-enter the employment market, a programme directly linked to the impact that the Covid 19 pandemic has had on employment opportunities
- We have secured £282k in fundraised income which has continued to support our First Steps to Success programme, as well as the development of our OWL services

Efficiently and Effectively provide great services

- We adapted our approach to be able to work fully and effectively whilst being remote from the office, with very little disruption or downtime during the pandemic, and established our ways of working for the future
- We adapted our delivery model for OWL by equipping customers and staff with suitable devices and developing safe online content to keep customers engaged
- We implemented a new HR information system to better support people management and reporting
- We have worked with external experts to help establish self-assessment audit processes to improve the quality management of the services we provide

Lead Meaningful Engagement, Striving for Co-Production

- Created a new tenant engagement position and consulted with tenants on new engagement initiatives
- Created a definition of 'meaningful engagement' to ensure we are able to empower our customers to have a voice and say in the services we offer
- Developed a model in Opportunities without Limits for people with lived experience to empower them, with our support, to gather the experiences and views of other people using our services

Influence disability policy, rights and opportunities

- We have implemented our communications strategy, ensuring that all communications are contributing towards our organisation's mission, vision and values. Following the initial crisis that the lockdown in March 2020 brought, we swiftly developed regular and consistent updates so that everyone could be kept abreast of developments whilst connecting with the Trust as a wider organisation

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

- Utilised new communications tools -WhatsApp, Instagram, LinkedIn and a dedicated staff Facebook group to widen our reach

Value our heritage whilst developing our culture

- Developed our 'Values in Practice' staff awards, to recognise work that staff are doing to help deliver our mission
- Created a more interactive corporate induction programme which welcomes new staff and informs them about the organisation from the moment they receive their job offer
- Established an Ethics working group to feed into the Trust's future planning on matters concerning the environment and our corporate social responsibility

Engage with others to learn and innovate

- Rolled out new software including Microsoft Teams and Zoom, that reduces isolation amongst our customers and enables them to access support from home
- Supported tenants with IT training to upskill them digitally
- Appointed a Communications Officer and Digital Communications Officer, strengthening our team to ensure greater consistency and reach to our messaging

Retain and develop a high quality workforce

- Launched a new recruitment portal which is part of the new HR Information System to improve our recruitment processes
- Developed dedicated recruitment resources which have enabled us to move candidates into roles more quickly and prepare for planned growth
- Welcomed 5 new Trustees, bringing with them skills to meet gaps identified and supporting succession planning
- Created a staff wellbeing working group and increased our wider focus on staff well being

Impact of Covid-19 Pandemic

The impact of the Covid-19 pandemic has been, and continues to be, significant for the Trust, affecting all areas of our business. We are pleased to report, however, that during a period of significant national uncertainty, we have been able to respond quickly and effectively through reorienting our services and support functions to ensure continuity of delivery. For some of our services this has meant, in part, reverting to a virtual delivery model, and for others it has meant putting into place new procedures and safety measures to ensure customers can

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

be supported in a safe way. As the pandemic has progressed we have moved towards our recovery, focussing on lessons learned and taking the best from our revised ways of working whilst looking to the future where our staff and customers can be together in a face-to-face way. Individually for our service streams the impact has been as follows:

Housing

For our housing portfolio the focus throughout the pandemic has been to continue to deliver our planned housing improvements and to support our tenants who have been impacted. Due to supply chain challenges, and also recognising the need to support shielding customers, our planned investment programme has been impacted, with some planned works unable to take place. We have sought to engage closely with tenants throughout, and to respect their individual wishes around access to their properties, and are committing through our budgets and forward plans to ensure all work that has been delayed is completed as soon as possible. We have invested in tenant engagement during the year to better communicate with, and support, our tenants during this time, and are committed to maintaining this moving forward as a key priority.

Work

The pandemic has increased the profile and the demand for employment based support, with increased unemployment and an employment market changing at a pace not previously seen. Across our employment services we have seen a response from funders that has recognised the challenges faced, which has supported us to continue to work with customers during this time. All existing programmes have continued, largely through a virtual delivery model, and we have been commissioned as a contractor on the JETS programme, the government's initial programme to respond to rising unemployment, which has further grown the services we provide.

Care

Our Care staff have continued to deliver quality support to our customers throughout the pandemic, and it is a credit to the teams that this delivery has been continuous, and that we have also been able to take on new Care customers during this period. This has involved unpredicted challenges including securing appropriate PPE, ensuring new and appropriate infection control processes were implemented and adhered to, such as staff bubbles for customers, and managing Covid infections and periods of isolation across the staff team during the year. In spite of all these challenges we have been able to deliver high quality, customer-focussed care across our services.

OWL

Our OWL services have been the most impacted over the last year with the challenges of social distancing, combined with a number of customers having to self-isolate, resulting in significant disruption to operations in our centres. Our response to these challenges, combined with the support of our commissioners via secured funding and agreements to revised forms of delivery, has meant that, in spite of this, we have been able to continue to provide services to most of our customers in some form or another. We have sought to continue with a customer centric approach, involving a variety of modes of support, including utilising Zoom, one-to-one door step delivery to customers and, where possible, allowing small numbers of customers to attend our centres. We have also been delighted to work with our customers to be able to access our remote services through procuring equipment, such as tablet computers, and coaching customers in the use of this technology to provide support, both in terms of socialisation for customers but also in the development of skills using new technologies.

Ways of Working

Like many organisations, we have required all staff that are able to, to work from home throughout this period. We have invested in our technology and developed our staff capabilities to enable them to do this, and remain committed to taking the lessons learned from this more flexible mode of working into our future workplace and workspace planning. All internal meetings have been conducted via virtual platforms throughout this period.

We have focussed strongly on staff wellbeing, recognising that all our staff are facing different challenges, and we continue to work on our plans for the future to seek to build a more effective and supportive organisation for both customers and staff.

Reserves Policy

The Trust seeks to retain adequate reserves within the operation to ensure our financial resilience and sustainability, taking into account the obligations that we have, the future plans that we have made and the risks to delivery that we have identified in our risk register. The reserves policy sets out the target general reserves level and identifies measures to be taken to bring these reserves back within the target range, if required. It also sets out any designated reserves held and the purpose for holding these. The reserve balances are reviewed annually, informed by the business plan and an assessment of risks facing the business.

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

The management of funds to ensure sufficient liquidity and protection of funds to meet our obligations, both those recognised on the balance sheet and elements provided for under our reserves policy, is a separate consideration dealt with under our investment and treasury management processes.

Restricted Reserves

The Trust from time to time receives grants or donations that might be specifically designated by the donor for a particular purpose, either in response to an appeal that we have made, or more generally by the donor's relationship with the Trust. The value of restricted reserves held as at the balance sheet date was £2.6m.

Where the Trust chooses to accept such grants or donations, it will do so on the full understanding of the terms and conditions that pertain to the grant or donation, and will put steps in place to ensure that these donations are only expended as prescribed in the terms, and that any further obligations placed upon the Trust by the acceptance of such grants or donations are adhered to. Such grants and donations are separately tracked and monitored and do not form part of the general reserves at the disposal of the Trust.

Designated Reserves

The Trustees also use their powers to designate certain reserves for specific purposes, if required, to ensure that known future commitments can be met, or to recognise that certain assets cannot be freely deployed to meet particular objectives of the Trust without significant disruption to the Trust's business.

To this end the Trustees have resolved to exclude from general reserves the value of fixed assets held, net of the long-term liabilities held against these. These assets do not represent 'free' reserves as they are required to be maintained in order that we can continue to deliver the services to our customers to deliver our aims, therefore the Trustees have designated an amount of reserves that reflect this carrying value on the Balance Sheet. The value of designated reserves held as at the balance sheet date was £14.4m.

Endowment Funds

The Trust holds a small number of funds, described as endowment funds, established over time to support particular groups of beneficiaries. We seek to utilise these funds to support these beneficiaries to the extent that we are able, in line with our general objects. The value of the endowment funds held as at the balance sheet date was £417k.

General Reserves

General reserves represent the free reserves that the Trustees have at their disposal to effectively meet the objectives of the Trust. These reserves are held to seek to ensure the financial resilience and sustainability of the Trust, helping to manage risk and volatility and insulating the organisation against the impact of future financial shocks.

The Trust has sought to evaluate the material risks and uncertainties facing the business, and the kind of financial provision that may need to be reserved to manage these risks, should they occur. We have considered activity as identified in our three-year business plan to represent an appropriate time horizon for the assessment of the level of reserves required.

It is also recognised that there is a level of general volatility in operations, and any plans to materially change provision, to exit any activity, or to manage the transition of programmes to differing funding mechanisms, inevitably takes time and involves cost, so it is prudent for the Trust to preserve funds for such eventualities also.

The Trustees have evaluated the principal financial risks facing the charity and have summarised these in the tables below;

General Reserves assessment

Category	Description of Risk	Estimated Financial Exposure
1. Potential Future Obligations	Social Housing Pension Liability. Historically there has been significant volatility and a minimum cash liability has been identified. There is also the likelihood of future actuarial assumption changes	£0.75m to £1.5m
	Capital investments – own funds required to be reserved to complete projects	None at present – funding plans in place to meet requirements
2. Operational challenges	Care service delivery. Challenging operating model, risk to achieving financial improvement plan	£150k
	Stress-testing and sensitivity of budget projections	£250k to £600k

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Category	Description of Risk	Estimated Financial Exposure
	Reduction in voluntary funding. Reserve needed to manage any transition to reduced funding environment	£450k to £650k
3. Transitional arrangements	Funds required to manage transitions between contracts - none anticipated at present	
4. Funding planned service shortfalls	Identification of reserves to fund future shortfalls – none required that are not already included in the budget	
5. Asset valuation risk	Impairment risk of fixed assets. Realisable value may be less than in-use value for specialist assets	£550k
	Repayment of social housing grants, should these not be recycled effectively	£400k
	Downgrade in valuation of Investment portfolio	£1m to £2m

From this assessment the Trustees have concluded that they need to hold general reserves for operating activities in the target range of £2.8m to £4.35m, with consideration also made for further increases in the SHPS liability in the range of £0.75m to £1.5m, giving a total target range of £3.55m to £5.85m. Current general reserves stand at £5.7m, as at 31st March 2021, and therefore these reserves are in line with our overall reserves policy and are deemed broadly sufficient to support the future operational plans of the Trust.

Investment Policy

The Trust seeks to produce the best risk-adjusted financial returns from its financial investments. The investment objective is to maintain the real value of the assets over the long term, whilst also producing an income stream that can support the regular operations of the Trust. Investments are managed with full discretion by the Trust's investment advisers in accordance with the Statement of Investment Policy agreed with the Board. This is monitored and managed by the Joint Investment Committee, made up jointly of trustees of the Papworth Trust and the Varrier-Jones Foundation. The Trustees of the Trust set the objectives, restrictions, investment mandate and any exclusions and, via the Joint Investment Committee, monitors the performance of the investment advisers through formal

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

review meetings. Part of this strategy seeks to diversify adequately to minimise concentration risk and to hedge currencies appropriately.

Investment scope

Subject to the Environmental, Social and Governance (ESG) limitations that are set, the Trust delegates authority to the appointed fund managers to invest its funds appropriately to meet the targeted financial return and liquidity requirements agreed from time to time.

Attitude to Risk

The Trust seeks primarily to ensure that the real value of its investment funds is at least maintained, to support its reserves policy, whilst also providing a valuable unrestricted income stream to support operations. A key risk to the long-term sustainability of these funds is inflation, and the assets should be invested to mitigate this risk over the long term. The Trustees understand that this is likely to mean that the financial investments will be concentrated in real assets and that the capital value will fluctuate. The Trustees are able to tolerate short-term volatility of the capital value of the Trust's financial investment portfolio, as long as the Trust is able to preserve the underlying value in the long term. The investment portfolio is positioned to act as a fall back source of liquidity in the unlikely event that the Trust experiences a period of operational cashflow stress.

Structure, governance and management

As a Charity, The Papworth Trust is governed by its Trustees, who are also the members of the Trust. Trustees can serve up to three terms of office of up to three years each; the arrangements for the election or appointment of Trustees are detailed in the Articles of Association.

The Trustees, who are also the Directors of the company under company law, meet quarterly to review the management of the organisation. Day-to-day management is delegated to the Chief Executive and Executive Team. Trustees also meet managers in Committees to oversee the activities of specific operations of the organisation in more detail. Membership of Committees reflects the interests and expertise of the respective Trustees. Minutes of all Committee meetings are subsequently circulated to the full Board.

The induction process for Trustees is structured to ensure they receive a comprehensive introduction to their role and to the organisation. It consists of visiting our services and meeting our customers and staff, understanding the functions of the Trust through 1:1 meetings with senior managers and reading core relevant information, guidance and legislation. Certain site visits and induction meetings have necessarily been virtual meetings due to Covid restrictions over the last twelve months.

Trustees also undertake mandatory training, whilst also having the opportunity to participate in a range of good practice training relating to governance, Charity Commission requirements and operational delivery. Trustees are also supported by access to a dedicated section of our intranet site and by the use of board management software, keeping them updated on matters arising within the charity, as well as within the sector and our operating landscape more widely.

All Trustees, including the Chair, undertake an annual appraisal review, incorporating feedback from primary points of contact, in order to monitor Board effectiveness. These were conducted remotely in 2021 due to on-going Covid-19 impacts.

Trustees do not receive a salary, but may claim expenses for actual costs incurred in attending meetings.

Trustees and Executive Team members are asked to complete an annual Disclosure Statement to notify the Papworth Trust of any involvement in any other organisations, and these returns have been completed for activity occurring during the financial year.

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

Trustees' Liabilities

The Trust indemnifies the Trustees of the Trust against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the year.

Committees

Committees take a more detailed interest in specific areas of the Trust's activities and monitor performance against key performance indicators. The committee structure now in operation, with key responsibilities identified, is as follows:

Finance and Audit Committee

The Finance and Audit Committee is responsible for reviewing the financial performance of the Trust and reporting this to the Board, as well as overseeing the control of risk. The Committee reviews the Trust's annual accounts and recommends them to the Board for approval, receiving audit reports and reviewing the Trust's annual statement of internal controls and its compliance with current guidance. The Committee holds responsibility for the oversight of treasury management, the financial appraisal of new projects and prevention and detection of fraud.

Governance and Compliance Committee

The Governance and Compliance Committee oversees all matters of performance, quality and compliance of the Trust's operations, and ensures the effective ongoing governance of Papworth Trust.

The key responsibilities of this Committee are to review performance in line with service standards and statutory, regulatory and contractual compliance, to ensure effective oversight of safeguarding and health and safety is maintained and also to ensure that we have an appropriate policy framework to govern the work of the Trust.

Strategy and Change Committee

The Strategy and Change Committee is responsible for discussing and reviewing strategy and recommending changes for the continuous improvement of services offered by the Trust. Significant changes to markets, services, re-alignment of strategy or significant new ventures and major projects are all considered by this Committee. This Committee also reviews fundraising strategy and the scope and scale of our influencing activities, as part of the consideration of our wider strategic positioning.

Remuneration Committee

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

The Committee has delegated authority from the Board to approve the overall annual pay award and general reward policy for staff and to determine the remuneration of the Chief Executive and Executive Team. It also has oversight of salaries of any other staff in receipt of salaries over the Statement of Recommended Practice (the SORP) reporting threshold (currently £60,000 pa).

Joint Investment Committee

The Joint Investment Committee oversees the management of financial market investments to assist in meeting the current and future financial needs of the Papworth Trust and the Varrier-Jones Foundation. It considers investment mandates, policies and objectives, and meets with the investment managers on a regular basis to review performance against benchmarks, and to consider the wider economic outlook.

Equality, Diversity and Inclusion

In line with our mission, we want to give disabled people the opportunity to have their own home and live independent lives. Papworth Trust also strives to be an open and inclusive organisation, which serves all our communities and service users. We are committed to equality of opportunity for everyone who uses or provides our services.

We seek to make sure that no one will be treated less favourably because of their gender, sexual orientation, marital status, responsibilities for dependants, race, colour, nationality, ethnic origin, religious or political beliefs, age, class, disability or unrelated criminal convictions.

We expect all individuals and organisations that are involved in our activities to respect our equality and diversity policy.

Health and Safety

The Board recognises its responsibilities on all matters relating to health, safety and security, for both staff and customers. We maintain scrutiny through best practice groups, as well as formal reporting mechanisms to management and to the Board of any health and safety issues or concerns. We will continue the monitoring of safeguarding via the Governance and Compliance Committee, and utilise the Safeguarding Best Practice Group to capture learning and feedback from our own experience, and the experience of others, to improve process and practice.

Disabled Employees

We have a Diversity and Equality policy regarding the employment of staff, including disabled employees, and give full consideration to applications for employment from disabled people.

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

Currently 23% of Papworth Trust's employees have a declared disability.

As a Trust we are very pleased to be accredited as a Disability Confident Leader, which will encourage us to continue to champion good practice and actively encourage all organisations within our supply chain and wider networks to employ, support and promote disabled people.

Employee Involvement

We are committed to providing our employees with information about our activities, consulting with them on major changes and developing an open culture in the organisation. Regular meetings are held between managers and staff teams to allow a free flow of information, including a weekly briefing from the Chief Executive Officer (CEO) to the organisation on strategy and organisational developments.

We have introduced welcome meetings with the CEO for all new staff joining the Trust, and we are looking forward to being able to re-engage with staff more directly in the Autumn, when hopefully restrictions on indoor gatherings etc. will have been lifted.

We have an active Employee Forum group who are consulted on proposed changes and are regularly asked for their views, supporting the development of the voice of colleagues and of an open culture in the organisation.

Gender Pay Gap

Although the Trust is not obliged to report on its Gender Pay Gap, due to the number of employees in the organisation on the snapshot date having fallen to less than 250 in recent years, we have continued to voluntarily report this data, and have normally included a summary of this in our annual report.

Due to the impact of COVID-19, the Equality and Human Rights Commission have announced that enforcement of gender pay gap reporting for the 20/21 reporting year (which uses a snapshot date of 5 April 2020) will not begin until 5 October 2021. Work on analysing the data to this extended deadline continues, and will be published in due course.

Customer Involvement

It is very important to us that our customers are involved and influence how we develop, design and run services. The Trust has local customer groups covering our centres and services that inform us of key points of issue or concern. We are signed up with the National Housing Federation as an early adopter of the Together with Tenants plan, aimed at making clear commitments for Housing Associations to be accountable and responsive to their tenants. Enhancing engagement is one of the key strands of our current Business Plan, and we are

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

actively developing a comprehensive engagement strategy to improve the communications and feedback across the Trust. This has been supported by the recruitment of an Engagement Officer in our Housing team in the year.

Fundraising

The Trust is registered with the Fundraising Regulator and adheres to the guidelines of the Fundraising Code of Practice. Processes are in place to ensure that donations are utilised for the purposes for which they were given and towards the charitable objectives of the Trust. For donors and potential donors who have opted in to receiving contact by the Trust, personal details are kept in accordance with General Data Protection Regulations (GDPR).

Two small volunteer fundraising groups act on behalf of the Trust; their activity is monitored by a steering group, which includes Papworth Trust staff, and there are transparent processes in place to ensure that all donations are received by the Trust, that information relating to the Trust is accurate and that donors are not misled. In the 2020/21 financial year the Trust did not receive any complaints relating to fundraising practice.

Value for money (VfM) - Housing

Papworth Trust's mission is to support disabled people to have equality, choice and independence. As a Registered Provider of social housing we provide safe, accessible and affordable homes for our customers and we have a portfolio of supported housing located across the East of England, in addition to our base of general needs properties located in Cambridgeshire. Papworth Trust continues to focus on delivering a quality service to our customers in the most efficient and effective way, working to improve levels of satisfaction whilst generating surpluses to assist in both the funding of additional services to our customers and provide improvements to our existing housing stock.

In presenting the value for money metrics for our housing portfolio for 2020-21, following the recommended reporting from the Regulator of Social Housing, we have elected to use benchmark comparisons with a national small provider benchmarking group, comprising over 140 social housing providers, all with less than 1,000 units, the Small Provider Benchmarking Metric (SPBM). It should be noted, however, that whilst it is possible to find comparative organisations in terms of stock count, it is more challenging to benchmark against organisations with similar operational models, i.e. smaller providers with high levels of supported housing spread over a wide geographical area, alongside general needs housing. Therefore comparisons with specialist providers are also presented as separate indicators to help us to understand respective performance more clearly.

Achievements in 2020-21

- **Investment in Customer Engagement**

We recognise the importance of active involvement of our customers in our services, this past year we have reviewed our Customer Engagement Strategy, consulted with our tenants and are committed to increasing investment in this area. This includes a launch of new tenant engagement initiatives in 2021-22, including an improved tenant scrutiny panel that will review how the Trust ensures the housing service delivers value for money. We have successfully recruited a Tenant Engagement Officer in a new role designed to support this work and better facilitate open communication channels between ourselves and our tenants.

- **Implementation of remote working for our staff**

We have made significant investment in our IT infrastructure to improve how the service uses technology to improve quality and increase efficiency. We have purchased improved IT equipment to enable our housing staff to work from any location, promoting home working and greater work in the

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

community to reduce unnecessary commuting. We have launched a new mobile working solution to our existing housing IT system that aims to drastically reduce paper usage and improve quality. This is done through modernising business processes and utilising mobile devices; enabling more intelligent communication and full audit trails of interactions with our customers.

- **Investment in our homes**

In challenging circumstances we have continued to invest significantly in our existing stock. This investment is less than our plan, due to the impact of the pandemic, but we have still managed to complete 97 boiler upgrades, 67 units receiving replacements of windows and doors, 26 new kitchens and 5 bathrooms within our capital programme, making significant improvements for our tenants.

- **Asset management review**

We have procured an external independent review of the sustainability of our wider housing portfolio with a view to developing our strategic approach to asset management. This comprehensive review has commenced and the initial phase has focused on the current and projected performance of our portfolio, stakeholder perceptions of our homes and long term investment requirements to indicate the sustainability of our housing schemes in providing value for money and return of investment. We will be continuing this work in 2021-22.

- **Sale of a unit at Priory Close**

We were able to complete the sale of one of our properties in the year, to a customer from whom we had previously purchased the property under a mortgage rescue scheme to prevent homelessness. This brought to a close a successful project that generated a surplus on disposal and supported a customer into sustainable home ownership in a property suitably adapted for their long term needs.

Value for Money Metrics	2020/21	2019/20	SPBM median
Reinvestment	1.6%	1.1%	2.1%
New supply delivered	0.2%	0.5%	0.0%
Gearing	19.8%	22.6%	10.8%
Interest cover	373%	271%	310%

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Social Housing cost per unit	£6,013	£5,700	£4,372
Operating margin (social housing)	12.6%	13.1%	15.9%
Return on capital employed	1.5%	1.4%	2.5%

Reinvestment

Our level of reinvestment has increased by 0.5% from 2019-20 to 2020-21, although expenditure was down on planned levels due to the level of disruption created by the pandemic. We continue to invest significantly in component replacements in order to improve the overall quality of our stock and plan to increase this investment further in 2021-22.

Alongside conventional component replacements, we are trialling the use of sustainable heating sources in a small number of homes. This trial will be used to inform future decisions as we seek to demonstrate value for money for stakeholders in achieving carbon net-zero by 2050.

New Supply Delivered

As part of our established approach to repurpose under-utilised spaces in existing sites to create sustainable new homes we have delivered one new unit this year. Working with existing stakeholders at a supported living scheme, we were able to change how care and support is delivered to enable a new customer to move into a room previously used by a care provider. Their care and support needs are now being met and the overall cost to the existing residents has been reduced.

Our forward plan contains an intention to bring a further twelve units into use, using existing sites. All of these developments have progressed in the year, but more slowly than planned due to the pandemic.

Gearing

Gearing has decreased by 2.8% as a consequence of a concerted strategy to reduce overall debt levels across the organisation, we expect this process to continue over future periods as we gradually reduce our overall net debt levels.

Interest Cover

Our interest burden in the year has continued to decrease as a result of strong operational performance and lower total interest levels supported by historically lower base rates. Our average cost of capital has continued to reduce and is now just under 3%.

Headline Social Housing Cost per Unit – analysed by type

	2020/21	2019/20	SPBM
Supported housing	£6,860	£6,435	£11,925
General needs housing	£3,618	£3,613	£3,878
All housing	£6,013	£5,700	£4,372

Our overall social housing cost per unit has increased marginally from 2019-20 reflective of our ongoing investment in our stock and in our tenants. This remains higher than the sector average, recognising that three quarters of our stock is supported housing and many of these units are specifically adapted for disabled people.

We have identified that higher costs of maintenance and replacement of specialist adaptations and equipment, alongside increased service charge costs, both act to increase our unit cost per property. In recognising and acknowledging our higher unit cost, we are also firmly committed to enhancing the value to our customers of living in a home suitably adapted to meet their needs with quality services to maximise their independence.

It is useful to split out our general needs and supported housing to enable better benchmarking against similar providers for each housing type. This indicates our general needs cost per unit is operating at a median level. Whilst our supported housing is significantly less than the median, this is expected due to the different types of supported housing in our portfolio, from homes with minimal support and few adaptations which tend to be lower cost, through to higher-cost specialised supported housing. External research identifies that significant variation can exist between supported housing costs due to differences in client group, level of adaptation and service level.

Operating Margin

Overall operating margin is slightly reduced in the year. Overall surpluses have remained stable, but additional surpluses made due to higher revenues have been reinvested in our overall services, including our maintenance programme, but also through making investments in new IT infrastructure and tenant engagement.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

As with the social housing cost per unit metric, it is useful to split out the operating margin of our supported and general needs housing to understand the respective operating efficiency and business health.

The additional costs associated with providing and delivering supported housing alongside greater proportions of income via service charges (at cost only) reduce the overall margin of this tenure.

	2020/21	2019/20	SPBM
Supported housing	7.9%	8.9%	9.3%
General needs housing	31.4%	29.6%	16.6%
All housing	12.6%	13.1%	15.9%

Return on Capital Employed (ROCE)

The return on capital employed has remained stable in 2020-21, with operating margins being consistent against the previous year, and with a relatively unchanged underlying asset valuation.

Plans for the Future

• **Value for Money Strategy**

In bringing to a close what has been a challenging year, we have the opportunity to review how we use our resources to achieve value for money. We are planning to refresh our overall strategy in 2021-22, and will be considering the future ways in which our staff will work, how we interact with our customers and how we meet the challenges of net zero. We will be reviewing our Value for Money Strategy and measurements to assess our impact alongside this.

• **Housing Development**

We plan to bring approximately twelve new units into use as supported living units, subject to obtaining the necessary consents. This is principally through the development of an existing site which is no longer fit for purpose and will be redeveloped from a shared living arrangement to a number of self-contained units. As part of our commitment to ensure our new homes are sustainable we are considering how we can ensure these meet net zero targets whilst achieving long term value for money.

- **Further Customer Engagement**

We will be continuing our commitment to invest significant resources in meaningful engagement of our customers.

As part of our improved tenant scrutiny panel, we are working with members to develop an appraisal process to ensure they have the knowledge, skills and support to provide adequate scrutiny in relation to value for money.

- **Continue asset management review**

We will be completing the initial phase of our independent strategic review into the performance of our existing assets. The next phase will be to use the outcomes from this review to develop and pilot an options appraisal tool for potentially unsustainable assets.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Going Concern

The Board has assessed The Papworth Trust's current financial position and resources, future obligations and risks, together with a review of the Trust's forward business plan, to consider the future financial viability of the Trust. The Board and Management Team have also reviewed the expected financial impact of the ongoing pandemic and believe that the Trust is well positioned to maintain service delivery within its anticipated resource envelope, and to mitigate much of the adverse financial impact, and therefore to continue to operate for the foreseeable future.

We have issued a new Business Plan which considers the likely impact of future social restrictions and cost pressures due to the pandemic. We have also completed risks and sensitivity testing around key areas of uncertainty, and of major cash flows, within this plan and note that the Trust has sufficient reserves and working capital to support the Business Plan. The Trust also continues to have the support of the Varrier-Jones Foundation, who have confirmed their commitment to support the Trust over the next financial year.

The Board therefore considers that it has a reasonable expectation that adequate resources exist for the Trust to continue to be operational for the foreseeable future and therefore that the adoption of the going concern principle is reasonable and appropriate in producing these financial statements.

Auditors

A resolution proposing the re-appointment of RSM UK Audit LLP as auditors will be proposed at the Trustee meeting in October.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The report of the Board of Trustees was approved by the Board, and signed on its behalf on 22 July 2021 by:



Brian Stewart OBE
Chair of Trustees

STRATEGIC REPORT

Objectives and public benefit

What we do

We offer essential support and care to disabled people. Our Mission is to help disabled people achieve equality, choice and independence. We support a wide range of disabled people including those with including physical disabilities, learning disabilities, mental ill health and sensory impairments.

We support people to live their lives to the full, and be seen for who they are.

Objects

The object of the Trust is to provide relief to disabled people, including the provision of social housing, in such ways that are for the benefit of the public and charitable according to English Law.

This Object is delivered via a three-year Business Plan and annual Departmental Plans, and we carry out service reviews on a monthly basis, to compare the outcomes and achievements of our work to our stated aims and objectives. The reviews look at the successes and challenges of each key activity and the benefits they have brought to those individuals and groups of people. The reviews also help to ensure that our activities remain focused on our strategic objectives.

Public Benefit

The Trustees confirm that they have regard to the Charity Commission's general guidance on public benefit whenever we review our Mission, aims and objectives and also when planning future activities, or evaluating existing ones.

We provide a benefit to the public by actively seeking to support disabled people to live their lives to the full, providing housing, employment support, care and day services as appropriate to meet the needs of our customers. We actively seek to embed our services in the wider community, recognising the benefits of an inclusive society, where everyone is seen for who they are.

We operate across the East of England and use our resources, as outlined above, to provide essential services and support, engaging with customers, commissioners and other key stakeholders to constantly evolve our offering to maximise the impact that we can achieve with the resources available.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Financial Review

Full details of our financial performance for the year ended 31 March 2021 are shown in the Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement and Notes to the Accounts.

Turnover and operating surplus for 2020-21, with prior year comparisons, are shown in the table below:

	2021	2020
	£000's	£000's
Turnover	13,383	12,647
Operating costs	(11,320)	(11,368)
Operating surplus	<u>2,063</u>	<u>1,279</u>
Profit/ (Loss) on sale of fixed assets	1	884
Exceptional income	67	263
Interest payable	(491)	(613)
Investment gains/ (losses)	1,826	(358)
Surplus for the year	<u><u>3,466</u></u>	<u><u>1,455</u></u>

Headline income has increased by 6%, which is principally attributable to income from Care activities, which has increased by 21% in the year, representing £549k additional income. We have also benefitted from two legacies in the year which has significantly boosted our overall fundraising levels. Other income has remained largely consistent across other service streams. Total operational costs have reduced marginally over the same period as efficiencies and cost control mechanisms have been put in place during the pandemic, as well as some planned activity not being undertaken in the period, which has offset the additional costs of supporting the Care growth.

Income

- Turnover from social housing lettings increased by 3.9% to £4.6m, representing a small inflationary increase in rentals following the end of mandatory rent reductions in April 2020 together with a small surplus made on the disposal of one of our housing units.
- Care activities saw income increase by 21%. A key driver of this was an increase in our overall care delivery of over 1,000 hours per week. In addition to this, above inflation increases were received from commissioners as well as

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

approximately £100k of additional funding in response to the Covid-19 pandemic.

- OWL income reduced by 7%, driven by changing service provision due to the pandemic which resulted in some customers not being able to continue to receive service provision in part or in full.
- The Trust benefitted from two legacies in the year totalling £175k of income, significantly increasing overall fundraising income against that budgeted.

Expenditure

- Expenditure in Care increased by 17% due to the overall growth of the service. In addition costs were significantly higher due to the impact of the pandemic, and costs for sickness, agency use and personal protective equipment provision were all higher than planned in the year.
- The above costs for Care were offset by the release of a previously identified provision in respect of back pay for sleep in shifts. The sector has received much needed clarity on this matter and no back pay will now be required to be paid.
- Housing expenditure has remained consistent with the prior year, although this is in part driven by elements of work that could not be completed due to the pandemic. We continue to work with our tenants and our suppliers to complete this work as soon as practicable for all parties.
- Following a period of restructuring our support functions and the premises they work from, significant savings were made in these functions in comparison to previous years, noting a total reduction in expenditure of £253k. The most significant element of this is cost no longer being incurred for our former head office, which was sold in 2020, and therefore these financial statements are the first full year without the costs of these premises.
- Expenditure in both our OWL and Employment Services are lower in the year, which is driven largely through one-off savings incurred as a result of the pandemic, where items such as premises costs have not been incurred as planned.

Balance Sheet

- The cash position has improved by £530k, with total cash held of £2.2m at the balance sheet date. This is reflective of positive operational performance, but also reflects a number of elements of our capital expenditure programme that were planned for, but not completed in the year due to Covid restrictions.

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

- The improved cash position has ensured that the Trust is reporting an improved current asset position at the balance sheet date. It is recognised that the Trust has significant loan redemptions to make in future years and is actively seeking to refinance elements of existing debt.
- The Trust actively monitors and manages cash utilisation, and has prepared a long-term forecast which has been tested under stress scenarios to ensure adequate future liquidity. The Trust was ahead of its target for liquid funds at the balance sheet date.
- The current year financial statements highlight a significant deterioration in the level of deficit for the SHPS pension scheme. The funding position has changed significantly, driven by significant changes in inflation projections, which have increased following the pandemic, and increases the future value of payments to pensioners. These accounts are prepared as we await the results of the latest triennial valuation for the SHPS pension and our future plans anticipate deficit redemptions increasing as a result of this.

Treasury Management

The Trust's historic housing development has been financed through a combination of Social Housing Grant, long term loan facilities and surpluses generated through normal activities and through fundraising.

Treasury Management is managed by the Finance Team and overseen by the Finance and Audit Committee. It is reviewed on a regular basis, setting treasury policy in line with expected future requirements, and reviewing longer term projections to ensure adequate financing is in place to meet future liabilities. Regular stress testing is performed to ensure that the Trust has sufficient mitigations in place in the event of multiple events occurring that places stress on working capital. Working capital requirements are held as cash, with surplus funds being invested through the Trust's investment managers. Potential drawdowns from investments are considered as part of the Trust's financing plan to support working capital as required.

The Trust has agreed Heads of terms for a new lending facility of £3m which it is anticipated will be drawn in part later this year.

Loan Covenants

There are several loan covenants in place on the Trust's long-term loans, the key measures being asset cover and interest cover. Breach of covenants could result in loans becoming immediately repayable. Loan covenant tests are monitored monthly and were comfortably met for the year ended 31 March 2021.

Plans for future periods

The Trust is focussing efforts on continuing to deliver high quality services to our customers, providing quality, choice and independence for disabled people. In our Business Plan for the period 2020 - 2023 the Trust set the following strategic principles, which remain applicable for the forthcoming year:

- **Deliver Sustainable Growth with Purpose**
- **Efficiently and Effectively provide great services**
- **Lead Meaningful Engagement, Striving for Co-Production**
- **Influence disability policy, rights and opportunities**
- **Value our heritage whilst developing our culture**
- **Engage with others to learn and innovate**
- **Retain and develop a high quality workforce**

In order to achieve our 'deliver' strategy we have set the following key objectives over the period:

Deliver Sustainable Growth with Purpose

- Develop new supporting housing units in South Cambridgeshire at identified sites in Bassingbourne and Papworth Everard
- Continue to grow our care services in Suffolk through acquiring new complex care support customers
- Secure continuation funding for First Steps to Success until 2023 and beyond in Suffolk and Cambridgeshire

Efficiently and Effectively provide great services

- Continue progress towards the Target Operating Model in the Care service; more effectively utilising management capacity and introducing technology to improve information management and management processes
- Continue to improve our digital functionality, enhancing the service to customers and our internal processes through implementing three new IT systems; Care Management, HR/Payroll and Fundraising/Business Development systems
- Develop a Governance and Compliance framework, which includes quality assurance, auditing, a self-assessment model for key service areas, health and safety and safeguarding
- Continue to evolve organisational KPIs, remedying any gaps and explore possible Business Information (BI) solutions that will allow real-time interrogation

Lead Meaningful Engagement, Striving for Co-Production

- Implement and embed our experts by lived experience programme
- Develop our tenant engagement strategy
- Work with our housing Scrutiny Panel to develop a customer satisfaction framework and implement customer engagement initiatives across our Work, Care and Opportunities without Limits services
- Develop a co-production approach building on the cultures and practices developed with Together with Tenants last year, which will ensure the customer voice is heard and influencing all levels of the organisation

Influence disability policy, rights and opportunities

- Map and assess the impact of our 'seat at the table' within relevant local, regional and national networks including regional NHF and Local provider Forums to ensure customers voices are heard
- Influence our corporate partners and local employers to become disability confident
- Introduce and roll out key documents to support our staff and volunteers to have confidence in their communications including, but not exclusive to, a Papworth Trust style guide, disability etiquette guide and a key messages grid
- Continue to develop and implement stakeholder engagement tools to share knowledge, reach a wider audience and influence policy areas including inequalities and future funding

Value our heritage whilst developing our culture

- Promote our history to influence our community including further development of our website to provide detail of our current service offer and how we have built on our learning from the past 100 years to make us as strong as we are today
- Investigate sustainable housing and maintenance solutions to inform our property development with a particular focus on ensuring that whatever we do meets the needs of disabled people
- Build upon the good work of our newly formed working group to develop and implement an Ethics strategy which will include a corporate social responsibility strategy encompassing all areas of the charity

Engage with others to learn and innovate

- Build on our learning from innovations driven by the pandemic to inform our future strategy

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

- Undertake a project with Deloitte that will seek to improve our use of Housing Data
- Work with Deloitte to develop an impact monitoring tool to better understand the impact that we have; using this data to make sure that we maximise our impact for customers, as well as informing decision making, investment decisions and how we engage with funders
- Develop and launch our digital strategy, understanding how we can take our digital support for customers further

Retain and develop a high quality workforce

- Undertake a Learning Options Appraisal, identifying the resources required to deliver the Trust's immediate and medium to long term learning requirements This will also incorporate an inclusive talent development programme and the development of a mentoring and coaching programme to support a robust succession plan and increased retention of key colleagues
- Embed a new Performance Management Framework, that enables us to reward strong performance and tackle under-performance
- Deliver and embed a Volunteering Strategy
- Retain our Disability Confident Leader status
- Achieve at least 'Silver' Standard in our Investors in People (IIP) assessment

Principal risks and uncertainties

Management of risk is an integral part of our planning and project management processes. The Papworth Trust has adopted a formal process for approval of new projects which identifies risks and controls. Combined with the budget process, which reviews risks and controls in existing processes, and business reviews to track both systemic and emerging risks, this generates a comprehensive review of risks facing the Trust. We maintain a risk register in which risks are documented and evaluated, so that major risks can be identified and the effectiveness of controls which mitigate these risks can be assessed. The system of internal control is designed to manage key risks and to provide reasonable assurance about the reliability of financial and operational information and the safeguarding of the Trust's assets and reputation. The Trustees have reviewed the internal controls in operation during the period, and are satisfied that there are no issues leading to any material uncertainty regarding these financial statements.

The Finance and Audit Committee and Trustees monitor and review our principal risks and the processes for managing them, together with the arrangements for

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

internal and external audits and preparation of financial statements. The Governance and Compliance Committee has oversight on regulatory compliance and quality standards for our service delivery, and monitors risks against these.

The critical risks and uncertainties have been identified as:

Key risk	Responses to the risk
<p>Government austerity measures and public sector finances</p> <p>Government austerity measures and local authority spending reviews have a greater impact on the financial sustainability of some services than planned</p>	<ul style="list-style-type: none"> • Active tracking and monitoring of national policy and local markets • Close engagement and partnering with commissioners of services • Careful scenario and sensitivity planning • Effective renegotiation of contracts
<p>Cost base increases unable to be supported</p> <p>The rate of cost increases due to national living wage and other employment related costs becomes unsustainable for the Trust</p>	<ul style="list-style-type: none"> • 'Open book' negotiations with commissioners • Service efficiencies, including technology deployment, used to maximise resource utilisation • Recruitment and retention of staff prioritised to minimise attrition
<p>Impact of Covid-19 pandemic</p> <p>The long-term impact of the covid-19 pandemic, in particular in relation to the way we are able to deliver our services, could have an impact on the financial sustainability of our operations</p>	<ul style="list-style-type: none"> • Actively engage with commissioning bodies to ensure alignment of service provision, with funding to support • Develop our community-based service delivery model within OWL (Day Services) • Continue to strengthen our remote working and technology supported ways of working across the Trust
<p>Ability to effectively structure the long-term financing plan</p> <p>Ability to generate sufficient cash flows to meet capital and re-financing obligations will be more challenging with reduction in volumes, and in generating value from asset sales</p>	<ul style="list-style-type: none"> • Deliver appropriate strategic asset disposals to support the plan • Increased visibility of long-term capital maintenance funding required following completion of stock condition surveys for our housing and commercial buildings • Secure and draw new lending facility • Complete scenario analysis and secure contingency financing arrangements

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Key risk	Responses to the risk
<p>Breach of regulations</p> <p>The Trust works with vulnerable people in a number of highly regulated environments. A breach of regulations could lead to significant reputational damage. Though the likelihood is low, the impact could be very high</p>	<ul style="list-style-type: none"> • Deployed a risk-based Quality Assurance Framework, with focus on highly regulated areas such as Care prioritised • The strengthening of a self-assessment model to create greater local accountability, as well as independent scrutiny • Effective reporting, safeguarding and whistle-blowing policies and procedures in place, as part of a structured policy register, with scheduled review points
<p>Future service provision not adapted sufficiently</p> <p>In a changing funding and commissioning landscape, operating models need to adapt so that service delivery remains effective for the price and service design that commissioners will support</p>	<ul style="list-style-type: none"> • Close monitoring and active dialogue with commissioners • Testing of future models of service delivery to meet changing customer needs, within the anticipated funding framework • Increase agility of provision by pursuing our Digital Roadmap and developing a more effective asset strategy, together with recruitment of suitably skilled staff to diversify our offering
<p>Defined Benefit pension liability increases significantly</p> <p>Actuarial assumptions made, and asset valuation volatility, gives rise to considerable uncertainty of future valuations and deficit contributions</p>	<ul style="list-style-type: none"> • Active use of accounting tool to track liability • Provision of reserves to seek to mitigate impact of any changes in valuation experienced • Completion of cash flow stress-testing analysis and liquidity contingency planning
<p>Value of investment portfolio significantly decreases</p> <p>Listed investment volatility, particularly in response to world economic events and global issues, such as the Covid-19 pandemic, may have an adverse impact on the general reserves held by the Trust</p>	<ul style="list-style-type: none"> • Funds placed in a suitably diversified portfolio, managed by qualified investment managers • Scrutiny by the Investment Committee, including active consideration of the mandate for geographic base, sterling weighting, investment type and Environmental, Social and Governance considerations

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Key risk	Responses to the risk
<p>Varrier-Jones Foundation donation not maintained.</p> <p>Loss of rental income for the Varrier-Jones Foundation (VJF), following the move of Papworth Hospital and attrition following Covid-19, coupled with an adverse impact on VJF's investment returns, reduces annual income expected and therefore funds available for distribution</p>	<ul style="list-style-type: none"> • Regular review of reserves and cash flow scenario analyses and mitigating actions • Seek to secure a longer-term agreement on the level of recurrent financing in order to provide stability, adjusting commitments accordingly • Seek to build alternative sources of unrestricted funding to maintain flexibility • Exploit new ways of working to explore cost savings that could be achieved through rationalisation of premises

The Trustees have closely considered the on-going impact that Brexit may have on the organisation and its customers, now that the UK has left the EU. We believe that there is a potential risk to ourselves and our customers if considerations are not made for disabled people as policy and legislation evolves. This will be closely monitored and challenges made where necessary through the appropriate disability network channels.

The Strategic Report was approved by the Board and signed on its behalf on 22 July 2021 by:



Brian Stewart OBE
 Chair of Trustees

Statement of the Board of Trustees' responsibilities in respect of the Board of Trustees' Annual Report and the financial statements

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and of the surplus or deficit for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PAPWORTH TRUST

Opinion

We have audited the financial statements of The Papworth Trust (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income and statement of changes in reserves, the balance sheet, the cashflow statement and notes to the financial statements, including 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 Trust's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

Conclusions relating to going concern

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

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

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

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 31 the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the company or to cease operations, or has 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inquiring of management whether the company is in compliance with these law and regulations.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and the Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Use of our report

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

RSM UK Audit LLP

Laragh Jeanroy (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB

~~29 July 2021~~

8 September 2021

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Statement of Comprehensive Income

	Note	2021 £000's	2020 £000's
Turnover	3	<u>13,383</u>	<u>12,647</u>
Operating costs	3	(11,320)	(11,368)
Operating surplus		<u>2,063</u>	<u>1,279</u>
Profit on disposal of tangible fixed assets	8	1	884
Exceptional income	9	67	263
Interest payable and similar charges	10	(491)	(613)
Gains/ (losses) on investments		1,826	(358)
Surplus for the year		<u>3,466</u>	<u>1,455</u>
Movement in defined benefit pension scheme	23	(3,170)	2,797
Total Comprehensive income		<u>296</u>	<u>4,252</u>

The accounts relate to continuing operations. The notes on pages 42 to 78 form part of these financial statements.

Statement of Changes in Reserves

	2021 £000's	2020 £000's
Balance at 1 April	22,836	18,584
Surplus for the year	3,466	1,455
(Increase)/ decrease in Defined Benefit Pension liability	(3,170)	2,797
Balance at 31 March	<u>23,132</u>	<u>22,836</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Balance Sheet	Notes	2021 £000's	2020 £000's
Fixed Assets			
Housing Properties	11	38,068	38,367
Other Fixed Assets	12	3,263	3,503
Investments	13	9,605	7,753
Endowment Fund Assets	14	417	399
Total fixed assets		<u>51,353</u>	<u>50,022</u>
Current Assets			
Assets held for disposal	15	137	277
Debtors - amounts falling due within one year	16	1,183	978
Cash and cash equivalents		2,195	1,665
		<u>3,515</u>	<u>2,920</u>
Creditors:			
Amounts falling due within one year	17	<u>(3,254)</u>	<u>(2,974)</u>
Net current assets/ (liabilities)		<u>261</u>	<u>(54)</u>
Total assets less current liabilities		<u>51,614</u>	<u>49,968</u>
Creditors:			
Amounts falling due after more than one year	18-19	(23,304)	(24,642)
Provisions for liabilities and charges			
Pension liabilities	23	(4,972)	(2,323)
Other Provisions	22	(206)	(167)
Net assets		<u>23,132</u>	<u>22,836</u>
Reserves			
Restricted Reserves		2,553	2,681
Endowment Funds Reserves		417	399
Unrestricted Reserves:			
Designated Reserves		14,426	13,531
General Reserves		<u>5,736</u>	<u>6,225</u>
Total Unrestricted reserves		<u>20,162</u>	<u>19,756</u>
Total Reserves	26	<u>23,132</u>	<u>22,836</u>

These Financial Statements were approved by the Board, and signed on the Board's behalf on 22 July 2021 by:



B Stewart
Trustee



M Anderson
Trustee

The notes on pages 42 to 78 form part of these financial statements.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Cash Flow Statement

	2021 £000's	2020 £000's
Cash flows from operating activities		
Operating surplus	2,063	1,279
<i>Adjustment for:</i>		
Remeasurement of pensions liability	30	45
Exceptional income	67	263
Cash surplus from sale of social housing	147	-
Receipt of social housing grant	-	15
Depreciation	1,452	1,458
Impairment charge	-	110
Amortisation of grants	(370)	(377)
(Increase)/ decrease in trade and other debtors	(205)	124
Increase/ (decrease) in trade and other creditors	249	(510)
Pensions deficit payments made	(594)	(566)
Net cash inflow	<u>2,839</u>	<u>1,841</u>
Interest paid	<u>(443)</u>	<u>(490)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	1	1,451
Acquisition of tangible fixed assets	(969)	(1,253)
Net cash inflow/ (outflow) from investing activities	<u>(968)</u>	<u>198</u>
Cash flows from financing activities		
Settlement of DWP loan	-	(507)
Repayment of borrowing	(898)	(856)
Net cash outflow from financing activities	<u>(898)</u>	<u>(1,363)</u>
Net Increase)/ (decrease) in cash	530	186
Cash and cash equivalents at 1 April	1,665	1,479
Cash and cash equivalents at 31 March	<u>2,195</u>	<u>1,665</u>

The notes on pages 42 to 78 form part of these financial statements.

Notes to the financial statements

1. Legal Status

The Trust is a registered charity and an incorporated Company limited by guarantee. The Trust is also registered with the Regulator of Social Housing. The principal objective of the Trust is to provide essential care and support to disabled people, which it does through providing essential services including social housing. The Trusts' Registered office is at 1 Saxongate, Bradbury Place, Huntingdon, PE29 3RR.

2. Accounting Policies

These financial statements are prepared in accordance with the Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102").

The financial statements are also prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

2.1 Basis of accounting

The financial statements are prepared on the historical cost basis except for the revaluation of investments to fair market value.

2.2 Going concern

The Board has assessed the Trust's financial performance and resources having regard to the 2021-22 budget and three year business plan. In addition, the Board has assessed the continued expected impact of the Covid-19 pandemic. As a consequence, the Board believes that the Trust is well positioned to manage business risks and expects to have adequate resources to operate for the foreseeable future. The Board therefore continues to adopt the going concern basis in the preparation of these financial statements.

2.3 Turnover

Turnover represents the income derived from the provision of the Trust's activities, comprising the sale of goods and services, property rental income net of voids, amortisation of Social Housing Grant, revenue grants, charitable gifts and dividend Income received.

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

Rental income is recognised from the point when it becomes due. Income for service delivery is recognised when services have been delivered. Income from grants are recognised when the conditions of the grant have been met. Income from investments is recognised when received.

2.4 Expenses

Cost of sales

Cost of sales represents the direct costs and overheads involved in providing social housing and other charitable activities.

Operating costs

Operating costs represent the support and premises costs that enable the Trust to provide social housing and other charitable activities.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Interest payable

Interest payable and similar charges are charged to the profit and loss account when incurred.

2.5 Tangible fixed assets – housing properties

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated differently to buildings.

2.6 Depreciation – housing properties

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. No depreciation is charged on housing properties or components under construction. The estimated useful lives are as follows:

Structure	50-80 years
Roof	50 years

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Electrical installation	40 years
Windows and doors	30 years
Heating (excluding boilers), plumbing and ventilation	30 years
Bathrooms	20 years
Boilers	15 years
Kitchens	15 years
Flooring	10 years

Depreciation methods, rates and residual values are reviewed if there is an indication of a significant change in the expectation of typical useful lives of asset groups.

2.7 Non-component works to existing properties

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream of the life of a property, is capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs and maintenance to housing properties is charged to the income and expenditure account in the period incurred.

2.8 Other fixed assets

Other tangible fixed assets include those with an individual value at cost in excess of £1,000.

Depreciation is charged to the profit and loss account on a straight-line basis over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings (non-housing)	50 years
Leasehold improvements	over the life of the lease
Motor vehicles	4-6 years
Plant, machinery and fixtures	3-15 years
Office equipment	5-10 years

2.9 Properties held for sale and work in progress

Assets under construction are held at cost within the relevant category of fixed assets and are not depreciated until the asset is in use.

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

Properties held for sale are recognised at the lower of depreciated cost and net realisable value. They are classified as current assets when the Trust deems disposal probable within the next twelve months. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

2.10 Basic financial instruments

Trade and other debtors, including tenant arrears; trade and other creditors

These are recognised initially at transaction value less attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.11 Impairment

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, the impairment is calculated as the difference between its' carrying amount and the best estimate of the amount that the Trust would receive for the asset if it were to

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss statement.

2.12 Social Housing Grant

Social Housing Grant ("SHG") is initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the income and expenditure as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, all associated SHG are transferred to either the recycled capital grant fund or the disposal proceeds fund until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

2.13 Investment assets

Investments are carried at mid-market value as at the balance sheet date. Movements in asset valuations are recorded in the statement of comprehensive income.

2.14 Retirement benefits

The Company participated in one defined benefit pension scheme, the Social Housing Pension Scheme (SHPS), although the Company closed the scheme to further accrual in the previous year. SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. Associated assets and liabilities are allocated to each employer for accounting purposes. The net defined benefit liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. A new valuation was due to be completed with an effective date of 30 September 2020, with the results unpublished at the point of signing these financial statements.

Gains/Losses

Gains or losses recognised in the profit and loss account are as follows:

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income are as follows

- Any actuarial gains and losses,
- The difference between the interest income on the plan assets and the actual return on the plan assets.

2.15 Termination benefits

Termination benefits are recognised as an expense when the Trust is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Trust has made an offer of voluntary redundancy, it is likely that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2.16 Provisions

A provision is recognised in the balance sheet when the Trust has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

2.17 Service charges

Service charge income and costs are recognised on an accrual basis. The Trust applies service charges where applicable to schemes, ordinarily on a fixed basis, in consultation with residents. The budgets are set annually, informed by past costs and future planned activity. Any balances remaining are held as creditors or debtors in the statement of financial position until such time as all costs are recognised. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents. Until these costs are incurred, this liability is held in the statement of financial position within creditors.

The Papworth Trust

Report and Accounts for the year ended 31 March 2021

2.18 VAT

The Company is partially exempt for Value Added Tax (VAT). The financial statements include VAT to the extent that it is suffered by the Trust and not recoverable from HM Revenue and Customs.

2.19 Taxation

As a registered charity, the Trust is exempt from UK corporation tax to the extent that incomes or other gains are applied exclusively for charitable purposes. Corporation tax on any income or gains that do not meet the criteria for exemption would be included on the income and expenditure report.

2.20 Reserves

Restricted reserves

Restricted reserves represent unspent funds received for specific purposes from external funders. Restricted funds are only expendable in relation to the purposes for which they were received.

Endowment funds

Endowment funds are held where funds held are part of either an expendable or permanent endowment fund. Endowment funds are only expendable in relation to the purposes for which they were received

Designated reserves

Designated reserves are reserves that have been identified for specific purposes by the Board.

General reserves

General reserves are held at a level appropriate for working capital and contingency, and are reviewed annually by the Board.

2.21 Accounting estimates and judgements

In producing these financial statements, the Trust has made estimates and judgements that it feels give a true and fair view. Accounting policies and judgements are assessed against current accounting standards, industry practice and market conditions, and reviewed annually for appropriateness.

Impairment

Housing stocks are assessed for impairment when an indicator of impairment is noted. Carrying values are considered to ensure that they are not greater than net present value, calculated using a discounted cash flow basis for housing

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

stock that is in use. Where housing properties are not in use the net realisable value is calculated with reference to the potential sales value of the property.

Bad Debt

Provisions are made for bad debts when there is deemed to be significant risk to recovery. For tenant arrears, bad debt provision is made in all instances for former tenants unless a clear recovery plan is in place. For existing tenants, consideration for provision will be made based on the ageing profile of the debt.

For other debtors, provision will be considered for transactions that are over three months overdue, with consideration being made for each debt based on the customer profile and the type of debt.

Defined benefit pension

Accounting estimates are made for the defined benefit pension scheme SHPS. Critical estimates are made by Management, following advice from the Trust's pension's advisors.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

3 Social Housing	2021	2021	2021	2020
	General	Supported	Total	Total
	Needs	Housing		
	£000's	£000's	£000's	£000's
Rent receivable (net of service charges)	913	2,603	3,516	3,441
Profit on disposal social housing assets	-	77	77	-
Service charges	-	964	964	946
Net rents receivable	<u>913</u>	<u>3,644</u>	<u>4,557</u>	<u>4,387</u>
Other income	-	-	-	2
Total income from lettings	<u>913</u>	<u>3,644</u>	<u>4,557</u>	<u>4,389</u>
Expenditure on letting activities				
Management	(255)	(707)	(962)	(950)
Services	(2)	(270)	(272)	(314)
Routine maintenance	(187)	(1,271)	(1,458)	(1,253)
Planned maintenance	(11)	(31)	(42)	(98)
Bad debts	(2)	(9)	(11)	(47)
Depreciation of housing properties	(165)	(1,057)	(1,222)	(1,130)
Impairment charges	-	-	-	(110)
Depreciation of other housing assets	(4)	(10)	(14)	(21)
Total expenditure on lettings	<u>(626)</u>	<u>(3,355)</u>	<u>(3,981)</u>	<u>(3,890)</u>
Operating surplus on lettings	<u>287</u>	<u>289</u>	<u>576</u>	<u>466</u>
Void Losses (included within the above)	(2)	(53)	(55)	(54)

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

3 Social housing and other activities continued

	Turnover	Cost of sales / delivery	2021 Operating Costs	Operating Surplus
	£000's	£000's	£000's	£000's
Social housing lettings				
General needs	913	(424)	(202)	287
Supported housing	3,644	(2,783)	(572)	289
	<u>4,557</u>	<u>(3,207)</u>	<u>(774)</u>	<u>576</u>
Other social housing activities				
Other housing activities	23	(105)	-	(82)
Amortised grant Income	370	-	-	370
	<u>393</u>	<u>(105)</u>	<u>-</u>	<u>288</u>
Non-social housing activities				
Work services	1,421	(1,463)	-	(42)
Care services	3,160	(3,345)	-	(185)
Opportunities Without Limits	1,286	(1,392)	-	(106)
Policy & Communications	-	-	(104)	(104)
Business Development	-	-	(189)	(189)
Varrier-Jones Foundation donation	1,720	-	-	1,720
Fundraising	413	(53)	-	360
Enabling Services (Management, Finance, IT, HR and Facilities)	149	-	(618)	(469)
Investment income	284	(40)	-	244
Re-measurement of defined benefit pension liability	-	-	(30)	(30)
	<u>8,433</u>	<u>(6,293)</u>	<u>(941)</u>	<u>1,199</u>
Total social housing and non-housing activity surplus	<u>13,383</u>	<u>(9,605)</u>	<u>(1,715)</u>	<u>2,063</u>
Gain on disposal of assets				1
Exceptional income				67
Interest payable				(491)
Gain on investments				1,826
Surplus for year				<u>3,466</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

3 Social housing and other activities *continued*

	Turnover	Cost of sales / delivery	2020 Operating Costs	Operating Surplus
	£000's	£000's	£000's	£000's
Social housing lettings				
General needs	895	(434)	(196)	265
Supported housing	3,492	(2,746)	(545)	201
	<u>4,387</u>	<u>(3,180)</u>	<u>(741)</u>	<u>466</u>
Other social housing activities				
Other housing income	78	(147)	-	(69)
Amortised grant income	377	-	-	377
	<u>455</u>	<u>(147)</u>	<u>-</u>	<u>308</u>
Non-social housing activities				
Work services	1,487	(1,585)	-	(98)
Care services	2,621	(2,871)	-	(250)
Opportunities Without Limits	1,411	(1,532)	-	(121)
Policy & Communications	-	-	(85)	(85)
Business Development	-	-	(212)	(212)
Fundraising	174	(50)	-	124
Varrier-Jones Foundation donation	1,685	-	-	1,685
Enabling Services (Management, Finance, IT, HR and Facilities)	163	-	(871)	(708)
Investment income	264	(49)	-	215
Re-measurement of defined benefit pension liability	-	-	(45)	(45)
	<u>7,805</u>	<u>(6,087)</u>	<u>(1,213)</u>	<u>505</u>
Total social housing and non-housing activity surplus/(deficit)	<u>12,647</u>	<u>(9,414)</u>	<u>(1,954)</u>	<u>1,279</u>
Gain on disposal of assets				884
Exceptional income				263
Interest payable				(613)
Loss on investments				(358)
Surplus for year				<u>1,455</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

4 Housing Stock

	General Needs Housing (units)	Supported Housing (units)	2021 Total (units)	2020 (units)
Number of units	173	490	663	663
Owned and managed	173	486	659	659
Managed on behalf of others	-	4	4	4
	173	490	663	663

5 Expenses and auditor's remuneration

	2021 £000's	2020 £000's
Included in the profit and loss account are the following:		
Depreciation on housing properties	1,153	1,130
Loss on replacement of component assets	56	-
Impairment of housing properties	-	110
Depreciation on other fixed assets	299	328
Profit on sale of other fixed assets	1	884
Costs of operating leases	86	88
Auditor's remuneration:		
Audit of these financial statements	26	24
	<u>26</u>	<u>24</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

6 Staff and employee costs

	2021	2020
	£000's	£000's
Staff costs		
Wages and salaries	5,871	5,141
Social security costs	487	410
Pension costs	202	235
	<u>6,560</u>	<u>5,786</u>

	2021	2020
	Number	Number
The average number of persons employed by the Trust (including directors) during the year was as follows:		
Average headcount	232	219
Average full-time equivalent employees	<u>204</u>	<u>187</u>

At 31 March 2021 outstanding pensions contributions were £31,000 (2020: £78,000).

Salary banding for all employees earning over £60,000 (including salaries, performance related pay and benefits in kind but excluding pension contributions paid by the employer and any termination costs paid).

	2021	2020
Bands		
£60,000- £70,000	1	-
£70,001-£80,000	-	-
£80,001-£90,000	1	1
£90,001- £100,000	1	1
£100,001-£110,000	-	-
£110,001- £120,000	1	1

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

7 Board members and Executive Directors

The Directors are defined as the Trustee members of the Board, the Chief Executive and the Executive Team. Trustee roles are unremunerated.

	2021 £000's	2020 £000's
Aggregate emoluments paid to Directors	301	291
Pension	30	31
	<u>331</u>	<u>322</u>
Total emoluments paid to the highest paid Director	<u>112</u>	<u>112</u>
Total number of paid Directors	4	3
Number of Directors in the defined benefit pension scheme	<u>-</u>	<u>-</u>

In February 2021 the Trust recruited a new Director of Human Resources to supplement its existing Executive team. Two months costs for this new post are included within the above. No members of the Executive team received a pay rise in 2020-21.

In addition to the above the highest paid director received pension contributions of £11,000 (2020: 11,000).

During the year no consideration was paid to Trustees for performing their roles (2020: Nil). In the year out of pocket expenses of totalling £Nil (2020: £2,989) were paid to members of the Board.

8 Profit on disposal of tangible fixed assets

	2021 £000's	2020 £000's
Proceeds from sale of assets	1	1,451
Cost of disposals	-	(567)
	<u>1</u>	<u>884</u>

The prior year includes the sale of the Trust's former Head Office in Papworth Everard, the sale of which was completed in March 2020.

In addition to the above one social housing unit was sold in the year for net proceeds of £210,000 generated a profit on disposal of £70,000. This surplus is displayed elsewhere in these financial statements.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

9 Exceptional income

	2021 £000's	2020 £000's
Coronavirus Job retention scheme	67	-
Sale of hospital pre-emption rights	-	263
	<u>67</u>	<u>263</u>

Exceptional income received in 2021 relates to claims made in relation to staff placed on Furlough, who could not reasonably perform their duties during the Covid 19 pandemic.

In 2020 exceptional income was received in the prior year in exchange for the Trust releasing certain pre-emption rights over property in the village of Papworth Everard occupied by Papworth Hospital.

10 Interest payable and similar charges

	2021 £000's	2020 £000's
Interest payable on financial liabilities	443	490
Interest payable on the unwinding of the net pension deficit liability	48	123
	<u>491</u>	<u>613</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

11 Housing properties	General Needs	Supporting living	Capital work in progress	Total
	£000's	£000's	£000's	£000's
Cost				
Balance at 1 April 2020	6,610	49,914	108	56,632
Acquisitions	452	423	35	910
Allocation of work in progress	54	54	(108)	-
Disposals	(89)	(84)	-	(173)
Balance at 31 March 2021	<u>7,027</u>	<u>50,307</u>	<u>35</u>	<u>57,369</u>
Depreciation				
Balance at 1 April 2020	3,005	15,260	-	18,265
Depreciation charge for year	198	955	-	1,153
Disposals	(52)	(65)	-	(117)
Balance at 31 March 2021	<u>3,151</u>	<u>16,150</u>	<u>-</u>	<u>19,301</u>
Net book value				
At 31 March 2021	<u>3,876</u>	<u>34,157</u>	<u>35</u>	<u>38,068</u>
At 31 March 2020	<u>3,605</u>	<u>34,654</u>	<u>108</u>	<u>38,367</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

12 Other fixed assets	Land & Buildings £000's	Motor Vehicles £000's	IT Assets £000's	Other Fixed Assets £000's	Total £000's
Cost					
Balance at 1 April 2020	5,735	271	302	286	6,594
Acquisitions	28	11	20	-	59
Disposals	-	(15)	-	-	(15)
Balance at 31 March 2021	<u>5,763</u>	<u>267</u>	<u>322</u>	<u>286</u>	<u>6,638</u>
Depreciation					
Balance at 1 April 2020	2,501	151	208	231	4,637
Depreciation charge for year	199	30	55	15	299
Disposals	-	(15)	-	-	(15)
Balance at 31 March 2021	<u>2,700</u>	<u>166</u>	<u>263</u>	<u>246</u>	<u>3,375</u>
Net book value					
At 31 March 2021	<u>3,063</u>	<u>101</u>	<u>59</u>	<u>40</u>	<u>3,263</u>
At 31 March 2020	<u>3,234</u>	<u>120</u>	<u>94</u>	<u>55</u>	<u>3,503</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

13 Investments

Market Value

	2021 £000's	2020 £000's
At 1 April	7,753	8,111
Additions	3,097	2,036
Disposals	(2,679)	(2,003)
Realised gains	256	113
Unrealised & other movements	1,178	(504)
Market Value at 31 March	9,605	7,753

Historical cost of assets

	2021 £000's	2020 £000's
Historical cost of assets	8,024	7,596
Unrealised gains	1,581	157
Market Value at 31 March	9,605	7,753

Held as follows:

	2021 £000's	2020 £000's
Cash & cash equivalents	56	234
Fixed Income	1,234	1,183
UK Equities	2,041	1,377
Global Equities	5,256	3,793
Alternative Investments	1,018	1,166
Market Value at 31 March	9,605	7,753

14 Endowment Fund Assets

	2021 £000's	2020 £000's
Cash	159	156
Investments	101	83
Property	157	160
	417	399

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

15 Properties Held for Disposal

	2021 £000's	2020 £000's
Housing property	-	140
Commercial property	137	137
	<u>137</u>	<u>277</u>

At the Balance Sheet date the Trust held no housing properties for sale (2020: One). One of the Trust's commercial premises is being actively marketed for sale in Ipswich, following its closure as an operational facility in 2019. There are also a number of surplus assets, with little or no carrying value, within the village of Papworth Everard for which disposal is being sought.

16 Debtors

	2021 £000's	2020 £000's
Trade debtors	314	467
Prepayments and accrued income	627	321
Tenant arrears	87	108
Other debtors	155	82
	<u>1,183</u>	<u>978</u>

Tenant Arrears:

	2021 £'000	2020 £'000
Current tenant arrears	87	106
- less provision for bad and doubtful debts	-	-
Former tenant arrears	63	87
- less provision for bad and doubtful debts	(63)	(85)
	<u>87</u>	<u>108</u>

Former tenant arrears relate to individuals who no longer occupy premises owned by the Trust.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

17 Creditors: amounts falling due within one year

	2021 £000's	2020 £000's
Loans (note 20)	938	898
Trade creditors	216	271
Other taxation and social security	191	125
Other creditors	415	316
Rents received in advance	209	200
Accruals and deferred income	883	762
Recycled capital grants fund	402	402
	<u>3,254</u>	<u>2,974</u>

18 Creditors: amounts falling due after more than one year

	2021 £000's	2020 £000's
Loans (note 19)	12,614	13,552
Deferred grant income	10,690	11,090
	<u>23,304</u>	<u>24,642</u>

Deferred grant income

	2021 £000's	2020 £000's
Recycled capital grants fund	402	402
Social Housing Grants	10,655	11,025
Other grants	35	35
Other	-	30
	<u>11,092</u>	<u>11,492</u>
Amounts falling due within one year	402	432
Amounts falling due after more than one year	<u>10,690</u>	<u>11,060</u>
	<u>11,092</u>	<u>11,492</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

19 Social Housing Grants

Housing Grants due after one year

	2021 £000's	2020 £000's
Cost		
Cost at 1 April	19,434	19,419
Additions/ disposals in year	-	15
Cost at 31 March	<u>19,434</u>	<u>19,434</u>
Amortisation		
Amortisation at 1 April	8,374	8,003
Amortisation income in year	370	371
Amortisation at 31 March	<u>8,744</u>	<u>8,374</u>
Deferred Grant income	<u>10,690</u>	<u>11,060</u>

Recycled Capital Grant Fund

	2021 £000's	2020 £000's
At 1 April	402	401
Utilised in the year	-	-
Interest Credited to the fund	-	1
At 31 March	<u>402</u>	<u>402</u>
Due within one year	402	402
Due after more than one year	-	-
	<u>402</u>	<u>402</u>

Of the above balance £402,000 (2020: £402,000) relates to grants that were recycled over three years previously from the date of these financial statements.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

20 Loans and borrowings

All loans and borrowings are measured at amortised cost.

Secured bank loans are secured by way of a first fixed charge over specified housing properties and include an asset cover test based on the ratio of the value of properties secured to the carrying value of the loan. Secured bank loans include interest cover and gearing covenants each of which is tested annually against relevant disclosures within the profit and loss and balance sheet of the financial statements.

	2021 £000's	2020 £000's
Secured bank loans		
Due within one year	938	898
Due between one and two years	990	948
Due between two and five years	3,244	3,102
Due in greater than five years	8,380	9,502
	<u>13,552</u>	<u>14,450</u>

Outstanding Loans by Lender

	2021 £000's	2020 £000's
Orchard Brook	464	480
Lloyds	2,871	2,980
Royal Bank of Scotland	5,663	6,178
Barclays	4,554	4,812
	<u>13,552</u>	<u>14,450</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

20 Loans and borrowings continued

A loan from Orchard Brook Limited of £464,000 is repayable by 2034 at a fixed rate of interest of 11.47% secured by specific charges on various Papworth Trust housing properties and repayable in bi-annual instalments.

A loan from Lloyds Bank plc of £2.87 million is secured by way of fixed charges over certain properties owned by Papworth Trust. Outstanding balances are as follows:

Interest rate	End of fixed rate period	£000's
Fixed 3.91%	December 2039	1,987
Fixed 2.68%	December 2039	884

The Royal Bank of Scotland plc loan is part of an original £10 million facility secured by way of fixed charges on certain properties owned by Papworth Trust. Total outstanding loans of £5.7m are held as of 31 March 2021 and details are as follows:

Interest rate	End of fixed rate period	£000's
Fixed 5.66%	September 2021	465
Fixed 7.09%	September 2024	428
Fixed 6.97%	November 2024	160
Fixed 4.57%	July 2026	400
Fixed 4.74%	February 2027	1,000
Fixed 3.61%	March 2027	900
Variable 0.53%		2,310

The Barclays Bank plc loan is part of a £5 million facility and is secured by way of fixed charges over certain properties owned by Papworth Trust. Capital redemptions of £250,000 are due annually in July for a period of twenty years beginning July 2019. Details are as follows:

Interest rate	End of fixed rate period	£000
Fixed 3.43%	July 2038	1,800
Variable 0.29%		2,000
Variable 0.28%		700

In addition to the above a commercial mortgage of £54,000 (2020: £62,000) is held over one of the Trusts' commercial buildings in Lowestoft which is repaid in monthly instalments and will be fully redeemed by October 2026.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

21 Analysis of Net Debt

	2021 £000's	2020 £000's
Net debt at 1 April	12,785	13,827
Cash flows in period	(530)	1,898
Repayment of borrowing	(898)	(856)
Balance at 31 March	<u>11,357</u>	<u>12,785</u>
Net debt made up as follows:		
Loans due in less than one year	938	898
Loans due in more than one year	12,614	13,552
Cash held	(2,195)	(1,665)
Net debt held	<u>11,357</u>	<u>12,785</u>

22 Other Provisions

	2021 £000's	2020 £000's
Balance at 1 April	167	143
Provisions made during the year	39	57
Provisions used during the year	-	(33)
Balance at 31 March	<u>206</u>	<u>167</u>

Provisions held relate to expected future dilapidations works required on two leasehold properties upon termination of the lease. One of these leases expired in March 2020 and is currently rolling whilst a strategic review is under taken as to the future use of these premises by the Trust. The other lease is due for expiry in 2023.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

23 Employee Benefits

The company participates in the SHPS scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	31 March 2021 £000's	31 March 2020 £000's
Fair value of plan assets	18,226	16,048
Present value of defined benefit obligation	(23,198)	(18,371)
Defined benefit (liability) to be recognised	<u>(4,972)</u>	<u>(2,323)</u>

Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation

	31 March 2021 £000's	31 March 2020 £000's
Defined benefit obligation at 1 April	18,371	20,899
Current service cost	-	45
Expenses	25	23
Interest expense	427	487
Member contributions	-	14
Actuarial losses / (gains) due to scheme experience	(131)	81
Actuarial losses / (gains) due to changes in demographic assumptions	84	(183)
Actuarial (gains) / losses due to changes in financial assumptions	4,797	(2,646)
Benefits and expenses paid	(375)	(349)
Defined benefit obligation at 31 March	<u>23,198</u>	<u>18,371</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

23 Employee Benefits continued

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	31 March 2021 £000's	31 March 2020 £000's
Fair value of plan assets at 1 April	16,048	15,404
Interest income	379	364
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,580	49
Contributions by employer	594	566
Contributions by plan participants	-	14
Benefits paid and expenses	(375)	(349)
Fair value of plan assets at 31 March	18,226	16,048

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,959,000 (2020: £413,000).

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	31 March 2021 £000's	31 March 2020 £000's
Current service cost	-	45
Expenses	25	23
Net interest expense	48	123
Defined benefit costs to be recognised	73	191

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

23 Employee Benefits continued

Defined Benefit Costs Recognised in the Statement of Changes in Reserves

	31 March 2021 £000's	31 March 2020 £000's
Experience on plan assets (excluding amounts included in net interest cost)	1,580	49
Experience gains and losses arising on the plan liabilities	131	(81)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(84)	183
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	(4,797)	2,646
	<u>(3,170)</u>	<u>2,797</u>

Plan Assets

	31 March 2021 £000's	31 March 2020 £000's
Global equity	2,905	2,347
Absolute return	1,006	837
Distressed opportunities	526	309
Credit relative value	573	440
Alternative risk premia	686	1,122
Fund of hedge funds	2	9
Emerging markets debt	736	486
Risk sharing	663	542
Insurance-linked securities	438	493
Property	379	354
Infrastructure	1,215	1,194
Private debt	435	323
Opportunistic Illiquid Credit	463	388
High Yield	546	-
Opportunistic Credit	500	-
Corporate Bond Fund	1,077	915
Liquid credit	218	7
Long lease property	357	278
Secured income	758	609
Liability driven investment	4,632	5,326
Current assets	111	69
	<u>18,226</u>	<u>16,048</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

23 Employee Benefits continued

Key Assumptions

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount rate	2.2	2.35
Inflation (RPI)	3.25	2.56
Inflation (CPI)	2.87	1.56
Salary Growth	2.87	2.0
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March based on life expectancy at 65 years are as follows:

	31 March 2021	31 March 2020
	Life expectancy (years)	Life expectancy (years)
Male retiring in 2020	21.6	21.5
Female retiring in 2020	23.5	23.3
Male retiring in 2040	22.9	22.9
Female retiring in 2040	25.1	24.5

24 Operating Leases

	2021	2020
	£000's	£000's
Future minimum lease payments due are as follows:		
Less than one year	82	56
Between one and five years	88	64
	<u>170</u>	<u>120</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

25 Contingent Liabilities

The Trust receives grants and loans from Homes England and other bodies. Under the terms of these grants/ loans amounts may be repayable if the properties are disposed of or cease to be used for the purpose specified. The Trust therefore has a contingent liability for amounts in relation to grants which have been recognised in the profit and loss through amortisation, plus any calculation of interest accrued on these amounts, which could become repayable if the property is disposed of or its use changes. Details of these grants are included within note 18 of these financial statements.

Housing grants may be recycled in which case the obligation is transferred to the recycled capital grant fund and held on the balance sheet as a current liability.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

26 Reserves

Movement in funds

	At 31 March 2020	Income	Expenditure	Investment	Other	At 31 March 2021
<u>General Reserves:</u>	6,225	12,562	(9,473)	1,808	(5,386)	5,736
<u>Designated funds:</u>						
Fixed asset Fund	13,531	-	(1,349)	-	2,244	14,426
<u>Restricted Funds:</u>						
Capital fund	2,492	5	(166)	-	-	2,331
Building Better Opportunities	-	732	(732)	-	-	-
Leicester ageing together	28	-	-	-	(28)	-
Other Housing funds	32	-	-	-	-	32
First Steps to success	57	37	(19)	-	-	75
Covid recovery funds	-	57	(53)	-	-	4
Garden Studios	-	46	-	-	-	46
Other funds	72	8	(15)	-	-	65
Endowment Funds	399	3	(3)	18	-	417
	<u>22,836</u>	<u>13,450</u>	<u>(11,810)</u>	<u>1,826</u>	<u>(3,170)</u>	<u>23,132</u>

Designated Funds:

The fixed asset fund relates to the net value the Trust holds in fixed assets including associated liabilities such as secured loans and Housing Grants less any properties funded through restricted funding streams.

Income into the fund relates to amortisation of social housing grants. Expenditure relates to the annual depreciation charge made against unrestricted fixed assets. Transfers into the fixed asset fund related to capital investments made in fixed assets, payments made to reduce associated liabilities and other fixed asset movements.

26 Reserves continued

Restricted Funds

The capital fund relates to assets purchased using restricted funding and includes cash raised as part of capital appeals. Depreciation is expensed against those grants as they are utilised.

The Building Better Opportunities Fund relates to income received from the Big Lottery Fund and the European Social Fund to tackle poverty and social inclusion through improving access to work for disabled people. Funds received in advance for this project are deferred until they are utilised.

The Leicester Ageing Together fund relates to a project funded by the Big Lottery Fund to provide access to Warm Homes for people in Leicestershire who suffer from fuel poverty. This fund was closed in the year following advice from the funder that the programme and its reporting was fully completed.

Other Housing Funds represent restricted funds for various Housing Projects. These funds relate to previous local authority funding agreements for specific housing programmes.

The First Steps Project is being run throughout our three key regions and aims to utilise community fundraising to provide an employment advisor in all three counties. To date funds have been raised for this project in Suffolk and Cambridgeshire.

The Covid recovery appeal relates to funding received specifically to support our services due to disruption from the pandemic. These funds have supported additional staffing to reach those customers isolating in their own homes as well as provide essential equipment to customers and our staff, including tablet computers for a number of our service users.

The garden studios fund represents funding received in support of our objective to develop garden studios at three of our centres to support customer-based activities.

Other funds represent all other restricted funds for non-housing related projects, including the Trust's Day Centres.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

26 Reserves continued

Analysis of Net Assets between Funds

	General Reserves	Designated Reserves	Restricted Reserves	Endowment fund	Total Reserves
Fixed Assets	9,605	39,068	2,263	417	51,353
Current Assets	3,225	-	290	-	3,515
Liabilities due within 1 year	(1,916)	(1,338)	-	-	(3,254)
Liabilities due after one year	(4,972)	(23,304)	-	-	(28,276)
Provisions for liabilities	(206)	-	-	-	(206)
Total	5,736	14,426	2,553	417	23,132

27 Related parties

During the year the Trust purchased services in the normal course of business from The Varrier-Jones Foundation, a charity whose objectives are to support the work of The Papworth Trust.

In the year ended 31 March 2021 services were purchased totalling £23,624 (2020: £5,870), these services were for the lease of two premises owned by the Varrier-Jones Foundation. The Trust made sales to The Varrier-Jones Foundation of £51,600 (2020: £51,600) for the provision of business support functions for the Foundation.

At 31 March 2021 the amount due from The Varrier-Jones Foundation was £nil (2020: £9,600). The amount due to The Varrier-Jones Foundation was £4,363 (2020: £2,700)

The Varrier-Jones Foundation provides funding to the Trust. During the year, donations of £1,720,000 were received (2020: £1,685,000).

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

28 Value for Money Metrics

28.1 Reinvestment

	2021	2020
	£000's	£000's
Reinvestment in housing stock is as follows		
Acquisition & development of housing properties	-	19
Capital works to existing properties	910	631
Total reinvestment	<u>910</u>	<u>650</u>
Historical cost of Housing Properties	<u>57,369</u>	<u>56,632</u>
Percentage of reinvestment	<u>1.6%</u>	<u>1.1%</u>

28.2 New Supply delivered

	2021	2020
New supply delivered is as follows:		
New general needs units	-	-
New supported living units	1	4
Total new units	<u>1</u>	<u>4</u>
Total Units owned	<u>659</u>	<u>659</u>
Percentage of new supply	<u>0.2%</u>	<u>0.5%</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

28 Value for Money Metrics continued

28.3 Gearing

	2021	2020
	£000's	£000's
Gearing is made up as follows:		
Loans due in less than one year	938	898
Loans due in more than one year	12,614	13,552
Cash held	(2,195)	(1,665)
Net debt held	<u>11,357</u>	<u>12,785</u>
Historical cost of Housing Properties	<u>57,369</u>	<u>56,632</u>
Gearing	<u>19.8%</u>	<u>22.6%</u>

28.4 Interest cover

	2021	2020
	£000's	£000's
EBITDA MRI is made up as follows:		
Operating Surplus for Social Housing Activities	576	576
Add back depreciation for Housing Units	1,153	1,130
Less Amortisation of government grants	(370)	(377)
	<u>1,359</u>	<u>1,329</u>
Interest payable	<u>443</u>	<u>490</u>
EBITDA MRI	<u>307%</u>	<u>271%</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

28 Value for Money Metrics continued

28.5 Social Housing costs per unit

	2021	2020
	£000's	£000's
Per unit housing costs is made up as follows:		
Management costs	950	972
Maintenance costs	787	714
Service charge costs	1,022	963
Depreciation	1,222	1,130
	<u>3,981</u>	<u>3,779</u>
Total number of units	<u>662</u>	<u>663</u>
Total cost per unit	<u>6.0</u>	<u>5.7</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

28 Value for Money Metrics continued

28.6 Operating margin

	2021	2020
	£000's	£000's
Operating margin is made up as follows		
Operating surplus from general needs	287	265
Operating surplus from supporting living	289	311
Total Operating Surplus	<u>576</u>	<u>576</u>
Revenue from general needs	913	895
Revenue from supported living	3,644	3,492
Total revenue	<u>4,557</u>	<u>4,387</u>
Operating margin from general needs	31.4%	29.6%
Operating margin from supported living	7.9%	8.9%
Total operating margin	<u>12.6%</u>	<u>13.1%</u>

Exceptional items, including impairment charges are excluded from the above operating margin ratios.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

28 Value for Money Metrics continued

28.8 Return on Capital Employed (ROCE)

	2021	2020
	£000's	£000's
ROCE is made up as follows		
Operating Surplus for Social Housing Activities	576	576
Loss on disposal of fixed assets	-	(15)
Adjusted operating surplus	<u>576</u>	<u>561</u>
Net book value of housing properties	38,068	38,477
Current assets	3,516	2,941
Current liabilities	(3,254)	(2,576)
Total assets less current liabilities	<u>38,330</u>	<u>38,842</u>
ROCE	<u>1.5%</u>	<u>1.4%</u>

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Honorary personnel, Trustees and senior managers

PATRON

Her Royal Highness the Duchess of Gloucester, GCVO

VICE-PRESIDENTS

Mr A Bridgewater
Lady S Marshall
Mrs J Womack

Mr A Dasgupta MBE
Mrs J P B G Pearson
Mr G R W Wright DL

Sir Hugh Duberly CBE LL
Mrs M E Thomas CBE DL
Mr R Hammond

CHAIR OF TRUSTEES

Brian Stewart OBE

VICE-CHAIR OF TRUSTEES

Patrick Hughes
Debbie Sorkin – Retired May 2020

HON. TREASURER

Mike Anderson – Appointed May 2020
Richard Norton – Retired May 2020

OTHER TRUSTEES

Peter Agar – Retired May 2020
David Atkinson
Jane Carmichael - Appointed May 2020
Wes Cuell
Isabel Noronha-DiVanna – Appointed May 2020
Andy Hirst
Elizabeth Jessop – Appointed May 2020
Vanessa Stanislas
Andrew Williams - Appointed May 2020

EXECUTIVE TEAM

Sarah Miller	Chief Executive Officer
Mark Blake	Director of Finance and IT
Helena Harris	Director of Operations and Development
Sarah Harvey	Director of Human Resources

The Papworth Trust is a company limited by members' guarantee of £1.00 each.
The Trustees are the members of The Papworth Trust.

The register of members is maintained at the registered office.

The Papworth Trust
Report and Accounts for the year ended 31 March 2021

Principal Advisers and general Trust information

COMPANY SECRETARY

Mr M Blake

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Lloyds Bank PLC
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PENSION MANAGERS/PROVIDERS

The Defined Benefit Scheme

The Pensions Trust
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