

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

First Community Health & Care C.I.C. Directors' Report and Financial Statements

Year ended 31 March 2023

Registered Number 07711859



Contents

Chair of the Board's welcome	3
Strategic report	4
Directors' report	22
Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	25
Independent Auditor's report	26
Statement of comprehensive income	29
Statement of financial position	30
Statement of changes in equity	31
Cash flow statement	32
Notes to the financial statements	33





Chair of the Board's welcome

I am honoured 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 year our healthcare services received an overall rating of 'Good' by the Care Quality Commission (CQC), following an unannounced inspection in March and April. The 'Good' rating was given across each of the five CQC domains: Safe, Effective, Caring, Responsive and Well-Led, and our Community Urgent Care Service, which was inspected for the first time, was rated 'Outstanding' overall.

We are delighted to welcome Sarah Tomkins as our new Chief Executive Officer. Sarah joined us in December 2022 with extensive experience of Community Services and the wider NHS.

Sarah Billiald resigned as Chief Executive this year. I thank her for her invaluable contribution and support for First Community over the past six years.

We were delighted to find that staff had rated First Community as the second-best NHS community provider to work for out of all community providers in the country, with 74% of staff indicating they would recommend First Community as a place to work.

Our commitment to effective engagement with the public continues to expand. Our First Community Network, which gives members of the public the opportunity to have an input into the way community health services are developed and improved is now well established with 15 members.

As part of our early adoption of the Patient Safety Incident Response Framework (PSIRF) we have recruited a Patient Safety Partner who works with us to provide increased user insight, and to help us improve how to approach delivering ever improving and safe healthcare.

At a system level, we work collaboratively with our partners across the Surrey Heartlands Integrated Care System. This close working relationship has seen the successful delivery of our Urgent Community Response service over the past two years and the establishment of our virtual wards model.

We continue to work as a partner of Children and Family Health Surrey (CFHS) partnership to provide children's community health services in east Surrey.

As an organisation 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.

Our strong financial management has allowed us to invest £700k of our reserves into service development and infrastructure. We also delivered on a challenging efficiency plan which enabled us to report an operating surplus before that planned investment.

However, the Government's decision not to provide funding for the non-consolidated part of the Agenda for Change 2022/23 pay award resulted in a further £1 million cost pressure. The Board took the decision to use its reserves to fund the pay award as it believes our staff, who are on Agenda for Change like all NHS staff, deserve the same pay deal as the rest of the NHS. We are fortunate that our financial discipline has allowed us to build our reserves to pay for this so that there is no impact on patient care or our staff, but this does reduce our ability to further invest going forward.

Finally, on behalf of our Board thank you to all staff, partners, and volunteers for your tremendous contribution to the success of First Community as we continue to deliver vital, first-rate services to the residents of east Surrey and parts of West Sussex.

Florence Barras
Chair of the Board

Strategic Report

Year at a glance

First Community was listed as a **top 50 Employee-Owned company** for the 3rd year running.



First Community was ranked the **second-best community NHS provider to work for** in the country following the publication of the 2022 NHS Staff Survey results.



According to the NHS staff survey, in comparison to other similar community providers **First Community was rated best in class** in the following areas of the People Promise:

- We are compassionate and inclusive
- We each have a voice that counts
- We are safe and healthy
- We are a team
- Staff engagement.



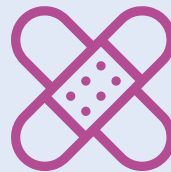
An average of **95% of women who gave birth during the reporting period** received a visit from our 0-19 service within 14 days of the birth of their baby.



First Community supported 97% (compared with 92% during the last reporting period) **of end-of-life people** to die at their preferred place.



21,879 people seen at our Minor Injury Unit.



292,304 adult patient contacts.



88,700 children patient contacts.



Our District Nurses made 88,922 patient contacts against a target of 64,164 (24,758 over target).



825 patients avoided hospital admission through our Urgent Community Response Service.



About First Community

First Community delivers front-line NHS services across east Surrey and West Sussex under contract from local clinical commissioning groups (CCGs) to the end of June 2022 and from Integrated Care Boards (ICBs) from July 2022. We provide community health services for adults and children.

Our services

Here is a list of the services we provide. For further information please visit our website: www.firstcommunityhealthcare.co.uk

Adult services

Community and specialist rehabilitation therapies and nursing



- Community neurological rehabilitation (including multiple sclerosis, Parkinson's, MND and rare neurological conditions and stroke specialist nursing)
- ESD (Early Supported Discharge) for Stroke
- Community physiotherapy
- Falls
- District nursing
- Heart failure service
- Respiratory nursing and pulmonary rehab
- Oxygen
- Covid-19 Rehab
- Continence (adults)
- Intermediate care team
- Tissue viability
- Proactive care team
- Speech and language therapy

Therapies in clinics



- Audiology
- Integrated care and assessment treatment service (ICATS)
- Orthotics
- Outpatient physiotherapy
- Nutrition and dietetics
- Podiatry
- Cardiac Rehab

Bed based care



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



Urgent community response

Minor injury walk in



0-19 Children and family services

Health visiting



Immunisations



School nursing



Children's therapies



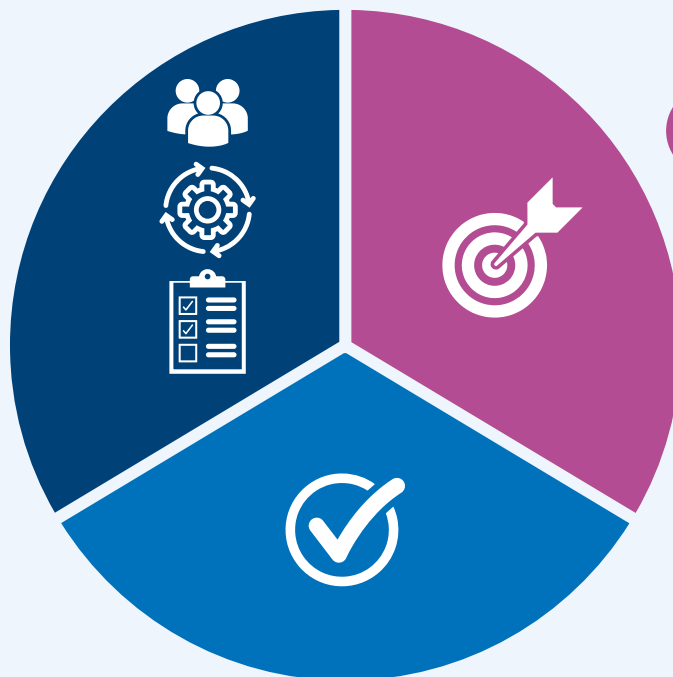
(speech and language, physiotherapy, occupational therapy)

Strategic Approach 2022/23

Our strategic approach since 2020 has been threefold, and this guides our annual business planning and our strategic direction as an organisation:

1

People – System – Organisation. This means we put people (residents, patients, employees) first, followed by the wider system needs (be it East Surrey Place, across Surrey Heartlands or Sussex) ahead of our organisational priorities. We think this is the best way to deliver our vision.



2

We play to our strengths – building on what we have learned we do well over ten years of outstanding delivery.

3

We do the right things at right geographic scale be that within a Primary Care Network, across east Surrey with our place based partners, or Surrey wide as part of Surrey Heartlands. 'Right' is determined by the needs of those who use our services, fit with partners and the delivery of best value to the taxpayer.

Context:

Like all NHS providers, this year we have faced significant challenges in terms of limited financial resources and difficulty recruiting staff. We have also been operating in a challenging system environment with several periods of system wide NHS strike action and subsequent critical incidents being declared by partners.

Despite this challenging environment, we have continued to innovate and collaborate with system partners to develop pathways that better suit the needs of our patients and service users such as our virtual wards, hospital transfer pathway and exercise classes for long Covid-19 patients.

We have continued our focus on staff wellbeing, maximising our estate efficiency and developing new ways of working with IT, agility and flexibility to ensure our staff, patients and service users are at the heart of everything we do.



Performance against business priorities 2022/23

People

So that we continue to provide and develop high quality health and care services for our local community, we have continued our focus on staff wellbeing. This includes a 24:7 employee assistance programme provided by Health Assured offering advice and support for many topics such as financial information, family issues, childcare support, stress and anxiety and bereavement.

We frequently offer staff the opportunity to take part in a range of wellbeing activities for example walking challenges and webinars and workshops on topics such as low mood and anxiety, menopause and stress management.



We have also introduced frequent temperature check surveys which focus on staff health and wellbeing. The results of these surveys feed into our health

and wellbeing group for action and support the findings from the annual NHS Staff Survey.

In line with our open and honest culture we appointed two new Freedom to Speak Up Guardians. The purpose of this role is to ensure all staff feel supported to raise concerns, which is vital to help us improve our services for all patients and service users and improve the working environment for our staff. Our 2022 NHS Staff Survey told us that 83% of our staff (highest across all NHS organisations speaking up questions) feel safe to speak up about anything that concerns them in this organisation. The National Guardian Freedom to Speak Up report showcased our organisation as an exemplar for speaking up.

First Community were delighted to take part in the NEXt Director Scheme; a development programme created and designed to help find and support the next generation of talented people from groups who are currently under-represented on our NHS boards into these important non-executive roles. Sanchia Alasia joined us in July 2022 as part of the scheme for 12 months and has been attending our board meetings to gain a unique insight into the role and responsibilities of being an NHS non-executive director. The Board have found the views expressed by Sanchia to be refreshing and really value her contributions.



To ensure we are as flexible and responsive to the needs of our patients and staff we have continued our focus on implementing "Flex for the Future". This programme ensures we can embrace digital and technological innovations for patients and staff, and maximise the efficiency of our estate.



Performance against business priorities 2022/23

We are developing a First Community carers' passport. This is a document for staff to go through with their line manager to enable a conversation about their caring responsibilities and managing their working life.

Attracting and developing talent is key to our future success. This year we have proactively been seeking to attract our work placement students and graduate students to join us. We are proud to say that we have recruited to 12 posts from our work experience placement programme. Our non-clinical teams are also planning to offer work experience opportunities.



We are trialling new recruitment methods with a focus on streamlining our processes and using digital approaches to reach a broader and more diverse audience, having invested in the development of video content and social media platforms.



Through our First Community Network we listen to the voices, views, and opinions of those in the community we serve. This network is very well received by members who feel their input and experiences along with the expertise from healthcare professionals will provide better results for patients. Our First Community Network members have been involved in a review of clinic letters to ensure these are patient-centred and understandable to those who use the service. Members are also involved in an ongoing project looking at falls prevention in the Caterham Dene Hospital Inpatient Ward where a number of actions have been implemented to reduce the risk of falls.

Our long-standing Community Forum brings together over 50 voluntary organisations to improve health and related services provided by First Community, with the aim of having an impact on the health of people living in east Surrey.

In September, the forum was a workshop style event that brought together existing members with key additional partners who work with communities across the East Surrey Place area. It provided an opportunity to learn about the five priorities of East Surrey Place: Urgent and Emergency Care, Ageing Well, Long Term Conditions, Prevention & Communities, and Mental Health.



Following the presentations, a tabletop exercise gave all attendees the opportunity to talk about their work and services and discuss how they could contribute to the five priorities to improve community health for East Surrey Place.

In recognition of our positive engagement with the community via the Community Forum, and that the voluntary sector provides many community health and wellbeing services across east Surrey; the role of Voluntary Community Social Enterprise (VCSE) Lead for the East Surrey Place was introduced. First Community has been appointed as the host for this role as part of our commitment to developing our community network and neighbourhood provision.



Using data and intelligence



We have worked closely with system partners to develop our approach to data intelligence and using population health insights to drive service improvement across East Surrey Place. Many of our teams access Graphnet, the Surrey wide risk stratification tool, to gain insights into their patient populations to help them deliver the most appropriate care. We will continue to build on this work in 2023-24 to further strengthen our use of data and intelligence to continue to drive transformation and service improvement.

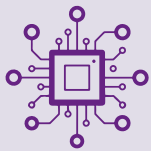
Our staff have access and input into the Surrey Care Record. This benefits our patients as their healthcare professional has access to their health record and the information they need to help them to be more responsive in delivering timely and appropriate care to the patient.

Work is underway with EMIS (Egton Medical Information Systems), our clinical system provider, to make real time data available to support the business and our decision making which is needed for better population health management.

First Community is keeping data quality at the top of its agenda. We are continuously prioritising data quality and training staff to ensure that we get things right the first time.

Our Data Quality Improvement Plan (DQUIP) continues to be focused around four distinct DQUIP pillars which are data cleansing, EMIS system optimisation, user optimisation training and data reporting. This ensures continuous improvement is embedded into our daily activities and gives us confidence in our management reporting, both internally and externally.

The Radar Incident Management System was launched on 1 February 2022 to replace the paper-based system. The system provides a single point of access for recording, accessing, sharing and learning from patient safety incidents at all levels of the organisation.



As well as being quicker and simpler to use, adoption of the system has also resulted in several positive environmental outcomes, supporting our progress towards the goals set out in our Green Plan. For example, in the first year of using Radar to record patient safety incidents 5620 pieces of paper were saved. This is a total change in carbon footprint of 143.599kgCO₂e, which is equivalent to 10 A&E visits, 3.7 bed days on a low intensity ward or 1 person flying from Gatwick to Paris.



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System



Throughout this year we have been working collaboratively with Alliance for Better Care C.I.C. (ABC) GP Federation to develop an integrated urgent treatment model at our Caterham Dene Minor Injuries Unit (MIU). This includes the 'GP in MIU' pilot which started in the summer of 2022, and we now have a GP pathway in the MIU six days per week to manage primary care acute needs alongside our MIU nurses. The pilot has been well received by patients and system partners and we have seen the GP at the MIU seeing more and more patients that might otherwise have attended A&E.

In addition, we have been working with ABC to develop an urgent care pathway for children and young people at the MIU. This was partly in response to significant pressures in the local hospital over winter with many unwell children attending A&E. The pathway means that children over 5yrs of age can be safely seen by our MIU nurses and those over 2yrs be seen by the GP in MIU. This service is available 8am-8pm, 7 days per week to help with system pressures at both primary care and acute levels. This was launched in early April 2023.

We continue to work closely with system partners to support people who have had an in-patient stay in hospital and are ready to be discharged, and to support people in their own homes instead of attending or being admitted to hospital unnecessarily. A significant development has been the launch of the Virtual Ward to support older, frail people to receive their acute medical care at home meaning a shorter hospital stay. We have worked very closely with Surrey and Sussex Healthcare NHS Trust (SaSH) to begin to deliver the Virtual Ward and we are seeing an increase in people being looked after in this way.

Ageing well

The Ageing Well programme in east Surrey has gone from strength to strength this year with First Community playing a key role. The Anticipatory Care Hubs that sit in each Primary Care Network continue to develop and have demonstrated some excellent outcomes for older, frail people by different professionals working together to provide the care and support needed. Outcomes have included less need for older, frail people to go to hospital to have their care needs met, and if they do go, less need to be admitted for a long spell.



Building on this work, we have worked with system partners to think about what 'neighbourhoods' look like in east Surrey as part of delivering the Fuller Stocktake. Our Community Matrons, Community Nurses and Responsive Services team have been involved in these discussions and have been instrumental in the positive developments for our older, frail residents.

Our Urgent Community Response (UCR) Team, which launched on 1 December 2021, continues to exceed the national target of seeing 70% of patients referred within two hours despite increasing referrals. In this reporting period the UCR Team have helped to avoid 825 patient admissions to hospital.



We have worked with SECamb (Ambulance service) and NHS 111 to improve access for patients who call an ambulance or NHS 111 by helping to divert patients away from A&E, to be managed by our UCR service or MIU, where clinically appropriate.

We continue to work closely with system partners to support people who have had an in-patient stay in hospital and are ready to be discharged, and to support people in their own homes instead of attending or being admitted to hospital unnecessarily.

Long Term Conditions

Scheduled Care services have continued to deliver a range of new programmes of work with our system partners, which have shown benefits to patients and to the wider health system. These include a HeartCare@Home pathway in which patients with Heart Failure are remotely monitored. This can identify where interventions may be required at an earlier stage and supports the patient to manage their ongoing care more independently.



Work has also progressed in the rehabilitation of patients diagnosed with lung cancer, prior to their medical treatment commencing, with the aim of improving the patient's ability to recover more quickly following their cancer treatment.

Our Dietetics team have been able to expand the number of places on the DESMOND programme, an education programme for people with Type 2 Diabetes, through additional funding. DESMOND is a recognised educational programme for enabling patients to self-manage their condition and therefore the increased capacity will have enabled more patients to benefit. Working with Integrated Care Board (ICB) colleagues we have been able to secure ongoing investment.

We continue to provide an enhanced Pulmonary Rehab service as part of the five- year respiratory plan, as well as the Post Covid-19 service for those people experiencing the long-term effects of Covid-19.

Our Audiology service has successfully retained UKAS accreditation (re-accredited in December 2022) and has worked tirelessly to reduce what was a large post-pandemic backlog, with waiting times for patients requiring hearing assessments continuing to fall but remaining above pre-pandemic levels.

Many of our teams continue to support research with the ongoing aim of improving of patient care and are engaged with partners in several research studies. These include an evaluation of three new tube and real food feeds/oral supplements, a post-ankle fracture trial, and a soon to commence trial of care following podiatric ulcer treatment.

Our Transformation team continue to support the delivery of both small and large scale transformation work. This has included projects to deliver improvements in facilities, infrastructure, and a growing area of focus which will continue through this year is in our digital transformation. All of these are to ultimately deliver improved patient care.



This year we have worked hard to manage the waiting lists for community services which built up during the Covid-19 pandemic. By doing this, it supports our local acute hospital to recover their elective care services. We made great progress in the first half of the year with our MSK Physiotherapy services. Unfortunately, estates issues that are outside of our control have impacted our further recovery, and waits have increased in the second half of the year. We expect to start to see a reduction of waiting times once we return to full estates capacity from October 2023.



Place and Integrated Care System (ICS) development

Once again, this year we have been involved with developments at East Surrey Place and lead on several workstreams (children's, ageing well; respiratory; quality). Much of the work this year has been focussed on the development of our local 'Integrated Neighbourhood' teams. These teams will mean a wide range of organisations, including health (GPs, First Community, wider primary care), social care, district and borough councils and voluntary and community organisations working together to support health creation and disease prevention, manage 'on the day' urgent needs, and better manage long term conditions and needs.

First Community has led the development of a Children and Families Programme at East Surrey Place to plan how we better deliver children and family health services at a local level in the future.

This year we have recruited, as host employer, the Voluntary, Community and Social Enterprise (VCSE) sector representative on the East Surrey Health and Care Partnership Board. This Partnership Board brings together the health and care organisations in our place to ensure that the needs of our local populations are being met in a coordinated way. The VCSE rep role is key to making sure we are using all the local resources in the best way and supporting residents to engage with support outside of health and care.



Delivering children and family health services



This year the demand for children's services, particularly therapy services, has been exceptionally high meaning that waiting times for these services are longer than we would like for our children and families. However, through the dedicated hard work of our children's therapy teams we are seeing the waiting times and numbers of children waiting reducing.

We have been working with CSH Surrey (CSH) and Surrey and Borders Partnership NHS Foundation Trust (SaBP), as the Children and Family Health Surrey (CFHS) partnership, to improve how we deliver services. We have had several successes for example we have been piloting a different approach to school nursing. The aim is to make sure our school nurses have the time they need to offer prevention and wider public health education and support to children and young people, as well as managing a higher number of safeguarding issues. Secondly, we are offering mothers more choice in the way they receive their care (face to face, telephone, video) and services tailored to specific need.

The Inclusion Health Team, that serves our most excluded communities, has had an extremely busy year supporting asylum seekers accommodated in hotels across Surrey. Many of these families have arrived in England with nothing and many with significant health needs. The Inclusion Health Team has worked with GP practices across Surrey to offer health checks, health visitor input and support to this vulnerable community. This is alongside their work with Gypsy, Roma and Traveller, showman and boater communities and homeless communities.



First Community have led the development of a Children and Families Programme at East Surrey Place to plan how we better deliver children and family health services at a local level into the future.

Organisation




The CQC undertook an unannounced full inspection of First Community in March and April 2022. The rating for community health services provided by First Community was 'Good' across each of the five CQC domains; Safe, Effective, Caring, Responsive and Well-Led with an overall outstanding rating for our Community Urgent Care Service.

Throughout the report the CQC identified that staff felt well supported by competent leaders, and recognised an open, transparent, and supportive culture that was centred around the needs and experiences of people that use our services. The Community Urgent Care Service, which was inspected for the first time, was rated 'Outstanding' overall.

Several outstanding practices were acknowledged in the report which included the proud and passionate attitude shown by staff at the MIU at Caterham Dene Hospital. CQC inspectors reported a very positive team culture and found that feedback from service users was consistently positive.

Community adult services were commended for developing a procedure to support carers to safely administer end of life care medicines, meaning that patients could receive more timely pain relief at home.

 Children, Young People and Family services demonstrated how they had gone the extra mile to support families from vulnerable and hard to reach groups and had introduced extra visits during the Covid-19 pandemic to help combat loneliness for new mothers.

The Friends and Family Test (FFT) is a tool that gives people the opportunity to provide feedback on their experience of care and asks people if they would recommend the service. During this reporting period there were a total of 2,102 FFT responses compared to 1,682 for the previous financial year. The average score awarded out of 5 was 4.84, an increase from last year's figure of 4.77.

This year has also seen the introduction of six new Adult Safeguarding Champions. This means we now have practitioners working in patient facing roles who are developing more specialist knowledge about adult safeguarding so they can support their colleagues, with advice and guidance which ultimately helps keep patients safe.

The role of the champion is to ensure clinical teams have a more specialised point of contact, and to assist the Adult Safeguarding Lead with the sharing of information, communication of learning and any ad hoc supervision their local teams may require.

The Adult Safeguarding Champions are promoting the adult safeguarding agenda across our organisation by recognising adult safeguarding concerns in line with our legal responsibilities and sharing their experiences and encouraging appropriate reporting.



This year we moved to Orchard House, which provides a multi-purpose site for several of our children's services and our non-clinical staff. This move has helped us to drive estate efficiency and provide a much more suitable environment for our younger patients and service users.

To help support local acute hospital pressures we temporarily relocated several of our adult therapy services during periods of extreme demand.



Sustainability



As well as being part of the NHS family and the communities we serve we are also part of the wider environment, and we have a duty to our planet. In 2022/23 First Community was excited to launch its first ever Green Plan giving our commitment to be Net Zero emissions by 2040.

Working with “Care Without Carbon” for a sustainable NHS we have set out an ambitious and comprehensive three-year plan, 2022-2025, challenging us to change our culture and behaviours and to reduce our CO₂e by 26%, against our 2019/20 baseline of 461 tCO₂e. To achieve this, we will be looking at all areas of our business, following the award winning “Care without Carbon” framework of eight related pillars of culture, wellbeing, climate adaptation, partnership and collaboration, evolving care, circular economy, journeys, and places.

As a community provider with many of our colleagues delivering care to people in their own homes across east Surrey, our two biggest areas of carbon emission are our buildings, the bases we operate out of, and our business journeys. This year we have continued to rationalise our estate to improve our building utilisation with the closure of our previous headquarters, Forum House in Redhill, to use vacant space in Orchard House, our childrens centre.

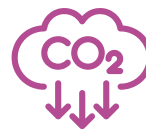


For business miles we are trialling an e-bike scheme and we have changed our salary sacrifice lease car policy to only support Electric Vehicles (EVs), with 60% of our lease cars now being EVs. We have seen a 22% reduction in business mileage due to changes in practice such as meetings being held virtually and video consultation.

We are embedding sustainability into our culture and behaviours, with the small changes being promoted as much as the larger changes. Examples in this report include our Quality Improvement Day and the change to a digital incident reporting system, RADAR.

Other successes this year include a reduction of paper consumption by 14% / over 200,000 sheets of paper. We are successfully working with NHS Property Services, our landlord and facilities management provider, to change the waste collection arrangements and bins at Caterham Dene Hospital, our Minor Injury Unit, and the administration offices at this site to allow for a wider range of recycling.

This year's actions of the three-year plan have focused on culture and putting in place the data collection and governance needed to drive the change and because of the focus we are on target to achieve our 26% reduction.



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Quality Improvement Developments

We have successfully recruited a Lead Nurse for Infection Prevention and Control and Patient Safety who provides clinical leadership and expertise across all levels of the organisation. This has enabled us to widely raise the profile of infection prevention and control, promote patient safety, and to drive the development of organisational learning and improvements.



Through our Quality Committee we continue to update and review the Covid-19 Infection Prevention and Control (IPC) Board Assurance Framework. This ensures we are taking all the relevant actions to prevent Covid-19 infections and that our Board has oversight of the actions we are taking.

We have a total of 33 trained chaperones both male and female. Our ability to meet our patient's choice of chaperone depends on staff working within the department, and we try to plan ahead to best meet our patient's needs.

The Patient Safety Incident Response Framework (PSIRF) sets out the NHS's approach to developing and maintaining effective systems and processes for responding to patient safety incidents, to learn and improve safety. It was published in August 2022 and represents a significant change in the way the NHS responds to patient safety incidents. First Community has set up a group to implement PSIRF which is led by First Community's Chief Nurse and has our Patient Safety Partner as a core member. The group are on target to implement PSIRF by Autumn 2023 as required.

First Community relaunched their annual Quality Improvement Day in 2022, after being unable to hold this since 2019 due to the Covid-19 pandemic. This was attended by 109 members of First Community staff, as well as external guests. First Community also held their Annual Quality Improvement Day in 2023, with a focus on sustainability. This was attended by 96 members of First Community staff, as well as external guests.



Both days included 14 presentations covering a range of Quality Improvement work for example, First Community's Long Covid-19 Rehabilitation Pathway, our new Urgent Community Response Service, Vitamin D in care homes in east Surrey and West Sussex streamlining admin processes within the MSK Physiotherapy Service and benefits of E-prescribing at our Minor Injury Unit.

Our annual Quality Account is available on our website (<https://www.firstcommunityhealthcare.co.uk/about-us/key-documents-and-statements>) which provides statutory statements of assurance which relate to the quality of the services we have provided in the period 1 April 2022 to 31 March 2023. The content is common to all NHS providers, allowing direct comparison across organisations. The report also provides a selection of how we review and improve the quality and performance of our services.



First Community Financial Performance

How First Community is funded – revenue

First Community is funded for revenue costs in the same way as other NHS organisations, through annual contracts with commissioners, supplemented by other income such as that received to support the learning and development of staff. Our main contracts are:

- Adult community services, with Surrey Heartlands CCG, worth £24.5m in 2022/23 which represented 73% of total revenue; and
- Children's community services trading under the Children and Family Health Surrey partnership, sub-contract with Surrey & Borders Partnership NHS Foundation Trust, worth £4.1m in 2022/23 which represented 12% of total revenue

Our adult contract has been extended and will run to 30 September 2025 and the children's contracts runs until 31 March 2025.

How First Community is funded – capital

Unlike NHS Trusts, First Community does not receive an annual capital allocation. All capital investments must be made from efficiency savings against the main adults and children's contracts. These efficiency savings help us to build a small reserve which we can then reinvest in services and use to invest in capital projects, in line with our principles as a Community Interest Company.

Financial plan for the year

As a Community Interest Company, First Community reinvests its surpluses back into its services and its infrastructure. Opening reserves as of 1 April 2022 were £4.2 million and as a result the Board made a conscious decision to use some of those reserves for service and infrastructure improvements.

Our budget for the year comprised two elements:

1. Operational financial performance – breakeven
2. Use of reserves investment - £700k allocated

The Board therefore planned to record a £700k deficit before tax for the year in line with our principles as a Community Interest Company. Underlying financial performance was budgeted for break-even, as it is important from a financial sustainability perspective that reserves are not used to support day to day running costs.

Given the tight financial situation set by commissioners for 2022/23 the operational break-even requirement meant that we would need to secure £837k of savings through our cost improvement activity.

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Financial Performance against the Plan

Operational financial performance

First Community recorded a surplus of £127k regarding operational financial performance.

Our savings target for the year was £837k and we actually delivered £964k, resulting in the operational surplus of £127k. This was achieved through strong financial management during the year, including a focus on bringing down temporary staffing costs and a general focus on productivity.

Use of Reserves Investment

First Community delivered on its commitment to invest £700k in its services. This included:

- **To improve our people and data capabilities: £0.10 million.** We are investing heavily in our capacity to recruit, retain and support our people, in our approach to equality, diversity and inclusion, and in our business intelligence capacity to improve the insight we have from our data
- **To support our ongoing efficiency programme: £0.33 million.** First Community engaged an external organisation to work with managers during the year, to embed productivity tools and behaviours to support ongoing efficiency savings.

- **To support ongoing and new capital investment: £0.25m, including:**

- a) Complete the building work and open in July a brand new childrens centre in Orchard House
- b) Completed phase 2 and 3 of our Caterham Dene Hospital refurbishment and redecoration programme
- c) Closed our Forum House head office to move into Orchard House.

Of this £700k reserves commitment, £499k was completed by the year end and is brought to account in this report. The remaining £201k will be completed in 2023-24 and will be reflected in our next report.

Taking into account operational performance and use of reserves, First Community outperformed its budget, delivering a deficit of £372k against a planned deficit of £700k. This comprises the £127k operational surplus (budget: breakeven) offset by the planned reserves investment of £499k (budget: £700k).



Exceptional Item – Unfunded Agenda for Change pay awards

In May 2023 the Government and the NHS Staff Council agreed the pay award for staff on Agenda for Change contracts. This covers all First Community staff apart from two of the executive directors who are on spot pay rates.

The pay award had two elements, being an agreed award of 5% for 2023/24 and non-consolidated payments relating to 2022/23. These non-consolidated payments were comprised of a general bonus equal to 2% of 2022/23 salary, and an NHS backlog bonus depending on banding and experience.

The government's position is that the non-consolidated bonus would only be funded for statutory NHS organisations listed in Annex 1 of the NHS Terms and Conditions of Services handbook. First Community, as a social enterprise, does not qualify as a statutory NHS organisation despite being an organisation dedicated to delivering NHS services under NHS contracts, and employing NHS staff where we dynamically follow Agenda for Change.

Over £1 billion worth of NHS services, predominantly community services, are delivered by social enterprises and other organisations similar to First Community. The sector, along with others, continues to lobby against this decision. The risks of creating a two-tier health service include the drain of talent away from community services, and the financial destabilisation of a sector that is materially significant in delivering on the government's priorities, such as virtual wards and urgent community response; both designed to alleviate flow through acute hospitals to help get waiting lists down.

For First Community, the cost of the non-consolidated elements of the pay award would be effectively £1 million (around £989k).

In May 2023, the Board took the decision to use reserves to fund this payment at risk, whilst lobbying efforts continue. As this payment relates to employment status as of 31 March 2023 the costs are charged into the 2022/23 financial year.

Overall financial performance

Element	Performance / £000
Operational performance	127
Planned investment	(499)
Agenda for Change funding	(989)
Net interest	25
Deficit before tax	(1,336)
Taxation	295
Deficit after tax	(1,041)

Other key headlines from our financial performance for 2022/23:

- **Turnover improved by 5% to £33.8 million.** In addition to normal funding there was still additional money to support Covid-19, although less than 50% of previous years Covid-19 support and funding for new services such as Virtual Ward.
- **90 pence in every pound goes directly into services.** Administrative costs remain at 10% of our total spend enabling us to continue to spend 90p in every pound on NHS services.

Future financial prospects

As a result of a strong track record of delivering savings targets and good financial management, despite the need to fund the Agenda for Change pay award, First Community has £3.2 million of reserves as at 31 March 2023. We are therefore still able to consider further investments in our services and infrastructure, although this ability has been somewhat reduced.

Our current plan for our reserves is as follows:

- **To pay for current and historic capital investment: £1.1 million.** To support our investment our strategic approach is, principally, to save up in reserves to then approve investment knowing the money is there for the estates or digital investment. We then have the funding in reserves to cover the future depreciation and dilapidation charges.
- **To complete our planned investments to improve our people and data capabilities: £0.3 million.** To continue to invest £0.2m in our People Plan and £0.1m in our Business Intelligence Plan.

First Community Financial Performance

• **To support the ongoing viability of the organisation: £1.4 million.** First Community has a reserves policy of retaining £1.4m which will enable it to:

- a) make a month's payroll to staff should existing payment mechanisms be interrupted,
- b) make a month's payment to critical suppliers and
- c) satisfy any liabilities that would fall due if the company were to be liquidated.

This leaves £400k uncommitted reserves for Board investment. First Community remains a going concern, and in the case of liquidation any remaining balance on this amount would be returned to the public purse via another asset locked body.

Financial Outlook



For 2022/23, post Covid-19, contracts have returned to traditional mechanisms of growth funding and efficiency requirements. During 2022/23, to prepare for 2023/24, First Community reviewed all its

budgets to set an affordable budget with a clear Cost Improvement Plan (CIP). This has enabled us to set a balanced budget for 2023/24 and it has also enabled us to return to full budget delegation to our services managers. So, whilst 2023/24 will be a challenging financial year, by being pro-active to the risk, we have put ourselves in a good position to deliver within our budget.

There is still the challenge that some of our new services are still funded from non-recurrent allocations, such as our Virtual Ward, and it is not clear whether these will be fully funded going forward, making it harder to manage and recruit staff for a service we have set up to be ongoing, yet the funding is temporary. Our realistic expectation is that these services will continue to be funded as they are critical to the government's ambition to improve flow through hospitals to enable waiting lists to be reduced.

Finally, the inflation assumptions in annual contract uplifts are not covering the cost of inflation and we will need to absorb the extra costs of energy, materials and supplies that are being felt as inflation remains high.

First Community is well placed to meet these challenges. We have strong financial management evidenced by a track record of outperforming budgets whilst investing significantly to improve services. Whilst our reserves have been significantly hit through the failure to fund the nationally agreed Agenda for Change 2022/23 non-consolidated bonuses, we are still financially stable. We may, however, need to delay investment whilst we rebuild our reserves or look for other funding opportunities.



Principal risks and uncertainties

Finance:

- Whilst both our Adults & Childrens contracts are going to be extended, to September 2025 & March 2025 respectively, there is uncertainty beyond these dates with limited clarity from our commissioners on what their plans are beyond the extension dates
- Global events and the impact on our economy and inflation is resulting in large cost increases being seen across all areas, bringing pressures for the organisation, our staff, and our patients. The impact of which is continuing to be felt into 2023-24
- We are still seeing demand for services increase post Covid-19 at a faster rate than funding for those services is rising. Funding, whilst rising, includes challenging efficiency requirements to be managed. In addition, Covid-19 funding has ceased but the consequential need for services as a result of Covid-19 has not
- The historic Surrey Heartlands system budget pressures remain, with significant NHS England pressure on the system to set and deliver balanced budgets – these underlying issues still need to be resolved with collaboration between acute, community and primary care being critical
- We also know that looking ahead the financial settlement for the Surrey Heartlands system looks particularly challenging. The 'Levelling Up' agenda requires additional savings due to redistributing money towards those areas most in need, together with expected efficiency savings.



Moving forward

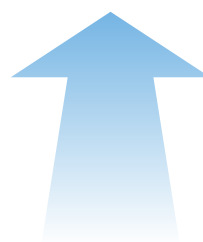
As an employee-owned social enterprise our Council of Governors recently consulted with all staff to redefine our vision in line with the environment we now operate in. Our new vision has now been set as:

To work in partnership with people living and working in our community to deliver outstanding lifelong local NHS healthcare, supporting everyone to achieve their potential.

As we continue to transform our services to meet the needs of our patients, service users and partners we have also reinvigorated our strategic focus, now known as “Our Plan”, to realise our new vision.

Our Plan has fewer priorities, to enable the organisation to ensure focused delivery, which will be under four headings and a collective focus in these areas will demonstrate the “purple thread” that unites all parts of First Community:

- 1. People** - recruitment and retention and living and working in our community
- 2. Performance** – financial viability, data collection and monitoring and quality and safety impacts, outcomes and impacts
- 3. Partnerships** – importance of internal relationships and partnerships and external partnerships, use our scope of influence working to tackle priorities across partnerships to improve services for local people
- 4. Planet** – delivering our sustainability plan.



“

As we continue to transform our services to meet the needs of our patients, service users and partners we have also reinvigorated our strategic focus, now known as “Our Plan”, to realise our new vision.

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Directors' Report

The directors have pleasure in presenting their Directors' Report and financial statements for the year ended 31 March 2023.

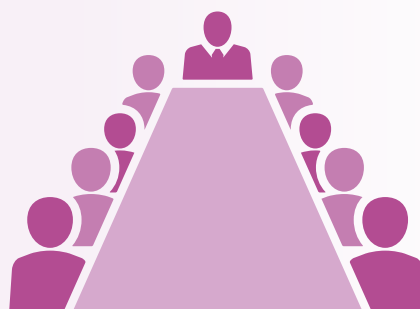
Principal Activity

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:

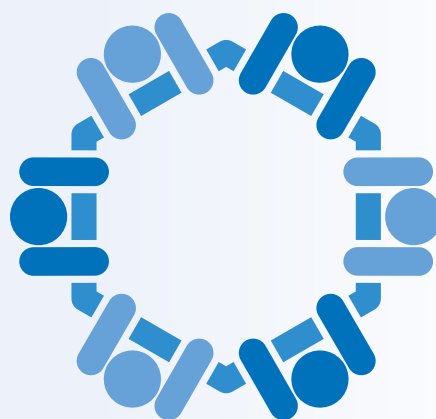
- Florence Barras (Chair)
- Adrian Baillieu
- Sarah Billiald (resigned 30.9.2022)
- Sarah Tomkins (appointed 1.12.2022)
- Renée Hobson
- Bryan Ingleby
- Fiona Smith
- Deborah Stubberfield
- Jonathan Ota



Council of Governors

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

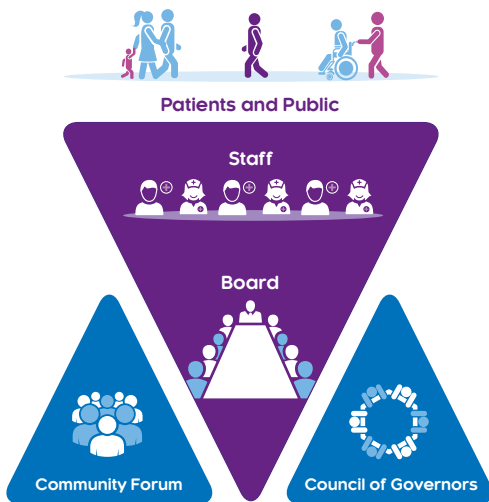
- Rachel Buckenham (Co-Lead)
- Julie Sinclair (Co-Lead)
- Sharmila Lyons (resigned 2.6.22)
- Eleanor Adams
- Karina Saul (resigned 3.5.22)
- Emma Davy
- Sonia Harris
- Theresa Rawlins
- Joanne Hayward (appointed 12.12.22)
- Stephanie Teatherton (appointed 13.6.22)
- Deepti De Araujo (appointed 8.8.22)
- Nicola Parker (appointed 10.10.22)



Director's Report

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 50 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 aim 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 Equality and Diversity Report will be available on our website later in 2023. This report contains key equality information about First Community; sets out actions undertaken over the past 12 months, and our plans for the following year.



“

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

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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 2022/23 financial year, and they are as follows:

Gender	Director	Senior Manager	Other staff	Total
Female	5	42	435	482
Male	3	5	39	47
Grand Total	8	47	474	529

Gender pay gap

In accordance with the Equality Act 2010 we are committed to providing services and employment opportunities which are inclusive across all strands of equality – age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

For the purposes of this report, our gender pay gap is calculated using the approach as required by The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, this report compares the pay of female employees to that of male employees.

The most recent gender pay gap report prepared by First Community was on 31 March 2022. At that date First Community had a mean gender pay gap of 5.4% (compared to 4.4% on 31 March 2021) and a median gender pay gap of -13.8% (compared to -3.8% on 31 March 2021), based on hourly rates of pay.

The Office of National Statistics reported in October 2022 a median gender pay gap for all organisations of 8.3%.

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.

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

On 1 March 2023, BDO LLP resigned as the company's auditor. They confirmed that none of the reasons for them ceasing to hold office and no matters connected with their ceasing to hold office need to be brought to the attention of members or creditors of the company.

Buzzacott LLP were appointed as the company's auditor by the directors following BDO's resignation.

Pursuant to Section 487 of the Companies Act 2006, an ordinary resolution will be presented to the Company's shareholders at the next Annual General Meeting to reappoint Buzzacott LLP.



Florence Barras

Chair of the Board
Orchard House
Unit 8A Orchard Business Centre
Bonehurst Road
Salfords
Redhill RH1 5EL
21 September 2023

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 United Kingdom. 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 C.I.C.

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 2023 and of its loss for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of First Community Health & Care C.I.C. ("the Company") for the year ended 31 March 2023 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) as adopted by the United Kingdom.

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.

Independent Auditor's Report to the members of First Community Health and Care C.I.C.

- 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 three 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.



E.A. Finch

(Senior Statutory Auditor)

For and on behalf of Buzzacott LLP,
statutory auditor

London

Date: 26 October 2023

Financial statements for First Community Health & Care C.I.C.

Statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £	2022 £
Revenue	2	34,109,465	32,313,025
Cost of sales		(31,830,739)	(27,144,395)
Gross Profit		2,278,726	5,168,630
Administrative Expenses		(3,639,483)	(3,434,697)
Operating (Loss)/Profit	3	(1,360,757)	1,733,933
Interest Receivable		61,896	8,249
Interest expense on lease liabilities	12	(36,677)	(46,637)
(Loss)/Profit before tax		(1,335,538)	1,695,545
Taxation	6	294,985	(341,642)
(Loss)/Profit after tax		(1,040,553)	1,353,903
Total comprehensive income for the period		(1,040,553)	1,353,903

All amounts relate to continuing operations.

The notes on pages 33 to 50 form part of these financial statements.

Statement of financial position as at 31 March 2023

	Note	2023 £	2022 £
Non-current assets			
Property, plant and equipment			
- Owned assets	7	1,705,365	1,175,953
- Right-of-use assets	7	3,237,364	3,252,345
		4,942,729	4,428,298
Current assets			
Cash and cash equivalents	9	8,091,616	10,370,628
Trade and other receivables	10	2,792,946	1,611,230
		10,884,562	11,981,858
		15,827,291	16,410,156
Current liabilities			
Trade and other payables	11	9,008,637	8,674,116
Lease liabilities	12	1,134,129	1,235,114
Provisions	13	543,900	536,121
		10,686,666	10,445,351
Non-current liabilities			
Lease liabilities	12	1,833,936	1,545,560
Deferred tax liability	14	109,827	181,830
		1,943,763	1,727,390
		12,630,429	12,172,741
		3,196,862	4,237,415
Equity			
Retained earnings		3,196,862	4,237,415
Total Equity		3,196,862	4,237,415

The notes on pages 33 to 50 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 September 2023 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 2023

2023	Note	Share Capital	Retained earnings £	Total equity £
Balance at 1 April 2022		335	4,237,415	4,237,750
Uncalled share capital at 1 April 2022		(335)		(335)
Balance at 1 April 2022		0	4,237,415	4,237,415
Total comprehensive income for period				
Loss for the period			(1,040,553)	(1,040,553)
Other comprehensive income			0	0
Total comprehensive income for period		0	(1,040,553)	(1,040,553)
Net ordinary shares issued/(cancelled)	15	(30)		(30)
Uncalled share capital		30		30
Total contributions by and distributions to owners		0	0	0
Balance at 31 March 2023		0	3,196,862	3,196,862

2022	Note	Share Capital	Retained earnings £	Total equity £
Balance at 1 April 2021		336	2,883,512	2,883,848
Uncalled share capital at 1 April 2021		(336)		(336)
Balance at 1 April 2021		0	2,883,512	2,883,512
Total comprehensive income for period				
Profit for the period			1,353,903	1,353,903
Other comprehensive income			0	0
Total comprehensive income for period		0	1,353,903	1,353,903
Net ordinary shares issued/(cancelled)	15	(1)		(1)
Uncalled share capital		1		1
Total contributions by and distributions to owners		0	0	0
Balance at 31 March 2022		0	4,237,415	4,237,415

The notes on pages 33 to 50 form part of these financial statements.

Cash flow statement for the year ended 31 March 2023

	Note	2023 £	2022 £
Cash flow from operating activities			
(Loss)/Profit from the period		(1,040,553)	1,353,903
Adjustments for non-cash income and expenses:			
Taxation (credit)/charge for the year		(294,985)	341,642
Interest expense on lease liabilities		36,677	46,637
Depreciation of property, plant and equipment		362,596	265,983
Depreciation of right of use assets		1,478,176	1,212,436
Derecognition of right of use assets		0	45,900
Decrease in non-cash provision		0	(100,833)
Increase in deferred income		33,116	3,180,869
Increase in trade and other receivables		(934,164)	(465,866)
Increase/(Decrease) in trade and other payables		530,908	(2,029,201)
Corporation tax paid		(246,294)	(130,000)
Net cash from operating activities		(74,523)	3,721,470
Cash flow from investing activities			
Purchases of property, plant and equipment		(892,008)	(580,885)
Net cash used in investing activities		(892,008)	(580,885)
Cash flow from financing activities			
Repayment of lease liabilities		(1,275,804)	(1,161,948)
Interest paid on lease liabilities		(36,677)	(46,637)
Net cash used in financing activities		(1,312,481)	(1,208,585)
Net (decrease)/increase in cash and cash equivalents		(2,279,012)	1,932,000
Cash and cash equivalents at beginning of period		10,370,628	8,438,628
Cash and cash equivalents at end of period	9	8,091,616	10,370,628

The notes on pages 33 to 50 form part of these financial statements.

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

General Information

First Community Health & Care C.I.C. (First Community) is a Community Interest Company incorporated in the United Kingdom. The address of its registered office and principal place of business is Orchard House, Unit 8A Orchard Business Centre, Bonehurst Road, Salfords, Redhill, RH1 5EL. 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, as adopted by the United Kingdom (IFRS).

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 2025

In December 2019, the CCG made a Direct Award to First Community to continue to deliver adult community services until March 2024. The commissioners are extending this again until September 2025, giving us certainty beyond the going concern period.

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

First Community also has a contract with Children and Family Health Surrey to deliver children's community services; The Commissioners has issued the PIN (Prior Information Notice) with the partnership preparing to bid once the Invitation to Tender (ITT) is released. Due to the delay in the commissioner issuing the PIN and the ITT, the commissioners are extending the current contract by a further 12 months, taking the contract to 31 March 2025.

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 ability to manage within its operational funding following the successful delivery of nationally contracted efficiency savings.

The Directors have considered the period to 31 March 2025 and have concluded that the going concern basis is appropriate.

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.

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

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

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.

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

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.

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

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 in accordance with the requirements of IFRS16 "Leases". 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 12.

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.

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 C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 2: Revenue

	2023 £	2022 £
NHS Organisations	28,321,549	27,532,833
Local Authorities / CFHS LLP	5,412,574	4,406,035
Other	375,342	374,157
	34,109,465	32,313,025

Note 3: Expenses and auditor's remuneration

	2023 £	2022 £
Operating (loss)/profit is stated after charging:		
Auditor's remuneration	22,000	27,000
Operating lease costs of land and buildings [see note 12]	17,584	41,947
Depreciation of right-of-use assets	1,478,176	1,212,436
Depreciation and amortisation of property plant and equipment	362,596	265,983
Purchased equipment expensed [see note 7]	218,190	206,869

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:

	2023 number	2022 number
Staff	462	457
Executive directors	4	4
	466	461

The aggregate payroll costs of these persons were as follows:

	2023 £	2022 £
Salaries and wages	18,759,968	16,965,981
Social security costs	1,977,038	1,655,779
Contributions to defined contribution plans	91,453	83,778
Contributions to defined benefit plans	2,232,662	2,120,612
	23,061,121	20,826,150

Included in salaries and wages is an accrual of £869,159 (2021/22 £nil) for additional pay for our contracted employees at 31 March 2023 as set out in the NHS Agenda for Change pay award for 2023/24. This was paid to those employees in June 2023. Included in social security costs is an accrual of £119,944 (2021/22 £nil) for the Employer National insurance due on the accrual of £869,159, giving a total accrual of £989,103 arising from the pay award.

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 5: Directors' remuneration	2023 £	2022 £
Directors' emoluments	488,162	486,059
Company contribution to defined benefit pension scheme	59,597	59,546
	547,759	545,605

During the year retirement benefits were accruing to 5 directors (2021/22 - 4) in respect of defined benefit pension schemes.

	2023 £	2022 £
Total remuneration of highest paid director in the period was	124,218	120,455

Not Included within this remuneration is the company's pension contribution. For 2022/23 this was a £17,526 (2021/22 - £17,321) defined benefit contribution.

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 6: Taxation	2023 £	2022 £
Current taxation		
Tax (credit)/charge for the year	(247,552)	222,982
Adjustment in respect of prior periods	24,570	(2,198)
Current tax (credit)/charge for the year	(222,982)	220,784
Deferred taxation		
Origination and reversal of temporary difference	(66,724)	120,858
Adjustment in respect of prior periods	(5,279)	0
Deferred tax (credit)/charge for the year	(72,003)	120,858
Total Income tax (credit)/expense	(294,985)	341,642

Computed by applying the standard rate of UK corporation tax rate of 19% (2022: 19%) as follows:

	2023 £	2022 £
(Loss)/Profit before tax	(1,335,538)	1,695,545
(Loss)/Profit before tax, multiplied by standard rate of UK corporation tax of 19% (2022: 19%)	(253,752)	322,154
Effects of:		
Non-deductible items	(1,167)	(722)
Other tax adjustments	(40,066)	20,210
Total Income tax (credit)/expense	(294,985)	341,642

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 7: Property, plant and equipment

2023	Land and Buildings £	Leasehold Improvements £	Furniture £	Medical and IT Equipment £	Total £
Cost					
At 1 April 2022	6,430,714	1,123,849	276,970	1,842,547	9,674,080
Additions - owned assets	0	482,185	35,977	373,846	892,008
Additions - right-of-use assets	1,480,329	0	0	0	1,480,329
Disposals - owned assets	0	(337,248)	(157,361)	0	(494,609)
Disposals - right-of-use assets	(693,873)	0	0	0	(693,873)
31 March 2023	7,217,170	1,268,786	155,586	2,216,393	10,857,935
Accumulated depreciation and impairment					
At 1 April 2022	3,178,369	610,448	225,884	1,231,081	5,245,782
Depreciation for the period - owned assets	0	133,414	33,007	196,175	362,596
Depreciation for the period - right-of-use assets	1,478,176	0	0	0	1,478,176
Disposals - owned assets	0	(337,248)	(157,361)	0	(494,609)
Disposals - right-of-use assets	(676,739)	0	0	0	(676,739)
31 March 2023	3,979,806	406,614	101,530	1,427,256	5,915,206
Net Book Value at 31 March 2023	3,237,364	862,172	54,056	789,137	4,942,729
Net Book Value at 31 March 2022	3,252,345	513,401	51,086	611,466	4,428,298
Net Book Value at 31 March 2023 - owned assets	0	862,172	54,056	789,137	1,705,365
Net Book Value at 31 March 2023 - right-of-use assets	3,237,364	0	0	0	3,237,364

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 7: Property, plant and equipment (continued)

2022	Land and Buildings £	Leasehold Improvements £	Furniture £	Medical and IT Equipment £	Total £
Cost					
At 1 April 2021	5,128,358	899,566	276,970	1,485,945	7,790,839
Reclassification	(220,408)	0	0	220,408	0
Additions - owned assets	0	224,283	0	356,602	580,885
Additions - right-of-use assets	1,522,764	0	0	0	1,522,764
Disposals - right-of-use assets	0	0	0	(220,408)	(220,408)
31 March 2022	6,430,714	1,123,849	276,970	1,842,547	9,674,080
Accumulated depreciation and impairment					
At 1 April 2021	1,984,300	510,888	205,613	1,084,929	3,785,730
Reclassification	(18,367)	0	0	18,367	0
Depreciation for the period - owned assets	0	99,560	20,271	146,152	265,983
Depreciation for the period - right-of-use assets	1,212,436	0	0	0	1,212,436
Disposals - right-of-use assets	0	0	0	(18,367)	(18,367)
31 March 2022	3,178,369	610,448	225,884	1,231,081	5,245,782
Net Book Value at 31 March 2022	3,252,345	513,401	51,086	611,466	4,428,298
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 2022 - owned assets	0	513,401	51,086	611,466	1,175,953
Net Book Value at 31 March 2022 - right-of-use assets	3,252,345	0	0	0	3,252,345

During the period First Community purchased equipment totalling £218,190 (2022: £206,869) 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 12.

First Community Health & Care C.I.C.
Notes to the financial statements for the year ended 31 March 2023

Note 8: Intangible assets

2023	£
Cost	
At 1 April 2022	623,303
Disposals	(623,303)
At 31 March 2023	0
Accumulated amortisation and impairment	
At 1 April 2022	623,303
Less accumulated amortisation on disposals	(623,303)
At 31 March 2023	0
Net Book Value 31 March 2022 and 31 March 2023	0
2022	£
Cost	
At 1 April 2021 and 31 March 2022	623,303
Accumulated amortisation and impairment	
At 1 April 2021 and 31 March 2022	623,303
Net Book Value 31 March 2021 and 31 March 2022	0

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 9: Cash and cash equivalents

	2023 £	2022 £
Cash	8,091,616	10,370,628

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

Note 10: Trade and other receivables

	2023 £	2022 £
Trade debtors	2,074,334	1,063,580
Prepayments	430,044	519,000
Other receivables	41,016	28,650
Corporation tax receivable	247,552	0
	2,792,946	1,611,230

All balances included above are expected to be collected within the next 12 months.

Note 11: Trade and other payables

	2023 £	2022 £
Trade payables	1,342,064	1,260,248
Accruals	1,227,459	794,479
Contract liabilities	5,645,504	5,612,388
Other payables	793,610	785,277
Corporation tax payable	0	221,724
	9,008,637	8,674,116

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Contract liabilities

	2023 £	2022 £
At 1 April	5,612,388	2,431,519
Revenue recognised in the year where obligations met	(3,976,824)	(670,826)
Revenue deferred in the year where obligations yet to be met	4,009,940	3,851,695
At 31 March	5,645,504	5,612,388

Note 12: Lease obligations

Lease liabilities of £1,833,936, are disclosed within non-current liabilities, and lease liabilities of £1,134,129 are disclosed within current liabilities on the face of the statement of financial position.

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.

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 30 September 2025.
- The Company's main contract for the provision of adult services is due to expire on 30 September 2025. Accordingly, in the opinion of the Directors, this is the most appropriate date to be used in calculating the lease liabilities for these property leases.
- An incremental borrowing rate of 0.91% has been used in the calculation of all lease liabilities for leases signed in the year.
- No adjustment for rents that might vary resulting from future variable future rent reviews have been reflected.

First Community Health & Care C.I.C.
Notes to the financial statements for the year ended 31 March 2023

Note 12: Lease obligations (continued)

	2023 £	2022 £
Effect of leases on financial performance:		
Depreciation charge for the year included in cost of sales for right-of-use assets	1,478,176	1,212,436
Lease expense for the year included in cost of sales:		
- short term property leases	17,584	41,947
- short term equipment leases	18,576	29,341
- leases of low-value equipment assets	57,856	54,952
- variable lease payments not included in the measurement of the lease liability	40	40,399
Total	94,056	166,639
Interest expense for the year on lease liabilities recognised in finance costs	36,677	46,637
	2023 £	2022 £
Effect of leases on cashflow		
Repayment of lease liabilities	1,275,804	1,161,948
Interest paid on lease liabilities	28,898	40,940
Interest paid on provisions relating to leases	7,779	5,697
Other lease expenses as analysed above	40	40,399
Total cash outflow for leases in the year	1,312,521	1,248,984

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 12: Lease obligations (continued)

	2023 £	2022 £
Lease commitments		
Lease commitments for short-term and low value leases as at 31 March were as follows:		
Short term property leases	2,623	2,760
Other short term leases	27,477	6,509
Low value leases	0	57,856
	2023 £	2022 £
Lease obligations		
At 1 April	2,780,674	3,106,421
New obligations in the year	1,480,329	992,340
Interest charge for the year	28,898	40,940
Derecognised in the year	(17,134)	(156,140)
Paid in the year	(1,304,702)	(1,202,887)
At 31 March	2,968,065	2,780,674
Due within one year	1,134,129	1,235,114
Due within two to five years	1,833,936	1,545,560
	2,968,065	2,780,674

Maturity analysis of lease obligations

The maturity of the gross contractual undiscounted cash flows due on the Company's recognised lease liabilities is set out below.

	Within One Year £	Within Two to Five Years £	Total £
Lease obligations for right-of-use assets	1,165,375	1,852,474	3,017,849
Obligations for short term and low value leases	30,100	0	30,100
Total lease obligations	1,195,475	1,852,474	3,047,949

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 12: Lease obligations (continued)

Apart from the lease at Orchard House, additional lease obligations exist beyond 30 September 2025, but have not been recognised, as the Directors consider 30 September 2025 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. The total undiscounted value of these additional lease obligations on 31 March 2023 are £560,448, of which £80,064 is due in the year to 31 March 2026, £160,128 is due in the year to 31 March 2027, £160,128 is due in the year to 31 March 2028, and £160,128 is due in the year to 31 March 2029.

For the Orchard House lease, obligations up to the date of the break clause on 14 August 2026 have been recognised, but the obligations from 15 August 2026 to the end of the lease on 3 February 2030 have not. The total undiscounted value of these additional lease obligations on 31 March 2023 are £654,211, of which £161,680 is due in the year to 31 March 2027, £188,541 is due in the year to 31 March 2028 and £303,990 is due after 31 March 2028.

Note 13: Provisions

2023	Dilapidations £	Disputed invoices £	Total £
1 April 2022	536,121	0	536,121
Interest charge for the year	7,779	0	7,779
31 March 2023	543,900	0	543,900

2022	Dilapidations £	Disputed invoices £	Total £
1 April 2021	0	106,530	106,530
Recognised/(released) in the year	530,424	(106,530)	423,894
Interest charge for the year	5,697	0	5,697
31 March 2022	536,121	0	536,121

Provisions for dilapidations due at the end of the property leases were recognised during the year to 31 March 2022.

On 31 March 2021, First Community held a number of disputed invoices with NHS Property Services Ltd. The dispute was resolved in the year to 31 March 2022 and the provision of £106,530 was released in full.

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 14: Deferred tax asset/(liability)

2023	Accelerated tax depreciation £	Other timing differences £	Losses £	Total £
1 April 2022	(225,015)	43,185	0	(181,830)
(Credit)/charge to profit or loss	(60,083)	4,957	127,129	72,003
31 March 2023	(285,098)	48,142	127,129	(109,827)

2022	Accelerated tax depreciation £	Other timing differences £	Losses £	Total £
1 April 2021	(112,793)	51,821	0	(60,972)
Charge to profit or loss	(112,222)	(8,636)	0	(120,858)
31 March 2022	(225,015)	43,185	0	(181,830)

Note 15: Share capital

	2023 £	2022 £
£1 Ordinary shares unpaid	305	335

During the period the Company issued one £1 Ordinary share to a further 39 employees and cancelled 69 ordinary shares for employees who left the Company.

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

Note 16: 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.

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 17: Financial instruments

	Carrying value 2023 £	Fair value 2023 £	Carrying value 2022 £	Fair value 2022 £
Cash and cash equivalents	8,091,616	8,091,616	10,370,628	10,370,628
Trade and other receivables	2,115,350	2,115,350	1,092,230	1,092,230
Total financial assets	10,206,966	10,206,966	11,462,858	11,462,858
Trade and other payables	2,626,944	2,626,944	2,073,461	2,073,461
Lease liabilities	2,968,065	2,968,065	2,780,674	2,780,674
Total financial liabilities	5,595,009	5,595,009	4,854,135	4,854,135

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 18: Post balance sheet events

There are no post balance sheet events to report.

First Community Health & Care C.I.C.

Notes to the financial statements for the year ended 31 March 2023

Note 19: 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 2023, is based on valuation data as of 31 March 2019, updated to 31 March 2023 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.

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

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, for example large print or easy read, or if you need help communicating with us, please contact:

First Community (Head Office)

Call: 01737 775450

Email: fchc.enquiries@nhs.net

Text: 07814 639034

Address: First Community Health and Care,
Orchard House, Unit 8a, Orchard Business Centre,
Bonehurst Road, Redhill RH1 5EL



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