



ExtraCare

Charitable Trust

ANNUAL REPORT & ACCOUNTS
31 March 2023

Registered Charity Number – 327816

Registered Social Landlord – 4706

Company Registered Number – 2205136

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KEY FACTS

	2022/23	2021/22
Homes for older people	4,199	4,238
Our residents	4,653	4,532
Average age of our residents is	81	81
Villages	16	16
Schemes	4	5
Charity Retail Shops	38	40
Volunteers supporting our Charity	2,071	2,100
Staff working to a shared goal	1,257	1,312
Turnover	£53.7M	£47.0M
Reserves	£311.6M	£282.9M
Total comprehensive income	£28.7M	£17.2M
Awards include:	Investors in People Gold Award; and Best Older People's Housing Development – Rural and Suburban (Inside Housing Development Awards: Solihull Village)	

STATEMENT FROM OUR CHAIR

I am delighted to present our Annual Report for 2022/23.

Within it, you will see how our Charity has flourished throughout the year, with the consistent dedication of our colleagues and volunteers. We have made real progress in the first year of our 2022-27 Corporate Plan, which we track by setting targets within our Annual Business Plan.

During the year we have continued to show our resilience as we tackle the economic challenges head on: such as the rising cost of living, high inflation and exceptionally high costs of utilities. We recognise that these challenges remain and we will continue to work hard to ensure that our Charity continues to operate successfully and existing and potential residents can afford to live in one of our locations.

I would like to thank our Trustees for their commitment in driving the Charity forward, both in the 2022/23 financial year and in what will prove to be a demanding but rewarding period ahead. I extend my thanks to those Trustees who have seen the end of their tenure during the year. I also want to recognise the efforts from our colleagues and volunteers who enable us to deliver our excellent services, and all those that donate to our Charity, by giving generously or via donations of goods which are then sold in our Retail shops.

Finally, I'd like to express my appreciation for the contribution made by our residents. I have witnessed their valuable engagement and support first hand via our Residents' Forum. Such engagement is at the core of what makes us successful and provides us with the resilience we need to navigate through this ongoing period of change and opportunity.

Our priority, as always, remains ensuring that we continue to truly deliver 'better lives for older people'.

Nick Baldwin CBE

Chair

FOREWORD BY THE CHIEF EXECUTIVE

I remain incredibly proud of colleagues for navigating the challenges our sector is facing. Our innovative approach to building such vibrant communities, means that we continue to operate a financially sound, inspirational Charity that truly delivers its mission.

With the support of our Trustees, colleagues, residents and volunteers, I am able to present within this Annual Report, a story of achievement for what we have accomplished this year, and optimism for our future.

Within our 2022/23 Annual Business Plan we set ourselves a number of targets, six of which we identified as key, these were:

- **Develop one new village and undertake two village extensions during the life of this corporate plan* delivering 400 new homes (*subject to funding)**
 - Shenley Wood and Wixams extensions are expected to start on site during 2023/24; and
 - Potential sites for new developments have been identified and exclusivity agreements signed.
- **Achieve a resident experience rating of 80% or above in all villages and 90% or above in all schemes by the end of the corporate plan period.**
 - Resident satisfaction in our villages was 90% and in our schemes was 95%.
- **Each location will achieve a minimum CQC ‘good’ rating overall – with at least a third of our locations, by the end of this corporate plan period, having achieved ‘outstanding’ overall.**
 - One location was inspected in the year and was rated ‘good’ overall.
- **Maintain the following staff satisfaction scores: 75% of our employees will be satisfied with ExtraCare as an employer and 90% of our employees will be fully committed to our vision.**
 - 79% of our employees were satisfied with us as an employer; and
 - 92% of our employees are fully committed to our vision.
- **Ensure we are capable of achieving a G1, V2 rating from the Regulator of Social Housing (RSH).**
 - We have received positive feedback from our external review of governance and Board effectiveness.
- **Generate a total surplus in excess of £10m each year and our Operating deficit will progressively reduce, reaching break-even in year 4.**
 - Our Total Surplus for the year was £28.7M.

We have delivered another year of strong performance, despite the challenging macro-economic environment.

It is wonderful to see how our communities across all our schemes and villages continue to thrive. I am immensely proud that we continue to provide a pioneering alternative to later living, that is as inspirational and innovative now as it was when the Charity was formed 35 years ago.

Financially we have continued to strengthen our cash holdings this year, a major achievement that further supports the future growth and development of our Charity. With this cash, and a successful refinancing deal that we have secured with Lloyds Bank, we can confidently explore further development opportunities to allow to us create more, Integrated Retirement Communities.

As we look ahead to 2023/24, our Annual Business Plan again focuses on 6 key targets, which are:

- Regulatory Compliance;
- Financial Performance;
- Resident Satisfaction;
- Care Quality;
- Staff Satisfaction; and
- Growth.

On behalf of the Executive Leadership Team, I would like to thank to our Trustees, our colleagues, our residents and our volunteers, who never cease to amaze me with their effort and dedication to ensure that ExtraCare continues to thrive. It is an exciting time to be part of a fast-moving sector, full of opportunity. Together, we will continue to create ‘better lives for older people’.

Mick Laverty

Chief Executive

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name	The ExtraCare Charitable Trust	
Governing Instrument	The Charity is a company limited by guarantee and not having a share capital. As such it is governed by its Memorandum and Articles of Association, which were last amended by special resolution on 13 November 2019. It was incorporated on 11 December 1987.	
Registered Charity Number	327816	
Registered Social Landlord	4706	
Company Registered Number	2205136	
Members	Made up of the Directors of the Charity and other such persons admitted to membership of the company under the Articles. The number of members is unlimited.	
Board of Trustees (also referred to as a Directors of the Company for the purpose of Company law):	Formally appointed	Retired/Resigned
Harpal Baines	21 June 2021	-
Nick Baldwin CBE (Chair)	11 November 2020	-
Richard Byrne	21 June 2021	-
Mark Chamberlain	30 January 2023	-
Richard Clarke (Senior Independent Director)	14 November 2018	-
Adrian Eggington	01 March 2020	-
Saba Gondal	20 September 2021	14 November 2022
Andy Hardy	21 June 2021	-
Janet Houllis	30 January 2023	-
Susan Lock	01 March 2020	-
Philip Riman	23 April 2019	-
Gary Swabel	30 January 2023	-
Susan Whelan Tracy	13 November 2019	09 November 2022
Kim Wootton	10 November 2021	-

Committee Memberships <i>Includes all Trustee members (current (✓) and former (X))</i>				
Trustees	Audit & Assurance	Development	Nominations & Remuneration	Operations
Harpal Baines	X	✓		✓
Nick Baldwin		✓	✓	✓
Richard Byrne*		X		✓
Mark Chamberlain	✓	✓		
Richard Clarke	Chair		✓	
Adrian Eggington	✓	X		Chair
Saba Gondal	X			X
Andy Hardy	✓	✓		
Janet Houlis	✓			✓
Susan Lock	✓		Chair	X Former Chair
Philip Riman		Chair	✓	
Gary Swabel				✓
Susan Whelan Tracy			X Former Chair	X
Kim Wootton		✓		✓

* Richard Byrne is also the Trust representative on the Board of ExtraCare Retail Limited.

Company Secretary	Angela Carpenter	
Executive Leadership Team (principal members of staff and key management personnel as defined by the Companies Act)	Mick Lavery	Chief Executive
	Angela Carpenter	Executive Director Governance and Compliance
	Joanna Grainger	Executive Director Operations
	Chris Skelton	Executive Director Corporate Resources
Registered and principal office	7 Harry Weston Road Binley Business Park Coventry CV3 2SN	
Principal Bankers	Lloyds Banking Group Plc	
Primary Solicitors	Shakespeare Martineau, Pinsent Masons	
Auditors	RSM UK Audit LLP	

REPORT OF THE BOARD

The Board presents The ExtraCare Charitable Trust's ('ExtraCare') Annual Report and the audited financial statements for the year ended 31 March 2023.

Charitable Objectives and Public Benefit

ExtraCare was incorporated in 1987 to provide services to older people and this is explicit in our Vision to deliver 'Better Lives for Older People' and our Mission 'Creating sustainable communities that provide homes older people want, lifestyles they can enjoy and care if it's needed.'

We are a registered charity and as such must carry out charitable purposes for the public benefit. Our charitable purposes ('Objects') are set out in our Articles of Association and include:

- The business of providing (directly or indirectly) and managing the provision of housing, social housing and other accommodation (including, without limitation, nursing homes, sheltered homes, hostels and care homes), and assistance to help house people, and associated facilities and amenities or services, for people who are poor, or for people who are in need by reason of their age, physical disability, mental disability, learning disability, mental illness or chronic sickness;
- The provision of care, welfare, medical, nursing, community and other services, and associated facilities and amenities, for people who are poor, or for people who are in need by reason of their age, physical disability, mental disability, learning disability, mental illness or chronic sickness;
- The relief of sickness and the preservation and promotion of health of people who are poor, or of people who are in need by reason of their age, physical disability, mental disability, learning disability, mental illness or chronic sickness;
- The relief of financial hardship amongst elderly people; and
- Any other charitable object not prohibited for a company registered with the Regulator as a non-profit, private, registered provider.

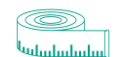
Our public benefit is reflected in the strands of our model. As a charity which pioneered retirement communities, we still believe our model is unique by virtue of:



We are a charity, and our surpluses are all re-invested in the charitable activities.



Our diverse tenure mix, which makes us affordable for people from a range of backgrounds and circumstances and reflects and supports the diversity of our communities.



Our villages are typically made up of 260+ apartments, housing 300-400 residents. We offer an array of communal facilities (such as restaurants and gyms) at an affordable price to residents. This scale is rare for the UK.



Our model of Homes, Lifestyle and Care is proven to benefit residents' physical and mental health and reduce pressure on the health and social care system.

Homes older people want

Our 16 retirement villages and four smaller housing schemes are typically made up of individual one or two-bedroom homes, which are available for granting of a property lease, granting of a shared ownership property lease, or for social rent. Some of our villages also include bungalows and two or three-bedroom cottages.

The homes we offer and our communal spaces are attractive, comfortable, and suited to the emerging needs that our residents might face as they grow older. We continue to explore the installation of ('smart') digital technology and adaptations to ensure that our residents benefit from the ways in which technology can help prolong independence and enhance quality of life. An example is the 'smart apartments' in our new villages, showcasing a range of smart technology applications including smart speakers, electric blinds and adaptations to kitchens and bathrooms. The latest smart apartment in Solihull Village remains open to the public.

During 2021/22 we commissioned an exercise which examined our properties in great detail and how over time our offering is changing. This work, undertaken by Glenn Howells Architects, also focused on the demands of the sector and is being utilised in planning our upcoming extensions and new village developments. The study gave a detailed insight into the design of our current villages, the external environment affecting the sector, our client base and the green agenda.

Lifestyles they can enjoy

Our communities offer a wide range of communal facilities and opportunities for healthy, active, and fulfilling lifestyles. These include facilities such as a restaurant, gym, craft room, greenhouse, and games room, together with a dedicated Activities Coordinator in every location to deliver a varied programme to our residents.

Volunteering is at the heart of our ExtraCare communities. We have nearly 2,100 volunteers, with two thirds of our volunteers in locations being residents. We understand the benefits that volunteers provide to our locations, often delivering services which would otherwise be unaffordable, whilst also supporting our residents directly in a variety of ways. In addition to everything that volunteering brings to ExtraCare, we know that our volunteers also benefit from the experience.

Our award-winning wellbeing service supports our residents, improves their health and enables them to remain independent for as long as possible. The team helps improve wellbeing through programmes such as the 'Engaged Lives Project', where we are equipping residents with the skills to build confidence and improve social connectedness. This project was enabled through funding received from the Community Lottery Fund.

We continue to facilitate and expand a programme of healthcare student placements across our locations, which sees physiotherapy, occupational therapy, nursing and speech and language students spending time supporting residents in most of our villages. The focus of these placements is on falls prevention, reducing hospital admissions and supporting residents back to normal post-pandemic living. The student programme is very well received by both students and residents and is just one strand of our intergenerational activities.

Care if it's needed

In each of our villages and schemes we provide personal care and support to those residents who need it. Residents in receipt of care include both those whose care is funded by the local authority, as well as those who fund their own care. We are committed to providing the same high quality care to all residents, irrespective of how that care is funded.

17 of our locations have now been accredited by the Gold Standards Framework (GSF) for end-of-life care, providing peace of mind to residents and their families that we are fully able to provide the care they need for as long as they need it. Out of the remaining three locations, Yates Court and Wixams are applying for their first accreditation this year. Solihull will apply for the first-time next year.

Our Dementia and Mental Wellbeing Programme supports residents with dementia and dementia-related conditions and is predominantly funded by ExtraCare through our charitable fundraising (with some funding also being received from Local Authorities). Where we charge for other services provided to residents and other beneficiaries (such as laundry and cleaning), we aim to maintain charges at an affordable level and, in doing so, Trustees have due regard to the public benefit guidance published by the Charity Commission. With all our services, we continue to embed value for money principles, therefore recognising that an affordable level will be different for each resident. The benefit to residents from the additional services can be significant and therefore, we endeavour to deliver our services at affordable prices.

Equality Act

The Equality Act 2010 generally prohibits discrimination on the grounds of a characteristic such as age. It does, however, allow charities to limit the group of people they help to those with a protected characteristic. This is provided the limitation is clearly stated in their objects and the benefits are provided in a proportionate way. The Board, having considered the governing documents of our Charity, are satisfied that the activities of our Charity fall within this exemption as:

- The provision of quality one and two-bedroom homes for older people releases their previous homes for families;
- The provision of safe and secure communities with a wide range of activities reduces loneliness and isolation increasingly faced by older people; and
- The promotion of wellbeing and healthy lifestyles improves the health of the individual and reduces their impact on NHS and other publicly-funded services.

In making these statements, the Trustees have had due regard to the Equality Act guidance published by the Charity Commission.

Safeguarding

Safeguarding is a key governance priority for ExtraCare. We are committed to protecting the right of everyone we come into contact with, ensuring they are able to live and work in safety and free from abuse or neglect. We operate procedures to respond to any vulnerable adult at risk, who is known to be experiencing, or is at risk of abuse or neglect and unable to protect themselves, and have regard to the safeguarding of children where applicable in our work.

Corporate Governance

ExtraCare is a registered charity and a private company limited by guarantee. It has no shareholders, and any surpluses are reinvested back into the Charity. It is led by a Board of Trustees, all of whom are directors for the purposes of the Companies Act 2006. Our Charity is monitored and supervised by external regulators including the Regulator of Social Housing (RSH), the Care Quality Commission (CQC), the Charity Commission, the Health and Safety Executive, the Information Commissioner's Office and by the relevant trade associations, the National Housing Federation and the Associated Retirement Community Operators (ARCO).

ExtraCare Members and our Board of Trustees

The Board of Trustees is collectively accountable to ExtraCare's members and other stakeholders for the long-term success of the Charity. ExtraCare's members comprise past and current Trustees, some former Executive Directors, and the Chair and Vice Chair of the Residents' Forum. New members may be appointed by the Board in accordance with the Charity's Articles of Association.

The Board is responsible for setting the vision, mission, and values of the Charity, holding the Executive Directors to account for the Charity's performance, standards of conduct and corporate governance. The Board is also responsible for ExtraCare's compliance with all relevant legislative and regulatory requirements. In accordance with the Articles of Association, Trustees may not be paid for their services, nor may they be employees of the Charity and as such they act in a non-executive capacity.

Board Composition, Tenure, and Renewal

The number of Trustees is limited by the Charity's Articles of Association to 12. Board members are appointed on a systematic basis in accordance with our [Board Recruitment and Succession Policy](#). Appointment as a Trustee is for a term of office of three years and limited to two consecutive terms of office in normal circumstances.

Trustees come from a range of backgrounds, including public bodies, the housing sector, and the private sector. Trustee biographies are provided on the Charity's website (<https://www.extracare.org.uk/about-the-charity/our-trustees-directors/>). Details of Board appointments can be found on page 5 of this report.

During the year there were some changes to our Board membership following the resignation and retirement of two Trustees and we have used this opportunity to further broaden diversity at Board level. We have used specialised Trustee recruitment agents to support a developing and diverse membership.

Chair of Trustees

Nick Baldwin CBE was appointed as Chair for an initial term of three years at the AGM in November 2020.

Board Meetings

The powers of the Trustees are set out in the Charity's Articles of Association and the Board may exercise all powers conferred on it by the Articles and in accordance with the Companies Act 2006, the Charities Act 2011 and other applicable legislation. In the 2022/23 financial year our Board had six scheduled meetings and two additional meetings. Trustee attendance for the year ended 31 March 2023 is shown overleaf:

	Board Meetings	Committee Meetings	AGM
Harpal Baines	6 of 8	3 of 6	1 of 1
Nick Baldwin CBE (Chair)	8 of 8	7 of 10	1 of 1
Richard Byrne	7 of 8	3 of 3	1 of 1
Mark Chamberlain ¹	4 of 4	1 of 2	0 of 0
Richard Clarke	8 of 8	7 of 7	1 of 1
Adrian Eggington	7 of 8	4 of 6	1 of 1
Saba Gondal ²	0 of 4	1 of 4	0 of 1
Andy Hardy	4 of 8	6 of 6	1 of 1
Janet Houllis ¹	3 of 4	2 of 2	0 of 0
Susan Lock	8 of 8	7 of 7	1 of 1
Philip Riman ³	6 of 8	7 of 7	1 of 1
Gary Swabel ¹	3 of 4	0 of 1	0 of 0
Susan Whelan Tracy ⁴	1 of 3	3 of 4	0 of 0
Kim Wootton	5 of 8	6 of 6	1 of 1

¹ Appointed as Interim Trustee 30 January 2023

² Stepped down 14 November 2022

³ Reappointed at the Annual General Meeting 9 November 2022

⁴ Stepped down at the Annual General Meeting 9 November 2022

Board Committees

Throughout the year the work of our Board was supported by four Board Committees:

- Audit and Assurance Committee;
- Development Committee;
- Nominations and Remuneration Committee; and
- Operations Committee.

Committees comprise of between three and six Trustees including Committee Chairs, and membership of each is determined considering an individual's skills and experience. During 2022/23 Committees met three times per year with additional meetings scheduled if required. Committee Chairs provide written assurance reports to the Board on the work of the Committee and Committee minutes are made available to all Board members.

The Board has a formal schedule of matters specifically reserved for its approval which cannot be delegated. Other specific matters have been delegated to its Committees and these are clearly defined within each Committee's Terms of Reference.

Audit and Assurance Committee

The Committee provides the Board with assurance on the adequacy of the Charity's system of internal control, risk management, financial reporting and compliance with regulatory requirements. The purpose of the Committee is to ensure that these are effective, well-managed and that the internal and external audit functions are operating robustly.

In order to achieve this, the Committee also meets with our internal and external auditors privately, whilst both are also in attendance at every Committee meeting held.

Nominations and Remuneration Committee

The Committee oversees the arrangements for the appointment of Trustees, including recruitment, skills, succession and performance. Their approach to doing so is documented within our Board Recruitment and Succession Policy.

In addition, the Committee also recommends a framework for the remuneration and performance of the Executive Team to enable recruitment, motivation and retention.

Governance Arrangements

In 2021 ExtraCare adopted the updated National Housing Federation Code of Governance 2020. The Board routinely assesses compliance with its Code of Governance to gain assurance that the Charity remains compliant and identify any areas for improvement. The code adopts a 'comply or explain' approach, recognising that there may be instances with sound reasons for non-compliance. We comply with all provisions of the Code except as detailed below where the Board has agreed to provide an explanation:

Code Ref.	Code of Governance Standard	Explanation
3.5 (2)	The membership of committees is determined on the basis of the skills, attributes, and diverse characteristics which the Board determines are appropriate.	Allocations to appropriate Committees are made by the Nominations and Remuneration Committee and approved by the Board. This takes into account the requirements of the committee together with the skills, characteristics and development needs of trustees.
3.8 (7)	There is a policy and procedure setting out how disputes and grievances involving members of the Board can be raised and responded to.	The Charity's policy and procedure relating to grievances does not apply to Board members as this is covered by the Chair and SID roles. The Whistleblowing Policy does include members of the Board.

The Governance and Financial Viability Standard ('the Standard') of the RSH requires registered providers to assess their compliance with the Standard at least once a year and certify their compliance in the annual accounts. We have assessed ourselves against the Governance and Viability Standard, Value for Money Standard, Rent Standard and the Consumer Standards and we are compliant with the key requirements of these standards.

One of the specific requirements of the Standard is that registered providers shall have governance arrangements which ensure that they adhere to all relevant law. Our Charity is satisfied that it has appropriate measures in place to ensure legislative and regulatory compliance, and the Board take appropriate measures to assure themselves of this compliance. Trustee indemnity insurance was in place for the financial year.

Future Developments

Our focus is on improving our operational performance and services, whilst also including appropriate levels of development over the coming years. We are planning to extend both our Shenley Wood village and Bedford Wixams village, starting on site in 2023/24. The Corporate Plan sets out our intent for a new village development in 2026/27.

As detailed within the financial section of this Annual Report, refinancing has been successfully completed in the year, allowing us to proceed with our strategic aims with confidence and in the knowledge that our Charity has the resources it needs to grow. New financing arrangements have released assets for use as security for new loans to fund new developments. To start with, we have secured exclusivity rights to potential new sites.

During the year, we have taken stock of how we want to model our future developments, including exploring urban village models (utilising brownfield sites as opposed to greenfield, for example).

Going Concern

Using our experience, we assess those risks identified as presenting the biggest challenges to the Charity. These include, but are not limited to, the impact of the housing market on property prices; the continued inflation growth across the UK; and the potential impact of infectious disease. A detailed analysis of our income and expenditure, including possible implications for liquidity and covenant compliance is reviewed as part of this exercise.

The Board receive the annual budget for review in January, and for approval in March. In support, the Board receive bi-annual stress testing, measuring our resilience and mitigation plans for major events or market changes. These measure provide the assurance that the Board can confidently consider the Charity a going concern in the short term, as well as the longer term.

Our 30-year financial plan is based on robust assumptions and now includes resilience created by building a minimum of £20m of liquid assets. The model is tested to ensure it can withstand a range of potential risks and reported to the Board, including a mitigation plan.

We are now looking to develop new Villages again however would not do so unless we have access to available funds for the development and their operation.

Our financial statements comply with all the current statutory requirements and with the requirements of the Charity's Articles of Association. After making all reasonable enquiries, the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In coming to this decision, the Board have considered on-going financial performance data, stress testing of the cashflow, and any actual or potential future liabilities. The Board are therefore confident in confirming that the Charity is viable as a going concern.

Financial Viability

We successfully continued to build upon our cash reserves in the year, with £42M (including our investment portfolio) held at the year end.

We have invested money in accessible investment funds. Although the funds have reduced in value in the year following the turbulent Worldwide economic outlook created by the Ukrainian/Russian conflict, we remain confident that these funds will recover and are currently the most appropriate place to hold our funds. The external, professional investment managers periodically present a market overview to the Audit and Assurance Committee, talking through the environment with our Trustees. We remain open to changing our investment approach to help maximise the return on our funds.

Our funding position remains strong and during the year we successfully secured a new revolving credit facility with Lloyds Bank plc, giving us longer term access to funds to confidently continue with our development plans in the coming years.

Strong finances evidence how, despite the challenging economic environment we operate in, demand for our product remains high. Our property sales programme surpassed our targets for both initial and resales, with consumer confidence remaining high and our sales void levels reducing.

The Board is satisfied that covenant calculations on the basis agreed with our funders continue to demonstrate compliance with the loan requirements.

No new developments will start on site unless the full cost of the development can be funded from committed loan facilities together with undrawn loan facilities, and with remaining cash reserves being adequate to cover the Charity's financial contingencies.

Health and Safety Management

The health and safety (H&S) of our residents and staff is of the utmost importance to Trustees and over the last year we have continued to invest in our locations to ensure buildings are compliant, safe and well managed. H&S and fire safety are identified as risks on our Board Assurance Framework, which is monitored at our Audit and Assurance Committee and Legal and Regulatory compliance is identified as a strategic risk for the Charity.

ExtraCare has a comprehensive policy framework on H&S, including compliance with Gas, Asbestos, Fire, Electrical, Water Hygiene, and Lifts, which demonstrates understanding of our legal and regulatory expectations. The H&S Manager is appointed as the competent person in accordance with Regulation 7 of the Management of Health and Safety at Work Regulations 1999. We have a Corporate H&S Group which monitors the management of H&S across the Trust and Retail subsidiary. Our Head of Property & Environment has responsibility for property compliance across our portfolio.

The safety of our properties is paramount; we remained compliant on the 'Big 6', which include the servicing of Gas, Lifts, Water Hygiene, Fire Safety Servicing/Fire Risk Assessments (FRA) and the completion of communal Asbestos surveys across all our locations.

We continue with our partnership with West Midlands Fire Service Primary Authority Scheme which we entered into in April 2021. The partnership provides us with access to their fire engineering team who act as consultants and a 'critical friend' for advice and support on all fire safety matters. The partnership assisted us in being prepared for the impact of the Fire Safety Act, and helps provide assurance against our compliance with the Building Safety Act (which became effective during the year) and the industry-wide competency framework coming from the Hackett Review.

We have undertaken significant FRA actions during the year and our locations are inspected every two years (or sooner if there is a change in use). The exception is our 'high rise' locations which are inspected annually. Our Retail shops are inspected every three years. During the year we agreed a new Safety Strategy (2023-26) with our Board which outlines our commitment to staff and developing the safety culture within our organisation. We also became a Registered Signatory with 'Building a Safer Future' in May 2022.

Staff Engagement

We were reaccredited with Investors in People (IIP) Gold during the year. IIP meet with staff and undertake a thorough process before reaccrediting. We aim to maintain our Gold status as a minimum, but will endeavour to move naturally closer towards Platinum status over the coming years.

We use several channels to ensure that our staff, regardless of their role or location, are informed and engaged on matters relating to their employment as well as more general matters relating to the Charity and its strategic direction.

During 2023 we were able to resume our annual Charity roadshows in person where a member of the Executive Leadership Team visits each location to meet staff and residents.

Our internal communications framework comprises of daily 'line up' meetings for staff in locations and a weekly email communication to staff with important updates and changes. In addition, colleagues have monthly 1-2-1 work planning meetings with their line manager. During the year we have relaunched our internal communications plan and issue a quarterly publication to our staff 'Extra Extra', sharing news, events and successes throughout the Charity.

This is supported by our 'Workplace by Facebook' which is an online interactive staff communication platform and accessible to staff, at all times, from any device. This provides a corporate communication portal where important announcements, vacancies and corporate publications, are posted.

Our staff forum 'Exchange' meets every 2 months and has a staff ambassador from most locations, Head Office, and our Retail subsidiary. The forum enables senior managers (including the Chief Executive) and staff ambassadors to exchange views and information and to contribute to the strategic direction of our Charity.

We have an established Equality, Diversity and Inclusion (EDI) Steering group which meets quarterly and has a cross section of staff monitoring progress against our EDI actions and makes suggestions for the development of EDI initiatives.

Our annual staff survey is an opportunity for employees to express their views about our Charity as an employer. The results of the survey are fed back to locations and departments and action plans are developed as a result in addition to an overall organisational action plan. The value of this added engagement is evident in our improving staff satisfaction results seen within the year. In addition, our 'we're listening' (a mechanism for collecting staff feedback) and 'suggestion scheme' (an opportunity for staff to share initiatives and ideas) are means for staff to suggest areas for improvement which are reviewed by senior management and responded to through 'you said, we did' communications.

The Liz Taylor Awards are our annual awards which highlight those staff and volunteers who have gone above and beyond.

Employees who have a disability

Our Charity's workforce includes 1.8% who have declared they have a disability. It is not mandatory for individuals to declare disabilities under the Equality Act, so the number is believed to be higher than our statistics show.

All our staff are treated equally and fairly as part of any recruitment process and all applicants invited for interview are offered support to assist them with the process. This may include access to buildings or assistance with tests where applicable.

We will, wherever possible, support any individual who becomes disabled during their employment by providing further training or adaptations to allow them to continue in their role. If the nature of the disability means this is not possible, e.g. if an individual becomes physically disabled and is unable to carry out a physically demanding role, then considerations are made as to whether it is possible for us to provide re-training for the individual to carry out an alternative role if one exists.

Employees with a disability can access support through the Access to Work scheme, a publicly funded employment support programme that aims to help more disabled people start or stay in work and apply for specialist equipment to assist them to continue in their job, with our Charity contributing towards the costs.

Fundraising

Our Charity greatly benefits from the generosity of those who donate time, goods, and money to us. Their donations enable us to deliver services which would otherwise not be financially sustainable, and which are vital in helping us create better lives for older people.

Donations are largely generated through:

- ExtraCare Retail Limited, our wholly owned trading subsidiary which operates our charity shops;
- Funds raised through trusts, foundations, challenge appeals, legacies and our corporate donations;
- Dedicated residents and staff who lead or support fundraising activities at their locations, working alongside their local communities; and
- The contribution of our internal and external volunteers who generously give both their time and skills.

We are registered with the Fundraising Regulator and adhere to its Code of Fundraising Practice. We also act in accordance with all regulations governing charity fundraising. Fundraising activity is overseen by the Board. There have been no complaints received regarding our fundraising activities in the year (2021/22: nil).

Capital Structure

Our Charity is a company limited by guarantee and does not have share capital. As such it is governed by its Memorandum and Articles of Association. It was incorporated on 11 December 1987.

Treasury Policy

Our Treasury Management Policy outlines the principles on which we manage investments and borrowings. It also forms the bedrock for our Treasury Management Strategy which has been redrafted to align with our Corporate Plan ambitions.

During the year, we successfully secured refinancing with our principal lender (Lloyds), allowing us to proceed with our plans to expand our development portfolio. We consciously scaled back our development activity whilst we negotiated a refinancing deal, with our efforts turned to increasing our cash position – meaning we reduce reliance on bank funding, but rather utilise our own funds to develop with.

Our Treasury Management Policy outlines our plans to incrementally build our headroom, primarily as liquid assets, to protect against future unexpected events. We are very pleased that we have maintained this cash headroom target in 2022/23 and have released the security held on some of our assets.

Given our considerable cash position, we have invested responsibly for return to maximise the return on any surplus cash we hold. We remain able to utilise this cash at short notice, with our cash holding presenting one of our key mitigation tools.

Internal Financial Control

The Board is provided with an Annual Assurance Statement, which is signed by the Chief Executive and the Executive Director Corporate Resources, outlining the control measures that are in place to provide comfort to the Trustees on financial, governance and operational internal controls.

The Board has delegated authority for overseeing the adequacy and effectiveness of the internal control systems to the Audit and Assurance Committee. In addition to the internal controls exercised by the management and staff there is a rolling internal audit programme that provides additional assurances. During 2022/23 our appointed internal audit provider (TIAA) has attended each Audit and Assurance Committee meeting along with our external auditor (RSM).

The outcome of our annual internal audit review for 2022/23 was that, “for the areas reviewed during the year, ExtraCare Charitable Trust (the ‘Trust’) has reasonable and effective risk management, control, and governance processes in place.”

Since the year end, we have appointed Mazars as our new internal audit partner, as part of good governance practice.

The work of the external auditors provides assurance through the interim and final audit visits and the provision of an audit report and management letter. Regular meetings are held with our external auditors to provide an update on changes in the Charity and to discuss strategic and technical matters.

A corporate Balanced Scorecard is used to provide the Board and its Committees with details of performance against any targets and commitments included in our 2022/23 Annual Business Plan.

Statement as to disclosure of information to Auditors

In so far as each of the Directors is aware:

- There is no relevant audit information of which the group’s auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Trustees:

A handwritten signature in black ink, appearing to read "Nick Baldwin", with a horizontal line underneath.

Nick Baldwin CBE

Chair

18 September 2023

SECTION 172(1) STATEMENT

S172(1) of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard, amongst other matters, to:

a) The likely consequences of any decision in the long-term:

Our residents are our key stakeholders. Reports submitted to our Board for consideration include the requirement to outline any impact on our residents and any consultation that has taken place or is planned; this includes consultation requirements on the short-term impact and the longer-term implications of decisions. The consultation then informs the decisions and business planning.

b) The interests of the company's employees:

For further information on how we as a charity have engaged with our employees during the year, please see section 'Staff Engagement' on page 13.

c) The need to foster the company's business relationships with suppliers, customers and others:

Other stakeholder interests, such as those of our funders and suppliers, are also routinely considered. For further information on how we engage with our stakeholders, please see section 'Social Value' on page 22.

d) The impact of the company's operations on the community and the environment:

Our Charity invests in technology to help improve our residents' quality of life and we also consider the impact of our operations on the environment and wider communities. See pages 27-29 for further information on environmental considerations and actions taken in the year, and pages 30-31 for People, Processes and Technology. Our investment in technology is also part of our long-term focus. Our Trustees consider both short-term and long-term implications of decisions made, and this has been especially important in relation to the unique circumstances of this financial year. We also consider the community and environment in the way we build and operate our locations.

e) The desirability of the company maintaining a reputation for high standards of business conduct:

In the year, we maintained the Investors in People Gold Award. Our attitude to creating the right culture is reflected in the results of our annual staff survey. In addition, we operate within a risk management and control framework, which includes whistleblowing, to ensure the highest levels of conduct and standards.

f) The need to act fairly between members of the company:

Each year we have an annual general meeting (AGM), where our members come together and receive updates on the Charity's performance, activities and any necessary voting matters.

Our Trustees believe that, individually and together, they have acted in the way that they consider, in good faith, would be most likely to promote the success of the Charity for the benefit of its beneficiaries, having regard to the stakeholders and matters set out in S172(1) (a-f) of the Companies Act 2006 in the decisions taken during the year.

STRATEGIC REPORT

Sector Outlook

Background

The retirement/older living residential sector has changed significantly since the formation of ExtraCare. There are now a range of models for providing retirement living, ranging from a light touch approach to management to the institutional care home model. We believe that our unique model of quality older persons' housing, combined with an active lifestyle and an option of care, still has huge demand in this space, evidenced by our ongoing sales performance.

The age expectancy for the UK by 2030 is expected to be 83 and 85 for men and women respectively. A slowing of birth rates, coupled with this extended life expectancy is pushing the population of European countries towards those over 65.

The overall growth prospects of our sector are well documented, and we aim to be a market leader in developing and operating integrated retirement communities that enable better lives for older people.

There continue to be challenges around staffing, with difficulties in recruiting across a wide range of positions in the organisation and particularly within care roles. This is a sector wide issue relating to care. These are sector wide challenges and it is expected that these challenges will continue for some time to come given the current demands on employment across the country. Reliance on agency staffing continues to impact us and the wider sector: we are working to minimise the effect. During the year, we made a cost of living payment to all of our staff to help support our colleagues and improve retention by ensuring our pay scales are fair and competitive. We have budgeted for a further cost of living payment in 2023/24.

Late 2021 began to see inflation rise rapidly, owing somewhat to the price of utilities and then the Russian invasion of Ukraine. From a CPI figure of 3.1% at September 2021 (which was applied for 2022/23 rent increases), a figure of greater than 10% was reached later in 2022. This inflation 'gap' added a further strain in managing our income versus a landscape of rising costs. This impact is felt within our performance for 2022/23, where resident charges were set prior to increases being seen. Whilst this time lag helped our residents maintain stability in the fees they pay to us, it has made its way through to the 2023/24 year, where we seek to recover shortfalls. To help mitigate this, we have applied a charitable subsidy to all of our residents in the 2023/24 year (c.£3.5m in total) – a provision is included within our financial statements, shown in more detail on pages 61-62.

Understanding the future

Demand for our offer has remained strong. This is reflected in our sales performance throughout the year, but specifically towards the latter part of the period. We hold active waiting lists for our locations, which demonstrates just how popular our communities are. We have also continued to hold open days, proving valuable in getting customers through our doors, so that they can feel the experience we offer when living in our locations.

We continue to invest in better understanding our market and our customers to improve our services and refine and protect our unique model of homes people want, a lifestyle they can enjoy and care if it's needed.

During the year, we entered into discussions with Housing 21 around a potential merger. Whilst we could see clear benefits to be gained from a merger, we jointly felt that our residents can best be served by remaining as separate entities. We therefore agreed to end the discussions and focus on the delivery of our Corporate Plan 2022-27.

Our Integrated Model



Our mission is "Creating sustainable communities that provide homes older people want, lifestyles they can enjoy and care if it's needed".

We believe our model to be unique. It is based on **Homes**, **Lifestyle** and **Care**:

Homes: Our locations typically offer high-quality apartments for the over 55s; each home is accessible with its own front door, hallway, living room, typically one or two bedroom(s), kitchen and shower room. Most will have a balcony or patio. We are always learning

from previous developments and modernisation programmes and aim to ‘future proof’ our properties for our residents. This currently includes assessing the environmental impact of any components that we include in our design brief.

As at 31 March 2023, 35% of our properties are for social rent. In 2000 it was 94% and in 2010 it was 62%, which indicates how significantly our model has shifted over time. We have moved away from managing property on behalf of other Registered Providers to create the mix of social rented, shared ownership and full ownership homes: providing diverse integrated retirement communities that are available to all.

Lifestyle: Our locations provide leisure facilities which promote a healthy lifestyle and typically include: a bistro, café-bar, gym, greenhouse, craft and hobby rooms and village hall. The range of activities may include Zumba, choir singing, wheelchair aerobics, digital skills workshops, intergenerational activities such as stay and play groups, sociable outings, and entertainment.

We are able to generate customer insight by comparing data from our wellbeing assessments which are conducted before residents move in with our latest wellbeing assessments, focusing on improving areas including exercise frequency, loneliness, and social networks.

Volunteering is at the heart of our Charity’s ethos, offering opportunities for people to use their skills and experience, build confidence and a sense of self-worth, whilst reducing potential loneliness. Resident and external volunteers provide invaluable support, helping run activities and facilities, or supporting fundraising within our communities or ExtraCare Charity Shops. Our Volunteer Organisers recruit, record, retain and recognise our volunteers to ensure that volunteering in ExtraCare remains a rewarding experience.

Our locations are vibrant social hubs and visitors include children, schools, universities, and community groups. Visitors can also use our facilities including our gyms as part of an affordable membership that supports our charitable income. A development study undertaken during the year highlighted the significance of intergenerational space, something which is built in by design to our newer locations (and considered as part of our rolling modernisation programme to existing Villages).

Care: Each of our locations offer care services via on-site care teams, delivered through both the day and night. Care services are predominantly assessed and delivered by our own staff, although we do allow external providers onsite. Our services are registered and inspected by the CQC.

Wellbeing Service: Operated by a team of Wellbeing Advisors, this award-winning service offers preventative health advice and promotes healthy life choices. Residents now have a comprehensive baseline assessment (carried out on our wellbeing app) before moving in, so that we have a better understanding of their health and social care needs. Our resilience tool (developed with Aston and Lancaster Universities) can re-assess those residents identified as frail and support them through personal goal setting to become personally more resilient.

Dementia and Mental Wellbeing Service: Implemented through specially trained staff, our Dementia and Mental Wellbeing Service offers tailored support for residents living with dementia or a cognitive impairment and common mental health conditions, aiming to reduce the impact of dementia and improve wellbeing.

Progress against our Annual Business Plan key targets

Our 2022/23 Annual Business Plan contained several targets for the financial year with progress for each of these targets being captured in our corporate Balanced Scorecard reported to our Board and Committees. Targets are set alongside our 5-year Corporate Plan (2022-27), that was approved by our Board in the year (and therefore marks year one of the five year plan). Six of these were key targets and our self-assessed performance against them is shown below:

Corporate Plan: Key Target	Annual Business Plan 2022/23: Target and Progress
Develop one new village and undertake two village extensions during the life of this corporate plan* delivering 400 new homes. (*subject to funding)	Start on-site at one extension; and secure an agreement in principle from Development Committee for our next development. <ul style="list-style-type: none"> • Not achieved: Our Shenley Wood extension experienced delays when the landowner tried to renegotiate the agreed price – now resolved. Our Wixams extension is undergoing further design/planning changes. Both are forecast to start on-site in 2023/24. Sites are identified for our next development opportunities, with designs complete and exclusivity being negotiated.

Corporate Plan: Key Target	Annual Business Plan 2022/23: Target and Progress
Achieve a resident experience rating of 80% or above in all villages and 90% or above in all schemes by the end of the corporate plan period.	Achieve or exceed the target. <ul style="list-style-type: none"> • Achieved: Villages rated 90% and Schemes rated 95%.
Each location will achieve a minimum CQC 'good' rating overall – with at least a third of our locations, by the end of this corporate plan period, having achieved 'outstanding' overall.	Achieve CQC 'Good' or 'Outstanding' for all locations inspected during the year. <ul style="list-style-type: none"> • Achieved: One inspection took place in the year (at Solihull Village) which achieved 'Good' overall.
Maintain the following staff satisfaction scores: 75% of our employees will be satisfied with ExtraCare as an employer and 90% of our employees will be fully committed to our vision.	Achieve or exceed the target. <ul style="list-style-type: none"> • Achieved: Staff satisfaction scores were 79% and 92% respectively.
Ensure we are capable of achieving a G1, V2 rating from the Regulator of Social Housing (RSH).	Revise our compliance self-assessment approach during 2022/23. <ul style="list-style-type: none"> • Achieved: We have revised our self-assessment in the year and sought an external review of governance and Board effectiveness. The overall findings were positive and complimentary – with only minor adjustments suggested.
Generate a total surplus in excess of £10m each year and our Operating deficit will progressively reduce, reaching break-even in year 4.	Achieve or exceed the target; and achieve a total sales target (initial and resales) of £65M. <ul style="list-style-type: none"> • Total Surplus** and Sales Targets – Achieved: Our overall surplus of £28.7M and total sales (initial sales and resales) achieved of £82.9M were in excess of our targets; and • Operating Deficit – Not achieved: Our operating deficit worsened in the year, with exceptionally high utility prices being incurred and a cost of living payment awarded to all staff.

** These figures are based upon our year end management accounts and not the financial statements. Operational performance in the management accounts focuses on our Locations' performance, rather than the overall Operating performance.

Financial Performance

Our financial performance for this year, and the previous three years is reflected below. These ratios are our Key Performance Indicators (KPIs), with operational performance indicators being shown within the 'ExtraCare VfM metrics, targets, & performance indicators' section on page 21.

	2022/23	2021/22	2020/21	2019/20
Operating deficit	(£8.0M)	(£1.3M)	(£3.1M)	(£3.3M)
Total Comprehensive Income	£28.7M	£17.2M	£18.4M	£47.3M
Turnover	£53.7M	£47.0M	£41.7M	£44.2M
Reserves	£311.6M	£282.9M	£265.7M	£247.3M

Whilst our overall financial performance for 2022/23 has improved compared to last year, our operating deficit worsened. This is unsurprising given the exceptional levels of inflation, particularly within energy costs, that we were unable to recover in the year and a cost of living payment we made to all of our staff. As a result of rising energy costs, we have applied a charitable subsidy to our residents charges at a cost of c.£3.1M, which we have made a provision for within 2022/23.

All properties that have leases granted (full and part equity) are held for capital appreciation and are considered by the Board to be investment properties. These are re-valued at each balance sheet date at their fair value, with any fair value movement recognised in

the Statement of Comprehensive Income for the period. This only applies to the leasehold properties; rented properties held for social housing remain on the balance sheet at historic cost and are depreciated over their useful life.

Value for Money (VfM)

Introduction and context

VfM informs how we plan, manage, and operate our Charity to ensure that we make the best use of our resources to deliver our vision of better lives for older people now and into the future.

We define VfM as getting the right balance of inputs, process and outcomes, as described by the 3 'E's:

- Economy: achieving the best price for what goes into providing a service, minimising the resources required focusing on cost saving, cost avoidance or income generation;
- Efficiency: to accomplish something with the best use of time and effort; and
- Effectiveness: the relationship between the intended and actual results.

VfM Strategy (2022-27)

Our strategy provides the direction to ensure the 3 'E's identified above are embedded in our decision making and that a 'VfM mindset' is encouraged throughout the Charity. It provides the framework for how we will deliver our VfM targets and has an associated action plan, comprising 10 specific actions which will help us achieve greater VfM. The strategy can be summarised, simply as:

'Working collaboratively in delivering our corporate objectives by spending our money wisely.'

The key priorities of the strategy in this first year (2022/23) have been greater sharing of best practice, defining key performance indicators (KPIs) which best represent the priorities of our business and working more closely with our benchmark partner HouseMark. We do not define Value for Money as being the cheapest option, but rather the option that adds most value, quality, and cost benefit.

Regulator of Social Housing (RSH) VfM metrics, targets, and performance indicators (PIs)

Our performance against the RSH metrics is shown below.

RSH VfM – metrics, targets & PIs	2021/22 Actual	2022/23 Target	2022/23 Actual	2023/24 Target
1. Reinvestment	0.7%	0.7%	2.1%	0.5%
2. New Supply				
- Social Housing	0.0%	0.0%	0.0%	0.0%
- Non-Social Housing	0.0%	0.0%	0.0%	0.0%
3. Gearing	17.7%	20.0%	15.3%	15.0%
4. EBITDA MRI*	23.7%	25.0%	-85.1%	25.0%
5. Headline Social Housing Cost per unit	£6,711	£6,000	£9,889	£6,500
6. Operating Margin				
- Overall	-2.7%	-2.0%	-15.0%	-2.0%
- Social Housing	21.4%	20.0%	11.7%	25.0%
7. Return on Capital Employed (ROCE)	-0.3%	0.0%	-1.7%	0.0%

* Earnings before interest, taxation, depreciation, amortisation, major repairs included, interest cover %

The external VfM metrics are modelled using HouseMark-led calculations. We know we are different to many other Registered Providers who complete the data, and therefore do not focus heavily on the Scorecard median. We also recognise that there were factors during the year that have heavily skewed our ability to improve upon prior year performance. We do however look to improve our operating cost per units and margins each year (excluding exceptional items), whilst ensuring the service we offer is not negatively impacted.

In 2022/23, our Headline Social Housing Cost per unit is disproportionately higher than expected, driven by high inflation (particularly within energy costs), a 'catch up' of maintenance works and support provided to our staff and residents. Without these exceptional items, we would have improved upon our target (and prior year) outturn.

As outlined in the new VfM Strategy, our VfM reporting has undertaken a significant review taking the opportunity to re-evaluate our KPIs and assess the most accurate metrics to monitor performance.

ExtraCare VfM metrics, targets, & performance

In addition to the mandatory RSH metrics above we set our own internal VfM targets. These were chosen based on areas of activity which directly impact VfM or where a need to enhance performance had been identified.

ExtraCare VfM – metrics, targets & performance	2021/22 Actual	2022/23 Target	2022/23 Actual
1. Arrears (reduce value of payments due)	2.3%	2.5%	3.1%
2. Rental Voids (reduce average period for re-let)	22.5 weeks	8 weeks	16.2 weeks
3. Operations Surplus/(Deficit)	(£0.8M)	(£1.1M)	(£1.6M)
4. Loan to Value	44.7%	55%	38.5%
5. CQC rating Good or Outstanding	95%	95%	95%
6. Resident satisfaction rating at villages	91% Villages 94.7% Schemes	80% Villages 90% Schemes	90% Villages 95% Schemes
7. Reduce energy usage (overall intensity)	3.23 tonnes CO2e resident/year	3.13 tonnes CO2e resident/year	2.96 tonnes CO2e Resident/year

Our VfM metrics have been reviewed during the year, we now place more focus on our performance against the HouseMark 'monthly pulse' data – which is a monthly 'at a glance' view of the key metrics across the sector. We compare ourselves to both our wider sector peers and a smaller peer group that are a closer comparative to our size and unique blend of services.

There is some relevant narrative supporting the two targets that have not seen improvements in the year:

- **Arrears:** have increased slightly but remain stable during a challenging year of rising inflation and the cost of living impact that has been felt by us all. We increased our communications with residents to provide information around the support that we can offer as a Charity, as well as the support that is available from the Government. Our Welfare Benefits teams generated £5M of new benefit entitlements to residents during the year and we formed a taskforce, should there have been a sudden increase in arrears due to the cost of living increases – thankfully, we have not needed it to date; and
- **Operations deficit:** there were some exceptional factors driving our worsening performance in the year, the most significant being energy costs, where costs had risen by triple figure percentages year on year (and the timing of these costs being seen means we are unable to fully recover them in the same year). Our clear intention is that the quality of our homes and our resident experience is a key priority – we have not compromised on the quality of our works and services to offset rising costs, for example.

In consultation with our benchmark partner, HouseMark, 2022/23 is the last period where these internal VfM metrics will be used. Instead, we will use KPIs that allow us measure progress internally, as well as against a peer group of similar organisations. This approach is outlined in more detail within the VfM Strategy.

Internal Benchmarking

Finance Business Partners work with Regional Operations Managers and Location Managers to monitor the income and expenditure between locations. We have developed our internal reporting to allow for the benchmarking between locations, driving a value for money mindset throughout our budget holder network. Our annual budget has varying layers of sign-off and scrutiny, from budget holder to Board level. This allows for meaningful comparisons and targets to be set, whilst our focus is still heavily geared towards driving our actual performance.

External Benchmarking

We are a member of HouseMark, who are one of the UK housing sector's largest membership organisations. As our benchmark partner they support us with data analysis and the external benchmarking process.

We are now completing the monthly HouseMark KPI surveys, known as Pulse surveys, and use this data to help drive our performance forward. Reassuringly, we perform in-line or ahead our sector peer group in most cases, with our focus on improving our performance further.

Energy Group

Prior to the sudden rise in utility costs, we had an already formed and well-established Energy Group consisting of key representatives across our organisation. The key focus for the group this year has also been supporting our residents. The government's Energy Bill Support Scheme Alternative Funding (EBSSAF) is one area that we have helped our residents access. Our new utility bill validation process has also helped achieve greater VfM, as any issues are being identified and addressed with suppliers in a timely manner. More effective contract management is also resulting in cost savings, such as discounts being applied for reduced payment terms. We have actively worked on strengthening relations with Crown Commercial Services (CCS) who procure our utilities and all three key suppliers for gas, electricity, and water.

The next phase is continuing engagement with our residents. An Energy & Sustainability dashboard has been created to help drive down consumption and achieve our corporate target of reaching carbon net-zero by 2035.

Outsourcing our facilities management: 'Project FM'

The core objective of 'Project FM' was to appoint a reduced number of facilities maintenance contractors in a manner compliant with the Public Procurement Regulations, creating a consolidated, more efficient, and manageable supply chain. Going live in April 2022, 'Project FM' is a five-year agreement and is already delivering upon greater quality and ultimately a lower 'cost per job'.

Benefits of 'Project FM' include cost visibility via the Schedule of Rates (SoR) and fixed prices for planned servicing and inspection works. ExtraCare has also been able to select contractors which align to our social value requirements and our sustainability/environmental agenda.

Social value

As a charity focused on improving the lives of older people, we also have a commitment to social value. Social value measures the positive value businesses create for the economy, communities, and society. We focus on the value that we can bring to our residents and our local communities through our procurement activity and collaboration with our suppliers. Our Procurement and Wellbeing teams work together to ensure that these initiatives are targeted towards areas that will benefit the most.

We ensure that each procurement exercise we undertake has at least 10% of the overall score allocated to how suppliers can assist us in delivering social value. The way social value could be delivered will differ, encompassing areas such as EDI, sustainability, and sometimes referring to our vision of better lives for older people. An example, in practice, is the procurement of 'Project FM', where successful contractors now operate activities that engage our residents and add value to our locations, such as gardening groups which increase the biodiversity of our landscapes.

We will continue to deliver social value through our procurement activity going forward, with an aim to base this on the UN Sustainable Development Goals, predominantly targets:

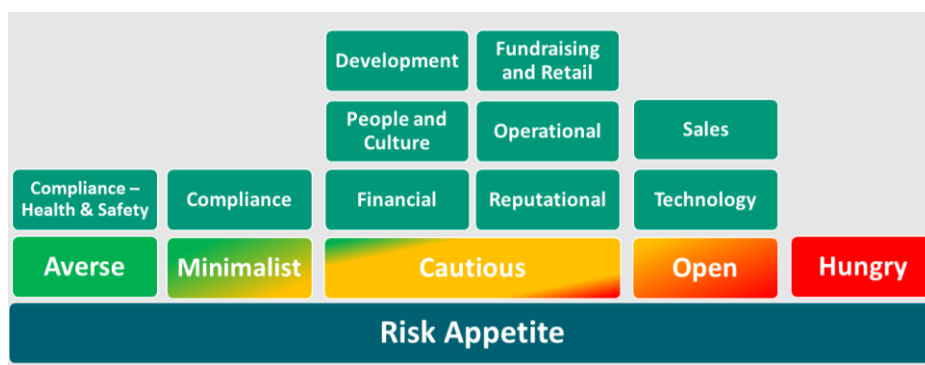
- 3.4 - By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being;
- 12.7 - Promote public procurement practices that are sustainable, in accordance with national policies and priorities; and
- 17.7 - Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed.

In addition, we will work with our suppliers to ensure that we are aware of any innovation and initiatives that are being developed within the sector, so we are able to benefit from these positive changes that assist with the fulfilment of ExtraCare's mission of creating sustainable communities. This will ensure initiatives continue to focus on the areas that are the most beneficial to our Charity and its residents.

Managing Key Risks and Uncertainties

We are committed to ensuring that risk management is an intrinsic element of governance arrangements and that our risk management process adds value to informing decision making processes to ensure the delivery of the Corporate Plan. Our Board revisited their risk appetite in March 2022 before signing off our Corporate Plan 2022-27 alongside our updated Risk Management Strategy and Risk Management Policy.






Our Board set the risk appetite across generic risk categories recognising that a ‘one size fits all’ approach does not easily fit with our business activities.



Our updated Risk Management Strategy and Risk Management Policy took effect from 1 April 2022. We updated our Risk management policy in March 2023 to place a greater emphasis on the identification and management of opportunity. Our strategy and policy help us to manage our risks, secure the right opportunities and deliver sustainable strategic priorities. We have extended our reporting in 2022/23 to include Early Warning Indicators for each of our strategic risks.

Our Board consider the Strategic risks faced by the Charity to be:

Risk	Appetite
Legal & Regulatory Compliance	Averse to Minimalist
<p>Serious/major non-compliance with Legal and Regulatory requirements results in reportable breaches/incidents, potential investigations/sanctions/fines, reputational damage, and a weakened ability to deliver Corporate Plan objectives, targets and commitments.</p> <p>Mitigation and management measures include:</p> <ul style="list-style-type: none"> • Strategies and supporting policies and procedures/work instructions; • Training, awareness and evaluation of ExtraCare staff; • External/Third Party visits/inspections/reviews/advice; and • Internal compliance processes and related procedures. 	
People and Culture	Cautious
<p>Failure to align our people and culture (as a shared set of values, beliefs, systems, practices, underlying assumptions, attitudes and behaviours) undermines delivery of strategic goals and Corporate Plan objectives, targets and commitments (e.g. as key employees become disengaged/dissatisfied and leave, behaviours slide, clarity and mission is lost).</p> <p>Mitigation and management measures include:</p> <ul style="list-style-type: none"> • Culture reinforced internally (amongst personnel and residents) and externally (through outward/public facing channels); • Structure and succession planning; • Equality, Diversity and Inclusion strategy; • People Strategy; and • Independent/third party review and assurance provided (e.g. Investors in People). 	

Funding Streams	 Cautious
<p>Marked decrease in funding at locations, including funding levels from local authorities (care and/or housing), loss of care contracts and marked reduction in other location income (e.g. lifestyle services such as catering, gyms and retail outlets), leads to a reduced ability to support the Charity's activities at locations and deliver related Corporate Plan objectives, targets and commitments.</p> <p>Mitigation and management measures include:</p> <ul style="list-style-type: none"> • Strategies for Care & Support and Commercial; • Charging policies for Property & Care and Lifestyle; and • Community fee. 	
Cash flow	 Cautious
<p>Financing secured through borrowing and sales/resales, insufficient to support our funding needs, and or no satisfactory renegotiation of loan financing with Lloyds. This could result in failure to meet the development programme, a lack of key stakeholder confidence, a poor regulatory viability grading and affects delivery of Business Plan and/or Corporate Plan objectives, targets and commitments.</p> <p>Mitigation and management measures include:</p> <ul style="list-style-type: none"> • Funding in place to provide adequate total facilities; • Regular review of cashflow requirements; • Active treasury management supplemented by specialist advice; and • Regular reporting to Executive Leadership Team, Audit and Assurance Committee, and Board. 	
Property Market Sales	 Open
<p>A significant or sustained deterioration in the housing market (falling property prices/economic pressures/stagnation) or other factor affecting demand (for our properties) produces reduced levels of sales (new stock) and resales (existing stock) limiting the income (from sales) and profit (from resales) realisable in support of debt financing, reinvestment and achievement of Business Plan and or/Corporate Plan objectives, targets and commitments.</p> <p>Mitigation and management measures include:</p> <ul style="list-style-type: none"> • Demand measures including introduction of incentives, increasing levels of shared ownership and rentals; • Headroom maintained between available facilities and borrowings; and • An agreed mitigation plan which can be invoked when required. 	
Development	 Cautious
<p>Challenges in suitable site locations/land and/or financing, combined with uncertainty in the housing market/demand/economy/construction industry causes delays in the construction/opening/extension or refurbishment of villages. Impacting sales income, cashflow, resident satisfaction, reputation and delivery of Business Plan and/or Corporate Plan objectives, targets and commitments.</p> <p>Mitigation and management measures include:</p> <ul style="list-style-type: none"> • Development appraisal model in place which is refined for "lessons learnt" after each development; • Approval required from Board of Trustees for new village developments; • Regular review of cashflow requirements; and • Contract management processes. 	
Infectious Disease (epidemic/pandemic)	 Cautious
<p>Failure to plan adequately for risk management of epidemic or pandemic infectious disease outbreaks (both established e.g. influenza or emerging/novel e.g. Covid-19) impacts significantly on ExtraCare's operations and corporate activities, threatens delivery of Corporate and operational objectives, plans and targets and jeopardises the Charity's continued viability.</p>	

Mitigation and management measures include:

- Covid-19 Governance team formed in response to pandemic – could be re-mobilised upon need;
- Evidence, feedback, and lessons learned demonstrates organisational agility, resilience, and effectiveness of response to Covid-19; and
- Maintenance of funding and cashflow management, with cash holding significantly increased as a key mitigation.

Internal Audit

Our internal audit function was outsourced to TIAA. In line with an approved Internal Audit Plan, our internal auditors assess the design and effectiveness of our risk management and internal controls, reporting to our Audit & Assurance Committee. The annual Internal Audit opinion for 2022/23 stated 'TIAA is satisfied that, for the areas reviewed during the year, ExtraCare Charitable Trust (the 'Trust') has reasonable and effective risk management, control, and governance processes in place.'

Internal Audit recommendations are tracked to ensure implementation, with oversight provided by the Audit & Assurance Committee. Since the year end, we have retendered our internal audit contract and have appointed Mazars as our internal auditor from 2023/24.

Risk Summary

Our Board of Trustees has:

- Considered the major risks and uncertainties to which the Charity is exposed;
- Satisfied themselves that systems or procedures are established to manage and mitigate these;
- Sought independent assurance from internal audit; and
- Recognised that controls will be strengthened as audit recommendations are implemented.

Developing Villages

Developing high quality, accessible and attractive villages with homes older people want is an essential component of the overall success of our Charity. Income from the granting of initial and subsequent property leases and from property rental is a major contributor to our overall surplus which underpins our ability to offer a range of high-quality charitable services and to ensure our buildings are maintained to a high standard.

Portfolio Development

It was decided when the pandemic first hit that development activity would be paused whilst we overcame the operational challenges we faced. This was made an easier decision given that we only had our Solihull Village and Earlsdon Phase 2 extension on site and that we were coming off the back of a healthy development pipeline delivered during the previous Corporate Plan. Since then our Board has signed off on our new Corporate Plan (2022-27) which sets out our growth ambitions. Alongside this, we have refinanced with Lloyds Bank and continued to grow our liquid asset reserves. It was always the Charity's plan to resume measured growth of our asset base, and this is what we will do.

The previously granted planning permission for Phase 2 at our Bedford Wixams Village has been extended for an additional three years and start on site for the build is currently expected to be during 2023/24. In addition, we intend to extend our Shenley Wood Village, with a third phase: we are currently reviewing the best method and build design (such as enhancing initial research we have made into urban village models) before seeking formal approval to continue.

We continue to look for new development opportunities working closely with local authorities, developers, housebuilders, and construction partners to identify new village sites and extension opportunities.

Construction and Building Innovation

We are continually exploring ways to improve our approach to construction and are investigating the benefits of modern methods of construction (MMC), such as panelised and modular build, with a view to reducing the time on site and the impact of noise and disruption to existing residents without compromising quality. We anticipate that future developments will include MMC via either modular build, offsite pod construction, or both.

Our Research and Innovation Strategy continues to drive change within our Villages and ensures our buildings meet our current and future customers' expectations.

Our Energy and Sustainability Strategy sets out the detail about how all our developments will be built at a standard at least to the future homes standard and we are assessing how to further reduce our carbon emissions, both in development and operating villages.

Modernisation

Our modernisation programme is committed to continually invest in our existing Villages to ensure their desirability remains at a high level throughout the building's life. We are always keen to listen to our residents and undertake extensive consultation with them whilst in planning and design stage of proceedings.

The key aims of our modernisation programme are:

- More outward looking village environment;
- Better space utilisation within the village;
- A more environmentally friendly village; and
- Technology enabled village.

During 2022/23 we resumed the modernisation programme with our Lark Hill Village, starting in April 2022. Following its successful completion we have now started the next modernisation at our New Oscott Village. It is our aim to undertake five modernisations across the five years of Corporate Plan 2022-27, with over £15M being allocated in our cash flow to undertake them.

Initial Property Leases (Initial Sales)

The progress on sales of our new village locations is as follows on 31 March 2023:

Village	Opened	Total initial leases available	Leases granted	% granted
Stoke Gifford	November 2018	180	165	92%
Bedford Wixams	June 2019	184	172	93%
Earlsdon Park Phase 2	November 2020	60	57	95%
Solihull*	January 2021	209	135	65%

* Solihull Village is our newest location and therefore the % of leases granted is lower than other locations.

Subsequent Property Leases (Resales)

Subsequent property leases were at their highest ever level in 2022/23. We granted 216 leases, generating £58.2m in cash. This compares to a figure of 160 subsequent property leases for £41.2m in 2021/22 and 121 leases for £34.5m in 2020/21.

We continue to see strong demand for our product, with sales performance remaining exceptionally healthy.

Lease surrenders (buy-backs) also peaked in 2022/23 as our locations mature. 211 leases were surrendered during the year for a combined value of £38.7m. By comparison, 191 property leases were surrendered in 2021/22, for a value of £35.6m and 140 leases were surrendered in 2020/21, for a total value of £25.1m.

Operating Villages

Operating our villages and schemes effectively is key to our residents enjoying an active and fulfilling lifestyle, reassured by the knowledge that they can access good quality care when needed, in the comfort of their own home.

Engaging customers/resident satisfaction

Residents have an extensive menu of engagement options at ExtraCare, both locally and organisation-wide. Residents can influence the local management of their services through Residents' Associations, as well as through 'We're Listening' feedback surveys, recruitment panels, monthly street meetings, local groups and volunteering.

Corporately, residents influence ExtraCare's policies via our Residents' Forum, with the Chair and Vice-Chair of the Resident Forum being shareholder members of ExtraCare, and therefore able to attend the annual AGM.

The Residents' Forum acts as the principal representative body for the purpose of consultation with residents concerning service delivery, performance and strategic plans. We work in partnership with our residents to create strong and cohesive communities to enable a positive experience of living in an ExtraCare location.

Care Quality

During 2022/23 there was one inspection undertaken by the CQC at our Solihull location, which achieved a 'Good' overall rating. We remain very proud that at the 31 March 2023, 19 of the 20 inspected locations were currently rated 'Good' or 'Outstanding' by the CQC.

- Five 'Outstanding' overall: Brunswick Gardens, Hagley Road, Lovat Fields, Reeve Court and Shenley Wood Villages;
- 14 'Good' overall: Bournville Gardens Village, Earlsdon Park Village, Hughenden Gardens Village, Humber Court, Lark Hill Village, Longbridge Village, New Oscott Village, Rosewood Court, Stoke Gifford Village, St Oswalds Village, Sunley Court, Solihull Village, Wixams Village and Yates Court;
- Four of the 14 rated 'Good' overall were rated outstanding in one domain; and
- One rating of 'Requires Improvement' at Pannel Croft Village (inspection carried out in June 2019). We can't improve on this rating until the next inspection, but in the meantime we have an internal inspection programme to improve the quality of our service.

Location Surpluses

Our Corporate Plan 2022-27 outlines our aim to ensure our locations break-even by 2027. We know that there have been exceptional factors this year, and it is expected that these will continue to impact our performance for the coming years. However, we remain committed to improving the profitability of our locations, whilst maintaining the highest levels of quality that our residents expect.

We regularly review income generating activities within our locations to identify opportunities to sell services and meet the needs of our residents safely.

Our Commercial Strategy, which relates to services such as catering, resident activities and gyms adopts a robust commercial approach, continues to underpin our efforts towards generating income and contributing to the limiting of losses within our services. It includes ways to maximise commercial opportunities that will contribute to our long-term financial viability as a charity: focusing on new or improved services that are attractive to residents, sustainable and affordable. In our locations, this Strategy is led by our Lifestyle Managers, who are 'front of house' and run our bars and bistros, gyms and retail outlets.

Streamlined Energy and Carbon Reporting

Our Charity is committed to improving its environmental performance and reducing our carbon footprint – we have set ourselves an ambitious target of achieving carbon net zero by 2035 and our strategy sets out our corporate-wide plan to take steps closer to this. Reports submitted to our Committees and Board include the requirement to evaluate any environmental considerations.

Emissions, Waste & Recycling

ExtraCare has an impact on the environment directly through the operation of property and indirectly through those operations which support our Charity such as business travel, purchasing of goods and services and of course key activities such as building new villages.

Whilst our Retail subsidiary helps raise valuable funds for our Charity, it also adds much value to our recycling contribution and the prevention of usable goods making its way to landfill.

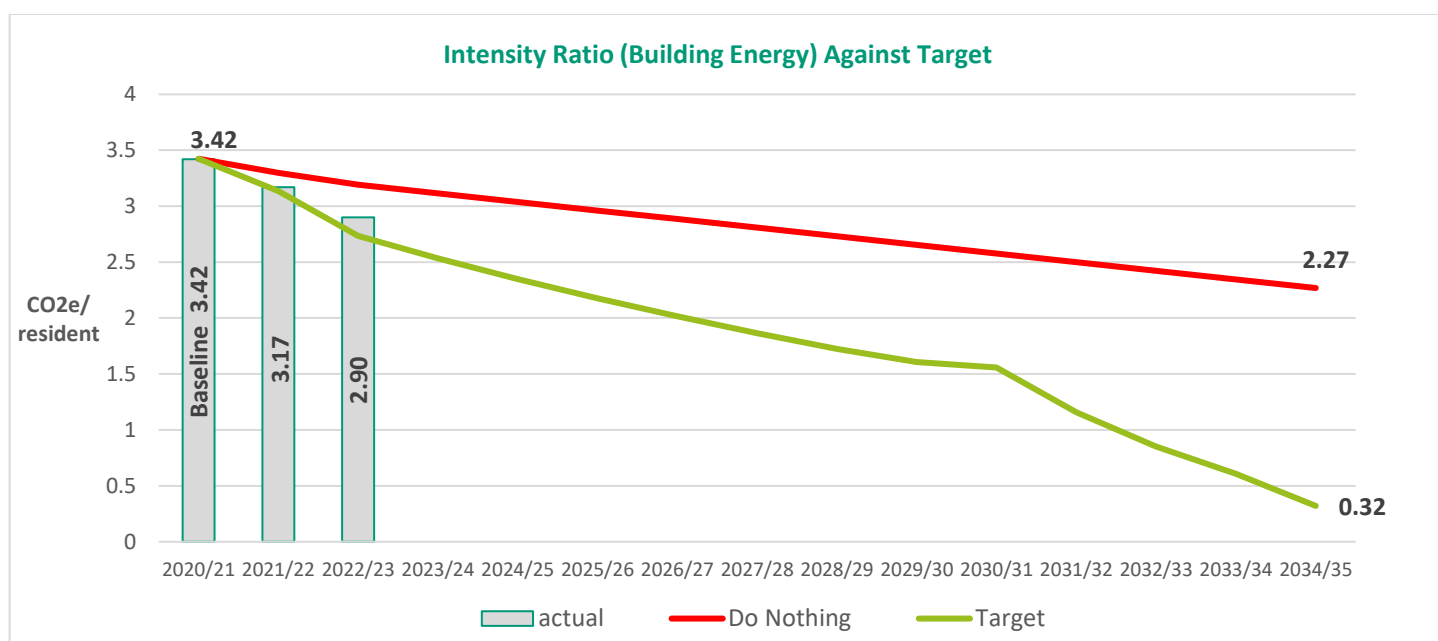
In line with Government Environmental Reporting Guidance and the Streamlined Energy and Carbon Reporting (SECR) requirements, we have assessed the organisational boundary and scope/type of emissions as follows:

- *Reporting Boundary*: this report aims to identify and quantify the energy use and environmental impacts that occur owing to the operation of the villages and schemes owned by ExtraCare, the head office building in Coventry and all retail sites that were in operation throughout 2022/23 and the travel activities of staff in supporting the Charity and subsidiary.

- *Scope of Emissions:* this report aims to identify and quantify the following types of emissions:
 - Scope 1 Direct Emissions – emissions due to use of natural gas in boilers to provide heating, hot water, laundry equipment and catering within buildings;
 - Scope 2 Energy Indirect Emissions – emissions due to the use of electricity to provide lighting, catering, hot water and power for electrical equipment within buildings; and
 - Scope 3 Other Indirect Emissions – emissions due to the consumption of water within buildings and the disposal of liquid and solid waste.

Emission Type	Emission Source	Current Reporting Year			Previous Year		% change	
		Amount	Unit	Emissions (CO2e)	kWh	Tonnes CO2e	Units	Tonnes CO2e
Scope 1	Gas	43,234,166	kWh	7,892.0	45,584,675	8,349.3	-5.2%	-5.5%
Scope 2	Electricity	18,626,099	kWh	3,601.9	18,827,446	3,997.6	-1.1%	-9.9%
Scope 3	Water	379,725	m3	56.6	434,983	64.8	-12.7%	-12.7%
	Waste – Liquid	367,114	m3	99.9	423,409	115.2	-13.3%	-13.3%
	Waste – Solid	92	Tonnes	2.4	66	3.3	40.0%	-26.1%
	Travel	272,059	Miles	67.9	193,672	48.5	40.5%	40.0%
Total scope 1,2,3				11,720.6		12,578.7		-6.8%

- The emissions include Scope 1 (gas used in buildings), Scope 2 (electricity use in buildings) and a proportion of Scope 3 (water, waste and business travel). These are the emissions that are to some extent under the direct control and influence of ExtraCare and for which data was available to calculate emissions;
- The other major Scope 3 emissions are those relating to purchasing of goods and services by the organisation for which further work will be needed with suppliers to quantify the level of emissions;
- The calculated scope 1, 2 and 3 emissions for ExtraCare (gas, electricity, water, waste and business travel) have decreased by 7.2% compared to last year;
- There have been decreases in carbon emissions for all elements apart from travel which increased by 40% following decreases in previous years owing to the Covid-19 pandemic;
- The 2022/23 intensity ratio for ExtraCare is 2.90 tonnes CO2e/resident/year (including water, waste and staff travel) which is 14% below the 2020/21 baseline; and
- The long term target for ExtraCare is to be net-zero carbon for the stated emissions by 2035. This would require a 90% reduction in emission intensity, the trajectory of which is shown in the graph below. The target reduction by 2022/23 was 20% compared to the 14% achieved.



Intensity Ratio

We provide services for residents and hence the most appropriate metric to use is the emissions per resident, per year. This will allow for comparisons over time and eventually between villages.

	Current Reporting Year	Previous Reporting Year	% change
Number of residents	3,963	3,899	1.6%
Overall intensity (CO2e/resident)	2.96	3.23	-8.3%
Building energy (CO2e/resident)	2.90	3.17	-8.4%

Methodology used

The key processes in compiling this report were as follows:

- Energy and water data for the villages, head office and retail were collated based on supplier invoices;
- Waste and recycling data was provided by the contracted waste provider data portal and is based on transfer note data (NB: Waste figures do not cover Retail sites which have minimum waste disposal);
- Travel data was based on staff expense claims;
- Intensity ratio was based on our average resident population during 2022/23; and
- All conversion factors were based on 2020 UK Government Conversion Factors for greenhouse gas (GHG) reporting.

Supporting Villages

We are proud of our charitable status. We make surpluses from some areas of activity which are then used to subsidise other services which, as a charity, we provide to our beneficiaries. Through this subsidy we can deliver vital care and wellbeing services and keep these affordable and accessible to all our residents, regardless of their background and circumstances. We would not be able to continue to grow and improve these services, which are proven to be key to the health and wellbeing of residents, without the dedication, generosity and support of our donors, residents, staff and community volunteers, and our external supporters.

Volunteering

Volunteering is at the heart of our ExtraCare communities – we have nearly 2,100 active volunteers, of which most are residents. Volunteers help us in areas ranging from our charity shops, location facilities such as gyms, bistros and reception, events and activities, befriending and fundraising. Not only are volunteers invaluable to keeping our shops open and our locations running smoothly, volunteering also brings great mental and physical benefits to those who volunteer. Our resident volunteers proved crucial during the pandemic where they supported residents to get their shopping, deliveries and to maintain contact with friends and families.

Each individual's reason for volunteering is unique. They may wish to make good use of their skills and knowledge, to gain new skills and experience to enhance their CV, build their confidence, meet new people or make a difference to others lives. Whatever their reason, our aim is to support our volunteers to meet their goal whilst they support us in achieving our vision and mission.

As well as volunteering we also provide valuable opportunities for students requiring placements and Work Experience, for Duke of Edinburgh Award, participants and for other organisations seeking corporate volunteering opportunities within our locations and Charity shops.

ExtraCare Charity Shops

In 2022/23 our Retail activities, through our charity shops, generated a total surplus of £287K (2021/22: £360K).

The wider retail sector has seen some decline in recent years, with the impact of Covid-19 and more recently the rising cost of living reducing footfall (and ultimately increasing the cost of running a retail business). That said, demand for our offering remains high, sales performance targets continue to exceed those set out in our budgeted and strategic plan targets and we continue to be popular with the modern consumer. We take opportunities to strengthen our business model by exploring wider commercial activities, such as online sales and the enhancement of our 'bought in goods' market.

We are optimistic that we can continue to seek opportunities, as consumers look for ways to make their pound stretch further. Charity retail is ideally placed to deliver this both through donated goods and through new goods being sold at affordable prices. We achieved our highest profit level ever during the last recession, albeit there was not quite the hike in costs being experienced this time round.

It has been an exceptionally good year in relation to profits, especially given customer numbers on the high street are down on years gone by. We have continued our strategy of closing shops which are not profit generating, and this has reduced the number of shops we now have to 38. However, we are constantly on the lookout for new premises and expect to open a further two shops in the coming year.

Performance this year has demonstrated we have been right to continue with confidence about the future of ExtraCare Retail Ltd, despite the recent significant challenges we have been presented with.

We remain committed to the 5-year Retail Strategy agreed in 2020/21, which focuses on consolidating the retail estate, developing online sales at shop level, and promoting environmental sustainability: this will shape our direction moving forwards.

Fundraising Activity

We raised £40K in 2022/23 (£57K in 2021/22) through resident fundraising, trusts, foundations, challenge appeals and our corporate donations.

Given that we do not currently have a dedicated fundraising function in the Charity this is a good achievement and demonstrates how our charitable objectives really appeal to the public.

An additional £287K was raised through our charity shops in the year (£360K in 2021/22). This supports in reducing our operating shortfall with respect to underfunded or unfunded services such as Care, Wellbeing, Dementia and End of Life support.

Research and Innovation

We utilise both advanced and everyday technology to support our residents in their day-to-day lives and encourage the uptake of technology to improve digital skills and maintain independence.

- Our Smart Markets have continued to bring a wide variety of technology to our residents. Through collaboration with external organisations, we have been able to provide residents with technology and broadband data access who may otherwise have not engaged with the Smart Market initiative. By continuing to showcase technology in the Innovation Apartment located at Solihull Village, we have created a popular space where residents and visitors can see technology in action;
- Sensor based technology continues to be an area of interest and has proven highly valuable tool in supporting residents at home and understanding behaviour with limited intrusion; and
- University partnerships have been a key part of our research and innovation activity. Partnerships have enabled residents to participate in good quality, ethical studies designed around creative better lives and understanding barriers. For staff these partnerships have offered the opportunity to learn and adapt our practice but to also be a point of contact for academics to aid their understanding of our model, its benefits and how to best engage with our residents.

People, Processes and Technology

People

Our strength lies in the quality and commitment of our workforce and volunteers. Creating the right environment for our customers depends on the collective effort of all our colleagues.

The 'Investors in People' (IIP) award is a recognition of good practice in how an organisation engages with, enables, develops and supports its people; we are incredibly proud to have maintained Gold Award status from IIP during the year.

Our 2021-24 People Strategy supports us in meeting our corporate commitment to review how we attract, retain, develop and engage with our people and develop our culture.

We are committed to providing a competitive pay and benefits package to current and prospective staff and have implemented the Real Living Wage to Trust staff. We acknowledge that recruitment and retention are issues both in our sector and across other sectors, and therefore investing in our employees is essential. In March 2023 our Board approved a 10% pay award increase to our frontline

care staff (and those receiving the Real Living Wage), with all other staff receiving a minimum of 5%. In recent years we have weighted our pay to those locations closer to London and continue to review the benefits that our employees receive as part of their employment, in order to attract and retain high quality colleagues.

Reassuringly, our efforts are seeing staff turnover reducing, yet we realise there is still work to be done to maintain this progress, particularly within staff retention.

Our 2022 staff survey showed that:

- **79% of our employees are satisfied** with ExtraCare as an employer – our target was 75%; and
- **92% of our employees remain fully committed** to our vision and values – our target was 90%.

IT and Digital

We continue to progress with our digital transformation programme with a focus on building a technology infrastructure and platform for future applications. We have deployed new laptops and smartphones to more employees to support mobile and hybrid working as well as new applications. We have a new management platform for these devices which improved security and allows remote support and application deployment.

We have mapped out our digital programme with workstreams covering five core applications, low-code solutions and data integration and business intelligence. The cloud environment is built and we have deployed our in-house solutions which allows maintenance staff to record quarterly “MOT” checks of our residents’ homes to meet new housing regulations.

We have focussed on two core applications covering property sales and care - both business functions that are largely non-digital at the moment. A first increment of a sales system has been deployed which has replaced the need for over 300 spreadsheets, to manage the sales process from enquiry to completion. We understand the requirements and scope for a Care system and have a shortlist of solutions. For the care solution we are working with the NHS transformation directorate to secure grant funding and make use of their technical assurance and guidance.

Cyber Security is also a priority and we have implemented incremental improvements across our technology estate to protect ourselves against attack. We regularly undertake penetration testing and mock phishing attempts to raise awareness between our staff and residents.

On behalf of the Trustees:



Nick Baldwin CBE

Chair

18 September 2023

THE BOARD'S RESPONSIBILITIES IN THE PREPARATION OF ACCOUNTS

The Board as trustees (who are also the directors of The ExtraCare Charitable Trust for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company, housing and charity law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the income and expenditure of the Group for that period. In preparing the Group and Company financial statements, the Trustees, as Directors, are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Statement of Recommended Practice 'Accounting by Registered Housing Providers Update 2018';
- c. make judgements and estimates that are reasonable and prudent;
- d. state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- e. prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Trustees, as Directors, are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE EXTRACARE CHARITABLE TRUST

Opinion

We have audited the financial statements of The ExtraCare Charitable Trust (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Group and Charity Statements of Financial Position, the Group and Charity Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2023 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Annual Report.

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

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

Respective responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 32 the Trustees (who are also the Directors of the Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and Parent 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 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 auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

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

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

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

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

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

The most significant laws and regulations that may have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards), compliance with the Care Quality Commission requirements and the General Data Protection Regulations as set out in the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the Group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The Group audit engagement team identified the risk of management override of controls and the completeness, valuation and cut off risk for retail and other income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and substantive and controls testing along with data analytics for income.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

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

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham
B3 3AG

28/09/23

The ExtraCare Charitable Trust
Consolidated statement of comprehensive income
For the year ended 31 March 2023



	Note	2023 £'000	2022 £'000
Turnover	3	53,665	46,998
Operating expenditure	3	(61,703)	(48,290)
Operating deficit	8	(8,038)	(1,292)
Profits on disposal of fixed assets	11	-	525
Interest receivable		246	1
Interest and financing costs	5	(5,492)	(5,560)
Decrease in fair value of listed investment	16	(551)	(405)
Increase in fair value of investment properties	12	43,596	22,644
Surplus before tax		29,761	15,913
Taxation	28	-	-
Surplus for the year		29,761	15,913
Defined benefit pension (costs)/surplus recognised in other comprehensive income	22	(1,100)	1,335
Total comprehensive income for the year		28,661	17,248

The results for both years are wholly attributable to continuing activities.

The notes on pages 40 to 67 form part of these financial statements.

These financial statements were approved by the Board of Directors on 18 September 2023 and signed on its behalf by:

Nick Baldwin CBE
Chair

Richard Clarke
Trustee

The ExtraCare Charitable Trust
Statement of financial position
As at 31 March 2023



	Note	Group		Charity	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets					
Intangible assets	9	500	31	500	31
Tangible fixed assets	10, 11	131,305	124,700	131,305	124,700
Investment properties	12	812,863	767,305	812,863	767,305
		944,668	892,036	944,668	892,036
Current assets					
Stocks and assets held for disposal	14	93	109	-	-
Trade and other debtors	15	7,910	3,898	7,751	3,838
Current asset investments	16	19,044	19,595	19,044	19,595
Cash and cash equivalents		23,126	10,686	23,053	10,684
		50,173	34,288	49,848	34,117
Creditors: Amounts falling due within one year	17	(509,614)	(471,223)	(509,289)	(471,013)
Net current liabilities		(459,441)	(436,935)	(459,441)	(436,896)
Total assets less current liabilities		485,227	455,101	485,227	455,140
Creditors: Amounts falling due after more than one year	18	(163,895)	(165,411)	(163,895)	(165,411)
Defined benefit pension liability	22	(6,608)	(6,760)	(6,608)	(6,760)
Other provisions	23	(3,141)	(8)	(3,141)	(8)
Total net assets		311,583	282,922	311,583	282,961
Capital & reserves:					
Restricted reserves	25	6,423	6,474	6,423	6,474
Revenue reserves		305,160	276,448	305,160	276,487
		311,583	282,922	311,583	282,961

Company registration number: 02205136

These financial statements were approved by the Board of Directors on 18 September 2023 and signed on its behalf by:

Nick Baldwin CBE
Chair

Richard Clarke
Trustee

The ExtraCare Charitable Trust
Statement of changes in reserves
As at 31 March 2023



	Group		Charity	
	Restricted reserve £'000	Income and expenditure reserve £'000	Restricted reserve £'000	Income and expenditure reserve £'000
At 1 April 2021	6,602	259,072	6,602	259,111
Surplus for the year	-	17,248	-	17,248
Transfer to/(from) restricted reserves	(128)	128	(128)	128
As at 31 March 2022	6,474	276,448	6,474	276,487
At 1 April 2022	6,474	276,448	6,474	276,487
Surplus for the year	-	28,661	-	28,622
Transfer to/(from) restricted reserves	(51)	51	(51)	51
As at 31 March 2023	6,423	305,160	6,423	305,160

The ExtraCare Charitable Trust
Consolidated statement of cash flows
For the year ended 31 March 2023



	Note	2023 £'000	2022 £'000
Net Cash generated from operating activities	33	(10,245)	(3,457)
Cash flow from investing activities			
Purchase of tangible fixed assets		(14,036)	(2,536)
Proceeds on sales of fixed assets		-	525
Grants received		-	-
Interest received		246	1
Investments in current assets		-	(20,000)
Net cash used in investing activities		(13,790)	(22,010)
Cash flow from financing activities			
Interest paid		(5,339)	(5,383)
New secured loans		-	-
Repayments of borrowings		(776)	(1,086)
Payments received on property leases		82,504	71,337
Settlement of property repurchase liability		(39,914)	(32,519)
Net cash used in financing activities		36,475	32,349
Net change in cash and cash equivalents		12,440	6,882
Cash & cash equivalents at beginning of the year		10,686	3,804
Cash & cash equivalents at end of the year		23,126	10,686

1. Legal status

The ExtraCare Charitable Trust is a private company limited by guarantee registered and incorporated in England and is an English registered social housing provider. The address of ExtraCare's registered office and principal place of business is 7 Harry Weston Road, Binley Business Park, Coventry, CV3 2SN. The principal activities are providing housing and care to older people.

2. Principal accounting policies

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008. They are prepared under the historical cost convention modified to include certain financial instruments at fair value and according to the Housing SORP 2018 'Statement of Recommended Practice for Registered Housing Providers'. They also comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Public Benefit Entity

The Charity is a Public Benefit Entity, as defined within FRS 102 as "an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members".

Basis of consolidation

The group accounts consolidate the accounts of the Charity and its subsidiary undertaking. Intra group transactions, balances and profits are eliminated on consolidation. The consolidation is carried out on a line by line basis and each entity has coterminous year end dates.

The accounts for the Charity include recharges with a subsidiary undertaking which runs charity shops to raise charitable funds. The recharges are based on resources used and payments made. The parent Charity has taken advantage of the exemption from presenting its unconsolidated Statement of Comprehensive Income under Section 408 of the Companies Act 2006. The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

Going Concern

Our 30-year financial plan is based on robust assumptions and includes a target headroom of £20M in liquid asset reserves to allow us to withstand a range of potential risks. Following stress testing the Board agreed for prudent assumptions around the net cash inflow from granting of subsequent property leases to be factored into our business plan to mitigate our market risk exposure to factors such as a declining property market. Our balance sheet shows a net current liabilities position, which is expected given our property buyback model. The Board are comfortable with this, seeing a continually strong demand for our sales properties. We model the risk of any movement within our cashflow forecasting, stress testing and medium and long term business planning models. The Board recognises that the covenants in place with funders are appropriate to making an assessment of our financial position and are satisfied that covenant calculations for the loans disclosed in note 19 of the financial statements are compliant with those agreed by both our funders. Our financial statements comply with all the current statutory requirements and with the requirements of the Charity's Articles of Association. After making all reasonable enquiries, for a period of at least 12 months from sign off of these financial statements the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In coming to this decision, the Board have considered on-going financial performance data, stress testing of the cashflow, and any actual or potential future liabilities. The Board are therefore confident in confirming that the Charity is viable as a going concern.

Turnover

Turnover is measured at the fair value of the cash consideration received or receivable. The Charity generates the following material income streams:

- Rental income receivable (after deducting lost rent from empty properties available for letting); and
- Invoiced amounts receivable from the delivery of care and health services.

Rental income is recognised from the point when properties under development reach practical completion and are let. Grants, donations, legacies and similar income are accounted for as soon as their amount and receipt are certain. In the case of unsolicited donations, this is usually only when they are received, while fundraising results are accounted for when the commitment is made by the donor, subject to fulfilment. Grants, where entitlement is not conditional on the delivery of a specific performance by the Charity, are recognised when the Charity becomes unconditionally entitled to the grant.

Turnover is included on an accruals basis.

The income from goods donated for resale in the Charity shops is included in the accounts when those goods are sold. No value is placed on any stock of such goods. Donated services and facilities are included at the value to the Charity where this can be quantified.

Investment income is included when receivable by the Group.

Service charges

Where schemes are on fixed service charges, income is recognised in the financial statements in line with the amounts charged to the occupant. Certain villages operate variable service charges. Where there is any difference between the estimated cost recovered from tenants and leaseholders and the actual cost incurred, any such shortfall or surplus arising is carried forward and either collected or refunded against the future year's charge. Any shortfall or surplus arising is shown in the statement of financial position within debtors or creditors as appropriate.

Intangible fixed assets

Capitalised IT software expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Capitalised IT software expenditure is amortised on a straight-line basis over its useful life which is 3 years.

Taxation

The parent Charity is exempt from Corporation Tax as a registered charity. The trading subsidiary is subject to corporation tax on any profits not distributed by gift aid to the parent Charity.

VAT

The parent Charity is partially exempt for VAT purposes, and consequently VAT incurred cannot be fully recovered. Where VAT is not recoverable the expenditure is shown inclusive of VAT.

Impairment (excluding investment properties)

Fixed assets are reviewed for impairment following an assessment at each reporting date if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairment losses in the Consolidated Statement of Comprehensive Income.

2. Principal accounting policies (continued)

Capitalisation of interest

Interest incurred up to the time that identifiable major capital projects are ready for service is capitalised as part of the cost of the assets and shown within fixed assets, based on interest charged on loans relating to each project.

Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

Restricted reserves

These are reserves that can only be applied for specified purposes. The reserve is held for the purpose as specified by the donor. This is usually for a specific appeal. Incoming reserves are accounted for on receipt but with reference to certain performance criteria within an agreement. Where cash has been received but performance criteria have not yet been met, such income is deferred and released to the Consolidated Statement of Comprehensive Income on achievement of such criteria.

Management of housing property for other social landlords

Where the Charity has been appointed as an agent by a Housing Association partner to provide support to the service users and the support contract with the Commissioning Authority is held (and carries the financial risk), the Consolidated Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Charity.

Retirement benefits

Defined contribution pension scheme

The Charity's executive management are members of a flexible retirement plan operated by The Pensions Trust. The amount charged to the Consolidated Statement of Comprehensive Income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit pension scheme

The Charity's employees are members of the Social Housing Pension Scheme (SHPS). For the SHPS, retirement benefits to colleagues of the Company are funded by contributions from all participating employers and employees in the Scheme. Payments are made to a fund operated by the Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Companies taken as a whole.

Actuarial assumptions are applied to determine each company's share of liabilities. The assumptions are updated at the year end, and the changes to the position go through the 'Other Comprehensive Income' statement.

Calculations are carried out annually and independently of the pension triennial valuation.

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

One employee is also a member of a growth plan operated by The Pensions Trust (being the SHPS managers). For the Growth Plan, contributions are recognised in expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the Charity will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

2. Principal accounting policies (continued)

Tangible fixed assets - Housing properties

Housing properties are properties for the provision of social housing and are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Improvements are works to existing properties, and component replacements which have been treated separately for depreciation purposes, which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the incremental direct overhead costs associated with new developments or improvements are capitalised. Direct overhead costs comprise the costs of staff time, including salary costs and other apportioned direct costs, incurred on the developments from the date from which it is reasonably likely that the development will go ahead, to the date of practical completion.

Investment properties

The classification of properties as investment property or property, plant and equipment is based upon the intended use of the property. Mixed use property is separated between investment property and property, plant and equipment. Investment properties are initially measured at cost and subsequently measured at fair value annually with any change recognised in the Statement of Comprehensive Income. This calculation is based on the lease price achieved for a property, or on the average price of a similar archetype (location, property size, and other design specifications). Each investment property is measured based upon active secured prices, impaired if there are known factors that are likely to affect them going forward (like a planned change of use or prices being discounted). Where there is an interest held by one of our partners in the profit on property buy backs and sales, we reflect the terms of the contractual agreement in the valuation of the investment property and accordingly in the fair value movement. This is a change in accounting from previous years. No restatement of comparatives has been made as the impact is considered immaterial. Payments due are accounted for as contingent rent in the period in which property sales occur.

Investment properties are not depreciated. Investment properties are leased through an upfront payment, equivalent in value (for the proportion of the property leased) to a commercial outright purchase. When a lease is terminated, the Charity has a contractual obligation to refund the payment, less a 1% per annum deduction (to a maximum of 10%). At the end of any lease the Trust could take the decision to lease the property under different terms, including removing the obligation to repurchase. It would be at this point that any capital appreciation would be realised as a capital gain. Such choice is within the powers of Trustees to make at a time when priorities may suggest it would better support the Charity's activities.

Donated land

Where land is transferred by local authorities and other public bodies for consideration below market-value, the difference between the market value and the consideration given is added to cost at the time of the donation and included within the Statement of Financial Position as a liability, in accordance with treatment as a non-government grant.

Fixed Asset Investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment, losses or reversals of impairment losses are recognised immediately in profit or loss.

Government grants

Government grants include grants receivable from Homes England, local authorities and other government bodies. Social Housing Grant (SHG) is a government grant made to the Charity towards the cost of acquiring and/or building additional housing for rent. No Grant is receivable in respect of Investment Properties.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Government grants received for social housing properties are recognised in income over the useful economic life of the structure of the asset (excluding land) under the accruals model. Government grants relating to revenue are recognised as income over the periods when the related costs are incurred once reasonable assurance has been gained that the Charity will comply with the conditions and the funds will be received.

2. Principal accounting policies (continued)

Other grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Depreciation

Assets costing more than £1,000 are capitalised at cost. Assets under construction for social housing are not depreciated until brought into operational use.

Depreciation of fixed assets is charged by equal instalments commencing with the date of acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives which are as follows:

Freehold land	not depreciated		
Freehold buildings – Social housing			
Main Fabric	100 years	Bathroom & WC	30 years
Roof & Covering	70 years	Mechanical Systems	30 years
Electrics	40 years	Lift	28 years
Windows & External Doors	30 years	Kitchen	20 years
Freehold buildings – Investment properties	not depreciated		
Leasehold property	over period of lease		
Furniture and equipment	over 2 to 6 years		
Motor vehicles	over 3 years		

Current Asset Investments policy

The Group's current asset investments are classified as financial instruments and accounted for at fair value through profit or loss, in accordance with the accounting policy set out under Financial Instruments on page 45.

Operating Leases

All leases are operating leases and the annual rental costs are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Financial Instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument, and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets – Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Rent debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a rent debtor constitutes a financing transaction, the debtor is initially and subsequently measured at present value of future payments discounted at a market value rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the rent debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

2. Principal accounting policies (continued)

Financial Assets – Trade Investments

Trade investments are equity investments over which the Group has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments are measured at fair value through profit or loss. The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price. The fair value of unlisted investments is measured using valuation techniques which include turnover multiple, earnings multiple, net assets or discounted cash flows, as appropriate, based on the nature and circumstances of the investment.

Financial Liabilities – Lease Buyback

The Directors have considered the buy-back obligation contained within property leases granted by the Charity and concluded that it meets the definition of a financial liability under FRS102. As such it has been presented with creditors: amounts falling due within one year to reflect the on-demand feature contained within the contractual arrangement.

Financial Liabilities - Trade Creditors (including amounts due to contractors)

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at the market rate of interest for a similar instrument.

Financial Liabilities - Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

The Group recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and financing costs.

Critical Accounting Estimates and Areas of Judgement

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

Residual value of Social Housing Assets

The Charity considers the fabric of buildings in Social Housing Assets it owns to retain a value at the end of their useful life. It reviews annually its estimate of the residual value, taking a precautionary approach and recognising reductions from changing market conditions and impairment.

Defined benefit pension assumptions

The discount rate and inflation rate are considered to be key estimates in calculating the defined benefit liability and sensitivities have been disclosed within Note 22.

2. Principal accounting policies (continued)

Critical Area of Judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Charity as lessee, or to the lessee where the Charity is the lessor.

The granting of property leases are treated as financial instruments (under FRS102) as there is a contractual legal obligation within our leases for buyback: this clause is classified as repayable upon demand which meets the definition of being a financial instrument. As the terms of the lease require repayment upon demand, the buyback liability is reflected within creditors under 1 year. In practice, our experience of lease surrenders is that this pattern of buybacks does not materialise, nonetheless we are obligated to adhere to accounting standards.

The risk and reward of price movement in the intervening period on Investment Properties remain solely with the Charity. Consequently, granting of property leases is not treated as a sale on the basis that most of the risks and rewards of ownership are judged not to have been transferred to the lessee. Properties developed and let under a long lease are not held for social housing purposes, no Social Housing Grant has been received towards their construction and no restrictions exists to their allocation other than Charity policies. They are leased through an upfront payment, equivalent in value to a commercial outright purchase. The Trust has the obligation to "repurchase" the property when the lease is terminated. The purpose of this is two-fold: it ensures that the Village residency mix is maintained, with the Charity being able to select new occupants to maintain a vibrant community, and it also sustains the Trust's longer-term financial stability, by benefitting from property price inflation over time. Additionally, no rent is charged, but a deduction of 1% of the upfront payment is made from the buyback payment, to a maximum of 10%. This is below the commercial rent charged for such a property.

At the end of any lease the Trust could take the decision to lease the property under different terms, including removing the obligation to repurchase. It would be at this point that any capital appreciation would be realised as a capital gain. Such choice is within the powers of Trustees to make at a time when priorities may suggest it would better support the Charity's activities.

On the basis of these considerations the leased properties are treated as investment properties for capital appreciation.

Investment properties are valued annually at their fair value. This calculation is based on the lease price achieved for a property, or on the average price of a similar archetype (location, property size, and other design specifications). Each investment property is measured based upon active secured prices. There has been no valuation by an independent valuer. It is considered the volume of lease transactions in the period gives a sufficient dataset to provide a meaningful basis of fair value.

Investment properties that are under construction at the period end are held as assets under construction and are shown at their historic cost value. There is no readily available market data for an incomplete apartment in an incomplete retirement village, and valuations provided by surveyors for lending and payment purposes measure the cost of works complete at the survey date. Such assets are therefore classified as property, plant and equipment.

The Charity considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment of housing properties held for letting, in accordance with the requirements of FRS 102 and the Housing SORP 2018.

Provisions

Provisions are only recognised where the Charity has an obligation to incur future expenditure as a result of a past event. The provision is measured based on the best estimate of the amounts required to settle the obligation and is recognised as a liability in the Statement of Financial Position.

3. Operating income, operating costs and operating surplus - Group

	2023			2022		
	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000	Turnover £'000	Operating Costs £'000	Operating Surplus / (Deficit) £'000
Social Housing lettings (Note 4)	9,959	(8,789)	1,170	8,399	(6,603)	1,796
Other Social Housing activities:						
Development services	-	(833)	(833)	-	(895)	(895)
Housing related support contract income	-	(2)	(2)	-	(2)	(2)
Management services	142	(1,023)	(881)	630	(364)	266
Other Social Housing activities	142	(1,858)	(1,716)	630	(1,261)	(631)
Non Social Housing lettings						
Residential property income	20,636	(18,551)	2,085	16,424	(11,830)	4,594
Other rent	354	(98)	256	319	(117)	202
Non Social Housing lettings	20,990	(18,649)	2,341	16,743	(11,947)	4,796
Other non Social Housing activities						
Development services	-	(1,692)	(1,692)	-	(1,813)	(1,813)
Care and health services	10,006	(15,278)	(5,272)	10,061	(14,131)	(4,070)
Community services	3,329	(3,738)	(409)	2,797	(2,969)	(172)
Other	4,719	(7,848)	(3,129)	4,201	(6,041)	(1,840)
Retail	3,051	(2,764)	287	2,903	(2,532)	371
Donations	1,469	(1,087)	382	1,264	(993)	271
Other non Social Housing activities	22,574	(32,407)	(9,833)	21,226	(28,479)	(7,253)
Total	53,665	(61,703)	(8,038)	46,998	(48,290)	(1,292)

In addition to the income and costs of providing care to our residents, "Care and Health Services" includes the income and costs relating to the Enriched Opportunities Programme. "Community Services" represents income and costs of activities provided for our residents and "Other" includes the income and costs of services such as restaurants and gym facilities at our retirement schemes and villages.

4. Income and expenditure from Social Housing lettings - Group

	2023 Supported Housing and Housing for Older People £'000	2022 Supported Housing and Housing for Older People £'000
Rent receivable and maintenance charge net of identifiable service charges	4,756	4,220
Service charge income	3,730	3,115
Amenity income	1,050	641
Amortised government grant	423	423
	9,959	8,399
Turnover from Social Housing lettings		
Management	2,581	2,241
Service charge costs	3,802	2,055
Routine maintenance	765	484
Planned maintenance	219	188
Depreciation of housing properties	1,422	1,635
	8,789	6,603
Operating Costs on Social Housing lettings		
	1,170	1,796
Operating Surplus on Social Housing lettings		
Void losses	408	465

5. Interest and financing costs - Group

	2023 £'000	2022 £'000
Bank loans	2,962	3,014
Other loans	2,362	2,362
Defined benefit pension charge	168	184
	5,492	5,560

No interest was capitalised in the year ending 31 March 2023 as no new construction activity has taken place in the year. (2022: £Nil).

6. Board members and executive directors - Group and Charity

Members of the Board of Management are the directors and trustees of the Charity, and act in an unpaid capacity. A total of £1,588 was reimbursed to Board members for travel expenses (2022: £1,937) in respect of five trustees who claimed expenses (2022: seven).

Key management personnel are defined on page 5 of the Trustees Report.

Expenses paid to the senior management team in the year totalled £5,636 (2022: £2,489).

	2023 £'000	2022 £'000
Aggregate Emoluments payable to key management personnel (including pension contributions and benefits in kind)	658	686
Emoluments (including benefits, but excluding pension contributions) payable to the Chief Executive who was also the highest paid member of the senior management team	222	229

The Chief Executive is a member of the defined contribution scheme. No enhanced or special terms apply to this or any other pension arrangement.

Pension contributions for the year ending 31 March 2023 were £21,811 (2022: £13,039).

There are no key management personnel in the defined benefit pension scheme (2022: Nil) and three in the defined contribution scheme (2022: Three).

7. Employee Information - Group and Charity

	Group		Charity	
	2023 Number	2022 Number	2023 Number	2022 Number
Average number of employees				
Executive directors	4	4	4	4
Care services	981	1,050	981	1,050
Administration, fundraising and publicity	253	258	159	151
	1,238	1,312	1,144	1,205
Full time equivalents				
Executive directors	4	4	4	4
Care services	593	636	593	636
Administration, fundraising and publicity	221	220	149	139
	818	860	746	779

Full Time Equivalents are calculated on the basis of a 37.5 hours week.

Staff Costs (For the above persons)

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages & Salaries	25,727	24,346	23,894	22,775
Social Security Costs	2,205	1,865	2,076	1,761
Other Pension Costs	835	862	781	810
	28,767	27,073	26,751	25,346

7. Employee Information - Group and Charity

The pension cost charge represents contributions payable to the pension fund, and are analysed below.

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Defined benefit schemes	(15)	83	(15)	83
Defined contribution schemes	821	779	768	727
	806	862	753	810

Details of the Group's pension schemes are detailed in Notes 22, 23 and 24.

Salary banding for all employees (excluding directors) earning over £60,000 (including salaries, performance related pay, payments in lieu of pension, benefits in kind and compensation for loss of office and contributions to company pension funds):

Salary Range	2023 Number	2022 Number
£220,001 to £230,000	1	-
£200,001 to £210,000	-	1
£160,001 to £170,000	1	-
£140,001 to £150,000	-	1
£130,001 to £140,000	2	-
£110,001 to £120,000	-	1
£100,001 to £110,000	2	1
£90,001 to £100,000	1	1
£80,001 to £90,000	4	3
£70,001 to £80,000	5	8
£60,001 to £70,000	15	10
	31	26

Pension contributions in respect of the above employees totalled £98,062 (2022: £81,757).

No higher paid employees are accruing benefits under the defined benefit pension scheme (2022: Nil).

Twenty-nine of the thirty-one higher paid employees are accruing benefits under the defined contribution scheme (2022: Twenty-four).

8. Operating deficit - Group

	2023 £'000	2022 £'000
The operating deficit is arrived at after charging/(crediting):		
Trustee indemnity insurance	10	9
External auditor's remuneration:		
In respect of the audit of the Charity's Financial Statements	64	60
In respect of other services:		
The audit of the charity's subsidiary Financial Statements	11	10
Taxation services	50	40
Audit-related assurance services	25	34
Other services	-	-
Operating leases		
Rent payable on buildings	1,161	1,140
Other	5	5
Depreciation of owned tangible fixed assets	3,607	3,550
Amortisation of intangible fixed assets	23	58
Amortisation of deferred Social Housing Grant	(486)	(486)
Amortisation of grants in the Income and Expenditure is split between management service (note 3) and amortised government grants (note 4).		

9. Intangible assets - Group and Charity

	£'000
Cost:	
At 1 April 2022	1,141
Additions	492
	<hr/>
At 31 March 2023	1,633
	<hr/> <hr/>
Depreciation:	
At 1 April 2022	1,110
Charged in the year	23
	<hr/>
At 31 March 2023	1,133
	<hr/> <hr/>
Net Book Value	
At 31 March 2023	500
	<hr/> <hr/>
At 31 March 2022	31
	<hr/> <hr/>

Intangible Assets represent investment in software.

10. Fixed Assets - Housing Properties - Group and Charity

	Housing properties held for lettings £'000	Housing properties under construction £'000	Leasehold land and buildings £'000	Total £'000
Cost:				
At 1 April 2022	133,603	699	417	134,719
Additions	8,211	327	-	8,538
Change of tenure	272	-	-	272
At 31 March 2023	142,086	1,026	417	143,529
Depreciation:				
At 1 April 2022	15,146	-	85	15,231
Depreciation charged in the year	1,780	-	4	1,784
At 31 March 2023	16,926	-	89	17,015
Net Book Value				
At 31 March 2023	125,160	1,026	328	126,514
At 31 March 2022	118,457	699	332	119,488
			2023	2022
			£'000	£'000
Expenditure on works to existing properties				
Components capitalised/improvements			450	314
Amounts charged to the statement of comprehensive income			984	672
			1,434	986
Finance Costs				
Aggregate amount of finance costs included in the cost of housing properties			4,022	4,022
Aggregate amount of finance costs included in the cost of properties under construction			-	-
			4,022	4,022

Impairment

The Charity considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment of housing properties held for letting, in accordance with the requirements of FRS 102 and the Housing SORP 2018.

During the current year the Charity has identified no impairment losses (2022: Nil).

11. Other Tangible Fixed Assets - Group and Charity

	Furniture and Other Equipment £'000
Cost:	
At 1 April 2022	13,201
Additions	1,402
Disposals	(54)
	<hr/>
At 31 March 2023	14,549
	<hr/> <hr/>
Depreciation:	
At 1 April 2022	7,989
Charged in the year	1,823
Released on disposal	(54)
	<hr/>
At 31 March 2023	9,758
	<hr/> <hr/>
Net Book Value	
At 31 March 2023	4,791
	<hr/> <hr/>
At 31 March 2022	5,212
	<hr/> <hr/>

12. Fixed Assets - Investment properties - Group and Charity

	Investment properties £'000	
Fair Value:		
At 1 April 2022		767,305
Additions		2,234
Change of tenure		(272)
Movement in fair value		43,596
		<hr/>
At 31 March 2023		812,863
		<hr/> <hr/>
Historic Cost		
	2023	2022
	£'000	£'000
Investment properties measured under the historic cost convention	399,421	397,459
	<hr/> <hr/>	<hr/> <hr/>

Included within the above is £12,862K of capitalised interest (2022: £12,862K).

13. Fixed Asset Investments - Group and Charity

	2023 £	2022 £
Investment in group companies (Note 32)	2	2

The parent company holds the whole of the equity share capital of the following group companies:

Name of subsidiary undertaking	Country of incorporation	Class of share	Nature of business
ExtraCare Retail Limited	England	Ordinary	Charity retail operation
Extracare Nominee 1 Limited	England	Ordinary	Dormant
Extracare Nominee 2 Limited	England	Ordinary	Dormant

All subsidiaries are registered at 7 Harry Weston Road, Binley Business Park, Coventry, CV3 2SN.

14. Stocks

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Goods for resale	93	109	-	-

15. Debtors

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Rent and service charges receivable	2,522	2,407	2,522	2,407
Less: provision for bad and doubtful debts	(637)	(514)	(637)	(514)
Net rent arrears	1,885	1,893	1,885	1,893
Value Added Tax	-	10	-	10
Amount owed by subsidiary undertaking	-	-	84	209
Prepayments and accrued income	2,976	1,833	2,756	1,585
Variable service charges debtor	3,025	141	3,025	141
Other Debtors	24	21	1	-
	7,910	3,898	7,751	3,838

The ExtraCare Charitable Trust
For the year ended 31 March 2023
Notes to the financial statements



16. Current Asset Investments- Group and Charity

	2023	2022
	£'000	£'000
At 1 April	19,595	-
Invested in the period	-	20,000
Movement in fair value	(551)	(405)
	19,044	19,595

The historical cost of the above investments is £20M (2022: £20M).

The fair value, based on the current bid price, of the investments above are:

	2023	2022
	£'000	£'000
Fixed interest bonds	2,289	2,085
UK equities	2,416	2,265
Overseas equities	2,639	2,964
Alternatives	1,666	1,306
Cash	491	1,191
Sterling short duration credit fund	9,543	9,784
	19,044	19,595

17. Creditors: Amounts falling due within one year

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loans (note 19)	1,086	776	1,086	776
Trade creditors	2,262	731	2,242	695
Amounts due to contractors for certified work	-	1,370	-	1,370
Rent and Charges received in advance	580	523	580	523
Other taxation and social security costs	6	10	6	10
Corporation Tax	-	-	-	-
Deferred capital grant (note 21)	487	487	487	487
Accruals and deferred income	8,290	7,104	7,985	6,930
Lease buyback liability	496,903	458,576	496,903	458,576
Variable service charge creditor	-	1,646	-	1,646
	509,614	471,223	509,289	471,013

18. Creditors: Amounts falling due after more than one year - Group and Charity

	2023	2022
	£'000	£'000
Loans (note 19)	120,249	121,231
Deferred income (note 20)	35	83
Deferred capital grant (note 21)	43,611	44,097
	163,895	165,411

19. Loan Analysis - Group and Charity

	2023 £'000	2022 £'000
Due within one year		
Bank loans	1,086	776
Due after more than one year		
Other loans	57,500	57,500
Bank loans	63,521	64,607
	121,021	122,107
Less: Issue Costs	(772)	(876)
	120,249	121,231

Security

Loans are secured on the properties disclosed within housing properties (Note 10) and investment properties (Note 12). Loans are secured on both freehold and leasehold properties.

At 31 March 2023 there are no unencumbered completed units.

Terms of repayment and interest rates

Bank and other loans are repayable in instalments, at rates of interest between 3.25% and 5.9% per annum (2022: 3.25% and 5.9% per annum).

The final instalments fall to be repaid between 2026 and 2040.

The Charity has fixed interest rates to guard against future rate movements - these are embedded within the loans and do not have a separate fair value.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2023 £'000	2022 £'000
Within one year or on demand	1,086	776
One year or more but less than two years	1,086	1,086
Two years or more but less than five years	40,735	40,581
Five years or more	79,200	80,440
	122,107	122,883

As at 31 March 2023 the Charity has no undrawn loan facilities (2022: £Nil).

20. Deferred income - Group and Charity

Deferred income will be credited to the Consolidated Statement of Comprehensive Income:

	2023 £'000	2022 £'000
Within one year	58	58
Between one and two years	32	74
Between two and five years	3	9
	93	141
	2023 £'000	2022 £'000
Lease premiums receivable, credited to the Consolidated Statement of Comprehensive Income over the period of the lease (up to twenty five years)	30	57
Other Care income	2	2
Care for Life income, amortised over life expectancy of plan holder	61	82
	93	141

Deferred income relates to lease premiums receivable £30K (2022: £57K) which will be released over the periods of the lease (up to twenty five years) and income relating to Care for Life £61K (2022: £82K) which will be released to income over the assumed life expectancy of the resident who has taken out the plan.

21. Deferred Capital Grant Income - Group and Charity

	2023 £'000	2022 £'000
Balance at 1 April	44,584	45,070
Released to income in the year	(486)	(486)
Balance at 31 March	44,098	44,584
	2023 £'000	2022 £'000
Amounts to be released within one year	487	487
Amounts to be released in more than one year	43,611	44,097
	44,098	44,584

The total of capital grants received at 31 March 2023 was £48,730K (2022: £48,730K).

22. Retirement benefits - Group and Charity

Social Housing Pension Scheme (SHPS)

The Charity participates in the Social Housing Pension Scheme ('the scheme'), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560M. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2028.

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

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Charity to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Key results

The estimated position at 31 March 2023 shows a deficit of £6,608K (2022: £6,760K deficit).

The number of scheme members employed by the Group at 31 March 2023 was 7 (2022: 14). The charge to the Group for the year was a reduction of £15K (2022: cost of £83K).

Calculation method

The figures at 31 March are based on projecting forward the results of the last actuarial valuation of the Fund as at 30 September 2020.

Key assumptions

	2023	2022
Discount Rate	4.88%	2.79%
Inflation (RPI)	3.20%	3.62%
Inflation (CPI)	2.74%	3.21%
Salary Growth	3.74%	4.21%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male aged 65 in 2023	21.0
Female aged 65 in 2023	23.4
Male aged 65 in 2043	22.2
Female aged 65 in 2043	24.9

22. Retirement benefits (continued) - Group and Charity

Defined benefit costs recognised in Statement of Comprehensive Income

	2023 £'000
Current service cost	(15)
Expenses	41
Net interest expense	168
	<hr/>
	194
	<hr/> <hr/>

Defined benefit costs recognised in Other Comprehensive Income

	2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) - loss	(14,719)
Experience gains and losses arising on the plan liabilities - loss	(25)
Effects of changes in demographic assumptions underlying the present value of the defined benefit obligation - gain	90
Effects of changes in financial assumptions underlying the present value of the defined benefit obligation - gain	13,554
	<hr/>
Total actuarial loss	(1,100)
	<hr/> <hr/>

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2023 £'000	2022 £'000
Fair value of plan assets	29,445	42,877
Present value of defined benefit obligation	(36,053)	(49,637)
	<hr/>	<hr/>
Defined benefit liability to be recognised	(6,608)	(6,760)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of opening and closing balances of the defined benefit obligation

	2023 £'000
Defined benefit obligation at start of period	49,637
Current service cost	(15)
Expenses	41
Interest expense	1,365
Contributions by members	93
Actuarial losses due to scheme experience	25
Actuarial gains due to changes in demographic assumptions	(90)
Actuarial gains due to changes in financial assumptions	(13,554)
Benefits paid and expenses	(1,449)
	<hr/>
Defined benefit obligation at end of period	36,053
	<hr/> <hr/>

22. Retirement benefits (continued) - Group and Charity

Reconciliation of opening and closing balances of the fair value of plan assets

	2023 £'000
Fair value of plan assets at start of period	42,877
Interest income	1,197
Experience on plan assets (excluding amounts included in interest income) - loss	(14,719)
Employer contributions	1,446
Contributions by members	93
Benefits paid and expenses	(1,449)
	<hr/>
Fair value of plan assets at end of period	29,445
	<hr/> <hr/>

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was a reduction of £13,522K.

The analysis of the scheme assets at the reporting date were as follows:

	2023 £'000	2022 £'000
Global Equity	549	8,228
Absolute Return	319	1,720
Distressed Opportunities	891	1,534
Credit Relative Value	1,111	1,425
Alternative Risk Premia	55	1,414
Emerging Markets Debt	158	1,248
Risk Sharing	2,168	1,412
Insurance-Linked Securities	743	1,000
Property	1,268	1,158
Infrastructure	3,363	3,054
Private Debt	1,310	1,099
Opportunistic Illiquid credit	1,260	1,441
High Yield	103	369
Opportunistic Credit	2	153
Cash	212	146
Corporate Bond Fund	-	2,860
Long Lease Property	888	1,103
Secured Income	1,352	1,598
Liability Driven Investment	13,562	11,964
Currency hedging	56	(168)
Net Current Assets	75	119
	<hr/>	<hr/>
Total assets	29,445	42,877
	<hr/> <hr/>	<hr/> <hr/>

22. Retirement benefits (continued) - Group and Charity

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption	Change in liabilities £'000
Discount rate	Increase of 0.1% p.a.	453
Rate of inflation (CPI)	Increase of 0.1% p.a.	-279
Rate of salary growth	Increase of 0.1% p.a.	-2

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate.

23. Other provisions - Group and Charity

	2023 £'000	2022 £'000
The Pensions Trust's Growth Plan	5	8
Provision for Charitable Subsidy	3,136	-
Total Other Provisions	3,141	8

The Pensions Trust's Growth Plan

The Charity participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Charity to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3M, liabilities of £831.1M and a deficit of £31.6M. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

- £3.3M per annum From 1 April 2022 to 31 January 2025 (payable monthly):

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9M, liabilities of £926.4M and a deficit of £131.5M. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

- £11.2M per annum From 1 April 2019 to 30 September 2025 (payable monthly and increasing by 3.0% each year on 1st April):

The recovery plan contributions are allocated to each participating employer in line with their estimated share of Series 1 and Series 2 scheme liabilities.

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

23. Other provisions (continued) - Group and Charity

Present values of provision

	2023 £'000	2022 £'000
Present value of provision	5	8

Reconciliation of opening and closing provisions

	2023 £'000	2022 £'000
Provision at start of period	8	42
Unwinding of the discount factor (interest expense)	-	-
Deficit contribution paid	(3)	(11)
Remeasurements - impact of any change in assumptions	-	-
Remeasurements - amendments to the contribution schedule	-	(23)
Provision at end of period	5	8

Income and expenditure impact

	2023 £'000	2022 £'000
Interest expense	-	-
Remeasurements – impact of any change in assumptions	-	-
Remeasurements - amendments to the contribution schedule	-	23
Costs recognised in income and expenditure account	-	23

Assumptions

	31-Mar-23 % per annum	31-Mar-22 % per annum	31-Mar-21 % per annum
Rate of discount	5.52	2.35	0.66

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

23. Other provisions (continued) - Group and Charity

Provision for Charitable Subsidy

Following the sharp increases in fuel costs in the last year, residents charges were due to rise substantially for the year 2023/2024. The Charity has sought to mitigate the impact on its residents by agreeing a cap to Utilities Charges for one year. The cost of this measure has been reflected in these statements as a provision.

24. Defined contribution pension scheme - Group and Charity

The Charity also utilises the Pension Trust Flexible Retirement Plan (FRP). The FRP is a defined contribution scheme.

The estimated employer's contributions payable under all pension schemes for the year ended 31 March 2024 is £405K (2023: £733K).

Pension costs within creditors for the year ending 31 March 2023 are £nil (2022: £Nil).

25. Restricted reserves - Group and Charity

The incoming funds of the Charity include restricted funds comprising the following balances of donations and grants held on trust for specific purposes.

	At 1 April		At 31 March		At 31 March		
	2021	Income	Expenditure	2022	Income	Expenditure	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets							
Hagley Road, Birmingham	1	-	-	1	-	-	1
Humber Court, Coventry	202	-	(3)	199	-	(2)	197
Lark Hill Village, Nottingham	2,829	-	(32)	2,797	-	(32)	2,765
New Oscott Village, Birmingham	1,178	-	(13)	1,165	-	(13)	1,152
Lovat Fields Village, Milton Keynes	924	-	(11)	913	-	(10)	903
Shenley Wood Village, Milton Keynes	166	-	(2)	164	-	(2)	162
Pannel Croft Village, Birmingham	518	-	(6)	512	-	(5)	507
St Oswalds Village, Gloucester	1	-	-	1	-	-	1
Rosewood Court, Wellingborough	229	-	(3)	226	-	(3)	223
Sunley Court, Kettering	221	-	(3)	218	-	(3)	215
Yates Court, Evesham	109	-	(1)	108	-	(1)	107
	6,378	-	(74)	6,304	-	(71)	6,233
Special projects and other funds							
Other miscellaneous funds	84	50	-	134	22	(2)	154
Other scheme restricted funds	140	7	(111)	36	18	(18)	36
	224	57	(111)	170	40	(20)	190
Total funds	6,602	57	(185)	6,474	40	(91)	6,423

Fixed assets

These funds resulted from specific appeals to fund the development of fixed assets. Expenditure represents depreciation on the assets.

Special projects and other funds

Most of these funds have been given to finance specific projects to improve the quality of life for older people.

26. Capital commitments - Group and Charity

There is no capital expenditure that has been contracted for but has not been provided for in these financial statements (2022: £Nil).

There is no capital expenditure that has been authorised by the Board but has not yet been contracted for (2022: £Nil).

27. Financial commitments - Group and Charity

The future minimum lease payments of non-cancellable leases are as set out below:

	2023		2022	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Contracts expiring				
Within one year	802	31	1,070	32
Between one and 5 years	2,173	8	2,387	39
Over five years	3,116	-	3,847	-
	6,091	39	7,304	71

28. Taxation

The Trust is registered as a charity and its charitable activities are not liable to Corporation Tax.

The subsidiary of the Trust, Extracare Retail Limited, is subject to Corporation Tax. In this financial year no tax liability has been incurred.

29. Contingent assets

The Charity will receive pledges to fund new village developments. These pledges are contingent on various key events occurring during the village development phases. Funds are received in stages. Hence both received and receivable funds are recognised as contingent assets until such time that the conditions are met.

No new pledges have been received in the year ending 31 March 2023.

30. Contingent liabilities and other commitments

At 31 March 2023, there are no outstanding claims against the Group or Charity.

31. Related party transactions

The Group has taken advantage of the exemption conferred by paragraph 33.1A of FRS102, Related Party Disclosures, from the requirement to disclose transactions with its wholly owned subsidiary (ExtraCare Retail Limited).

The Charity has not entered into any transactions or other arrangement with any related parties.

32. Subsidiary undertakings - Charity

As shown in note 12, the Charity has three wholly owned subsidiaries which are incorporated in the United Kingdom:

- ExtraCare Retail Limited
- Extracare Nominee 1 Limited
- Extracare Nominee 2 Limited

Extracare Nominee 1 Limited and Extracare Nominee 2 Limited did not trade during the year, or in the prior year.

All companies have entered into Gift Aid arrangements to donate their taxable profits to The ExtraCare Charitable Trust.

A summary of the results of ExtraCare Retail Limited is shown below. Audited accounts will be filed with the registrar of Companies in line with requirements.

Within the Group accounts, the activity from ExtraCare Retail Limited is shown within Other Non Social Housing Activities (note 3).

	2023 £'000	2022 £'000
Turnover	3,051	2,892
Cost of sales	(325)	(271)
Staff costs	(2,088)	(1,811)
Other costs	(1,385)	(1,322)
Other operating income	1,034	872
Net profit	287	360
Taxation	-	-
Retained in subsidiary	287	360
Current assets	612	534
Current liabilities	(325)	(213)
Retained in subsidiary	287	321

The Charity received £321K Gift Aid from retail activity in the year ended 31 March 2023 (2022: £Nil).

A Gift Aid distribution of £287K is planned for payment in the following year from the Retail subsidiary retained profits.

33. Cash Flow Reconciliations

Reconciliation of operating surplus to net cash inflow from operating activities

	2023 £'000	2022 £'000
Surplus for the year	29,761	15,913
Interest payable	5,492	5,560
Interest receivable	(246)	(1)
Profit from sale of fixed assets	-	(525)
Operating surplus for the year	35,007	20,947
Adjustments for non-cash items:		
Change in fair value of investment properties	(43,596)	(22,644)
Change in fair value of investments	551	405
Release of Buyback liability	(4,263)	(3,906)
Depreciation of tangible fixed assets	3,607	3,550
Amortisation of intangible assets	23	58
Amortisation of deferred capital grants	(486)	(486)
Amortisation of finance costs	104	105
Defined benefit pension schemes	1,713	(1,327)
Operating cash flows before movements in working capital	(7,340)	(3,298)
Movements in working capital		
Decrease/(Increase) in stock	16	29
(Increase)/Decrease in rental and other debtors	(4,012)	(566)
Increase/(Decrease) in trade and other creditors	1,091	378
Net cash used in operating activities	(10,245)	(3,457)

Analysis of changes in net debt

	At 1 April 2022 £'000	Cash flows £'000	New finance leases £'000	Other non cash £'000	At 31 March 2023 £'000
Cash and cash equivalents	10,686	12,440	-	-	23,126
Investments	19,595	-	-	(551)	19,044
Bank loans due in less than 1 year	(776)	776	-	(1,086)	(1,086)
Bank loans due in more than 1 year	(63,731)	-	-	982	(62,749)
Other loans	(57,500)	-	-	-	(57,500)
Lease buyback liability	(458,575)	39,914	(82,504)	4,262	(496,903)
Total	(550,301)	53,130	(82,504)	3,607	(576,068)

34. Number of homes in management and development

	2023 Number	2022 Number
Social housing units		
Owned by the Charity	852	745
Managed on behalf of other organisations	144	288
Non-Social housing units		
Leased or part leased investment properties	2,605	2,607
Other		
Social housing properties managed under a partnership arrangement	431	431
Non-Social housing properties managed under a partnership arrangement	167	167
	4,199	4,238
	4,199	4,238

35. Financial instruments

The carrying value of the Group and Charity's financial instruments at 31 March were:

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets				
Debt instruments measured at amortised cost:				
Trade and other debtors	6,661	2,744	6,845	3,050
Cash	23,126	10,686	23,053	10,684
	29,787	13,430	29,898	13,734
	29,787	13,430	29,898	13,734
Debt instruments measured at fair value:				
Current Assets investments	19,044	19,595	19,044	19,595
	19,044	19,595	19,044	19,595
	19,044	19,595	19,044	19,595
Financial liabilities				
Measured at amortised cost				
Trade and other creditors	552,075	514,476	551,750	514,266
Loans	122,107	122,883	122,107	122,883
	674,182	637,359	673,857	637,149
	674,182	637,359	673,857	637,149