

First-rate people. **First-rate** care. **First-rate** value.

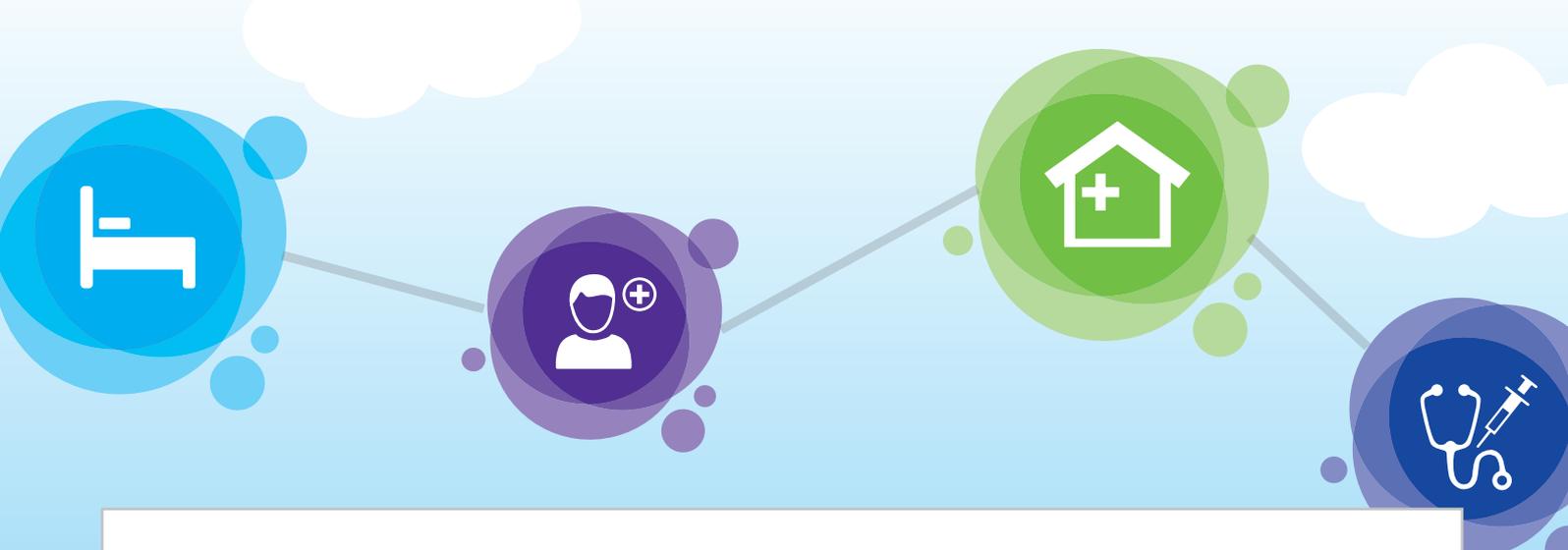


First Community Health & Care CiC

Directors' Report and
Financial Statements

Year ended 31 March 2021





Contents

Chair of the Board's welcome	3
Strategic report	5
Directors' report	25
Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	28
Independent Auditor's report	28
Statement of comprehensive income	32
Statement of financial position	33
Statement of changes in equity	34
Cash flow statement	35
Notes to the financial statements	36



Chair of the Board's welcome



I am delighted to present this year's Directors' Report and Financial Statements on behalf of First Community Health and Care (First Community) as the Chair of the Board.

This unprecedented year saw healthcare providers face challenges and pressures like never before and I cannot be prouder of the way First Community colleagues adapted and, as a result, what we have achieved.

Our strategic approach, which is to put People and System, ahead of purely Organisational priorities was consistent throughout the year, and at the heart of all decision making.

Despite the gruelling and testing demands of the COVID-19 pandemic, since April 2020 we have significantly and continuously adapted our services and ways of working to rise to the challenges presented. We enacted our Incident Control process and entered a status of Command and Control for all decision making to ensure our patients and staff were safe; services adequately resourced; and that appropriate, timely communications were shared internally and externally.

This also included the adaption to COVID secure workplaces, staff using more Personal Protective Equipment (PPE) and switching to virtual appointments, clinics, and consultations for many patients. All staff have had to adapt to using new technology and many are using their homes as their office space. Despite these unparalleled circumstances our staff remained fully engaged and committed to delivering first rate care to our local community. Patients also adapted and supported us as we made these changes, and we are very grateful to them.

Several staff were redeployed to support front line services while others supported community testing. All responded with agility, innovation, and compassion to ensure the services we offer that people rely on continued to be provided in the best possible way. This has included online assessments, virtual clinics, and developing new patient services. I am very pleased some of these new ways of delivering care will continue to be adopted after the pandemic has passed. We will use the learning from this remote and virtual working experience to inform and develop our new ways of working for the future.

We developed and led the delivery of infection prevention and control training to all care homes across east Surrey and this vital work helped to prevent the rapid spread of infection to some of the most at risk people.

Our commitment to close collaborative working with partners has seen our community nursing team deliver COVID-19 vaccinations to more than a thousand housebound patients and led to First Community playing a leading role in the production of a short NHS film aimed at improving vaccine confidence within the Gypsy, Roma, Traveller and Showmen community, which is also being shown in prisons across England.

In May we created a new COVID rehabilitation service, which then evolved to incorporate a Long COVID response - in partnership with Surrey Heartlands colleagues - to support increased demand from patients that have been suffering with persistent symptoms after having COVID-19. From an initial projection of 20 patients, we have over 250 patients on this pathway. We also supported East Surrey Hospital by setting up a Fast-Track Discharge service enabling the safe and quick discharge of patients from the hospital to ensure acute hospital services were available for those most in need.

Within this ever changing and often unknown environment we continued to work in partnership to provide children's health services in east Surrey, operating as Children and Family Health Surrey (CFHS). Our Surrey wide 0-19 Advice Line is taking over 2,500 calls per month from parents, carers, and health care providers. This service was invaluable to parents and carers seeking support throughout the various stages of lockdown.

The two-year Gypsy Roma Traveller (GRT) Programme has seen over 4,000 people. The Surrey-wide Inclusion Health Project, which launched in February 2020 has been extended for a further 12 months to March 2022 and has seen 1,896 people at home.

We have significantly invested in our IT and Estates over the past year. All staff have been equipped with the tools and resources to be able to work in a more agile, often remote way whilst continuing to provide a first-rate service to our patients, throughout the pandemic and beyond. We continued to deliver planned Estate and IT capital works to keep our infrastructure up-to-date and safe. All sites have been made COVID secure to ensure the safety of patients, staff, and visitors.

We strengthened our focus on the health and wellbeing of our staff leading to a significant increase in wellbeing services being made available to everyone. We also held several staff thank you initiatives throughout the year to recognise the amazing efforts of our colleagues in rising to the many challenges presented by the various stages of the pandemic.

We were also delighted to be a new entrant in the top 50 employee-owned companies announced on 26 June 2020, Employee Ownership (EO) Day.

I would like to thank Val Frost, Chief Operating Officer who retired at the end of this year. Val was one of the founding members of First Community and successfully led us to achieve our CQC "Outstanding" status. Val postponed her retirement to manage our response to the COVID-19 pandemic, which she did tremendously. Val is renowned for her incredible contribution to operations management, patient care and leadership skills here at First Community and across east Surrey.

Dr Alastair Wells, Medical Advisor to the Board also retired this year and I thank him for his invaluable contribution and support for First Community since its formation in 2011.

This was our first full year as part of the Surrey Heartlands Integrated Care System (ICS) and despite being dominated by COVID we have established strong partner relations and service delivery. We played an active role in the COVID incident response and lead the development of the long covid rehabilitation pathway (further detail is outlined in business priority two on page 8).

Overall, we have made excellent progress against our business objectives, continuing to improve and develop the services we provide and the experience of our patients and staff, in what has been the most challenging year yet.

Our deeply embedded focus on first rate care, first rate people and first rate value, meant we had the foundation, expertise, and agility to successfully navigate the extraordinary environment of this pandemic.

Our achievements are only possible because of the dedication and commitment of all our staff, volunteers, and partners. On behalf of the Board, thank you all for enabling us to provide first rate care every day and we look forward to continuing our work together for a brighter future.



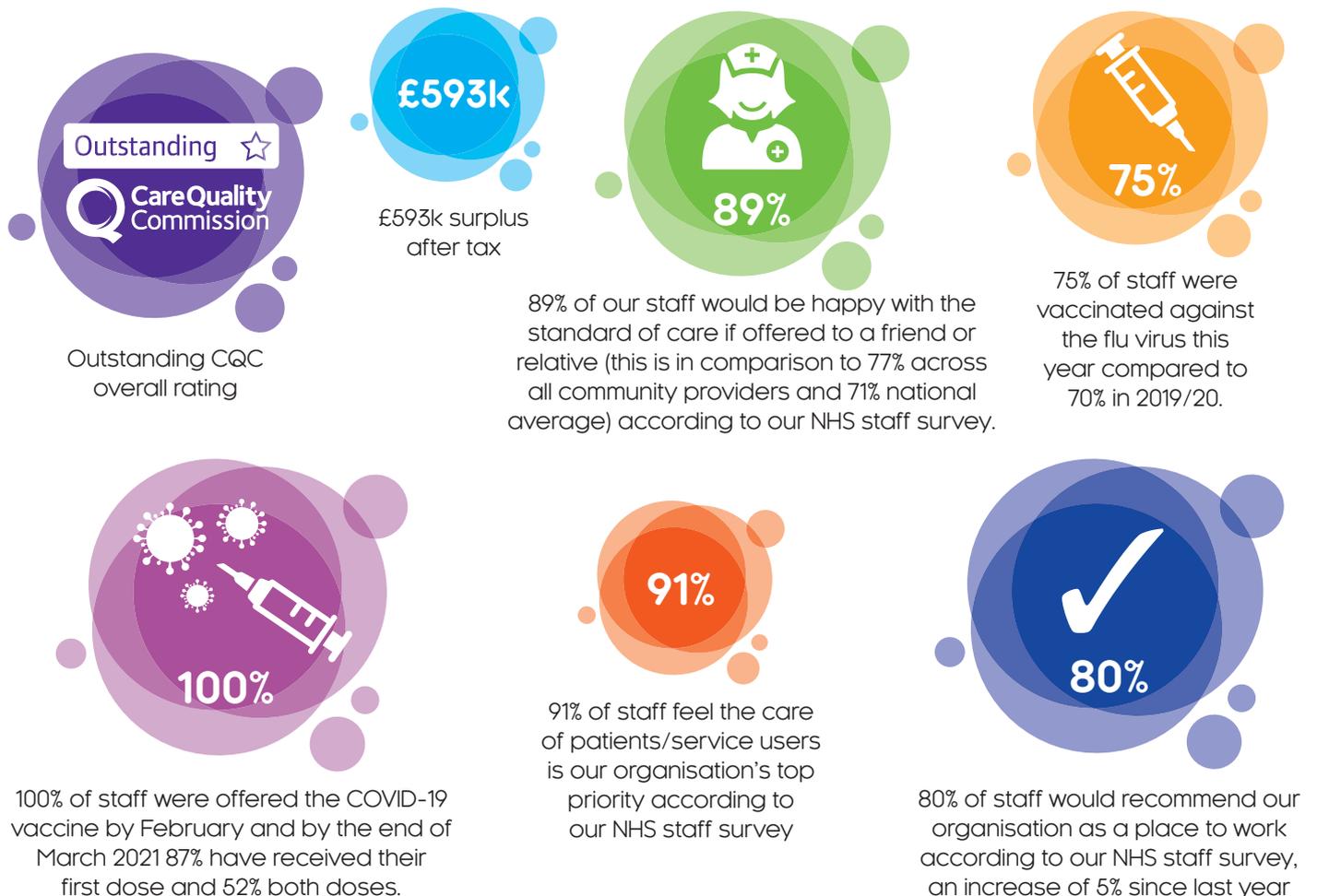
Florence Barras
Chair of the Board



Strategic Report

Year at a glance

Outstanding quality and good value community health services



About First Community

First Community delivers front-line NHS services across east Surrey and West Sussex contracted by local clinical commissioning groups (CCGs). We provide community health services for adults and children.

Our well run and outstanding rated services delivered by skilled professionals include:

- Community nursing (including district and specialist nursing)
- Health visitors, school nurses and childhood immunisation services
- A wide range of adult and children's therapies provided in clinics and in people's homes including a Long Covid rehabilitation service.
- We provide children and family services in east Surrey under the Children and Family Health Surrey brand.
- A rehabilitation in-patient ward
- See page 24 for information on the services we provide.
- A Minor Injury Unit (MIU)

Business objectives 2020/21

Our strategic direction for 2020/21 was shaped by COVID-19 and how the Government, the NHS, Surrey Heartlands ICS, our locality around East Surrey Hospital (SaSH) and us as an organisation respond to this unprecedented situation.



Performance against business priorities 2020/21

Business priority 1:

Respond to the COVID pandemic, recover affected services and be ready for any future demand experienced by our population



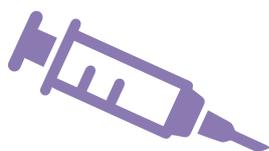
First Community has continuously adapted its services to provide first rate health care to our patients. This has included offering virtual appointments, video consultations and for those services which required in person treatment, a safe and secure environment. During the first wave of the pandemic from March to June, several scheduled care services were paused in response to the Community Services directive from NHSE/I. Many of these services however, continued to provide urgent services via face to face or virtual means, and significantly adapted the way in which they delivered care to patients. Recovery of paused care from the first wave took place during the summer, and no services were paused at all during the second wave of the pandemic.

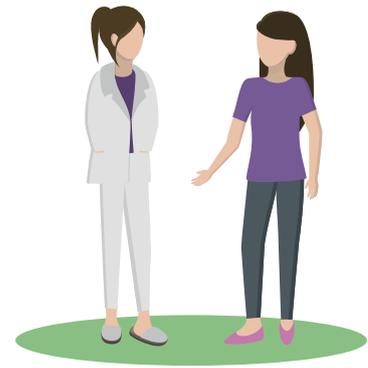
At the beginning of the year, 28 First Community staff members were redeployed to support frontline NHS services, including the community testing programme. First Community staff developed and delivered an infection, prevention, and control training programme across all care homes in east Surrey to help prevent the spread of COVID-19 to some of our most vulnerable patients and residents.

Since the pandemic began the District Nursing team have been supporting increased numbers

of patients with complex and end-of-life needs in their own homes, to maximise their health and wellbeing whilst lowering the demand for hospital care. For example, some patients on the teams' caseload have a Peripherally Inserted Catheter (PICC) line to help safely administer chemotherapy and or intravenous medication. In normal circumstances these patients would attend hospital to have the PICC line removed at the end of their treatment, but to ease pressure on hospitals during the pandemic the resilient nursing team provided this care to patients in the comfort of their own homes.

Our community nursing teams have been supporting local GPs in the roll out of the COVID-19 vaccine. As part of this they have vaccinated thousands of housebound patients with their first COVID-19 vaccination and (as of March 2021) are well under way with the administration of their second doses to protect the most vulnerable patients across east Surrey. The teams have been working closely with GP and primary care colleagues to deliver the vaccinations and it's a huge achievement and testament to the tireless work of our community nurses and partners. Internally we have supported delivery of the flu vaccine to 75% of staff and the COVID vaccine to 87% of staff by the end of March 2021.





In March, our Gypsy, Roma and Traveller and Inclusion Health Team in partnership with Surrey Heartlands CCG produced a powerful film to educate, inform and answer common questions about the COVID-19 vaccine to boost vaccine confidence within Traveller communities. This launched in April 2021 and has already been requested for distribution by many partner organisations including Surrey Council, several Gypsy, Roma Traveller community groups and the National Prison Service.

In April 2020, we identified that a number of hospitalised COVID patients were requiring significant rehabilitation, and therefore responded by developing the COVID rehab pathway for patients being discharged from SaSH. When it subsequently became apparent there were a number of patients who had not been hospitalised but who were seeking support for ongoing health issues following COVID, we expanded our pathway, in partnership with primary care, to support these patients. In the autumn, with Long COVID emerging as an increasing issue, and in line with the NHSE/I Commissioning Guidance on Post-COVID Clinics, we further expanded the service and the team. There have been 369 patients referred to the COVID team over the year (as of 31 March 2021),

and the need for this service continues post the initial waves of the pandemic.

Throughout the year First Community has operated on a command-and-control basis as required by national incident management protocols to ensure the various stages of the pandemic are responded to appropriately. This model allows for key leaders to make informed decisions in a timely, consistent manner thereby ensuring our actions are transparent and aligned to the government, the NHS, Surrey Heartlands ICS, our ICP around East Surrey Hospital (CRESH) as we respond to this unprecedented situation. Lessons learned reviews were carried out after the first wave and the learnings implemented so our response was further improved upon during the second major surge in early 2021.

Going forward, First Community will follow the government guidance from the roadmap to recovery. This will include putting new ways of working in place to manage the transition of services and staff to continue to provide first rate health care across east Surrey. This will ensure we learn from our experiences and take forward the knowledge and expertise to create an even better patient experience.



Business priority 2:



To be an effective Surrey Heartlands partner (as part of an Integrated Care System)

This was our first full year as part of the Surrey Heartlands ICS and it was, unsurprisingly, dominated by COVID. We were an active partner in the incident management of COVID with daily calls in Spring/Summer 2020 and again during the first quarter of 2021 to manage the peaks of the two main COVID surges. This provided a forum to escalate concerns both from our locality but also as a community provider, and to get system support to manage risks locally. This intense period had the benefit of helping to raise the profile of community NHS provision more generally and we have worked hard with partners across Surrey Heartlands to better embed community services into the data set and governance.

As part of the COVID response we were involved, from the outset and consistently thereafter, in the roving community testing approach with SECAMB which enabled testing of those in the community who were housebound and therefore some of the most vulnerable in Surrey.

We have supported (and been supported by) partners with mutual aid ranging from PPE to seconding some of our expert physios into East Surrey Hospital to help inpatients with COVID. We also provided beds in our community hospital for those out of our usual geographic area and flexed the type of beds we could provide based on our system needs to respond to the needs of patients as they changed. This involved rapidly flexing our estates, staffing, and operating model to provide the type of

resource required based on the changing patient and system need.

We have led the conversation about 'Long Covid' at Surrey Heartlands using the strength of our own service mobilised in May 2020 to support a system wide conversation about learning and best practice in an area where the clinical model and evidence is so new and changing all the time.

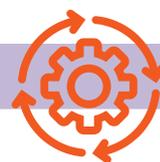
Similarly, our strong working with the GRT community locally and our leadership of this work on behalf of CFHS across Surrey means we have been able to support this community during the crisis whilst also ensuring they are not excluded from vaccinations, helping to reduce health inequalities.

In preparing for the reprocurement of the CFHS contract we have raised our profile in the Surrey wide work on transformation of services for children and young people and now co-chair the Surrey wide design work to continue to improve these services and now respond to the gaps highlighted by COVID.

We have worked closely with Surrey Heartlands digital team and governance and used this to articulate a digital strategy for the future which blends our organisational priorities with a strong desire to be part of a Surrey wide approach – our readiness to be part of the Surrey Care Record, despite joining this project later due to being part of the Sussex system until last year, is of particular note.



Business priority 3:



To play a core role in the CRESH Integrated Care Partnership (ICP)

Whilst the plan for 2020/21 was to develop a place based ICP covering the Crawley, East Surrey, and Horsham (CRESH) area which balanced financial recovery with the needs of the population, COVID obviously dominated the year. However, this didn't reduce our place-based working and, in fact, increased the amount and maturity of collaborative working.

As an ICP we used escalation at place to manage the COVID incident and linked into Surrey and Sussex ICS areas as appropriate. We also developed a recovery programme which was able to embed some of the planned operational changes and priorities at the same time as responding to COVID. As an ICP the priorities in year fell into three main categories and our work has spanned all of them:

1. Surge response

2. Admissions avoidance

3. Discharge/step down/intermediate care.

We undertook significant work to change our discharge pathway from East Surrey hospital in response to the new Discharge to Assess (D2A) model – both to reduce the numbers of Medically Fit for Discharge (MFFD) patients but also to create capacity in SASH to manage COVID cases. This new pathway has been embedded throughout the year and has greatly reduced numbers of MFFD in the system. We also progressed the first phase of the Think 111 programme which has increased the directly booked flow of patients to our MIU rather than to A&E. This programme will expand further in the coming year. This work involved additional funding both for our intermediate care team and district nursing teams to manage this change in patient flow.

As part of our admissions avoidance work, we worked with PCNs (see later section) to develop Multi-Disciplinary Teams (MDT) so that they link with care homes and support those residing in care homes. We were also funded to increase our care home advisor resource across the east Surrey part of the ICP to support our care homes with enhanced infection prevention control training and advice.

We led the creation of an oversight group for care provision at place which has strengthened

the governance in this arena and better embedded care homes in particular into the wider health and care system. East Surrey was held up as an exemplar in terms of our work with care homes. The CCG chose not to commission a two-hour urgent community response in 2020/21 but will be doing so for 2021/22. We have recently secured funding for this service and will be mobilising this as a priority in 2021.

We have worked closely with ICP partners to develop programmes and governance throughout the year responding to issues as they arise. As a result of the government White Paper more clearly aligning ICS systems to Upper Tier Local Authorities, we supported a decision at the end of March 2021 to move from CRESH as an ICP geography to purely east Surrey. This will be our focus for the coming year although there will still be areas (such as acute discharge) where we work closely with partners in Sussex to ensure good, consistent services for patients in the SASH catchment area.

Pathway work on respiratory and cardiology did slow down due to the surge response, however the development of a range of services to respond to COVID – both those we led (Long COVID Rehabilitation) and those we supported (Testing, Vaccinations, COVID monitoring at home) – took their place in terms of collaborative local priorities for the year. The Clinical Delivery Board (formally for CRESH but now for east Surrey) has become a key forum for collaborative clinical work and we have been an active partner in making this a success. We are heavily involved in now developing east Surrey as a place and working through the implications of the White Paper whilst grounding our model in the health and wellbeing of our residents.

Our Community Forum goes from strength to strength and is now well placed to act as a forum feeding into the east Surrey Partnership Board to better allow for third sector representation at place.

Working collaboratively has been at the heart of the forum over the last year, sharing key information about services and support available throughout the COVID-19 pandemic, and about the recovery of services as the county slowly emerged from the crisis. The Community Forum has also considered the legacy of the pandemic,

particularly in regard to how all partners could build on the increased community involvement and volunteers.

Over the past year all meetings have taken place virtually, which has highlighted the importance of digital inclusion and the forum has and continues to do work mapping out the gaps and need in the community to ensure no-one is left behind.

We will continue to use our passion for collaborative working to submit more joint applications for funding. This follows the bid submitted to NHS charities together by First Community, Surrey Coalition of Disabled People, and other forum members, for devices and support to enable more east Surrey residents to access the NHS COVID recovery website.

Looking ahead, the Community Forum will continue to amplify the services, work and opportunities provided by its members, and to identify collaborative funding opportunities to further support patients and service users to access vital support services across east Surrey.



Business priority 4:



Mobilise more services around Primary Care Networks (PCNs)

Five additional community matrons were recruited to work as part of the PCN MDTs which support Care Homes and the frailty model. The strengthened service and support for the MDT Frailty project has become core business and a benefits appraisal is currently underway. The CCG recognise the positive impact the strengthened service has been able to offer PCNs across the east of Surrey and have indicated an intention to fund this going forward.

First Community continues to work with its partner St Catherine's Hospice building upon our existing positive working relationships and developing a shared view of our respective approaches to collaboratively support people at the end of their life.

We supported the Redhill Phoenix PCN through clinical and analytic engagement for the pilot population health management project in east Surrey. This focused on a specific cohort of frail patients and used data and partnership working in new ways to provide more proactive and preventative approaches to health.

We have worked with the five east Surrey PCNs and have agreed contracts to deliver First

Contact Physiotherapy to all GP practices, seeing around 500 patients a month. This continued throughout the pandemic, to support primary care at a time of great challenge for them. We have also developed new Dietetics and Occupational Therapy (OT) roles within PCNs, for launch in 2021/22. Additionally, our Long-Term Condition services are working more closely with PCNs through regular involvement with the MDTs, and this has been further strengthened through some additional funding into our Falls team.

We have been involved with an exciting new piece of work called "Growing Health Together", an approach involving collaborating with citizens and service providers in communities across east Surrey with a view to providing the conditions for everyone's health to flourish. We have engaged initially with the 'Healthy Horley' approach but are now working with primary care, third sector and community development colleagues to be part of expanding this work to the other four PCNs. This work will allow us to be part of the conversation, bringing the communities assets and experience together with data on population health needs locally and, as a result, link in our skills and services as appropriate.



Business priority 5:



Continue to deliver outstanding services for children and adults within budget

Throughout 2020/21, our priority has been responding to the COVID pandemic. The first wave, which started in late March 2020, led to community providers being asked to stop or pause a range of services to focus efforts on the COVID response. Despite this, we have managed to continue to see as many people as possible and to keep waiting lists and waiting times down. Some of our clinics have been unable to see the number of people they were seeing prior to the pandemic due to social distancing, but we have maximised the use of mobile and digital technology to be as accessible as possible and ensure our local communities are still able to access the care they needed.

Throughout 2020/21, the number of video consultations we did rose steadily to a peak of 983 in February. Teams have been innovative in the way they have provided care to minimise the impact on patients. Video and telephone consultations have enabled vulnerable patients to be assessed at home, and alternative methods such as providing hearing aid repairs by post rather than drop-in clinics, or multi-disciplinary clinics for high-risk diabetics via video link between the whole team on different sites and the patient at home, has meant that a relatively normal service to patients has continued despite significant restrictions.

Many of our adult therapies services, which are provided in clinics and in people's homes, are back to pre-COVID levels of activity after seeing demand reduce as a result of the pandemic. In some services, the demand continues to rise.

A challenging move into 2021/22 will be managing extra demand as a result of the lifting of COVID restrictions and people feeling more confident to access health care. We are working hard to make sure this extra demand does not lead to patients experiencing long waits for health care. In addition to keeping services going, we have also started to deliver several new services, for example our COVID Rehabilitation Service and the additional roles within PCNs as detailed above.

The Hospital Discharge Guidance, published in April 2020, asked community providers to prioritise support for people leaving hospital and to make sure people were not waiting to be discharged once they were medically ready to do so. This involved working with adult social care, East Surrey Hospital, and other community providers, to develop an integrated Home First pathway. Our Intermediate Care Team (ICT) were at the forefront of the delivery of this pathway and supported an average of 110 patients per month throughout last year, activity way above pre-COVID levels.

Supporting people to be discharged from hospital in a more timely way also had an impact on our in-patient unit at Caterham Dene and on our community nursing teams. Caterham Dene managed many more people with very complex health and care needs but despite this still maintained an average length of stay of 22 days.

Our community nursing teams had 25% more contacts with people last year, the majority being in people's own homes. In addition, they have supported the delivery of the COVID vaccine to thousands of patients who were unable to travel to a vaccination site or other clinical setting.

Children's services were particularly hard hit during the pandemic with many services, therapies, and immunisations for example, reliant on schools being open to deliver care. Despite lockdown restrictions and school closures, the nasal flu vaccine was administered to 71% of school aged children (Reception to Year 7) across Surrey this winter. This is a six percent increase on last year's delivery.

We have continued to deliver all mandated health checks and are now back up to expected levels. For example, in March 2021, 94.3% of new birth reviews were completed within 14 days. Immunisations teams are back in schools delivering the school age vaccination programme which was significantly impacted by COVID related school closures.

The demand for paediatric therapies, particularly occupational therapy and speech and language therapy has been high over the last year and together with school closures, led to long waiting times and a backlog of children to be seen. We have worked with partners across Children and Family Health Surrey to manage these waiting lists and bring waiting times down and will continue to do so into 21/22.

First Community are committed to engaging with

our local communities and we now have a Patient Panel in place. This helps us to talk to a wide range of people about the services we provide and their needs. Patient Panel sessions have taken place in February 2021, and a schedule is being developed to take this further following the feedback from attendees. We have developed a 'Menu of Involvement' and are in the process of finalising our Data Protection Impact Assessment (DPIA) to be able to develop a database of people prior to the project going 'live'.



Looking ahead

Our strategic direction for 2020/21 remained centred around our threefold approach below. However, during the year we have needed to be flexible and agile to respond to the demands of the COVID-19 pandemic and to the changing landscape across health and care. For the first quarter of 2021/22 we will continue to focus on recovery and building on what we have learnt during the pandemic.

The remainder of the year, with proposed changes to legislation and changes to the 'system' in which we work, will see a focus on working with partners to develop the plan for our east Surrey 'place'.

In early March 2020, just before the COVID-19 pandemic, we agreed a refreshed strategic approach as a Board and are confident that this approach frames our work in 2021/22 even with the challenges that the COVID-19 pandemic brings.

The approach is threefold:

1

We must think: **People. System. Organisation** – in that order. This will enable us to put population health needs first as part of a system of providers ahead of individual organisational needs.

2

We must know, and play to our strengths and adapt these as required for the current context – we set out these strengths below:

- We deliver outstanding, safe services that adapt to support effective system working.
- We maintain robust financial management and offer excellent value for money.
- We are the glue in the system (via joined up service delivery and collaborative behaviours).
- We hold uncertainty but adapt to opportunities.
- We grow through integrated working and collaborative service development.

3

We will do the **right thing at the right level** (be it national, ICS, Place, PCN, organisation) based on the needs of our community.

The business plan for the remainder of 2021/22 (1 July 2021 to 31 March 2022) has a set of priorities which are centred around people: both the population we serve and the people we employ. The ten priorities set out an ambitious programme of deliverables including how we will be inclusive and develop our approach to addressing health inequalities using Population Health Management (PHM) data and working closely with partners. One of the key operations deliverables over the coming months is delivery of the two-hour Urgent Community Response (UCR) prior to this coming winter as part of the transformation of community and urgent care.

Our priorities for 2021/22 are:

- 1 Know our population well.
- 2 Be inclusive and develop our approach to addressing health inequalities.
- 3 Look after our people.
- 4 Manage the impact of COVID.
- 5 Transform community and urgent/emergency care.
- 6 Develop refreshed east Surrey place approach and develop clinical pathways aligned place/population health priorities.
- 7 Deliver children and family services transformation and be procurement ready.
- 8 Ensure our organisation is well-led and continues to deliver outstanding services.
- 9 Use data and digital approaches to achieve the agreed objectives.
- 10 Celebrate our ten-year anniversary as an employee-owned social enterprise.



Operating environment and performance 2020/21

Operating environment

The operating environment for First Community significantly changed as a result of the COVID-19 pandemic. This unparalleled year saw healthcare providers face challenges and pressures like never before. Despite the gruelling and challenging demands of the pandemic, we have continued to deliver vital, first-rate care to all those that rely on our services. We have transformed the way we work and plan to continue to evolve to meet the changing needs of our new environment.

Demand for NHS services continues to rise, resulting in pressure for First Community to continue to deliver good value, highly regarded services. As well as meeting our contractual requirements, we are committed to working with our commissioners to improve access to services and continue to improve the services themselves. Our track record of partnership working, and service delivery shows that we are a flexible, adaptable, and agile organisation able to respond to the needs of the community we serve both in a pandemic and recovery situation.

Financial performance summary

Government took the decision to suspend the normal funding mechanism of annually negotiated contract values and tariff-based payments, replacing it with a simplified financial regime to allow providers to focus on the pandemic. This simplified regime meant we received a monthly block payment based on 2019-20 values, with a mechanism of top-up payments for additional covid related costs, allowing all providers to achieve break even for the year. This ranged from ensuring we had cover for our staff who were off with COVID, to ensuring our sites were COVID secure and had the technology for remote working and virtual consultation.

As the demands of COVID became clearer, and with Government direction, new services were also set up: additional specialist nurse advisers were employed and deployed to support care homes; we set up a fast-track hospital discharge services to free up beds within East Surrey Hospital and developed a pioneering COVID pathway/Long COVID response. Working closely with Surrey Heartlands these new services were successfully set up and funded. This support from Surrey Heartlands enabled us to effectively respond to COVID enabling us to breakeven against our core activity.

To manage this budget during 20/21 and to mirror the "command and control" level 4 incident we and the NHS were in, our financial management centralised to free up front line capacity to respond to the pandemic. Throughout we maintained our Standing Financial Instructions

and didn't waiver any procurement rules. In addition we put in clear audit controls and audit trail to support our additional COVID spend to support Surrey Heartlands management of this money and meet NHS requirements.

During 2020/21 we continued to invest in our services with an ambitious capital programme. These included:

- Over 265 new laptops deployed to replace our older machines as part of our rolling programme to ensure all our machines had current versions of MS windows & Office. (If not replaced our older machines would have posed a cyber risk as the version of Windows 10 which was installed on them is going end of life in May 21 and the old laptops physically couldn't be upgraded). We donated 120 laptops at the end of their life for our business to a local appeal which provides refurbished laptops and internet access to disadvantaged children.
- Over 300 staff laptops upgraded to Office 365.
- Upgrades to our Network switch and Wi-Fi hubs.
- Increased capacity at our Phoenix House site to meet the space demand for the new Hospital Discharge Team.
- Refurbish our Audiology booth at Crawley Hospital.
- Implement a new Finance System.
- Started our space utilisation and redecoration project at Caterham Dene.

Unlike NHS Trusts which receive a separate capital allocation to fund capital projects, First Community is required to generate funds for capital projects from its annual funding. As the depreciation associated with these capital projects is expensed over the life of the capital items, we are required to set aside the capital value in reserves to pay for those items over their useful life.

The four capital projects included in this year revenue budget were the:

• Audiology Booth Refurbishment	£35,000
• Caterham Dene Refurbishment project	£30,000
• Finance System Upgrade	£50,000
• Phoenix House Room 2 development	£75,000

	£190,000

In addition, as part of an ongoing dispute with NHS Property Services (NHS PS), going back to 2015, we successfully agreed a settlement for the period 2015/16 to 2018/19 for Caterham Dene, Conifers, Oxted Therapies Unit and Wayside surgery, resulting in a prior year credit back to First Community. This, with a correction to the 2019/20 accrual we had set up to cover the expected NHS PS Truing-up charge, resulted in a prior year correction of £393k.

Our financial highlights include:

- £593k surplus after tax
 - Being made up of
 - Breakeven against core and COVID budgets
 - Revenue contribution to meet future depreciation costs of 2020/21 capital programme £190k
 - Prior year saving from the part resolution of NHS PS dispute £393k
- Administration expenses decreased to 10.7% of revenue, from 11.3%, despite our investment into corporate capacity.
- Maintained strong cash management, with cash balances of £8.4m on 31 March 2021 compared to £5.2m on 31 March 2020.

Whilst we have had some successes through joint negotiations with NHS PS in agreeing some of our disputed figures, we are still in dispute with them over the level of their facilities management and services charges for 2019/20 and 2020/21 for which we are having ongoing negotiations.



Key contracts 2020/21

Most of First Community's income derives from NHS contracts with Surrey Heartlands CCG, West Sussex ICS, Croydon CCG and Surrey & Borders NHS Foundation Trusts (as a partner in the Surrey Children & Families Health Surrey contract). Around 85% of First Community's revenue comes from NHS organisations.

Adult Community Services contract

First Community's largest contract is with Surrey Heartlands CCG to provide community services including community nursing and therapies for adults. This was worth £22.6m in 2020/21, which represented 76% of our total revenue. This contract runs until 31 March 2024.

Children and Family Health Surrey services contract

First Community continue to deliver our sub-contract with Surrey & Borders Partnership NHS Foundation Trust, for the east Surrey element of the Children and Family Health Surrey partnership contract. This current contract has been commissioned until 31 March 2022; with COVID there are current negotiations underway for a 12-month new novated contract award for one year until 31 March 2023 to ensure providers aren't getting drawn away from supporting the NHS's response to COVID by having to tender for the service.

The contract was worth £4.1m to First Community in 2020/21, which was 14% of our total revenue for the year.



Service quality 2020/21

First Community continues to provide high quality services. We were rated overall outstanding by the CQC in 2017. This puts us within the top 2% of all healthcare providers in England.

Below is a summary of our performance highlights during the past year. Full details on the quality of our services can be found in our Quality Account Reports published on our website.

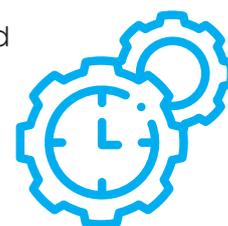
Are we safe?

- There were no deaths on our ward at Caterham Dene that were judged to be due to problems in the care provided to the patient.
- Our infection control standards continue to be high with no outbreaks of diarrhoea and vomiting on Caterham Dene Ward.
- We have had no outbreaks of MRSA and two Clostridium difficile (C-diff) cases at Caterham Dene Ward.
- There were two serious incidents in 2020/21, one related to a wound care and the other was assessed as a medicine's incident.
- There were three reported 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations' (RIDDORs) in adult services relating to staff injury at work resulting in more than seven days absence from work.
- 100% of patients admitted to Caterham Dene ward during the reporting period had a thrombosis risk assessment.
- We risk assessed the inpatient beds in our ward and, to maintain two metres between inpatient beds and comply with the national guidance, we removed two beds from our ward.
- Our Minor Injury Unit has operated normal business hours during the pandemic, screening people at the door for entry. We implemented social distancing measures for staff and people waiting, and enhanced cleaning schedules. In March 2020, all staff working in the Minor Injury Unit were fit tested with PPE for Aerosol generating procedures. We also conducted telephone triage for minor illnesses offering advice, signposting or appointments as required. We continue to take time to reassure people it is safe to attend the Minor Injury Unit and that we continue to follow infection prevention procedures to keep people safe.
- We closed our Caterham Dene ward to visitors in response to national guidance twice during the pandemic and, most recently, reopened on 31 March 2021. Whilst the ward was closed to visitors, we purchased iPads and mobile phones to enable people to communicate with their significant others. The Friends of Caterham Dene (the charity that supports the community hospital) purchased additional radios and televisions for people so social distancing could be maintained on our ward.
- Our staff reported 1,234 incidents, up from 1,203 last year. 96% had an insignificant impact on patients. The increased number of incidents provides us with an extended opportunity to learn from mistakes as part of our open culture.
- Individual Covid-19 risk assessments were conducted for clinically vulnerable and Black and Minority Ethnic (BAME) colleagues in March 2020, with 100% of staff receiving a risk assessment by September 2020.
- 88% of staff said they feel safe at work according to the NHS annual staff survey. This was a new question for 2020.



Are we effective?

- The nasal flu vaccine was administered to 71% of school aged children (Reception to Year 7) across Surrey this winter. This is a six percent increase on last year's delivery despite the lockdown restrictions
- 73% of school children in year 8 aged 12 to 13 received their Human Papillomavirus Vaccine (HPV1) and 75% of school aged children in year 9 aged 13 to 14 received their Td/IPV vaccine (booster to protect against tetanus, diphtheria, and polio). The Men ACWY vaccine (protects against four strains of the meningococcal bacteria) was also delivered to 79% of year 9 school children. This was also despite lockdown restrictions.
- Our First Contact Physiotherapists saw 5,266 patients in GP practices.
- Due to the Covid-19 pandemic we have not been able to hold the First Community annual quality improvement day. In place of this we have developed virtual "Lunch and Learn" sessions as an ongoing method of sharing learning from quality improvement and research.
- 95% of staff had an annual appraisal, compared to 81% in 2019/20.
- First Community was listed as a top 50 Employee-Owned company for the first time this year.
- Our staff vacancy rate reduced from 16% to 7.6% over the year.



Are we caring?

- We received 20 formal complaints during the year, a reduction of four from the previous year, 13 of these were upheld or partially upheld.
- Our staff have completed 89 (compared to 76 last year) carers prescriptions during the reporting period so "Action for Carers" can get in touch and offer them support.
- We aim to support people at the end of their life to die at the place of their choice and during the year we supported 96% (compared to 89.5% last year) of our patients to do this.
- 91% of staff told us, via the NHS Staff Survey the care of patients/service users is the organisation's top priority (this is in comparison to 83% across similar community providers).
- 89% of staff told us, via the NHS Staff Survey they would be happy with the standard of care if offered to a friend or relative (this is in comparison to 78% across similar community providers).
- A fortnightly wellbeing score was taken, via a temperature check survey across different parts of the organisation to inform First Community how colleagues were feeling and coping with the pressures of the second wave of Covid-19.
- Mental health first aid training was progressed quickly, and the initial cohort of internal trainers has been identified and are being trained. First Community's programme will be launched in June 2021.
- Additional support was provided to teams experiencing an increase in caring for people at the end of their lives – particularly in our community beds and community nursing teams.
- We continued to promote the Employee Assistance Programme (EAP): This programme is designed to support our staff and help them achieve a good work life balance. Confidential support including psychological, relationship and finance support for both staff and their household was identified as important and the existing EAP provides good access to these. Response times for staff accessing psychological support was within 48 hours for initial assessment and 14 days for commencement of support.



Are we responsive?

- Our average waiting time to be seen at our MIU in Caterham Dene is 18 minutes: an increase of three minutes from last year. This is due to a change in procedures to help ensure infection prevention measures are in place as a result of the COVID-19 pandemic.
- We saw 13,306 people at our MIU during the reporting period, compared with 20,863 during the same period last year. Due to the pandemic, patient presentations were much lower as with many similar providers.
- An average of 90.34% (compared to 90.39% last year) of people who gave birth during the reporting period received a visit from our 0-19 service within 14 days.
- 28 staff members were redeployed to support frontline services including 24 internally and four to SASH.
- We implemented a process for receiving, triaging, and cascading alerts and guidance around Covid-19. This was vital to our response to the pandemic as we could update our guidance and cascade important information to staff quickly.
- Referral to Treatment Target (RTT) was paused but we continued to monitor this internally. We failed to reach the 18-week referral target for our Audiology and Integrated Care and Assessment Treatment Service (ICATS) from April to August 2020 due to pausing of routine outpatient activity as a response to the pandemic, but we have since achieved the 18 week target in ICATS from September 2020 to March 2021.
- 75% of First Community's frontline healthcare workers were vaccinated against the flu virus this year, compared to 68% in 2019/20.
- Over 200 new laptops deployed to replace our older machines as part of our rolling programme to ensure all our machines had current versions of MS windows and Office.
- Over 330 staff took part in the NHS staff survey with a response rate of 75%, compared with 62% for similar organisations.
- 91% of respondents said the care of patients/ service users is the organisation's top priority (this is in comparison to 83% across similar community providers).
- 89% of staff would be happy with the standard of care if offered to a friend or relative (this is in comparison to 78% across similar community providers).
- 80% would recommend First Community as a place to work (this is in comparison to 70% across similar community providers).
- 6,430 video consultations undertaken.
- 7,536 IT helpdesk tickets raised and closed.
- Disaster recovery facility installed.
- MS Teams, Zoom and Attend Anywhere video tools rolled out to all staff.



Are we well led?

- 90% of staff feel they are trusted to do their job according to the NHS Staff Survey.
- 95% of staff had an Achievement Review meeting with their line manager this year.
- Jon Ota was appointed as Chief Nurse and Director of Quality and People and joined in April 2020, Jon has over 30 years health and social care experience, almost exclusively in community and primary care settings.
- Renée Padfield was appointed in February 2021 as Executive Director of Operations and joined in April 2021, Renée has 30 years' experience working across health and care and has spent the past ten years in commissioning. Renée is a social worker by background and spent many years working in mental health services.
- 97% of staff said the organisation encourages reporting of errors/near misses/incidents in the annual NHS staff survey.
- 82% of staff feel their immediate manager takes a positive interest in their health and well-being according to the NHS Staff Survey.
- Our overall staff engagement has remained stable at 7.7 /10, compared with 7.5/10 in 2019, 7.5/10 in 2018 and 7.7/10 in 2017 as calculated by Picker the annual national survey provider for NHS practitioners.
- Support for our leaders was a key focus for First Community recognising that this group of colleagues provided the majority of pastoral support to the wider organisation. Four "Learn and Support" sessions were held with a total of 147 attendances over the four sessions. The sessions were held virtually, and topics included self-help resources, moral injury, and getting the most out of the employee assistance scheme. The sessions were very well received, and First Community is keen to continue these in 2021.
- All staff complete the First Community comprehensive Induction Programme on appointment.
- All staff undertake training each year to ensure we are compliant with the CQC outstanding requirements and to support their learning and development needs and aspirations. This year training took place virtually to ensure continuing compliance.
- During 2020/21 First Community appointed its first internal Equality Diversity and Inclusion (EDI) manager, where previously an external consultant has been used. This will enable an embedded approach going forward with the immediate priority being undertaking the NHS Equality Delivery Standard assessment, so that we can focus our attention where the greatest need and disparities exist. The EDI focus during 2020/21 has been supporting staff groups disproportionately impacted by COVID-19. These groups were prioritised for COVID risk assessments with staff supported to work from home or being redeployed to lower risk work environments where necessary.
- Throughout the pandemic the Black Asian and Ethnic Minority (BAME) staff network has continued to grow and has met more frequently using virtual meeting technology.
- Our Council of Governors (CoG) is a group of 11 staff that have been elected to represent shareholder views, opinions, ideas, and concerns. CoG ensures there is regular two-way communication and feedback between staff and the Board of Directors ensuring staff voices are heard. Some of CoG's portfolios in the past year have included: the recruitment of the Director of Operations, active participation in First Community's Equality and Diversity Inclusion and BAME Groups, attending Integrated Governance Committee and Board meetings, attending Building User Group meetings, shaping New Ways of Working, promoting workplace wellbeing, supporting staff mental health and planning for our forthcoming 10-year anniversary celebrations. CoG continues to promote the importance of employee ownership and staff becoming shareholders.



Media coverage

Over the past year several of our staff and services have received regional media coverage for dynamic and innovative service delivery, including:

- Lee Davies, Associate Director for Unscheduled Care gave a professional, first-hand account to BBC Surrey on the changes the organisation has put in place to keep patients safe and cared for during the COVID pandemic.
- Su Ryan Associate Director of Scheduled Care spoke on BBC Surrey about our new patient panel and how everyone can get involved to help shape how we deliver NHS community services.
- Anna Fitzgibbon, Lead Dietitian was interviewed about the amazing work the dietitians have been doing to adapt their support during COVID19 to keep their service available. This included embracing technology in ways which worked for both staff and patients.
- Janet Clark, Service Manager Long Term Condition Support Services gave an overview of our new service to support patients following COVID19 to BBC Radio Surrey.
- Faye Hopkins-Thorpe Lead Audiologist was interviewed on BBC Surrey breakfast about the innovative work the audiology team have been doing to during COVID19, for example creating videos to teach patients how to change hearing aid batteries.

Future prospects, including principal risks and uncertainties

COVID has changed the wider health economy at Government and Integrated Care System (ICS) level and as the 2020/21 funding approach is continuing into 2021/22 there is uncertainty in understanding what the funding will look like post COVID. Whilst there isn't clarity on what the funding will be, COVID has identified gaps in community services which are needed (Hospital Discharge, Urgent Care Response, Ageing Well) which the government is putting new money in for, this is a real opportunity for First Community.

In addition, the Government's White Paper on NHS reform - Integration and Innovation: working together to improve health and social care for all, will also set the scene for the future and how the NHS will move from the current commissioner provider model to an integrated model. For which we believe we are in a good place being an outstanding provider, delivering within our contract value. This is supported by the changes from the CRESH ICP to a focus on the East Surrey Place and our engagement.

With our Adults Contract in place until March 2024 and potential for a new one-year CFHS contract to March 2023, this gives First Community and the System time for the new legislation to be implemented, understood, and will enable us to focus on the development of our healthcare at place.

First Community is actively involved in working in partnership with a range of local health and social care providers and CCGs to shape this integration and develop the direction of local health care services.

With COVID and the developing commissioning environment, the Directors have considered our position for the next three years and remain confident that First Community will continue to succeed and deliver a surplus (before depreciation, amortisation, and any planned decisions to use our reserves) and that it continues to be appropriate for these accounts to be prepared on a going concern basis.

Staff analysis

We are required by the Companies Act to disclose the gender split of our directors, senior managers, and other employees in post at the end of the 2020/21 financial year.

Gender	Director	Senior Manager	Other staff
Female	5	34	438
Male	3	6	40
Grand Total	8	40	478

Gender pay gap

Due to the continuing impact of the Coronavirus (COVID 19) pandemic, the Equality and Human Rights Commission (EHRC) have announced that all employers now have until 5 October 2021 to report their gender pay gap information. First Community has therefore not yet reported their 2020/21 gender pay gap.



The most recent gender pay gap report prepared by First Community was on 31 March 2019. At that date First Community had a mean gender pay gap of -1.6% (compared to 3.2% on 31 March 2018) and a median gender pay gap of -10.2% (compared to -1.7% on 31 March 2018), based on hourly rates of pay. The Office of National Statistics reported in April 2018 a median gender pay gap for all organisations of 8.9%.

All staff, except for the Chief Executive and the Director of Finance and Resources, are paid in accordance with the National Agenda for Change pay, terms, and conditions. These set out band structures and pay for all employees to ensure transparency, fairness, and equal treatment. However when staff move up through the increments due to length of service, this can appear to affect the gender pay balance with currently more females at the higher points on the pay bands.



Key services in 2020/21

Services for adults

Community and specialist rehabilitation therapies and nursing

- Community neurological rehabilitation (including multiple sclerosis, Parkinson's, and stroke specialist nursing)
- Community physiotherapy
- District nursing
- Heart failure service
- Respiratory service
- Contenance (adults)
- Intermediate care team
- Tissue viability
- Proactive care team
- Long COVID recovery programme



Therapies in clinics

- Audiology
- Integrated care & assessment treatment service (ICATS)
- Orthotics
- Outpatient physiotherapy
- Nutrition and dietetics
- Podiatry
- Speech and language therapy



Minor injuries walk in

Rapid assessment/treatment clinic

Bed based care

- Caterham Dene Hospital ward (nursing and therapies)
- Nurse advisors for care homes
- Community beds



0-19 Children and family services

- Health visiting
- Immunisations
- School nursing
- Children's therapies (speech and language, physiotherapy, occupational therapy)





Directors' Report

The Directors have pleasure in presenting their Directors' Report and financial statements for the year ended 31 March 2021.

Principal Activity

The principal activity of First Community during the period was community health care provision.

Directors

The Directors who held office during the year and to the date of this report were:

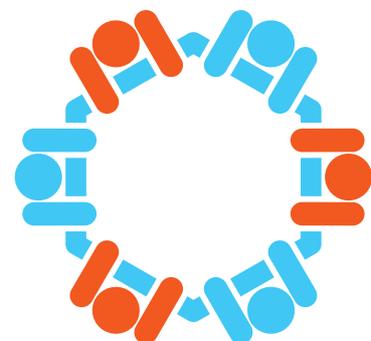
- Florence Barras (Chair)
- Adrian Baillieu
- Sarah Billiald
- Valerie Frost (retired 1 April 2021)
- Renee Hobson (appointed 19 April 2021)
- Bryan Ingleby
- Fiona Smith
- Deborah Stubberfield (appointed 1 April 2020)
- Jonathan Ota (appointed 2 April 2020)



Council of Governors

The members of staff who held office during the year were as follows:

Rachel Buckenham (Co-Lead)
Julie Sinclair (Co-Lead)
Catherine Delve
Kim Montgomery
Eve Given
Tracy Kemp
Sharmila Lyons
Sheena Walker
Eleanor Adams
Caroline McLaurin
Karina Saul



The Directors wish to thank the staff members who served on the Council during the year, and in previous years, particularly those who have stepped down during the year.

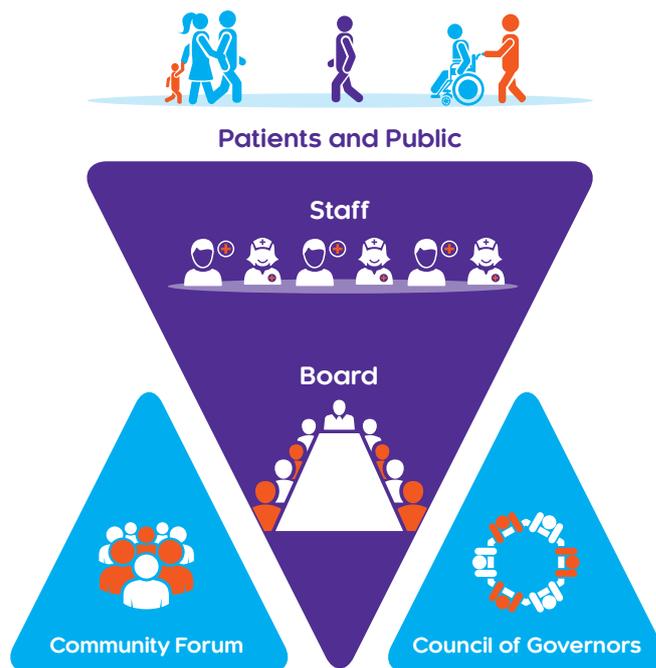
Shareholders' involvement and employee consultation

As an employee-owned organisation, we have a management and leadership structure that turns the traditional organisational hierarchy on its head. This results in a structure where managers and the Board exist to support clinical services and their interface with patients and public. The inverted triangle is stabilised by two smaller triangles: the Council of Governors and the Community Forum.

The Community Forum assists First Community to understand the perspective of patients, carers, volunteers, and partner organisations to enable us to provide better services, carry on our business and to engage the views of the community for any future activity and investment proposals.

The Community Forum is open to the public including patients, carers, volunteers, representatives from any health and social care agencies, GPs, local community groups, the local council, voluntary sector organisations and local businesses and has around 30 members.

Every First Community employee has the option to become a shareholder and be supported by our staff-led Council of Governors. The Council of Governors are employee representatives elected by staff to act as a link between shareholders and the Board of Directors.

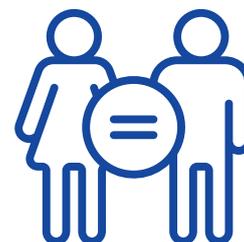


Equal opportunities

We undertake to always act equitably and fairly towards our patients, their families and carers, and our staff.

We take seriously our obligations under the Equality Act to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act.
- Advance equal opportunities between people who share a characteristic and those who don't.
- Foster good relations between people who share a characteristic and those who don't.



Our 2020/21 annual equality and diversity report will be available on our website from 31 October 2021. This report sets out the range of equality and diversity actions undertaken over the past 12 months.

Disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.



Florence Barras

Chair of the Board
Second Floor - Forum House
41-51 Brighton Road,
Redhill, RH1 6YS

15 September 2021





Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 Company and of the profit or loss of the Company 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
- 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 Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the members of First Community Health and Care CIC

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as of 31 March 2021 and of its profit for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of First Community Health & Care C.I.C. ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' 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.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken during the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained during the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 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 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 based on these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Inquiring of management, the Company's internal auditors (through attendance at Audit Committee) and those charged with governance, including obtaining and reviewing supporting documentation in respect of the Company's policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team and where required, involving relevant internal and/or external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we considered the potential for fraud in the following areas: revenue recognition, posting of unusual journals and accounting estimates.
- obtaining an understanding of the Company's framework of authority as well as other legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the Community Interest Company Regulations 2005 and Employment, Pension and Taxation Laws.

In addition to the above, our procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

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

David Eagles

David Eagles (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor Ipswich, UK

Date: 5th October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Financial statements for First Community Health & Care CIC

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £	2020 £
Revenue	2	29,880,090	27,501,031
Cost of sales		(25,921,431)	(23,501,512)
Gross profit		3,958,659	3,999,519
Administrative expenses		(3,193,134)	(3,097,249)
Other operating expenses		0	0
Operating profit	3	765,525	902,270
Interest receivable		17,215	33,614
Interest expense on lease liabilities	12	(53,979)	(67,444)
Profit before tax		728,761	868,440
Taxation	6	(136,031)	(164,958)
Profit after tax		592,730	703,482
Total comprehensive income for the period		592,730	703,482

All amounts relate to continuing operations.

The notes on pages 36 to 55 form part of this Statement.

Statement of financial position as of 31 March 2021

	Note	2021 £	2020 £
Non-current assets			
Property, plant and equipment			
- Owned assets	7	861,051	744,819
- Right-of-use assets	7	3,144,058	3,040,146
Intangible assets	8	0	58,465
		4,005,109	3,843,430
Current assets			
Cash and cash equivalents	9	8,438,628	5,221,895
Trade and other receivables	10	1,145,364	1,380,429
		9,583,992	6,602,324
Total assets		13,589,101	10,445,754
Current liabilities			
Trade and other payables	11	7,431,666	4,951,990
Lease liabilities	12	1,134,167	1,051,817
Provisions	17	106,530	106,530
		8,672,363	6,110,337
Non-current liabilities			
Lease liabilities	12	1,972,254	1,988,833
Deferred tax liability	13	60,972	55,802
		2,033,226	2,044,635
Total liabilities		10,705,589	8,154,972
Net assets		2,883,512	2,290,782
Equity			
Retained earnings		2,883,512	2,290,782
Total Equity		2,883,512	2,290,782

The notes on pages 36 to 55 form part of this Statement.

These financial statements were approved by the Board of Directors on 15 September 2021 and were signed on its behalf by:



Florence Barras

Chair of the Board
Company Registered Number: 07711859

Statement of changes in equity for the year ended 31 March 2021

2021	Note	Share Capital	Retained earnings £	Total equity £
Balance at 1 April 2020		319	2,290,782	2,291,101
Uncalled share capital at 1 April 2020		(319)		(319)
Balance at 1 April 2020		0	2,290,782	2,290,782
Total comprehensive income for period				
Profit for the period			592,730	592,730
Other comprehensive income			0	0
Total comprehensive income for period		0	592,730	592,730
Net ordinary shares issued/(cancelled)	14	17		17
Uncalled share capital		(17)		(17)
Total contributions by and distributions to owners		0	0	0
Balance at 31 March 2021		0	2,883,512	2,883,512

2020	Note	Share Capital	Retained earnings £	Total equity £
Balance at 1 April 2019		317	1,587,300	1,587,617
Uncalled share capital at 1 April 2019		(317)		(317)
Balance at 1 April 2019		0	1,587,300	1,587,300
Total comprehensive income for period				
Profit for the period			703,482	703,482
Other comprehensive income			0	0
Total comprehensive income for period		0	703,482	703,482
Net ordinary shares issued/(cancelled)	14	2		2
Uncalled share capital		(2)		(2)
Total contributions by and distributions to owners		0	0	0
Balance at 31 March 2020		0	2,290,782	2,290,782

The notes on pages 36 to 55 form part of this Statement.

Cash flow statement for the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flow from operating activities			
Profit from the period		592,730	703,482
Adjustments for non-cash income and expenses:			
Taxation charge for the year		136,031	164,958
Interest expense on lease liabilities		53,979	67,444
Depreciation of property, plant and equipment		210,716	165,089
Depreciation of right of use assets		1,089,959	1,079,754
Amortisation of intangibles		58,465	100,231
Increase in deferred income		1,598,160	5,871
Decrease in trade and other receivables		235,065	228,173
(Decrease)/increase in trade and other payables		834,497	(282,906)
Corporation tax paid		(83,841)	(69,894)
Net cash from operating activities		4,725,761	2,162,202
Cash flow from investing activities			
Purchases of property, plant and equipment		(326,948)	(572,360)
Net cash used in investing activities		(326,948)	(572,360)
Cash flow from financing activities			
Repayment of lease liabilities		(1,128,100)	(1,079,250)
Interest paid on lease liabilities		(53,979)	(67,444)
Net cash used in financing activities		(1,182,079)	(1,146,694)
Net increase in cash and cash equivalents		3,216,733	443,148
Cash and cash equivalents at beginning of period		5,221,895	4,778,747
Cash and cash equivalents at end of period	9	8,438,628	5,221,895

The notes on pages 36 to 55 form part of this Statement.

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

General Information

First Community Health & Care CiC (First Community) is a Community Interest Company incorporated in the United Kingdom. The address of its registered office and principal place of business is Forum House, 41-51 Brighton Road, Redhill, Surrey. First Community's principal activity is the provision of community health care services to east Surrey.

Note 1 - Statement of accounting policies

1.1

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The presentation of financial statements in accordance with IFRS requires the determination and consistent application of accounting policies to transactions and events. The principal accounting policies are set out below.

The Company's subsidiary, First Community Services Ltd, is dormant and, accordingly, consolidated group accounts are not required to be prepared.

1.2

Accounting Convention

These accounts have been prepared under the historic cost convention.

1.3

Going Concern

IFRS require the Board of Directors to assess and satisfy itself that it is appropriate to prepare financial statements on a going concern basis for at least 12 months from the date the accounts are signed.

The Board of Directors has undertaken a comprehensive review of income, expenditure, and associated cash flows, including considering the situation on continuity of key contracts.

Going concern period to 31 March 2024

In December 2019, following notice of the East Surrey Clinical Commissioning Group's (CCG) intention published in Official Journal of the European Union (OJEU), the CCG made a Direct Award to First Community to continue to deliver adult community services until March 2024. This Direct Award gives directors certainty beyond the going concern period.

First Community also has a contract with Children and Family Health Surrey to deliver children's community services; with COVID the commissioners are looking to extend the contract until March 2023, to enable providers to focus in 2021/22 on COVID not procurement.

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

The Board's review of income, expenditure, contracts, cashflow and reserves concludes that First Community has sufficient resources to continue to trade for this going concern period and beyond. This conclusion is also informed by the recent track record of delivering within our contracted income as evidenced by First Community achieving surplus after tax for the last four years following the successful delivery of nationally contracted efficiency savings.

The Directors consider that First Community has sufficient cash-backed reserves to manage most unidentified financial pressures over this period. With COVID-19 First Community is operating within a temporary national financial framework, which for 2020/21 & 2021/22 will enable our core services to breakeven.

The Directors have considered the period to 31 March 2024 and have concluded that the going concern basis is appropriate.

COVID-19

COVID-19 has impacted on First Community and the services it has delivered for 2020/21 and moving into 2021/22. COVID-19 has changed the health economy, whilst it isn't clear what the post COVID-19 health economy will look like, what COVID-19 has demonstrated is investment in community services is essential and this has been recognised by the Government and this could have a significant impact in the health of our local community, and the Directors believe this will support the NHS direction to invest in community services, with working in collaboration integral to the ICS & ICP success. First Community will continue to work collaboratively to change the provider landscape, building on the investment business cases we have submitted to the CCG.

1.4

Government grants

Government grants relating to tangible fixed assets and intangible assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

1.5

Property, plant, and equipment

Individual items of property, plant, and equipment costing over £5,000 are capitalised. Items costing under £5,000 may be capitalised where they are component parts of a larger project where the combined cost of all the components exceeds £5,000.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

With effect from 1 April 2019, First Community has adopted IFRS16 "Leases". Right-of-use assets have been recognised from that date, equal to the discounted value of the initial lease liability and any initial direct costs incurred on new leases signed after that date.

Where assumptions used in the calculation of the initial lease liability are amended, resulting in a change to the value of the lease liability, a corresponding change to the asset value is recognised.

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

1.6

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following useful lives have been used in the computation of depreciation.

- Information and office technology – 5 years
- Medical equipment – 3 years
- Furniture – 5 years
- Leasehold improvements – over period of the lease
- Right of use assets – over actual or deemed period of the lease

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect new expectations.

1.7

Intangible assets

Intangible assets are purchased computer software that is stated at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their useful lives, where known this will be over the known useful life, if unknown an estimated useful life of three years will be used. This will be applied using the straight-line method.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an asset, the amortisation of that asset is revised prospectively to reflect new expectations.



1.8 Impairment of assets

At each reporting date property, plant, and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of a possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount.

If the estimated recoverable amount is lower, the carrying amount is reduced to the estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount limited to the amount that would have been determined if no impairment loss had been recognised in previous years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

1.9 Pensions

First Community operates two pension schemes, with new employees able to choose which scheme to join.

Pensions Trust

The Pensions Trust scheme is a defined contribution scheme. A defined contribution plan is a post-employment benefit plan under which First Community pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

NHS Pension Scheme

The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under direction of the Secretary of State, in England and Wales. It is not possible for First Community to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme. The Employer's pension cost contributions are charged to the operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the company commits itself to the retirement regardless of the method of payment.

The expected cost of providing pension benefits is recognised on a systematic basis over the period during which the organisation benefits from the employees' services by payments made to the NHS pension scheme or the Pensions Trust.

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

1.10 Revenue recognition

Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer and is measured at the amount of the transaction price allocated to that performance obligation. Where an invoice has not been raised for a specific performance obligation that has been satisfied in the financial year, that income is accrued. Where income is received for a specific performance obligation that is to be satisfied in the following financial year, that income is deferred.

Contract assets and contract liabilities have been recognised in replacement for accrued and deferred income. Payment terms are standard reflecting cross government principles.

1.11 Leases

With effect from 1 April 2019, First Community has adopted IFRS16 "Leases".

Rentals applicable to all leases, other than short term leases of a term of 12 months or less and low value leases, are capitalised as right-of-use assets with a corresponding lease liability recognised. Irrecoverable VAT on such rentals is included in the value of the asset and liability.

Rentals applicable to short term and low value leases are charged against profits on a straight-line basis over the period of the lease.

Significant judgements made in the recognition of lease liabilities are disclosed in Note 19.

1.12 Provisions

Provisions for future liabilities are recognised when there is a present obligation arising from past events, the settlement of which is expected to result in a probable outflow of resources and the amount of which can be reliably estimated.

1.13 Value Added Tax

The financial statements are prepared net of recoverable VAT.

Nearly all the services provided by the organisation are exempt from VAT. This means that the organisation cannot charge VAT or recover the VAT paid on purchases. When we cannot recover VAT on purchases it becomes a cost to the organisation.

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

1.14 Taxation

Tax expense represents the sum of corporation tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which the temporary differences are expected to reverse.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.15 Financial instruments

Financial assets comprise of cash and cash equivalents and receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value and subsequently held at amortised cost after an appropriate provision for expected credit loss. Cash and cash equivalents comprise cash balances and call deposits.

Financial liabilities comprise trade and other payables, lease liabilities and other financial liabilities. They are initially recognised at the fair value of consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost.



First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 2: Revenue

	2021 £	2020 £
NHS Organisations	25,424,518	23,584,519
Local Authorities / CFHS LLP	4,144,829	3,679,507
Other	310,743	237,005
	29,880,090	27,501,031

Note 3: Expenses and auditor's remuneration

	2021 £	2020 £
Operating profit is stated after charging:		
Auditor's remuneration	22,300	23,880
Operating lease costs of land and buildings [see note 12]	40,259	38,716
Depreciation of right-of-use assets [see notes 12 and 19]	1,089,959	1,079,754
Depreciation and amortisation of property plant and equipment	178,605	125,518
Purchased equipment expensed [see note 7]	207,386	126,229

Note 4: Staff numbers and costs

The average number of full time equivalent staff, including executive directors, employed by the Company during the financial period was:

	2021 number	2020 number
Staff	431	399
Executive directors	4	4
	435	403

The aggregate payroll costs of these persons were as follows:

	2021 £	2020 £
Salaries and wages	15,703,359	13,911,440
Social security costs	1,514,610	1,326,076
Contributions to defined contribution plans	78,911	73,096
Contributions to defined benefit plans	1,972,733	1,678,527
	19,269,613	16,989,139

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 5: Directors' remuneration	2021 £	2020 £
Directors' emoluments	473,868	453,202
Company contribution to defined benefit pension scheme	59,550	57,109
	533,418	510,311

During the year retirement benefits were accruing to 4 directors (2019/20 - 4) in respect of defined benefit pension schemes.

	2021 £	2020 £
Total remuneration of highest paid director in this period was	117,272	110,684

Not Included within this remuneration is the Company's pension contribution. For 2020/21 this was a £16,570 (2019/20 - £15,916) defined benefit contribution.



First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 6: Taxation

	2021 £	2020 £
Current taxation		
Tax charge for the year	130,940	83,920
Adjustment in respect of prior periods	(79)	1,231
Current tax charge for the year	130,861	85,151
Deferred taxation		
Origination and reversal of temporary difference	5,904	79,807
Adjustment in respect of prior periods	(734)	0
Deferred tax charge/(credit) for the year	5,170	79,807
Total Income tax expense	136,031	164,958

Computed by applying the standard rate of UK corporation tax rate of 19% (2020: 19%) as follows:

	2021 £	2020 £
Profit before tax	728,761	868,440
Profit before tax, multiplied by standard rate of UK corporation tax of 19% (2020: 19%)	138,465	165,004
Effects of:		
Non-deductible items	83	2,537
Other tax adjustments	(2,517)	(2,583)
Total Income tax expense	136,031	164,958

Note 7: Property, plant and equipment

2021	Land and Buildings £	Leasehold Improvements £	Furniture £	Medical and IT Equipment £	Total £
Cost					
At 1 April 2020	3,934,487	862,730	272,589	1,483,824	6,553,630
Additions - owned assets	0	36,836	4,381	285,731	326,948
Additions - right-of-use assets	1,193,871	0	0	0	1,193,871
Disposals - owned assets	0	0	0	(98,197)	(98,197)
Disposals - right-of-use assets	0	0	0	(185,413)	(185,413)
31 March 2021	5,128,358	899,566	276,970	1,485,945	7,790,839
Accumulated depreciation and impairment					
At 1 April 2020	968,506	393,476	184,599	1,222,084	2,768,665
Depreciation for the period - owned assets	0	117,412	21,014	72,290	210,716
Depreciation for the period - right-of-use assets	1,015,794	0	0	74,165	1,1089,959
Disposals - owned assets	0	0	0	(98,197)	(98,197)
Disposals - right-of-use assets	0	0	0	(185,413)	(185,413)
31 March 2021	1,984,300	510,888	205,613	1,084,929	3,785,730
Net Book Value at 31 March 2021	3,144,058	388,678	71,357	401,016	4,005,109
Net Book Value at 31 March 2020	2,965,981	469,254	87,990	261,740	3,784,965
Net Book Value at 31 March 2021 - owned assets	0	388,678	71,357	401,016	861,051
Net Book Value at 31 March 2021 - right-of-use assets	3,144,058	0	0	0	3,144,058

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 7: Property, plant and equipment (continued)

2020	Land and Buildings £	Leasehold Improvements £	Furniture £	Medical and IT Equipment £	Total £
Cost					
1 April 2019 as previously reported	0	597,198	171,397	1,172,736	1,941,331
Additional right-of-use assets on transition to IFRS 16	3,275,251	0	0	185,413	3,460,664
At 1 April 2019 as restated	3,275,251	597,198	171,397	1,358,149	5,401,995
Additions - owned assets	0	265,532	101,192	205,636	572,360
Additions - right-of-use assets	659,236	0	0	0	659,236
Disposals - owned assets	0	0	0	(79,961)	(79,961)
31 March 2020	3,934,487	862,730	272,589	1,483,824	6,553,630
Accumulated depreciation and impairment					
1 April 2019	0	293,528	163,958	1,146,297	1,603,783
Depreciation for the period - owned assets	0	99,948	20,641	44,500	165,089
Depreciation for the period - right-of-use assets	968,506	0	0	111,248	1,079,754
Disposals - owned assets	0	0	0	(79,961)	(79,961)
31 March 2020	968,506	393,476	184,599	1,222,084	2,768,665
Net Book Value at 31 March 2020	2,965,981	469,254	87,990	261,740	3,784,965
Net Book Value at 31 March 2019	0	303,670	7,439	26,439	337,548
Net Book Value at 31 March 2020 - owned assets	0	469,254	87,990	187,575	744,819
Net Book Value at 31 March 2020 - right-of-use assets	2,965,981	0	0	74,165	3,040,146

During the period First Community purchased equipment totalling £207,386 (2020: £126,229) which has been expensed in the period as the items individually were below £5,000 and hence below the accounting policy threshold for capitalisation.

Disclosure of the assumptions used on the initial adoption of IFRS16 are shown in Note 19.

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 8: Intangible assets

	2021 £
Cost	
At 1 April 2020 and 31 March 2021	623,303
Accumulated amortisation and impairment	
1 April 2020	564,838
Amortisation for the period	58,465
31 March 2021	623,303
Net Book Value 31 March 2021	0
Net Book Value 31 March 2020	58,465
	2020 £
Cost	
At 1 April 2019 and 31 March 2020	623,303
Accumulated amortisation and impairment	
1 April 2019	464,607
Amortisation for the period	100,231
31 March 2020	564,838
Net Book Value 31 March 2020	58,465
Net Book Value 31 March 2019	158,696

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 9: Cash and cash equivalents

	2021 £	2020 £
Cash	8,438,628	5,221,895

Cash and cash equivalents comprise of cash and deposits held at commercial banks.

Note 10: Trade and other receivables

	2021 £	2020 £
Trade debtors	823,621	836,428
Prepayments	291,795	511,766
Other receivables	29,948	32,235
	1,145,364	1,380,429

Note 11: Trade and other payables

	2021 £	2020 £
Trade payables	2,497,097	2,563,007
Accruals	1,508,158	857,554
Contract liabilities	2,431,519	833,359
Other payables	863,952	614,150
Corporation tax payable	130,940	83,920
	7,431,666	4,951,990

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 12: Lease obligations

Lease liabilities of £1,972,254 are disclosed within non-current borrowings, and lease liabilities of £1,134,167 are disclosed within current borrowings on the face of the statement of financial position.

Disclosure of the assumptions used on the initial adoption of IFRS16 are shown in Note 19.

	2021 £	2020 £
Effect of leases on financial performance:		
Depreciation charge for the year included in cost of sales for right-of-use assets		
- land and buildings	1,015,794	968,506
- IT equipment	74,165	111,248
Total	1,089,959	1,079,754
Lease expense for the year included in cost of sales:		
- short term property leases	40,259	38,716
- short term equipment leases	55,110	100,185
- leases of low-value equipment assets	22,520	17,751
- variable lease payments not included in the measurement of the lease liability	9,252	(76,392)
Total	127,141	80,260
Interest expense for the year on lease liabilities recognised in finance costs	53,979	67,444
Effect of leases on cashflow		
Repayment of lease liabilities	1,128,100	1,079,250
Interest paid on lease liabilities	53,979	67,444
Other lease expenses as analysed above	9,252	(76,392)
Total cash outflow for leases in the year	1,191,331	1,070,302

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 12: Lease obligations (continued)

	2021 £	2020 £
Lease commitments		
Lease commitments for short-term and low value leases as at 31 March were as follows:		
Short term property leases	5,167	5,188
Other short term leases	5,026	40,919
Low value leases	70,495	27,741
	2021 £	2020 £
Lease obligations		
At 1 April	3,040,650	0
Obligations on initial implementation	0	3,429,449
New obligations in the year	1,193,871	659,236
Interest charge for the year	53,979	67,445
Paid in the year	(1,182,079)	(1,115,480)
At 31 March	3,106,421	3,040,650
Due within one year	1,134,167	1,051,817
Due within two to five years	1,972,254	1,988,833
	3,106,421	3,040,650

Maturity analysis of lease obligations

The maturity of the gross contractual undiscounted cash flows due on the Company's lease liabilities is set out below, based on the period between 31 March 2022 and 31 March 2024.

	Within One Year £	Within Two to Five Years £	Total £
Land and buildings right-of-use assets	1,173,684	1,999,366	3,173,049
IT Equipment right-of-use assets	0	0	0
Lease obligations for right-of-use assets	1,173,684	1,999,366	3,173,049
Obligations for short term and low value leases	35,867	44,821	80,688
Total lease obligations	1,209,551	2,044,187	3,253,737

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 12: Lease obligations (continued)

Additional lease obligations exist beyond 31 March 2024, but have not been recognised, as the Directors consider 31 March 2024 to be the most appropriate date to use for recognition purposes, being the date the main contract for the provision of adult services is due to expire, and the relevant leases have a break clause exercisable at that date. The total undiscounted value of these additional lease obligations on 31 March 2021 are £806,640, of which £161,328 is due in the year to 31 March 2025, £161,328 is due in the year to 31 March 2026 and £483,984 is due after 31 March 2026.

Note 13: Deferred tax asset/(liability)

2021	Accelerated tax depreciation £	Other timing differences £	Total £
1 April 2020	(83,780)	27,978	(55,802)
(Charge)/credit to profit or loss	(29,013)	23,843	(5,170)
31 March 2021	(112,793)	51,821	(60,972)

2020	Accelerated tax depreciation £	Other timing differences £	Total £
1 April 2019	(293)	24,298	24,005
(Charge)/credit to profit or loss	(83,487)	3,680	(79,807)
31 March 2020	(83,780)	27,978	(55,802)

Note 14: Share capital

	2021 £	2020 £
£1 Ordinary shares unpaid	336	319

During the period the Company issued one £1 Ordinary share to a further 39 employees and cancelled 22 ordinary shares for employees who left the Company.

The employees had not paid for the shares as at the balance sheet date.

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 15: Related party transactions

The Company's subsidiary, First Community Services Ltd, has not traded in the current or preceding financial year and is a dormant company. There are no balances due to or from this subsidiary.

Note 16: Financial instruments

	Carrying value 2021 £	Fair value 2021 £	Carrying value 2020 £	Fair value 2020 £
Cash and cash equivalents	8,438,628	8,438,628	5,221,895	5,221,895
Trade and other receivables	853,569	853,569	868,663	868,663
Total financial assets	9,292,197	9,292,197	6,090,558	6,090,558
Trade and other payables	3,432,600	3,432,600	3,432,600	3,432,600
Lease liabilities	3,106,421	3,106,421	3,040,650	3,040,650
Total financial liabilities	6,539,021	6,539,021	6,473,250	6,473,250

The fair value of cash and cash equivalents, trade and other receivable and payables approximates to carrying value.

In relation to the Company's exposure to risk in relation to cashflow the Directors consider this risk to be low.

Note 17: Provisions and contingent liabilities

On 31 March 2021, First Community held a number of disputed invoices with NHS Property Services Ltd.

For Caterham Dene Hospital, NHS Property Services increased their scheduled charge between December 2015 and March 2016 by £144,373. Part of this related to an increase in facilities management costs of £37,843, which are being disputed as First Community wasn't informed of the cost increase prior to NHS Property Services committing to spend this money; this has been included as an accrual. The other element, £106,530, related to a rent increase; under the NHS guidelines for NHS Property Services' move to market rents the budget should transfer to providers. No transfer occurred in 2015/16 and First Community disputes it is liable for the increased rent. In 2016/17 a provision was set up to cover this potential liability, this provision remains in place until this is resolved with NHS Property Services.

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 18: Post balance sheet events

There are no post balance sheet events to report.

Note 19: Initial Application of IFRS16

With effect from 1 April 2019, First Community has adopted IFRS16 "Leases". These financial statements have been prepared under the modified retrospective transition approach from that date. Accordingly the results for the year to 31 March 2019 and the financial position on 31 March 2019 have not been restated.

Rentals applicable to all leases, other than short term leases of a term of 12 months or less and low value leases, are capitalised as right-of-use assets with a corresponding lease liability recognised. Irrecoverable VAT on such rentals is included in the value of the asset and liability.

First Community has elected to:

- Exclude short term leases, with a term of 12 months or less at commencement, from the value of lease liabilities and the corresponding right-of-use asset.
- Exclude low value leases, defined in line with IFRS16 as being for assets individually below £4,000, from the value of lease liabilities and the corresponding right-of-use asset.

The significant judgements made by First Community in calculating the lease liabilities are:

- First Community is occupying a number of properties under licence or under the terms of expired leases. For these properties, the lease liability has been calculated based on the current rental payments through to 31 March 2024, as explained below, other than for one site where the Directors' best estimate is that the site will be vacated on 31 March 2022.
- The Company's main contract for the provision of adult services is due to expire on 31 March 2024. Accordingly, in the opinion of the Directors, this is the most appropriate date to be used in calculating the lease liabilities between 1 April 2019 and 31 March 2020 for all property leases, including the leases signed in the year to 31 March 2020 that extend to 31 March 2029, and which have a break clause on 31 March 2024.
- An incremental borrowing rate of 1.99% has been used in the calculation of all lease liabilities.
- No adjustment for rents that might vary resulting from future variable future rent reviews have been reflected.

Disclosure of the carrying amounts of right-of-use assets by class and additions to right-of-use assets has been provided in Note 7 "Property, plant, and equipment".

Disclosure of the carrying amounts of lease liabilities has been provided in Note 12 "Lease obligations".

First Community Health & Care CiC

Notes to the financial statements for the year ended 31 March 2021

Note 19: Initial Application of IFRS16 (continued)

Differences between the operating lease commitments disclosed on 31 March 2019 under IAS17 discounted at the incremental borrowing rate on 1 April 2019 and lease liabilities recognised on 1 April 2019 are explained below:

	Land and Buildings £	Medical and IT Equipment £	Total £
Operating lease commitments at 31 March 2019	413,591	0	413,591
Discounted lease commitments at 31 March 2019	368,637	0	368,637
Lease liability recognised at 1 April 2019 under IFRS 16	3,244,036	185,413	3,429,449
Difference	2,875,399	185,413	3,060,812
Analysis of Difference			
Recognition of liability where lease unsigned at 1 April 2019	2,690,566	0	2,690,566
Reassessment of value of liability	190,258	0	190,258
Derecognition of short term lease	(5,425)	0	(5,425)
Recognition of liability where asset deemed to be embedded within a support contract	0	185,413	185,413
Total difference	2,875,399	185,413	3,060,812

Note 20: Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both 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. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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, the FReM requires 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 scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as of 31 March 2021, is based on valuation data as of 31 March 2019, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (considering recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as of 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018, Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

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Further information and feedback

If you would like to find out more about our services, please visit our website at:

www.firstcommunityhealthcare.co.uk

If you would like this information in another format or language, or would like to provide feedback about this account or any of our services, please contact:

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Twitter: [@1stchatter](https://twitter.com/1stchatter)

