



MENTAL
HEALTH
CONCERN

INSIGHT
HEALTHCARE

MENTAL HEALTH CONCERN

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Company Registration Number 2073465

Charity Number 519332

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Trustees	Mrs E A Robinson (Resigned August 2019) Mr D Arthur Ms R Granger (Appointed Chair in 2019) Mr R McEvoy Mrs S Medcalf (Appointed June 2019) Mr G Puntis Dr A Walsh (Appointed Vice-Chair in 2019)	
Company registered number	2073465	
Charity registered number	519332	
Registered office	Buttress House 36 Brenkley Way Seaton Burn Newcastle upon Tyne NE13 6DS	
Executive Team		
Chief Executive	Brendan Hill	
Chief Operating Officer	Scott Vigurs	
Chief Finance Officer	Sahreen Safdar	
Director of People & Communications	Claire Farnell	
Director of Business Development and Relationships	Liam Gilfellow	
Director of Services – Insight Healthcare	Richard Carlton-Crabtree (Resigned Sept 2019)	
Director of Corp Services and Bus Transformation	Jo Powell (Resigned September 2019)	
Independent Auditors	Haines Watts 17 Queens Lane Newcastle upon Tyne NE1 1RN	
Bankers	Lloyds Bank plc High Street Gosforth Tyne and Wear NE3 1JQ	
Solicitors	PGS Law Law Court Chamber Waterloo Square South Shields Tyne & Wear NE33 1AW	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF

The Trustees (who are also Directors of the Charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Mental Health Concern (the company and the Group) for the year ended 31 March 2020.

The Trustees confirm that the annual report and financial statements of the company and the Group comply with the current statutory requirements; the requirements of the company and the Group's governing document; and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives and Activities

Mental Health Concern (known as MHC) sits alongside its subsidiary/primary purpose vehicle, Insight Healthcare as part of "Concern Group".

Our mission is "to improve the mental health and wellbeing of the people we serve".

We are driven by our strong values base, which underpins the way we work with our service users, staff, commissioners, and partners. We value:

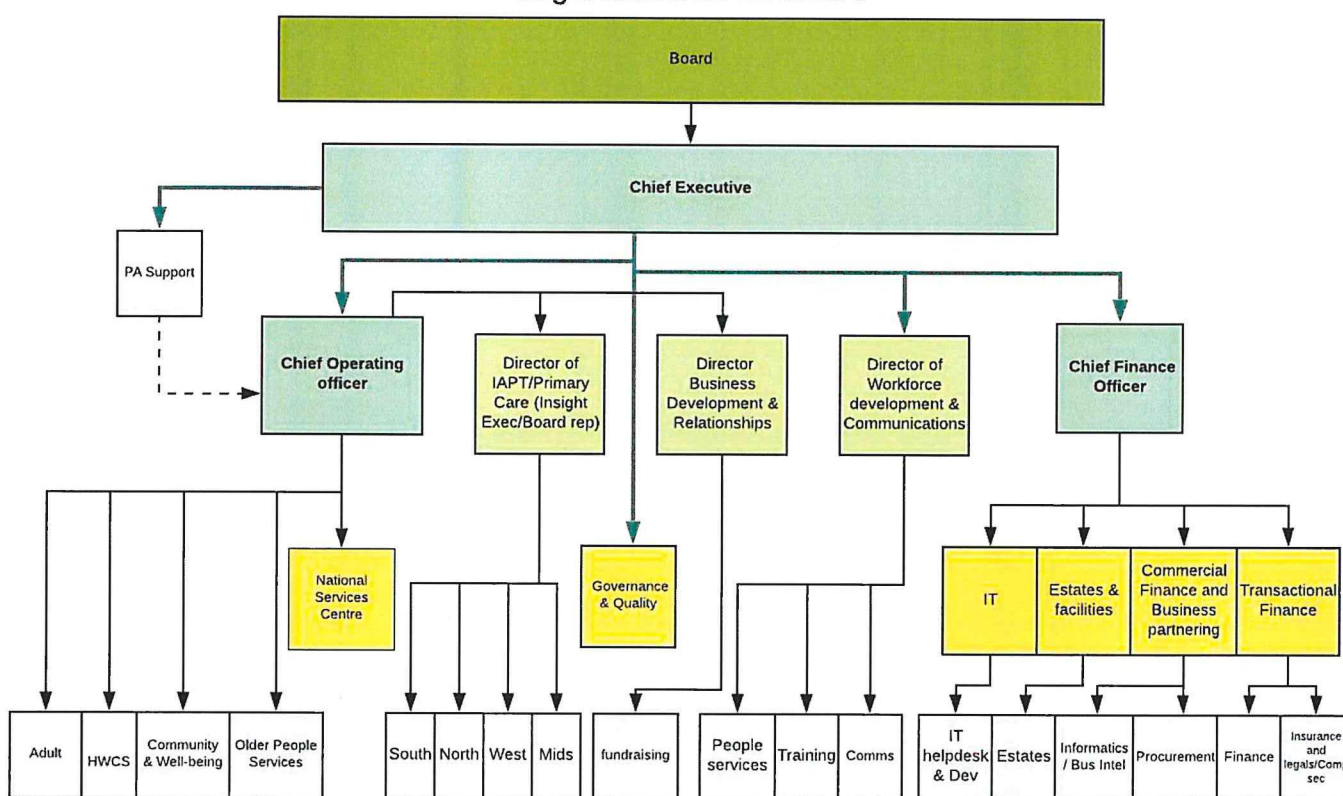
- compassion and hopefulness,
- being open and friendly,
- inclusivity and fairness,
- experience and expertise,
- hard work, creativity, innovation,
- going the extra mile with people to achieve the right outcomes.

We continually strive to maintain, consolidate and develop our position as a key not-for-profit provider of NHS, Local Authority and grant funded services, supporting people with a wide range of mental health conditions and promoting and supporting mental health and wellbeing. The Group specialise in:

- 24-hour nursing services for those with dementia including respite, assessment and a Community Challenging Behaviour Team.
- 24-hour nursing services for those with complex mental health problems, supporting their rehabilitation and recovery.
- Housing with Care and Support services.
- Community and Wellbeing services, which support meaningful activity and employability.
- Through our subsidiary, Insight Healthcare Limited (IH), we provide Employee Wellbeing services and Primary Care Mental Health services, centred on the delivery of a range of psychological therapies.
- Hosting and support for smaller mental health-related projects.

As outlined in last year's report, 2018/19 was a financially challenging year resulting in an end of year deficit position. This necessitated a significant root and branch review of our structure, costs and contractual obligations. This review was facilitated and supported with an external consultancy. Our management and departmental structure was central to the review. The posts of Director of Corporate Services & Business Transformation and Director of Insight Healthcare were discontinued. Responsibility for all of the Groups operational services now sits under a Group Chief Operating Officer. The Group Finance, IT, Business Intelligence and Estates departments now all report directly to a Group Chief Finance Officer.

Organisational Structure



The Trustees have played a pivotal role in the review and supported the CEO and Executive Team in delivering on a sustainability and transformation plan that has seen us make significant progress culminating in the much improved financial results outlined in this report. We continue to ensure that:

- Management reporting structures and systems are reviewed and developed to provide relevant operational and financial control.
- Our Service Delivery Plans reflect our overarching Strategy (Strengthening Sustainability).
- We strive to develop services that can be efficient and appropriate to meet the needs of the people we serve. Behind this we look to create efficiencies and better governance through the development of Group-wide policies, procedures and processes where appropriate.

We continue in our endeavours to improve our service provision, policy and practice, in order to keep pace with the ever-changing demands of health and social care. We work alongside other providers, and with statutory commissioners, to develop and maintain joined up person centred services. Our position as a key provider of NHS-funded services continues.

Our services continue to comply with, and often exceed, national monitoring standards and performance monitoring expectations set by our commissioners.

The health and care landscape is changing, the emergence of Integrated Care Systems, Integrated Care Partnerships, place based Health and Care and Primary Care Networks mean that we must ensure our services align with the new architecture. Local transformation agendas are extremely challenging for all, so our strong reputation for partnership has helped us maintain our role as an integral part of local health and care economies.

We continue to demonstrate our commitment to system working and transformation with our CEO and senior staff playing a key role on a range of North East and national Boards and forums. We also have maintained our commitment to a range of service developments in partnership with our NHS and Local Authority colleagues across a number of geographical footprints as well as continuing to play a leading role in the development of the wider Voluntary & Community Sector.

We were pleased to have maintained Information Governance accreditations at level 2 for both Mental Health Concern and Insight Healthcare.

Achievements and performance

a. Key financial performance indicators

	2020	2019
Change in Group Revenue %	25.4%	7.3%
Change in Group Revenue	£6.76m	£1.81m
Change in Group Charitable Expenditure %	16.2%	9.9%
Change in Group Charitable Expenditure	£4.43m	£2.46m
Workforce	886	836

The increase in revenue and expenditure, and the increase in staffing numbers, are due largely to the growth of our Improving Access to Psychological Therapies (IAPT) services.

Review of Mental Health Concern Activities

Our range of services evidences our ability to develop and adapt to the evolving needs of the people we serve and those who commission our services. We support many people with a wide range of mental health-related needs, including:

- People taking their final steps away from specialist mental health services and striving to get into work, education, or training
- People recovering from severe mental ill-health, who require support over long periods of time
- People with severe dementia and complex, challenging needs

We believe that our innovative approach to developing services, coupled with close partnerships, both between us and the people who commission us and also those who use our services, enables us to provide high quality care and support that helps people move on in their lives.

Our services are clinician-led, providing a range of person-centred support with a focus on recovery.

We deliver care and support across four broad areas:

- Older Person's Services
- Adult Services
- Housing with Care and Support
- Community and Wellbeing Services

Older Persons' Services

We believe passionately in providing good care to people with dementia and their families. We also believe that it is entirely possible for anybody living with dementia to live a good quality and meaningful life. With the right help, this is a reasonable expectation for anybody living with dementia.

We have provided specialist dementia services for over 30 years and have learnt that enabling people with dementia to live well can be demanding, but very rewarding. This is why all of our dementia services and staff work to a strong set of values that have a clear person-centred focus.

In Gateshead, we provide four types of dementia services:

- 24-hour specialist nursing care
- respite
- short-term assessment (as an alternative to hospital admission)
- community challenging behaviour support

We have worked hard to maintain the quality of our services throughout this year. We are pleased that we have maintained CQC Good ratings in all of our CQC regulated services and are delighted that again, we have maintained a very high 96% positive response to our family and friends test.

We have continued to extend our reach into Gateshead care homes and with family carers through our Community Challenging Behaviour service and in over 150 cases, have supported families and professional carers to better understand the needs that the person with dementia is expressing and to reduce the burden felt by caring for people when they are challenging to us.

During the course of 2019/20, we have worked closely with Newcastle Gateshead CCG to review all of our commissioned Older Person services. The outcome of this review demonstrated the value of MHC's Older Person Services to the local system. This work will continue through 2020/21 with Gateshead system delivery partners to build on the interconnectedness of services for older people in Gateshead.

Our response to the Coronavirus pandemic has been robust and proactive. Because of the hard work, flexibility and dedication of all our clinical and managerial staff in Older Person services, we have been able to maintain good levels of services to date. We have maintained a good supply of Personal Protective Equipment to all staff, and have adapted our care environments, so that all buildings have areas that people can be nursed in isolation from others. We have rapidly adapted our community services, including respite and challenging behaviour support, so that they are more focussed on supporting people at home. To date, the measures we have put in place have limited the impact of Covid-19 on our services.

Adult Services

In our Adult Services, we support people recovering from mental ill-health, who are often taking their first steps away from hospital or secure accommodation. Our services are mostly commissioned by the NHS, which means that we can provide high levels of 24-hour specialist support and can help those people that many other organisations cannot.

Our specialist, 24-hour, nurse-led rehabilitation and recovery services help people with complex mental health problems to move from secure and hospital-based settings into the community. We also provide short-term relapse prevention packages as an alternative to hospital admission.

We have further consolidated our adult services this year and have exited from our McGowan Court building in Byker, Newcastle upon Tyne due to the building not being optimal for supporting our current client group who have increasing levels of complex trauma and multiple needs.

We are delighted to have maintained CQC quality ratings of Good at Jubilee Mews and are hopeful to maintain our Outstanding rating that we received for Oakwell, before we incorporated this service on the Coalway Lane site, that also has a "Good" rating.

Housing with Care and Support

In our Housing and Support Services we help people to secure good quality housing and provide a wide range of help, from quite intensive bespoke packages, right through to low level day-to-day support and advice.

Our focus is on helping people to have independence and to take control over their own lives.

This year, we have continued to expand our bespoke support packages and step ahead service offers, which means that we are able to support more people than we did last year.

Community and Wellbeing Services

This year has been a very exciting year for our Community and Wellbeing services. We have expanded the reach of our Together in a Crisis service to South Tyneside, Northumberland and are hopeful for imminent expansion into Sunderland.

We have been successful in our lead bid to further develop our link work support for older people in Newcastle, in partnership with two other Charities, Search and Keyring in our Chain Reaction services.

Insight Healthcare services

Clinical outcomes and patient experience results have remained strong during 2019/20. This year Insight has achieved an organisational score of over 50% on the nationally mandated 'Moving to Recovery' (MtR) clinical outcomes measure; exceeding both national average performance and contracted standards.

We have worked very closely with our commissioners to ensure that Insight IAPT services are configured, scaled and sufficiently invested in so that we can play our part in meeting the challenging increases in access targets from 15% to 25% of local prevalence by 2020/21. We have made significant progress towards this during 2019/20 and have been successful in re-negotiating a number of our key delivery contracts. As part of this project, we also made the difficult decision to exit from our East Riding of Yorkshire and Calderdale services, working very closely with commissioners, system partners and our staff to ensure a smooth and orderly transition to new / existing providers, in the best interest of patients.

We have also successfully deployed two large new services in Wirral and Mid-Nottinghamshire this year and have developed good working relationships with our local commissioners. In partnership with Alliance Psychology and Middlesbrough and Stockton Mind, we have also secured a new contract for delivery of IAPT services in Teesside for a minimum period of three years from 2020/21.

Insight Healthcare responded very rapidly to the challenges of Covid-19, to ensure the safety of our staff and patients. Within weeks, Insight has transitioned to an entirely home-based workforce and therapy is currently being delivered via telephone, online tools such as Silvercloud and video conferencing platforms, where face-to-face therapy is required. Our ability to move quickly and decisively, has enabled us to maintain good levels of service capacity, to meet client needs during this very challenging and uncertain period.

Outcomes

All IAPT services are required to provide full activity submissions to NHS Digital and this data is used to report a common set of KPIs that CCGs and provider organisations are measured against. This allows for nationally published, validated data, measuring individual service performance against a range of clinical and service level outcomes. Insight performance against the principle KPIs is shown below.

Clinical outcomes have consistently exceeded both our contractual targets (set nationally at a 50% Moving to Recovery Rate) and the NHS Digital reported 'all provider' national average.

Developments in the Insight Healthcare National Resource

The National Resource Team continues to augment the administration and therapeutic capacity of our NHS locality services, offering flexible capacity to manage demand across multiple locations. Digital developments and Covid-19 informed ways of working will lead to a review in 2020/21 with regard to how this resource is structured and deployed going forward.

Wellbeing at Work

These services have continued to evolve since embedding it within our National team. There has been a degree of contractual churn in 2019/20, however we believe there are opportunities we will look to explore in 2020/21. Clinical outcomes, waiting times, and service user experience have all continued to be very positive.

Concern Group feedback from clients, carers and service users

We encourage feedback so that all feel able to give full and candid details of their experience with the aim of optimising the value of the information for the purpose of ensuring services continuously improve to best meet service user needs.

MHC Specialist Services

Alderwood

"I would not have been able to cope with my wife's dementia without Alderwood, they have been a Godsend."

"Myself and Family cannot praise enough of the 5 star care he is receiving at Alderwood. All the staff go that extra mile to care for him and me. I wish with all my heart that he could stop at Alderwood. It is better than any care homes. If I won the lottery, I would buy Alderwood and employ all of the staff because I would give them all 12 out of 10, that is how myself and the family feel about everyone at Alderwood. I cannot praise them enough for all their care in looking after him as if he were their own Dad. Please excuse my spelling, thank you most sincerely."*

Pinetree Lodge

"My father has never been looked after this well in his previous homes. The staff are fantastically very helpful and professional, and his level of care is such that it has alleviated many of my personal concerns regarding my father."

Briarwood

"I still think that it is the best place for my family. I have every confidence in the home, they really seem to care and go out of their way to help me."

Community Services (Ways to Wellness)

"Thank you for lifting my head up. I came in here feeling negative and upset and feeling like no one was giving me the time and listening to me. I know this isn't true and thank you so much. I have told you things I have never told anyone not even my family."

Community Services (Moving Forward)

"If I hadn't met my link worker at MF I don't think I would be here. I needed more than just tablets, getting out of the house was the biggest part of me getting better and getting confident again and doing the courses where I learned so much, that helps me all the time every day".

Adult Services

"Thank you so much for support, kindness and referral to the adult services its due to your support Im not homeless any more, it's your support I have a registered GP address. Thank you so much for all of your kind help."

Primary Care & IAPT Services

"I would like to say a huge thank you for my insight therapist. She was just fab!!! I will always be truly grateful for my sessions and the help I have received. I feel that I have learnt so much about myself and how I think and behave. I know that I still have a way to go and to keep following the advice I've been given but I feel confident in myself to do this now. And I suppose I believe in myself a little too. (Huge improvement!!) Thank you for making me feel 'normal' and thank you for listening."

"[My therapist] has been brilliant throughout my telephone sessions. She has really helped me understand my condition and given me the guidance and encouragement that I needed. I am in a much better place than I was when I first contacted Insight. I found the whole process from start to finish very professional and would definitely recommend you. Thank you."

"[My therapist] was great from start to finish, she made me feel comfortable immediately and was very easy to talk to. I got a lot from our sessions and always felt listened to and that my contribution was important. I go away from these sessions feeling a lot better about myself and my ability to deal with situations should they arise again. Thank you [to my therapist] and Insight."

"I was a little apprehensive before starting this course. [My therapist] put me at ease almost immediately. She came across as being genuinely interested and wanting to help. I am a different person from the person I was in my first appointment. She made it interesting I liked the way she put it across and she left me wanting to learn more about CBT. I now feel as if she has given me the tools to going forward. I feel more positive and stronger than I have in a long time. She made me challenge the way I have thought about myself all my life. I am incredibly grateful for her help and expertise. I also feel incredibly lucky to have met [my therapist]. Thank you."

"Invaluable. It was exactly the help that I needed and the result I was hoping for. I can't thank [my therapist] enough."

"Within a few sessions I felt like a new person. We tackled the things on my mind right at the core which really feels like they've been put to rest. I wish I referred myself sooner. I can't thank my therapist enough. She was absolutely brilliant. Couldn't recommend her enough."

*"Professional caring service.
[My therapist] has been amazing and given me my life back
I now walk tall."*

Financial review

a. Financial performance

The Group made a surplus of £1,583,038 which compares to a net deficit for the year of £827,183, in the prior year. As a result of the detailed financial review referenced in our statement last year, we have extensively reviewed our central support costs and have worked closely with all commissioners to renegotiate contractual terms to enable us to continue to deliver safe and financially viable services. As a result of these efforts our financial performance has improved significantly. Our turnover has increased from £26,566,007 in the prior year to £33,321,439, the majority of this positive change is due to winning two new contracts in the Wirral and Mid Notts. In 2019/20 we have also seen the first year of funding from the NHS 5 year Mental Health Implementation Plan filter into our income, with an average increase of 2.7% in the year across our different funding streams.

The largest resource we use to provide all of our charitable activities is our workforce. Our continued success is due to the hard work, dedication and skills of our staff, and the quality of their care is the reason we are well regarded by our commissioners. Increases in employer pension contributions to 5%, Apprenticeship Levy, and increases in national minimum wage are all cost pressures that continue to be challenging. We are dedicated to ensuring we remunerate our staff appropriately and continue to look for ways to ensure our reward packages remain as competitive as possible, therefore over the coming year we are redesigning our pay policy, to ensure that it is sustainable and fit for purpose.

b. Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements due in part to the actions taken in light of our independent review. Further details regarding the adoption of the going concern basis can be found in the accounting policies note 1.3. The trustees have assessed the impact of Covid-19 and believe that there is limited financial risk associated to the organisation. We have seen a significant drop in referrals for Q1 of 2020/21 in the AQP areas due to the impact of Covid-19. However, given that there was a substantial level of waits for a number of our services we have managed to utilise and redeploy staff to those areas to reduce the financial impact. In the period we experienced a downturn in referrals we have managed to reduce down our waiting list and expect to see a rise back to budgeted levels by the end of Q2. We have also drawn down any eligible government funding available to minimise the risks associated with the pandemic.

c. Financial risk management objectives and policies

Within the Strategic Risk Register, which is reviewed quarterly by the Trustees, the most significant financial risk facing Concern Group is the reliance on commissioned public contracts in a continuing period of economic austerity, and the impact of inflation risk.

Trustees review liquidity through regular reports including income and expenditure accounts, balance sheets and cash flow forecasts. To date, our liquid assets for the group have been sufficient to mitigate the impact of quarterly funding from the NHS and the impact of payments in arrears for relevant IAPT services. We approached a number of our CCGs with proposals to allow advance payments on account, later reconciled to outcomes, to mitigate the impact of payment in arrears. We are pleased that all the CCGs approached have accepted our proposals and the benefit of invoicing in advance is shown as part of the 2019/20 figures. We also negotiated similar terms with the new contracts won by Insight Healthcare as mentioned earlier. All members of Concern Group are subject to the risk of increases in purchase price of supplies. As a result of our review of central costs we now have a dedicated resource for procurement to ensure that we are able to benefit from economies of scale and as result have seen efficiency savings in our central cost purchasing. We will continue to target key areas of significant spend across the Group in 2020/21. Where practical, prices are agreed in advance through the use of supplier quotations and tendering. Our budgeting and forecasting processes are designed to alert management and Trustees to potential problems.

We do not make charges to the individuals for the services we provide and as such have no exposure to credit risk in relation to service users and beneficiaries. Funding from the NHS and local authorities is based on commissioned services under standard public sector contracts. As this funding is derived from government related public bodies, it is considered that credit risk is minimal.

Each member of Concern Group has interest bearing assets, in the form of cash deposits, which are subject to changes in interest rates. The poor levels of interest have been recognised in our investment policy, but the need for sufficient operating funds to meet liquidity risk requires significant levels of cash to be held.

d. Principal risks and uncertainties

We have an extensive range of policies and procedures in place, coupled with the requisite training, clinical supervision, and support to mitigate potential risks. A strategic risk register is maintained, reviewed and updated by the Executive Team, the Governance Committee and then Board. The controls put in place provide reasonable, but not absolute, assurance that risks have been adequately mitigated.

The principal risks highlighted by our review and monitoring are:

- We work with some very vulnerable individuals and we recognise the risks involved in delivering our services: to service users themselves, their families, our staff, and to the general public. We have clinical policies, procedures, supervision and training that are regularly updated and reviewed to ensure our practices and services minimise potential harm.
- Our services are commissioned and we recognise the financial pressures on public funded services as well as the constantly changing commissioning environment. The Executive Team work closely with all commissioning groups to ensure that these risks to the Charity are minimised. All new services and re-tenders are subject to financial and operational review to ensure our standards of delivery are both viable and clinically sound.
- We operate alongside the NHS and other NHS-commissioned services and face competition to recruit and retain professionally trained, experienced and knowledgeable staff. Our staff understand the financial position this puts us in and have accepted our attempts to ensure that we have an efficient and sustainable cost base. We also understand the pressures faced by our workforce and we try to ensure our remuneration packages are competitive.

e. Reserves policy

Trustees have considered a risk-based reserves policy, taking into account the issues raised by the strategic risk register, which has in turn fed the Investment Policy. The reserves policy has been agreed and the target reserves have been set at £3,000,000. The Trustees have established the need to increase the level of free reserves, to provide additional security against risks that may arise in the future. The Trustees believed it was prudent to set aside a designated reserve of £410,000 this year as a contingency fund for property maintenance, due to the risks identified relating to its property portfolio for the year ended 31 March 2020. In 2019/20 we have been able to increase our free reserves to come closer to achieving the £3,000,000 target and the free reserves as at the 31 March 2020 were £1,929,000. We recognise achieving our target will take a number of years, as we manage the pressures of increasing costs of resources and the availability of income from the ever-tightening commissioning environment. However, as part of our ongoing financial plans we are committed to developing a more robust reserve position.

a. Investment policy and performance

The Trustees have the power to invest and deal with the monies of the Charity not immediately required for the purpose of its business, in such investments or securities and in such manner as may from time to time be determined.

The Trustees have held investments, other than investments in property for the use of operational services, as cash on deposit.

Plans for future periods

The much-improved financial results are very welcome and a result of an organisational team effort. However, the environment we operate in remains extremely challenging, so as we enter the new financial year, we will need to continue to be vigilant with regard to our costs and contractual income.

We continue to play a prominent role in the development of mental health and wellbeing services and have maintained and developed our reputation as an organisation that actively engages in partnership working with our statutory and third sector colleagues for the benefit of the people we serve.

Our future strategic plans are cognisant of the demands for further health and care integration around the person, particularly in light of Covid-19, which is also grounded in our charitable objectives and values.

As we enter the final year of our 3 year strategic planning cycle our Board and Executive will begin to scope the next phase in our development in the year ahead, where we will look to build on the progress, we have made in 2019/20. Covid-19 learning will no doubt impact our aspirations and objectives with the areas below already under consideration;

- Reviewing our Primary Mental Healthcare delivery model in the context of increased home working and more online / digital delivery of therapy.
- Building on our increase of volunteering capacity in community services. Ensuring that we retain and continue to strengthen our volunteer base.
- Assessing all of our care environments, to ensure they are fit for infection control purposes.
- Assessing all of our office buildings to ensure that we can operate safely from them – developing a longer-term strategy for this in the context of our delivery model review.

Structure, governance and management

a. Constitution

Mental Health Concern is a company limited by guarantee number 2073465, incorporated on 12 November 1986 and is governed by its articles and memorandum. It is a registered charity with the number 519332.

MHC and its subsidiaries form Concern Group. Reference details for each member of Concern Group are set out below:

Name	Company number	Charity number	Status
Mental Health Concern	2073465	519332	Limited by guarantee
Insight Healthcare Limited	4391008	n/a	Limited by shares and a social enterprise
MHC / NTW LLP	OC360242	n/a	Limited liability partnership
MHC Resources Limited	6390967	n/a	Limited by shares and dormant

MHC promotes, improves, and advances health in general and mental health in particular, including the prevention and treatment of mental ill-health via a wide range of commissioned services. It provides treatments and interventions, social housing and support, without distinction as to an individual's age, race, gender, sexual orientation, political, religious, or other persuasion. The Charity actively promotes service improvement and development in the field of mental health and emotional wellbeing. The Charity's business mission statement upholds that as a responsive and enabling organisation, we will endeavour to provide distinctive and effective services.

b. Trustees

The Directors who served the Charity as Trustees during the year were as follows:

Trustee	Date of Appointment	Date of Re-appointment	Date of re-appointment	Available for re-appointment	Committee Membership
Mr D Arthur	16/10/2013	26/10/2016	10/2019		Finance (Chair); Governance
Ms R Granger	18/12/2013	26/04/2017	08/2019 (as Chair)	12/2022	People Services & Communications QSD & Governance (Chair)
Mr R McEvoy	16/12/2015	16/12/2019		12/2021	Finance
Mrs E A Robinson (Chair)	28/11/2007	31/08/2016	Resigned Aug 2019		HR Chair
Dr A Walsh	18/05/2012	25/-6/2015	08/2018		Quality & Service Delivery (Chair); Governance
Mr G Puntis	24/10/2018	10/2021			
Mrs S Medcalf	06/2019	06/2022			People Services & Communications

c. Method of appointment or election of Trustees

The management of the company and the Group is the responsibility of the Trustees, who are elected and co-opted under the terms of the Articles of Association. Terms of office for trusteeship have previously been established requiring re-appointment every three years, with two members reappointed during the year.

d. Policies adopted for the induction and training of Trustees

The Articles of Association limit the number of Trustees to nine individuals, increased from eight following a resolution approved on 26 August 2015.

The structure of the Trustees' meetings allows them to discuss strategic issues and consider their performance during the year. It is at these meetings that the Trustees consider whether they require additional Trustees with experience and knowledge that is not currently available.

The Articles of Association set out the process for appointment of new members. A Board Member would notify MHC of the nomination(s) for election to the Board in writing, not less than three days before each annual general meeting (AGM). At the AGM, the Board would elect the member nominated and also elect a chair and a vice-chair.

Where it is deemed necessary to elect a new member to the Board at a meeting other than the AGM, the nominated person would be proposed by a member and seconded by another member of the Board of Directors. This would follow discussions surrounding the nominee's credibility and suitability for a place on the Board. The Board of Directors as a body is solely responsible for the election of any new members. All new Trustees receive informal induction from members of the Executive Team.

e. Pay policy for senior staff

All employees of Concern Group, including all senior staff, are remunerated in accordance with an approved pay structure, with all roles subject to job evaluation at creation or when changes in responsibilities are required of the post holder. Employees are appointed to a salary band, which includes a range of salaries to reflect the experience and skills highlighted in the job evaluation. The range of salaries allows employees to incrementally increase their earnings towards the top of their salary band subject to performance. Employees undertake regular performance reviews with their line managers. Any proposed cost of living awards are presented to the Trustees for approval before the start of each financial year. A benchmarking project was undertaken this year across all Group posts to assist us in our recruitment and retention planning and to help us develop a longer-term sustainable approach to pay. This work along with a new remuneration committee process for senior staff is expected to be utilised in 2020/2021.

f. Organisation structure and decision making

The governing body of the Charity is the Board of Trustees which has met formally six times this year, with additional informal meetings when required and a full-day meeting to specifically discuss the business plan and to review the effectiveness of the Board.

The stated purpose of the Board is to "provide leadership to the Charity within a framework of prudent and effective controls which enables risk to be assessed and managed appropriately. It oversees strategy, reviews performance and is ultimately responsible for safeguarding the Charity's assets.

The Board is responsible for promoting its collective vision of the organisation's purpose, its culture, its values and the behaviours it wishes to promote both internally and externally".

The Board of Trustees has formally adopted the Charity Code of Governance for larger charities, and is actively involved in regular evaluation of its effectiveness, including a commitment to commissioning an external evaluation of its effectiveness every three years.

There are four committees focusing on Quality & Service Delivery, Finance, People Services & Communications, and Governance. Information is provided by requisite managers to support Committee Members and the Board in their role to provide oversight, governance, and advice to the organisation. Every Trustee is a member of at least one committee. The Governance Committee has a membership of the Chair and the Chairs of the three other committees.

Executive decision making and day-to-day management is vested in a professional team led by the Chief Executive.

The Chief Executive is responsible for advising and informing the Board on the implementation of agreed organisational strategy, service development and delivery, as well as any requisite changes to the policy, and practice for the Group. He is supported by the Executive Team which is responsible and accountable for the day-to-day management of clinical services, corporate and financial affairs, HR and business development.

The Chief Executive meets regularly with the Chair of Trustees and provides full details of any significant issues as they may arise between the formal meetings.

g. Public benefit

The Trustees have considered the Charity Commission's guidance on public benefit. The services we offer in the areas we are commissioned are available free of charge to those who need our support. Our work not only benefits individuals and their families but also the wider community by reducing the impact and cost of ill-health to society.

h. Risk management

The Trustees have assessed the major risks to which the company and the Group is exposed, in particular those related to the operations and finances of the Group, and are satisfied that the systems and procedures are in place to mitigate our exposure to the major risks.

Funds held as custodian on behalf of others

The Charity works with other organisations in pursuit of its charitable objectives and holds funds as custodian on behalf of others.

During the year, MHC has administered funds on behalf of partner agencies and committees in order to 'host' and develop projects whose objectives are mental health care-related. These functions are part of MHC's role as an enabling organisation within the local mental health arena.

Our service users are sometimes unable to take full control of their own financial affairs and we are asked to receive their welfare benefits on their behalf. We hold residents' money separately from those of the charity and account to the residents and their carers for our actions. The funds are included within our cash deposits and the amounts owed to residents are held within creditors.

Voluntary Sector Advisory Group (VOLSAG)

This group consists of non-statutory service providers with an interest in mental health, alongside representatives from the statutory services. Over time, small donations (usually from Local Authority/Health Commissioners) have been made to VOLSAG in order to host events and aid the development of small mental health-related projects. MHC administers this fund on behalf of VOLSAG as a constituent member.

Members' liability

The members of the company and the Group guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up.

Employee involvement and employment of the disabled

MHC is committed to equal opportunities for all and gives full and fair consideration to job applications from disabled persons. Employees who are disabled are treated as equal to other employees, with regards to continuing employment, training, career development, and promotion.

MHC is committed to open and full engagement with employees. All new employees receive a comprehensive induction, regular supervision, and ongoing appraisal/coaching discussions. All members of staff have access to the company website and intranet, and receive appropriate organisational and statutory training. Senior Managers and the Chief Executive make regular visits to all of the company's locations as part of their roles.

MHC conduct an annual staff survey and holds regular employee forum meetings where staff representatives from all parts of the service meet to discuss key organisational developments and have the opportunity to raise issues affecting staff. As a result of feedback through the survey and forums, the following has been implemented during the year;

- A policy allowing staff to purchase additional annual leave. A wellbeing and perks platform to further enhance our flexible benefits package
- Refreshed Group corporate induction
- Revised Group training profiles to support individual and organisational development

Auditors

In accordance with the Companies Act 2006 a resolution proposing the appointment of Haines Watts as auditor for the year ending 31 March 2020 will be put to the members.

Statement of trustees' responsibilities

The Trustees (who are directors of Mental Health Concern for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees 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.

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

The Trustees adopted the Charity Governance Code for larger charities at the Board meeting held on the 28 June 2018.

This report was approved by the Trustees on 24 August 2020 and signed on their behalf by:


.....

Ms R Granger

Opinion

We have audited the financial statements of Mental Health Concern (the 'parent charitable company') and its subsidiary (the 'group') for the year 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 parent charitable company's affairs as at 31 March 2020, and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Trustees' view on the impact of COVID-19 is disclosed in the trustees report (page 10) and the accounting policies (page 25).

Other information

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

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

We have nothing to report in this regard.

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 trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- sufficient accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees are responsible for the preparation of the financial statements which 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 and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the companies Act 2006 and we report in accordance with this Act.

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

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

Use of our report

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



Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts

20 October 2020

Statutory Auditors

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

Consolidated statement of Financial Activities (Incorporating Income and expenditure account)
For the year ended 31 March 2020

Notes	Unrestricted Funds 2020 £000	Restricted Funds 2020 £000	Total Funds 2020 £000	Total Funds 2019 £000
Income and endowments from:				
Donations and legacies	4 21	-	21	12
Charitable activities:	5			
Mental Health activities	9,535	2,076	11,611	11,472
IAPT services	21,614	-	21,614	15,026
Other trading activities	43	-	43	37
Investments	6 6	-	6	2
Other income	27	-	27	15
Total income	<u>31,246</u>	<u>2,076</u>	<u>33,322</u>	<u>26,565</u>
Expenditure on:				
Raising funds	23	-	23	-
Charitable activities	7 29,794	1,991	31,785	27,377
Total expenditure	<u>29,817</u>	<u>1,991</u>	<u>31,808</u>	<u>27,377</u>
Net income before investment gains	1,429	85	1,514	(812)
Share of profit/loss in joint venture	68	-	68	(15)
Net movement in funds	<u>1,497</u>	<u>85</u>	<u>1,582</u>	<u>(827)</u>
Reconciliation of funds:				
Total fund brought forward	9,544	28	9,572	10,399
Total funds carried forward	<u>11,041</u>	<u>113</u>	<u>11,154</u>	<u>9,572</u>

Consolidated Balance Sheet
As at 31 March 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	-	30
Tangible assets	14	8,700	8,820
Investments in joint ventures	15		
- Share of gross assets		165	-
- Share of gross liabilities		(112)	-
Share of net assets		53	-
Investments in associates	15	30	30
		8,783	8,880
Current assets			
Stocks	16	129	261
Debtors	17	4,818	4,385
Cash at bank and in hand		3,226	1,716
		8,173	6,362
Creditors: amounts falling due within one year	18	(5,700)	(5,508)
Net current assets		2,473	854
Total assets less current liabilities		11,256	9,734
Creditors: amounts falling due after more than one year	19	(92)	(84)
Provisions for Liabilities	21	(10)	(78)
Net assets		11,154	9,572
Charity Funds			
Restricted funds		113	28
Unrestricted funds		4,905	3,350
Designated funds		431	-
Revaluation on reserve		5,705	6,194
Total funds	24	11,154	9,572

The financial statements were approved and authorised for issue by the trustees on 24 August 2020 and signed on their behalf by:

..... 
Ms R Granger

The notes on pages 25 and 48 form part of these financial statements

Company Balance Sheet
At 31 March 2020

	Note	£000	2020 £000	£000	2019 £000
Fixed assets					
Intangible assets	13		-		30
Tangible assets	14		8,693		8,800
Investments	15		452		452
			<u>9,145</u>		<u>9,282</u>
Current assets					
Debtors	17	2,836		3,042	
Cash at bank		1,221		641	
		<u>4,057</u>		<u>3,683</u>	
Creditors: amounts falling due within one year	18	(3,208)		(3,280)	
Net current assets			<u>849</u>	<u>403</u>	
Total assets less current liabilities			<u>9,994</u>	<u>9,685</u>	
Creditors: amounts falling due after more than one year	19		(92)		(84)
Net assets			<u>9,902</u>	<u>9,601</u>	
Charity Funds					
Restricted funds			113		28
Unrestricted funds			3,653		3,379
Designated funds			431		-
Revaluation on reserve			5,705		6,194
Total funds			<u>9,902</u>	<u>9,601</u>	

The financial statements were approved and authorised for issue by the trustees on 24 August 2020 and signed on their behalf by:

..... *R. C. Granger*

Ms R Granger

The notes on pages 25 and 48 form part of these financial statements

Registered company number: 2073465

Consolidated statement of cash flows
Year ended 31 March 2020

Note	2020 £000	2019 £000
Cash flows from operating activities		
Net cash provided by/(used in) operating activities 26	1,725	839
Cash flows from investing activities:		
Dividends, interest and rents from investments	6	2
Purchase of intangible fixed asset	-	(18)
Purchase of tangible fixed assets	(199)	(167)
Purchase in associates	-	(10)
Net cash used in investing activities	(193)	(193)
Cash flows from financing activities:		
Proceeds of new bank loan	-	110
Repayments of borrowings	(22)	(42)
Net cash used in financing activities	(22)	68
Change in cash and cash equivalents in the year	1,510	714
Cash and cash equivalents brought forward	1,716	1,002
Cash and cash equivalents carried forward	3,226	1,716
Cash and cash equivalents consist of:		
Cash in hand	3,226	1,716

1. Accounting Policies

The company is a company limited by guarantee and incorporated in England and Wales. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

Mental Health Concern meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £'000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Basis of consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiary Insight Healthcare on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

1.3 Going concern

The Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis is adopted in preparing the financial statements due in part to the actions taken in light of our independent review. The trustees have assessed the impact of Covid-19 and believe that there is limited financial risk associated to the organisation.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.5 Income

All incoming resources are included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with reasonable certainty. Income received to deliver services over a specific period covering more than one financial year is accounted for over the specific period; related expenditure is accounted when incurred.

Investment income is interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company, this is normally upon notification of the interest paid or payable by the bank.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

1.6 Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

1.7 Intangible fixed assets and amortisation

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible assets so as to write off the costs of an asset over its estimated useful life as follows:

Software development costs	33% straight line
----------------------------	-------------------

1.8 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold property	50 years to residual value
Leasehold property improvements	shorter of lease term or 50 years
Fixtures and fittings	1 – 10 years straight line
Office equipment	4 years straight line

1.9 Fixed asset investments

In the company balance sheet, investments in subsidiary undertakings and joint ventures are measured at costs less accumulated impairment losses.

Investments in joint ventures are stated at the charitable company's share of net assets. The charitable company's share in the profit and loss of the joint venture is included in the consolidated statement of financial activities using the equity based method.

1.10 Stocks and work in progress

Stocks and work in progress are valued at the lower cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Work in progress is valued on the basis of costs incurred on IAPT (Improving Access to Psychological Therapies) referrals which are ongoing at the year end. No element of incoming gains is included in the valuation of work in progress. Referrals relate to individuals' case files that have been opened and are in the process of being dealt with by staff of Concern group.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at Bank and in hand

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

1.13 Creditors and provisions

Liabilities are recognised when there is an obligation at the balance sheet as a result of a past event. It is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or amount it has received as advanced payments for the goods or services it must provide. 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 pre-tax discount rate that reflects the risk specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principle capital amounts outstanding at the period end. Issue costs related to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

1.15 Deferred taxation

Deferred tax represents the future tax consequences of transactions and event recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which are they recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets is measured using the rates and allowance that apply to the sale of the asset.

1.16 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year. The group participated in the NHS defined contribution pension scheme. The scheme is a multi-employer scheme where it is not possible, in the normal case of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, as required by FRS102 the group accounts for this scheme as if it was a defined contribution scheme. The amount charged to the statement of financial activities represents contributions payable to the scheme in respect of the accounting period.

1.17 Taxation

The company is considered to pass the tests set out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes.

1.18 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following estimates are included within the financial statements;

Work in progress

The group enters into contracts with customers with varying contract periods. Management consider that the main judgement and source of estimation arises from the estimation of progress within the specified services for amounts held as work in progress, and the assessment of the level of profitability around key contracts.

2. Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the wholly owned subsidiary.

The summary financial performance of the charity alone is;

	2020	2019
	£000	£000
Income	11,745	11,623
Gift aid from subsidiary company	111	108
	<u>11,856</u>	<u>11,731</u>
Expenditure	(11,576)	(12,496)
Exceptional item – write down of investment in subsidiary	-	(583)
	<u>280</u>	<u>(1,348)</u>
Net income/(expenditure)	280	(1,348)

3. Statement of financial activities for the prior year

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000
Income and endowments from:				
Donations and legacies	4	13	-	13
Charitable activities:	5			
Mental Health activities		9,423	2,049	11,472
IAPT services		15,026	-	15,026
Other trading activities		37	-	37
Investments	6	2	-	2
Other income		15	-	15
Total income		24,516	2,049	26,565
Expenditure on:				
Charitable activities	7	25,203	2,174	27,377
Total expenditure		25,203	2,174	27,377
Net income before investment gains		(687)	(125)	(812)
Share of profit/loss in joint venture		(15)	-	(15)
Net movement in funds:		(702)	(125)	(827)
Reconciliation of funds:				
Total fund brought forward		10,246	153	10,399
Total funds carried forward		9,544	28	9,572

4. Income from donations

	2020	2019
	£000	£000
Donations	21	13
	<u> </u>	<u> </u>

5. Income from charitable activities

	2020	2019
	£000	£000
Dementia Care, rehabilitation and recover services	6,827	6,851
IAPT services provided under Insight Healthcare Limited	21,614	15,026
Supported housing services	784	838
Community and wellbeing services	3,884	3,633
Other mental health services	116	150
	<u>33,225</u>	<u>26,498</u>

6. Investment income

All investment income relates to interest earned on deposit accounts.

7. Analysis of expenditure by activities

	Activities Undertaken Directly £000	Support costs £000	Total 2020 £000	Total 2019 £000
Dementia Care, rehabilitation and recovery services	6,340	809	7,149	7,333
IAPT services	18,102	2,196	20,298	15,439
Supported housing services	640	81	721	768
Wellbeing services	3,230	287	3,517	3,650
Other mental health activities	91	9	100	187
	<u>28,403</u>	<u>3,382</u>	<u>31,785</u>	<u>27,377</u>

8. Support costs

	Mental Health Services £000	IAPT services £000	Supported housing £000	Wellbeing services £000
Wages and salaries	488	1,327	49	173
Office costs	29	76	3	10
Governance costs	14	39	1	5
Other costs	278	754	28	99
	<u>809</u>	<u>2,196</u>	<u>81</u>	<u>287</u>

	Other Mental Health £000	2020 £000	2019 £000
Wages and salaries	6	2,043	1,662
Office costs	-	118	208
Governance costs	-	59	13
Other costs	3	1,162	1,410
	<u>9</u>	<u>3,382</u>	<u>3,293</u>

9. Governance

	2020 £000	2019 £000
Audit fee	10	10
Trustee recruitment	-	1
Trustee liability insurance	1	1
Other	48	1
	<u>59</u>	<u>13</u>

10. Net income/(expenditure)

This is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of tangible fixed assets: owned by charitable group	296	276
Amortisation of intangible fixed assets	30	34
Loss on disposals of tangible fixed asset	-	33
Operating lease rentals	746	477
Bank loan interest	6	2
	<u>1,078</u>	<u>822</u>

11. Auditors' remuneration

	2020	2019
	£000	£000
Fees payable to the charity's auditor for the audit of the charity's annual accounts	10	10
Fees payable to the charity's auditor for other services: Audit of the charity's subsidiaries	5	5
	<hr/>	<hr/>

12. Staff costs

Staff costs were as follows:	2020	2019
	£000	£000
Wages and salaries	20,580	17,145
Social security costs	1,444	1,403
Other pension costs	1,151	725
	<hr/>	<hr/>
	23,175	19,273
	<hr/>	<hr/>

The average number of persons employed by the company during the year was as follows:

	2020	2019
	No.	No.
Nursing, therapy, support and administrative staff	886	836
	<hr/>	<hr/>

The number of higher paid employees was:

	2020	2019
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	-	-
In the band £80,001 - £90,000	1	-
In the band £90,001 - £100,000	1	1
	<hr/>	<hr/>

Key management personnel are deemed to be those having authority and responsibility, delegated to them by trustees for planning, directing and controlling the activities of the charity, as listed on page 1. During the year their total remuneration, including employees benefits, amounted to £497,488 (2019 - £480,028).

13. Intangible fixed assets

Group	Software Development £000	Goodwill £000	Total £000
Cost			
At 1 April 2019	290	507	797
Additions	-	-	-
As at 31 March 2020	290	507	797
Amortisation			
At 1 April 2019	260	507	767
Charge for the year	30	-	30
At 31 March 2020	290	507	797
Carrying amount			
At 31 March 2020	-	-	-
At 31 March 2019	30	-	30
Company			
			Software Development £000
Cost			
At 1 April 2019	107		
Additions	-		
At 31 March 2020	107		
Amortisation			
At 1 April 2019	77		
Charge for the year	30		
At 31 March 2020	107		
Carrying amount			
At 31 March 2020	-		
At 31 March 2019	47		

14. Tangible fixed assets

Group	Freehold property £000	Long-term leasehold property £000	Fixture & Fittings £000	Office Equipment £000	Total £000
Cost					
At 1 April 2019	8,420	904	97	441	9,862
Additions	66	15	-	118	199
Disposals	-	(23)	-	-	(23)
At 31 March 2020	8,486	896	97	559	10,038
Depreciation					
At 1 April 2019	502	144	77	319	1,042
Charge for year	170	43	2	81	296
At 31 March 2020	672	187	79	400	1,338
Net book value					
At 31 March 2020	7,814	709	18	159	8,700
At 31 March 2019	7,918	760	20	122	8,820

14. Tangible fixed assets (Continued)

Company	Freehold property £000	Long-term leasehold property £000	Fixture & Fittings £000	Office Equipment £000	Total £000
Cost					
At 1 April 2019	8,420	889	33	187	9,529
Additions	66	10	-	118	194
Disposals	-	(23)	-	-	(23)
At 31 March 2020	8,486	876	33	305	9,700
Depreciation					
At 1 April 2019	502	137	13	77	729
Charge for the year	170	34	2	72	278
At 31 March 2020	672	171	15	149	1,007
Net book value					
At 31 March 2020	7,814	705	18	156	8,693
At 31 March 2019	7,918	752	20	110	8,800

The charity's freehold and leasehold property was revalued in January 2016 on an existing use basis by independent valuers, Sanderson Weatherall Chartered Surveyors, and incorporated into the financial statements as at that date

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Cost	£000
At 1 April 2019	2,228
Additions	66
As at 31 March 2020	2,294
Depreciation	
At 1 April 2019	136
Charge for the year	48
As at 31 March 2020	184
Net book value	
At 31 March 2020	2,110
At 31 March 2019	2,092

15. Investments

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Investment in wholly owned subsidiary companies				
Insight Healthcare Limited	-	-	422	422
Investment in joint venture				
MHC/NTW LLP	53	-	-	-
Investment in associate				
Northern Inclusion Consortium Limited	30	30	30	30
Total investments	83	30	452	452

Subsidiaries

The charity has two wholly owned subsidiaries which are registered in England and Wales; MHC Resource Limited (company number 06390967) which is dormant and Insight Healthcare Limited (company number 04391008).

Insight Healthcare Limited

Insight Healthcare Limited is a leading provider of Improving Access to Psychological Therapies services across England. A summary of the trading results is shown below. Audited financial statements will be filed with the Registrar of Companies.

Profit & loss account	2020 £000	2019 £000
Turnover	21,614	15,027
Cost of sales and administration expenses	(20,291)	(14,948)
Other income	-	2
Net profit	1,323	81
Amount gifted to charity under gift aid	111	108
A summary of the Balance Sheet is shown below:		
Fixed assets	6	20
Current assets	4,380	3,486
Current liabilities	(2,755)	(3,034)
Provisions	(10)	(63)
Net assets	1,621	409

15. Investments (Continued)

Principle joint ventures

Company name	Country	Percentage Shareholding	Description
MHN/NTW LLP	United Kingdom	50%	Joint venture with Northumberland Tyne and Wear NHS Foundation Trust
Northern Inclusion Consortium	United Kingdom	25%	Partnership arrangement with other North East organisations

Analysis of share of joint venture and associate results

	MHC/NTW LLP		Northern Inclusions Consortium Limited	
	2020 £000	2019 £000	2020 £000	2019 £000
Balance sheet				
Share of current assets	165	68	-	-
Share of gross liabilities	(112)	(83)	-	-
	<u>53</u>	<u>(15)</u>	<u>-</u>	<u>-</u>
Profit and loss account				
Share of income	658	481	-	-
Share of expenditure	(590)	(496)	-	-
Share of profit/(loss)	<u>68</u>	<u>(15)</u>	<u>-</u>	<u>-</u>

16. Stocks

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Work in progress	<u>129</u>	<u>261</u>	<u>-</u>	<u>-</u>

17. Debtors

	2020	Group	2020	Company
	£000	2019	£000	2019
		£000		£000
Trade debtors	3,577	3,412	2,185	1,925
Amounts owed by group undertakings	-	-	263	798
Other debtors	272	78	126	64
Prepayments and accrued income	963	895	256	255
VAT	6	-	6	-
	<u>4,818</u>	<u>4,385</u>	<u>2,836</u>	<u>3,042</u>

18. Creditors: amounts falling due within one year

	2020	Group	2020	Company
	£000	2019	£000	2019
		£000		£000
Bank loan and overdrafts	9	9	9	9
Trade creditors	684	967	200	378
Corporation tax	-	-	-	-
Other taxation and social security	1,129	899	152	165
Other creditors	555	264	323	202
Accruals and deferred income	3,323	3,340	2,524	2,496
	<u>5,700</u>	<u>5,479</u>	<u>3,208</u>	<u>3,250</u>

	2020	Group	2020	Company
	£000	2019	£000	2019
		£000		£000
Deferred income				
Deferred income at 1 April 2019	2,754	669	1,999	184
Resources deferred during the year	2,340	3,501	2,001	2,083
Amounts released from previous years	(2,754)	(1,416)	(1,999)	(268)
Deferred income at 31 March 2020	<u>2,340</u>	<u>2,754</u>	<u>2,001</u>	<u>1,999</u>

Deferred income comprises PCT core funding and IAPT service receipts relating to future accounting periods.

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

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Bank loans	92	114	92	114

Included within the above amounts falling due as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Between one and two years	9	9	9	9
Between two and five years	45	45	45	45
Due more than five years	47	69	47	69

The bank borrowings are secured by fixed and floating charges over the current and future assets of Mental Health Concern.

The bank loan bears interest at a rate of 4.57% and is due to be repaid in March 2029.

20. Financial instruments

	2020 £000	2019 £000
Financial assets measured at amortised cost	4,402	3,967
Financial liabilities measured at amortised cost	4,663	4,694

Financial assets measured at amortised cost comprise trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors and accruals.

21. Provisions

Group	Share in joint venture £000	Deferred tax £000	Provisions £000	Total £000
At 1 April 2019	15	10	43	68
Amounts used/released	(15)	(10)	(33)	(58)
At 31 March 2020	-	-	10	10

The company has no provisions.

22. Deferred taxation

	2020 £000	Group 2019 £000	2020 £000	Company 2019 £000
At beginning of year	10	(4)	-	-
Released during the year (P&L)	(10)	14	-	-
	-	10	-	-

The deferred taxation balance is made up as follows:

	2020 £000	Group 2019 £000	2020 £000	Company 2019 £000
Accelerated capital allowances	-	10	-	-

24. Statement of funds

For the year ended 31 March 2020

	Balance at 1 April 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Share in joint venture £000	Balance at 31 March 2020 £000
Unrestricted funds						
General unrestricted funds	3,351	31,225	(29,695)	(44)	68	4,905
Revaluation reserves	6,193	-	(122)	(366)	-	5,705
Designated funds						
Property maintenance fund	-	-	-	410	-	410
Going the extra mile fund	-	21	-	-	-	21
	-	21	-	410	-	431
Total unrestricted funds	9,544	31,246	(29,817)	-	68	11,041
Restricted funds						
Fulfilling lives	-	25	(25)	-	-	-
Launchpad	3	-	(1)	-	-	2
North Tyneside User Development reserve	1	-	(1)	-	-	-
Nicholas Milward donated funds	5	-	-	-	-	5
Building Better Opportunities	16	1,773	(1,720)	-	-	69
ST Recovery College	-	24	(5)	-	-	19
Health & Wellbeing fund	-	241	(236)	-	-	5
Big Lottery – Your Call	3	-	(3)	-	-	-
Pump Primer	-	13	-	-	-	13
	28	2,076	(1,991)	-	-	113
Total funds	9,572	33,322	(31,808)	-	68	11,154

24. Statement of funds (Continued)

For the year ended 31 March 2019

	Balance at 1 April 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Share in joint venture £000	Balance at 31 March 2019 £000
Unrestricted funds						
General funds	4,052	24,516	(25,203)	-	(15)	3,350
Revaluation reserves	6,194	-	-	-	-	6,194
	<u>10,246</u>	<u>24,516</u>	<u>(25,203)</u>	<u>-</u>	<u>(15)</u>	<u>9,544</u>
Restricted funds						
Fulfilling lives	61	27	(88)	-	-	-
Launchpad	11	-	(8)	-	-	3
North Tyneside User Development reserve	60	24	(83)	-	-	1
Nicholas Milward donated funds	5	-	-	-	-	5
Building Better Opportunities	16	1,899	(1,899)	-	-	16
Health & Wellbeing fund	-	42	(42)	-	-	-
Big Lottery Fund – Your Call	-	57	(54)	-	-	3
	<u>153</u>	<u>2,049</u>	<u>(2,174)</u>	<u>-</u>	<u>-</u>	<u>28</u>
Total of funds	<u>10,399</u>	<u>26,565</u>	<u>(27,377)</u>	<u>-</u>	<u>(15)</u>	<u>9,572</u>

Designated funds

Property maintenance fund

To fund unexpected property maintenance costs or dilapidations that may arise.

Going the extra mile fund

To support added value activities which further enhance the experience of the people who use our services.

24. Statement of funds *(Continued)*

Fulfilling Lives (Big Lottery Funding)

The Big Lottery Fund support Fulfilling Lives service which operated in collaboration with other third sector providers. The funds support the ongoing cost of service negotiators.

Launchpad Social Fund

Lobbying project to ensure interests of mentally ill persons are represented to Health and Social Care Authorities. Launchpad is an ongoing project with funding from the CCG.

North Tyneside User Development reserve

These funds are received to develop and support mental health user involvement in mental health services.

Nicholas Milward Fund

The Nicholas Milward Fund are funds used in Mental Health Care Services specifically within the service for Alderwood.

Big Lottery Fund – Building Better Opportunities

Building Better Opportunities is funded by the Big Lottery Fund and European Social Fund as an investment in local initiatives to tackle the root causes of poverty and promote social inclusion. The Moving on Tyne & Wear service operates in partnership with other third sector organisations.

Health and Wellbeing Fund – Social Prescribing Fund

Mental Health Concern led on a partnership bid to the Health and Wellbeing Fund to support the bringing together of the main, health and social funded, linkwork/social prescribing service providers across Newcastle and Gateshead. The aim of the project is to develop and deliver a programme of work designed to bring consistency across social prescribing.

Big Lottery Fund – Your Call

This was a one year grant from the Big Lottery, now The National Lottery Community Fund. The grant is to provide support to frail and elderly people who are at risk of losing their independence in the community to access the services they need to stay independent.

ST Recovery College

Recovery Colleges offer educational courses and training programmes about wellbeing, mental health and recovery which are designed to increase knowledge and skills to help people to feel more confident in self-management of their own mental health and wellbeing. The fund holds income from various different sources.

Pump Primer

This funding is to pump prime and support the development of small community based offers by other third sector providers to respond to identified unmet need. It is designated to support the development of emerging ideas and offers, which then become sustainable, rather than be used as an ongoing course of revenue income.

25. Analysis of net assets between funds

For the year ended 31 March 2020

	Unrestricted funds £000	Restricted funds £000	Total funds £000
Intangible fixed assets	-	-	-
Tangible fixed assets	8,700	-	8,700
Fixed asset investments	83	-	83
Current assets	8,060	113	8,173
Creditors due within one year	(5,700)	-	(5,700)
Creditors due in more than one year	(92)	-	(92)
Provisions for liabilities and charges	(10)	-	(10)
	<u>11,041</u>	<u>113</u>	<u>11,154</u>

For the year ended 31 March 2019

	Unrestricted funds £000	Restricted funds £000	Total funds £000
Intangible fixed assets	30	-	30
Tangible fixed assets	8,820	-	8,820
Fixed asset investments	30	-	30
Current assets	6,334	28	6,362
Creditors due within one year	(5,508)	-	(5,508)
Creditors due in more than one year	(84)	-	(84)
Provisions for liabilities and charges	(78)	-	(78)
	<u>9,544</u>	<u>28</u>	<u>9,572</u>

26. Reconciliation of net movement in funds to net cash flow from operating activities

	2020	2019
	£000	£000
Net income for the year (as per Statement of Financial Activities)	1,582	(827)
Adjustment for:		
Share of results of a joint venture	(68)	34
Investment income	(6)	(2)
Amortisation of intangible assets	30	34
Depreciation charges	296	276
Loss on disposal	23	33
Decrease in work in progress	132	(40)
(Increase)/decrease in debtors	(433)	(654)
Decrease/(increase) in creditors	222	1,960
Movement in provisions	(53)	25
Net cash provided by/(used in) operating activities	1,725	839

27. Analysis of changes in net debt

	1 Apr	Cash	31 Mar
	2019	flows	2020
	£000	£000	£000
Short term cash borrowings	(9)	-	(9)
Long term cash borrowings	(114)	22	(92)
Total liabilities	(123)	22	(101)
Cash and cash equivalents	1,716	1,510	3,226
Total net debt	1,593	1,532	3,125

28. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £543,075 (2019 - £385,902). Contributions totalling £61,227 (2019 - £69,658) were payable to the fund at the balance sheet date and are included in creditors.

29. Operating lease commitments

At 31 March 2020 the total of the group's future minimum payments under non-cancellable operating leases was:

	2020	2019
	£000	£000
Group		
Land and buildings		
Within 1 year	545	523
Between 1 and 5 years	581	781
After more than 5 years	-	68
Total	<u>1,126</u>	<u>1,372</u>
Other		
Within 1 year	30	2
Between 1 and 5 years	59	-
After more than 5 years	25	-
Total	<u>114</u>	<u>2</u>

At 31 March 2020 the company had annual commitments under non-cancellable operating leases as follows:

Company		
Land and buildings		
Within 1 year	337	282
Between 1 and 5 years	285	504
After more than 5 years	-	68
Total	<u>622</u>	<u>854</u>
Other		
Within 1 year	20	2
Between 1 and 5 years	49	-
After more than 5 years	25	-
Total	<u>94</u>	<u>2</u>

30. Trustees' benefits: advances, credit and guarantees

The charity paid directors' and officers' liability insurance amounting to £965 (2019 - £1,088).

The charity trustees were not paid or received any other benefits from employment in the year (2019 - £nil). No charity trustee received payment for professional or other services supplied to the charity (2019 - £nil). One trustee was reimbursed expenses of £21 (2019 – none).

31. Related party transactions

The charity has taken exemption contained within FRS 102 for disclosing any transactions with entities which are part of the Mental Health Concern Group as consolidated financial statements are prepared.

There are no other related party transactions during the year (2019 – none).

32. Controlling party

The ultimate control of the charity rests with the board of trustees.