

Mental Health Matters Report and Financial Statements For the Year Ended 31 March 2021



Charity Registration No. 514829
Company Registration No. 1786914 (England and Wales)

MENTAL HEALTH MATTERS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	S Moorey D Corner S Baines M Booth K Evans J Horsman G Jenkins J Lanham P Rolland
Charity number	514829
Company number	01786914
Registered office	Avalon House St Catherine's Court Sunderland Tyne and Wear SR5 3XJ
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne United Kingdom NE1 4AD
Bankers	Barclays Bank plc 53 Fawcett Street Sunderland Tyne & Wear SR1 1RS

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TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees of Mental Health Matters (MHM) present our annual report, together with the financial statements of the charity, for the year ended 31 March 2021.

Chair's report

I am proud to write this introduction to MHM's annual accounts and Trustees' Report which covers a year we could not have imagined and which has tested the organisation, its personnel and operating procedures.

The pandemic has required MHM to be flexible and innovative in the delivery of its services. Operating with the interests of those who access its services at heart MHM moved swiftly to ensure services continued to be offered to those in need.

Notwithstanding the pandemic the Charity has moved forward strongly with new contracts being won, including in new geographical areas such as South Sefton and Southport and Formby.

Substantial credit must go to the staff team for their flexibility and dedication to the best interests of their clients. They demonstrate in their day to day work the focus on individuals which is central to MHM's ethos.

The Executive team has excelled this year under the leadership of the Chief Executive, Jane Hughes. The speed with which they were able to introduce remote and home working to ensure the continuation of service delivery was exemplary. In addition they have continued to drive MHM forward, restructuring the management team, introducing new services and commencing an overhaul of IT which will form a solid foundation for future development.

This has also been an excellent year in financial terms, with a surplus of over £270,000 and unrestricted reserves at the year end of almost £3.3 million which will provide security for the Charity going forward and the opportunity to invest in new projects and services.

The year also saw the start of a very successful trustee recruitment campaign which has resulted in the appointment of 6 new Trustees with a variety of experience and expertise who will strengthen the Charity and provide the oversight, advice and direction needed to ensure its continued growth and expansion in the future.

A number of Trustees are due to leave in 2021/22 and I want to thank each of them for their time and dedication to MHM. Without exception they have helped to drive forward the Charity and shape it for the future, always with the interests of its clients at the heart of their considerations.

This is my final Chair's report as I will also be stepping down from the Board in September 2021. I have been privileged to be a Trustee for 7 years and Chair for 4. That has been a time of change and growth and I am certain MHM will continue to go from strength to strength. There is no doubt the need for MHM's services will continue to grow in the future and I believe it is well placed to meet that need, building on its expertise in a wide range of areas. I am confident the focus on the individual will remain at the core of everything MHM does and I wish it, its leadership and staff and all those who access its services the very best for the future.

Mr B Howorth
Chair

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The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

Objectives and activities

Public Benefit

Mental Health Matters (MHM) exists for the benefit of the public through the provision of its services to any member of the public who has a mental or physical health need that impacts on their wellbeing. All of the services provided by MHM are within the aims and objectives as set out in the Articles of Association.

Throughout the Achievements and Performance section of this report (pages 7 - 10), we have identified and evaluated the benefits that individuals gain from accessing our services and maximising independence through self-directed support. This is particularly reflected in our psychological therapy services and community based services focusing on positive outcomes for individuals.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

As an organisation we also provide a range of accessible literature, online resources and training courses to educate, inform and guide people with mental and physical health needs, their carers and networks, and the wider community.

Objectives

The primary object of the charity is to act for the benefit of the public, to promote the wellbeing of persons who are experiencing mental or physical health problems or illnesses, however those problems or illnesses have arisen, and their families and carers, both in the UK and overseas.

The vision of MHM is that everyone should receive the personalised services and support they need. To make this vision a reality, our mission is to help people achieve good mental health and physical wellbeing and live life to the full.

MHM believes that individuals gain strength and influence by sharing experience and knowledge, and seeks to provide networks to promote this.

MHM achieves its objectives by:

- empowering our service users to achieve their goals and aspirations through excellent services delivered in partnership with them;
- maintaining a financially healthy and high performing organisation;
- instilling pride and commitment whilst bringing out the best in our employees;
- growing our impact through healthy and collaborative networks and partnerships; and
- maintaining strong leadership and effective governance.

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Objectives and activities (continued)

Objectives (continued)

Our values are at the core of everything we do:

- We work for social inclusion;
- We believe in the possibility of recovery even within lifelong mental illness;
- We support health equality across the whole community;
- We are positively engaged in influencing policy decisions relating to mental health issues at national and local levels;
- We believe that individuals gain strength and influence by sharing experience and knowledge;
- We will challenge any stigma and promote positive attitudes to mental health;
- We support people's right to choice, self-determination, adult responsibility and release from stigma; and
- We are a thoughtful and caring employer and service provider, embracing change.

Structure, governance and management

Governance and trustees

MHM is a charitable company limited by guarantee (registration number 01786914), incorporated in 1984 and governed by its Articles of Association, most recently amended in 2014. MHM is registered as a charity in England and Wales (registration number 514829).

The Board of Trustees has ultimate responsibility for the strategic direction of MHM. The trustees, who are also the directors for the purpose of company law, and who served during the year were:

B Howorth (Chair)	(Resigned 28 September 2021)
S Moorey	
D Corner	
A Britton	(Resigned 28 September 2021)
N Hankinson	(Resigned 22 June 2021)
D Brown	(Resigned 28 September 2021)
S Baines	(Appointed as Chair 28 September 2021)
M Booth	(Appointed 22 June 2021)
K Evans	(Appointed 22 June 2021)
J Horseman	(Appointed 22 June 2021)
G Jenkins	(Appointed 22 June 2021)
J Lanham	(Appointed 22 June 2021)
P Rolland	(Appointed 22 June 2021)

At 31 March 2021 MHM had 7 serving trustees, at the date of signing the report MHM had 12 trustees.

Organisation

The Board of Trustees meets quarterly during the year in order to ensure that MHM achieves its charitable objectives. The board's role includes strategic oversight, and monitoring of quality and effectiveness of governance arrangements, operational performance and financial performance. Business plans, budgets, the schedule of delegation, and terms of reference for the one standing sub-committee (audit) and the Executive Team are reviewed and agreed annually, and monitored by the Board of Trustees.

The Audit Committee also meets quarterly and seeks assurance over the organisation's financial and governance systems, including the annual financial auditing process. The findings from the organisation's annual cycle of internal quality and assurance systems auditing are reported to this committee.

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Structure, governance and management (continued)

Organisation (continued)

A Chief Executive Officer is appointed by the trustees to manage the day-to-day operations of the charity. The Board of Trustees has systems in place for the delegation of authority to the Chief Executive Officer and the Executive Team.

Where face-to-face meetings were not possible during 2020/21, all scheduled meetings continued using online platforms.

Trustee induction and training

MHM's Board of Trustees is made up of individuals with the skills, competences and experience required to govern the organisation. The trustees keep these requirements under review in order to ensure that the organisation is effectively governed. Recruitment to the charity's Board of Trustees complies with the process detailed in its Articles of Association.

Each year the Board of Trustees, Chief Executive Officer and Executive Team meet with their charitable and company law legal advisor. The purpose of the meeting is to refresh their knowledge of the respective duties of trustees and employees, and also to update them on any key amendments in charity law and Charity Commission expectations, with a view to potential impact on the charity's governing framework.

The trustees have access to a trustee-only section of the MHM intranet and to a range of e-learning, including modules that are mandatory for trustees, covering a range of relevant content including organisation induction, mental health awareness, safeguarding, information governance, and health & safety.

Related parties and co-operation with other organisations

None of the trustees receives remuneration or other benefit from their work with the charity.

During the first five months of 2020/21 the charity worked in a joint arrangement with Sunderland Counselling Service and Efficacy Limited to provide mental health services to Northumberland Clinical Commissioning Group. Subsequently, MHM has continued as the principal contractor, with Sunderland Counselling Service as sub-contractor.

MHM also continued to work with many NHS and third sector organisations, and entered into contracts with several new commissioners. Our commissioners are listed on page 11.

MHM has a wholly owned trading company, Moorpark Limited. This subsidiary ceased its trading activities in June 2013, and is currently dormant.

Fundraising

During the year MHM has not undertaken proactive fundraising activities, and has not engaged a professional fundraiser or commercial participator to assist with such activities. Therefore, neither the charity nor any person acting on its behalf was subject to an undertaking to be bound by any voluntary scheme for regulating fundraising, or any voluntary standard of fundraising in respect of activities on behalf of MHM. Donations received during the year totalled £23,009 and were initiated by the donors rather than the charity.

MHM does intend to undertake proactive fundraising activities from 2021/22 and will comply with best practice and appropriate guidance in this area from the outset.

Pay policy for key management personnel

The trustees consider that key management is comprised of the Chief Executive Officer and Executive Team who are in charge of directing and controlling, running and operating the charity on a day-to-day basis.

The pay of the Executive Team is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the trustees benchmark against pay levels in other organisations of a similar size run on a voluntary basis. The ratio of the Chief Executive Officer's rate of pay to the average rate of pay for all employees in March 2021 was 3.3:1 (2020: 3.4:1).

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Structure, governance and management (continued)

Gender pay gap

For MHM at April 2020 the mean gender pay gap was -1% (April 2019: -4%) and the median gender pay gap was 6% (April 2019: 9%). Policies and procedures ensure that employees in directly comparable roles are paid at the same rate. The mean gap is attributable to the fact that the management team at the time was predominantly female, and the median gap is attributable to the fact that male employees are more likely to be in higher paid roles than female employees at present. MHM is committed to providing equal opportunities in recruitment and in learning and development to male and female employees and prospective employees. MHM remains alert to barriers that might affect the balance of male and female employees in each type of role, and is committed to addressing those barriers if it has the power to do so.

Equality

MHM incorporates equal opportunities throughout its policies. These policies ensure that, in accordance with both current legislation and best practice, no service user, person employed or job applicant will be treated unfavourably by reason of their 'protected characteristic' as set out in the Equality Act 2010.

Disabled employees

MHM's policy in relation to recruitment of disabled persons is to guarantee to interview anyone with a disability whose application for a post meets the minimum criteria for the post, and to always put in place any reasonable adjustments to ensure that applicants are treated fairly and safely within both the recruitment process and the working environment. Where employees become disabled during their employment, MHM will engage in consultation with them to determine whether any reasonable adjustments can be made and/or to consider any alternative roles available. This approach has been applied consistently throughout 2020/21.

Employee engagement

As an accredited Investor in People, MHM believes in recognising people's skills and knowledge, and in developing its employees through learning and development. All employees have an agreed personal development plan to ensure that their learning and development is appropriate to both their role and their personal circumstances.

MHM uses its staff intranet to be the source of all information regarding policy, procedure, news and other matters of concern to employees.

Staff are consulted by their managers on matters directly affecting their employment, and are consulted on an annual basis through an employee survey that enables them to give their views anonymously on matters ranging from leadership to rewards and benefits, in order to inform organisational development. An annual action plan ensures MHM acts on and responds to views received.

MHM agrees an annual business plan for the organisation that demonstrates how strategic objectives will be achieved, helps employees understand how their role and their team's role contributes, and leads to employees taking ownership of the personal contribution they make towards the charity's performance. This process, along with intranet updates and the reporting of key issues through regular manager meetings, service team meetings, and staff 1-1 meetings, ensures that a common awareness of financial and economic factors affecting performance is achieved.

During 2020/21, to help maintain engagement during the Covid-19 pandemic, additional measures were introduced, including a "Wellbeing Wednesday" newsletter and virtual Tea & Chat sessions hosted in turn by the Directors and open to all staff. It is the intention to retain and build on these measures throughout 2021/22 and to introduce a formal Employee Forum.

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Structure, governance and management (continued)

Response to Covid-19

The impact of the Covid-19 pandemic was fundamental to MHM's activity throughout 2020/21. The primary focus of the Board of Trustees, the Chief Executive Officer and the Executive Team was on balancing the absolute priority of the safety of our staff and service users with a desire to maintain effective service delivery.

Prior to the first UK lockdown in March 2020, MHM had taken early steps to have all staff in high-risk groups working from home and to invoke business continuity arrangements.

Throughout 2020/21, MHM:

- ensured that staff in residential care services had appropriate PPE and clear guidance to enable them to continue to work safely to deliver 24/7 service with minimum disruption to clients;
- developed safe working practices and planned for the recommencement of safe face to face work with clients when that became possible;
- maintained effective working from home arrangements for the remaining workforce; and
- provided flexibility for staff who had additional caring responsibilities, including childcare.

MHM is fortunate that almost all of our funding continued throughout the pandemic. Our staff continued their work in support of our clients, albeit by working in a different way. In common with many organisations, we adopted new methods of remote communication with colleagues and clients, taking advantage of digital tools, and developed staff briefings and support for staff wellbeing in order to maintain effective staff engagement.

This means that MHM has a strong foundation for 2021/22 and beyond, is well positioned to continue to deliver effective, innovative services that are responsive to the anticipated increase in demand for mental health services following the pandemic, and is equipped to maintain and further develop new ways of working in future, prioritising accessibility for all.

Strategic Report

MHM had been due to renew its three-year strategic plan in April 2020. Having considered the urgent need to manage the impact of Covid-19, the Board of Trustees and Chief Executive Officer decided to establish an adaptation plan for 2020/21 to guide MHM's continued development in the context of the pandemic, and subsequently an annual business plan for 2021/22, with a view to agreeing a new strategic plan for the period commencing April 2022.

In implementing the adaptation plan for 2020/21, MHM continued to deliver high quality services including: primary care psychological (talking) therapies; generic and mental-health-specific housing provision (from floating support through to registered care); recovery and employment services (including for people with mild to moderate anxiety disorders and/or depression, long term conditions, dual diagnoses and addictions); safe haven provision for people at risk of experiencing a mental health crisis; 365/24/7 telephone emotional support and tele-therapy services; and advocacy, user voice, advice and information services.

MHM continued to invest time and resource to retain and acquire new services across England, building on our strong brand for delivering high quality health and social care services alongside strategic partners. This has included responding to the changing needs of people in our communities by delivering evidence-based services and building trusted relationships with our commissioners.

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TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Strategic Report (continued)

Achievements and performance

Against the backdrop of the Covid-19 pandemic, which inevitably had a significant effect on activity during the year to March 2021, MHM continues to be proud of the delivery of high-quality services focused on service users' recovery and wellbeing, and of successful bids for new services and the extension or renewal of existing services which allow MHM to expand its reach.

MHM's focus for 2020/21 was to:

- innovate, design and deliver flexible needs-led services;
- deliver consistent high quality, safe services;
- raise MHM's profile and secure new business opportunities;
- create a workforce strategy to facilitate organisational development; and
- establish an integrated corporate services function.

There have been many successes during the year, with contracts won to deliver new services, some as sole provider and some in innovative arrangements with new partners, and with many existing contracts extended. MHM's approach of devising bespoke delivery models suited to individual commissioners' requirements, bidding for funds to deliver services based on a combination of MHM's areas of specialism, and seeking funding to deliver services in new markets continues to prove effective.

MHM has further grown its networks and partnerships, raising MHM's profile and seeking to influence policy at a national level. These networks have been built with organisations across health and social care and within the charity sector. Directors have engaged with activity at national, regional and local levels, participating in opportunities to work with the new Integrated Care Systems and the transformation of local community mental health services.

Internally an organisational restructure commenced which led to the creation of three directorates, intended to provide the appropriate level of focus on quality and operations, development, and finance and corporate services.

During the year to March 2021:

- over 32,000 people accessed our talking therapy services;
- our services exceeded national IAPT (Improving Access to Psychological Therapies) recovery targets in Northumberland (Steps 2 to 4 provision) and Warrington (Steps 2 to 4 provision) as lead provider;
- our 365/24/7 helpline service (Support Matters) supported clients on over 107,000 calls and 2,300 web chat sessions;
- our employment services helped over 4,000 people to remain in work, find paid employment or access training, education and volunteering opportunities;
- our housing services helped 67 people live more independently;
- we added to our safe haven services with the introduction of provision in Kent, and developed a way of delivering these services virtually - over 5,200 people were supported during crisis by our out-of-hours services; and
- we expanded our geographical reach into new areas, including South Sefton and Southport and Formby.

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FOR THE YEAR ENDED 31 MARCH 2021

Strategic Report (continued)

Achievements and performance (continued)

Quality and Operations in 2020/21

Community Matters - Employment Services in 2020/21

We worked in partnership with clinical commissioning groups, NHS trusts, local authorities and voluntary sector organisations to deliver community-based employment support and Employment Advisors in IAPT services.

Longstanding commissioners have continued to demonstrate their confidence in MHM's employment services by awarding contract extensions for all, and MHM has continued to show the value of our experience of both employment services and IAPT in helping them deliver services to support clients with mild to moderate anxiety and/or depression with seamless, personalised employment support to help them remain in, return to or find paid employment.

The services are well used, delivering positive outcomes in working with people. Outcomes include people moving from employment benefits into paid employment, maintaining current employment and avoiding periods of sick leave, returning to work following time off sick, looking for new or alternative employment, and undertaking training or voluntary work. In addition MHM has supported employers with retention and to have a greater understanding of mental health issues in the workplace.

4,018 people were assisted to remain in work, find paid employment or access training, education and volunteering opportunities to help develop employability skills. (722 of these people moved into paid employment.)

Community Matters - Community Support and Personalised Services in 2020/21

In 2020/21 the 24/7 emotional support helpline, Support Matters, was successfully re-accredited by the Helpline Partnership, and retained existing contracts, launched a service for Stockport, and continued to provide 24/7 wrap-around support to clients of MHM's talking therapies and recovery services. The helpline provided active listening and direct interventions to vulnerable callers. It also provided a single point of access service for Midlands & East Veterans Service. Service provision was aided by the implementation of a new call management system which makes it easier for our staff to work either from their usual workplace or from home and gives enhanced insight into call patterns and therefore allows us to track demand and plan capacity more effectively.

We continued to deliver community-based wellbeing services to over 1,100 clients during the year. This included services across Leicestershire and Rutland and in Easington, County Durham, providing a variety of group interventions, advice and drop-in sessions as well as individual support.

We launched a bespoke service for those struggling with hoarding in Middlesbrough and a service to support service users leaving secondary care in Staffordshire.

Our Pathways group of services continued to offer excellent support, providing 176 people with advocacy, or advice and information about welfare benefits, debt, housing and employment issues.

Throughout the year our safe haven services in York (in partnership with Tees Esk and Wear Valley NHS Foundation Trust), Devon (in partnership with Devon Partnership NHS Trust) and Coventry (in partnership with Coventry & Rugby Clinical Commissioning Group) continued to provide a safe place for people in acute distress or at risk of a mental health crisis. In addition, our new service in Kent (in partnership with Kent & Medway Clinical Commissioning Group) launched during the year. These services offer support in a non-clinical setting and aim to reduce the demands on A&E and other emergency services. The York service, for example, by providing a safe, supportive environment, prevented 57 possible incidents of self-harm or suicide and provided support for 559 incidents of anxiety or distress. Due to Covid-19, these services were offered through virtual support means, as well as face-to-face provision when we were able to offer this safely.

During 2020/21 we also secured and began delivery of a virtual safe haven service for North West Boroughs NHS Foundation Trust (now Mersey Care NHS Foundation Trust) which supports the crisis pathway in Halton, Warrington, Knowsley and St. Helens.

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FOR THE YEAR ENDED 31 MARCH 2021

Strategic Report (continued)

Achievements and performance (continued)

Community Matters - Housing Services in 2020/21

The aim continues to be to ensure that wherever possible those accessing our housing services live as independently as they are able to, within their local community. During the year to March 2021, we continued to work with service users to support their recovery, and strived to manage void units effectively so that new referrals were able to take advantage of the support available. We provided accommodation and support to 15 new clients during the year.

Our registered service's Care Quality Commission rating, awarded in 2018, is "good". MHM aspires to achieve an excellent rating at the next full assessment, the inspection having been delayed due to Covid-19.

Talking Matters - Talking Therapies Services in 2020/21

Throughout 2020/21 MHM continued to be a large national provider of IAPT services, delivered both in partnership with NHS foundation trusts and as a lead contractor:

- Talking Matters Northumberland: MHM remains the prime contractor for this service, working with sub-contractors Sunderland Counselling Service (providing step 2 therapy and counselling throughout the year) and Efficacy (providing step 4 therapy and clinical leadership until August 2020). The service is in its sixth year of delivery, had over 6,100 people entering treatment, and achieved 54% recovery, exceeding the national recovery target of 50%.
- Talking Matters Sefton: MHM was successful in bidding for this service as prime contractor during 2020/21, with responsibility for delivering therapy at steps 2-4 and clinical governance. Despite the restrictions associated with the pandemic, we were able to successfully launch the service in January 2021.
- Talking Matters Warrington: MHM, as prime contractor, delivered therapy at steps 2-4 and clinical governance. MHM also sub-contracted additional provision on behalf of Warrington Clinical Commissioning Group through Making Space (for computerised cognitive behavioural therapy) and St Joseph's Family Centre (for counselling, couples' therapy and anger management). The service had over 3,800 people entering treatment, achieved the national recovery target by the year end, and continued its involvement in the national programme of IAPT expansion into long term conditions and medically unexplained symptoms.
- Staffordshire and Stoke-on-Trent Wellbeing Service: In collaboration with lead provider Midlands Partnership NHS Foundation Trust (MPFT) and other partners, MHM successfully mobilised step 2 services in four localities within this new service from April 2020, expanding on our provision in two localities in previous years. The recovery rate for the service exceeds the national target.
- Durham and Darlington Talking Changes: MHM was a sub-contractor to Tees, Esk and Wear Valleys NHS Trust (TEWV) providing therapists, management and administration. Over 11,700 people entered treatment in the year., waiting times are within national targets and access to treatment is ahead of the commissioner's target.

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Strategic Report (continued)

Achievements and performance (continued)

Development in 2020/21

MHM's development team leads on the generation of new business opportunities, tendering for new contracts and retention of existing contracts, advising on relationship development/collaboration and enhancing MHM's profile.

During the year to March 2021 our development team:

- led the successful bid for a new IAPT service contract and led mobilisation of that contract in January 2021;
- developed successful proposals with NHS trusts for effective use by MHM of NHS Winter Resilience monies to provide innovative services to people in need;
- added effective marketing and communications expertise which has helped to increase MHM's profile and our opportunity to influence local and national policy. There have been more opportunities for media interviews, press releases and requests for comment, higher website traffic and more consistent social media presence; and
- transformed our training offer to ensure activity could continue via interactive virtual delivery, and delivered 98 training sessions of mental health education to over 1,500 delegates from different private and public sector organisations - the sessions included new short webinars designed to address topical challenges being faced by employers and employees including working remotely and dealing with uncertainty.

Finance & Corporate Services in 2020/21

MHM central services provide an infrastructure and governance framework for the organisation. These services have an extensive portfolio comprising of quality and compliance, finance, human resources, learning and development, policy and procedural review, health and safety, information technology and information governance. These functions were brought together in a single directorate during the year, and a new business support team was established, providing more robust support for the whole organisation.

During the year to March 2021 our finance and corporate services team:

- successfully retained Investors in People and Contractors Health and Safety accreditations;
- prepared to submit MHM's annual NHS Data Security and Protection Toolkit assessment by the 2021 deadline;
- developed and began to implement a comprehensive risk management framework, including a refreshed corporate risk register;
- delivered over 150 online training sessions to our employees so that they were able to keep their knowledge up to date in key fields and take steps to support their own wellbeing during this challenging year;
- introduced a regular wellbeing newsletter as a vehicle to share tips with staff;
- conducted an annual employee satisfaction survey with a 49% response rate to enhance engagement with MHM employees, which showed that staff are engaged and motivated to deliver the very best service to clients and are proud to work for MHM, and provided constructive feedback about ways in which MHM can further improve communication and management;
- enhanced staff benefits and rewards, including switching to a new pension scheme, providing 3 x salary life cover for staff, and launching a comprehensive Employee Assistance Programme which has generated very positive feedback; and
- continued the Employee of the Season scheme to recognise and share the great work of our staff

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Strategic Report (continued)

Commissioners, funders and customers

MHM gratefully acknowledges the funding provided for its 2020/21 services by the following commissioners, organisations and customers:

Cornwall Partnership NHS Foundation Trust
Coventry & Warwickshire Partnership NHS Trust
Devon Partnership NHS Trust
Durham County Council
Gateshead Council
Gloucestershire Health and Care NHS Foundation Trust
Health Education England
Hertfordshire Partnership NHS Foundation Trust
Karbon Homes
Leicestershire County Council
Lincolnshire Partnership NHS Foundation Trust
Livewell Southwest
Making Space
Middlesbrough Council
Midlands Partnership NHS Foundation Trust
Newcastle City Council
NHS Coventry & Rugby CCG
NHS Durham Dales, Easington and Sedgefield CCG
NHS Kent & Medway CCG
NHS Newcastle Gateshead CCG
NHS Northumberland CCG
NHS South Sefton CCG
NHS South Tyneside CCG
NHS Southport & Formby CCG
NHS Warrington CCG
North West Boroughs NHS Foundation Trust
Oxford Health NHS Foundation Trust
Penderels Trust
Redcar & Cleveland Council
Richmond Fellowship
Rutland County Council
Self Help Services Limited
Shaw Trust
South Tyneside Council
Stockton on Tees Borough Council
Tees Esk & Wear Valleys NHS Foundation Trust
Warwickshire County Council
Worcestershire Health & Care NHS Trust

MHM also gratefully acknowledges the generous donations provided in 2020/21 by The WA Handley Charity Trust and the Community Foundation, as well as a number of individuals and other organisations.

Risk Management

As noted above, MHM developed and began to implement a comprehensive risk management framework during the year. This includes a refreshed corporate risk register and continuous review of the risks the charity may face and the systems and procedures to minimise any potential impact on the charity should those risks materialise.

MHM has reviewed the risks to achievement of its strategic objectives during the year to ensure they are fully integrated into the risk assessment, management and mitigation procedures. Risks are now assessed within the following areas: strategic impact, market, commissioners, clients, third party reliance, legal/regulatory, reputation, financial, IT, information governance, and climate change/environmental.

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TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Risk Management (continued)

The Audit Committee, comprising suitably qualified and experienced trustees, meets four times per year, and receives reports from senior management. The committee's remit is to provide assurance to the board that there are effective systems in place for governance, risk management, performance and compliance. In addition, specific areas of risk to the charity are considered by the full Board of Trustees, including consideration of the issues related to identification, mitigation and elimination of the risk.

Principal Risks and Uncertainties

The balance between increased demand for mental health services during and after the Covid-19 pandemic and the funding available for such services remains uncertain, and this presents a risk to MHM, which is monitored closely.

There are changes underway to mental health commissioning, with the advent of Integrated Care Systems (as advocated by the NHS Long Term Plan in order to integrate services more comprehensively into the wider health system and to give better, more joined up care) and the transformation of community mental health services. The impact and potential of these changes is promising for service providers and service users, but they also present risks which MHM must manage closely.

MHM aims to influence and shape future commissioning and available resource through our networking and advocacy at local and national levels, and anticipates being in a position to be responsive to the increased demand and to the changes in commissioning.

The principal risks and uncertainties facing the charity are considered to be:

- Changes in the commissioning environment and the need to ensure that we continue to be able to fulfil our commissioner proposition and our service standards -
 - Our commissioner proposition and service standards are central to the contract mobilisation process, and specific risks are monitored initially through our assurance process for new contracts, then through contract management and monitoring of KPIs.
 - Ongoing development of our management, our workforce and our organizational infrastructure is focused on the need to continue to deliver consistency of contract management, and influence and respond to the transformation of community mental health services.
- Our obligations, duty of care and safeguarding responsibilities to clients and the importance of maintaining high quality, safe standards in our service delivery -
 - Our services have well-developed relationships with local agencies with responsibility for safeguarding and care; we have policies and procedures in place for safe and effective work with clients, and for reporting, recording and responding to incidents, including safeguarding incidents; and our staff are provided with induction, mandatory and role specific training, and ongoing staff development to the responsibilities of each post and our trustees receive appropriate refresher training.
 - In 2021 we established a Clinical Advisor post with oversight of all MHM services.
- Attraction, retention and development of an inclusive and diverse workforce to ensure we have the right skills in the right place at the right time to deliver our strategy.
 - A new Head of People & Organisational Development post has been established to lead on MHM's approach to this risk.
 - A comprehensive workforce strategy is to be developed and implemented during 2021/22 to set out how we will: attract and retain skilled and qualified staff; engage, develop, motivate and empower our workforce; ensure that staff wellbeing is at the forefront of decision making; and promote workforce diversity.
 - An Employee Forum is to be created, to support effective communication with and engagement of staff.
 - MHM is increasing flexible ways of working post-Covid 19, including hybrid workplace/home working where appropriate.

MENTAL HEALTH MATTERS

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Principal Risks and Uncertainties (continued)

- Ensuring that IT systems and support are kept up to date, taking advantage of developments such as cloud-based technology, to ensure that our ability to deliver services safely and effectively is not compromised or disrupted
 - We have a third party managed service provider in place, with appropriate accreditation, ISO27001 and Cyber Essentials Plus, to ensure that our IT platforms are secure and resilient.
 - IT arrangements are covered by our Business Continuity Plan and Disaster Recovery Plan, and we have proven ability to accommodate remote working.
 - An IT audit and strategic review was carried out in late 2020, leading to the recommendation of an IT Transformation Programme which has begun; this will review and improve current systems; support, document and embed best practice for MHM processes; enable access to the right data for the right people at the right time; and support a move to cloud systems.

Financial Review

MHM principal funding sources are shown in note 3 to the financial statements. There has been a 20% increase in incoming resources for the year, due to new services in talking therapies and community support and to expansion of existing employment and talking therapies services.

As noted above, in the delivery of some of its services MHM works in partnership with both voluntary and statutory sector agencies. In some services MHM acts as the prime contractor and in others it is a sub-contractor. Some of the sub-contract arrangements were delivered via a joint contractual arrangement for part of the year, as outlined in note 23.

The £273,521 surplus generated for the year includes the recognition of efficiency savings at the conclusion of a multi-year contract and includes funding categorised as restricted for use in accordance with the commissioner's intentions in future years. Aside from those items, the surplus is due to the growth in incoming resources described above, and rigorous control of costs.

There were no fundraising activities or costs in 2020/21.

Governance costs amount to less than 0.5% of expenditure.

Potential irrecoverable housing arrears amounting to £7,611 were identified at 31 March 2021, and provision has been made for this amount. All other outstanding debts are considered recoverable.

The cash position has remained healthy throughout the year. The increase against the prior year is due to the expansion of services described above. Cash balances continue to be monitored to ensure that they are adequate to support the charity's aims and objectives, and it is intended to undertake more proactive investment of cash balances during 2021/22.

MHM's "overall business risk" is classified by a leading independent credit monitoring agency as low risk.

Major factors likely to affect the financial position of the charity in 2021/22 are MHM's ability to design contemporary talking therapies and social care services that meet the requirements of commissioners and other customers; to develop and sustain strong relationships with commissioners; to respond to changes in commissioning with the arrival of provider collaboratives and alliances; and to develop a more diverse portfolio of funding in order to mitigate the impact of contracts at risk. The trustees are confident of MHM's ability to achieve these goals, supported by continued investment in robust staffing and infrastructure.

Throughout 2020/21, the financial consequences of the Covid-19 pandemic were not damaging for MHM. Funding continued in line with contracts, services continued to be delivered, and several commissioners made payments earlier than usual. There was some reduction in funding in housing services where it was difficult to fill vacancies during the initial UK lockdown and where the delivery of face to face floating support to clients was temporarily stopped. Inevitably costs of telephony and digital tools to allow communication by staff and support for clients increased, but there have also been significant savings in travel costs and venue costs to compensate for these additional costs. MHM did not seek support through the Covid-19 funding made available by the government, as there was neither need nor justification to do so, and did not furlough any staff.

MENTAL HEALTH MATTERS

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Financial Review (continued)

MHM expects increased demand for mental health services as a result of the Covid-19 pandemic, and while the economic climate means that the funding available for such services is uncertain at present, planning for a range of possible funding scenarios forms part of MHM's strategic planning in 2021/22 and beyond.

The trustees have assessed MHM's ability to continue as a going concern by reviewing budgets, reserves and cashflow forecasts, and the impact of a range of possible scenarios. This assessment demonstrated that in the worst case scenario, MHM could sustain its status as a going concern over the next 12 months. In support of this conclusion, financial performance in 2021/22 to date is broadly in line with budget, and our annual target for business development has been met during the first half of the year.

Investment Powers and Policy

The trustees, having regard to the liquidity requirements of delivering the current services, and to the reserve policy set out below, have operated a policy of keeping available funds in interest-bearing accounts, and seek to diversify risk whilst achieving the highest possible return from investing in appropriate institutions. The invested funds held on deposit achieved an average of 0.0155% during the year to 31 March 2021; however an adjustment in respect of the previous year led to a charge to income and expenditure during 2020/21. At the balance sheet date £1.5m was held in notice deposits expected to generate a return of 0.0833% in 2021/22 and consideration of further interest-bearing investments will be undertaken during the year.

Reserves Policy and Going Concern

The Charity Commission expects trustees to decide, publish, implement and monitor their charity's reserves policy in order to comply with their legal duties to: act in the interests of their charity and its beneficiaries; protect and safeguard the assets of their charity; act with reasonable care and skill; and ensure their charity is accountable.

MHM trustees review MHM's policy on reserves held by the charity at least annually, in order to ensure that it complies with these Charity Commission requirements, supports the achievement of MHM's strategic objectives, and remains appropriate for the economic environment, the health and social care sectors, and other relevant factors affecting MHM's activities.

The trustees recognise that reserves are required in order to:

- meet the continuing financial commitments of delivering commissioned services to beneficiaries, including the need for working capital so that liabilities incurred can be met as they fall due; and
- invest in the development of facilities, services and business processes as necessary to ensure that MHM is compliant with regulatory requirements, aspires to develop and embed best practice in its ways of working, and is able to respond to such new business opportunities as are identified.

The financial obligations associated with MHM's commissioned services tend to be aligned with the funding of those services. However it is important for MHM to hold reserves to cover financial obligations that are not directly funded, in order that those obligations can continue to be met if unforeseen circumstances lead to a reduction in incoming resources. The trustees believe that free reserves are required to cover six months of projected central and infrastructure costs, plus an additional allowance agreed annually in order to be in a position to fund development activity as the need arises, including investment in facilities and adoption of best practice systems and procedures within the fields of health and social care.

At this time the trustees are also mindful of the possibility of funding being at risk due to the effect on commissioners' finances of the Covid-19 pandemic, and the need to maintain higher reserves so that MHM is better able to absorb that risk.

MENTAL HEALTH MATTERS

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Reserves Policy and Going Concern (continued)

For the year 2021/22 the amount of free reserves required is assessed by the trustees as £2,329,000. This level of reserves allows for 6 months of central office costs (including enhanced central capacity to support organisational growth). It also allows for infrastructure development, and mitigation of the possible impact of Covid-19 on future funding.

MHM total reserves at 31 March 2021 amount to £3,773,695 and consist of:

- restricted funds (subject to specific terms) of £504,287 (see note 21); and
- unrestricted funds of £3,269,408 (see note 21).

From unrestricted funds, the trustees have made the following designations:

- an amount of £423,329 to meet projected additional costs to be incurred during 2021/22 as a result of the trustees' decision that MHM should leave the relevant pension scheme; and
- an amount of £215,014 to meet anticipated costs of ongoing contracts.

General funds therefore amount to £2,631,065. After deducting fixed assets and investments totalling £225,378, the value of free reserves available is £2,405,687.

Compliance with this reserves policy will be monitored on an ongoing basis by the Audit Committee, which will report any non-compliance to the Board of Trustees in order that any corrective action required can be agreed.

The trustees have considered budgets to March 2022 and cashflow forecasts to December 2022, including the impact of Covid-19 on these forecasts. As noted above, MHM funding during the pandemic has continued in line with contracts, and overall the level of that funding has not been significantly reduced. Costs remain under careful review, and the trustees believe that the level of reserves available for 2021/22 and 2022/23 is sufficient, and the net current assets and cash flow of the charity are at such a level, that the charity is able to operate for the foreseeable future, and that the going concern basis is appropriate for these financial statements.

Close monitoring of reserves will continue in order to ensure that MHM's financial strength is maintained. The degree of uncertainty over future funding streams will be kept under review, and the trustees intend that MHM will continue to position itself as a provider and partner of choice, able to meet the opportunities presented by commissioners to meet the expected increased demand for mental health services, and to adapt delivery models to offer blended services which feature both digital and face-to-face delivery.

Plans for future periods

As noted above, MHM had been due to renew its three-year strategic plan in April 2020 but instead established an adaptation plan for 2020/21 and subsequently an annual business plan for 2021/22, with a view to agreeing a new strategic plan for the period commencing April 2022.

The 2021/22 business plan capitalises on MHM's proven models of successful delivery of talking therapies and social care services, replicating and innovating them where possible, and diversifying sources of funding to limit reliance on funding of particular contracts. It also establishes targets for internal developments to strengthen our capacity and resilience, including in the areas of workforce and IT.

MENTAL HEALTH MATTERS

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Plans for future periods (continued)

The key objectives set out in the 2021/22 business plan are:

- High quality, sector-leading services
 - Review and refine service models
 - Establish and implement a new quality improvement framework
 - Establish and implement refined audit process
 - Implement management development programme in support of new structure
 - Establish and embed organisation wide service user involvement model
- Business development & growth
 - Maintain financial stability
 - Review service portfolio in context of new strategic plan
 - Complete detailed competitor and market analysis
 - Maintain existing footprint and chosen service contracts together with business growth
 - Implement communications and marketing plan in support of strategy
 - Implement fundraising plan
 - Engage with new Integrated Care Systems and transformation of Community Mental Health Framework
- Motivated & relevant workforce
 - Appoint Head of People & Organisational Development
 - Develop and implement new workforce strategy
 - Establish MHM as an employer of choice
 - Implement and embed new structure across organisation
 - Adapt working methods in light of learning from the Covid-19 pandemic
 - Increase opportunities for employee engagement
- System & process improvement
 - Agree IT and Data Strategies and implement plans
 - Agree and apply principles to drive efficient working practices
 - Review premises requirement in light of new working practices
 - Review systems, processes and procedures in light of new working practices.

MHM intends to develop a new strategic plan for the period beyond 2021/22, having regard to the impact of both Covid-19 and changes to the NHS commissioning environment on its models of service delivery, and on its staff, clients and commissioners.

Auditors

RSM UK Audit LLP has indicated its willingness to continue in office.

Disclosure of information to auditor

So far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware. Additionally the directors have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the charity's auditors are aware of that information.

The report was approved by the Board of Trustees.



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B Howorth

Trustee

Dated: 28 September 2021
.....

MENTAL HEALTH MATTERS

STATEMENT OF RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also the directors of Mental Health Matters for the purpose of charity law, are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH MATTERS

Opinion

We have audited the financial statements of Mental Health Matters (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH MATTERS (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH MATTERS (CONTINUED)

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 charitable company operates in and how the charitable 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, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011 and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Care Act 2014. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas 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 and reviewing income transactions around the year end to consider if it is recorded in the correct period.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lucy Robson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
United Kingdom, NE1 4AD

27/10/2021

MENTAL HEALTH MATTERS

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<u>Income and endowments from:</u>					
Donations and legacies		23,009	-	23,009	13,362
Charitable activities	3	16,784,929	991,589	17,776,518	14,801,505
Investments	4	(281)	-	(281)	4,252
Other income		10,275	-	10,275	12,572
Total income		16,817,932	991,589	17,809,521	14,831,691
<u>Expenditure on:</u>					
Charitable activities	5	16,731,947	804,053	17,536,000	14,270,628
Net movement in funds		85,985	187,536	273,521	561,063
Total funds brought forward		3,183,423	316,751	3,500,174	2,939,111
Total funds carried forward		3,269,408	504,287	3,773,695	3,500,174

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

MENTAL HEALTH MATTERS**BALANCE SHEET****AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11		-		4,045
Tangible assets	12		225,377		135,818
Investments	13		1		1
			<u>225,378</u>		<u>139,864</u>
Current assets					
Debtors	14	3,308,197		3,316,080	
Cash at bank and in hand		4,136,639		3,259,311	
		<u>7,444,836</u>		<u>6,575,391</u>	
Creditors: amounts falling due within one year	15	(3,751,838)		(3,033,166)	
Net current assets			3,692,998		3,542,225
Total assets less current liabilities			3,918,376		3,682,089
Creditors: amounts falling due after more than one year	17		(144,681)		(181,915)
Net assets			<u>3,773,695</u>		<u>3,500,174</u>
Income funds					
Restricted funds	21		504,287		316,751
<u>Unrestricted funds</u>					
General funds		2,631,065		2,260,066	
Designated funds		638,343		923,357	
		<u>3,269,408</u>		<u>3,183,423</u>	
			<u>3,773,695</u>		<u>3,500,174</u>

The financial statements were approved by the board of trustees, and authorised for issue on 28 September 2021



B Howorth
Trustee

MENTAL HEALTH MATTERS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	24		1,044,715		679,234
Investing activities					
Purchase of tangible fixed assets		(167,106)		(85,451)	
Interest received		(281)		4,252	
Net cash used in investing activities			(167,387)		(81,199)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			877,328		598,035
Cash and cash equivalents at beginning of year			3,259,311		2,661,276
Cash and cash equivalents at end of year			4,136,639		3,259,311

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Mental Health Matters (the 'charitable company') is a charitable company limited by guarantee incorporated in England and Wales. The registered office is Avalon House, St Catherine's Court, Sunderland, Tyne and Wear, SR5 3XJ.

Mental Health Matters meets the definition of a public benefit entity under FRS102. The charity exists for the benefit of the public through the provision of its services to any member of the public who has mental or physical health need.

Accounting convention

The financial statements have been prepared in accordance with the governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

These accounts set out the results of the charitable company only. The trustees consider that the charity's subsidiary is not material to the group and no consolidated accounts have been prepared in accordance with exemption under section 405 of the Companies Act.

Going concern

FRS102 requires that, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the organisation is able to operate for the foreseeable future on the basis of known and reasonable projected resources. Cash flow forecasts have been prepared covering 12 months from the date of approval of the financial statements. The potential impacts of Covid-19 have been considered and incorporated within these forecasts. The group derives its income from a range of sources which are largely secured and able to continue to be delivered during the Covid-19 pandemic. Forecasts indicate that adequate cash and reserves will be available throughout the period under review, with no financing required. There are no material uncertainties in respect of the charity's ability to continue as a going concern. Consequently, the trustees believe that the charity is well placed to manage its risks successfully and thus have adopted the going concern basis.

Charitable funds

Unrestricted funds

Incoming resources receivable or generated for the objects of the charity without further specified purpose are accounted for as unrestricted funds. Unrestricted funds are available to spend on activities that further any of the general objectives of the charity.

Restricted Funds

Incoming resources subject to specific restrictions imposed by funders or generated by the charity for a particular purpose are accounted for as restricted funds. Restricted funds are funds which are to be used in accordance with the donors' instructions. The aim and use of each restricted fund is set out in the notes to the financial statements.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Designated funds

These are funds allocated by the trustees for specific future purposes. These funds are created by transfer from unrestricted funds. The aim and use of each designated fund is set out in the notes to the financial statements.

Incoming resources

Incoming resources are recognised in the Statement of Financial Activities when the charity has entitlement to the funds; any conditions attached to the item(s) of income have been met; it is probable that the income will be received; and the amount can be measured reliably.

Grants and contracted funding

Grants and contracted funding, including capital grants for the purchase of tangible fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they become receivable. Where the conditions of receipt have not yet been met, the income is transferred to deferred income in the balance sheet and recognised in the statement of financial activities in a future accounting period.

Rental and support income

Rental and support income is recognised in full in the Statement of Financial Activities in the year in which it is receivable, net of any provision for arrears. Where rent and support income is received in advance for a future accounting period, the income is deferred and included in rents in advance and recognised in the Statement of Financial Activities in a future accounting period.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required; and the amount of the obligation can be measured reliably. Expenditure is all considered as expenditure on charitable activities, and is subdivided into the four main activities of the charity being employment services, community support and personalised services, housing services and talking therapies services. Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs include both the direct costs of providing services to the charity's beneficiaries and an apportionment of support and governance costs.

Support costs comprise the central management and support services. They have been apportioned between charitable activities as shown in note 5, based on the proportion of income within each charitable activity.

Governance costs comprise all costs in connection with the strategic management of the charity and compliance with constitutional and statutory requirements. Specific costs on a particular charitable activity are included as such. Shared governance costs are apportioned based on the proportion of income within each charitable activity. They have been apportioned between charitable activities as shown in note 5.

All costs are inclusive of irrecoverable VAT.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised at their expected useful economic lives on a straight line basis as follows:

Software	25% straight line
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On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised as income or expenditure.

Tangible fixed assets

Individual tangible fixed assets costing £1,000 or more are capitalised. Tangible fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on tangible fixed assets other than freehold land, at rates calculated to write off their cost less estimated residual value over their expected useful lives as follows:

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	5% straight line
Leasehold property improvements	20% to 33% straight line
Fixtures, furniture and equipment	20% to 25% straight line
Computer equipment and development	25% to 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Subsequent costs, including replacement parts, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to expenditure as incurred.

Fixed asset investments

Fixed asset investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in income or expenditure.

Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in net income/(expenditure) in the period in which they are incurred.

Cash and cash equivalents

Cash at bank and in hand includes cash held at the bank.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

All of the charity's financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Basic financial assets

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

Basic financial liabilities

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of all funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless these costs are required to be capitalised as an intangible or tangible fixed asset.

Certain employees are entitled to carry forward unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employees' services are required.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Multi-Employer plans

The charity participates in two multi-employer pension schemes for its employees. For both schemes, contributions are recognised as income and expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting.

Where applicable, a liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the charity will fund a deficit. Contributions are discounted, at a rate according to FRS102, when they are not expected to be settled wholly within 12 months of the period end. The unwinding of the discount rate is recognised as a finance cost.

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the charity substantially all of the risks and rewards incidental to ownership ('Finance Leases'). All other leases are operating leases.

Operating leases – the charity as a lessee

The charity classifies the lease of properties and equipment as operating leases. Rental charges are charged to the statement of financial activities on a straight line basis over the period of the lease. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised on a straight line basis over the lease term.

Operating leases – the charity as a lessor

Rental income from assets leased under operating leases is recognised on a straight line basis over the term of the lease.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Joint arrangements

The charity has entered into certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The charity has included its share of assets, liabilities and cash flows in this joint arrangement, measured in accordance with the terms of the arrangement. This arrangement ended during the year.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

MHM delivers contractual services both in partnership with NHS foundation trusts and other providers and on a sole basis. These are long term contracts and due to their nature require elements of management judgement on income recognition.

Critical accounting estimates and assumptions

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

In providing for pension scheme liabilities under the TPT Retirement Solutions' Growth Plan, the Plan's Actuary and Trustees make estimates about the future.

3 Charitable activities

	Employment services	Community support and personalised services	Housing services	Talking therapies services	Total 2021	Total 2020
	£	£	£	£	£	£
Grants and contracted funding	1,904,149	3,219,686	71,308	10,988,698	16,183,841	13,573,991
Other income	1,063	999	1,035,608	555,007	1,592,677	1,227,514
	<u>1,905,212</u>	<u>3,220,685</u>	<u>1,106,916</u>	<u>11,543,705</u>	<u>17,776,518</u>	<u>14,801,505</u>
Analysis by fund						
Unrestricted funds	1,798,899	2,500,685	1,106,916	11,378,429	16,784,929	
Restricted funds	106,313	720,000	-	165,276	991,589	
	<u>1,905,212</u>	<u>3,220,685</u>	<u>1,106,916</u>	<u>11,543,705</u>	<u>17,776,518</u>	

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

3 Charitable activities (Continued)

For the year ended 31 March 2020

Unrestricted funds	1,760,443	2,286,226	1,299,948	9,110,377	14,456,994
Restricted funds	195,764	-	148,747	-	344,511
	<u>1,956,207</u>	<u>2,286,226</u>	<u>1,448,695</u>	<u>9,110,377</u>	<u>14,801,505</u>

	2021 £	2020 £
Grants and contracted funding		
Local authority funding	809,922	852,768
Health authority and NHS trust funding	14,995,821	12,181,765
Other charities and trusts	377,442	342,504
Client direct payments	-	(14,883)
Housing associations	-	183,580
Central Government funding	656	20,414
	<u>16,183,841</u>	<u>13,566,148</u>

4 Investments

	2021 £	2020 £
Bank interest	(281)	4,252

The income from investments was £(281) (2020: £4,252) of which £(281) was unrestricted (2020: £4,252).

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

5 Charitable activities

	Employment services	Community support and personalised services	Housing services	Talking therapies services	Total 2021	Total 2020
	£	£	£	£	£	£
Staff costs	1,385,737	1,648,534	480,698	6,580,329	10,095,298	7,981,244
Other staff costs	15,877	240,982	247,899	876,931	1,381,689	981,413
Payments to subcontractors	-	113,931	-	1,770,007	1,883,938	1,557,793
Property costs	38,338	178,944	284,418	330,479	832,179	798,513
Other operating costs	58,752	268,948	124,510	755,432	1,207,642	1,129,730
Depreciation and amortisation	-	7,191	5,972	26,381	39,544	50,952
	<u>1,498,704</u>	<u>2,458,530</u>	<u>1,143,497</u>	<u>10,339,559</u>	<u>15,440,290</u>	<u>12,499,645</u>
Share of support costs (see note 6)	216,465	369,629	125,822	1,308,214	2,020,130	1,698,039
Share of governance costs (see note 6)	9,453	12,297	6,592	47,238	75,580	72,944
	<u>1,724,622</u>	<u>2,840,456</u>	<u>1,275,911</u>	<u>11,695,011</u>	<u>17,536,000</u>	<u>14,270,628</u>
Analysis by fund						
Unrestricted funds	1,620,931	2,305,370	1,275,911	11,529,735	16,731,947	
Restricted funds	103,691	535,086	-	165,276	804,053	
	<u>1,724,622</u>	<u>2,840,456</u>	<u>1,275,911</u>	<u>11,695,011</u>	<u>17,536,000</u>	
For the year ended 31 March 2020						
Unrestricted funds	1,543,361	2,249,624	1,310,737	8,807,583		13,911,305
Restricted funds	180,347	-	178,976	-		359,323
	<u>1,723,708</u>	<u>2,249,624</u>	<u>1,489,713</u>	<u>8,807,583</u>		<u>14,270,628</u>

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Support costs

	Support costs £	Governance costs £	2021 £	2020 £
Staff costs	878,613	-	878,613	686,092
Other staff costs	258,165	-	258,165	210,730
Property costs	63,132	-	63,132	81,962
Other operating costs	752,521	-	752,521	614,158
Depreciation and amortisation	42,048	-	42,048	82,842
Legal fees	25,651	-	25,651	22,255
Staff costs	-	49,374	49,374	42,882
Professional fees	-	21,600	21,600	21,350
Office costs	-	4,606	4,606	3,661
Trustee meetings	-	-	-	5,051
	<u>2,020,130</u>	<u>75,580</u>	<u>2,095,710</u>	<u>1,770,983</u>
Analysed as				
Charitable activities	<u>2,020,130</u>	<u>75,580</u>	<u>2,095,710</u>	<u>1,770,983</u>

7 Net movement in funds

	2021 £	2020 £
Net movement in funds is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	77,547	72,725
Amortisation of intangible assets	4,045	61,069
Operating lease charges - equipment	10,424	10,533
Operating lease charges - land and buildings	<u>630,388</u>	<u>624,790</u>

8 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the charity's auditor:	2021 £	2020 £
RSM UK Audit LLP – auditors' remuneration	<u>18,000</u>	<u>16,750</u>
Non-audit services		
RSM UK Tax and Accounting Limited – other services	<u>4,600</u>	<u>4,600</u>

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2021 FTE	2020 Number	2020 FTE
Employment services	54	49	57	50
Community support and personalised services	93	70	69	52
Housing services	24	20	32	28
Talking therapies services	209	189	160	144
Administration and support	28	26	25	23
Total	408	354	343	297

Employment costs

	2021 £	2020 £
Wages and salaries	9,760,002	7,735,898
Social security costs	901,523	693,806
Other pension costs	361,760	280,514
	11,023,285	8,710,218

	Notes	2021 £	2020 £
Charitable activities	5	10,095,298	7,981,244
Support costs	6	878,613	686,092
Governance costs	6	49,374	42,882
		11,023,285	8,710,218

Termination benefits relating to the reporting period total £34,206 (2020: £38,568). This comprises payments in lieu of notice, accrued holiday entitlement and compensation payments.
Ex-gratia payments relating to the reporting period total £560 (2020: £nil).

The number of employees whose remuneration was £60,000 or more were:

	2021 Number	2020 Number
£60,001 - £70,000	3	2
£80,001 - £90,000	1	-

Pension contributions paid in the year in respect of the above staff were £23,843 (2020: £27,582).

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Employees (Continued)

Remuneration of key management personnel

The key management personnel of the charity comprise the chief executive officer and the senior management team. The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	465,303	419,671

10 Trustees

The trustees received no remuneration during the year (2020: £nil) and no trustee received payment for professional or other services supplied to the charity (2020: £nil).

The aggregate amount of travelling and subsistence expenses reimbursed to the trustees during the year was £nil (2020: £5,051). The number of persons reimbursed was 0 (2020: 6). Insurance is provided to protect the charity from loss arising from the neglect or defaults of its trustees, employees or agents. Premiums paid during the year amounted to £8,501 (2020: £4,480).

11 Intangible fixed assets

	Software £
Cost	
At 1 April 2020 and 31 March 2021	523,396
Amortisation and impairment	
At 1 April 2020	519,351
Amortisation charged for the year	4,045
At 31 March 2021	523,396
Carrying amount	
At 31 March 2021	-
At 31 March 2020	4,045

The amortisation charge for the year is recognised within expenditure on charitable activities.

There are no contractual commitments to acquire intangible assets at 31 March 2021 (2020: £nil).

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets

	Leasehold property improvements £	Fixtures, furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 April 2020	43,746	342,037	609,010	994,793
Additions	-	2,695	164,411	167,106
Disposals	-	(17,826)	(14,314)	(32,140)
At 31 March 2021	43,746	326,906	759,107	1,129,759
Depreciation and impairment				
At 1 April 2020	36,054	293,677	529,244	858,975
Depreciation charged in the year	4,029	27,068	46,450	77,547
Eliminated in respect of disposals	-	(17,826)	(14,314)	(32,140)
At 31 March 2021	40,083	302,919	561,380	904,382
Carrying amount				
At 31 March 2021	3,663	23,987	197,727	225,377
At 31 March 2020	7,692	48,360	79,766	135,818

All tangible fixed assets are held for charitable purposes.

13 Fixed asset investments

	Investments in subsidiaries £
Cost or valuation	
At 1 April 2020 & 31 March 2021	1
Carrying amount	
At 31 March 2021	1
At 31 March 2020	1

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,235,089	2,202,578
Amounts due from subsidiary undertakings	2,727	2,727
Other debtors	6,619	14,705
Prepayments and accrued income	1,040,030	1,044,112
Rent arrears	23,732	51,958
	<u>3,308,197</u>	<u>3,316,080</u>

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Trade creditors		273,868	338,487
Other taxation and social security		246,876	145,618
Deferred income	16	2,407,767	2,170,163
Rents in advance		8,756	6,749
Other creditors and accruals		765,555	324,560
Provision for pension contributions		49,016	47,589
		<u>3,751,838</u>	<u>3,033,166</u>

16 Deferred income

	2021 £	2020 £
Deferred income at the start of the year	2,170,163	1,160,501
Released from previous years	(708,904)	(296,705)
Amounts deferred in the year	946,508	1,306,367
	<u>2,407,767</u>	<u>2,170,163</u>

17 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Provision for pension contributions	144,681	181,915
	<u>144,681</u>	<u>181,915</u>

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

18 Provisions for liabilities

	2021 £	2020 £
Amounts payable:		
Within one year	49,016	47,589
Within two to five years	144,681	181,915
After 5 years	-	-
	<u>193,697</u>	<u>229,504</u>

Amounts are repayable by instalments, via additional pension contributions (see note 19).

Schedule of movement in the financial year is as follows:

	£
Balance as at 1 April 2020	229,504
Unwinding of discount factor	5,157
Deficit contribution paid	(47,588)
Remeasurements	6,624
Balance as at 31 March 2021	<u>193,697</u>

19 Retirement benefit schemes

Defined contribution scheme

The charity operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity. The charity contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the charity with respect to the scheme is to make the specified contributions.

Contributions during the year were £47,811 (2020: £nil). £47,811 (2020: £nil) was still outstanding at the year end.

Defined benefit schemes

The charity participated in two multi-employer pension plans, being TPT Retirement Solutions' Growth Plan (formerly the Pensions Trust's Growth Plan) and the NHS Pension Scheme. The assets of the schemes are held separately from those of the charity in independently administered funds.

The contributions payable by the charity charged to income and expenditure amounted to:

	2021 £	2020 £
The Growth Plan	208,248	212,040
NHS Pension Scheme	93,920	68,474
	<u>302,168</u>	<u>280,514</u>

Expenditure on pensions is allocated to service line according to staff time. Costs are split between restricted and unrestricted based upon project specific cost accounting. Contributions totalling £107,801 (2020: £51,469) were payable to the funds at the year end and are included in creditors.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

19 Retirement benefit schemes (Continued)

NHS Pension Scheme

The NHS Pension Scheme ('the scheme') is an unfunded, multi-employer defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable participating bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the charity of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

At the balance sheet date there were 40 active members of the Scheme employed by the charity. The Scheme is not open to new employees unless they are transferred under TUPE agreements from an NHS Foundation Trust.

The Scheme has a number of different benefit structures. For the 1995 section annual pensions are normally based on 1/80th of the best of the last 3 years' pensionable pay for each year of service; for the 2008 section annual pensions are normally based on 1/60th of the average of the best three consecutive years' pensionable pay in the final ten years of service for each year of service; for the 2015 section, which is a career average revalued earnings scheme, annual pensions are based on 1/54th of each year's pensionable pay.

Members of the 1995 section normally receive a lump sum on retirement of three times their annual pension. Members of the 2008 and 2015 sections receive a lump sum which may be a maximum of 25% of the value of their pension at retirement, their choice subsequently affecting the level of annual pension due. In all cases, the lump sum available is subject to a maximum amount permitted under HMRC rules.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in the Consumer Price Index in the twelve months ending 30 September in the previous calendar year.

On death, a pension of 50%, 37.5% or 33.75% of the member's pension is normally payable to the surviving spouse, civil partner or nominated partner. The percentage payable depends on whether the member was in the 1995, 2008 or 2015 section. In addition, each section provides for a lump sum payable on death.

The Scheme is subject to a full actuarial valuation every four years, and an FRS102 accounting valuation every year. At the conclusion of the 2016 full valuation the Scheme actuary reported that employer contributions should increase to 20.6% from 14.3% from April 2019. In addition, employers are required to pay a scheme administration levy of 0.08% of pensionable pay. For the 2019 - 20, 2020 - 21 and 2021 - 22 scheme years, employers are responsible for paying 14.38% of contributions, with the remaining 6.3% being funded centrally.

The valuation of scheme liability in accordance with FRS102 is carried out annually by the Scheme Actuary. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme Annual Accounts, published annually. These accounts can be viewed on the NHS Pensions website.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

19 Retirement benefit schemes (Continued)

TPT Retirement Solutions' Growth Plan

TPT Retirement Solutions' Growth Plan ('the Plan') is funded and was not contracted out of the state scheme. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity. For contributions from November 2012 the capital guarantee was removed.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Therefore, the Plan is accounted for as if it were a defined contribution scheme: the cost to the charity of participating in the Plan is taken as equal to the contributions payable to the Plan for the accounting period.

As at the balance sheet date there was 1 active member of the Plan employed by the charity. The charity no longer offers membership of the Plan to its employees. The charity paid contributions at rates of 3%, 5%, 6%, 8% and 8.5% during the accounting period. Members paid contributions at the rate of 0%, 5% and 6% during the accounting period.

Potential debt on withdrawal

There is a potential debt on the employer that would be levied by the trustee of the Plan in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing guaranteed benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

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

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore jointly and severally liable for the deficit in the Plan.

The charity has been notified by TPT Retirement Solutions of the estimated employer debt in the event that the charity were to withdraw from the Plan based on the financial position of the Plan as at 30 September 2020. Based on this information, the estimated employer debt of the charity at 30 September 2020 is £617,026.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

19 Retirement benefit schemes (Continued)

Additional contributions payable

The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions. If the actuarial valuation reveals a deficit, the trustees will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these. The proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

MHM has been informed by TPT Retirement Solutions of additional contributions, which it is required to make towards the scheme deficit. These contributions will be made for a period of 10 years commencing on 1 April 2016, along with further contributions commencing on 1 April 2019 for a period of five years, both compounding by 3% annually. The full liability for these contributions has been provided at 31 March 2021 amounting to £193,697 (2020: £229,504) (note 18). The amount recognised is the net present value of the contributions payable under the agreement. The rate of discount used at 31 March 2021 was 0.66% p.a. (2020: 2.53% p.a.).

Intention to withdraw from the scheme

During 2021/22 the trustees have carefully considered the pros and cons of opting to withdraw from the TPT Retirement Solutions' Growth Plan scheme and have agreed to do so with effect from 30 September 2021. To the extent that the employer debt on withdrawal is not provided for at 31 March 2021, designated reserves have been set aside by the trustees at 31 March 2021.

20 Analysis of net assets between funds

For the year ended 31 March 2021:

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2021 are represented by:			
Tangible assets	225,377	-	225,377
Investments	1	-	1
Net current assets	3,188,711	504,287	3,692,998
Long term liabilities	(144,681)	-	(144,681)
	<u>3,269,408</u>	<u>504,287</u>	<u>3,773,695</u>

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

20 Analysis of net assets between funds (Continued)

For the year ended 31 March 2020:

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2020 are represented by:			
Intangible fixed assets	4,045	-	4,045
Tangible assets	135,818	-	135,818
Investments	1	-	1
Net current assets	3,225,474	316,751	3,542,225
Long term liabilities	(181,915)	-	(181,915)
	<u>3,183,423</u>	<u>316,751</u>	<u>3,500,174</u>

21 Funds

The funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2020	Movement in funds			Balance at 31 March 2021
	£	Incoming resources £	Resources expended £	Transfers £	£
Unrestricted funds					
General funds	2,260,066	16,817,932	(16,731,947)	285,014	2,631,065
Designated funds	923,357	-	-	(285,014)	638,343
	<u>3,183,423</u>	<u>16,817,932</u>	<u>(16,731,947)</u>	<u>-</u>	<u>3,269,408</u>
Restricted funds					
Support	137,773	-	-	-	137,773
Employment services	78,563	106,313	(103,691)	-	81,185
Community support and personalised services	42	720,000	(535,086)	-	184,956
Talking therapies services	100,373	165,276	(165,276)	-	100,373
Housing	-	-	-	-	-
	<u>316,751</u>	<u>991,589</u>	<u>(804,053)</u>	<u>-</u>	<u>504,287</u>
	<u>3,500,174</u>	<u>17,809,521</u>	<u>(17,536,000)</u>	<u>-</u>	<u>3,773,695</u>

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 Funds (Continued)

Unrestricted funds

General funds are 'Free reserves' after allowing for designated funds.

From unrestricted funds, the trustees have made the following designations:

- an amount of £423,329 to meet projected additional costs as a result of the trustees' decision to withdraw from the relevant pension scheme during 2021/22; and
- an amount of £215,014 (2020: £472,521) to meet anticipated costs of ongoing contracts.

Restricted funds

The balance carried forward represents restricted income on projects to be expended in future periods. The funds are summarised on the basis of the charitable activity into which each project falls.

The restricted funds categorised as Support represent a legacy received in 2007. The restriction is that the funds must be used to support people with schizophrenia. The funds are held in cash at bank and will only be applied when relevant projects have been identified.

The restricted funds categorised as Employment Services and Community support and personalised services result from income on funded projects exceeding expenditure. These funds are held as restricted because there is an expectation that the excess will be recouped by the funders, there is a requirement of the funding that it is understood that Mental Health Matters will carry over any underspend identified from the previous financial year in which an Employment Advisor vacancy existed for an extended period or it is the Charity's understanding of the commissioner's intentions. These funds are also held in cash at bank.

The restricted funds categorised as Talking therapies services relate to funding granted specifically for the IAPT expansion associated with an existing IAPT service. The carried forward balance is expected to be required by the funder to be used for other purposes.

In the year ended 31 March 2020, the restricted funds categorised as Housing relate to restricted funds awarded by a housing association for use on a project to support tenants to maintain their wellbeing and their tenancies.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 Funds (Continued)

For the year ended 31 March 2020:

	Movement in funds				
	Balance at 1 April 2019	Incoming resources	Resources expended	Transfers	Balance at 31 March 2020
	£	£	£	£	£
Unrestricted funds					
General funds	1,957,770	14,487,180	(13,911,305)	(273,579)	2,260,066
Designated funds	680,007	-	-	243,350	923,357
	<u>2,637,777</u>	<u>14,487,180</u>	<u>(13,911,305)</u>	<u>(30,229)</u>	<u>3,183,423</u>
Restricted funds					
Support	137,773	-	-	-	137,773
Employment services	63,146	195,764	(180,347)	-	78,563
Community support and personalised services	42	-	-	-	42
Talking therapies services	100,373	-	-	-	100,373
Housing	-	148,747	(178,976)	30,229	-
	<u>301,334</u>	<u>344,511</u>	<u>(359,323)</u>	<u>30,229</u>	<u>316,751</u>
	<u>2,939,111</u>	<u>14,831,691</u>	<u>(14,270,628)</u>	<u>-</u>	<u>3,500,174</u>

22 Operating lease commitments

The charity as a lessee:

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2021	2020	2021	2020
	£	£	£	£
Within one year	190,031	303,963	6,053	6,318
Between one and five years	147,892	55,894	6,038	6,425
	<u>337,923</u>	<u>359,857</u>	<u>12,091</u>	<u>12,743</u>

The charity as a lessor:

The charity has a large number of tenancy agreements with tenants utilising the services of the charity. The lease agreements have varying terms, however all leases are cancellable as the intention of the charity is that tenants vacate premises once they are recovered.

At the year end, the charity had no contracts with tenants under non-cancellable operating leases.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

23 Related party transactions

Transactions with related parties

Until August 2020 the charity continued to work in a joint arrangement with Sunderland Counselling Service and Efficacy Limited to provide mental health services to Northumberland Clinical Commissioning Group. From September 2020 the charity continued to deliver the services as lead provider, with Sunderland Counselling Service as a subcontractor.

During the year the charity entered into the following transactions with related parties:

	Expenditure	
	2021	2020
	£	£
Sunderland Counselling Services	1,047,521	821,920
Efficacy Limited	515,756	473,114
	<u>1,563,277</u>	<u>1,295,034</u>

24 Cash generated from operations

	2021	2020
	£	£
Surplus for the year	273,521	561,063
Adjustments for:		
Investment income recognised in statement of financial activities	281	(4,252)
Amortisation and impairment of intangible assets	4,045	61,069
Depreciation and impairment of tangible fixed assets	77,547	72,725
Movements in working capital:		
Decrease/(increase) in debtors	7,883	(928,961)
Increase in creditors	443,834	925,433
Increase/(decrease) in deferred income	237,604	(7,843)
Cash generated from operations	<u>1,044,715</u>	<u>679,234</u>

25 Analysis of changes in net debt

	1 April	Cash flows	31 March
	2020		2021
	£	£	£
Cash at bank and in hand	3,259,311	877,328	4,136,639
	<u>3,259,311</u>	<u>877,328</u>	<u>4,136,639</u>

26 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

MENTAL HEALTH MATTERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2021**

27 Taxation

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.