RICHMOND FELLOWSHIP
MAKING RECOVERY REALITY

Annual Report and Financial Statements 2022-2023

RECOVERY FOCUS
an expert group of charities inspiring recovery together

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RICHMOND FELLOWSHIP GROUP BOARD MEMBERS AND ADVISERS

BOARD MEMBERS	**Non-Executive Directors**	
	Helen Edwards	Chair
	Ian Ayling	
	Kapil Bakshi	
	Albert Fletcher	*(resigned 31 March 2023)*
	Maureen Hopcroft	
	Susan Moore	*(appointed 1 April 2022)*
	Paul Najsarek	*(appointed 1 April 2022)*
	Danielle Oum	*(Appointed 30 May 2023)*
	Rachel Perkins	
	Alan Powell	Vice Chair *(resigned 31 March 2023)*
	Carolyn Reagan	*(Appointed 30 May 2023)*
	Jonathan Royle	
	Executive Directors	
	Derek Caren	Group Chief Executive
	Tracey Bell	Group Director of Performance, Quality & Innovation *(resigned 2 June 2023)*
	June Riley	Executive Director, Finance and Corporate Services
	Robert Templeton	Executive Director, Operations, Quality and Housing

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London EC2V 7HN

INDEPENDENT AUDITOR
CLA Evelyn Partners (formerly Nexia Smith and Williamson)
Statutory Auditors
Chartered Accountants
45 Gresham Street
London EC2V 7BG

REGISTERED OFFICE
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COMPANY REGISTRATION 00662712

CHARITY NUMBER 200453

REGISTERED PROVIDER OF SOCIAL HOUSING H2025

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

Introduction from the Chair of Recovery Focus

Thank you for reading our Annual Report which gives an account of our work during the year 2022-2023. This has been the third and final year of our "Growing Stronger Together" strategy, aimed at meeting the needs of the people we support, our staff and local communities. We are proud of what we have achieved in delivering the strategy, keeping the people we support firmly at the heart of everything we do.

Nevertheless, navigating the prevailing economic challenges has been tough. In the face of cost of living pressures and staff turnover we have prioritised our frontline staff, recognising that we will achieve nothing without them. We implemented the national living wage early and, through achieving savings elsewhere, made a competitive pay award. We also gave all staff a non-consolidated payment to help mitigate some of the effects of the cost-of-living crisis and made changes to the roles of our frontline leaders and their reward framework, recognising the vital role they play. We have had to adapt quickly to a changing recruitment market and to make the most of our key stakeholder relationships to help us to ensure that we have continued to deliver the safe, effective and high-quality services we take pride in. On behalf of the Board I would like to pay tribute to the resilience and commitment of all our staff in the face of difficult times.

We have also tried to increase the support we give our staff, improving our learning and development offer, mobilising strong technological support and looking after our premises so that they are safe, clean and well-maintained. Like many organisations, we are upping our game on environmental sustainability to play our part in moving towards net zero.

Co-production is key to what we do and is a distinctive element of our service offer. We have made good progress through the delivery of our Working Together Strategic Plan which brings together Board members, staff and people we support to oversee all aspects of the organisation's work. This approach has also informed the establishment of our new Communities of Practice which will be co-chaired by a frontline member of staff and a current or recent service user. The Communities of Practice will allow us to build expertise within our different operating models and to share experience across the country leading to more consistent approaches and higher quality overall. This exciting work is a key pillar of our new 23-26 Strategy and we are committed to seeing it flourish.

During the year, we supported almost 23.000 people and satisfaction rates reached 96% (up from 89% in 2022) with 94% of people feeling supported by our staff to achieve their personal goals. We are now using multiple feedback routes to monitor delivery which in turn feed into our continuous improvement plans. Our social enterprises continue to make a positive impact and our Aquarius Evolve Café successfully provided its services at the 2022 Commonwealth Games in Birmingham, increasing visibility for the excellent work it does.

Despite the significant economic pressures, we ended the year in a healthy financial situation, putting us in a strong position for the future. During the year, we divested some of our older properties and re-invested the proceeds into acquiring new buildings to expand our reach and deliver services in the right kind of environment. We are well placed to realise our strategic ambition of delivering consistently high quality services and supporting more people.

At Board level, after many years of service, we said goodbye to Albert Fletcher and Alan Powell who have contributed so much. We are delighted that we have now been joined by Carolyn Regan as Recovery Focus Vice-Chair and Danielle Oum as Chair of Aquarius and Recovery Focus Board member. I look forward to working with both of them in what will be my last months with Recovery Focus. I will hand over the role of Recovery Focus Chair on 1 October 2023 to Carolyn and I know she will be an excellent successor.

By the time you read this, we will have published our new 2023-26 Strategy: "Inspiring Individual Recovery," to set new strategic priorities for the next three years, building on the achievements of the recent past. I have thoroughly enjoyed my time with Recovery Focus and working with all the brilliant people who contribute to its' work. I am confident that I am leaving the Group in good hands with a great future ahead.

H. Edwards.

Helen Edwards
Chair

3 August 2023

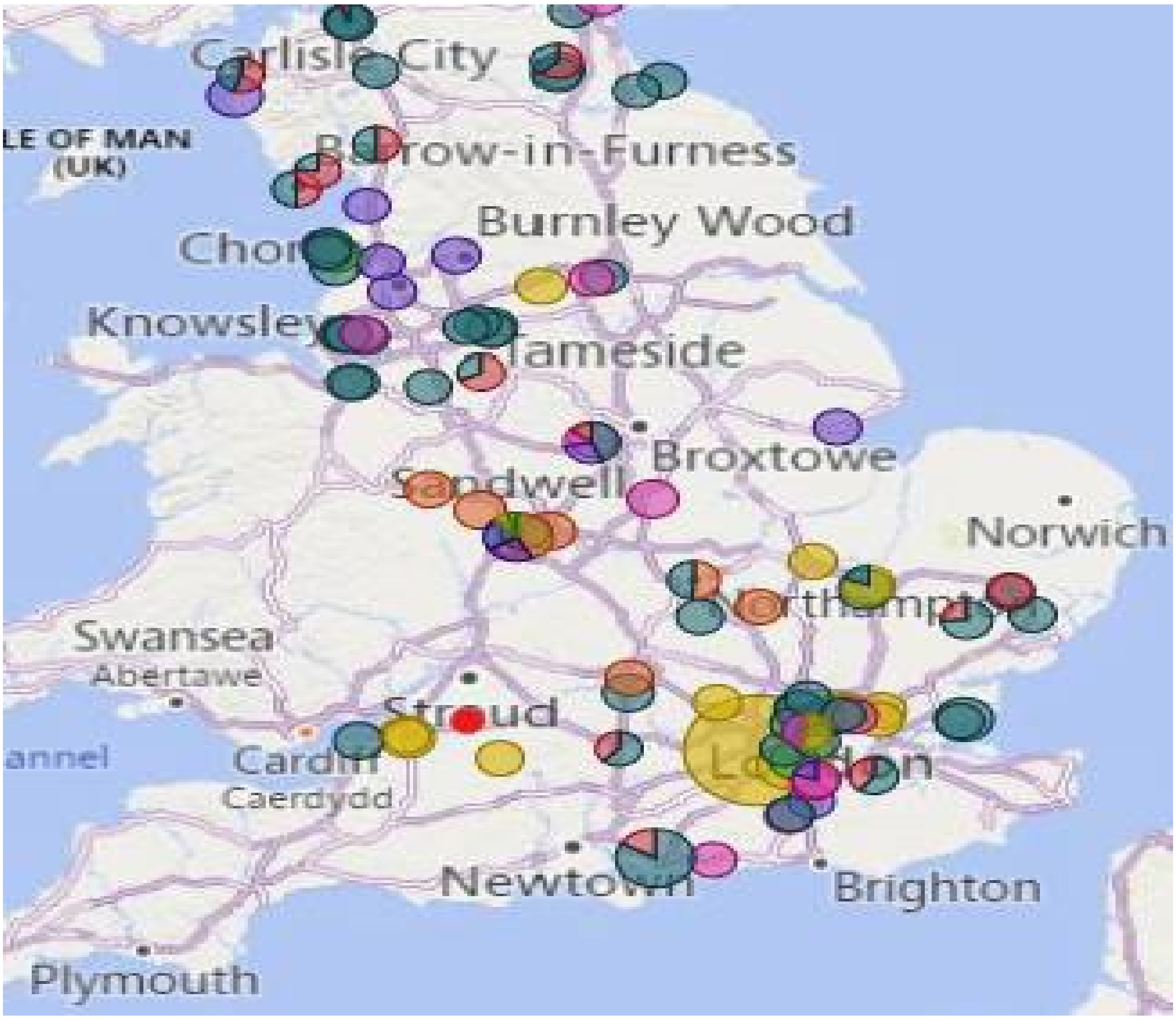
Report of the Group Board

REPORT OF THE BOARD

KEY HIGHLIGHTS

Across England we supported 22,905 people. This map shows more clearly the areas in which we operate and the range of different services we provide in each area.

We provided residential services from 255 owned properties, 372 managed homes, 66 beds in registered care homes and 26 beds in short-term crisis centres.



Our turnover was £46.3m (2022: £47.6m), Group surplus £0.37m (2022: £2.3m surplus), our net assets £43.1m (2022; £42.8m), and our unrestricted reserves £34.6m (2022: £35.7m)

At 31 March 2023, we were delivering 176 separately commissioned contracts for 116 separate commissioners (mainly NHS and local authority)

Our 2023 satisfaction rating was 96% with the number of people we support.

The Group Board presents its annual accounts for the year ended 31 March 2023. This report is prepared in compliance with the Charities Act 2011 and the Companies Act 2006.

Our Group continues to comprise Richmond Fellowship (RF) and Aquarius Action Projects (Aquarius) (together known as, "Recovery Focus"). RF and Aquarius are both registered charities and RF is also a registered provider of social housing.

As a Group our aim is to bring together expertise in the fields of mental health, addictions and domestic abuse. People accessing our services often have complex and multiple needs. One of the key advantages of being a Group is our ability to work together to create joined up solutions for such complexities. We routinely share lessons learned to ensure that the people we support across all services can have a tailored, co-produced personal recovery plan that can address all of their needs. All of our strategic priorities focus on delivering the best possible outcomes for people we support.

Going forward, we will continue to work with (and develop new) strategic partners to combine our expertise and deliver better outcomes for the people we support and together "do better business". We believe a collaborative approach is working increasingly effectively in the evolving care and support market where the pressures on commissioners and providers alike are inspiring everyone to respond more creatively.

2022-23 is the final year of our current three-year strategy entitled: "**Growing Stronger Together**". In the early part of 2023-24 we will be launching our new 2023-26 Group Strategy called: **"Inspiring Individual Recovery"**. Further details on this is set out later in this report.

OUR ACTIVITIES AND MODELS TO SUPPORT RECOVERY

As a Group we take pride in the expertise we can offer in providing specialist support services to individuals and families living with the effects of ill mental health, drug and alcohol use, gambling, and domestic abuse. We know that one size cannot fit all, and we pride ourselves on working with the people we support to create and support the achievement of a personalised plan that works for them. Whilst each service is unique, we specialise in a range of models to support recovery which sit within an operating sector.

The principal activities of our operating sectors' structure are as follows:

- Mental Health Support Crisis Services - our crisis services offer intensive, short-term support to help people manage a mental health crisis. Our services include residential crisis support and community-based safe havens.
- Mental Health Community Based Services - our community-based services support the recovery and resilience of people with mental health needs, delaying or reducing the need to access intensive services.
- Mental Health Employment Services - employment services focus on getting people into mainstream employment at a pace that is right for them and/or enabling people to retain their current job by facilitating a support package with their employer. Our services do not exclude people on the basis of diagnosis or supposed 'work readiness'; we support anyone who wants to gain or stay in work.
- Mental Health Floating Support Services - our floating support services work with people experiencing issues with their mental health in their own homes.
- Mental Health Residential Recovery Services our services provide accommodation and support to people with mental health conditions who may be at risk of repeat homelessness or would otherwise be accessing intensive NHS mental health, services.
- Social Enterprise - we run a range of social enterprises that not only provide an income stream but also employment opportunities, training, and development for the people we support.
- Domestic Abuse Services - our domestic abuse services work with survivors and perpetrators in a range of services including peer support, domestic abuse assessments, and perpetrator programmes.
- Drug and Alcohol Services - our services provide support to those impacted by drink, drug and gambling addictions. Our services are based on the idea that behaviour is learned and maintained in the context of each person's whole life - the family, employment, housing, biology, cultural backgrounds and other personal social challenges.
- Gambling Services - we provide support, information, and advice to anyone affected by gambling, providing specialist services tailored to young people, adults and their family or friends.

Our Group Strategy, Corporate Plan and Business Models

We have now completed the final year of our Group Strategy ***Growing Stronger Together*** which has the primary goal of *Inspiring Recovery* through the strengthening of the quality and range of our services. To deliver this aim we identified five key enablers which are:

- put people we support at the heart of everything we do.
- build an effective and motivated workforce.
- secure and maintain stable finances.
- develop an efficient and effective infrastructure.
- build our evidence and demonstrate our impact.

Delivery of these were underpinned by Strategic Enabling Plans which aimed to deliver each of the outcomes we set ourselves to achieve under each of the five themes. Board Committees were charged with the oversight of the progress against these plans to build a stronger and more effective Group. Our key targets for delivery in the final year of the Group Strategy were drawn together in the Corporate Plan 2021-22.

The Covid-19 pandemic had an enormous impact on people's wellbeing, and this further challenged us to think deeply about how we could continue to help people in unprecedented times. This year the cost-of-living issues added to existing pressures impacting on the lives of the people we support and our staff. We believe that recovery is possible for everyone, regardless of the challenges they face, and this informs everything we do. We are proud of what was achieved over the course of the strategy; our committed staff, volunteers and peers worked tirelessly over this period and throughout the pandemic to keep people safe. Some people were very strongly affected by what happened, and keeping our people safe and ensuring they feel supported has become even more of a priority.

The year was devoted to supporting our services where we could continue to learn from initiatives which had a strong impact on the well-being of the people we support and therefore could be integrated into the delivery model for that service (and potentially others). We focused on helping the people we support to find a framework for regaining their freedoms.

Risk due to staff turnover within our organisation rose significantly this year and pressures on services were closely monitored. We speak regularly with commissioners to ensure they are clearly aware of our current resourcing position and how we are managing this risk.

Besides our delivery programme for the 2020-23 Group Strategy and our ongoing continuous improvement plans, we have made several significant achievements which included:

- continue to grow and nurture the number of roles within our organisation for people with lived experience (including apprenticeships). This really benefits our person-centred approach and our co-production ethos which increasingly now touches every activity we deliver.
- all services participating in an Annual Self-Assessment process, to review performance against commissioner goals, local risks, and improvement plans for the coming year. This is central to our local focus and each of these plans is co-produced, across all service sectors.
- an expansion of our ability to gather and analyse ongoing feedback data to create a body of evidence around the effectiveness of services and areas that require further action.
- developing a more flexible workforce and empowering our staff to work in new ways. We are using innovation and better technology to adapt how we deliver and make sure we have the evidence to show this is far more effective in terms of improved outcomes.
- continuing a positive dialogue with staff council and Unite, our recognised union, to share our challenges and work through them collaboratively.
- overhauling learning management to deliver a far more consistent approach to training and awareness campaigns.
- significantly strengthened financial controls frameworks to allow devolved management but at the same time ensure weaknesses that will potentially lead to fraud cannot occur. This streamlining of processes prepares us well for the future and simplifies accounting. Our cash, net margin, reserves and new business targets are also firmly on track.
- working ever more closely with our key commissioning partners to build our relationships and help them to evolve for mutual benefit in both Richmond Fellowship and Aquarius.

- we have rolled out our digital dashboard enhancing our services to get better, faster data to a more granular level to enable local management to closely monitor its areas for improvements. This will also help us to better evidence progress made by people we support.
- we have invested heavily in technology achieving Cyber essentials plus, with the commitment that Information and Computer Technology (ICT) plays a big part in our future and will continue to be given strategic priority to ensure we are well equipped and sufficiently modernised to better deliver our services for the future.
- we have invested heavily and our properties ensuring they are safe and fit for purpose.
- we have embarked on a comprehensive programme of transformation with a clear goal of directing more money to the front line where we know it can make the most difference.

Strategy 2023 - 2026

Our new 2023-26 Group Strategy ***Inspiring Recovery Together*** sets out our vision for providing even more effective and meaningful support designed to ensure that everyone can achieve a life they value. Although we are proud of the achievements attained over the course of the previous strategy, we are aware there is still more work to do to broaden the impact of our work in the communities where we operate. As a group of charities, we must do all we can to adapt and change, as well as continuing to innovate and drive efficiencies so that we work together with the people we support to facilitate sustainable outcomes.

We aim to enhance our services and build strong partnerships, using evidence-based practices and pioneering new approaches to recovery. We will do this in a holistic and person-centred way and continue to empower people with lived experience to play an active role in shaping our work and supporting others on their own path to recovery. Through this strategy, we will continue to focus on improving the lives of those we support, putting their needs, aspirations and hopes for the future at the centre of what we do.

Our strategic priorities	What success looks like
Quality Services: We'll deliver and develop quality services everyone can be proud of.	• People get the support they need when they need it. • People are safe. • People achieve their goals and move on in a planned way. • Everyone has a home, the opportunity to work and friends they can rely on. • People get the same support worker throughout the time they are supported, if that is what they choose. • Staff will be equipped with the skills, knowledge, and expertise to deliver quality services.
Working Together: We'll put people at the heart of everything we do.	• Working Together Strategic Plan, Charter Mark and Tenant's Charter in place to deliver key milestones. • Health inequalities in service delivery are addressed. • Communities of practice deliver measurable improvements in each operating sector. • Mechanisms in place to support people with lived experience to be recruited, retained and achieve progress. • Sustained positive feedback on the satisfaction of people we support.
Reach: We'll strengthen our presence and partnerships in the places we operate.	• More people will be reached in the places we operate. • The strategic partnerships we develop will add value and be effective. • Our operating models will meet local needs, demonstrating best practice. • Our services will be embedded within local health and social care systems. • We'll deliver long term solutions to local needs. • People will know who Recovery Focus is, what we do and what we stand for.
Sustainability: We'll ensure the sustainability of the Recovery Focus Group.	• Stabilised staffing and improved recruitment fill rates across the organisation. • An established system of fair, affordable pay forming part of a strategy to making working at RF a viable, respected, and sustainable career choice.

	• Refreshed management structures at affordable levels prompting a culture of people focused cooperation around a 'One Team Approach'. • Improved feedback from our Investors in People assessments.
Impact: We'll ensure our services provide personal and social impact.	• Our data capture mechanisms will be used consistently across services to clearly demonstrate the effectiveness of our interventions. • We'll report on the impact of each of our operating sectors. • Consistent positive feedback from commissioner surveys • We'll be demonstrably integral to provider and strategic networks. • We'll be known as market leaders in our sectors.

REVIEW OF THE YEAR AND KEY PERFORMANCE INDICATORS

The financial year 2022-23 presented a mixed performance for the Group. Our turnover decreased to £46.3m from £47.6m in the previous year, primarily due to reduced rental income as contracts changed. Although contract income declined by £1.2m overall, there was a notable increase in demand for community-based projects such as employment services, crisis housing, and drug and alcohol support. Our operating surplus ended the year at £0.5m compared to £1.9m the previous year, and the decline was largely attributed to external challenges such as inflationary cost increases, energy price increases and wage inflation, which face the sector.

We were challenged with high staff vacancies and had difficulty retaining staff as we found ourselves competing with businesses outside of the sector, as a result we saw our recruitment costs and agency cost increase as we aimed to retain quality services to the people we support. We became an early adopters of the National Living Wage pay and paid all our staff a one-off cost of living payment to support them as inflation and energy cost continued to increase.

We achieved a 27% reduction in voids compared to the previous year but saw referrals decreasing in certain areas. There was a significant growth in some of our community-based services like Crisis and Step-Down Services providing alternative places of safety, care, and support for individuals.

We remain committed to addressing these challenges and maximizing performance in the upcoming year as new contracts currently being mobilised are fully implemented.

People we support to achieve their recovery outcomes.

In 2022-23, 22,905 people were supported in their personal recovery by our services (2021/22; 21,258), each with a personalised care plan. The full breakdown of activity within the Group over the past year is as follows:

	2022/23 Number	2021/22 Number
Social housing provision:		
In supported housing	929	1,018
In registered care homes	141	150
Non-social housing accommodation:		
Care home with nursing	-	-
Crisis	1,574	1,543
Non-accommodation services:		
Crisis Haven	2,027	2,201
Employment related	2,435	2,440
Floating/community	5,648	5,479
Domestic abuse	1,808	1,163
Substance use/gambling	8,343	7,264
TOTAL CLIENT ACTIVITY FOR THE YEAR	22,905	21,258

We monitor a range of indicators amongst which include:

Activity indicators	2023	2022	2021
Number of CQC registered services not meeting all core standards	0	0	0
Referral to treatment time of >3 weeks for treatment services	1.7%	1.4%	0.7%
Satisfaction indicators			
Clients surveyed who felt involved in planning their individual support	92%	92%	90%
% of clients with positive or stabilised scores in their recovery journey outcomes	90%	91%	92%
% of client exits planned – Richmond Fellowship services	87%	92%	90%
% of client exits planned – Aquarius services	68%	72%	72%
% of clients satisfied with the quality of their service	96%	89%	90%
% of residential clients (Richmond Fellowship only) satisfied with the quality of their accommodation	74%	77%	75%

These key indicators have shown remarkable consistency at a time when the environment remained uncertain. This is a tribute to our front-line staff who work so hard to support the people we support to achieve their recovery goals. Our indicators benchmark well against national metrics and our drive for continuous improvement will continue to underpin core satisfaction with our services on a more granular level to ensure we are delivering for each model of recovery.

Satisfaction

In December 2022, we conducted our Annual Satisfaction Survey with the individuals we support across our services. The response rate was reasonable (up on last year but down on target) compared to previous years but we continue to move forward at pace to conduct surveys on an ongoing basis which allows more focus on immediate feedback and actions from issues raised in a similar way to the NHS. Exit surveys are mirrored in longer-term services by pulse surveys to track satisfaction trends continuously.

Overall satisfaction score saw an increase to 96% (2022; 89%) and most respondents, 94% (2022; 92%), affirmed that the support they received had improved their lives. The number of respondents actively involved in the planning of their personal support remained at 92% (2022; 92%). Service-level scores are shared with local management, forming the basis for quality improvement plans in the upcoming year, known as Quality Self-Assessments, which build on feedback to target specific areas for local improvement.

Simultaneously, we continue to develop our dashboard framework at local level to allow Service Managers to access real-time information across all our systems within the Group, enabling us to compare and contrast results across different sectors. This analytical capability will facilitate the development of improvement plans that prioritize local operational performance and raise overall consistency and quality standards, moving away from an average-focused approach. Empowering local management through this self-service approach will drive continuous improvement from the ground up. Furthermore, it will provide the Leadership Team and the Board with detailed information to better support teams in making adjustments that benefit services, both in terms of quality and financial data.

FINANCIAL REVIEW AND FIVE-YEAR SUMMARY

Financial performance in the year

The care and support sector faced numerous challenges which significantly impacted our operations and performance throughout the financial year. Some of these challenges included inflation, increased cost of living, labour shortages, and economic turbulence. As a result, the Group reported a surplus of £0.37m for the full year, a decrease compared to £2.28m in 2022. This represents a reduced return on income of 0.8% in 2022, down from 4.8% in the previous year.

The Group turnover decreased by 2.7% to £46.29m in 2023 (2022; £47.56m). This year we strategically withdrew from a small number of contracts we felt no longer met our quality standards for service provision and how we deliver care. We are also seeing the impact of contracts we are mobilising in the current year, where we will not see the financial benefit until the following financial year.

Voids continue to be challenging, although losses were 27% lower than the previous year. Rental income from housing lettings decreased by 11% to £7.32m although this includes a provision of £0.43m made for the repayment of rent overpaid compared to the rent standard formula, in 2020/21 and 2021/22. An element of this is non-recurrent but the weekly rental charges have reduced overall. We are currently working through the refunds to each relevant Local Authority Housing Benefit team.

Our operating costs increased at a higher rate than income resulting in an operating loss of £0.14m (2022; £1.79m surplus). Wage inflation, energy price rises, buildings construction and maintenance costs and food costs in our care homes are just a few of the inflationary cost increases we have incurred. Our response to the cost-of-living crisis for our staff was to award a one-off cost of living lump-sum payment. In parallel we continue with our Transformation Plan to restructure overheads to refocus funding to the frontline and although this involves in-year investment, there will be benefits in future years. We also upgraded our information and communications technology infrastructure and security, attaining Cyber Essential Plus and successfully completed the NHS Information Toolkit. We have also continued to invest in our properties, substantially modernising them and making our homes as safe and comfortable as possible.

As part of ongoing evaluation of our property portfolio and offering, we sold three properties as they became vacant at the end of their contracts yielding a surplus on disposal of £0.68m (2022; £0.15m). We also acquired an additional two properties in year, one of which was purchased to support an initiative within the Aquarius subsidiary called, ‘Aquarius Homes’. The Aquarius properties (two in total) will be used to provide homes for young people supported by our services who need settled accommodation in the community. These acquisitions contributed towards an increased group net asset portfolio of £43.05m (2022; £42.79m).

The surplus for the year was adversely affected by the fair value movement of our investments seeing a reduction of £0.23m due to economic turbulence outside of our control. The external markets also affected the actuarial pension obligations. Richmond Fellowship is the sole employer of the 2Care Pension and Life Assurance Scheme and the net value of the pension scheme reserve decreased by £0.43m. The future liabilities of the Scheme are not reflected in these statements but the impact of inflation is also a reduction so the Scheme remains substantially strong and healthy.

Our cash balance increased from £17.17m to £19.17m, which comfortably meets our obligations and provides a strong position to support a long-term sustainable future. The Group’s reserves remain strong at £43.05m (2022; £42.79m). The table below shows key financial indicators for the past five years.

Financial highlights in £'000	2023	2022	2021	2020	2019*
Statement of comprehensive income					
Rental income and service charges	7,323	8,200	8,713	8,577	26,261
Non-rental income	38,973	39,361	36,849	37,685	20,386
Total revenue	**46,296**	**47,561**	**45,562**	**46,262**	**46,647**
Operating cost	(46,439)	(45,774)	(44,910)	(47,089)	(48,247)
Core operating surplus	**(143)**	**1,787**	**652**	**(827)**	**(1,600)**
Surplus on disposals	683	151	433	-	1,929
Operating surplus	**540**	**1,938**	**1,085**	**(827)**	**329**
Net interest & investment income/(loss)	258	352	786	(79)	282
Actuarial (Loss)/Gain on pensions obligations	(425)	(2)	109	(291)	21
Surplus for the year	**373**	**2,288**	**1,980**	**(1,197)**	**632**

** 2019 rental revenues have not been restated to reflect recent re-analysis of this income source*

Group Cash & Cash Equivalents	2023	2022	2021	2020	2019*
Opening Cash balance	17,167	13,946	11,184	9,316	13,198
Net Cash from operating activities	1,199	3,221	2,762	1,868	(3,882)
Closing Cash balance	**19,166**	**17,167**	**13,946**	**11,184**	**9,316**
Statement of Financial Position	2023	2022	2021	2020	2019*
Non-current assets	29,059	30,267	30,304	30,222	30,944
Current assets	29,284	27,759	24,330	21,214	22,363
Current liabilities	(7,457)	(7,516)	(6,283)	(4,609)	(4,704)
Long-term creditors	(7,838)	(7,712)	(7,830)	(8,286)	(8,865)
Net assets	**43,048**	**42,798**	**40,521**	**38,541**	**39,738**
Restricted funds	8,362	7,095	7,931	7,789	7,758
Unrestricted reserve	34,624	35,219	32,052	30,304	31,228
Pension reserve	62	484	538	448	752
Total reserves	**43,048**	**42,798**	**40,521**	**38,541**	**39,738**
Financial Statistics	2023	2022	2021	2020	2019*
Surplus for the year as % of turnover	0.8%	4.8%	4.3%	(2.6%)	1.4%
Operating margin	1.2%	4.1%	2.4%	(1.8%)	0.7%
Operating cost as % of revenue	100.3%	96.2%	98.6%	101.8%	103.4%
Operating surplus (before overheads)**	6,694	8,701	7,447	6,400	5,700
Contribution Margin (before overheads)	14.5%	18.3%	16.3%	13.8%	12.2%
Capital Investments	597	1,424	2,014	1,300	3,500
Capital investment (as % of opening cash balance)	3.5%	10.2%	18.0%	14.0%	26.5%
Cash & investments as % of Net Assets	53.3%	49.5%	43.8%	37.2%	32.2%

***This represents turnover less operating expenditure before overheads*

PRINCIPAL BUSINESS RISKS AND UNCERTAINTIES

The group leadership team (GLT) takes complete responsibility for the risk review process and ensures regular updates to the audit and assurance committees (AAC) of the Board on a quarterly basis, providing essential oversight.
The risk review process comprises the following key elements:

- Group risk register: This register identifies risks and their inter-relationships while aligning closely with our strategic priorities. It emphasizes the direction of risk and outlines actions to address controllable risks, as well as adapt our frameworks to manage the effects of less controllable risks.

- Operational and functional risk registers: These registers support the corporate register and allow reporting of emerging risks. We actively manage risks on a day-to-day basis by fostering a strong risk culture.
- Mapping controls and assurances: We clearly establish the dependency between our first-, second-, and third-line controls, utilising them effectively in our risk management approach.

In conducting these risk reviews, our internal auditors play a crucial role, collaborating with us to provide consistent and thorough assurance across all governance structures. Their support enhances the effectiveness and integrity of our risk management practices.

Like most in the sector our principal resource risk continues to be enduring high levels of staff turnover and its resultant impact on the continuity of service and morale. Recruitment in the sector remains tough, with a strong continued interest in working in social care, being negated by the cost-of-living pressures and therefore a desire to seek a role which is better paid. We are working with commissioners to see what can be done to ensure that the social care sector remains an attractive sector to work in but this remains challenging. The People Committee, reporting to the Group Board and the Aquarius Board maintains a close oversight of this risk.

Staff turnover and its impact on service delivery is closely monitored to ensure we deliver safe and effective services. The goodwill of our staff, drawn from helping people in acute need and furthering our charitable objectives, is to be commended. We know that recovery is linked to continuity of service and support and giving the people we support the best possible chance of recovery is our priority and so management are focussed on ensuring this is possible.

We continue to drive value for money initiatives (detailed elsewhere within this report) to ensure that as much resource as possible is channelled to providing a fair wage for our frontline staff. We invest in our properties and ICT to make sure people we support and our staff have a good environment and the right tools to receive and deliver services. This approach is feeding a 3-Year Financial Plan which underpins our medium-term to ensure we remain sustainably viable whilst improving our assets.

As the demand and service models evolve, we recognise the importance of adapting to measure our impact and provide evidence for the effectiveness of our goals in inspiring individual recovery. We are leveraging information more effectively and collaborating with external partners to validate the efficacy of our models. Embracing these changes and enabling staff to track progress effectively while capturing information meaningfully are vital components of our future strategy. These exciting developments are key to achieving our goals in the evolving landscape.

COMPLIANCE WITH OUR STATUTORY DUTIES UNDER SECTION 172 OF THE COMPANIES ACT

The Directors of Richmond Fellowship always adhere to acting in a way that they consider, in good faith, will be most likely to promote the success of the company for the benefit of the people we support in the long term (as well as the immediate needs of our current beneficiaries). To do this we pay regard to:

(a) the likely impact and consequences of all our decisions in the immediate and long term, with social and financial returns clearly spelled out alongside the wider impact assessments.

(b) the interests of all of our stakeholders, through working closely with, and listening to, issues flagged by the people we support, our staff (including volunteers), our commissioners, regulators and all of our suppliers and customers, taking seriously all feedback we receive to help us to deliver on this commitment.

(c) clearly understanding the impact of our services and their delivery, whilst continuing to provide value for money services, on our local and wider communities and the environment generally; and,

(d) conducting our business to a high standard, which is reflected in how our staff approach their work and in our expectations of our partners and providers to ensure this ethos permeates every aspect of our delivery.

Examples of how we have conducted our operations in this way over the past year are referenced throughout this report, together with relevant targeted improvement plans.

DIRECTORS REPORT

FINANCIAL RISK MANAGEMENT

We proactively seek to minimise our exposure to risk wherever possible. A potentially significant risk is the credit risk from bank balances. We also face market risk from listed investments and liquidity risk from our trade debtors. Trade debt remained challenging during the pandemic and remained so due to the effects of increased cost of living crisis. We have had to find new ways of working, but with close management scrutiny and clear accountability, we have managed to keep a very firm grasp on this area. Much of our trade debt by value is due from the government in one form or another, so ultimately the risk of debtors defaulting is not considered to be significant.

The Group has a treasury policy that underpins how our liquid resources are managed. The policy includes liquidity limits, security of investments and approved counterparty ratings. It is regularly monitored by the Board and reviewed in consultation with our treasury advisers. Investments are split between the Cazenove Charity multi-asset fund and CCLA-COIF's ethical fund (relatively low risk funds), both portfolios engaging only with opportunities which can demonstrate high ethical standards. Investment managers present regularly to our Business and Finance Committee to ensure that the evidence of these standards is robust.

We remain free of loan financing and as such, covenants, gearing and securitisation are not a risk for us.

We continue to pursue a strategic use of our reserves as rates of return for cash balances are now improving. The returns achievable under this strategy are a more beneficial use of reserves.

POST BALANCE SHEET

There are no post-balance sheet events to disclose other than two new additions to the RF Group Board: Carolyn Regan (joined 1 April 2023 as Vice Chair, Chair-Elect) and Danielle Oum (joined 30 May 2023 as RF Group Board Member and Chair of the Aquarius Board).

OUR PEOPLE

Our People Strategic Plan plays a vital role in the implementation of our Group Strategy and we have made significant progress during the year towards achieving our key objectives outlined in that plan.

Our dedicated staff members are integral to our operations and the long-term success of our organisation. We are actively working with our staff to develop a new and more equitable pay and reward system, with the overarching goal of aligning with market medians in our pay strategy.

We are committed to promoting consistency across our services, granting greater autonomy to local management, and enhancing the involvement of peer support workers and volunteers within our services. Their valuable contributions, along with our efforts to recruit individuals with lived experience, enable our staff to provide even better support to individuals on their recovery journeys. In collaboration with commissioners, we are expanding our service offerings across all our recovery models using this approach.

Richmond Fellowship has a well-established trade union recognition agreement with Unite, and a Joint Negotiation Committee (JNC) has been formally constituted to address matters related to pay, both contractual and non-contractual. Furthermore, both Richmond Fellowship and Aquarius have active Staff Councils that meet quarterly to address key issues pertaining to our operations and their impact on staff productivity. Reports from these meetings undergo review by the People Committee of the Group Board and the Aquarius Board.

Throughout the year, we have focused on specific indicators of progress. The table below provides a snapshot of the position as of 31st March for each respective year.

Activity indicators (annualised)	**2023**	**2022**	**2021**
% of days lost arising from sickness	3.1%	3.9%	2.4%
% of voluntary turnover in the past 12 months	34%	37%	21%
% of workforce from BAME backgrounds compared to client %	+1.0%	+3.3%	+1.5%
Client satisfaction indicators			
Client feels staff treat them with dignity and respect	95%	96%	95%
Client feels keyworker listens to client's views and acts on them	94%	94%	94%

Client feels supported by staff to achieve plan goals	94%	93%	93%

The following staff data were taken from surveys conducted in December 2022 and representative of the group's workforce at 31 March 2023:

- 71.8% female (70.8% in Richmond Fellowship and 76.5% in Aquarius). As at 1 June 2023, 20% of the Group Leadership Team and 54% of the Richmond Fellowship Board are female.
- 19.0% of the Group's workforce self-classify their ethnicity other than white (21.6% in Richmond Fellowship and 12.5% in Aquarius) – the equivalent data for the Group Leadership Team and Board is 20% and 31% respectively.
- 10.0% of staff consider they have a disability (11.4% in Richmond Fellowship and 7.5% in Aquarius);
- 10% of the Group's workforce is under 25 (11% in Richmond Fellowship and 5% in Aquarius); 46% of the Group's workforce is aged 25-44 (42% in Richmond Fellowship and 53% in Aquarius); 44% of the Group's workforce is over 45 (47% in Richmond Fellowship and 42% in Aquarius).
- 10.5% of staff consider they have lived experience of the issues that our services currently support (ranging across mental health, substance use, gambling and domestic abuse). This breaks down to 11.1% in Richmond Fellowship and 12.5% in Aquarius.

We are continuously working with our cross-functional project group to develop and review our people action plans with the aim of enhancing Equalities, Diversity, and Inclusion across the organization. Our primary objective is to ensure that our organisation is truly representative of the individuals we support and the communities in which we provide services. To achieve this, we are actively working on refining our Impact Assessment process. The goal is to ensure that individuals from all backgrounds have equal opportunities for well-being and the attainment of recovery goals, regardless of their personal characteristics.

As of March 31, 2023, our services have been supported by a dedicated group of 143 volunteers (186 in 2022) throughout the organisation. Out of these, 19 volunteers are associated with Aquarius, while Richmond Fellowship benefited from the support of 124 volunteers. Our overarching goal is to expand our volunteer network further, as they play a crucial role in assisting our staff and improving the quality of life for those we serve.

Over the past year, our volunteers have made a significant impact, contributing an average of 1,439 hours of support monthly. We are committed to recognising and leveraging the untapped potential that volunteers bring to our service delivery. By continuing to harness their skills and dedication, we can enhance our ability to make positive changes in the lives of those we support.

DIVERSITY, EQUALITIES and SOCIAL RESPONSIBILITY

We are committed to social inclusion, which is a vital part of our aim to reduce stigma faced by the people we support. It is important to us that our organisation reflects and celebrates the diversity of the communities we serve, and our commitment is a golden thread through our organisational culture, as well as our key strategies, policies and processes. Our workforce is a very strong reflection of the diversity of the people we support, and we measure this closely to be sure of the balance.

In the year, both Richmond Fellowship and Aquarius continued to work on the action plans arising from the Investors in People reaccreditations in 2021-22. Some of this work may need to be recalibrated in line with our new strategic priorities for 2023-26 but our people focus remains a strong commitment.

We believe that inclusion and social responsibility is a dynamic goal which requires constant monitoring, clear leadership and strong training and awareness programmes. Senior leadership have looked during the year at more closely defining our cultural identity and we are currently in the process of re-evaluating our business plans across the organisation to ensure that our values and the areas of significant cultural importance to us, are front and centre of the work every team is engaged in.

Our training programmes, which underpin our ethos, but also deliver safe and effective services on the frontline, are delivered through a variety of routes via our main Workday system, so we can track individual development and ensure our people have the skills and knowledge to deliver their roles. Our training and awareness programmes extend to board members, staff, peer support workers and volunteers, and other delivery partners without whom we cannot effectively support those people using our services.

Through social enterprise, we can directly engage with communities where our services are located, supporting the integration of those who are part of our social enterprise services into local communities. The social enterprises have been particularly affected by the impact of the cost of living crisis which has resulted in a slower recovery from the pandemic than expected. The social return on these services remains high and we are committed to help these services??activities? back on their way to recovery by making adjustments to ensure they retain sustainable long-term business models. Of particular note is our award-winning Old Moat garden centre in Surrey, supporting a significant number of people, and also the Aquarius Evolve service which delivered coffee shop and conference spaces for the 2022 Commonwealth Games in Birmingham.

The physical and emotional well-being of the people we support, and our workforce, remains a firm commitment and one that has never been more needed in these harsh economic times. We are supporting the establishment of special interest groups across the workforce, covering well-being, lived experience, LGBTQ+, ethnic minorities and disability to support us in our drive to ensure we can champion recovery for all people we support, no matter what their background or personal characteristics might be.

ENVIRONMENT

We are committed to enhancing our environmental awareness and minimizing the ecological footprint of our business. We prioritise sustainable practices that will positively impact our environment, both in the present and for future generations.

Since 2012, Aquarius has proudly maintained ISO 14001 certification, demonstrating our adherence to the Environmental Management Standard. In the upcoming year, we are excited to update our Estates Plan across the Group, which will seamlessly integrate our environmental goals into our compliance and investment frameworks for renovating our premises infrastructure.

To gauge our energy consumption and identify areas for improvement, we conducted an extensive analysis of 12 months' worth of consumption data for most of our premises. This data allowed us to extrapolate consumption profiles across our entire portfolio. Based on these calculations for the financial year 2022-23, our estimated total consumption stands at 5.9 million kWh, with 4.4 million kWh attributed to fossil fuels. This translates to approximately 0.8 million kg CO_2 emissions from natural gas usage and 0.3 million kg CO_2 emissions from electricity usage, including transmission. These estimations were derived using the relevant kWh to CO_2 conversion rates for 2023.

To actively address our energy usage and unlock potential savings, we have collaborated with expert advisors to identify sites with substantial energy consumption. Through targeted initiatives such as transitioning our lighting systems to LED and introducing automated energy efficiency features, including heating controls and boiler upgrades, we can significantly reduce our energy footprint. As part of the planned Property Plan review, we will strategically prioritise investments (where possible) to maximise our impact in this area.

To further reduce our environmental impact, we recognize the importance of monitoring water consumption and waste more consistently. Consequently, we are actively working towards implementing routine monitoring processes to align with our environmental objectives. Furthermore, we remain dedicated to sourcing sustainable products and services throughout our supply chain. In the upcoming year, we will explore additional procurement avenues to enhance our sustainability efforts.

The Ggroup is steadfast in its commitment to environmental stewardship. By continuously improving our practices and adopting environmentally friendly solutions, we strive to lead by example and make a positive difference in the world around us.

FUNDRAISING

As a Group we do not currently engage in unsolicited direct fund-raising – either to specific supporters or the general public. Occasionally, of their own volition, individuals who have been affected by services provided by the Group engage in a sponsored activity and donate their proceeds to a service or partner within the Group. When approached in advance, we support such gestures by providing charity-branded materials.

The Group does not participate in any voluntary regulation schemes for fund-raising. It does not use commercial participators or professional fundraisers, pursues no organisation-wide fund-raising programmes, has received no complaints regarding fund-raising in the year and did not actively monitor individuals who independently raised funds for the Group.

LEGAL STRUCTURE AND GOVERNANCE

The legal structure of the Group throughout the year has remained as Richmond Fellowship acting as parent of a single, wholly controlled charitable subsidiary, Aquarius Action Projects (known as Aquarius).

Richmond Fellowship's objects as they appear in the Articles are:

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

For 2022-23 the Group Board has been a unitary board comprising up to five executive directors and up to ten non-executive directors. For any vote, the number of non-executives present must exceed executives. The Group Board has agreed that this will change in 2023-24 to include only the Group Chief Executive.

New Group Board directors are recruited in accordance with specific provisions in the Richmond Fellowship Articles and are taken through a tailored induction on joining. This induction process includes service visits (which non-executives do on a rolling basis). Group Board members are, on an on-going basis, provided with both general and tailored training support, identified from regular appraisal and review discussions.

The Group has standing orders and a schedule of delegations in place to underpin the Articles. A Procedure Agreement is in place between parent and subsidiary. This sets out the respective duties, delegations and responsibilities of the Group and Partner (Subsidiary) Boards in the governance of the subsidiary.

We again undertook a significant overhaul of policy, practice and learning (both internal and in the wider sector) in relation to our service delivery and duty of care obligations. This has included refreshing our approaches to safeguarding, risk, environmental responsibilities, equalities, diversity and inclusion, information governance, data security, whistleblowing and fraud, as well as updating our statement to remain ever vigilant group-wide, against Human Trafficking and Modern Slavery. Our policies are mostly written for the Group with local related procedures to deliver these policies in different settings, according to the model to support recovery they are delivering.

REGULATION AND COMPLIANCE

The Group complies with the requirements of the Regulator of Social Housing (RSH), the Charity Commission, Charities Acts and Companies Acts, seeking consent, filing returns and publishing accounts as required. Compliance updates go to each meeting of the Audit and Assurance Committee of the Board. A small number of our services are registered with and subject to inspection by the Care Quality Commission.

Statement on public benefit

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

Statement of accountability

The Group Board accepts the obligation to account for its actions in an open manner to people we support, our regulators, commissioners, and other stakeholders, including the wider public. The Group Board also accepts the obligation to ensure that Group companies deliver the standards of probity required by law, by their regulators and appropriate to their position in the community. The Group's objective is to attain a substantial level of corporate social responsibility aligned with Environmental, Social, and Governance (ESG) directives and financial climate disclosure guidelines. However, this pursuit remains subject to its primary obligation of fulfilling its charitable objectives and utilizing its charitable resources for that intended purpose.

In addition to putting people we support at the centre of everything we do, the Group Board remains committed to our Recovery Focus Group identity, bringing like-minded expert partners together. We will continue to build the identity and profile of both the Group and individual partners over the coming year.

Statement of compliance with the RSH's Governance and Viability Standard and the NHF Code of Governance

The Governance and Financial Viability Standards of the Regulator of Social Housing (RSH), effective at 31 March 2023, requires compliance with an "appropriate code of governance, giving reasons for the choice and explaining areas of non-compliance". RF has chosen the National Housing Federation (NHF) Code of Governance. The NHF re-issued their Code in 2020 and the Group Board committed to its adoption and therefore this report is prepared in the context of the 2020 Code. The Code of Governance in turn requires compliance with the NHF Code of Conduct.

The Board considers the regulatory standards and matters covered by the Code through the ongoing work of the Audit and Assurance Committee. In July 2023, the Committee reviewed the Group's compliance and concluded that this had been demonstrated, approving the following statement of compliance:

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

This year we have self-assessed our governance against the current NHF Code. We are continually reviewing how we continue to ensure compliance with the Code to deliver better governance overall. Our Succession Strategy for Non-Executives continues to work highly effectively and we are looking to improve across all areas of the Environmental, Social and Governance (ESG) agenda to ensure that we are keeping pace with the expectations of our stakeholders as well as statute and regulatory guidance. We are particularly delighted that as of 1 June 2023, both RF and Aquarius Board have a majority of directors who are women. In relation to specific non-compliance with the NHF Code, Richmond Fellowship remains non-compliant with the NHF Code as follows:

Requirement	*Reason for non-compliance*
3.3(2) The board has between 5 and 12 members, including any co-optees and executive members.	The Group Board currently comprises 13 members in total (with the Articles allowing a maximum of 15), including 3 executive directors as RF has a unitary board. The Board however recently resolved to move away from having a unitary board and the necessary changes will be enacted in 2023/24.

Two new Group Board appointments were made in 2022/23, when welcoming Susan Moore and Paul Najsarek to the Board in April. Two further appointments were made, to replace retiring non-executives, on 1 April 2023 and 30 May 2023 and this is declared as a post balance sheet event earlier in this document. The Board has a clear approach to planning for succession and our induction of new non-executives continues to evolve to ensure new directors have the best chance possible to contribute strongly from the date of their appointment. In the year, we reviewed our position of having a remunerated Board and remain firmly of the belief that this serves Richmond Fellowship well in terms of a strong commitment to ensuring decisions are rooted in what is ultimately in the best longer-term interests of our beneficiaries.

As part of its annual self-evaluation process, the Board has concluded that the business case for payment of non-executive Group Board members remains valid and of benefit to the charity. The levels of payment in place are reviewed annually and these were last fully benchmarked in 2021/22 to ensure they remain at the right level for the responsibility and expectations we make of our non-executives. The recommendation was to leave the rates of remuneration unchanged.

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

Approved by the Board and signed on its behalf by

Helen Edwards
Helen Edwards (Aug 23, 2023 13:46 GMT+1)

H Edwards, Chair of the Board

STATEMENT OF THE GROUP BOARD ON VALUE FOR MONEY (VFM)

The Value for Money (VFM) strategy is driven by the Board and ingrained into all aspects of our operations to align with the latest code of practice on value for money set by the Regulator of Social Housing. As a registered provider, we proactively publish our performance against a specific set of key indicators, as demonstrated below:

				Benchmarking (based on 2022 Global Accounts)						
Sector Scorecard	RF 2023	RF 2022	RF 2021	A	B	C	D	E	F	2022 Ranking
> Business Health										
Operating Margin (Overall)	(2.5%)	3.3%	0.6%	5.2%	4.3%	2.6%	3.5%	13.4%	0.2%	5th
Operating margin (social housing lettings)	1.7%	10.8%	18.1%	10.0%	15.4%	4.2%	(2.4%)	10.1%	0.1%	2nd
EBITDA MRI (as % interest)	n/a	n/a	n/a	611.0%	1,554.0%	675.0%	(339.0%)	127.0%	(1,450.0%)	n/a
> New Supply delivered										
Social housing units - %	0	0	n/a	1.5%	3.6%	6.0%	0.1%	-	3.1%	n/a
Non-social housing units - %	n/a	n/a	n/a	-	-	-	-	-	-	n/a
Gearing	n/a	n/a	n/a	(1.8%)	38.3%	3.7%	14.5%	9.6%	(27.2%)	n/a
> Effective asset mgt										
Return on Capital Employed - %	(0.9%)	3.8%	2.4%	3.0%	1.4%	1.6%	1.4%	2.8%	0.2%	1st
>Outcome delivered										
Reinvestment	2.0%	1.5%	2.9%	5.4%	9.0%	11.8%	5.5%	3.3%	3.3%	7th
>Operating Efficiency										
Headline social housing unit costs	£ 10,017	£ 9,498	£ 9,295	£ 14,045	£ 11,900	£ 25,138	£ 28,605	£ 7,414	£ 22,614	2nd
Management cost per unit	£ 1,921	£ 1,569	£ 1,110	£ 1,887	£ 2,281	£ 5,516	£ 11,460	£ 6,447	£ 10,618	1st
Service charge cost per unit	£ 3,123	£ 2,961	£ 2,278	£ 5,308	£ 2,685	£ 9,785	£ 12,282	£ 7,815	£ 13,712	2nd
Routine Maintenance cost per unit	£ 402	£ 275	£ 91	£ 2,861	£ 1,086	£ 4,340	£ 2,498	£ 4,388	£ 2,552	1st
Planned Maintenance cost per unit	£ 220	£ 71	£ 68	£ 2,920	£ 901	-	-	-	£ 349	4th
Major repairs cost per unit	£ 361	£ 676	£ 724	£ 372	£ 227	-	£ 67	£ 545	-	7th
Lease costs	£ 3,079	£ 2,677	£ 2,088	£ 793	£ 933	-	-	-	£ 6,473	6th
Capitalised major repairs expenditure for period	£ 361	£ 676	£ 437	£ 779	£ 51	£ 266	£ 6,461	£ 4,854	£ 1,638	3rd
Other (social housing letting) costs	£ 411	£ 749	£ 342	£ 2,039	£ 488	£ 1,546	-	£ 228	£ 359	5th
Other social housing activities: charges for support services]	£ 15,466	£ 16,533	£ 16,141	£ 14,722	£ 6,997	£ 11,151	£ 38,687	£ 2,151	£ 22,327	5th
Total social housing units owned and/or managed at period end	719	770	768	2,275	1,315	1,297	2,498	3,634	2,566	7th

It is important for us to get the best value we can from our resources. To test this, we benchmark ourselves against a selected group of peer organisations to help to give us an objective perspective. We have identified six similar-sized registered providers of social housing who provide care and support services and operate in similar geographic areas to compare ourselves with. We have selected their metrics from the 2022 Global accounts of private registered providers and ranked our performance for each of the above key measures. We believe this is an effective way to get an objective point of view on our performance to help us to learn, plan, grow and take corrective action where we find this to be necessary.

Our results show that our headline social housing unit cost metric has increased from £9,498 to £10,017 per unit. This represents increases in our housing management, maintenance, and support costs within a backdrop of reduction in unit numbers 719 in 2023 (770, 2022). Cost was particularly impacted by voluntarily implementing the National Minimum Wage ahead of government guidelines, paid a one-off cost-of-living lump sum to our staff and absorbed most of the inflationary pressure in delivering our services. Whilst some of these increases were not budgeted, the management took a conscious decision to absorb these costs to keep delivering quality services to commissioners and the people we support. We will continue to monitor costs and have increased our budget to assist in the management of future price increases.

Value for money through delivery

The Group continues to promote value for money improvements through the following main channels:

- Co-production – through increasing levels of co-production we can deliver services differently and more effectively using local ideas and innovations.
- Governance – through scrutiny and assurance we ensure that the people we support get value for money by internal and external benchmarking and robust budgeting.
- Delivery processes – the pandemic forced us to re-assess how we work and how we deliver services. Many of the changes delivering efficiencies will continue. We have aligned this to our digital strategy, making our business more technology-driven and end user focused.
- Consistent and improved models to support recovery and procurement – the pandemic has given us further impetus to hone our models to support recovery. Group-wide we are driving a procurement initiative that will yield consistent and effective outcomes with an affordable cost base.

In compiling the Corporate Plan, to ensure that our plan priorities take on board how these will impact and improve our regulatory indicators.

Procurement

The Group has a procurement strategy with a focus on strengthening the Group's approach to procurement and supporting the achievement of the approved Group Strategy. The procurement strategy aims to ensure that procurement activities are undertaken efficiently and economically and provides direction to strive for best practice in procurement while constantly improving value for money and the quality of goods and services that are procured. It outlines the role that procurement will play in the delivery of the Group's priority objectives:

- To evaluate and improve current procurement practices to achieve better value for money and to ensure the Group's needs are met efficiently and effectively.
- To ensure that good practice examples are identified and applied consistently across the organisation.
- To review our products to ensure these are providing a return on investment.
- To renegotiate contracts to maximise economies of scale.
- To reduce our environmental impact and increase our sustainability, making the best use of our national footprint.
- To ensure that current and future procurement activities are planned, monitored and reviewed effectively.
- To create a structure where we can share resources, drive innovation and create more efficient ways of working.
- To use digital solutions to create the most efficient and effective procurement methods to deliver the best possible service.
- To use digital solutions to strengthen the financial controls of the business procurement process – using Workday "purchase to pay".
- To identify opportunities for collaboration with others to widen the scope for maximising purchasing power and identifying innovation.
- To identify what part customers will play in the procurement process.

Looking ahead

As part of its three-year business planning and budgeting process, the Board has approved a comprehensive Value for Money Strategy and Savings Plan, referred to as the Transformation Plan. The plan outlines projected savings in several key areas, with a projected annual yield of over £1 million in savings. This Plan is regularly by the Business and Finance Committee of the Board to ensure risks arising from actions are well managed and mitigated and the savings delivered are in line with aspiration.

Key areas of focus to deliver increased value for money include:

- Reducing central overhead to a maximum of 12% of overall income by changing how we deliver the central support of our services.
- Streamlining our systems and processes to reduce time and human effort to deliver tasks, generating efficiencies.
- Reviewing viability of individual services – both those performing well and those challenged, to scope wider opportunities for efficiency whilst also improving effectiveness.
- Streamline existing operations and optimise the use of our assets to enhance income generation.

This will allow more money to flow to frontline delivery and thereby enhance our financial sustainability and deliver even greater value for our organisation and those we serve.

Group Board Statement of Responsibilities

STATEMENT OF THE GROUP BOARD ON INTERNAL CONTROLS ASSURANCE

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

Board Members and Meetings

A comprehensive list of Board Members for the year can be found on page 1. The Group Board held a total of six formal meetings during the year (2022: 6). Overall attendance, including Executive Directors, at these meetings was at an impressive 94% (2022: 96%). The meetings, which also include Board Committees, were primarily conducted via videoconference, with the exception of two annual Board away events, which were held in person. Each Board meeting is prefaced by a discussion on a wide range of topics exploring strategic and governance-related matters. These supplement the risk "deep dives" that occur on a wide range of challenging issues affecting the Group, as part of each Committee's quarterly agenda.

Directors participate in one-to-one reviews of the Board, its committees and their own personal performance - identifying areas for action and any development needs. We use the skills review alongside the priorities in the Group Strategy to assess the strength of governance, future Board needs and the desirable values, experiences, and knowledge, in identifying new non-executives as vacancies arise.

Board Members' remuneration, attendance and Partner Board/Committee Memberships in 2022/23 were:

Non-Executive	*Remuneration*	*Group Board Attendance*	*Partner Board/Committee Memberships*
I Ayling	£5,500	5 / 6	AAC, BFC
K Bakshi	£6,250 *	5 / 6	QPC
H Edwards	£12,500	6 / 6	PeC
A Fletcher	£6,000	6 / 6	QPC, PeC, AAP
M Hopcroft	£5,000	6 / 6	AAC, WTC
S Moore	£5,500	6 / 6	AAC, BFC
P Najsarek	£5,000	6 / 6	BFC
R Perkins	£6,000	6 / 6	PeC, WTC
A Powell	£8,000	6 / 6	AAC, BFC
J Royle	£6,000	6 / 6	PeC, QPC

PARTNER BOARD/ COMMITTEE KEY
AAP (Aquarius Board)
AAC (Audit & Assurance)
BFC (Business & Finance)
PeC (People)
QPC (Quality & Performance)
WTC (Working Together)

* *This includes a one-off arrears adjustment of £250*

The work of our Board Committees is enhanced by co-opted expert advisers who add a wider perspective and expertise to all committees (except the Remuneration Committee). We thank all of them for their dedication to the work of the Group and the sharing of their perspectives.

Matters reserved for the Group Board

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

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

Terms of reference for each Board committee are reviewed annually and approved by the Board itself. Each committee (except Remuneration) aims to include an adviser with recent lived experience and has also appointed one or more independent members to bring a broader perspective to the work of each committee. Each independent member contributes significantly to the assurance framework, being experts in their field.

During the year, to support the work of both the Richmond Fellowship and Aquarius Boards, the Group has had in place three key assurance groups which meet quarterly to support the management of risk and add additional expertise and assurance in their areas of focus:

Health and Safety Group – proactively manages health and safety risk and compliance, monitoring risks relating to clients, workforce and premises. This Group includes an external expert adviser and reports and makes recommendations via the Group Board's Quality and Performance Committee to both Boards. Albert Fletcher attends as Board Non-Executive Health and Safety Champion.

Service Governance Group – this Group oversees the quality of service delivery across the Group, ensuring consistently high standards and assessing and managing emerging risks in service delivery. This Group also includes an external expert adviser who provides an independent assurance report after each meeting, making recommendations to the Group Board's Quality and Performance Committee as required. (This Committee, in turn, reports to the Group Board and Aquarius Board). This Group also oversees the internal Quality Improvement Plan and client risk, including the local management of clients' own funds, medication and wellbeing.

Information Governance Group – the primary responsibility of this Group is to ensure full compliance with the law, regulatory requirements, and the rights of individuals accessing or providing our services in all aspects of our information governance approach. Given the growing risks posed by cyber threats, coupled with the escalating significance and dependence on technology and data for the secure and efficient delivery of services, the work undertaken by this Group has become increasingly crucial to our overall governance efforts.

An effectiveness review of these groups will be undertaken in 2023-24 to check that they remain fit for purpose or whether there is a more effective way of delivering this assurance going forward.

Identification and evaluation of risks and control objectives

Board Directors, working with the Group Leadership Team (GLT - currently comprising Group Directors and the operations leads for both Richmond Fellowship and Aquarius) and the Directors of the Aquarius Board, have separately and collectively given substantial consideration to the major risks to which the Group is exposed. As part of this process, the Audit and Assurance Committee meets four times annually and gives a significant portion of its agenda to risk scrutiny and challenge. The internal and external audit teams are a convectional of assurance in fulfilling this remit.

Ownership for delivering the priorities and managing the associated risks rests with the GLT, but each Group Board Committee scrutinises a portfolio of risks, on with Non-Executives introducing additional ideas and rigorously working through the challenges for the organisation.

As a shared responsibility, parent and subsidiary Board Directors and the GLT routinely satisfy themselves that appropriate systems, plans and procedures are in place to properly manage risk and assess progress against significant milestones in delivering key priorities.

Managing the business

Performance indicators are in place to provide information that allows management to monitor the key targeted outcomes that have been agreed upon as the best metrics to assess the sound progress of our strategic priorities. These indicators satisfy management that our services are delivering for our beneficiaries and matters which require intervention can be tackled. Our key data management systems provide much of the information to do this and we continue to make good progress in our long-term goal of moving towards a digital dashboard, for more timely information that can be sense checked against other indicators to be able to inform and suggest actions to ensure that our priorities can be met.

To complement the existing control mechanisms, the provision of effective training and awareness information is vital to ensure the safe and consistent application of processes. As part of our extensive training and development program, several modules are mandatory for all staff and are regularly updated to keep the Group's workforce well-informed, prepared, and capable of delivering quality services.

In 2023, we undertook a thorough examination of rental charges and their alignment with the rent standard. During this process, it came to light that a small number of properties had been overcharged by a total amount of £427k. The impact of this adjustment is a combination of non-recurrent (refunds for over-charging in prior years) and recurrent (lower on-going rental charges). Two properties recorded rents below the rent standard but these will only be adjusted on re-let. We have accounted for this overcharge in the 2022/23 result and made provisions for issuing refunds. Rent notices issued for increases at the beginning of April 2023 were fully adjusted and explained to our residents. We are currently engaged in discussions with the Regulator of Social Housing to formally register the breach, how it occurred, what its impact was and how the position has been rectified. This has all been reported to the Board, who have charged the Audit and Assurance Committee with on-going oversight to ensure the breach is fully disclosed and the rectifications managed. We will change the process by which annual rent reviews take place, learning from the past to minimise the opportunity of re-occurrence and this process will include expert external adviser sampling to ensure we remain fully compliant with the latest guidelines, moving forward.

As another line of assurance, our Internal Audit Team deliver a comprehensive annual programme highlighting a range of actions that management are pursuing.

Internally we continued to publicise our Feedback Policy and raise awareness around the key policies that assist with controls assurance, such as Whistleblowing, Anti-Money Laundering, Anti-Fraud, Gifts/Hospitality and Conflicts of Interest. Our Quality Self-Assessment regime is in place across the whole Group and is operating at local, area and partner-wide level.

Our Non-Executive Board Members undertake service visits as part of their wider responsibility (and development) to better understand the services we are delivering, the challenges faced in delivering them; it is also an opportunity for them to speak to people we support directly. There are popular with people we support, staff and Board Members alike.

At the end of the year, the Group Board has reviewed the controls and assurances in place across the Group and is satisfied that the Group is both compliant with legal and regulatory requirements and improving. This includes all the areas of work for which the Aquarius Board is ultimately responsible for delivery and oversight.

We maintain close collaboration with external partners and stakeholders to gain insights into their perspectives on our strategic direction and ongoing performance. This includes engaging with commissioners to ensure their satisfaction with our services and exploring ways to enhance their effectiveness. Additionally, we collaborate with local safeguarding teams, fire safety authorities, the Care Quality Commission, and other independent expert advisers, valuing their objective viewpoints as a valuable means of driving our continuous improvement agenda. By actively seeking input from these external sources, we strive to foster a transparent and inclusive approach to our operations and service delivery.

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

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

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

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

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

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

evelyn PARTNERS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICHMOND FELLOWSHIP

Opinion

We have audited the financial statements of Richmond Fellowship (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Group and Company Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the 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 group's and of the parent charitable company's affairs as at 31 March 2023 and of the group's and parent charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 for the group and the company and the Charities Act 2011 (for the Group); and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Directors' 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 group and parent 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 directors 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 Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of the Responsibilities of the Group Board set out on page 21, the members of the Board (who are directors of the parent charitable company for the purposes of company law and the trustees for the purposes of charitable 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 group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and under section 151 of the Charities Act 2011, and report in accordance with those Acts and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the group and the parent charitable company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the group and the parent charitable company's industry and regulation.

We understand that the group and the parent charitable company complies with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- A programme of internal audit performed by an independent firm of internal auditors;
- A risk assessment framework and register that includes regular review and scrutiny by the Board of Directors;
- Regular safeguarding and health and safety reviews;
- An annual assessment of compliance with social housing regulations; and
- The Board of Director's close oversight through regular Board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group and the parent charitable company's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the group and the parent charitable company:

- FRS 102 and the requirements of the Companies Act 2006, in respect of the preparation and presentation of the financial statements;
- Safeguarding, including health and safety and Care Quality Commission regulations; and
- Social housing and Charity law and regulation.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries of management and the Audit and Assurance Committee as to the risks of non-compliance and any instances thereof;
- Reviewing internal audit reports and correspondence between regulators and the group and the parent charitable company; and
- Reading minutes of meetings of those charged with governance.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group and the parent charitable company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the group and the parent charitable company's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive work on revenue transactions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent charitable company, and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Bond
Andrew Bond (Aug 24, 2023 21:14 GMT+1)

Andrew Bond
Senior Statutory Auditor, for and on behalf of

24/08/2023

CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

45 Gresham Street
London
EC2V 7BG

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2023

	Notes	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Turnover	3	46,296	40,098	47,557	41,855
Expenditure					
Recurring	3	(46,174)	(40,838)	(45,774)	(40,645)
Non-recurring	9	(265)	(265)	-	-
Total Operating expenditure		(46,439)	(41,103)	(45,774)	(40,645)
Surplus / (deficit) on property disposals		683	683	151	151
Other operating income		-	-	4	3
Operating Surplus / (Deficit)		540	(322)	1,938	1,364
Interest receivable and similar income.	10	498	412	148	145
Interest & financing costs	11	(10)	(10)	-	-
Movement in the value of investments		(230)	(230)	204	204
Surplus / (deficit) before tax	12	**798**	**(150)**	**2,290**	**1,713**
Taxation on surplus		-	-	-	-
Actuarial (loss)/gain in respect of pension scheme	8	(425)	(425)	(2)	(2)
Total comprehensive income for the year		**373**	**(575)**	**2,288**	**1,711**

The Statement of Comprehensive Income was approved and authorised for issue by the Group Board on 3 August 2023.

Helen Edwards

Helen Edwards
Director

Susan Moore
Director

STATEMENT OF FINANCIAL POSITION as at 31 March 2023
COMPANY NUMBER 662712

	Note	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Fixed Assets					
Property, plant & equipment					
- Housing & other properties used for social provision	**13**	23,956	21,670	24,137	22,157
- Other property, plant and equipment	**14**	5,041	4,369	5,646	4,820
Post-employment benefits	**8**	62	62	484	484
		29,059	26,101	30,267	27,461
Current assets					
Inventories	**15**	173	171	169	167
Debtors due within one Year	**16**	6,173	5,346	6,421	5,882
Investments	**17**	3,772	3,772	4,002	4,002
Cash at bank and in hand		19,166	14,306	17,167	13,039
		29,284	23,595	27,759	23,090
Creditors: amounts falling due in one year	**18**	(7,457)	(6,224)	(7,516)	(6,630)
Net current assets		**21,827**	**17,371**	**20,243**	**16,460**
Total assets less current liabilities		**50,886**	**43,472**	**50,510**	**43,921**
Creditors: amounts falling due over one year	**19**	(7,838)	(7,838)	(7,712)	(7,712)
Total assets less liabilities		**43,048**	**35,634**	**42,798**	**36,209**
Funds					
Restricted funds	**23**	8,362	2,712	7,095	2,392
Unrestricted funds					
- Unrestricted general funds	**25**	33,685	32,103	34,050	32,346
- Designated funds	**24**	184	-	184	-
- Revaluation reserve	**25**	755	757	985	987
- Pension reserve	**25**	62	62	484	484
		43,048	**35,634**	**42,798**	**36,209**

The accounts were approved and authorised for issue by the Group Board on 3 August 2023.

Helen Edwards

Helen Edwards
Director

Susan Moore
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2023

		Unrestricted				
	Restricted Funds	General Funds	Designated Funds	Revaluation Reserve	Pension Reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	**7,931**	**31,087**	**184**	**781**	**538**	**40,521**
Surplus for the year	-	2,290	-	-	-	2,290
Released on Disposal	-	(11)	-	-	-	(11)
Other comprehensive income	-	-	-	-	(2)	(2)
Total comprehensive income	-	2,279	-	-	(2)	2,277
Transfers (note 22)	(836)	684	-	204	(52)	-
Balance at 31 March 2023	**7,095**	**34,050**	**184**	**985**	**484**	**42,798**
Surplus for the year		798				798
Released on Disposal		(123)				(123)
Other comprehensive charge					(425)	(425)
Total comprehensive income	-	675	-	-	(425)	250
Transfers (note 22)	1,267	(1,040)	-	(230)	3	-
Balance at 31 March 2023	**8,362**	**33,685**	**184**	**755**	**62**	**43,048**

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2023

		Unrestricted				
	Restricted Funds	General Funds	Designated Funds	Revaluation Reserve	Pension Reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	**3,806**	**29,371**	**-**	**783**	**538**	**34,498**
Surplus for the year	-	1,713	-	-	-	1,713
Other comprehensive income					(2)	(2)
Total comprehensive income	-	1,713	-	-	(2)	1,711
Transfers (note 22)	(1,414)	1,262	-	204	(52)	-
Balance at 31 March 2022	**2,392**	**32,346**	-	**987**	**484**	**36,209**
Deficit for the year		(150)				(150)
Other comprehensive charge					(425)	(425)
Total comprehensive income	-	(150)	-	-	(425)	(575)
Transfers (note 22)	320	(93)	-	(230)	3	-
Balance at 31 March 2023	**2,712**	**32,103**	**-**	**757**	**62**	**35,634**

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Net cash Inflow from operating activities	**31**	**1,066**	**4,106**
Cashflow from investing activities			
Acquisition & development of properties used for service provision		(486)	(365)
Sale of housing properties		1,175	407
Purchase of other property, plant & equipment		(239)	(1,064)
Investment income received		156	125
Interest received		327	12
Net cash inflow/(used in) investing activities		933	(885)
Net increase in cash and cash equivalents		1,999	3,221
Cash & cash equivalents at the beginning of the year		17,167	13,946
Cash & cash equivalents at the end of the year		**19,166**	**17,167**
Cash & cash equivalents at the end of the year comprise:			
Cash at bank & in hand		19,166	17,167
		19,166	**17,167**

NOTES TO THE ACCOUNTS for the year ended 31 March 2023

1. Legal status

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

Aquarius Action Projects ("Aquarius"), is a wholly owned subsidiary of Richmond Fellowship. It is incorporated as a private company limited by guarantee under the Companies Act 2006 in England, number 2427100. It is also a registered charity, number 1014305. Its registered office is 236 Bristol Road, Birmingham, B5 7SL.

The group of companies is collectively known as Recovery Focus as referred to as the "Group"

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

2. Accounting policies

Basis of preparation

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Housing SORP 2018 "Statement of Recommended Practice for Registered Social Housing Providers" and comply with The Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are also prepared in accordance with the Companies Act 2006 and the Housing and Regeneration Act 2008. The consolidated financial statements are additionally prepared in accordance with the Charities Act 2011.

The Company is a public benefit entity and the Group is a public benefit group, as defined by FRS 102. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Group's accounting policies.

Disclosure exemptions

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

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and its subsidiary undertaking.

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

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

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

Business combinations

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

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

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

Going concern

The financial statements have been prepared on the going concern basis which the directors consider to be appropriate for the following reasons.

The Board has considered the potential impacts from different adverse conditions such as increased cost of living and fluctuations in revenue as well as options for mitigating them as part of the annual budgeting cycle. To ensure the business can continue operating in the immediate term, we carried out scenario testing on these conditions looking at income reduction from our Social Enterprises, changes in grant conditions, potential movement in operating costs affecting staff and other operating expenditures. Other scenario testing included subjective judgments of the impact of increased rent arrears, delayed rent collection and increased voids. In making these assessments, we also considered the mitigations available to manage the potential impact on cashflow affecting the financial viability of the business. Financial forecasts were regularly presented to the Board which included these scenarios and mitigations. The assessment demonstrated the financial impact could be managed within the approved budget and gave assurance we had sufficient liquidity to manage the financial risks. In addition, the Board is regularly updated with our performance against expectations by;

- detailed forecasting as part of the monthly reporting cycle
- twelve-month forward rolling cashflows forecast
- enforcing a ‘golden rule’ where cash reserves must remain within a minimum uncommitted cash reserves of £6 million, being £5 million for the company and £1 million for Aquarius.

The Group has no loan commitments nor restrictive financial covenants,

The Group’s business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

On this basis, the Board has reasonable expectations that the Group and Company have adequate resources to continue the operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Key sources of estimation uncertainty and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements, estimates and assumptions have had the most significant effect in amounts recognised in the financial statements:

(a) Critical judgements

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

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

Housing property impairments
An impairment review of the Group’s properties is undertaken when an impairment indicator is believed to have been triggered. The 2022/23 review did not result in the requirement for any impairments.

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

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

(b) Key accounting estimates and assumptions

Estimation of revenue

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

Defined benefit pension scheme

The cost of defined benefit pension scheme plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount valuation rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long-term nature of these plans, such estimates are subject to considerable uncertainty and the Group relies on the expert input of actuaries. Further details of the assumptions made are provided in Note 8.

Useful lives

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

Impairments of housing and other properties held social purposes

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

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

Rent arrears and other debtors

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

Carrying values

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

Revenue recognition

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

Income is recognised as follows:

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

Donated assets and services which would otherwise have been purchased are included at the estimated expenditure purpose, the donations may become repayable in which case the liability is recognised when the related asset is disposed of or when it ceases to be used for the approved purpose.

Arrears

Debtors include the total rent and service charge arrears which is comprised of both current and former tenant arrears. Former tenant arrears are fully provided for in the financial statements at the point the tenant leaves the property. Current tenant arrears are provided for at specific rates according to the age of the debt.

Employee benefits

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

Short term benefits

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

Defined contribution pension plan

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

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

State plan

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

Defined benefit pension plan

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

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

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

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

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

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

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

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

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

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

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

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

Managed properties

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

Housing and other properties used for social purposes

Housing and other properties used for social purposes are properties which are held to provide residential accommodation, nursing homes or day care centres. These properties are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of the properties is the purchase price together with those costs that are directly attributable to acquisition and construction up to the date of completion.

Properties in the course of construction are not depreciated.

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

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

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

Other tangible fixed assets

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

Office premises	1%
Motor vehicles	25%
Plant & machinery	25%
Furniture	25%
Computer, IT & other office equipment	20%
Computer software	10%

Inventories

Inventories are stated at cost less provision for impairment losses.

Impairment of non-financial assets

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

<u>Assets not used for social purposes</u>
The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use (VIU) is defined as the present value of the future cash flows before

interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

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

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

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

At each statement of financial position date, the properties are assessed to determine if there are indicators that the property may be impaired in value; if there are such indicators of impairment, then a comparison of the property's carrying value to its recoverable amount is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as operating expenses in the statement of comprehensive income; the carrying value is reduced appropriately. The recoverable amount of a property is the higher of its fair value less costs to sell and its value in use. Value in use for properties which are able to be used in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

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

Government grants (social housing grants - SHG)

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

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

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

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

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

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

Grant relating to a property which is sold is derecognised and disclosed as a liability where repayment or recycling is required. Where SHG is recycled, it is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year

Current asset investments

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

Operating leases

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

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

Cash and cash equivalents

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

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

Provisions

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

Value Added Tax

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

Taxation

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

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

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

Group	2023			2022		
	Turnover	Operating expenditure	Operating Surplus (Deficit)	Turnover	Operating expenditure	Operating Surplus (Deficit)
	£000	£000	£000	£000	£000	£000
Social housing activities						
Social housing lettings *(note 4)*	7,323	7,202	121	8,200	7,314	886
Other social housing activities						
Supporting people contract income	14,302	15,466	(1,164)	15,599	16,533	(934)
	21,625	**22,668**	**(1,043)**	**23,799**	**23,847**	**(48)**
Activities other than social housing activities						
Registered nursing home lettings	528	509	19	513	512	1
Crisis Houses	3,794	3,909	(115)	2,691	2,720	(29)
Community based projects	19,583	18,802	781	20,049	18,039	2010
Leased to third party providers	181	61	120	143	24	119
Other	585	225	360	362	632	(270)
Non-recurring expenditure (*note 9*)	-	265	(265)			
	24,671	**23,771**	**900**	**23,758**	**21,927**	**1,831**
TOTAL	**46,296**	**46,439**	**(143)**	**47,557**	**45,774**	**1,783**
Surplus on disposals of fixed assets			**683**			**151**
COVID-19 Job Retention Scheme Income			**-**			**4**
Operating surplus			**540**			**1,938**

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

Company	2023			2022		
	Turnover	Operating expenditure	Operating Surplus (Deficit)	Turnover	Operating expenditure	Operating Surplus (Deficit)
	£000	£000	£000	£000	£000	£000
Social housing activities						
Social housing lettings *(note 4)*	7,323	7,202	121	8,200	7,314	886
Other social housing activities						
Supporting people contract income	14,302	15,466	(1,164)	15,599	16,533	(934)
	21,625	**22,668**	**(1,043)**	**23,799**	**23,847**	**(48)**
Activities other than social housing activities						
Registered nursing home lettings	528	509	19	513	512	1
Crisis Houses	3,794	3,909	(115)	2,691	2,720	(29)
Community based projects	13,384	13,600	(216)	14,347	12,916	1,431
Leased to third party providers	181	61	120	143	24	119
Other	586	91	495	362	626	(264)
Non recurring expenditure (note 9)	-	265	(265)			
	18,473	**18,435**	**38**	**18,056**	**16,798**	**1,258**
TOTAL	**40,098**	**41,103**	**(1,005)**	**41,855**	**40,645**	**1,210**
Surplus on disposals of fixed assets			**683**			151
COVID-19 Job Retention Scheme Income			**-**			**3**
Operating surplus			**(322)**			**1,364**

4. Particulars of income and expenditure from social housing lettings

GROUP AND COMPANY

	2023	2022
Supported housing	**Total**	**Total**
	£000	**£000**
Rent receivable net of service charges	3,902	3,977
Rent refund provision**	(427)	-
Service charge income	3,851	4,125
Net rental income	**7,326**	**8,102**
Government grants taken to income		
Amortised government grants*	(3)	98
Turnover from social housing lettings	**7,323**	8,200
Operating expenditure		
Housing management	1,381	1,209
Service charge cost	2,246	2,280
Routine maintenance	289	212
Planned maintenance	158	54
Major repairs expenditure	260	520
Bad debts	296	576
Property lease charges	2,213	2,062
Depreciation of housing properties and associated fixtures, fittings and equipment	359	401
Operating expenditure on social housing lettings	**7,202**	**7,314**
Surplus on social housing lettings (as per note 3)	**121**	**886**
Void losses (deducted from rent above)	**808**	**1,101**

Throughout the year we operated a few residential crisis services which are not considered to be social housing (and the premises were not provided with the support of social housing grant) and as such are excluded from all of the data contained within this note.

Income and expenditure reflect all social housing provided by Richmond Fellowship, irrespective of the intensity of support given as part of the service provision.

*Amortised government grant includes a £94k write-back relating to a property reclassified as market rent.

** The total rent charged for the year includes a provision of £427k designated for refunding rental overcharges to our customers.

5. Leases

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

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

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

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

	2023	2023	2022	2022
	Group	**Company**	**Group**	**Company**
	£000	**£000**	**£000**	**£000**
Rents due within one year	82	82	127	127
Rents due between one and five years	83	83	46	46
Rents due after five years	-	-	-	-
Total	**165**	**165**	**173**	**173**

6. Key management emoluments

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

The emoluments of the directors / key management were as follows:	2023	2023	2022	2022
	Group	**Company**	**Group**	**Company**
	£000	**£000**	**£000**	**£000**
Emoluments (including pension contributions and benefits in kind)				
Executive staff	589	530	624	565
Non-executive directors	66	66	64	64
	655	**596**	**688**	**629**
Employers' national insurance	72	66	83	76
	727	661	**771**	**705**
Emoluments paid to the highest paid Director (Excluding pension contribution, including benefits in kind)	**127**	**127**	**125**	**125**
Pension contributions for the highest paid director	**8**	**8**	**8**	**8**

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

	2023	2023	2022	2022
	Group	**Company**	**Group**	**Company**
	£000	**£000**	**£000**	**£000**
Directors' emoluments, as defined by the Companies Act 2006	**594**	**594**	**691**	**691**

Four executive directors were members of the defined contribution pension scheme.

7. Employee information

Average number of employees employed during the year:

Full time equivalents	2023 Group No.	2023 Company No.	2022 Group No.	2022 Company No.
Office Staff	115	102	120	108
Service Staff	975	834	1,007	861
Total staff	**1,090**	**936**	**1,127**	**969**

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

Actual employees	2023 Group No.	2023 Company No.	2022 Group No.	2022 Company No.
Office staff	111	99	124	113
Service staff	928	800	1,051	917
Total staff	**1,039**	**899**	**1,175**	**1,030**

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Wages and salaries	26,903	23,303	26,767	23,229
Redundancy costs	192	192	101	101
Social security costs	2,438	2,118	2,231	1,945
Other pension costs	1,140	938	1,204	1,000
Total	**30,673**	**26,551**	**30,303**	**26,275**

During the year 13 people (2022 - 21) were made redundant. Wages and salaries include £34k ex-gratia payments to 3 employees (2022 - £Nil). Non-contractual payments are made on an exceptional basis only and are individually approved by the Group Leadership Team.

Senior Pay Banding

In the year, the following number of staff within the business, expressed in full-time equivalents, were paid remuneration (including pensions) of over £60,000:

Staff remuneration bandings	2023 Group No.	2023 Company No.	2022 Group No.	2022 Company No.
£130,001 to £140,000	1	1	1	1
£110,001 to £120,000	-	-	-	-
£100,001 to £110,000	-	-	-	-
£90,001 to £100,000	1	1	1	1
£80,001 to £90,000	2	2	2	2
£70,001 to £80,000	-	-	2	2
£60,001 to £70,000	4	4	1	1
Total staff	**8**	**8**	**7**	**7**

Pension costs are analysed as follows:

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Defined contribution schemes, including contributions to state schemes accounted for as defined contribution pension schemes	1,115	913	1,116	912
Defined benefit schemes – current service costs	25	25	88	88
	1,140	**938**	**1,204**	**1,000**

8. Post-employment benefits

NHS Pension Scheme

The Group is an admitted body to the NHS Pension Scheme. The Group's contribution in 2023 was £22k (2022: £27k) and the total number of employees participating in the scheme at the end of the year was 7 (2022: 10). The Group has no on-going employer's liability in respect of this scheme other than to fulfil annual contribution obligations for members whilst they are employed by the Group. This scheme is accounted for as a defined contribution scheme as the scheme actuary is unable to provide any details of the notional assets and liabilities attributable to the Group. More details regarding the scheme are available from the NHS Pensions website.

2Care Pension & Life Assurance Scheme

RF operates a defined benefit scheme, the 2Care Pension & Life Assurance Scheme. The assets of the fund are held in a separate trustee administered fund. Contributions to the scheme are assessed with the advice of a qualified actuary based on valuations using the projected unit method. Future employer contributions to the scheme have been agreed as being 26.95% (2022 – 26.95%) of pensionable salaries plus life assurance costs. Future employee contributions have been agreed as 8.45% (2022 – 8.45%) of pensionable salaries. The fund is now closed to new entrants and as a closed scheme it is likely that the future contribution rates will increase.

A comprehensive actuarial valuation of the fund was carried out as at 31 March 2023 by the Scheme's appointed actuary. Adjustments to the valuation at that date have been made based on the following assumptions:

	2023 % per annum	2022 % per annum
Inflation	3.20	3.60
Salary increases	3.20	3.60
Rate of discount	4.80	2.80
Pension in payment increases - pre 97 accrual	3.60	3.60
Pension in payment increases - post 97 accrual	3.00	3.60
Revaluation rate for deferred pensioners – RPI	3.20	3.60
Revaluation rate for deferred pensioners – CPI	2.70	3.10
Expected return on assets	4.80	2.80
Mortality assumptions:	**Years**	**Years**
Longevity at age 65 for current pensioners		
Men	22.2	22.2
Women	23.9	23.9
Longevity at age 65 for future pensioners		
Men	23.5	23.5
Women	25.4	25.4

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
	£000	£000	£000
At April 2021	**10,049**	**(8,842)**	**1,207**
Benefits paid	(82)	82	-
Employer contributions	25	-	25
Employees' contributions	8	(8)	-
Current service cost	-	(88)	(88)
Interest income / (expense)	-	(195)	(195)
Actuarial losses:	-	-	-
Return on plan assets excluding interest income	221	-	221
Actuarial gains / (losses)	313	304	617
At 31 March 2022	**10,534**	**(8,747)**	**1,787**
Benefits paid	(67)	67	
Employer contributions	14		14
Employees Contributions	4	(4)	
Current service cost	-	(25)	(25)
Interest income / (expense)	-	(244)	(244)
Actuarial losses:	-	-	
Return on plan assets excluding interest income	294	-	294
Actuarial gains / (losses)	(4,277)	3,578	(699)
At 31 March 2023	**6,502**	**(5,375)**	**1,127**
Unrecognised deficit			(1,065)
Net assets at 31 March 2023			**62**

The unrecognised deficit as at 31 March 2023 was £1,065k (2022: £1,303k).

Amounts recognised in income and expenditure are as follows:

	2023	2022
	£000	£000
Current service costs	25	88
Financial income	(14)	(11)
Total	**11**	**77**

Amounts recognised in other comprehensive income are as follows:

	2023	2022
	£000	£000
Return on plan assets excluding interest	(4,277)	313
Experience gains and losses arising on plan liabilities	(184)	(72)
Effects of changes in assumptions affecting plan liabilities	3,762	376
Effects of changes in the amounts of the surplus that is not recoverable	274	(619)
Total	**425**	**(2)**

Plan assets are invested as follows:

	2023 £000	2022 £000
Equities	516	546
Diversified Growth Funds	4,327	4,669
Liability Driven Investment	1,557	5,318
Cash	102	1
Total	**6,502**	**10,534**

9. Non- Recurring items

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Organisational Restructure	266	266	-	-
Total	**266**	**266**	**-**	**-**

10. Interest receivable and financial income

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Interest receivable on deposits	327	241	12	9
Listed investment income	157	157	125	125
Net return on post-employment benefits	14	14	11	11
Total	**498**	**412**	**148**	**145**

11. Interest and financing costs

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Recycled capital grant fund interest	**10**	**10**	**-**	**-**

12. Surplus for the year

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Depreciation and impairment of tangible owned fixed assets	886	845	1,147	1,084
Auditor's remuneration: (Excluding VAT)				
Audit of Group Annual Accounts	76	76	62	62
Audit of Group Subsidiary Accounts	18	-	15	-
Operating Leases				
Receivables from non-cancellable operating leases	82	82	127	127
Payments under non-cancellable operating leases	347	347	415	415
Rents payable under property licenses	2,231	2,158	2,101	1,996
Surplus / (deficit) on disposal of fixed assets				
Net proceeds from the sale of fixed assets	1,175	1,175	407	407
Less: net book value of assets sold	(370)	(370)	(256)	(256)
Less: capital grant recycled	(122)	(122)	-	-
Total surplus on disposal	***683***	***683***	**151**	**151**

13. Housing and other properties used for social purposes

GROUP	Social Housing Properties £000	Nursing Homes £000	Crisis Houses £000	Day / Garden Centres £000	Total £000
Cost:					
At 1 April 2022	**23,986**	**1,160**	**2,793**	**951**	**28,890**
Additions: existing properties	478	-	-	-	478
Disposals: components	(429)	-	-	-	(429)
At 31 March 2023	**24,035**	**1,160**	**2,793**	**951**	**28,939**
Depreciation:					
At 1 April 2022	**4,325**	**238**	**139**	**51**	**4,753**
Charge for the year	309	11	36	10	366
Disposals: components	(136)	-	-	-	(136)
At 31 March 2023	**4,498**	**249**	**175**	**61**	**4,983**
Net Book Value					
At 31 March 2023	**19,537**	**911**	**2,618**	**890**	**23,956**
At 31 March 2022	**19,661**	**922**	**2,654**	**900**	**24,137**

COMPANY	Social Housing Properties £000	Nursing Homes £000	Crisis Houses £000	Day / Garden Centres £000	Total £000
Cost:					
At 1 April 2022	**21,624**	**1,160**	**2,793**	**951**	**26,528**
Additions: existing properties	163	-	8	-	171
Disposals During the year	(429)	-	-	-	(429)
At 31 March 2023	**21,358**	**1,160**	**2,801**	**951**	**26,270**
Depreciation:					
At 1 April 2022	**3,943**	**238**	**139**	**51**	**4,371**
Charge for the year	309	11	35	10	365
Disposals During the year	(136)	-	-	-	(136)
At 31 March 2022	**4,116**	**249**	**174**	**61**	**4,600**
Net Book Value					
At 31 March 2023	**17,242**	**911**	**2,627**	**890**	**21,670**
At 31 March 2022	**17,681**	**922**	**2,654**	**900**	**22,157**

Housing and other properties used for social purposes at cost comprise:

Net book value	**2023 Group £000**	**2023 Company £000**	**2022 Group £000**	**2022 Company £000**
Freehold	18,873	16,577	18,976	16,996
Long Leasehold	664	664	685	685
	19,537	**17,241**	**19,661**	**17,681**

14. Other tangible fixed assets

GROUP	Freehold Office Premises £000	Leasehold Office Premises £000	Motor Vehicles £000	Information Systems £000	Fixtures, Fittings & Equipment £000	Total £000
Cost						
At 1 April 2022	**2,809**	**985**	**72**	**5,096**	**1,030**	**9,992**
Additions in year	-	-	-	72	47	119
Disposals during the year	(231)	-	(57)	(32)	(4)	(324)
At 31 March 2023	**2,578**	**985**	**15**	**5,136**	**1,073**	**9,787**
Depreciation						
At 1 April 2022	**513**	**374**	**64**	**2,406**	**989**	**4,346**
Charge for the Year	20	8	3	409	55	495
Disposals during the year	(31)	-	(57)	(5)	(2)	(95)
At 31 March 2023	**502**	**382**	**10**	**2,810**	**1,042**	**4,746**
Net Book Value						
At 31 March 2023	**2,076**	**603**	**5**	**2,326**	**31**	**5,041**
At 31 March 2022	**2,296**	**611**	**8**	**2,690**	**41**	**5,646**

COMPANY	Freehold Office Premises £000	Leasehold Office Premises £000	Motor Vehicles £000	Information Systems £000	Fixtures, Fittings & Equipment £000	Total £000
Cost						
At 1 April 2022	**2,219**	**492**	**66**	**4,657**	**928**	**8,362**
Additions in year	-	-	-	66	46	112
Disposals during the year	(108)	-	(50)	(32)	(4)	(194)
At 31 March 2023	**2,111**	**492**	**16**	**4,691**	**970**	**8,280**
Depreciation						
At 1 April 2022	**389**	**66**	**58**	**2,203**	**826**	**3,542**
Charge for the year	17	5	3	383	50	458
Disposals	(31)	-	(50)	(5)	(3)	(89)
At 31 March 2023	**375**	**71**	**11**	**2,581**	**873**	**3,911**
Net Book Value						
At 31 March 2023	**1,736**	**421**	**5**	**2,110**	**97**	**4,369**
At 31 March 2022	**1,830**	**426**	**8**	**2,454**	**102**	**4,820**

15. Inventories

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Consumables	173	171	169	167

16. Trade and other receivables

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Trade debtors	5,185	4,436	4,685	4,191
Less: Provision for bad debts	(1,005)	(1,003)	(1,247)	(1,212)
	4,180	**3,433**	**3,438**	**2,979**
Prepayments & accrued income	1,974	1,890	2,971	2,891
Amounts due from subsidiary undertaking	-	7	-	1
Other Debtors	19	16	12	11
	6,173	**5,346**	**6,421**	**5,882**

17. Current asset investments

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Investments listed on recognised stock exchange	3,772	3,772	4,002	4,002

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

18. Creditors: Amounts falling due within one year

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Trade creditors	1,789	1,697	1,761	1,719
Other creditors	344	255	177	150
Accruals & deferred income	4,156	3,192	3,958	3,221
PAYE, taxes & social security costs	591	503	691	611
Social housing grants (Note 20)	86	86	97	97
Other government grants (Note 20)	14	14	18	18
Recycled Capital Grants Fund (RCGF) (Note 19)	477	477	814	814
	7,457	**6,224**	**7,516**	**6,630**

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

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Recycled Capital Grants Fund (Note 20)	1,115	1,115	-	-
Social housing grants (Note 20)	5,873	5,873	6,851	6,851
Other government grants (Note 20)	850	850	861	861
Total	**7,838**	**7,838**	**7,712**	**7,712**

20. Recycled capital grant fund – Group and Company

	2023 RSH £000	2022 RSH £000	2023 GLA £000	2022 GLA £000	2023 Total £000	2022 Total £000
Balance at 1 April 2022	470	470	344	344	814	814
Recycled on property disposal	395	-	720	-	1.115	-
Repayments	-	-	(347)	-	(347)	-
Interest	7	-	3	-	10	-
Balance at 31 March 2023	**872**	**470**	**720**	**344**	**1,592**	**814**
Amounts repayable within one year	477	470	-	344	477	814
Amounts due over 1 year	395	-	720	-	1,115	-
Total	**872**	**470**	**720**	**344**	**1,592**	**814**

21. Government grants

The government grants received to enable the Group to acquire properties for social purposes. Should the properties to which the grants relate cease to be used for social purposes the grants may be repayable in full. The total grants received by the Group in respect of owned property are as follows:

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Grants credited to Income & Expenditure	3,137	3,137	3,249	3,249
Deferred grants (Notes 18 & 19) – Social Housing Grants	5,959	5,959	6,948	6,948
Deferred grants (Notes 18 & 19) – Other Government Grants	864	864	879	879
Total	**9,960**	**9,960**	**11,076**	**11,076**

22. Transfers between reserves

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Movement in restricted funds				
Net income /(expenditure of restricted funds for the year)	1,360	413	(649)	(1,227)
Restricted reserves formerly held by CAN* and Croftlands Trust	(93)	(93)	(187)	(187)
Movement in restricted funds	1,267	320	**(836)**	**(1,414)**
Movement in revaluation reserve				
Net revaluation (loss) / gain	**(230)**	**(230)**	**204**	**204**
Movement in pension scheme reserve				
Net movement in recognised pension scheme asset	**3**	**3**	**(52)**	**(52)**
Total transfer from / (to) general fund	**1,040**	**93**	**(684)**	**(1,262)**

CAN* is the County of Northampton Council on Addiction

23. Restricted reserves

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Mental illness services to be provided in Cumbria (formerly held by Croftlands Trust)	1,707	1,707	1,736	1,736
Alcohol, drugs and gambling Services				
- Held by Aquarius Action Projects	5,650	-	4,703	-
- Other (Formally Known as CAN)	547	547	611	611
Legacies & Donations	413	413		
Sundry	16	16	16	16
BIG Lottery	29	29	29	29
	8,362	**2,712**	**7,095**	**2,392**

During the year, we reclassified Employment services and Other small items as unrestricted reserves after a review of some the contracts. The review led us to conclude, the contractual conditions indicated they were inappropriately classified as restricted reserves in prior years.

24. Designated reserves

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Maintenance	**184**	**-**	**184**	**-**

25. Other reserves

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

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

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

26. Other commitments

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

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Within one year	299	255	476	426
Two to five years	109	109	255	254
More than five years	465	465	466	466
	873	829	**1,197**	**1,146**

In addition to the above commitments, the group also occupies various properties under licence. Although the licences can be cancelled with minimal notice by either party, it is expected that the majority of licences will continue. The expected payments under such licences for both the Group and the Company is estimated as being £2.2 million (2022; £2.1 million).

27. Accommodation in management

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

	2023		2022	
	Owned No.	Managed No.	Owned No.	Managed No.
Social Housing				
Supported Housing	255	372	275	402
Residential Care Homes	66	26	67	26
Total Units in Management	**321**	**398**	**342**	**428**

28. Financial instruments

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

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Financial assets held at fair value	3,772	3,772	4,002	4,002

Included in the Statement of Income and Expenditure are the following amounts:

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Interest income on financial assets held at amortised cost	327	241	12	9
Interest expense on financial liabilities held at cost	(10)	(10)	-	-
Income from assets held at fair value through profit and loss	156	156	145	145
Change in value of assets held at fair value through income and expenditure	(230)	(230)	204	204

29. Subsidiary undertaking

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

30. Related party transactions

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

Overhead recharges from the charity to:	2023 £000	2022 £000
To Aquarius Action Projects	297	297
From Aquarius Action Projects	(34)	(34)
Total	**263**	**263**

All transactions are charged at cost. Such costs are either direct or are apportioned based on estimated staff time. The total overheads subject to apportionment were £6,154k (2022: £5,913k).

31. Reconciliation of surplus for the year to net cash generated from operating activities

	2023	2022
	£000	**£000**
Surplus for the year	798	2,290
Movement on fair value of investments	230	(204)
(Surplus) on disposal of fixed assets	(683)	(151)
Net Interest (received)	(488)	(148)
Depreciation and impairment charges	886	1,147
Pension net service cost	11	63
Movement in debtors	248	36
Movement in creditors	68	1,114
Movement in inventories	(4)	(41)
Net cash inflow from operating activities	1,066	**4,106**