

## **Locala Community Partnerships C.I.C.**

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# **GROUP ANNUAL REPORT & FINANCIAL STATEMENTS**

## **For the year ended 31 March 2020**

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## **Group and Company Details**

For the year ended 31 March 2020

Directors	Caroline Beaumont Julie Bolus Julie Clennell Jane Close Dianne Frost Karen Jackson Colin Lynch Diane McKerracher Richard Mellor Selina Ullah
Company Secretary	Christopher Reeve
Registered Office	Beckside Court Bradford Road Batley West Yorkshire United Kingdom WF17 5PW
Registered Number	07584906
Auditor	Deloitte LLP Statutory Auditor 1 City Square Leeds United Kingdom LS1 2AL
Bankers	Lloyds Bank plc Westgate Huddersfield Branch PO Box 1000 BX1 1LT

## Strategic Report

The Directors present their Strategic Report, in addition to the Directors' Report, the Financial Statements and the Auditor's Report for the year ended 31 March 2020.

### The Group

The social enterprise, Locala Community Partnerships C.I.C. (Locala) was incorporated on 30 March 2011 and started trading on 01 October 2011. Locala HomeCare Limited, a wholly owned subsidiary of Locala Community Partnerships C.I.C. was incorporated on 02 April 2013, started trading on 19 July 2013 and ceased trading on 03 May 2020.

### Principal activity

The principal activity of the Group is to provide health and wellbeing services for the benefit of the community.

### Section 172 Statement

The Group seeks to put its patients' best interests first, invests in its colleagues, supports the communities in which it operates and strives to generate financial sustainability. The Directors of Locala have acted in accordance with their duties codified in law, which include their duty to act in the way they consider, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole, having regard to the stakeholder factors set out in section 172(1) (a)-(f) of the Companies Act 2006.






Section 172 considerations are embedded in decision making at Board level and throughout the Group. Further information as to how the Board has regard to section 172 factors can be found throughout these statements as indicated below:

<b>Section 172 factor</b>	<b>Key examples</b>	<b>Other examples</b>	<b>Page</b>
Consequence of any decision in the long term	Our long term strategy is due to finish in March 2021. The Board began a process in late 2019-20 to draft a new set of ambitions for Locala. It was agreed that a cross section of stakeholders would form a Futures Group to develop the underpinning plans. This is providing inspiring and challenging proposals for our future ambitions.	Financial Review The Future	9 13
Interests of employees	A theme from our previous annual colleague surveys was that clinicians felt there was an opportunity to strengthen clinical leadership structures and provide more inspiring career pathways. As a result this became a strategic priority and we appointed a senior nurse to lead professional development. Progress is	Engagement Employee consultation	8 18

	now regularly monitored through our Quality and Workforce Sub-Committees of the Board.		
Fostering business relationships with suppliers, customers and others	We provide NHS and public health services to our local population and are constantly seeking to improve patient experience. Our strategic approach to service redesign includes listening to service users. In 2019-20 we made 54 changes in 30 services based on patient and carer feedback.	Engagement The future	8 13
Impact of operations on the community and the environment	As a social enterprise one of our strategic priorities is 'making a difference for our communities. As a result in 2019-20 Board agreed that up to 50% of any annual financial surplus would be used for social investment. This led to over £100k of grants being provided to support voluntary and charitable organisations.	Engagement Social impact Energy & Carbon	8 13 18
Maintaining high standard of business conduct	In 2019 one of our regulators, the Care Quality Commission, undertook an inspection of most of our services – along with the governance of Locala. This provided an independent assessment of the robustness of the standards of business conduct. Their summary report stated: "Leaders operated effective governance processes which were proactively reviewed both locally and at trust level. We found evidence of oversight and ownership and staff at all levels were clear about their roles and responsibilities	Quality Review	12
Acting fairly between members	Our members are our staff colleagues – all of whom on a permanent contract are our only shareholders. Members elected a Colleague as a full Board member in early 2019. During 2019-20 the elected colleague expanded engagement with colleagues including the introduction of a Feedback Log. During the year more than 30 issues were raised and subsequently addressed by the Board.	Engagement Employee consultation	8 13

## Engagement

Regular engagement with our stakeholders is extremely important to us. How we engage and foster strong relationships with some of our key stakeholders is shown below, with detail of where further information can be found.

Patients	Colleagues	Community
<ul style="list-style-type: none"> <li>• Community membership</li> <li>• Wealth of patient experience feedback in a range of formats</li> <li>• Focus groups on specific issues/services</li> <li>• Surveys to get insights</li> <li>• Work closely with Healthwatch</li> <li>• Social media</li> </ul> <p style="text-align: center;">  <i>Quality Account                      Annual Review                      Locala website                      Healthwatch reports                      Social media</i></p>	<ul style="list-style-type: none"> <li>• Colleague membership</li> <li>• Colleague Board member</li> <li>• Annual Colleague Awards</li> <li>• Monthly Standing Ovation Award</li> <li>• Surveys</li> <li>• Regular communication</li> <li>• Freedom to Speak UP Guardian &amp; Associates</li> <li>• Colleague Feedback Log</li> <li>• Members Council meetings</li> <li>• Members Council representatives run drop in sessions</li> </ul> <p style="text-align: center;">  <i>Quality Account                      Annual Review                      Locala website</i></p>	<ul style="list-style-type: none"> <li>• Community membership</li> <li>• Community Fund</li> <li>• Social investment Fund</li> <li>• Locala Pride event</li> <li>• Attendance at community events</li> <li>• Social media</li> <li>• Members Council meetings</li> <li>• Members Council representatives run drop in sessions</li> </ul> <p style="text-align: center;">  <i>Social impact on page 12                      Quality Account                      Annual Review                      Locala website                      Social media</i></p>
Partners and suppliers		Regulators
<ul style="list-style-type: none"> <li>• GP engagement plan</li> <li>• Attendance at Primary Care Network (PCN) meetings</li> <li>• PCN links</li> <li>• Attendance at range of partner meetings, including at system level</li> <li>• Regular meetings and reports to CCG</li> </ul> <p style="text-align: center;">  <i>Quality Account                      Annual Review                      CCG reports and website</i></p>		<ul style="list-style-type: none"> <li>• Regular reporting</li> <li>• Government lobbying in partnership</li> <li>• Strong day to day working relationships</li> </ul> <p style="text-align: center;">  <i>Social Enterprise UK (SEUK) website and reports                      Locala website                      Quality Account</i></p>



## Business review

Locala provides over one million patient contacts every year, delivering services in Kirklees, Calderdale and Bradford. To provide our services we have approximately 1500 staff, with financial turnover of £69m. Quality of care is our number one priority, and at a recent CQC inspection of our services we were rated “Good” in every domain. It is also pleasing to see that more than 95% of patients would recommend our services.

As the service landscape changes around us, we are working to support the integration of services with partners, and to support the new structures. We are a member of the West Yorkshire and Harrogate Integrated Care System (ICS) and work with partners in the places of Calderdale, Kirklees and Bradford. Partnership working is a key aspect of our work as a provider of community healthcare services. In our Kirklees contract for 0 to 19 year olds, and families, called ‘Thriving Kirklees’ we work in partnership with South West Yorkshire Partnerships NHS FT, Northorpe Hall Child and Family Trust, Home Start and Yorkshire Children’s Centre to provide a radically different approach to services for children and young people in Kirklees. We also have a number of strategic partners within the third sector who deliver support to our key adult and children’s services contracts. These include effective partnerships with Age UK and Millen Care who work closely with our Integrated Community Care Teams.

Locala restructured its support services in 2019-20, significantly enhancing the professional leadership and clinical quality management functions to support delivery of outstanding services. We also expanded our transformation team, and have developed a Quality Improvement approach building on the processes developed in Mid Yorkshire Hospitals Trust, and the support of their project team.

Coronavirus will have an impact in 2020-21, and our services have been significantly changed in the first part of 2020 to support the delivery of care for Coronavirus patients. Our income is largely sustained over this period, but a number of existing services have been scaled back or ceased to support the response to Coronavirus. Significant changes have been made to delivery of some services, and we will be looking to retain the benefits of different ways of working, particularly technology assisted care and home working, as we bring services back on line. This is being incorporated into our new Organisational 3-Year Strategy for 2021-22 and beyond.

## Financial review

2019-20 saw an improvement of the Group in both finance and services. Part of our aim is to improve and deliver a 2% post tax surplus each year by 2020-21. With non-recurrent benefits in year, the Group achieved a 1.9% post tax surplus in 2019-20 (2018-19: 0.3%). We were also able to invest into our central Quality & Safety team, supporting the improvements in quality and our CQC inspection outcome (see Quality review for further detail). Turnover grew by 1.6% to £69m compared to the previous year’s growth of 6.9%. We are in the fortunate position to have 93% (2018-19: 80%) of our existing contractual revenue secured for at least the next 2 years. Our operating surplus for 2019-20 was 2.4% of turnover (2018-19: 0.8%), higher than planned due to a significant number of vacancies, particularly in corporate support services where positions were held vacant whilst support functions were restructured.

The Group invested £472k in fixed assets, primarily improving our digital infrastructure and estates. We implemented an electronic rostering system for the community teams, and refreshed some of our clinical equipment including syringe drivers and saws. We had a £2.0m increase in our cash position due to our better than planned in year financial surplus. Our strong cash position and the

commitment to realise savings from our transformation plans, will allow us to invest in further improving patient care.

The financial plan for 2020-21 is to deliver a surplus of £1.2m, aligned with our 3 year plan to move to delivering a 2% annual surplus on service income. We require a 3% efficiency gain to achieve this surplus, and have over 70 projects to deliver quality improvement, cost savings and productivity improvements during 2020-21. Our plan was set as the impact of Coronavirus was increasing. Whilst the majority of our income is retained, our ability to undertake some of the transformation work will be impacted. The plan will be reviewed as we commence the recovery phase.

### Performance review

Effective performance management continues to be an integral part of supporting our drive to improve the services provided for the benefit of the community. Some of our performance highlights for the year include:

- **Performance Information Portal:** Locala has developed an area on SharePoint for colleagues to access their individual team performance data. The site holds two dashboards that monitor performance from an organisation level down to a service level. The first dashboard monitors workforce and finance performance e.g. spend against budget, mandatory training compliance, sickness and absence monitoring, whilst the second dashboard has a focus on quality outcomes such as achieving preferred place of death, incidents resulting harm and numbers of complaints. The site also holds reports that enable team leaders to monitor and track achievement at team/staff level.
- **Demand and capacity:** Several demand and capacity models/tools have been developed and tailored to meet the needs of services, some have a focus on activity and staffing to support the effective distribution of resource to meet demand, whilst others are aimed at the service capacity required to reduce a waiting list. All the models utilise workforce and activity data from the clinical system, which is complemented by the finance data associated with staffing and estates.
- **Population Health:** Performance Team are engaging with partners such as the Local Authority, Clinical Commissioning Group (CCG) and the Third Sector to explore ways of bringing together health-related data along with the determinants of health and wellbeing to identify a specific population that health and social care may then prioritise. The aim is to avoid duplication and ensure there are no gaps in provision of service. This work facilitates a collective sense of responsibility across many organisations and individuals. The outcome of the Population Health Management data set will help to understand the needs of the Kirklees population and the workforce required to address these needs.
- **Data Integrity:** Locala's Information Asset register (IAR) is being enhanced to include elements of data quality assurance as well as Information Governance compliance, the developments will introduce a check list not limited to but including the controls in place to minimise and report on data load errors and arrangements in place to regularly back up information. The Workforce and Finance Dashboard data is cleansed and validated by the drill down reports created at service, team and individual level for Mandatory Training

compliance. Correction of data quality issues are done via the Performance Information portal, individuals accessing their own data and validating it accordingly. A number of actions are in place in the Data Quality Plan to ensure that employees involved with performance data collection understand their accountability and that data quality arrangements are incorporated and regularly evaluated in performance appraisals.

- **Accuracy of data produced:** This year there has been an introduction of an assessment procedure for checking reliability and accuracy. This process applies a criteria assessing all Key Performance Indicators against the 6 Characteristics of Data quality to provide a Kite Mark. The Performance Team are working on an enhancement to the Community Services Data Set (CSDS) process to populate the new mandated items. The CSDS is also evolving on the back of other National projects such as the Urgent Care Response waiting times and currency development. Locala are involved in both these projects and will be required to submit additional items via the CSDS to provide performance data to support the projects. Tables have already been made available in the CSDS to enable organisations to submit the required data.
- **CQC Process:** A set of spreadsheets was developed to process and track CQC requests for information, with a structured document filing structure put in place, supported by a robust log of what data had been produced, validated and submitted. An action plan was developed to identify owners for the individual information requests and a review and sign off process was put in place to ensure information was accurate and complete. The action log enabled the organisation to keep track of the number of documents required, what stage of the process they were at and when they had been successfully submitted.
- **Contractual KPI's:** Locala currently has 16 Contractual reports (9 monthly, 6 quarterly, and 1 annual) which show a number of KPIs reported for monthly/quarterly submissions.

### **Care Closer to home**

To ensure that patients are seen at the right time by the right person, each month we have ensured that over 84% (2019: 83%) of our patients that come through Single Point of contact who require urgent contact are communicated with by the desired service within 2 hours of their initial call. This continuous achievement throughout the year demonstrates coordinated and seamless care. Locala have continuously had at least 90% of Patients reporting a positive outcome on conclusion of their care episode, the percentage for 2019-2020 was reported at 99% (2019: 98%) To ensure that care is personal and everyone involved in the patients care knows about their story, we have strived to ensure 79% (2019: 78%) of Patients die in their documented place of choice exceeding the 65% target set. Throughout 2019-2020 we have reported each month that over 96% (2019: 96%) of our Patients on caseload have a goal orientated management plan in place. The plan aims to avoid unnecessary hospital or residential admissions and ensures everyone understands the system and work in it effectively. Each month we have reported that more than 96% (2019: 98%) of our Patients demonstrate an improved level of functioning on transfer or exit from our service, enabling patients to receive care closer to home and maximising their independence.

### **Kirklees Sexual Health**

99% (2019: 99%) of identified partners of patients with positive results were notified and therefore able to be tested and treated as appropriate. Partner notification is extremely important to ensure that the spread of infections is limited, especially as some partners may not know they have been infected as they are experiencing no symptoms. 97% (2019: 95%) of partners of patients tested positive for Chlamydia were confirmed as having attended a service for treatment

### **MSK and Podiatric Surgery**

97% (2019: 95%) of patients, who wished to be, were seen for their first appointment within 4 weeks and 99% (2019: 99%) within 6 weeks. A prompt assessment avoids delays in diagnosis and allows the patient to access treatment within the 18 week target.

### **Care homes**

79.6% (2019: 80.6%) of care home residents registered with the Care Home Support Team either have an advance care plan in place and/or have had a discussion about advance planning. As outlined by the Gold Standards Framework, this intervention allows for improving care for people nearing the end of life and of enabling better planning and provision of care, to help them live well and die well in the place and the manner of their choosing. It enables people to discuss and record their future health and care wishes and also to appoint someone as an advocate or surrogate, thus making the likelihood of these wishes being known and respected at the end of life. 97.8% (2019: 97.7%) of patients received a Malnutrition Universal Screening Tool (MUST) assessment in the period April 2019 – January 2020. Utilising this tool allows clinicians to identify and treat adults at risk of malnutrition in the community, which again can reduce emergency secondary care admissions due to malnutrition associated complications.

## **Quality review**

At Locala we put the quality of our patient care at the heart of everything we do. We believe that our colleagues are central to this, ensuring that we provide care that is safe, effective and provides as positive an experience as possible. Through their values and behaviours our colleagues must remain the first line of defence in safeguarding quality. Active involvement of frontline colleagues in continually enhancing the quality agenda is strongly encouraged and collaborative working between the management team and clinicians is essential. The involvement of patients, their families and the public to inform service delivery is also key. This is supported by strong leadership from the Locala Board which remains ultimately responsible for the quality of care being delivered across all of our services.

During 2019-20 a significant amount of work has taken place across all levels of the organisation to build upon the achievements of 2018-19 and ensure the delivery of a range of tangible, robust and embedded improvements to the quality agenda. These improvements have been quality assured through a range of external processes including the Greater Huddersfield and North Kirklees Clinical Quality Group, colleagues from Internal Audit, a KPMG Well-led Review and a selection of regulatory inspections.

Following publication of the most recent Care Quality Commission (CQC) inspection report in February 2020 the organisation was delighted to report an inspection rating of “Good” in all

domains across all key service lines and also in its well-led assessment. This is testament to the significant quality improvement successes across the organisation. A small number of recommendations were proposed by the CQC Inspection Team which will be progressed across 2020-21. Quality is and will continue to be the organisation's number one priority during 2020-21 and the coming years. This is reflected in Locala's Quality Strategy and Operational Plan.

Quality will continue to be the number one priority for Locala and our delivery of the quality agenda will continue to go from strength to strength over the coming years. Towards the end of 2017-18 Locala produced its three year Quality Strategy. This document lays out the organisational vision for developing and further strengthening quality and safety across Locala. It embraces the fact that quality is at the heart of everything we do and that means ensuring that we have well resourced, well structured, thoughtful and efficient services run by colleagues who care passionately about the patients we serve. It also describes our ambition to share some of our quality improvement work with the wider NHS both locally, regionally and nationally and for Locala to be known as an exemplar in the delivery of high quality services for its patients and carers. 2019-20 has seen the achievement of a number of the aspirations and priorities identified in the Quality Strategy, not least the outcome of the CQC inspection.

There are numerous examples of where we feel our clinical and support services have achieved excellence in the care of our patients and colleagues. Full details can be found in our Quality Account which will be published on our website and NHS Choices when available. It is important to note that in light of the pressures caused by the global COVID-19 pandemic, NHS England and NHS Improvement have revised the deadline to publish a Quality Account for the 2019-20 period to 15 December 2020. However previous years' Quality Accounts demonstrate our achievements.

## The future

Our strategy sets out our aspirations for the future – to tackle the challenges we face and capitalise on the opportunities ahead. Delivering high quality care remains our number one priority but, as a social enterprise, generating social value by making a difference to our communities is also at the heart of our strategic plans. Our vision is:

### ***Making a positive difference to the wellbeing of the people and communities we serve.***

As we move into the third year of our strategy, we are building on the developments and achievements to date, and focusing on the high priority and strategically important objectives. Our targets for the coming year are:

- Collaborative and partnership working with a range of stakeholders, including the newly formed Primary Care Networks (PCNs)
- Increasing our social value contribution to the citizens of the area, and innovative approaches using our Social Enterprise status
- Continuous improvement in the quality of care we provide using Our Locala Way : Qi (Quality Improvement) methodology
- Enabling people to maximise their independence & have personalised care to support people to stay well for longer
- Achieving financial targets and long term financial sustainability
- Enhancing our professional leadership structure to ensure a compelling inspirational career pathway that enables collective leadership of clinical delivery and professional standards
- Progressing our ambition to be an employer of choice, establishing our employer brand and offer as a social enterprise

We are looking at where we want to be over the next 5 years, and our strategy for continual improvement. We have invested into our underlying infrastructure and quality.

## Social Impact

Locala aims to deliver social impact in all that we do. Whether it be the provision of high quality NHS community healthcare services, employment, purchasing, or investing – we do it with the overarching mission of improving the health and well-being of the local communities in which we work.

Whilst the provision of high quality NHS services is Locala's main priority, we are proud to be an innovative social enterprise. Like all effective organisations we aim to make a financial surplus each year. This is partly to ensure our sustainability, but largely, as a social enterprise, this is to benefit local communities, and to deliver social value projects in partnership with community and statutory organisations. We are proud to say that we have been successful in achieving a surplus in recent years - one of the reasons Locala received a rating of "Good" this year from the CQC for its leadership.

One of the ways in which Locala supports local communities is through its Community Fund. This small grants programme provides support for projects and groups across our geography. Preference is given to schemes which support carers, reduce social isolation, provide opportunities for young people or help improve the local environment – all objectives in Locala's three year strategy. Through this fund we have supported a wide range of local projects and organisations including support groups for carers and families of people affected by drug and alcohol misuse, developing dementia friendly communities, projects to reduce social loneliness for the over 60s, and sports programmes for young people.

In 2019-20 Locala made grants, through both its Community and Social Value Funds, of over £100k to local organisations, both voluntary and charitable.

## Risk and uncertainty

The main risks that may prevent the Group achieving its vision and objectives are considered and reviewed by the Board and the Audit & Risk Committee. The Executive Team is responsible for implementing actions to mitigate the risks and the Audit & Risk Committee assesses the adequacy and effectiveness of the mitigating actions. These risks are monitored through the Board Assurance Framework which reflect the corporate risks identified by management and staff colleagues.

The key risks being monitored and addressed as a priority are:

- Financial: The need for identified long term recurrent efficiencies to achieve our financial plans
- Workforce: Challenges in recruitment to some clinical posts
- Infrastructure: Ensuring a fully fit for purpose estate and IT provision.

We are also recognising the Coronavirus impact as a significant risk for the organisation and addressing this accordingly:

- **Colleagues** – Appropriate personal protective equipment (PPE) is provided to all colleagues continuing to work in a clinical setting. In addition to this, swab tests and antibody tests are carried out.

All other colleagues are able to work from home with any necessary equipment provided, determined through an individual colleague risk assessment, with swab and antibody tests also available.

In addition to the adoption of government guidelines, such as social distancing, buildings are subject to deep cleaning where appropriate

- **Provision of services & impact on patients** – several services continued with Locala taking the necessary safety precautions to safeguard colleagues as mentioned above. A number of other services stopped face to face contact and operated on a reduced basis through virtual consultations. Where neither of these were possible services ceased to operate and colleagues redeployed where appropriate.

Patient risk assessments are carried out for reduced/ ceased services with any critical care continuing to be provided

Locala is looking to resume all services inline with government guidelines as soon as practicable

An Emergency Command and Control structure was put in place to manage the demands on Locala, and authorisation to respond to the national NHS response was delegated. Whilst controls were relaxed to allow prompt action, this was still within the governance framework, approvals and decisions were documented, and exceptional decisions (including extension of contracts and emergency purchases such as PPE) were documented, and retrospectively reported.

Approved by the Board of Directors and signed on its behalf by:

*K L Jackson*

Karen Jackson  
Chief Executive

Date: 01 October 2020

Locala Community Partnerships C.I.C.  
Beckside Court,  
Bradford Road,  
Batley,  
WF17 5PW

## Directors' Report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's Report, for the year ended 31 March 2020.

In preparing this Directors' Report, the Directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic Report. This includes details of future developments found in the Strategic Report on pages 6 to 15.

### Directors

The Directors who served throughout the year and up to the date of signing were:

Director	Appointed	Resigned	Title
Caroline Beaumont			Non-Executive Director
Julie Bolus			Non-Executive Director
Julie Clennell			Director of Nursing & Quality
Jane Close			Director of Operations
Dianne Frost			Director of OD & People
Karen Jackson			Chief Executive
Colin Lynch	01/01/2020		Non-Executive Director
Diane McKerracher			Chair
Richard Mellor			Director of Finance
Adam Ogilvie		31/08/2019	Non-Executive Director
Michael Richards		31/12/2019	Non-Executive Director
Selina Ullah	01/10/2019		Non-Executive Director

### Directors' indemnities

The Group made qualifying third party indemnity provisions for the benefit of its Directors which were in place from commencement of trading and remain in force at the date of this report.

### Events after the reporting period

Locala HomeCare Limited ceased trading 03 May 2020 with all operations transferred to a third party (Note 19 – Subsequent events).

### Going concern

Locala has 86% of its total revenue secured through contracts for the next 2 years supporting its going concern position. However, we do recognise the challenging environment we continue to work in with the need for continued efficiency savings increasing demand year on year. Any unrealised savings would result in a deficit, for which Locala would be required to utilise reserves.

Due to the current situation Locala has scaled back the delivery of existing services and redeployed resources to support the response to Coronavirus. We are working with Commissioners to facilitate the safe resumption of all services, within government guidelines. A Notice from the Cabinet Office ('Procurement Policy Notice – Supplier relief due to COVID-19 [Action Note PPN 02/20]') provides assurances that the payments for services will continue throughout the COVID-19 period. Additional assurances can also be taken as a large number of our customers are NHS organisations and Local Authorities which continue to be supported by the government throughout



the COVID-19 period. We therefore we expect no negative impacts to revenue over the next 12 months.

As we are continuing to operate favourably, we have not needed to take advantage of any government schemes offered to alleviate pressures caused by COVID-19.

Locala retains a strong position with significant cash reserves which facilitates the achievement of an ongoing sustainable position and further opportunities for growth. The Directors therefore have a reasonable expectation that the organisation has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing.

### Financial risk management objectives and policies

The Group's activities will expose it to a number of financial risks including credit risk, cash flow and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not intend to use derivative financial instruments for speculative purposes.

#### Cash flow and liquidity risk

The Group's activities expose it primarily to the financial risks of late or non-payment for the delivery of clinical services. Our 'Care Closer to Home', 'Public Health Early Years' and 'Kirklees Healthy Child Programme' contracts, representing 72% of our business, are paid in the month of service delivery. This ensures an adequate cash flow to meet payroll and creditor commitments. We continue to secure favourable invoicing arrangements in any contract negotiations combined with an effective credit control function within our finance team to mitigate against any cash flow risk.

#### Credit risk

The Group's principal financial assets are cash and trade and other receivables. The Group's credit risk will primarily be attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, predominantly NHS organisations and Local Authorities. The credit risk on liquid funds is considered to be limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### Supplier payment policy

The Group's policy is to agree terms of payment with suppliers when negotiating each transaction, ensuring that suppliers are made aware of the terms of payment and abide by these terms when invoicing.

#### Charitable and political contributions

During the year the Group made £77k charitable and £nil political donations (2019: £nil charitable; £nil political).

## Equal opportunities and dignity

The Group is an equal opportunity employer and is fully committed to a policy of treating all of its colleagues and job applicants equally. There is commitment to the development and promotion of a workforce that reflects the diverse nature of the local population and aims to create a culture in which all colleagues are treated respectfully.

It is the policy of the Group to employ, train and promote colleagues on the basis of their experience, abilities and qualifications without regard to age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation.

All reasonable steps are taken to provide a work environment in which all colleagues are treated with respect and dignity, and that is free from harassment and bullying.

## Employee consultation

The Group places considerable value on the involvement of its colleagues and aims to keep them informed on matters affecting them, and on the various factors affecting the performance of the organisation. As a community interest company we recognise the importance of our colleagues and members and work to reflect the mutual nature of our business across our workforce.

Colleagues are consulted and involved in a range of activities through formal and informal meetings; the former including the Partnership Forum which meets once a month with our union representatives and the latter including the blogs, surveys and opportunities to vote on business decisions. Our Members' Council, which has representatives from across Locala business units, takes a lead on developing the colleague survey and considering the results. The Health and Well-Being Group has a range of colleagues from both clinical and non-clinical roles and from different localities to ensure a diverse range of views.

## Energy and Carbon

Locala has identified a number of energy saving initiatives within its estate and is working with suppliers to ensure proficient investment. We have indicated our intention with Landlords to support initiatives where presented, whilst also investing in our own Green agenda to reduce overall Carbon consumption in line with NHS targets for 2023.

	Floor Space (m <sup>2</sup> )	Gas(KWh)	Electrical (KWh)	Co2 Emissions (T)
Self-maintained Estates	7,000	889,946	166,346	298.94
Leased Estate	15,810	1,471,157	702,930	615.42
Hired Estate (Sessional)*	1,581	147,116	70,293	1.54
<b>Total</b>	<b>24,391</b>	<b>2,508,219</b>	<b>939,569</b>	<b>975.90</b>
<b>Intensity Measurement:</b> Tonnes of CO2e per total £m sales revenue				<b>0.01</b>

	<b>Business Miles</b>	<b>Business Mileage (KWh)</b>	<b>Business Mileage Co2 (T)</b>
<b>Transport Colleague Mileage</b>	1,534,962	1,959,390	468.50

Assumptions -  
CO2e calculated at 0.28307 kg CO2e per kWh  
\* Sessional space assumed at 10% of Leased Estate  
Figures provided from the ESOS submission in February 2020

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Current best practice recommends a three to five year period of appointment for the external auditor. The Group has appointed Deloitte LLP as our external auditors for a minimum 5 year term with an option to extend for a further 2 years.

Approved by the Board of Directors and signed on its behalf by:

K L Jackson

Karen Jackson  
Chief Executive

Date: 01 October 2020

Locala Community Partnerships C.I.C.  
Beckside Court,  
Bradford Road,  
Batley,  
WF17 5PW

## **Directors' Responsibilities Statement**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102. "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **Independent Auditor's Report to the Members of Locala Community Partnerships C.I.C.**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Locala Community Partnerships C.I.C (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 24.

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).

#### **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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

We have nothing to report in respect of these matters.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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 respect of these matters.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the group's and the 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 directors 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

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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **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' 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' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **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.



Paul Hewitson FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Newcastle Upon Tyne, United Kingdom

Date: 02 October 2020

**Consolidated Statement of Comprehensive Income for the year ended 31 March 2020**

	Note	2020 £'000	2019 £'000
Turnover	3	69,305	68,197
Cost of services		(61,772)	(61,443)
<b>Gross surplus</b>		<b>7,533</b>	<b>6,754</b>
Administrative expenses		(6,926)	(6,213)
Other operating income		1,066	-
<b>Operating surplus</b>		<b>1,673</b>	<b>541</b>
Restructuring (cost)		-	(188)
Net finance income/(cost)	4	6	(13)
<b>Surplus before taxation</b>	5	<b>1,679</b>	<b>340</b>
Tax on surplus	8	(333)	(111)
<b>Surplus for the financial year</b>		<b>1,346</b>	<b>229</b>
Other comprehensive income/(cost)		(279)	-
Tax on other comprehensive income	8	53	-
<b>Other comprehensive income for the year</b>		<b>(226)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,120</b>	<b>229</b>

All activities derive from continuing operations.

There are no recognised gains or losses for the current or preceding financial year other than those shown in the above Consolidated Statement of Comprehensive Income. Accordingly, no separate statement of comprehensive income has been presented.

The notes on pages 30 to 53 form an integral part of the Financial Statements.



**Consolidated Statement of Financial Position as at 31 March 2020**

	Note	At 31 March 2020 £'000	At 31 March 2019 £'000
<b>Non-current assets</b>			
Tangible fixed assets	9	3,262	3,027
Debtors falling due after one year	10.1	55	55
<b>Current assets</b>			
Debtors falling due within one year	10.1	2,857	2,479
Cash at bank and in hand		8,934	6,891
<b>Total current assets</b>		<b>11,791</b>	<b>9,370</b>
<b>Creditors</b>			
Amounts falling due within one year	11.1	(9,097)	(8,026)
<b>Net current assets</b>		<b>2,694</b>	<b>1,344</b>
<b>Total assets less current liabilities</b>		<b>6,011</b>	<b>4,426</b>
Creditors: amounts falling due after more than one year	11.2	(325)	-
Provisions	12	(768)	(628)
<b>Net assets</b>		<b>4,918</b>	<b>3,798</b>
<b>Capital and reserves</b>			
Called up share capital	13.1	1	1
Income and expenditure account		4,917	3,797
<b>Shareholders' funds</b>		<b>4,918</b>	<b>3,798</b>

The Financial Statements of Locala Community Partnerships C.I.C. (registered number 07584906) were approved by the Board of Directors and authorised for issue on 01 October 2020.

Approved by the Board of Directors and signed on its behalf by:

K L Jackson

Karen Jackson  
Chief Executive

Date: 01 October 2020

The notes on pages 30 to 53 form an integral part of the Financial Statements.

Company Statement of Financial Position as at 31 March 2020

	Note	At 31 March 2020 £'000	At 31 March 2019 £'000
<b>Non-current assets</b>			
Tangible fixed assets	9	3,262	3,027
Debtors falling due after one year	10.2	55	55
<b>Current assets</b>			
Debtors falling due within one year	10.2	2,818	2,385
Cash at bank and in hand		8,780	6,888
Inter-company loan	22	-	955
<b>Total current assets</b>		<b>11,598</b>	<b>10,228</b>
<b>Creditors</b>			
Amounts falling due within one year	11.3	(9,026)	(7,948)
<b>Net current assets</b>		<b>2,572</b>	<b>2,280</b>
<b>Total assets less current liabilities</b>		<b>5,889</b>	<b>5,362</b>
Creditors: amounts falling due after more than one year	11.4	(325)	-
Provisions	12	(768)	(628)
<b>Net assets</b>		<b>4,796</b>	<b>4,734</b>
<b>Capital and reserves</b>			
Called up share capital	13.2	1	1
Income and expenditure account		4,795	4,733
<b>Shareholders' funds</b>		<b>4,796</b>	<b>4,734</b>

The surplus for the financial year dealt within the financial statements of the parent company was £288k (2019: £505k) after taking into account closure of Locala HomeCare Limited.

The Financial Statements of Locala Community Partnerships C.I.C. (registered number 07584906) were approved by the Board of Directors and authorised for issue on 01 October 2020.

Approved by the Board of Directors and signed on its behalf by:

K L Jackson

Karen Jackson  
Chief Executive

Date: 01 October 2020

The notes on pages 30 to 53 form an integral part of the Financial Statements.

**Consolidated Statement of Changes in Equity for the year ended 31 March 2020**

	Note	Called up Share Capital £'000	Income and Expenditure Account £'000	Total £'000
<b>At 1 April 2018</b>		<b>1</b>	<b>3,568</b>	<b>3,569</b>
Surplus for the financial year		-	229	229
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>229</b>	<b>229</b>
Issue of share capital	13	-	-	-
<b>At 31 March 2019</b>		<b>1</b>	<b>3,797</b>	<b>3,798</b>
Surplus for the financial year		-	1,346	1,346
Other comprehensive income		-	(226)	(226)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>1,120</b>	<b>1,120</b>
Issue of share capital	13	-	-	-
<b>At 31 March 2020</b>		<b>1</b>	<b>4,917</b>	<b>4,918</b>

The notes on pages 30 to 53 form an integral part of the Financial Statements.

Company Statement of Changes in Equity for the year ended 31 March 2020

	Note	Called up Share Capital £'000	Income and Expenditure Account £'000	Total £'000
<b>At 1 April 2018</b>		<b>1</b>	<b>4,228</b>	<b>4,229</b>
Surplus for the financial year		-	505	505
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>505</b>	<b>505</b>
Issue of share capital	13	-	-	-
<b>At 31 March 2019</b>		<b>1</b>	<b>4,733</b>	<b>4,734</b>
Surplus for the financial year		-	288	288
Other comprehensive income		-	(226)	(226)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>62</b>	<b>62</b>
Issue of share capital	13	-	-	-
<b>At 31 March 2020</b>		<b>1</b>	<b>4,795</b>	<b>4,796</b>

The notes on pages 30 to 53 form an integral part of the Financial Statements.

## Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Net cash generated from operating activities	14	2,510	3,233
Net cash used in financing activities	16	6	(13)
Net cash used in investing activities	16	(473)	(321)
<b>Increase in cash in the year</b>		<b>2,043</b>	<b>2,899</b>
Cash and cash equivalents at beginning of year		6,891	3,992
Cash and cash equivalents at end of year		8,934	6,891

The notes on pages 30 to 53 form an integral part of the Financial Statements.

## 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### General information and basis of accounting

Locala Community Partnerships C.I.C., which is a public benefit company, and Locala HomeCare Limited are companies limited by shares incorporated in the United Kingdom registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 5. The narrative of the Group's operations and its principal activities are set out in the Strategic Report on pages 6 to 15.

The Financial Statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The Group has applied the amendments to FRS 102 issued by the FRC in December 2017 with effect from 1 January 2019. The transitional provisions relating to the triennial review amendments have not resulted in any restatements of comparative information by the Group.

Locala HomeCare Limited (Company Number: 08470255) is exempt from the requirements to audit its accounts under section 479A of the Companies Act 2006.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also presented in pounds sterling.

### Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March each year. All inter-group transactions, balances, income and expenses are eliminated on consolidation. Within the Company only financial statements the investment in subsidiary is accounted for at cost less impairment.

### Going concern

Locala has 86% of its total revenue secured through contracts for the next 2 years supporting its going concern position. However, we do recognise the challenging environment we continue to work in with the need for continued efficiency savings increasing demand year on year. Any unrealised savings would result in a deficit, for which Locala would be required to utilise reserves.

Due to the current situation Locala has scaled back the delivery of existing services and redeployed resources to support the response to Coronavirus. We are working with Commissioners to facilitate the safe resumption of all services, within government guidelines. A Notice from the Cabinet Office ('Procurement Policy Notice – Supplier relief due to COVID-19 [Action Note PPN 02/20]') provides assurances that the payments for services will continue throughout the COVID-19 period. Additional assurances can also be taken as a large number of our customers are NHS organisations and Local Authorities which continue to be supported by the government throughout the COVID-19 period. We therefore we expect no negative impacts to revenue over the next 12 months.

As we are continuing to operate favourably, we have not needed to take advantage of any government schemes offered to alleviate pressures caused by COVID-19.

Locala retains a strong position with significant cash reserves which facilitates the achievement of an ongoing sustainable position and further opportunities for growth. The Directors therefore have a reasonable expectation that the organisation has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing.

### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land. Rates are calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, and starting in the first full month of operation.

Useful life is determined as follows:

IT Equipment	3 years
IT Infrastructure	5 years
Clinical & Medical Equipment	5 years
Furniture	5 years
Fixtures & Fittings	5 years
Plant & Machinery	5 years
Major Electricals	10 years
Roofs (of buildings)	10 years
Buildings	30 years

In the event that a capital asset is purchased for the sole provision of a bespoke contract, and would have no further use beyond the contract period, then consideration will be given to review the asset life in line with the contract life.

Any capital expenditure that can be assigned specifically to a leased item will be depreciated over the period of the lease.

Residual value is calculated on prices prevailing at the date of acquisition.

### Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the

asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## Stocks

Clinical consumables are typically utilised within the month and replenished on a monthly basis, maintaining very low quantities within the services at a nominal value and are not counted or recognised as assets for the accounts.

## Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date. Timing differences are differences between the Group's taxable profits and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

## Turnover

The clinical services of the Group are predominantly based on block contracts, some of which have a small proportion of performance based revenue. Turnover generated from the provision of services is only recognised when that element of the contract is completed, or where partially completed at the Statement of Financial Position date the turnover represents the part of activity that has been completed. The subsidiary turnover relates to home care services and is recognised on an activity basis.

## Employee benefits

The Group operates a personal pension plan (a money purchase arrangement) and is part of both the NHS Pension and West Yorkshire Pension Schemes, which are defined benefit pension plans, for the benefit of directors and colleagues. Pension costs are charged to the Statement of Comprehensive Income in the period to which they relate.

Payments to a defined contribution retirement benefit scheme are charged as an expense as they fall due.

Payments made to NHS retirement defined benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme; this is due to the scheme being a multi-



employer scheme which means that the Group's share of the liabilities of the scheme cannot be identified.

The liability recognised in the Statement of Financial Position is in respect of the West Yorkshire Pension defined benefit plan and is the present value of the defined benefit obligation less the fair value of the plan assets at the Statement of Financial Position date.

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

The fair value of plan assets is measured in accordance with the FRS102 fair value hierarchy.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement gains/(losses)'.

The cost of the defined benefit plan, recognised in income and expenditure as staff costs, except where included in the cost of an asset, comprises:

- (a) The increase in pension benefit liability arising from employee service during the period; and
- (b) The cost of plan introductions, benefit changes, curtailments and settlements.

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

Further details are available in note 18.

## Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

## Government grants

Government grants are recognised based on the accruals model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgement that has the most significant effect on the amounts recognised in the financial statements is the level of revenue recognised on performance related revenue streams. Revenue recognition therefore involves some level of judgement as to the achieved performance against specific KPIs set by the commissioning bodies. The estimated value of revenue, based on the critical judgements, are subjected to annual reviews by the commissioning bodies. The values are then adjusted to reflect actual performance.

Locala made the decision within 2019-20 to issue a Deed of Release of Debt to Locala HomeCare Limited for the loan and increased the Investment in Subsidiary. The fair value of the investment was assumed to be equal to the carrying value of the loan. There are no key sources of estimation uncertainty.

## 3. Turnover

All income has been derived within the UK and from the activity of health care provision. There were no new operations implemented in the year.

## 4. Net finance income/(cost)

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Interest receivable and similar income	17	13
Less:		
Interest payable and similar charges	(6)	(21)
Bank overdraft facility and bank charges	(5)	(5)
	<u>6</u>	<u>(13)</u>

## 5. Surplus before taxation

Surplus before taxation is stated after charging:

	Note	2020 £'000	2019 £'000
<b>Depreciation of tangible fixed assets</b>			
Owned	9	237	347
<b>Operating lease rentals</b>			
Other – Property		3,780	3,974
Other – Equipment (including IT)		427	390
		4,444	4,711
		4,444	4,711

The analysis of auditor's remuneration is as follows:

	2020 £'000	2019 £'000
Fees payable to the Group's auditor and their associates for the audit of Locala Community Partnerships C.I.C. and the Group financial statements	46	42
Fees payable to the Group's auditor and their associates for additional fees in relation to 2017-18 audit	-	2
	46	44
Total audit fees	46	44

Fees payable to the Group's auditor and their associates for other services to the Group:

Taxation compliance services	5	7
Other services	1	-
Other taxation advisory services	-	10
	6	17
Total non-audit fees	6	17
	52	61
	52	61

## 6. Staff number and costs

### 6.1 Group staff number and costs

The average monthly number of colleagues (including executive directors) was:

	<b>2020 Number</b>	<b>2019 Number</b>
Clinical and Operational	1,367	1,423
Corporate	117	113
	<u>1,484</u>	<u>1,536</u>

Their aggregate remuneration comprised:

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Wages and Salaries		36,551	36,001
Social Security Costs		3,398	3,309
Other Pension Costs	18	4,489	3,460
		<u>44,438</u>	<u>42,770</u>

The Other Pension Costs includes 6.3% additional pension contribution made by NHS England

### 6.2 Company staff number and costs

The average monthly number of colleagues (including executive directors) was:

	<b>2020 Number</b>	<b>2019 Number</b>
Clinical and Operational	1,316	1,352
Corporate	117	113
	<u>1,433</u>	<u>1,465</u>

Their aggregate remuneration comprised:

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Wages and Salaries		35,735	35,006
Social Security Costs		3,348	3,254
Other Pension Costs	18	4,489	3,449
		<u>43,572</u>	<u>41,708</u>

The Other Pension Costs includes 6.3% additional pension contribution made by NHS England

## 7. Directors' remuneration and transactions

	2020 £'000	2019 £'000
<b>Directors' remuneration</b>		
Executive Directors' emoluments	546	382
Non-Executive Directors' emoluments	73	56
Company contributions to defined benefit pension schemes	2	-
Company contributions to defined contribution pension schemes	39	18
	660	456
	660	456

	2020 Number	2019 Number
<b>The number of directors who:</b>		
Are members of a defined benefit pension scheme	1	1
Are members of a defined contribution pension scheme	5	5

	2020 £'000	2019 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	125	122
Company contributions to defined contribution pension scheme	6	6
	131	128
	131	128

The Executive Directors' emoluments include £0k (2019: £91k) of agency fees.

The 2018-19 Executive Directors' emoluments were low due to the Director of Nursing and Quality and the Director of Organisational Development and People being employed for only part of the year.

### Directors' transactions

The Executive Directors each hold an unpaid £1 share in Locala Community Partnerships C.I.C.

## 8. Tax on surplus

The tax charge comprises:

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax	257	61
Adjustments in respect of prior years	(16)	(2)
<b>Total current tax</b>	<u>241</u>	<u>59</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	87	58
Effect of changes in tax rate	6	(6)
<b>Total deferred tax</b>	<u>92</u>	<u>52</u>
<b>Total tax on surplus</b>	<u>333</u>	<u>111</u>
<b>Other comprehensive income items</b>		
Deferred tax current year credit	(53)	-
<b>Total tax on other comprehensive income</b>	<u>(53)</u>	<u>-</u>

The differences between the total current tax shown above and the amount calculated by applying the average rate of UK corporation tax to the surplus before tax are as follows:

	2020 £'000	2019 £'000
<b>Surplus before tax</b>	<u>1,679</u>	<u>340</u>
Tax at UK corporation tax rate of 19%	319	65
Effects of:		
Expenses not deductible for tax purposes	25	54
Adjustment in respect of prior years	(16)	(2)
Tax rate changes	5	(6)
<b>Total tax charge on surplus for year</b>	<u>333</u>	<u>111</u>

Finance Bill 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 March 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

## 9. Group and Company tangible fixed assets

	Freehold Land & Buildings £'000	Leasehold Land & Buildings £'000	Fixtures & Fittings £'000	Furniture £'000	IT Equip- ment £'000	IT Infra- structure £'000	Clinical & Medical Equipment £'000	Total £'000
<b>Cost/Valuation</b>								
<i>At 1 April 2019</i>	1,975	687	66	91	186	680	617	4,302
Additions	-	53	97	13	51	163	95	472
<b>At 31 March 2020</b>	<b>1,975</b>	<b>740</b>	<b>163</b>	<b>104</b>	<b>237</b>	<b>843</b>	<b>712</b>	<b>4,774</b>
<b>Depreciation</b>								
<i>At 1 April 2019</i>	124	138	15	36	104	380	478	1,275
Transfers	2	-	(2)	-	-	-	-	-
Charge for the year	(62)	57	16	20	45	86	75	237
<b>At 31 March 2020</b>	<b>64</b>	<b>195</b>	<b>29</b>	<b>56</b>	<b>149</b>	<b>466</b>	<b>553</b>	<b>1,512</b>
<b>Net book value</b>								
<i>At 1 April 2019</i>	1,851	549	51	55	82	300	139	3,027
<b>At 31 March 2020</b>	<b>1,911</b>	<b>545</b>	<b>134</b>	<b>48</b>	<b>88</b>	<b>377</b>	<b>159</b>	<b>3,262</b>

Tangible fixed assets are depreciated in the first full month after becoming operational, in line with the capital policy.

Consideration has been given as to the useful life of the Leasehold Land & Buildings and will be depreciated over the life of their leased period.

The useful life of Freehold Buildings has changed during the financial year to 30 years (2019: 10 years) resulting in a net £62k benefit in depreciation charge. This consequently increases the carrying value of the asset category by the £62k, reduces the annual depreciation expense by £43k and extends the period by which the assets would be depreciated over by 20 years.

The tangible assets grouping of Fixtures & Fittings includes all fixtures and fittings and major electrical items.

## 10. Debtors

### 10.1 Group Debtors

	At 31 March 2020 £'000	At 31 March 2019 £'000
Trade debtors falling due within one year	1,696	1,676
Other debtors falling due after one year	55	55
Prepayments and accrued income	1,161	803
	<u>2,912</u>	<u>2,534</u>

### 10.2 Company Debtors

	Note	At 31 March 2020 £'000	At 31 March 2019 £'000
Trade debtors falling due within one year		1,665	1,633
Other debtors falling due after one year		55	55
Prepayments and accrued income		1,153	752
Inter-company loan	22	<u>-</u>	<u>955</u>
		<u>2,873</u>	<u>3,395</u>

Trade debtors include 1,227 (2019: 1,203) £1 shares which are payable subject to a call notice.



## 11. Creditors

### 11.1 Group creditors – amounts falling due within one year

	<b>At 31 March 2020 £'000</b>	<b>At 31 March 2019 £'000</b>
Trade creditors	1,006	977
Corporation tax	257	92
Other taxation and social security	925	852
Accruals and deferred income	6,462	5,663
Pension scheme accrual	447	442
	<u>9,097</u>	<u>8,026</u>

Previously the deferred tax balance was recognised within the Corporations tax category, in the current year the brought forward balance of £46k has been transferred to provisions.

### 11.2 Group creditors – amounts falling due after more than one year

	<b>At 31 March 2020 £'000</b>	<b>At 31 March 2019 £'000</b>
Pension scheme net liability	325	-
	<u>325</u>	<u>-</u>

### 11.3 Company creditors – amounts falling due within one year

	<b>At 31 March 2020 £'000</b>	<b>At 31 March 2019 £'000</b>
Trade creditors	1,005	988
Corporation tax	257	92
Other taxation and social security	919	833
Accruals and deferred income	6,400	5,594
Pension scheme accrual	445	441
	<u>9,026</u>	<u>7,948</u>

Previously the deferred tax balance was recognised within the Corporations tax category, in the current year the brought forward balance of £46k has been transferred to provisions.

## 11.4 Company creditors – amounts falling due after more than one year

	At 31 March 2020 £'000	At 31 March 2019 £'000
Pension scheme net liability	325	-
	<u>325</u>	<u>-</u>

## 12. Group and Company provisions

	Corporate Restructure £'000	Insurance Claims £'000	Deferred Tax £'000	Total £'000
At 01 April 2019	188	440	-	628
Reclassification from Corporation tax creditor	-	-	46	46
Charged to Income & Expenditure account	-	303	92	395
Charged in Other Comprehensive Income	-	-	(53)	(53)
Utilisation of Provision	(119)	-	-	(119)
Released unused	(69)	(60)	-	(129)
At 31 March 2020	<u>-</u>	<u>683</u>	<u>85</u>	<u>768</u>

### Corporate Restructure

Following the restructure of corporate teams in 2018-19 to two operational business units, advantage was taken of vacancies to minimise the impact on colleagues, but some roles were put at risk, and a liability identified. The new structure had savings in finance, business development and HR, with investment into quality, estates and service transformation, and an overall net saving.

These plans were subsequently modified in 2019-20 and found that that not all roles at risk were required to achieve the desired new structure. This element of the provision was released as unutilised and the remaining utilised through the payment of redundancy costs.

### Insurance Claims

The Insurance Claims provision is to protect against the excess payable for current outstanding legal cases raised and incidents resulting from operational procedures for which patients may seek compensation.

Each current case has been assessed for its likelihood and found that, in most cases, Locala expects to be liable for up to half the total amount of excess. The same expectation has been

applied to all those clinical incidents for which an anticipated claim has not yet arisen but can be made within 7 years from the date of knowledge under the Limitation Act 1980.

The timing for the utilisation of the provision is uncertain and is based on the timing of the receipt of the actual claims and its subsequent claim process.

## Deferred Tax

Deferred Tax prior year balance of £46k has been reclassified from Creditors.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred tax (assets)/ liabilities</b>		
Provision at start of period	46	(7)
Deferred tax charge to income statement for the period	92	52
Deferred tax charge in OCI for the period	(53)	-
	<hr/>	<hr/>
<b>Provision at end of period</b>	<b>85</b>	<b>46</b>
	<hr/> <hr/>	<hr/> <hr/>

Deferred tax is recognised as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group and company</b>		
Fixed asset timing differences	205	106
Short term timing differences	(120)	(60)
	<hr/>	<hr/>
<b>Deferred tax liability</b>	<b>85</b>	<b>46</b>
	<hr/> <hr/>	<hr/> <hr/>

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

There is no expiry date on timing differences, unused tax losses or tax credits.

The deferred tax liabilities payable within 12 months from 31 March 2020 are £205k for owned fixed assets realised through use. The deferred tax assets recoverable within the same period are £120k resulting from short term timing differences for pension contributions deductible on a paid basis.

## 13. Called up share capital

### 13.1 Group share capital

	At 31 March 2019 £	At 31 March 2019 £
<b>Allotted and unpaid Shares</b>		
Opening ordinary shares of £1 each	1,203	747
Shares issued during the year	132	577
Shares returned during the year	(108)	(121)
	<u>1,227</u>	<u>1,203</u>
Closing ordinary shares of £1 each	<u>1,227</u>	<u>1,203</u>

Subject to the articles and the terms on which shares are allotted, the Directors may send a notice (a “call notice”) to a shareholder requiring the shareholder to pay the Company a specified sum of money in line with the nominal value of £1, which is payable to the Company at the date when the Directors decide to send the call notice.

There is one fully paid share in the subsidiary held by Locala Community Partnerships C.I.C.

### 13.2 Company share capital

	At 31 March 2019 £	At 31 March 2019 £
<b>Allotted and unpaid Shares</b>		
Opening ordinary shares of £1 each	1,203	747
Shares issued during the year	132	577
Shares returned during the year	(108)	(121)
	<u>1,227</u>	<u>1,203</u>
Closing ordinary shares of £1 each	<u>1,227</u>	<u>1,203</u>

Subject to the articles and the terms on which shares are allotted, the Directors may send a notice (a “call notice”) to a shareholder requiring the shareholder to pay the Company a specified sum of money in line with the nominal value of £1, which is payable to the Company at the date when the Directors decide to send the call notice.

#### 14. Reconciliation of operating profit to operating cash flows

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Surplus before finance charges	1,673	353
Depreciation	237	347
Increase in provisions	55	505
	<u>1,965</u>	<u>1,205</u>
Operating Cash Flow before movement in working capital	1,965	1,205
(Increase)/Decrease in debtors	(377)	596
Increase in creditors	952	1,505
	<u>2,540</u>	<u>3,306</u>
Net cash flows from operating activities	2,540	3,306
Income taxes paid	(30)	(73)
	<u>(30)</u>	<u>(73)</u>
Net cash generated from operating activities	<u><u>2,510</u></u>	<u><u>3,233</u></u>

#### 15. Reconciliation of net debt

	<b>At</b> <b>01 April</b> <b>2019</b>	<b>Cash</b> <b>Flows</b>	<b>At</b> <b>31 March</b> <b>2020</b>
Cash at bank and in hand	6,891	2,043	8,934
	<u>6,891</u>	<u>2,043</u>	<u>8,934</u>
Total	<u><u>6,891</u></u>	<u><u>2,043</u></u>	<u><u>8,934</u></u>

#### 16. Analysis of cash flows

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Cash flows from financing activities</b>		
Interest received	17	13
Interest paid	(6)	(21)
Bank charges	(5)	(5)
	<u>6</u>	<u>(13)</u>
Net cash received/(used) in financing activities	<u><u>6</u></u>	<u><u>(13)</u></u>
<b>Net cash flows from investing activities</b>		
Purchase of tangible fixed assets	(473)	(321)
	<u>(473)</u>	<u>(321)</u>
Net cash used in investing activities	<u><u>(473)</u></u>	<u><u>(321)</u></u>

## 17. Financial commitments

### The Group as a lessee

Total future minimum lease payments under all operating leases, all within the parent company are as follows:

	<b>At 31 March 2020 £'000</b>	<b>At 31 March 2019 £'000</b>
Expenditure to be incurred:		
- within one year	3,290	3,528
- between two and five years	12,860	13,704
- over five years	11,849	-
	<u>27,999</u>	<u>17,232</u>

Locala has a contractual liability of £351k within one year (2019: £283k), £1,189k between two and five years (2019: £722k) and £425k over five years (2019: £515k), included within the above table. The additional liability is not yet contractual but is in the process of being formalised and as this is fundamentally connected to the delivery of services, we have chosen to voluntarily disclose these within our minimum future lease payments.

### The Group as a lessor

The Group leased out space from our owned property, Princess Royal Health Centre. The property leased has committed tenants for the next 2 years.

The lessee does not have the option to purchase the property at the expiry of the lease period.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	<b>At 31 March 2020 £'000</b>	<b>At 31 March 2019 £'000</b>
- within one year	129	129
- between two and five years	129	236
	<u>258</u>	<u>365</u>

## 18. Employee benefits

Colleagues of Locala Community Partnerships are members of three separate pension schemes:

- Locala Pension Scheme, administered by Royal London
- NHS Pension Scheme, administered by the NHS Business Services Authority
- West Yorkshire Pension Fund, which is part of the Local Government Pension Scheme (LGPS)

### Defined contribution schemes

#### **Locala Pension Scheme:**

The Company operates a defined contribution retirement benefit scheme for all qualifying colleagues. The assets of the scheme are held separately from those of the Company. Where there are colleagues who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions. The total expense charged to income and expenditure in the period ending 31 March 2020 was £959k (2019: £838k).

### Defined benefit schemes

#### **NHS Pension Schemes:**

Colleagues recruited prior to 01 October 2011, and any subsequent colleagues who have transferred into the organisation with an existing NHS Pensions Schemes, are covered by the provisions of the NHS Pensions Schemes through a closed direction order. Details of the benefits payable under these provisions can be found on the NHS Pensions website at: [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions).

The schemes are unfunded, defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care, in England and Wales. The schemes are not designed to be run in a way that would enable employers to identify their share of the underlying schemes assets and liabilities. Therefore, the schemes are accounted for as if they were defined contribution schemes: the costs to the employer of participating in the schemes are taken as equal to the contributions payable to the schemes for the accounting period and charged as they become due. Including the contributions paid on behalf of Locala by NHS England, the total Locala employer contributions for the year were £3,501k (2019: £2,677k).

In order that the defined benefit obligations recognised in the Financial Statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, there is requirement that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

#### **a) Accounting valuation**

A valuation of the schemes’ liabilities are carried out annually by the schemes’ actuaries (currently the Government Actuary’s Department) as at the end of the reporting period. These utilise an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the schemes’ liabilities as at 31 March 2020, are based on valuation data at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking these actuarial assessments, the methodology

prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the schemes are contained in the schemes' actuary report, which form part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

***b) Full actuarial (funding) valuation***

The purpose of these valuations are to assess the level of liabilities in respect of the benefits due under the schemes (taking into account its recent demographic experience), and to recommend the contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Schemes was completed for the year ending 31 March 2019. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%, and the Scheme Regulations were amended accordingly.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the schemes' actuary and appropriate employee and employer representatives as deemed appropriate.

***c) Scheme provisions***

The NHS Pension Schemes provide defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the schemes or the specific conditions that must be met before these benefits can be obtained:

The schemes are "final salary" schemes. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 01 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the schemes who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.



For early retirements other than those due to ill health the additional pension liabilities are not funded by the schemes. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Pension Schemes and contribute to money purchase Additional Voluntary Contributions (AVC) run by the schemes' approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

**West Yorkshire Pension Fund:**

Local Authority staff who transferred to Locala during financial year 2016-17 have retained access to the West Yorkshire Pension Fund with assets held in a separately administered fund.

Locala hold two separate admissions which provide a retirement benefit on the basis of members' final salary. The plans are administered by the West Yorkshire Pension Fund, who are responsible for ensuring that they are sufficiently funded to meet current and future obligations.

A comprehensive actuarial valuation of Locala's admissions within the pension scheme, using the projected unit credit method, were carried out at 31 March 2020 by AON Solutions UK Limited. The historic gains/losses, operating costs and financing costs identified prior to 2019-20 within the actuarial reports have been recognised in full within other comprehensive income in year.

Adjustments to the valuations at that date have been made based on the following assumptions:

	Admission 1		Admission 2	
	At 31 March 2020 % p.a.	At 31 March 2019 % p.a.	At 31 March 2020 % p.a.	At 31 March 2019 % p.a.
<b>Key Assumptions</b>				
Discount rate	2.30	2.40	2.30	2.40
CPI inflation	1.80	2.20	1.90	2.20
Pension increases	1.80	2.20	1.90	2.20
Pension account revaluation rate	1.80	2.20	1.90	2.20
Salary increases	3.05	3.45	3.15	3.45

The mortality assumptions used for both admissions were as follows:

	At 31 March 2020 # Years	At 31 March 2019 # Years
<b>Males</b>		
Pensioner member aged 65 at accounting date	21.8	22.2
Active member aged 45 at accounting date	22.5	23.2
<b>Females</b>		
Pensioner member aged 65 at accounting date	24.6	25.4
Active member aged 45 at accounting date	25.7	27.2

The asset allocation of both admissions was as follows:

<b>Asset allocation</b>	<b>At 31 March 2020 %</b>	<b>At 31 March 2019 %</b>
<b>Key Assumptions</b>		
Equities	77.5	74.0
Property	4.5	4.7
Government body	9.6	11.2
Corporate bonds	5.1	4.0
Cash	1.9	2.3
Other	1.4	3.8
Total	100.0	100.0

Reconciliation of scheme assets and liabilities

	<b>Admission 1 £'000s</b>		<b>Admission 2 £'000s</b>		<b>Total £'000s</b>
	Assets	Liabilities	Assets	Liabilities	
At 01 April 2019	446	(725)	70	(102)	(311)
Benefits paid	(11)	11	-	-	-
Contributions by participants	4	(4)	1	(1)	-
Employer contributions	8	-	5	-	13
Current service cost	-	(24)	-	(8)	(32)
Past service cost	-	(19)	-	(2)	(21)
Interest income/(expense)	11	(17)	2	(2)	(6)
Remeasurement gains/(losses)	(43)	-	(7)	-	(50)
Actuarial gains/(losses)	-	77	-	5	82
As at 31 March 2020	415	(701)	71	(110)	(325)

Total cost recognised as an expense in income and expenditure (I&E)

	<b>At 31 March 2020</b>			<b>At 31 March 2019</b>
	<b>£'000s</b>			<b>£'000s</b>
	<b>Admission 1</b>	<b>Admission 2</b>	<b>Total</b>	
<b>Operating cost</b>				
Current service cost	24	8	32	-
Past service cost	19	2	21	-
<b>Financing cost</b>				
Interest on net defined benefit liability	6	-	6	-
Pension expense recognised in I&E	49	10	59	-

Total amount recognised in other comprehensive income (OCI)

	At 31 March 2020 £'000s			At 31 March 2019 £'000s
	Admission 1	Admission 2	Total	
Historic gains/(losses)	(279)	(32)	(311)	-
Asset gains/(losses)	(43)	(7)	(50)	-
Liability gains/(losses)	77	5	82	-
Total recognised in OCI	<u>(245)</u>	<u>(34)</u>	<u>(279)</u>	<u>-</u>

Actual return on assets

	At 31 March 2020 £'000s			At 31 March 2019 £'000s
	Admission 1	Admission 2	Total	
Interest income on assets	11	2	13	-
Gain/(loss) on assets	<u>(43)</u>	<u>(7)</u>	<u>(50)</u>	<u>-</u>
Actual return on assets	<u>(32)</u>	<u>(5)</u>	<u>(37)</u>	<u>-</u>

## 19. Subsequent events

Following the year end, on the 03 May 2020, Locala discontinued the operations of Locala HomeCare Limited. The company's operations and contracts were transferred to a third party provider on 04 May 2020 with agreement from the Commissioning body.

It is expected, as a result of this transfer, to see a reduction in the Locala Group revenue of £700k and costs of £950k in the 2020-21 financial year, increasing the Group's pre-tax surplus by £250k.

Locala HomeCare Limited will remain inactive for the foreseeable future.

## 20. Related party transactions

The following are the related party transactions for the Group:

### Financial Year 2019-20

Julie Bolus, Non-Executive Director – Non-Executive Director at National Association of Primary Care and spouse being Head of IG at NHS England

Julie Clennell, Director of Nursing and Quality - Panel Member at Nursing & Midwifery Council

Christopher Reeve, Company Secretary – Stakeholder Governor at Calderdale and Huddersfield NHS Foundation Trust

Selina Ullah, Non-Executive Director - Non-Executive Director at Bradford Teaching Hospitals NHS Foundation Trust

### Financial Year 2018-19

Julie Bolus, Non-Executive Director – spouse being Head of GDPR at NHS England

Christopher Reeve, Company Secretary – Co-opted Governor at Calderdale and Huddersfield NHS Foundation Trust

During the year, the Group had the following transactions with these organisations as part of the normal course of business:

		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
Bradford Teaching Hospitals NHS FT	Expenditure	6	-
Bradford Teaching Hospitals NHS FT	Income	2	-
Calderdale and Huddersfield NHS FT	Expenditure	620	628
Calderdale and Huddersfield NHS FT	Income	362	408
National Association of Primary Care	Expenditure	1	-
NHS England	Income	4,853	3,667
Nursing & Midwifery Council	Income	6	-

Included in the above balances are the following debtors & creditors:

		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
Bradford Teaching Hospitals NHS FT	Creditor	-	-
Bradford Teaching Hospitals NHS FT	Debtor	-	-
Calderdale and Huddersfield NHS FT	Creditor	67	169
Calderdale and Huddersfield NHS FT	Debtor	182	280
National Association of Primary Care	Creditor	-	-
NHS England	Debtor	581	449
Nursing & Midwifery Council	Debtor	-	-

## 21. Controlling party

Throughout the year, in the opinion of the Directors, there was no controlling party for the company. Only Locala colleagues may hold ordinary shares which have no voting rights attached.

## 22. Inter-company loan

Locala HomeCare Limited, a wholly owned subsidiary of Locala held a £1,350k loan from the parent company, payable on demand. The interest payable on the loan was base rate plus 1%, where the base rate is determined by the Bank of England Base Rate on the last working day of the month.

Locala made the decision within 2019-20 to issue a Deed of Release of Debt to Locala HomeCare Limited for the loan and consequently recognised both an Investment in Subsidiary within Locala and Capital Contribution within Locala HomeCare Limited.

It was assumed that the fair value of the Investment in Subsidiary was equal to the carrying value of the loan. Subsequent to the recognition of the investment the directors reviewed its fair value and determined it held a nil value. Therefore, the investment has been written off.

The impairment does not appear in the consolidated Statement of Comprehensive Income as it is a transaction within the group.

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Opening Investment at 01 April	955	805
Additional Investment	395	150
Impairment	(1,350)	-
	<hr/>	<hr/>
Closing Investment at 31 March	-	955
	<hr/> <hr/>	<hr/> <hr/>

## 23. Investment

Locala Community Partnerships C.I.C. holds 100% of the ordinary shares in the subsidiary company, Locala HomeCare Limited, also registered at Beckside Court, Bradford Road, Batley, West Yorkshire, United Kingdom, WF17 5PW.

## 24. Profit attributable to the company

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of the parent company. The profit attributable to the Company is disclosed in the footnote to the Company's Statement of Financial Position.